An Investigation on The Barriers Faced by Online Outsourcing Workers in Sri Lanka

WIJAYARATHNE J. M. D. S.¹, HARSHANI V. M. D²
¹,² Department of Commerce, Faculty of Management Studies and Commerce, University of Sri Jayewardenepura

Abstract- Youth unemployment is considered as one of the major economic issues in Sri Lanka. Most of the developed countries use the advancement of technological development in order to solve the youth unemployment. Online outsourcing is one of the effective methods use by all countries in the world irrespective of their level of development, which could potentially contribute to address the youth unemployment challenge with the use of technology. In today’s digital era, online outsourcing has become an alternative to traditional unemployment. The barriers existing in the online outsourcing market hamper the maximum contribution of workers with the market. Therefore, this research involved to identify the barriers faced by online outsourcing workers. Further this research aimed to identify the profile of the online outsourcing workers and further, provide solutions to overcome those barriers to make a pleasant space for more Sri Lankans online. In order to achieve the objectives of the study, quantitative approach was used. The structured questionnaires were used to collect the primary data from the sample by using simple random sampling method. The data obtained from the survey was analyzed by using Statistic Package for Social Sciences Version 20.0 (SPSS 20.0). In the line with the literature, this study found that the most of the Online outsourcing workers are males, most of them have a Bachelor Degree qualification, most of the workers have problems with payment method and power supply, low speed of the internet connection is another problem and the majority of the workers are facing the job recognition problem with less public awareness of Online Outsourcing.

Index Terms- Online Outsourcing, Free Lancing, Youth Unemployment, Barriers

I. INTRODUCTION

1.1 Background of the Study

Among the major macroeconomic problems faced by each and every economy in the world, unemployment is considered as one of the major economic problems [1]. The world unemployment rate remains high in 2018 with 192 million [2]. Among those unemployed people in the world, the youth unemployment is considerably higher, and more attention is given on this in recent years.

However, this is more critical in developing countries since youth is the backbone of the future labor force and it is difficult to track actual youth unemployment in developing countries. Youth unemployment remains a major development issues in Sri Lanka 51% of the world population have used the internet by the end of June 2017 and youth represents a high proportion of them. Currently, the energetic youth in all over the world spend more than one hour per day with the internet irrespective of their level of employment. [4]

Most of the developed and developing countries combine this technological development with youth unemployment to make the youth effective. Many organizations and countries had identified this situation and had created a digital platform to workers. As a result, online outsourcing has emerged. Online outsourcing is an emerging industry that contributes to reduce the youth unemployment challenge [3].

Asian represents the highest percentage of online outsourcing workers [5]. Sri Lankan youth also participate in online outsourcing platforms by competing with low labor cost countries in Asia such as India and Bangladesh [5]. Even if Sri Lankan youth participate in this platforms by reducing unemployment and by gaining foreign exchange, there are some evidences to prove that workers who involve in the online outsourcing are faced with many barriers [3 6]. Therefore, this study focuses to examine the barriers faced by online outsourcing workers in Sri Lanka.
1.2 Research Problem

Sri Lanka is in Youth unemployment problem. As [9,10] states the most of unemployed people are between 15-24 ages. In Kenya, the unemployment rate is about 40 percent and unemployed graduates are searching for alternative jobs to fulfill their dreams. To this gap, online outsourcing is viewed as key to overcome the immobility in the labor market, has been embraced both in developed and developing economies [11]. According to the [5], Sri Lanka stays low level of online outsourcing workers than other neighboring countries. Accordingly, Policymakers and Sri Lankan government can use online outsourcing as a solution for youth unemployment. Prior to that, the government should facilitate present employees in the Online outsourcing platforms.

1.3 Research Questions

Based on the reviewed literature, the following research questions are advanced in this study.

1. What are the challenges Online Outsourcing workers face?
2. Who are the Online Outsourcing workers?
3. How government and policymakers can facilitate strategies to overcome the challenges?

1.4 Research Objectives

Based on the research questions, the following specific objectives have been derived for the study.

1. The main objective of this research is to identify the major barriers faced by online Outsourcing Workers in Sri Lanka.
2. The sub-objectives of this research are to identify the profile of Online Outsourcing workers and provide suitable solutions that can be taken by government or policymakers to overcome the challenges faced by online outsourcing workers in Sri Lanka.

1.5 Youth Unemployment

According to the definition of youth provided by the United Nations, a youth is a person with age between 15 to 24 years [12,16]. However, the definition of youth differs from one country to another depending on the traditions, social behavior, customs and location [13]. According to the International Labor Organization, unemployment refers to people who have not worked more than one hour during the short reference period but who are available for and actively seeking work. Economically, youth unemployment has led to the labor market instability, increased of welfare costs, erosion of the tax base and unused investments in education and training (14,15).

1.6 Importance of Youth Employment

Youth employment has high advantages to both the business firm growth, community and country growth as well [14]. They also have longer payback on the investment as they can stay for a longer period in the business firms compared to adult employees [14]. Youth employment is also very important to society and families, especially in developing countries. Society and families invest a lot of money on youth education, expecting them to be productive after completion of education [23,24]. There are some incidents of youth people who cannot find employment to engage in criminal activities, drug
addiction and prostitution which take them away from normal labor markets.

1.7 Solutions for Youth Unemployment

A well-designed labor market regulation in the country are very important in building efficient labor system. Such system is better to the production of employment to both the youth and adult population of any country. [15,13,27]

Labor intensive technology should be encouraged than capital-intensive technology, providing more assistance to self-employed people in financing, providing raw materials and technical training. [25]

It is wrong to assume that technology is only a privilege of the skilled and an opportunity for the formally employed. Technology is not only creating jobs for less-educated workers, but it is also an opportunity for informal workers to use technology and digital platforms in their work. [28]

Online outsourcing is an emerging industry that can contribute to reduce the youth unemployment challenge [3]. Further it highlights online outsourcing as an alternative to traditional employment.

In Kenya, the unemployment rate is about 40 percent and unemployed graduates are searching for alternative jobs to fulfill their dreams. To this gap, online outsourcing is viewed as key to overcome the immobility in the labor market, has been embraced both in developed and developing economies [11].

As [26] Reports the internet has created a platform through which business firms or individuals that are seeking both expertise and basic services can connect with and employ people who are seeking employment.

1.8 Online Outsourcing

There is no clear-cut definition of online outsourcing. Basically, Online outsourcing defines the use of internet-based platforms to contract third-party workers, usually from other countries to provide services or complete tasks The coordination, quality control, delivery and payments of these services are facilitated online [3,29].

[3] express two main segments of Online Outsourcing as follows. 

Microwork, where projects and tasks are broken down into micro-tasks that can be completed in seconds or minutes. Micro workers require basic numeracy and literacy skills, for example, for image tagging, text transcription, and data entry.

Online freelancing, where clients contract professional services to distributed third-party workers. Online freelancing often requires a higher level of expertise than microwork, with workers typically possessing technical or professional skills. Examples include graphic design, web development, and technical report writing.

At the moment, a new form of outsourcing is taking place in the form of digital labor platforms. Categorization of these platforms can be done based on location baseness and the specific skill/person baseness of the services/tasks provided over the digital labor platform1. [30,31].

Based on this classification, [6] summarize the basic types of digital labor platforms as follows:

Cloud work (web-based digital labor)
1. Freelance marketplaces (Eg: Upwork, freelancer)
2. Microtasking crowd work (Eg: Amazon Mturk, Crowdflower)
3. Contest-based creative crowd work (99designs, jovoto)

Gig work (location-based digital labor)
1. Accommodation (Eg: Airbnb)
2. Transportation and delivery services (gig work) (Eg: Uber, Lyft)
3. Household services and personal services (gig work) (Eg: TaskRabbit)

Online Outsourcing to create employment and income opportunities in developing countries, this report defines market size as gross services revenue, as this estimate accounts for worker income. [3]

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1 For this paper, it is narrowed down the focus to digital work that takes place as cloud work (web-based digital labor).
In addition, this study outlines other nonfinancial benefits that Online Outsourcing can bring to a country: a flexible working schedule allows individuals to take better care of their families, continue to study, or start their own businesses while working and earning a salary. [3]

Online Outsourcing markets are not fit with traditional norms. Online Outsourcing Workers have to face few problems; Lack of access to the infrastructure required (Internet access and power.), the lack of international micropayment services (PayPal) and the lack of skills necessary to procure work.

[3] highlights metrics for assessing country’s competitiveness in Online Outsourcing. According to that it can be identified factors that effect on Online Outsourcing sector as follows.

Table II.1 Metrics for Assessing Country’s Competitiveness in Online Outsourcing

<table>
<thead>
<tr>
<th>Factor</th>
<th>Subfactor</th>
<th>Metric</th>
</tr>
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<tbody>
<tr>
<td>Workforce size</td>
<td>Population</td>
<td>Price of mobile broadband services</td>
</tr>
<tr>
<td></td>
<td>Unemployment</td>
<td>GSM coverage</td>
</tr>
<tr>
<td>Skills and expertise</td>
<td>Digital literacy</td>
<td>Quality of electricity supply</td>
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<tr>
<td></td>
<td>Secondary school participation</td>
<td></td>
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<tr>
<td>Connectivity cost</td>
<td></td>
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<tr>
<td>Power</td>
<td>Coverage</td>
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<tr>
<td></td>
<td>Reliability</td>
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<td>Payment platform</td>
<td>Availability</td>
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<tr>
<td>Government support</td>
<td>Regulations</td>
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<td></td>
<td>Support for digital industry</td>
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</tbody>
</table>

Source: (Kuek et al., 2015)

1.9 Online Outsourcing in Sri Lanka

Willingness to work on freelancing platform is significantly higher among those who own computer or laptop, have access to the internet and marketable skills. [7]

In Sri Lanka, Online freelancing is at the early adoption stage, it is getting popular among those who are currently working and those who are skilled. It is slowly catching the speed among those who are unemployed and underemployed. [6,7]

There is awareness of freelancing in Sri Lanka. Mainly Fiverr.com, Freelancer.com and Upwork.com are popular among the users, and very popular in Sri Lanka relative to the popularity in the rest of the world. High number of workers are registered as service providers. [8]

Sri Lankans are praised around the world on their creativity, friendliness and adaptability, soft skills that facilitate easy integration into foreign units, which makes Sri Lanka an excellent place for BPO/BPM industry. As a result of this knowledge and skill availability in Sri Lanka, many foreign investors have started investing in the BPO sector of the country. [8]

Table II.2 Global and regional rankings of Sri Lanka as a BPO destination Organization

<table>
<thead>
<tr>
<th>Organization</th>
<th>Report and Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Nations Development Program</td>
<td>Human Development Index 2015 - Ranked 1st in South Asia</td>
</tr>
<tr>
<td>World Economic Forum</td>
<td>Network Readiness index 2015 - Among the top 10 in Asia</td>
</tr>
<tr>
<td>ATKearney</td>
<td>2016: Global Services Location Index - Ranked 14 (up from 16 in 2014)</td>
</tr>
<tr>
<td>World intellectual property organization</td>
<td>Global Innovation Index - Ranked 2nd in South Asia</td>
</tr>
<tr>
<td>Tholons</td>
<td>16th among top 10 Outsourcing Destinations 2015</td>
</tr>
</tbody>
</table>

Source: (28,29,30,31)
II. METHODOLOGY

The main purpose of this paper is to identify the major barriers faced by Online Outsourcing Workers in Sri Lanka, for that purpose researcher used the quantitative approach based on the literatures [6,28].

2.1 Population and Sample

The scope of this study is relevant to online outsourcing workers in Sri Lanka. The target population of this research study is people who do their job in online outsourcing platforms. There were no any documents or evidence to identify the exact population of online outsourcing workers in Sri Lanka. Therefore, this study gathered information on online outsourcing workers from the Online Entrepreneurs Club Sri Lanka.

2.2 Data Collection

This study was conducted based on primary data. Problematic areas in Online outsourcing were identified by interviewing few Online entrepreneurs. Data was collected by using structured questionnaires in identified areas. The respondents were Online Outsourcing workers and 162 were responded. The questionnaire basically consists with the Multiple-Choice Questions and Dichotomous Questions.

III. DATA ANALYSIS AND FINDINGS

Using Statistical Package for Social Sciences (SPSS) data was analyzed descriptively.

3.1 Sample Profile and Background of Online Outsourcing Workers

The survey was not limited to one area. Accordingly, questionnaires were distributed as soft copies by using online Google Docs. Expected sample size for the research was 200 respondents. Only 162 respondents have submitted the questionnaire. The first part of questionnaires gathered information about the profile and the background of Online Outsourcing workers. The characteristics of the owners are described in terms of owners’ age and education level.

According to the sample, 153 (94.4%) respondents were male and 9 (5.6%) respondents were female. It shows that Sri Lankan female participation in Online Outsourcing is very low.

Previous chapters in this study has identified Online Outsourcing as a solution for youth unemployment. According to the sample, most of the Online Outsourcing workers (52.5%) are in age more than 25 in the time of the survey and When identifying the age categories of the respondents, 47.5 percent of respondents were within the age range of 15 - 25 years. According to the survey data, it can be identified that most of the respondents who started the work before 2015 are now in the age more than 25.

19.1%, the highest number of the sample was from Colombo district with 31 respondents. Second and third hold Gampaha and Kandy districts respectively with 17.9% and 10.5% percentages. 0.6%, Least number of respondents were recorded in Ampara and Monaragala districts with one respondent from each. There are no data from Northern and Eastern Provinces.

According to this survey, there is a conflict with literature. In urban districts list [36] Puttalam holds 6th place and 21st in Online Outsourcing participation list. Badulla district holds 5th place in Online Outsourcing participation list and 14th in urban districts list. 3rd in urban district list is Kalutara and it holds 6th place in Online Outsourcing participation list.

According to the sample data, most of the sample is with a bachelor degree. GCE(A/L) holds the second place. 38.3%, percentage of respondents have a Bachelor Degree. 48 respondents have GCE(A/L) qualification with 29.6% percentage. 14.2% respondents have a Diploma in Computer Science with 23 respondents. 5 respondents were recorded with the qualification less than GCE(O/L).

The income level of Online Outsourcing workers indicates their contribution to the economy by earning foreign currency. As the sample data, Online Outsourcing is both primary and secondary income source of workers. Most of the sample with 52(32.1%) respondents earn less than 200$ and only 19 respondents’ primary source of income is Online Outsourcing. 25 respondents earn more than 1500$ per
month and Online Outsourcing is the primary income source of 23 among them.

According to the survey data, it can be summarized that training facilities for Online Outsourcing and knowing about Online Outsourcing from schools and institutions are at a low level.

Figure II.1 Summary of the profile of Online Outsourcing Workers Sri Lanka

Source: Survey Data

3.2 Barriers face by Online Outsourcing Workers Sri Lanka

Retirement aspect
82.1% of respondents are willing to do freelancing in old ages. 29 respondents with 17.9% of the total are not willing to continue Online Outsourcing in the future. 56 respondents with 34.6% in total have a retirement plan. 19.8% of respondents do not want to open a retirement plan. The majority, 45.7% of respondents hope to open a retirement plan in the future.

Payment methods
Respondents use more than one payment methods. 48% of respondents use Payoneer as their payment method. PayPal is used as the payment method by 30% of respondents. 11% of respondents use Skrill as their payment method. 6% of respondents use direct bank transfers to receive money. When considering the payment method, some respondents have an issue with government regulations. PayPal is not allowed in Sri Lanka. Some respondents expressed it as the main difficulty they face. Problem with payment methods is the same as literature [6,7]. According to some workers, regulations and service charges in payment methods are unfair.

Internet connection
138 respondents have access to 4G with 85.2% percentage in total. 24 respondents with 14.8% have no access to 4G. Among these 162 respondents, 95 respondents with 58.6% have a satisfactory level of internet connection speed. 67 respondents do not have a network connection in a satisfied level with 41.4% in total. Accordingly, the is a problem with the speed of internet connection as mentioned in the previous literature.

Power Supply
44 Online Outsourcing workers face power cuts in once a week with 27.2%. 31 respondents face less than one power cut in a month. 49 respondents with 30 percent state power cut at a moderate level. 65 of respondents with 40.1% in total face power cuts of more than one hour. 25.9% Online Outsourcing workers face the power cuts less than 30 minutes duration.

78 Online Outsourcing workers with 48.1% have an issue with power cuts. 10 respondents are not affected by power cuts. Power cuts affect in moderate level to 74 Online Outsourcing works.

Even if power cuts are highly affected to the job, the majority of Online Outsourcing workers with 92.6% of total do not have any alternative sources. 12 respondents have solar panel or generator as the solution of power cuts. Online Outsourcing workers can’t work with power cuts. Late deliveries due to the power cuts will affect badly on the employee profile of the platforms [6]. It can be stated that the duration of power cut is highly affecting to the performance of Online Outsourcing worker.

Employee Health
In this aspect, physical and mental health issues under the occupational health of Online Outsourcing workers will be discussed. As the survey, most of the Online Outsourcing workers with 48.8% face the
average level of stress when doing their job. 48 and 40 respondents face low and lowest level of stress in doing the job respectively. 17 Online Outsourcing workers with 10.5% in total have to face a high level of stressful situations in their job.

Majority of Online Outsourcing workers have to work with computers. Issues in eyesight, issues in the backbone, pains in the wrist will be occurred due to this. 26 respondents stated that they have health issues due to Online Outsourcing job. 54.3% of sample express that they have no any health issue. 29.6% of respondents have no clear idea on their health issues. As the sample data, 14.2% of Online Outsourcing workers have gone for health insurance method. 127 respondents of the sample have not applied for insurance facility. 12 Online Outsourcing workers state that they do not need support from insurance facility.

Job Recognition
29% express that they are recognized as employees by financial service providers. As collected data reveals 71% of Online Outsourcing workers are not recognized as employed persons by financial institutions. According to the contribution of Online Outsourcing workers to the economy, not recognizing as an employee is an injustice situation to them. As [37] every human being needs to be recognized and appreciated for the work they do because they like to obtain the reward of their efforts. This problem was revealed in the open-ended question section also.

Digital platform
Support of digital the platform is varying in platform to another. Most of the Online Outsourcing workers get the support from the platform. When considering the level of attention of the platform, clients of the platform are valued more than workers in the platform.

Employee Satisfaction
As collected data 78.4% of Online Outsourcing workers are satisfied with the job they do. 32 workers are in moderate level with 19.8% of the total. 3 workers are not satisfied with the Online Outsourcing job.

When considering Online Outsourcing as youth unemployment solution, the opinion of current Online Outsourcing workers is very important. 133 respondents with 82.1% are suggested Online Outsourcing field as a good field for the young generation while 14.8% of respondents are in moderate opinion. 5 respondents reveal Online Outsourcing field as not good for youth. Most of the employees are satisfied with their job most of them recommend Online Outsourcing as a good area to the young generation. Respondents who are not satisfied with Online Outsourcing has directly rejected the area to the young generation.

Other than that respondents were allowed to propose their ideas further relating to problems faced by Online Outsourcing workers in Sri Lanka. 6 respondents were shared their ideas. After concluding the ideas of Online Outsourcing workers, it can be identified three main barriers.

- Online Outsourcing workers have no proper attention from the government and relevant authorities.
- Recognizing Online Outsourcing Worker as an employee is at bottom level due to the lack of Public awareness.
- Restriction on PayPal is a huge disadvantage for workers.

IV. CONCLUSION

The findings of the study revealed that the major barriers faced by Online Outsourcing Workers Sri Lanka were; regulatory problems with payment method, difficulties with power cuts, low speed of the internet connection the majority of the workers are facing the job recognition problem with less public awareness of Online Outsourcing.

The findings of this study may provide insights to make effective decisions to overcome the challenges faced by Online Outsourcing Workers Sri Lanka. According to the survey, it can be seen Online Outsourcing workers contribute to the Economy by earning dollars. Government and Authorities must pay high attention to Online Outsourcing workers and need to make public awareness on Digital workers. Therefore, Government can facilitate registering process for the workers. Online Outsourcing workers
highly contribute to the economy; they should be treated equally as other employees. In here, relevant authorities should pay attention to Job Recognition, Retirement Plan and Health insurance facility. If there is a stable power supply and speed internet connection, it will be good for workers. Relevant authorities can facilitate this barrier.

The government should pay high attention to payment method by facilitating PayPal to Sri Lankans.

As the other countries, Sri Lanka also faces the problem of Youth Unemployment. Due to the high level of internet usage in the youth population, Sri Lanka can introduce Digital Jobs as a solution for Youth Unemployment. Before the introduction, Government needs to facilitate the barriers faced by the workers who are already engaged in Digital Jobs. This study was conducted to identify the barriers faced by online outsourcing workers and to provide suggestions to overcome the barriers.

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