The Impact of HR Functions Outsourcing (Recruitment, Training and Organizational Development) On HR Management Effectiveness in Private Sector

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Abstract: *The purpose of the study is to identify human resource functions in the Middle East is more dependent on outsourcing. Outsourcing for the recruitment, training and organizational development is believed to make things more efficient at work. Human resources effectiveness after outsourcing is rated to be way higher than when the expertise is sourced within the organization. The first phase of the projects is literature review which involves finding information on the basics of outsourcing and outsourcing activities like cost analysis and training of employees. Information is also collected from previous studies to help in the collection of updated information on outsourcing. The second phase of the study is the qualitative analysis that will allow measurement of the key impacts of human resource outsourcing on the organizational progress. Also, questionnaires will be distributed randomly to employees. The third phase of the study is sampling which involves an analysis of performance evaluation that enterprises display after outsourcing activity. From the research findings, outsourcing would aid in the effective operation of firms in the Middle East. Employees claim to deliver after efficiently outsourcing. Also, Outsourcing functions are useful in finding the best talents and skills to handle complex roles. Lastly, the research offers discussions of the findings of the study; outsourcing is the best HR approach in the Middle East since most of the companies are privately owned, and the main target is cost reduction. The main recommendation is that companies in the Middle East should adopt outsourcing for the main reason of cost reduction.*

I. Introduction

Human resource management is the duties that come with the management of labor in an organization (Brewster, 2017). A private organization has a better strategy to manage their human resource as they do not work on the strict strategy as those set to operate the public institutes. The human resource roles can be on a department level or for the very small private organization they can be carried out by the manager or the role delegated to any other senior staff. However, competition is at pick and all organization needs to up their game in the management of human resources function. For the purpose of expertise and working within the budgets, companies have the option to adopt outsourcing for human resources (Brewster, 2017). In the Middle East, most of the firms are private based and others owned by family members. It is for this reason that business in the Middle East is more dependent on outsourcing as a function of human resources effectiveness (Ewers, & Dicce. 2016).

II. Literature review

The function of human resource management will range from outsourcing for recruitment, training, and organizational developments (Brewster, 2017). Depending on the complexity of activities within the organization the human resource manager can choose to outsource for the activities to accomplish effectively and efficiently. It involves an assessment of several factors such as the analysis of the costs of outsourcing in comparison to that of training internal employees and the perfection that is likely to be displayed from the expertise of internal employees. Outsourcing for recruitment is one aspect in which the management can have a better means of handling the human resource from the very beginning of the engagement of such employees with the company. This will help the management in selecting the best employee that suits the defined roles or the job description (Certo, 2018). The third most crucial role is the training of the employees. This can be based on outsourcing experts to come in and train the employees in their preferred roles. The roles can be based on the defined job description or training them above the requirements of the job description so that the employees can

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be in a capacity to handle more complex roles at a future date. All these roles are equally important in the human resource management as this is the pillar of organizational success (Certo, 2018). Private sector receives minimal support from the government, and therefore they must act smart to realize the organizational goals and maximize the efficient use of every resource (Butler, & Callahan. 2014). High impacts human capital can only be realized by the organization continue to invest in their human resource through effective outsourcing strategies. The advantages that come with outsourcing are the main factors that help in the efficiency of human resource management and especially in the private sector (Butler, & Callahan. 2014).

Research Questions
1. What is the level of effectiveness of outsourcing HR functions in the Middle East?
2. What are the current challenges that the private-based companies face when outsourcing for human resources functions?
3. Which are the solutions to mitigating the challenges of outsourcing?

III. Previous Studies

Human resource outsourcing on training recruitment and organizational development emerged as private institutions and business moved to new countries in search of cheap labor so that they could cut on the cost of production. However, Bratton and Gold 2017 also claim that the importance of human resource outsourcing is today way higher since they are increasing needs to develop the human resource. This has emerged over the years due to increase in the rate of technological developments making it hard especially for the private-based enterprises to continuously develop its human capital. However much some of the services could be fully outsourced, knowledge management became essential for the employees to remain productive (Bratton, & Gold. 2017). With time it was realized that outsourcing did not only bring in organizational management expertise but also helped in cutting the expenses related to the management of human resource. These helped in cutting down the costs and thus were able to sell their products at a lower price. The main aim of an organization in remaining competitive is to ensure that they meet the target line by having a more complex in the managerial skill. Most private based enterprises are in a capacity to beat the public organization not because they have a wider customer base and support than the public organizations but because they capitalize on ensuring that they have the best regarding human capital. It helps them gain a competitive advantage over other firms even regarding service delivery and therefore meet the consumer satisfaction levels. However, with time there emerged the need for expertise to be continuously developed within the organization that outdid the cost benefits associated with outsourcing.

Vining, & Globerman 2017 claim that in the past, it was believed that the human resource management, especially on outsourcing, could only be done on the very complex role which the organizations have no one who can help with the role. With the need for quick development in the current time, the business world is so fragile and flexible that the styles of work keep on changing to suit the legal policies set and also for the organization to remain competitive. Outsourcing was seen as an expensive thing especially when the company outsourced to experts but the benefits of work efficiency always out ways the cost. Vining, & Globerman 2017 feel that it is up to the management to explore the cost advantage and the cost disadvantage that is associated with marketing and ensure that they yield the best from the outsourcing strategy that they adopt (Vining, & Globerman, 2017). The main aim of outsourcing is to ensure that the human expertise employed within the operations are efficient enough for the management of the operations and if they are not in a capacity to handle complex roles then a better option is sourced to handle the role. Before making the decision, the management has to ensure that they evaluate the benefit that comes with outsourcing. It is in that situation that the human resource manager has to consider the very necessary benefits and most important that it should be derived from the benefit.

The action of human resource management began as part of the infrastructural and industrial development that called for the upgrading of the human expertise (Budhwar, & Mellahi. 2007). At that time there was no diverse attention in changing the organizational needs. Here was thus a notion that outsourcing is expensive and only the government could afford to pay the costs (Lonsdale, & Cox. 2000). With time the need for expertise was also realized by the private sector since innovations in management and product development together with new policies demanded that the organization outsources experts or new people to handle the new roles. According to Lonsdale and Cox 2000, outsourcing is likely to bring in a significant change in the normal organizational structure. As a result, it is the role of the manager to ensure that whichever form of outsourcing they decide on absorbing for the sake of organizational development must be in line with the proposed working organization. It, therefore, means that outsourcing is meant to create an order for the private sector to attain full operations ability (Lonsdale, & Cox. 2000). Whether the management decides to outsource the training, recruitment services or organizational development the goal and objectives of the company must be prioritized the decision-making process (Lonsdale, & Cox. 2000). The integrated strategy in which the organization uses

training and recruitment to improve the style of leadership is more important in the development process as it helps in improving the ability of the staff to handle the current and future job demands easily and effectively. To keep up with the pace in a competitive environment, then outsourcing is the best strategy to fulfilling the private sector ability in meeting its needs and surviving the competitive business environment (Lonsdale, & Cox. 2000).

IV. Research methodology

Content analysis will be used in determining the findings; therefore, this research will be based on the qualitative method of research. This is to ensure the relevance of the study is realized and that the findings are based on facts. The people selected from the research will be employees of a private based organization and the human resource managers who have been a part of outsourcing in various private based organizations. Outsourcing companies will also be approached via their website to have a view of what they consider as the advantages of outsourcing. The content analysis used in the study will allow for the measure of the key impact that human resource outsourcing has on the organizational progress. The population of the study will be different based on the level of information needed. Much attention will be paid to the human resource managers, and the research will pay more attention to them capturing higher population. However, for the employees, the attention will be paid to the employees of the human resource managers based in those companies. The employees will be selected on a random basis to fill the questionnaire and be a part of the interview. Due to limited resources in terms printing paper, a considerable sample size that is not too small for every level will be selected for the research to be significant. Very small sample size only means that the findings may be biased while a large sample size will give more significance to the study (Nee, Snijders, & Wittek, 2013).

V. Sampling and Data Collection Methods

The research is based in the Middle East and therefore will only involve data collected from sources based in the region. The primary strategy of data collection will be based on questionnaires and interviews. The questionnaire will be closed to get the real level of value that the employees feel outsourcing impact has on the private-based sector. A special open-ended questionnaire will also be presented to the finance department to access the impact on costs that arise as a result of outsourcing. The human resources managers will best provide information needed through interviews so as not limit their views on outsourcing which is of great impact in this study. Other than that, information from employees who are supervisors will also become essential and will be requested to avail for the personal interview.

The open-ended questionnaire presented to the senior employees and the human resource manager will be very effective in this case, it will provide a platform for them to offer more information that will be of use in this research (Krosnick, 2018). This will also help the managers to remember the questions asked of them and thus will be in a position to answer them (Krosnick, 2018). The information that is released can also be used for secondary analysis especially at a future career date. This information is critical, and thus the research finds it absurd to provide the human resource managers and the employees with the closed questionnaires as it would limit the information that they are likely to offer in the open-ended questionnaire.

An analysis of the performance evaluation will also be done based on the results displayed by the enterprise after the outsourcing activity. This information will be taken seriously as it will show the real results of the outsourcing activity. Only employees from the private-based enterprises will be involved in this research, and at the same time, only the information from the private-based enterprises will be involved.

Test of Validity and Reliability

In the effort to ensure that the results of the findings are reliable and valuable to make the conclusions of this study, a repetitive mode of data analysis will be done with a focus on different groups of employees. This to ensure that they do not have the same answers and opinions to the questions asked (Csikszentmihalyi, & Larson. 2014).

All aspect that calls for constructive intelligence is ensured so that the data collecting analyst is in the ability to analyze data by accessing the interviewing on whether the information they give is sincere. This involves an analysis of the data based on the verbal reasoning ability and an assessment of the body language in comparison to the verbal message. Employees reached by mail will be allowed quality time to feel the questionnaires so that the right information can be attained from them.

VI. Data Analysis and Findings

Based on the questionnaire, the middle-level employees felt that the role of outsourcing made things efficient and as the outsourced would perfectly deliver. According to them, they rated the level of job effectiveness after outsourcing to be way higher than before. Employees also claimed that they felt that they were more effective at work after the outsourcing activities. Other than that they also provided a rating higher than on their ability to handle the very complex roles within the organization. Employees also said that

improved work effectiveness was as a result of the new skills that are associated with the outsourcing functions. They also provided that they were in a position to build on their expertise, generate better talents and skills after an action of outsourcing since it was an equipping experience with knowledge and expertise.

The results of the rating provided by the employees were also used to access the effectiveness of each of the actions outsourced that they consider the most effective. Training was rated to highest in contributing to the effectiveness of human resource functions, second in terms of effectiveness was recruitment and at the last place was organizational development. However, they also claimed that training of employee would be mainly based on the ability of the employee to manage the new equipment and the expertise required to generate the best form the assigned equipment. However, they also noted that there was a decrease in repair and maintenance expenses, especially on technical expertise. They accounted for the majority of the reduction in maintenance costs on organizational development efforts.

According to ADP (Automatic Data Processing, inc) an HR outsourcing incorporation, the human resource department may have a wide range of factors that private based organizations especially the small ones may not be in a capacity to handle ("HR BPO | HR Outsourcing | ADP," 2018). As a result, they advise that it is important for such organization to outsource for these services as they are likely to reap benefits ranging from lower administrative expenses, time and attendance efficiency, talent management and even payroll management systems ("HR BPO | HR Outsourcing | ADP," 2018). They finally recommend outsourcing as a very effective human resource management strategy.

VII. Discussion of the Findings

Outsourcing has the ability to helping a private based enterprise to develop social, economic impact through outsourcing activities of the locals. According to the staff, outsourcing through the provision of training for the employees improves their general performance in the organization (Yap, & Webber. 2015). The employees are likely to enjoy the training since it is done by experts who have little knowledge about each other and hence are free to interact with them. Training will mostly involve group and the activity itself requires the participation of all the concerned employees creating a platform for team building and a revived teamwork opportunity. The employees are also conversant with what they are required to do and hence will have a smooth time when handling the tasks assigned to them. Other than being motivated, employees also feel that their skill is built whenever they are involved in a training exercise. Building on employees' skill is a factor that is also involved in building self-esteem, especially on specialization at work. Self-esteem helps new employees act as organizational ambassadors. Private enterprises require a lot of word of mouth marketing efforts to win the trust of the public. The easiest way is through the satisfaction of the human needs who work within the organization. The human resource department also benefits as much energy is focused on other venues. This is because after the training of employees, little supervision is needed, and the staff only needs to consult when things seem not to go right. The outsourced firm takes control of all the activities involved in the training. With employees being satisfied with their work, the company is likely to experience fewer turnover rates and thus retaining the very expertise employees and be in a capacity to maximize on talent used for the growth of the private enterprise. It is not easy for the private enterprise to turn information into effective learning curriculum requires a group of efforts.

The private enterprise through training of employees is in a capacity to cut on the future costs through the use of well prepared and efficient training programs adopted by the outsourced firm. In the future, the private enterprise is in a capacity to promote the current employees and therefore avoid the costs that are associated with the recruitment, training, and development of new employees. Training is among the best tool of employee knowledge management employed by the human resource managers in building the organizational performance (Omotayo, 2015).

When the recruiting process is outsourced, the company reduces the costs of recruiting; a scalable recruiting capacity is also attained as the outsourced company as experts in that field. Outsourcing recruitment services also come with advantages such as increased candidate quality (Johnson, Wilding, & Robson. 2014). Upon providing the recruitment company with the information that the company feels is necessary for the position, the outsourced company can come up with the minimum qualities that they feel candidates' suit for the position should have (Siew-Chen, & Vinayan. 2016). As a result, the hiring manager satisfaction levels are efficiently met (Johnson, Wilding, & Robson. 2014).

Outsourcing organizational development means that the private enterprise is in a position to outsource plans that they feel should be absorbed at a future date (Henderson, & Boje, 2015). It is important as it helps the private enterprise to align their human capital with the organizational objectives. Proper leadership style is the best applicable tool in the management of organizational development. It involves an analysis of the current situation in relation to the organizational desired position (Bolden, 2016). It is therefore important that full disclosure of information on short term and long-term objectives is given to the outsourced company and at the same time provide details of the available human capital (Henderson, & Boje, 2015).

Most of the private-based firms in the Middle East are family owned and thus will be highly in need of the outsourced functions. Expertise in these firms especially those based in Kuwait and Lebanon is of high importance considering the management is mainly family members. However, in Dubai, the private-based firms account for at least 95% of the profits and at the same time hold at least 43% of the population professionals (Ewers, & Dicce. 2016). These firms have been used to outsourcing and endorse this as a function of the human resources department. Most of the firms in the Middle East are also dependent on outsourced labor with the majority of the labor coming from the immigrants (Ewers, & Dicce. 2016).

The challenge of outsourcing is that at times the company may not be in a position to make the right decision on what to outsource. It is also hard to determine the delivery of service the ability of the outsourced firm to meet the needs of the organization. If not met, the decision to outsource maybe too expensive for the company (Khan, & Imran. 2017).

VIII.   Conclusion

Many companies in the Middle East are more focused on looking for mitigating. Many companies do not like outsourcing, they have a preference for having their work distributed and located in numerous countries. Local outsourcing is important in the Middle East because it is cost effective. Outsourcing will help in keeping g work close to customers of the companies keeping in mind the Geopolitical risks in the region and the need for business continuity (Romiszowski, 2016). Outsourcing will help companies in r- talented and skilled labor at a cheaper cost Although it is important to integrate every action with the other, it is equally important to have the employees fully involved in the decision-making process so that they can fully understand the need for organizational development efforts made them easy to be absorbed into the company. This will also ease the burden of training and recruitment by the outsourced company.

Managerial Implications

The main reason for approaching outsourcing on companies was to cut costs of operation. Today, however, the role of the human resource manager has changed when determining the level of outsourcing to rely on. It means that the personnel involved must also consider other fundamental factors and benefits such as the level of skilled expertise that the outsourced package delivers, flexible staffing strategy, reducing the turnover time and the ability of the outsourced package in generating more profits and time to save (Yap, & Webber. 2015). It is, therefore, a very effective human resource management strategy.

Limitations of the research

The research utilized closed questionnaires meaning that participants were not given an opportunity of giving more information than what the questionnaires asked them. Their feelings and future prospects on outsourcing. Only accounting departments were offered open-ended questionnaires. The methodology limited the information that HR managers and employees would have offered since they are the main stakeholders in outsourcing. Every activity in outsourcing revolves around them. The research does not offer details on the future of outsourcing in the Middle East. In addition, financial accounting department cannot fully account for the improvement regarding all the total costs saved from the functions of outsourcing. This is a limitation of the research in that there is no verification of results. The accounting department was allowed to have control over the data collected because they were offered open-ended questionnaires. The researchers were unable to verify results, especially in compensations. The only information collected was an increase in sales levels after outsourcing.

Future Research

The future research will further focus on the impacts of outsourcing on the following areas:

- the incomes of companies in the Middle East with specific figures on sales and the future prospects and implications of outsourcing in industries in Human Resource.
- Possibilities of outsourcing in public profit-making companies since this research is about private companies.

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