

HUMAN RESOURCES OUTSOURCING AND ORGANIZATION PERFORMANCE: A STUDY OF MANUFACTURING FIRMS IN DELTA STATE, NIGERIA

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ABSTRACT

This research examined the relationship between human resource outsourcing and organizational performance of manufacturing firms in Delta State, Nigeria. Cross sectional survey research design was adopted with a population of 120 owner managers, managers and supervisors of manufacturing firms in Delta State. Four (4) hypotheses were formulated in null form and tested using the Spearman Rank Order Correlation Coefficient with the aid of SPSS version 21. Results indicate that both recruitment process outsourcing and training & development outsourcing have implications for firm performance (growth and customer satisfaction). Therefore, the study recommended among others that Manufacturing companies should outsource their recruitment and training and development to an agency to save money and free up time for managers to plan more effectively.

Keywords: Recruitment Process Outsourcing, Training & Development Outsourcing, Growth, Customer Satisfaction, Organizational Performance

INTRODUCTION

Globally, firms in the twenty-first century are facing challenges in business processes than ever, these challenges are mainly caused by forces emanating from the external business environment. Similarly, globalization occasioned by technological advancement, have necessitated intense rivalry among firms, frequent changes in product's demand, shorter product span, varying regulatory policies across nations', incessant labour (union) demands, just to mention but few, and have made firms continuously strive for efficient and effective strategic options in the use of resources (both human and material resources). As noted by Sev (2009) growing complexity regarding business issues and rapid environmental changes creates major shift in organizations as well as the pattern

in which businesses are conducted.

Though, businesses often rely on various strategies in enhancing performances, one of the managerial strategies probably utilize in improving firms' performance as opined by International Business Machine (IBM), is outsourcing. As firms' consistently strive in enhancing shareholder's return as well as solidifying their market position globally (which are aspects of organizations' strategic objectives), it becomes necessary to focus on core areas of operation while assigning other non-core functions and activities to well experienced as well as efficient external service provider. As opined by King (2007), a well-created human resourcing strategy enable firms pay adequate attention on their core capabilities as a way of minimizing operational inefficiency relatively in terms of investment in workforce as well as technology. However, Leticia (2016) views outsourcing as a strategy that enable firms engage specialized and efficient service provider in performing some of firms' major services thereby becoming valued business partner. Brown and Wilson (2005) view outsourcing as 'the act of obtaining services from external source.' Although, organizations can often perform these functions assigned to external service provider, resource constraints relatively to time and the financial advantage involve, makes firms engage third party services provider. As opined by Mclvor (2005) firms assigns both human and material assets to external service provider. In other words, most organizations often no longer earmark finances and other resources for the purchase and maintenance of certain infrastructures as well as technologies, training and development of certain skills and other business processes, as outsourcing avail businesses opportunity of engaging well experienced services providers, possessing highly skilled workforce capable of utilizing up-to-date technologies in business operations in an efficient and effective manner.

Though, in the past, firms outsourced minor services like security, cleaning, catering, car driving as well as other categories of unskilled labour, at present, as opined by Dominguez (2006), firms outsourced vital areas of operations like manufacturing, marketing, information system, designs just to mention but few. Similarly, Isaksson and Lantz (2015) note that firms outsourced manufacturing, purchasing, warehousing, sales forces as well as customers' service which are directly associated with major operations. In other words, at present, organizations outsource some crucial areas of their business processes and function like IT, marketing, engineering, R&D, human resources function and so on, often necessitated by changes in business environment as well as operational demands.

Nevertheless, human resource is considered very crucial to firm's performance, as it has the ability of converting all other resource – material, money, technology into products and services. As noted by Dessler (2015), human resource is a very valuable capital that possess knowledge, education, skills as well as expertise for work in organizations. Though, human resource is crucial to firms' success, its management involves a set of complex activities and functions that lies within the domain of human resource department in most firms. These functions involve scanning and analysis of the environment, HR planning, recruitment and selection, training and development, appraisal, compensation, health and safety, motivation, grievance and discipline, retirement as well as all matters relating to leave and death. Though, firms often create department for the management of these functions or part of it, the complexities surrounding these activities as well as environmental constraints on business, often create the need for firms to seek the services of well experienced external service provider in managing either the entire HR functions or some aspects of it. However, various economic sectors (agriculture, mining, construction, manufacturing, financial, entertainment etc.), often utilize human resource outsourcing in facilitating business operations, as most economic activities within these sectors mainly rely on the effort and creativity of humans.

In Nigeria, manufacturing activities have been given so much attention by states and federal government through the implementation of relevant policies and strategies targeted towards unleashing the full potential of the sector in order to industrialize the nation's economy, yet, the sector has experienced slow growth. As reported by Manufacturing Association of Nigeria (2016), only 10 percent of firms in the sector function at sustainable level, as against 90 percent of firms who are either operating in a poor condition or moribund. This often results in low gross domestic product (GDP), massive unemployment, high inflation rate, underdevelopment, absolute reliance on imported products which have eventually lead to massive business failure in the long-run of manufacturing firms in Delta state and the country at large. This pose serious concern to the viability of the economy of Delta State as well as the nation's economy, as the country is endowed with enormous human and material resources capable of transforming the nation to the status of industrialization. Thus, the current study opined that human resource outsourcing could be the probable solution to the underline problem of manufacturing firms in Delta state, Nigeria.

Though, studies exist on the relationship between human resource outsourcing and organizational performance (Mwangi, 2017; Butler & Callahan, 2012; Olanye & Okoro, 2017), there are little empirical literatures on the relationship

between the study variables particularly in Delta state, Nigeria. Against this backdrop, the study intends to empirically examine the relationship between human resource outsourcing and performance of manufacturing firms in Delta state, Nigeria. Specifically, the study aims at:

1. Investigating the extent of relationship between recruitment process outsourcing and performance of manufacturing firms in Delta state.
2. Investigating the extent of relationship between training and development outsourcing and performance of manufacturing firms in Delta state.

LITERATURE REVIEW

Theoretical Foundation

The concept of outsourcing drew support from several economic, sociological and management theories such as, Agency theory, Transaction cost economies, Social networking theory, Social exchange theory, Resource based view of the firm and Knowledge based view of the firm. However, this study adopts Agency Theory, Transaction cost economies and Resource based view of the firm, since the study focus on human resource outsourcing which involves service provider (Agent) and the principal (Firms) seeking to utilize resource (employees) efficiently (Transaction cost economies) and resources' (skills, knowledge etc.) valuableness, rarity, inimitability and difficulty substituting (Resource based view of the firm) in an attempt of achieving competitive advantage.

Agency Theory

Agency theory explicitly attempts to explain the relationship between parties (principals and agents) and delegation of control mainly on issues concerning business enterprise. Though, it is rooted in the field of economics (Smith, 1776), scholars in other fields like sociology, strategy, law, finance, political science etc. (Shapiro, 1987; Bernard, 1938; Benfield, 1965; Jensen & Meckling, 1976; as cited in Zogning, 2017) have continuously used this concept in explicating the relationship between principals and agents. As opined by Ross (1973), the issues relating to compensation as well as contracting were mainly associated with the study of agency, as the emphasis on agency mainly relies on the perspective of incentive. However, the term agency refers to a relationship involving two parties relatively in business transaction wherein one party known as the agent, represents the other party known as the principal. In the relationship, the principal confers decision making authority to the agents which usually affects the financial status of the principal, thus eliciting differences in priorities, opinion as well as interest between both parties. These conflict of interest,

priorities as well as opinion relatively in the aspect of goals and unwillingness towards risk taking, primarily induces principal/agent problems, though the agent is duty bound to always act in accordance with the principal's interest in a morally acceptable manner. Buttressing, Gomez (2003) opined that the principal in the relationship, most often allows the agent choose relevant strategies and do not interfere with the operations of the business at the early stage, but later get involved in ensuring that the agents, acts in consonant with the terms of the contract. Also, the theory (Agency) presupposes that personal economic interest exclusively inspires behaviour and that cooperation denotes a contract between parties.

The theory is relevant to the study in that, it exposes managers of manufacturing firms on disputes that may likely ensue in the form of differences over priorities and the level of risk tolerance with service provider (outsourcing partner) relatively in outsourcing firm's human resource functions.

Transaction Cost Economies

According to Kaplan Financial Knowledge Bank Transaction Cost theory is fused in corporate governance and Agency theory. It is however founded on the premise that cost will be incurred when someone does something for another. That is when someone hire another to run a business. In trying to approach transaction cost from the firm's point of view, Watkins (2002) sees it as a cost, a business or firm may incur while getting a good or service outside the firm. That is, it is cost incurred in the process of acquiring products (services).

Rindfleisch (2019) states that transaction cost theory has been in use over the past eighty years and still possesses tremendous influence on marketing and other related activities of firms. Coase (1937) as cited in Rindfleisch (2019) posits that transaction cost theory brings to bear the fact that handling of transactions in the firm involves cost or is cost effective. That the various ways of organizing transactions be they negotiations, monitoring of performance and resolving disputes in or outside the firm is cost effective. Williamson (1985) on this premise pointed out that there should be a comparative analysis and examination of related transaction costs which will unravel how a transaction should be carried out.

Macher & Richman (2008) opined that this theory has been generally accepted, as it has been cited in various field of academics including International Business Operations, Public Policy, Management, Economics etc.

Resource Based View of the Firm

In the history of management theorizing, Kraaijenbrink, Spender & Groen (2010) affirms that the resource-based-view theory is one of the most influential and cited theory. According to Wade & Hulland (2004), the resource-based-view brings to bear the argument that firms have resources in their custody which is a component of their existence and gives them the capability of competitive advantage over their competitors and also keeps them in long term performance in the industry.

As opined by Barney (1991), firms achieve sustain competitive advantage when resources are valuable, rare, imperfectly imitable and non-substitutable. In other words, resources that exhibit these four characteristics (VRIN), guarantees firms' competitive edge over others. Barney (2002) added that if a firm must actualize a long term competitive advantage; it must possess and be in control of the resources and have capacities to apply them. This proposition Kraaijenbrink et al., (2010) reinforced that it has found its way in various related analysis ranging from core competence as cited by Hamel & Prahalad (1994) to the knowledge-based view of Gant (1996) and that of dynamic capabilities (Helfat & Peteraf, 2003; Teece, Pisano & Shuen, 1997).

Irrespective of the simplistic narrative of the resource based view, Kraaijenbrink et al., (2010) emphasized that it has met with intense criticism ascribing it to its numerous weakness and stipulating where there is a need for improvement. Mahoney & Pandian (1992) assert that the resource-based view theory open up a significant effect of a firm's specific resources on performance.

According to Lopez (2005) as cited in Nyarangi (2017) the theory is of the opinion that the resources of organizations on their own cannot bring about competitive advantage. Nyarangi (2017) submits that it is proper utilization of available resources in the firm or organization that bring the competitive edge and competence that is needed. In addition, Helfat & Peteraf (2003) added that the Resource Based View theory focuses on the various divergences that occurs in firms.

Based on the foregoing it important to note that the Resource Based View theory brings to limelight the individual firm's competitive advantage gotten from the various capabilities of the human resources which is deployed for firms' sustenance and competitive edge.

Conceptual Review

Human Resource Outsourcing

The concept of outsourcing according to Parry & Roehrich (2009) is defined as

the subletting out in the form of a contract, the internal business activities and process to a third party that is external to the firm. That is, instead of internal staff carrying out the business process, it is rather given out on a contractual agreement to an external party for execution. It is on this premise that Adler (2003) asserts that Human Resource Outsourcing is letting out of part or whole of the human resource function to external vendors or service providers on a contractual based. Banham (2011) emphasized that HRO is a cost reduction strategy and has gained grounds in creating business value in organizations. Vosbergh (2007) as cited in Nyarangi (2017) itemized some merits of Human Resource Outsourcing which are: free strategic operation of HR, improved flexibility and quick response, reduction of risk factor, improved efficiency, unhindered flow of improved information systems regarding HR and that of management information system.

Outsourcing Strategies

Gilley & Rasheed (2000) as cited in Austin Egole & Iheriohanma (2020) itemized the following four strategies for outsourcing;

- i) Outsourcing of auxiliary activities.
- ii) Outsourcing of accounting activities.
- iii) Outsourcing of basic activities.
- iv) Outsourcing of back office activities.

Recruitment Process Outsourcing

According to Munstermann, Eckhardt & Weitzel (2010), recruitment is cardinal for managers in organizations. The process of recruitment is key not just for scholars in the field of research but also in the realm of management practice and it saps time and resources of human resource managerial process (Lee, 1994 as cited in Masinovic, 2010)). However, recruiting the right human resources is paramount, so organization should clearly pinpoint what they need for the purpose of proper and effective hiring process (Munstermann *et al.*, 2010).

Recruitment process outsourcing is a form of business process outsourcing where recruitment activities are wholly or partially transferred to an external service provider (Stroh & Treehuboff, 2003). Johnson, Wilding & Robson (2014) added that the service providers outside the organization assumes the position of a recruiting department for the organization ensuring the comprehensive provision of the needed skill, tools, technologies and other attendant activities.

The fact that there is an increased demand for a skilled sets of human resources, has placed the recruitment process outsourcing industry at an advantage position

especially those leading in the industry who have strategically positioned them as strategic HR partners (Gale, 2015). Amongst the lots of benefit of recruitment outsourcing process are; prompt and spontaneous execution of HR function in an organization which gives managers of HR to be relieved of the stress of recruitment to focus on more pressing issues in the organization (Shelgreen, 2004; Won & Kim, 2007).

Training and Development Outsourcing

According to Khawaja & Nadeem (2013) as cited in Nda & Fard (2013) training is a step by step approach of 'learning and development' to enhance the skills of employees or group of individuals in the organization. Nda & Fard (2013) reiterated that it is a sequence of actions carried out by a firm that is geared towards the attainment of knowledge and skills for the growth of the organization, increase human capital development and for the general well-being of the society. On the other hand, development according to Nda & Fard (2013) refers to a conscious action which is geared towards the attainment of new knowledge and skills for employees to improve their capabilities in their present business environment.

Outsourcing training has been an existing practice for a long time and rate of outsourcing has also been on a speedy rise (Alzhrani, 2020). Based on this premise, Friedman (2005) added that due to the amount of training projects on demand, partnership to carry out training and development has expanded.

Organizational Performance

The concept of performance has over the years assumed a substantial height of attention in the arena of human endeavour (Elenaluliana & Maria, 2016). According to the Roman Lexicon of explanation, performance is “a result (particularly good) obtained by someone in a sporting contest; a special achievement in a field of activity; the best result obtained by a technical system, a machine, a device, etc.” Neely (2002) posits that performance in the organization shows qualification with respect to putting effectiveness and efficiency into action.

Generally, organizational performance is being defined as a collection of financial and non- financial index which has the capacity of examining the level of achievement with respect to organizational goals and objective (Kaplan & Norton, 1992 as cited in Singh, Tamer, Darwish & Potocnick 2016). Daft (2000) views organizational performance as firms' ability in achieving goals through efficient and effective use of resources. Similarly, Richardo (2001) as cited in

Abu-Jarad, Yusof and Nikbin (2010) viewed organizational performance as firms' ability in achieving goals and objectives. Though, several definitions have been given to explain the construct (org. performance), the definitions all supports the achievement of goals and objectives with the use of resources. In addition, scholars possess divergent view on the measure of organizational performance, just as variety of definition exist to explain the construct. In view of this, Peter and Crawford (2004) and Lee (2005) as cited in evaluates organizational performance utilizing quantitative data such as returns on investment, returns on sales, just to mention but few. Similarly, several variables have been used to measure organizational performance. These variables comprised profit, returns on asset, returns on investment, returns on equity, returns on sales, revenue growth, market share, stock price, sales growth, export growth, liquidity as well as operational efficiency (Parnell & Wright, 1993; Thomas & Ramaswamy, 1996; Gimenez, 2000 as cited in Abu-Jarad, Yusof & Nikbin, 2010). As opined by Abu-Jarad, Yusof and Nikbin (2010), organizational performance can be measured using efficiency/effectiveness related measures. While efficiency deals with input/output relationships, effectiveness relates to issues such as business growth as well as employee satisfaction. This study employs business growth and customer satisfaction as the measures of organizational performance.

Growth

Growth especially in any organization has to do with a dynamic change in the size of the organization which is determined by organizational membership employment. It is worthy of note that scholarly works have got volumes of studies in contemporary times geared towards determining what constitute growth in an organization. This, Weinzimmer, Nystrom & Freeman (1998) elucidate as a result of various numbers of approaches utilized to evaluate the growth of an organization.

McGurie (1963) opines that organizational growth could be attained if an increment in the size of the organization positively relates to the attainment of the goals organization or that of her members. Shah, Nair & Zaman (2016) points out that the resource base view is very crucial for organizations on their passage to growth and that the assessment of resources is an indicator to growing the organization successfully.

Customer Satisfaction

According to Noble (2010), customer satisfaction research started from the field

of business and health care over 30 years ago. Brown and H Hooley, Neary, Morris & Mackay (2015) posits that customer satisfaction has added assessment and findings of anticipated performance, what customers expects, quality of service delivery and a fusion of these aforementioned concepts. In the work, they went further to explain the fact that factors that influences customers' satisfaction are categorized into individual factors, contextual factors, delivery factors and post interventional factors.

Hill, Roche & Allen (2007) opined that customer satisfaction is the instrument that anticipates the behaviour of customers in the future. Khadka & Maharjan (2017) point out that customer satisfaction is an important part of any business strategy bearing in mind the loyalty and retention of customers and product re-purchase. In addition to the foregoing, Zeithal & Bitner (2003) reinforced that customer satisfaction is influence by their emotional stimuli, and perception of equity. However, Tao (2014) include that, it is not possible for any organization to grow in the face of ignoring or disregarding the needs of customers. Be that as it may, it is also important to note that it is the genuine needs of customers that should not be ignored or disregarded.

METHODOLOGY

This research adopted the cross sectional design. The population comprised of nine (9) manufacturing firms in Delta State across the chemical, petrochemical and pharmaceutical firms in Delta State registered and functional with the Manufacturers Association of Nigeria. The accessible population consists of one hundred and twenty (120) owner managers, managers and supervisors. Sample size was determined using the Taro Yamane sample size determination formula and arrived at ninety-two (92) respondents which serves as the sample size for the study. Descriptive statistics was carried out using the mean and standard deviation in capturing the univariate characteristics of the variables under study. Spearman Rank Order Correlation Coefficient was used to test the inferential statistics with the aid of Statistical Package for Social Sciences (SPSS, Version 21). All hypotheses are stated at a 95% confidence interval, implying tests for the significance of relationships were premised on a 0.05 level of significance.

RESULT AND DISCUSSIONS

A total of ninety-two copies of questionnaire were distributed and eighty-nine were successfully retrieved and used for the analysis. This result indicates that huge number of the respondents participated in providing data for this study. This shows a success in questionnaire administrations.

Table 1. Demographic (Descriptive) Data Analysis

Gender	Response Rates	Percentage (%)
Male	66	74.2
Female	23	25.8
Total	89	100%
Age of the Respondents	Response Rates	Percentage (%)
20-30 years	7	7.9
31-40 years	11	12.4
41-50 years	57	64.0
Above 50 years	14	15.7
Total	89	100%
Educational Qualification	Response Rates	Percentage (%)
O' Level	8	9
OND/NCE	7	7.9
DEGREE/HND	52	58.4
M.Sc/MBA	18	20.2
Ph.D/DBA	4	4.5
Total	89	100%

The result on table 1 shows that 66 of the respondents indicated as male, while 23 were female. This show a good gender mix equally responded. From the age of respondents, 7(7.9%) were between 20-30 years, 11(12.4%) were between 31-40 years, while 57(64.0%) were between 41-50 years and only 14(15.7%) were above 50 years. The evidence of the result indicates that majority were 41-50 years

From table 1, 8(9%) were O' Level certificate holders, 7(7.9%) were OND/NCE certificates holders; while, 52(58.4%) were BSc/HND degree holders, while 18(20.2%) were M.Sc/MBA degree and only 4(4.5%) were Ph.D/DBA degree holders. Thus, from the result, high percentages were Degree/HND educational qualifications

Univariate analysis

In this section the variables were measured on Likert's 5-point scale through the items on the questionnaire. The benchmark for acceptance was based on the mean score of items on Likert scale 5-point scale. The mean score of 3.00 was the acceptable mean and was derived from the following computation;

$$\text{Criterion mean} = \frac{1 + 2 + 3 + 4 + 5}{5} = 3.00$$

This implies that only response rate to items that meet the criterion mean of 3.00 or above were accepted.

Table 2. Results of univariate analysis of the study variables
Item Statistics

Variables	Mean	Std. Deviation	N
Recruitment Process Outsourcing	3.4911	.87124	89
Training and Development Outsourcing	3.2760	.76353	89
Growth	3.1984	1.0218	89
Customer Satisfaction	3.3915	.81206	89

Source: SPSS Output (2021)

The result on univariate analysis of the study variables shows that the mean score of the items are above 3.00 which is the benchmark mean. This implies that majority of the respondents provided answers and agrees to the items on these variables.

Correlational Analyses

The study tested the relationship between human resource outsourcing and organizational performance. A Spearman Rank Order Correlation Coefficient enabled the study to determine the relationship between the predictor and criterion variable. Additionally, correlational analyses make us to understand whether organizational performance can be predicted based on human resource outsourcing.

Hypothesis One

H_{01} : There is no significant relationship between recruitment process outsourcing and growth.

Table 3: Analysis of the effect of recruitment process outsourcing on growth

		RPO	GH
Spearman's rho	RPO	1.000	.809
	Correlation Coefficient		
	Sig. (2-tailed)	.	.000
	N	89	89
GH Coefficient	GH	.809	1.000
	Correlation		
	Sig. (2-tailed)	.000	.
	N	89	89

Source: SPSS 21.0 output on research data

Table 3 reveals that the Spearman Correlation coefficient is 0.809 which reflect a strong positive linear relationship between recruitment process outsourcing and growth. And the correlation test is highly significance at ($p < 0.005$). Positive relationship means that as recruitment process outsourcing increases growth also increases.

Following this finding, the study concludes that there is a relationship between recruitment process outsourcing and growth. Therefore, null hypothesis was rejected.

Hypothesis Two

H_{02} : There is no significant relationship between recruitment process outsourcing and customer satisfaction.

Table 4: Analysis of the effect of recruitment process outsourcing on customer satisfaction

			RPO	CS
Spearman's rho	RPO	Correlation Coefficient	1.000	.726
		Sig. (2-tailed)	.	.000
		N	89	89
	CS	Correlation Coefficient	.726	1.000
		Sig. (2-tailed)	.000	.
		N	89	89

Source: SPSS 21.0 output on research data

Table 4 reveals that the Spearman Correlation coefficient is 0.726 which reflect a strong positive linear relationship between recruitment process outsourcing and customer satisfaction. And the Correlation test is highly significance at ($p < 0.005$). Positive relationship means that as recruitment process outsourcing increases customer satisfaction also increases. Following this finding, the study concludes that there is a relationship between recruitment process outsourcing and customer satisfaction. Therefore, null hypothesis was rejected.

Hypothesis Three

H₀₃: There is no significant relationship between training & development outsourcing and growth.

Table 5: Analysis of the effect of training & development outsourcing on growth.

			TDO	GH
Spearman's rho	TDO	Correlation Coefficient	1.000	.728
		Sig. (2-tailed)	.	.002
		N	89	89
GH Coefficient	GH	Correlation	.728	1.000
		Sig. (2-tailed)	.002	.
		N	89	89

Source: SPSS 21.0 output on research data

Table 5 reveals that the Spearman Correlation Coefficient is 0.728 which reflect a positive linear relationship between training & development outsourcing and growth. And the Correlation test is statistically significant with a p-value of 0.002. Positive relationship means that as training & development outsourcing increases growth increases.

Following this finding, the study concludes that there is a relationship between training & development outsourcing and growth. Therefore, null hypothesis was rejected.

Hypothesis Four

H₀₄: There is no significant relationship between training & development outsourcing and customer satisfaction.

Table 6: Analysis of the effect of training & development outsourcing on customer satisfaction

			TDO	CS
Spearman's rho	TDO	Correlation Coefficient	1.000	.701
		Sig. (2-tailed)	.	.001
		N	89	89
CS	CS	Correlation Coefficient	.701	1.000
		Sig. (2-tailed)	.001	.
		N	89	89

Source: SPSS 21.0 output on research data

Table 6 reveals that the Spearman Correlation Coefficient is 0.701 which reflect a positive linear relationship between training & development outsourcing and customer satisfaction. And the Correlation test is statistically significant with a p-value of 0.001. Positive relationship means that as training & development outsourcing increases customer satisfaction increases.

Following this finding, the study concludes that there is a relationship between training & development outsourcing and customer satisfaction. Therefore, null hypothesis was rejected.

DISCUSSION OF FINDINGS

Outsourcing the recruitment process can result in higher-quality candidates, reduced recruiting time and cost, and improved HR reputation both internally and externally. Furthermore, the recruitment process improves branding by training outsourced employees to be strong brand advocates for the company (Wood & Collings, 2009). The fundamental motive for recruiting outsourcing, according to Kakabadse & Kakabadse (2002), is always cost reductions. They did, however, include some additional criteria for outsourcing, such as best practices, high service quality, and an emphasis on an organization's core capabilities. According to Abdul-Halim, Che-Ha, and Geare (2009), Klaas, McClendon, and Gainey (2001), and Lievens and De-Corte (2008), reasons for outsourcing human resource activities include lowering costs, gaining access to HR expertise, obtaining employees quickly and as needed, and focusing managerial resources on strategic issues. Human resource outsourcing and levels of employee job satisfaction were found to be directly correlated by Kosnik, Ji, and Hoover (2006). According to Mazziwi (2002), outsourcing the recruiting process allows management to focus on core tasks by sharing human resource functions and efficiently providing workers. Furthermore, the study found that outsourcing the recruiting process helps to solve the problem of staff shortages by providing personnel promptly and efficiently. As a result, the company's performance may improve because the organization may continue to operate without interruption.

Employees developed a sense of attachment to the organization when personalized learning and training options were made available to them, according to Paul and Anantharaman (2004). For high-performing work

environments in dynamic industries and vocations, such as IT, where external training may provide access to cutting-edge knowledge on newest technology and state-of-the-art HRD delivery options, outsourced training could be costly (Dawley, Andrews & Bucklew, 2008). Firms may outsource some of their training programs, according to Gilley, Greer, and Rasheed (2004), to lower the costs of employing training employees for all company-sponsored learning activities.

CONCLUSION AND RECOMMENDATIONS

This research has highlighted that human resources outsourcing and organizational performance are related. The study concluded that recruitment process outsourcing and training & development outsourcing plays very important part in improving the organizational performance of the firm provided that organization conducts careful selection of recruitment process outsourcing, and training & development outsourcing by watching their capabilities in the processes and services required. From the conclusion, the study further recommends that:

- i. The most interesting aspect of the findings of manufacturing firms is the conducts in which recruitment outsourcing, training, and development are directly linked to organizational performance, hence, HR executives should clearly understand and enhance them within the organization in order to gain HR outsourcing as a strategy.
- ii. Manufacturing companies should engage in Human Resource outsourcing to benefit from the utilization of professional services as well as the high quality that external organizations give while conducting human resource responsibilities, since recruiting the right persons will enhance organizational growth as well as product quality.
- iii. Human resource executives in manufacturing companies should evaluate the variables studied since the findings demonstrate a link between human resource outsourcing and organizational performance.
- iv. Manufacturing companies should outsource their recruitment and training and development to an agency to save money and free up time for managers to plan more effectively.

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