

Human Resource Outsourcing in Bangladesh: An Empirical Study

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Abstract: *Outsourcing becomes a very prominent topic in the new dimension of business across the world. The private sector business in Bangladesh is putting more concentration towards human resources management outsourcing functions to achieve manifold objectives of managing human resources. This study is an attempt to exhibit the current scope of HRM outsourcing functions, reasons for outsourcing and examine the relationship of outsourcing functions with the overall HRM performance of organizations. This research has been conducted based on both primary and secondary sources of data. A total of 115 respondents holding the top and middle positions in the different private organizations in Dhaka city has been selected using purposively to conduct the study. The data have been collected through a structured questionnaire and different statistical techniques such as descriptive statistics, correlation, regression, and ANOVA have been used to analyze the data. The study reveals that human resource outsourcing functions are still at an infant stage in Bangladesh. The study also discloses that there is a strong positive relationship between human resources outsourcing and the overall HRM performance of the organizations.*

Keywords: *Outsourcing, Human resource management, HRM performance, private sector, Bangladesh*

Introduction

Bangladesh is a country of 60.80 million employed populations in the different sectors. (Bangladesh Labor Force Survey, 2017). There has been a dearth of the right number of human resources with the predefined skill of the job (Khatun, 2015). The supply of right and quality human resources is an essential task of human resource management (HRM). In view of that the role of HRM functions is gradually moving from support to strategy, backend to employee engagement, administrative to alternative dispute resolution, floor - shop to organizational developments and timekeeping to employee development to establish a high-performance culture and sustainable development in the long- run (Huselid, 1995). HRM as support staff functions, the first target of the owner is to

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optimize the cost associated with the same and to reduce the total administrative and operating cost. Thus initially, HRM outsourcing is perceived as a cost reduction tool.

The Bangladesh economy is progressively being integrated with the international economy through trade liberalization. Hence, the country's corporate sector is facing tough competition. Domestic companies need to be more cost-effective and well-organized to subsist in a highly competitive world. Corporate Bangladesh, therefore, should emphasize developing its core business and outsource its non-core activities to a third party because it will ensure higher productivity at minimum costs (Saha, 2019). HR outsourcing is gradually gaining popularity in Bangladesh.

In the early 90's, HRM outsourcing has got a mass recognition in the US, Western Europe and it is evident that 90% of firms outsource some HRM functions (Mercer, 2000; Banham 2003). In a comparative survey of the American Management Association between the years 1994 to 1996, it was found that 77% percent of firms outsourced some of their HR activities though it was 60% in 1994. In the year 1997, it was reported that 700 organizations (53%) planned to outsource more in the future (Charles et al., 1999). In turn, HRM outsourcing becomes a popular concept during the last decades in many countries. Most of the countries in South Asia have already started using the HRM outsourcing functions in customized need and demands (Talent 2, 2011). In Malaysia, 40% firms in the service and manufacturing sector are outsourced HRM and large firms are concentrated more on it (Chen & Voon, 2015).

The concept of outsourcing is very old in the rural areas (e.g. farmers, paddy and crops labor, household women worker, irrigations, carpenters, masons) of Bangladesh. Although this has not been formally recognized with the mainstream HRM functions of contemporary days. In recent days, organizations have immensely outsourced the security, cleaning, business consultancy, product packaging, labeling, event management, product delivery, transport, logistics services, food supplies, IT supports (Mahmud et al., 2012). In the last two decades the number of headhunting, HR consulting firms in Bangladesh has increased. Though there is no exact database from the year 2005 to 2017 the number of HR consulting firms was increasing to 20 (Hossain, 2017). HR consulting firms accelerate HRM outsourcing in Bangladesh. The growing trend of firm's postulates that the demand has already been created amongst the stakeholders. So, only the cost aspects may not only the driving force of increasing prospects rather effective services, operational efficiency, and work process transformation also a prime focus. The scope of study in HRM outsourcing is hitherto areas in Bangladesh. As such this study has examined the current scope of HRM outsourcing in the recruitment and selection, training and development, performance management, HR services and payroll management. To attain the goal of research the reasons for HRM outsourcing, its relationship with overall HRM performance is the central focus. To the best of our

knowledge, this is the first study in the same field and produces some unique contribution in the context of Bangladesh.

Research Questions

This study is intended to address the following research questions.

- a) What is the current scope of HRM outsourcing in the private sector organizations of Bangladesh?
- b) What are the reasons behind outsourcing the HRM functions?
- c) Is there any relation between HRM outsourcing and organizational HRM performance?

Objectives of the Study

The general objective of the study is to examine the current practices and scope of HRM outsourcing in the context of Bangladesh. The specific objectives are as follows:

- a) To identify the current scope of HRM functions outsourcing.
- b) To determine the reasons behind HRM functions outsourcing.
- c) To find the relationship between HRM functions outsourcing and overall HRM performance of the organization.

Literature Review

Research on HRM functions outsourcing in the context of Bangladesh is very limited. To the best of our knowledge, the literature on the latest trends, understanding the concept of HRM outsourcing is sparse in Bangladesh. For example, continuous pressure on saving total overhead cost is a strong cause among the employers and as a result, they intend to outsource some specific functions of HRM (Glaister, 2014). About 80%-90% of business firms of Asian market begun to show the signs of growing trends in outsourcing HRM functions (Talent2, 2011). Key reasons resulted for and against outsourcing HRM functions are the size of the organization, extent of outsourcing HRM by types, the impact of HRM strategy on the size of HRM department (Abdul-Halim & Che-Ha, 2010; 2011a; 2011b). Transaction cost economics, competitive markets, bounded rationality, positive transaction costs, and opportunism, the probability of preference by rational decision-maker playing a strong role in the HRM outsourcing decision (Patry et al., 1999). The study (Greer et al., 1999) found some operational and strategic reasons behind most companies outsource HRM functions and suggested a guideline for choosing vendors, the way of managing the transition, maintaining the relationship with the service provider, and overall monitoring the performance of service provider. Organizations are intended to outsource their HRM functions in objectives that, outsourcing shall lead to

change and increase the level of performance (Lilly et al., 2005; Çiçek & Özer, 2011). HRM outsourcing is implied as creative practice and impact on internationalization of a company where foreign companies are more focus on it than that of domestic or native companies (Galanaki & Papalexandris, 2007). The clarity of whether and how the client organization in-house HRM activity and outsourcing service provider organization activity is associated and shown (Seth & Sethi, 2011). The growth in HRM function outsourcing has been evolved by the rigorous efforts of firms for cost management, emphasize employee services strategic issues and prior to outsourcing the ability to distillate on core strategic business affairs, expert uses, service benchmark of provider, must be assessed that may fluctuate among firms (Chiang & Shih, 2011; Grover et al., 1996; Cooke et al., 2005).

Organizations are keen to strengthen internal competitive position through the use HRM outsourcing techniques (Maiga & Jacobs, 2004). There are arguments on outsourcing to be as an ‘opportunity’ or ‘threat’ despite an opportunity considered as absolute tool of business partnering and threat considered as cost-cutting tools that may result in the reduction of HR staff in an organization (Delmotte & Sels, 2008). A joint research by the Society for HRM (SHRM) and the Bureau of national affairs (US) found that two-thirds HRM executives opined their organization searching to outsources at least HRM functions (BNA, 2004). Sisson & Storey (2000) examined that the prime cause of HRM outsourcing is to cater to high-quality services, gain expertise, reduce cost and engage organizational HR team in the more strategic role. Employers usually outsourcing HR functions to concentrate resources for core activity, profiteering through specializes service, flexibility and increase productivity through subcontractor and labor (Shen et al., 2004; Cooke, 2001). Lilly and Gray (2005) exerted the reason how HR outsourcing enhances firms’ value that in turn affects the HRM performance and found that the supplier competition has a direct effect in HR outsourcing. The Telecommunication sector of Bangladesh is highly attentive to outsource recruitment-selection functions and if not, they focus on a temporary appointment as minimum options. The similar study found that quality improvement, saving time and money to developing special competency is the root cause of growing outsourcing (Mahmud et al., 2012).

The rationale for outsourcing HR functions includes financial savings, an increased ability to focus on strategic issues, access to technology and specialized expertise, and an ability to demand measurable and improved service levels (Belcourt, 2012). In a study, it has been found that many organizations both local and multinationals operating in Bangladesh initiated to outsource recruitment & selection, training and development, payroll management regular and often in contract basis for a period (Hossain & Islam, 2015; Hossain, 2017). From the above review of the literature, it is clear that the scope of outsourcing is wide in many countries. Although HRM outsourcing is gradually gaining popularity in Bangladesh but the academic research on this area is very limited and

incomplete. This noble study is an attempt to examine the scope and area of outsourcing different HRM functions. This research has also identified the reasons that encourage employers for HRM outsourcing and degree of relationship with HRM performance.

Theoretical Concepts

The term HRM outsourcing is meant for managing, furnishing, completing the task of HRM by a third- party service provider or vendor. This may be a regular or periodic basis which is usually administered by the inside of an organization (Cook, 1999:4). Outsourcing derived from two words called out and a source where "out" means exterior and "source" means origin or resource. So, in the terminology of business, the meaning of outsourcing is obtaining some or specific activities from the outside of an organization (Teng et al., 1995). HR outsourcing is a kind of contract between employer and external third-party. In this process, the employer handovers the management of, and responsibility for performing certain HRM functions to an external service provider. In relevance to this paper, outsourcing will explain as a source and action that allowing external service providers who extend the services of HRM keeping the particular focus on recruitment and selections, training and employee development, performance management system, HR Services & payroll management.

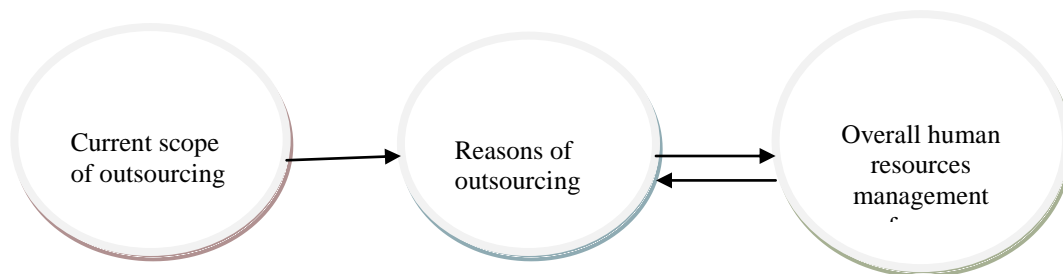


Fig-1: Theoretical model of the study

Underlying Theories of the Research

Williamson (1975) developed a theory called transaction cost of economies (TCE). According to this theory, every organizations underscored on obtaining the most efficient and effective process of organizing a business activity. This theory positively influence the organization to assess whether “make an in-house service or “Buy it from market” is comparatively efficient. To do that two particular cost should be minimized such as: the cost of production and the cost of transaction (coordination). So, the decision of outsourcing is relevant if organization achieves lower costs by transacting (coordinating) with external agents rather than building the internal capacity for a service. On the other hand, Hamel and Prahalad (1990) advocated the resources based views (RBV) of firm’s competitiveness. The RBV purports high attention to the importance of

tangible and intangible resources and their capabilities to direct business activities and the management of a firm's portfolio of capabilities. Later on researched has advocated on RBV that if the business activities not critical the core competencies should be outsourced. So the core HR activities may be retained in -house while noncore HR activity may outsource (Holcomb and Hitt, 2007; Quinn, 1999). Based on these two dominant approaches ie TCE and RBV the researcher's in this study have developed the framework variables (Dependent Variables and Independent Variable) to assess the relationship and the impacts in the organizational level to best fit the research result that may direct a strategic choice for the firms.

Methodology of the Study

Nature of the Study and Sources of Data

This is an exploratory research. It is mingled of qualitative and quantitative research elements. The sources of data are both primary and secondary. The data collection was based on a predetermined instrument and the objectives developed prior to the research. The primary data have been collected from the HR managers, senior management officials, and lead consultants of selected organizations. The sources of secondary data consist of journals, periodicals, publications, website, seminar, conferences and printed media. The primary data were collected for a period of six months ranging from January 2017 to June 2017.

Sample Population, the Sampling, Questionnaire Design

Sampling always can result more accurate measurements if data or survey is conducted by experienced and skilled professionals with a representable sample size of the study (Kothari, 2004). The population of the study is limited to private enterprises in Bangladesh located in Dhaka. Different types of organizations such as airlines, supply chain & freight forwarding, Banks & Financial Institutions, Telecommunications, RMG, Hospital, Pharmaceuticals, and Real Estate are chosen to conduct this research. According to Hoe (2008) the rule of thumb for multivariate nature of study should consider a sample size of any number more than 200 to make adequate analysis the data. In line with that Sekaran and Bougie (2010); Sekaran (2003) has advocated the sample size within 30 to 500 is acceptable and minimum number of samples for multivariate analysis, multiple regressions should be several times preferably ten times or more and as large as possible of the number of used variables of the study taken. Based on this rules the minimum size of sample of the study should be not less than 50 (5 x 10) or equal to 50. Finally the recommendation of rules has been used but the number is approximately two and half times more than the rule as the researcher has underscored on more response to lessen non response biases and to increase the rate of accuracy of result. Head of HR

consulting firms engaging in outsourcing is also interviewed. Organizations doing business a minimum period of five years have been chosen purposively. A total of 115 questionnaires was distributed, out of which 110 questionnaires have been received and validated. For this study, the structured questionnaire is used to collect primary data. The questionnaire consists of demographic information about organizations and response on uses of HRM outsourcing, reasons for using outsourcing functions, and the relationship of outsourcing functions with the performance of HRM as a whole. The items of questions were designed based on literature reviewed of many researches (Glaister, 2014; Abdul-Halim & Che-Ha, 2010; 2011a; 2011b; Seth & Sethi, 2011; Maiga & Jacobs, 2004; Chiang & Shih, 2011; Hossain & Islam, 2015; Charles et al., 1999; Mahmud et al., 2012; Lilly et al., 2005; Çiçek & Özer, 2011; Grover et al., 1996). Items are measured on a five-point Likert Scale technique ranging (1= Strongly Disagree, 5=Strongly Agree). The actual collected sample size was 110. The sample has the following characteristics:

Table 1: Sample Characteristics

1. Industry	Distribution of Sample	Percentage	Number of Employees (Approx.)	Tenure of Business (Average in Years)
Airlines	10	9.1	1500	7
Supply chain & Freight Forwarding	20	18.2	4000	6
Bank and Financial Institution	20	18.2	6000	8
Telecommunication	04	3.6	1000	10
Readymade garments	26	23.6	6500	10
Hospital	10	9.1	3000	8
Pharmaceuticals	10	9.1	4000	9
Real Estate Development	10	9.1	3000	5
2. Education level of respondent				
Foreign educations	10	9.1		
Bachelor/Hons degree	60	54.5		
Masters and above	40	36.4		
3. Respondents Class				
CEO/SBU Head	20	18.2		
Department Head/Branch Head	40	36.3		
Head of HR/HR Manager	50	45.4		

Data have been collected from 10 airlines, 20 supply chain and freight forwarding, 20 banks and financial institutions, 04 telecommunication, 26 readymade garments, 10 hospitals, 10 pharmaceuticals and 10 real estate development companies which have covered 9.1%, 18.2%, 18.2%, 3.6%, 10%, 10% and 10% of the total sample respectively. The number of employees in those companies were 1500, 4000, 6000, 1000, 3000, 4000 and 3000 and their average tenure of business were 7, 6, 8, 10, 8, 9 and 5 years respectively. In the sample 10 respondents had foreign education, 60 respondents had bachelor/ honors degree and 40 respondents had masters and above degree. Among the respondents the number of CEO/SBU head, department/ branch head, head of HR/ HR manager were 20, 40, and 50 respectively.

Validity and Reliability

The validity tests of research confirm that, whether the developed scales of a study is adequately representing the variable or not (Zikmund et al., 2010). Two types of validity conducted in this study are content and construct validity. The content validity was confirmed by requesting opinion from one academic expert from the University of Dhaka in the field of human resources management other two expert opinions was from human resources management professionals. The construct validity is used to measures the degree about scale representing the concept being measured. In this study statistical interpretation of correlation, regression analysis was used to test the construct validity. Accordingly a pilot survey was conducted among 25 respondent's organizations and Cronbach's Alpha was used to measure internal consistency.

Statistical Tools

The descriptive statistics, correlations, regression, ANOVA have been used to analyze the data using the SPSS software. Necessary coding has been furnished as per sample category and respondents. Reliability test has been conducted through Cronbach Alpha (α) to determine the internal consistency of four items. The value generated was .88 ($\alpha > .70$) which indicates reliability of the data (Nunnally, 1978).

Research Framework

The framework of the research includes following two significant variables

Dependent Variable (DV): Overall HRM Performance

Independent Variable (IV): Recruitment and selection, Training and development, Performance Management, HR Services and Payroll

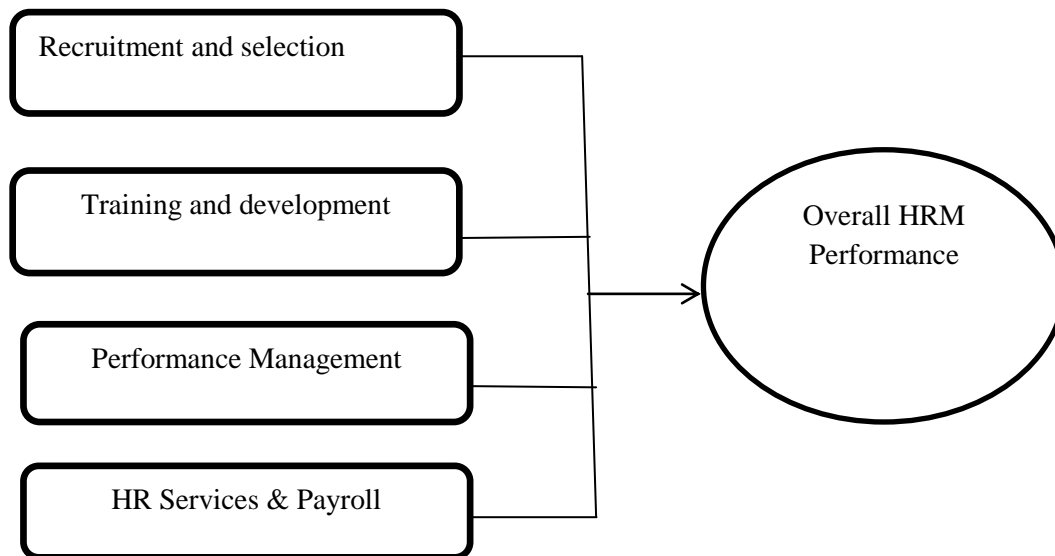


Figure 2: Research framework developed by the authors

Development of Hypotheses

To attain the goal of the study the following hypotheses have been formulated:

- H_{0,a}:** Outsourcing 'recruitment and selection' function has no relationship with HRM performance of the organization.
- H_{0,b}:** Outsourcing 'training and development' function has no relationship with HRM performance of the organization.
- H_{0,c}:** Outsourcing 'performance management' function has no relationship with HRM performance of the organization
- H_{0,d}:** Outsourcing 'HR Services and payroll management' function has no relationship with HRM performance of the organization

Limitations of the Study

The present study was limited to a small sample of respondents of a few selected organizations. Therefore, it is not rational to generalize the findings. Moreover, the HRM outsourcing is still an infant in Bangladesh, so understanding the concepts need much time for the organizations. The current study only puts emphasis on recruitment and selection, training and development, performance management, payroll and HR services despite there are so many other functions of HRM to outsource.

Finding, Analysis, and Interpretation

List of firms providing HRM Outsourcing services in Bangladesh

There were only five (5) HR consulting firms in the year 2005 and that increased to twenty (20) in the year 2017 till this research has been progressed (firms website). Name of firms and services are mentioned in the appendix section which shows only the relevant outsourcing functions provided by firms within research area. There are other types of HRM functions such as employment background check, assessment center, team building, organizational development, HRM policy and process development, health and safety training, employee welfare, employee insurance, human resources restructuring rendered by those firms.

Table 2: HRM functions outsourcing provided by firms

Name of HRM functions	Number of firms	Total firms	Percentage
Recruitment & Selections	17	20	85%
Training & Development	18	20	90%
Performance Management	11	20	55%
HR Services & Payroll Management	14	20	70%

Sources: Field survey

Table 2 depicts the firms providing HRM services in the different category. It is evident that most of the firms (90%) are providing “Training and Development” services. This service is customized as per the requirement of the client organizations. Organizations are placed in their specific requirement throughout the year and supplier firm design and arrange training program. The trainer is selected mutually and the training is conducted at the place of client organization or in an agreed venue. It is also 85% service provider firms evident that service provider firms maintain their own web portal, CV bank, and advertisement system. The table also shows that 55% of firms outsources performance appraisal functions. The service provider has customized software, system and methods although they serve as per the need of the clients. The HR services and payroll are rendered by (70%) the firms. To provide HR services and Payroll, the service provider firms solely maintain the database, compute the salary of each category of employment (permanent, daily, contractual) and placed the statement to the accounts department of the sourcing company to confirm the disbursement.

Table 3: Types of Services received by the organizations

Types of Services	Organization	Frequency	Percentage
Recruitment and selections	110	66	60%
Training and employee development	110	55	50%
Performance management system	110	55	50%
HR Services & payroll management.	100	90	82%

Table 3 found that most of the organizations are outsourcing HR services and payroll management. Under these services, the client organization provides salary and payroll database, allowances, deductions, leave and attendance records to the service provider. The salary paid in two ways such as client firms pay the salary or service providing firms pay the salary. In recruitment and selection function, the sourcing organization placed an interim or yearly requirement to the service providers through the internal HR department or by the head of the organization. Recruitment and selection services include three key areas such as job advertisement, CV screening and Interview, background checking. Training and development services include an arrangement of soft and hard skill, leadership development, communication skill development by the service providers in annual contract or requirement basis. Sometimes, the service providers also offer a special package to the selective client organization to attract in a particular training program. In performance management, the client firms receive specific types of services such as setting key performance indicator (KPI), performance data analysis, and talent management. The types of services are also customized, categorically selective as per the nature and need of the organization. HR services and payroll Management salary process and payment, provident fund maintenance, leave and tax management, are sourced by the client organizations from the service providers. Not every organization takes all services rather it depends on the need of the organizations.

Reasons behind HRM Functions Outsourcing

Table 4: Descriptive Statistics exhibits the reasons for choosing HRM outsourcing

Reasons	N	M	SD	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
				Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Quick Response	110	3.6	1.4	13	12	15	14	10	9	32	29	40	36
Ensure Confidentiality	110	3.7	1.5	15	14	14	13	10	9	26	24	45	41
Free From bias	110	3.5	1.5	18	16	19	17	9	8	25	23	39	35
Cost Optimization	110	4.0	1.3	9	8	8	7	8	7	30	27	55	50
Free from Hassle	110	3.9	1.3	10	9	11	10	9	8	30	27	50	45
Improved Compliance	110	3.8	1.5	16	15	12	11	6	5	28	25	48	44
Improve functional accuracy	110	3.9	1.4	12	11	9	8	9	8	30	27	50	45
Technological advancement	110	3.8	1.4	15	14	10	9	7	6	33	30	45	41

Source: Data Analysis

Table 4 depicts that the sample organizations have selective ground of choosing HRM outsourcing that varied according to nature, size, operational volume, number of HR strength. Although there are multiple reasons: optimization of overhead cost, making the organization free from the hassle of doing manual work, improving policy and process compliance, a greater extent of functional accuracy is a key focus. Alongside the quick response of HR supports, ensure confidentiality of data, keeping bias free process, technological advancement are also remarkable reasons. In data analysis cost optimization shows the highest (M=4), and free from hassle and improves functional accuracy (M=3.9), technological advancement (M=3.8), ensures confidentiality (M=3.70), quick response (M=3.6), free from bias (M=3.50) are shown a degree of preference to outsource HRM functions. Analyzing the result we assert that the free from bias and quick response shows comparatively a poor score because of possibility manipulation/influence of the other party, immediate response towards client organizations may be interrupted. In the discussion with lead consultant, we found that companies intended to reduce their costs by transferring some segment of HRM functions

to outside suppliers rather than doing it by them. It is because the customized outsourcing is cheaper and more productive than doing it in-house. The comment of a lead consultant of a largest HR firms can be mentioned, “we often asked by the firms owner to provide some selective and less costly services though we can offer more”. Another lead consultant comments “Generally we identify the types of HR services may needed for the organization but we are not requested to provide all”.

Relationship between HRM outsourcing and Overall HRM performance

Correlations coefficient

Tabel-5. Mean, SD and Correlation Co efficient							
	Mean	SD	1	2	3	4	5
Overall HRM performance	3.67	1.43	1.000				
Recruitment & Selection	3.66	1.32	.962**	1.000			
Training and Development	3.68	1.46	.972**	.943**	1.000		
Performance Management	3.37	1.54	.946**	.933**	.941**	1.000	
HR Services & Payroll	3.93	1.31	.937**	.937**	.946**	.892**	1.000
N=110, Correlation co efficient at the .01 level of significance (2 tailed)							

Table 5 shows that there is a strong positive correlation between outsourcing HRM functions and overall HRM performance of the organizations. The relationship shows that the overall HRM is strongly correlated with recruitment and selection ($r = .962$, $p \leq .01$), training and development ($r = .972$, $p \leq .01$), performance management ($r = .946$, $p \leq .01$), HR services and payroll ($r = .937$, $p \leq .01$).

Regression Analysis

The multiple regression analysis is a strong tool to exhibit the mathematical relationship among the dependent and two or more independent variables of the study. As the study is objected to see the degree of relationship among the outsourcing HRM functions with the HRM performance of the organizations so the level of relationship is tested.

Table-6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.982 ^a	.964	.963	.274
a. Predictors: (Constant), HR services and Payroll, Performance Management, Recruitment and selection, Training and development				

According to the table 6, the explanatory variable “the overall HRM performance” can explain 96% of the total variation whereas the adjusted R² square (.963) is also very close

to the value of R^2 that means the explanatory variable are rightly indicating the relationship and model fitness. This means there is a linear relationship between the dependent variable (overall HRM performance) and independent variable (HR services and payroll, performance Management, recruitment and selection, Training and development).

Table-7: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	214.317	4	53.579	712.063	.000 ^b
	Residual	7.901	105	.075		
	Total	222.218	109			
a. Dependent Variable: Overall HRM performance						
b. Predictors: (Constant), HR services and Payroll, Performance Management, Recruitment and selection, Training and development						

F test is helpful to measure the null hypothesis. The calculated value of $F=712.063$ is higher than the tabulated value (2.44) at $df_{4, 105}$ is at $\alpha=.05$. This can be concluded from the result that, HRM outsourcing has close association with the overall HRM performance of the organizations. So the null hypothesis can be rejected.

Model Analysis

Table-8: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig. (p value)
		B	Std. Error	Beta		
1	(Constant)	.000	.091		.004	.997
	Recruitment and selection	.374	.073	.346	5.118	.000
	Training and development	.488	.075	.499	6.488	.000
	Performance Management	.129	.056	.139	2.300	.023
	HR services and Payroll	.018	.069	.016	.255	.800

a. Dependent Variable: Overall HRM performance

The strength of the influence of each independent variable on dependent variable is determined by multiple regression coefficients. In above table it shows three variables out of four have significant impact on overall human resources performance of the organizations. We found that recruitment and selection ($t=5.118$, standardized $\beta=.346$ and $p=.000$), training and development ($t=6.488$, standardized $\beta=.499$ and $p=.000$), performance management ($t=2.30$, standardized $\beta=.139$ and $p=.023$). As the $p<.05$ and the calculated value of t is greater than the tabulated value ± 1.658 , the null hypothesis is rejected. In remaining variable (HR services and payroll, $t=.255$, standardized $\beta=.016$ and $p=.800$) shows $p>.05$, t value is less than tabulated value. So, the null hypothesis has accepted and it shows that the variable has no statistically significant impact on overall HRM performance. Here β is specifically denotes the percentage of changes may change the level of HRM performance of the organizations.

Discussion

This study has been found that, outsourcing the major HRM functions are already gained the attention of the employer with functional credibility. The four functions studied in the research results show a positive indication of growth, acceptance, and accelerations. The service providers firms have launched manifold service packages and the industry is gradually growing in Bangladesh. There is competition among the service provider firms too. It is evident that optimization of overhead cost, free from the hassle of doing manual work, improving policy and process compliance, a greater extent of functional accuracy are the main reasons for outsourcing. Alongside the quick response on HR supports, ensure confidentiality of information, keeping the process free from bias, technological advancement also influencing the top management to make the outsourcing decision. Apart from that, freeing HR professionals to focus on more strategic efforts, also gaining importance (Chiang & Shih, 2011). Furthermore, we found that there is a strong positive relationship of outsourcing HRM functions with the overall HRM performance of the organizations. Other empirical studies also showed the same result. A firm's performance has a positive relationship with training and payroll outsourcing (Gilleya, K. M. et al., 2004). HR outsourcing also helps to achieve the organization's goals (Greer, C. R., 1999). It may mean that outsourcing is positive to excel the HRM smoothly for the business goals optimization of client organizations. It also reveals in the present study that, the internal HRM department is required working with outsourcing (supplier) by supplying information, timely communication and following up with another linkage. As such outsourcing may not fully eliminate the function of internal HRM department rather it's an associative effort to each other. If companies focus and invest in its core business and outsource its non-core HR activities to a third party, they can provide service at cost effective rates and this may lead to increased overall efficiency and profitability of the company. There is no doubt that outsourcing may create a win-win situation for both the

company and its customers and stakeholders. This study supports some previous findings and also similarly enriched extant literature in the context of Bangladesh.

Direction for Future Research

This study is not without shortcomings. The findings should not be generalized because of the size and years of experience of the surveyed organizations. Hence it would be better if future research is conducted on organizations irrespective of the size of employees and years of establishment. Moreover, organizational characteristics and environmental factors can be analyzed to determine their impact on organizations' decision to outsource of HR functions. The reasons for choosing HRM outsourcing in this study can be further analyzed to unveil the dominant reason(s) for HRO.

Conclusion

HRM functions are not identical in Bangladesh due to the difference in philosophy and cultural outlook (Akkas, 2016) but the growing trends and gaining popularity of HRM practices is praiseworthy. HRM outsourcing function might be a good choice for organizational HRM performance to some possible extent. Outsourcing is promoted as one of the most powerful trends in HRM. Before outsourcing, the decision maker should have enough knowledge of what they are going to outsource and what output they might ascertain. More importantly, the established concept of HRM practices is still a legged behind in so many organizations of Bangladesh. As such, the knowledge on HRM and establishment of mainstream HRM functions is a prerequisite to infuse the HRM function outsourcing in organizations. So, it is most important for the decision makers to clearly realize the know-how and cost-benefits of the HRM function before deciding the outsourcing. The most important task is to analyze how the organization is currently delivering its HRM functions and making a strategic choice to ensuring human resources performance from better to best. Outsourcing is a source of competitive advantage. In today's competitive world, successful companies are trying to give better and innovative products and services to customers at competitive prices. This is why HR outsourcing strategy is widely used and it is now an established business norm. Both the receiver and supplier of outsourcing need to be professional. The outsourcing service provider has to adopt the most advantageous steps to create a brand image, long term visions about their business and compliance issues.

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Appendix

Appendix 1: List of firms providing HRM outsourcing functions

SL	Name of HR Consulting/ Head Hunting firms	Available Outsourced functions			
		Recruitment & Selections	Training and Development	Performance Management	HR Services & Payroll Management
1	Monowar Associates	✓	✓	✓	✓
2	Pro-edge Associates	✓	✓	✓	✓
3	Consumark	✓	✓	✗	✓
4	Pro-staffers LLC	✓	✓	✓	✓
5	E-Zone Consulting	✓	✓	✓	✓
6	TeleConsult Group	✓	✓	✗	✗
7	iNFiT iTi HR	✓	✓	✗	✗
8	HR Services	✓	✗	✗	✓
9	Yes private Ltd.	✓	✓	✓	✓
10	Grow n Excel	✓	✓	✓	✓
11	Corporate coach	✗	✓	✗	✗
12	Future leaders	✗	✓	✗	✗
13	Enroute management consulting	✓	✓	✗	✓
14	HSPC Consultant	✓	✓	✗	✗
15	B-Advancy	✗	✓	✗	✗
16	BDjobs.com	✓	✓	✓	✓
17	Chakri.com	✓	✓	✓	✓
18	HR Bangladesh	✓	✓	✓	✓
19	People Scape	✓	✗	✓	✓
20	World academy for research and developments (WARD)	✓	✓	✓	✓

Sources: Field Survey