

**PAULINIAN EMPLOYEES' PERSPECTIVES ON HUMAN
RESOURCE OUTSOURCING**

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ABSTRACT

Human Resource Outsourcing (HRO) has become popular in business firms today as it is considered effective in reducing overhead costs, gaining expertise from outside agencies, minimizing the regular workload of HR staff and improving quality and efficiency of the organization. Utilizing mixed method, this study aimed to examine the views of Paulinian employees on the contribution of Human Resource Outsourcing on the delivery of services as well as problems and challenges encountered by the department. Participants involved administrators, faculty members, support staff and maintenance personnel. A validated questionnaire and interview were the main data gathering tools. Data were treated using descriptive, inferential statistical tools and thematic analysis. Results reveal that participants perceived that Human Resource Outsourcing scheme in hiring employees reduces operating expenses on manpower services; frees employees from laborious duties; saves time for training and development of employees; shares risk with human resource provider. Among the perceived challenges in Human Resource Outsourcing were as follows: employees do not share the vision of the school; employees feel like an outsider from the organization; employees are dependent on their agency; employees show lack of motivation. As an offshoot of the study, it is recommended that St. Paul University Philippines and the Management of the Human Resource Outsource Agency must clarify terms and conditions that employees should adhere to attain higher level of customer satisfaction.

Keywords: *Human resource outsourcing, human resource, human resource staffing, human resource management*

INTRODUCTION

Human resource outsourcing is one of the global trends in the corporate world. It has become a practice across all organizations – be it private or public as well as medium and startup companies.

Before its introduction in the 1990s, outsourcing was not yet used as a business strategy (Supply Chain Resource Cooperative, 2006). Companies before that wanted to “own, manage, and directly control” their resources. However, because of self-interest, companies started outsourcing those tasks for which they had no internal experts. Employing external suppliers for these tasks started the need for outsourcing. As companies began to concentrate on some cost-saving measures, outsourcing some services that are not directly related to their business has become a trending strategy.

There are many definitions of human resource outsourcing. Recent studies define it as a process in which a company contracts with a vendor/service provider and rents its skills, knowledge, technology, service, and manpower for an agreed price and period to perform activities which the clients no longer want to do. However, HR managers around the world are often confused when it comes to decision making on subscribing to outsourcing services. Researches and surveys in the past do not provide sufficient and conclusive evidences in the cost-effectiveness of outsourcing services. Making the right choice to make human resource outsourcing effectively is a key factor in sustaining a company’s competitive advantage and is one of the most important tasks of successful management (Bajec, 2010).

A lot of literature stressed that human resource outsourcing has its advantages and disadvantages. Usually, companies decide to outsource some of their HR activities to reduce cost, focus on their core competencies, and to ensure quality service. However, some companies are reluctant to outsourcing because they cannot ensure loyalty and dedication from outsourced employees and carry the burden of correcting negative public image in case of poor or unsatisfactory outsource services. A study on outsourcing human resource revealed that companies have the utmost satisfaction with outsource services

reduces the effectiveness of human capital management (Mahmud et al., 2012).

In late 2016, Prism HR surveyed human resource service provider professionals about key business issues and trends (Pisarkiewicz, 2018). The result indicates that HR service providers including Professional Employees Organization (PEOs) and Administrative Service Organization (ASOs) continue to grow and offer more services to streamline human resource management for small and medium-sized businesses (SMBs). In fact, human resource service providers reported a 27% growth for 2016 (Pisarkiewicz, 2018).

One crucial study conducted was on the result of outsourcing. The study revealed that the gaps were on lack of performance metrics for outsourcing results evaluation, lack of research on the relationship between outsourcing implementation and business value, and lack of research on the outsourcing contract itself (Jiang, 2006). In addition, there were risks identified in outsourcing human resources (Kodwani, 2007). These include the following: business risk, spillover risk, a threat to organizational culture, loss of personal touch, giving up the right to hire and fire, etc.

According to SCRC (2006), there are no criteria to assess the effectiveness of outsourcing versus in-house services. There are benefits associated with outsourcing most especially in reducing operational cost. As concluded by Kodwani (2007), outsourcing human resources must be "carefully evaluated and weighed against issues such as control, stability, responsiveness, accountability, and, overall costs." In addition, Sriwongwana (2009) deduced that "organization should (1) establish effective communication across all levels of the organization (2) be aware of knowledge performance issues, especially internal knowledge, provider knowledge, and knowledge transfer; and (3) involve employees in the phases of the outsourcing HR process if HRO is to be considered a successful strategy."

St. Paul University Philippines (SPUP), an educational institution, subscribed to the outsourcing services for security and janitorial/housekeeping. The security service has been outsourced since the

opera of the University whereas the janitorial and housekeeping services were outsourced in the early 2000s. For the past ten (10) years, there have been changes in the service providers. Recently, the service providers have been Blue Cavaliers for security services and MEGA for food and janitorial services. As these two service providers con employed their workforce to SPUP, there were observa as regards the delivery of their services. Consequently, there is a need to assess their performance to help the University in its future decision-making. P , there is a need to look into the per es of Paulinian employees on human resource outsourcing.

Conceptual Framework

The model in Figure 1 presents the inputs, the processes that the researchers went through, and the expected outputs of the study.

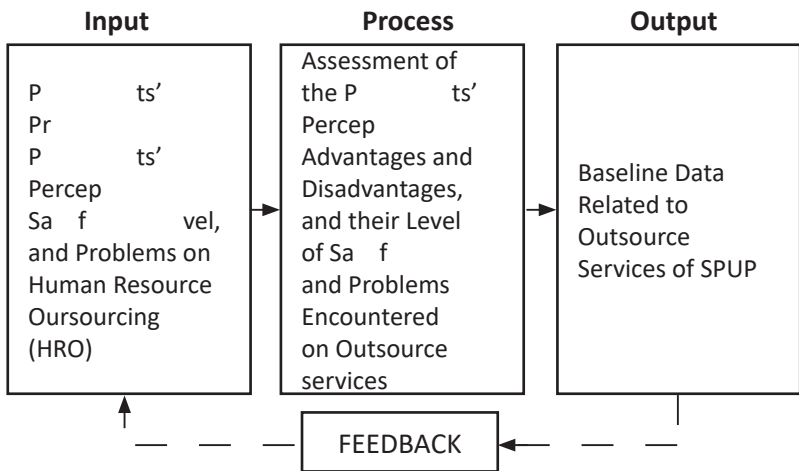


Figure 1. Paradigm of the study

As re ed, the study considered the responses of the ts in the survey ques e their percep on the advantages and disadvantages of outsource services, as inputs of the study. Other inputs included were their sa f ra on the services ered by the outsource personnel and the problems they encountered regarding the services ered by the outsource workforce.

These inputs were subjected to analysis in order to come up with a baseline data related to outsource services.

Statement of the Problem

This study aimed to determine the Paulinian employees' perception on human resource outsourcing. Generally, it sought to answer the following questions

1. What is the employees' perception on the advantages and disadvantages of human resource outsourcing?
2. What is the employees' level of satisfaction on the services of outsource service providers?
3. Is there a significant difference on the employees' level of satisfaction on the outsource services when grouped according to work designations?
4. What are the problems encountered by the employees on the services of outsource manpower?

METHODOLOGY

Research Design

The mixed approach was used in the study generally the descriptive research design. The quantitative approach was used in assessing employees' satisfaction on the services of outsource manpower. The qualitative approach was used in obtaining the employees' perception on the advantages and disadvantages of human resource outsourcing as well as the problems they encountered on outsource services.

Participants of the Study

The study participants include random samples of 150 employees of SPUP of which the staff, faculty, maintenance, and administrators were represented.

Table 1
Participants of the Study

Designa	Frequency	Percentage
Administrator	20	13.33
Faculty	80	53.33
Sta	40	26.67
Maintenance	10	6.67
Total	150	100.00

Instrumenta

An assessment tool was used to assess ts' sa f ra on the services of outsource employees. The Focus Group Discussion (FGD) guide was used in the conduct of FGD with the iden cluster of ts to elicit data on the problems they have met regarding outsource services.

Data Gathering Procedure

Prior to data gathering, permission was sought from the VP administra and VP academics for the conduct of the study. Informed consent was secured from the ts prior to the administra of the survey tools. Four (4) clusters of FGDs were conducted. These clusters include the following: Cluster 1: Sta Cluster 2: Faculty; Cluster 3: Maintenance; and Cluster 4: Administrators. Each cluster includes eigh ts who were selected fr ts.

Data Analysis

The frequency and percentage were used to present ts' sa f ra on the HRO services. The means were further interpreted using the following scale:

Arbitrary Scale	Qualita e Descrip
3.25 – 4.00	Very Sa
2.50 – 3.24	Sa
1.75 – 2.49	Dissa
1.00 – 1.74	Very Dissa

The Analysis of Variance (ANOVA) was used to test the hypothesis, whose results are interpreted based on 0.05 level of significance. Scheffé comparisons was used for pairwise comparison.

The qualitative data was analyzed and organized using thematic analysis.

RESULTS AND DISCUSSION

Participants' Perceptions of the Advantages and Disadvantages of Human Resource Outsourcing

Perceived Advantages of Human Resource Outsourcing

The participants' views on the advantages of HRO are clustered into four (4) main themes, namely, cost reduction, quality services, reduced risks, and attached presence.

Cost Reduction

HRO reduces recruitment costs for the University. The University informs the agency on the needed services and the task of recruitment and training the employees is left to the agency. Through Human Resource Outsourcing, time and resources for recruitment and training are saved. The University saves the money spent and other resources needed for advertising job vacancies, for interviewing job applicants and training as the agency does this. In addition, in HRO, the needed equipment, and technical expertise are provided by the agency. The burden of monitoring the attendance and work performance of the HRO employees are given to the agency. The burden of compensation and giving of salaries and other employee benefits like paying the taxes of the HRO employees are left to the agency.

This response is supported by Scott (n.d.) as she mentions that "Outsourcing helps reduce the cost of maintaining non-revenue-generating back office expenses." Blakeslee (2017) added that HR outsourcing would help agencies to avoid expensive overhead and sudden costs by sending tasks which call for added expenses to the HR

outsour or less.

This is further supported by Reddy (2018) who men that human resource outsourcing could save a lot of money for the company both in terms of infrastructure and in terms of maintaining a large employee pool. This also prevents the company to hire people for various tasks which entail more expenses.

Quality Services

With the HRO, the University can focus on its core on ins Having entrusted the maintenance and security services to the agency, the University can focus more on monitoring its in-house employees.

Outsource service providers handle service areas where University's in-house workforce lacks e The outsource employees have the e in the service areas which may bring a be er quality of outputs. In this case, the quality of maintenance and security services in the University is assured as the outsource agency provides the workforce who possesses the needed e

From the outsource employees, the University can scout employees with good work performance who can be recruited as in-house employees.

In the University may gain access to world-class outsource providers which has established systems to ensure quality assurance on their services. Outsource employees have equipment and technical e Thus, the University is assured of the quality of their services.

This is consistent with the claim of Jennings (2002) that when a company subscribes to human resource outsourcing, it can focus on its core business.

Reduced Risk

In human resource management, the risk is indispensable. In the case of HRO, potential risks that may occur in the workplace are both shared by the University and the outsource provider. To reduce these probable risks, the outsource agency and the University may plan together for effective risk management strategies.

This is asserted by Lee (2017) as he mentions that outsourcing HR services help reduce business risks. This is because outsourcing agencies have HR professionals who keep themselves abreast of the latest laws and services. In short, "outsourcing HR services give agencies access to a pool of talent that has knowledge about the latest changes in the market" (Lee, 2017).

Moreover, employee turnover troubles are minimized since human resource providers have their way of filling up the vacant positions for employees who get absent or resigned. Human resources have a pool of manpower services with various skills and experience, thus, can easily provide replacements for vacancies.

Human resource outsourcing helps reduce the risks faced by employers when it comes to turnover (Blakeslee, 2017). In human resource outsourcing even if one employee leaves, the core functions of the company will not suffer since the HRO can operate properly.

Gives Prestige to the University

Subscribing to outsource manpower services is now the common trend in the global business industry. Thus, the partnership with HRO gives prestige to the university. Through HRO, the University gains access to the world-class outsourced provider. It gives the University a competitive edge as it has access to employees with appropriate training for their assigned tasks. Moreover, the best price of an outsource provider may

be unveiled by the University in its partnership with HRO.

Disadvantages of Human Resource Outsourcing

No Assurance of Loyalty and Commitment Among Outsource Employees

The University is not assured of the loyalty and commitment of outsource employees since these employees ascribed their loyalty and commitment to the agency but not the University. In addition, since they consider themselves as outsiders to the University, there is a tendency that outsource employees may behave differently from what is expected of them as Paulinian service providers.

The University's identity or culture may be affected by the behavior of the outsource employees. The outsource provider may recruit employees who do not fit with the overall culture of the University. The University, only accepts employees who are Catholics which is not a requirement for HRO partner agency.

Confidential matters which should be kept within the University domain may have the risk of being exposed because outsource employees sometimes consider that they are not part of the system.

It is the image or reputation of the University which is tarnished not the agency's when HRO employees manifested untoward behavior or performed poorly in their assigned tasks. Furthermore, the University carries the burden of restoring negative public opinion caused by the faulty or unsatisfactory services of outsource personnel.

The University's quality control may differ from that of the outsource agency. While the University tries to maintain a high level of performance to remain competitive, if the outsource personnel is not at par with them, it will affect the entire University as well.

Tendency of Re Outsource Personnel in Other Departments

If the services for a department are outsourced, this may lead to the possibility of outsource services of other departments. This phenomenon may lead to the reduction of in-house manpower and increase in outsource manpower. In this case, the University may lose its identity.

Agency's Cost-Saving Measures

In any business, cost-saving is a part of the system. HRO as a business enterprise has integrated cost-saving measures in its processes. One of its cost-saving measures is to reduce staff through task assignments.

An outsource provider may lack complete focus on the University's tasks if it caters to several organizations at a time. An HRO agency tends to compare the different organizations it is serving. The level of loyalty and commitment of an outsource agency may vary from one organization to the other and might be a source of conflict.

Legal Impediments

In any organization, policies and procedures are always in place as these define all legal requirements in the work area. Legal compliance is at high risk if its outsource processes are not formally documented.

Outsourcing companies sometimes need to be privy to confidential information such as payroll, and personal employee information. When internal services are outsourced, exposing the company's confidential information to outside elements is highly probable.

Poor Choice of HRO Agencies

There are some cases that the University does not choose a right partner for outsourcing which may result in delayed services

and substandard outputs. Poor performance from the outsource provider causes an overall negative impact on the company as a whole.

Too much Dependence on Agency

The University may become too dependent on the outsource employees who may pose risks to the University for not being able to operate successfully.

Discrimination against employees

The University cannot establish a good relationship between in-house and outsourced employees. There is no security of tenure for the outsourced employees. In cases when an agency ends its service contract with the University, the agency terminates the services of the employees who are displaced since there are no available jobs for them.

Table 2
Participants' Level of Satisfaction on the Janitorial Services

Participants	Very Satisfied	Dissatisfied	Satisfied	Very Dissatisfied	Mean	Description Value
Maintenance	F 1 % 10.00	7 70.00	2 20.00		3.10	Satisfied
Staff	F 1 % 2.50	15 37.50	20 50.00	4 10.00	2.68	Satisfied
Faculty	F 8 % 10.00	42 52.50	30 37.50		3.28	Satisfied
Administrator	F 10 % 50.00	9 45.00	1 5.00		2.55	Satisfied
Total	F 1 % 0.70	34 22.70	78 52.00	37 24.70	3.05	Satisfied

As revealed in the table, the majority of the maintenance, staff, and faculty expressed satisfaction on the HRO janitorial services. However, for the administrators, half of them are dissatisfied with the work performance of the outsource employees for the janitorial services.

In general, the participants are satisfied with the janitorial outsource services. This implies that they are satisfied with the cleanliness of the classrooms, corridors, rooms, University fweep up, lawns, and comfort rooms.

Table 3
Participants' Level of Satisfaction on the Food Services

P	ts	Very Dissa	Dissa	Sa	Very Sa	Mean	Describe Value
Maintenance	F			7	3	3.30	Satisfied
	%			70.00	30.00		
Staff	F	1	5	29	5	2.95	Satisfied
	%	2.50	12.50	72.50	12.50		
Faculty	F	6	23	46	5	2.63	Satisfied
	%	7.50	28.80	57.50	6.20		
Administrator	F	1	3	15	1	2.80	Satisfied
	%	5.00	15.00	75.00	5.00		
Total	F	8	31	97	14	2.78	Satisfied
	%	5.30	20.70	64.70	9.30		

The performance of the food outsource services was rated as satisfactory by the different groups of participants. This indicates that the participants are satisfied with the services in the main canteen and the auxiliary canteens. They also expressed satisfaction on the food products, menus served, and the cleanliness of the canteen utensils and tables. The food services during special occasions are also satisfactory.

Table 4
Participants' Level of Satisfaction on the Security Services

P	ts	Dissa	Sa	Very Sa	Mean	Describe Value
Maintenance	F		7	3	3.30	Satisfied
	%		70.00	30.00		
Staff	F	7	27	6	2.98	Satisfied
	%	17.50	67.50	15.00		
Faculty	F	9	51	20	3.14	Satisfied
	%	11.20	63.80	25.00		

(table continues)

Table 4 (continued)

Administrator	F	5	13	2	2.85	Satisfied
	%	25.00	65.00	10.00		
Total	F	21	98	31	3.07	Satisfied
	%	14.00	65.30	20.70		

The participants are satisfied with the security services of the outsource agency. Their satisfaction on the security services is traced to their strict implementation of the security policies in the University.

Table 5
Participants' Level of Satisfaction on the Information Services

Participants		Very Dissatisfied	Dissatisfied	Satisfied	Very Satisfied	Mean	Description Value
Maintenance	F			7	3	3.30	Satisfied
	%			70.00	30.00		
Staff	F	1	7	29	3	2.85	Satisfied
	%	2.50	17.50	72.50	7.50		
Faculty	F	3	15	52	10	2.86	Satisfied
	%	3.80	18.80	65.00	12.50		
Administrator	F	2	3	15		2.65	Satisfied
	%	10.00	15.00	75.00			
Total	F	6	25	103	16	2.92	Satisfied
	%	4.00	16.70	68.70	10.70		

The outsource information services of the University are rated satisfactory by the participants. This implies that the University information system is well through the outsource services.

Table 6
Mean and Qualitative Description of the Participants' Level of Satisfaction on the Services of HRO

Outsourced Services	Mean	Qualitative Description
Janitorial Services	3.05	Sa
Security Services	3.07	Sa
Food Services	2.78	Sa
Information System Services	2.86	Sa
Overall mean	2.94	Sa

In general, the respondents expressed satisfaction on the outsource services of the University. Noteworthy is the highest rating on the security outsource services. The safety and security of the University is attributed to the satisfactory performance of the security services. Although rated as satisfactory, the canteen services got the lowest among the service areas.

Table 7

F-test Results on the Significant Difference on Participants' Perception on the Level of Satisfaction of the Outsource Services when Grouped According to Designations

Designation	N	Mean	F ratio	Probability Value	Decision at 0.05 level
Maintenance	10	3.05			
Staff	40	3.09			
Faculty	80	2.78	3.90	0.01	significant
Administrator	20	2.89			
Total	150	2.94			

As shown in the F-test result, there is a significant difference on the level of satisfaction of the different groups of respondents of the outsource services in the University. As shown, the rating of the maintenance personnel and staff are significantly higher than the faculty.

Problems Encountered by the Respondents on HRO Services

Among the problems encountered by the respondents on the outsource services are as follows:

1. The outsource employees show lack of motivation in performing

Based on the interview with the respondents, the outsource employees are not motivated to work because they are not well-compensated. There is even a delay on the release of salary.

2. Outsource employees are not consistent with their work performance.

The outsource employees have better work performance especially when the supervisor is around, however, in the absence of the supervisor, they tend to mellow in their performance.

3. Outsourced employees do not share with the vision of the University.

The outsource employees do not exemplify the values, vision, and mission of the University as required.

4. Outsource employees feel like outsiders of the University.

The outsource employees felt detached from the University since they are under the supervision of their own agency.

5. There is a lack of regular supervision.

There is a lack of regular supervision from the agency. The agency recruits a supervisor from among the outsource employees to monitor the work of the outsource personnel. The head of the agency is not visible, hence, does not know the work condition of its employees.

6. Outsource employees lack proper training for maintenance tasks.

Some of the outsource employees have no special training on their maintenance tasks. Employees need no training on indoor and outdoor maintenance since sweeping and cleaning are common household chores which are expected to have been acquired by them. The employees are young and have not enough experience on maintenance work.

CONCLUSION

Human resource outsourcing is considered one of the best

pr of the University when its are performed e tly and e ely. Otherwise, it will not bring ant impact on the University. The sa factory performance of the outsource personnel indicates the e of the agency. In any work area, there are always areas of dissa f ency needs to look into.

Reduced costs alone should not be the only driving factor for outsourcing. The company has to study the advantages and disadvantages that go along with it.

RECOMMENDATIONS

Based on the of the study, the following are hereby recommended:

The administrators may consider reviewing the disadvantages of human resource outsourcing as bases in formula policies to reduce if not to prevent the nega e impact it may bring to both internal and external customers of the University.

The administrators may be extremely c in making a choice on pr e outsource provider to ensure higher customer sa f

The Service Level Agreement (SLA) between the two may be clearly laid out to ensure that there is no ambiguity on the level of quality required for the ser ered.

The administrators may regularly monitor and evaluate the performance of the outsource employees.

The administrators may sustain its pr on the conduct of mentoring and seminars on customer service to outsource employees to perform be

The in-house employees may reach out to the outsource employees to let them feel that they are ant members of the Paulinian community.

The outsource employees may have an open communication line with the administrators.

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