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Outsourcing, the Strategic Human Resource Tactics in Present Business Atmosphere

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Statement of the problem
Outsourcing has been one of the major strategies that companies utilize in order to remain competitive in the current dynamic environment. Several organizations and institutions have adopted outsourcing of some of the value chain activities to third parties. This is due to the benefits resulting from such as lower cost, better customer satisfaction and more importantly freeing the management to concentrate on the more strategic issues by ceding the non-core functions to specialized firms (Andersson and Norman, 2012). While many firms have adopted the outsourcing strategy in their operations to improve their competitiveness, others have not, leading many to ask what driving factors influence the decision to use outsourcing and how such outsourcing improves organizational performance. Past studies examining the impact of outsourcing have identified several main benefits of outsourcing. these includes cost reduced internal capital investment (Ghodsypour et al, 2014) and better readiness to respond to turbulence in the business environment and improved service delivery (Lawson, Tyler & Potter, 2014). Other benefits of outsourcing include an increased focus on core competencies (Beaumont and Sohal, 2014), better and improving quality of goods and services (Hamel et al, 2014), and reduced risk of technology change (Bruce and Shermer, 2012). Biggam and Iravo (2013) studied outsourcing at Societal Generale (SG) Bank Limited, a company in the Banking industry. They found that outsourcing for cost saving positively impacted the company's performance through reduction of labor and operational costs, hence improved profitability. Societal Generale (SG) Bank Limited have outsource some of their business activities such as selling shares and provision loan services as a way of up scaling they performance. However, they have not fully realized the full benefit of outsourcing. For example, they are persistent complaints from the public regarding services Societal Generale (SG) Bank Limited provides, such as lowly service delivery, supply of substandard equipment, delayed restoration of service, unreliable service levels among others (Adler, 2013). If the dissatisfaction is not addressed, Societal Generale (SG) Bank Limited will lose its customers to their competitors and will close down. There has been no major study on effects of outsourcing on cost efficiency, productivity and profitability of Societal Generale (SG) Bank Limited.

Keywords: Outsourcing, Sourcing, Outsourcing Strategies, Human Resource Tactics

I. INTRODUCTION

Outsourcing is defined as the procurement of products or services from sources that are external to the organization (Accenturet, 2012). Very simply outsourcing can be defined as phenomena in which a company delegates part of its in-house operations to a third party with the third party gaining full control over that operation/process (Aghazadeh, Seyed, 2013). The clients inform their provider what they want, how they want the work performed and the control of the process is with the third party instead of the parent company. From the above, outsourcing in this study will essentially refer to a process in which an organization delegates in-house operations/processes/services to a third party Organizational performance in this study will refer to cost efficiency, productivity and profitability.

According to Deloitte (2012), judgments of efficiency are based on some idea of 'wastage'. In this study, cost efficiency will refer to Societal Generale (SG) Bank Limited, total revenue or sales compared to the total costs and overhead costs incurred to provide outsource services to its clients. Productivity is the amount of output produced with a given amount of inputs (Barthélemy, 2012). In this study, therefore, productivity will refer to the extent to which an amount of output in Societal Generale (SG) Bank Limited is produced with a certain amount of input and the extent to which value is created Ghana in Societal Generale (SG) Bank Limited in comparison to the time required to create that value. Profitability refers to the efficiency of a company or industry at generating earnings (Houseman, 2012).

It is the amount of output per unit of input(labor, equipment and capital) or the ability of a firm to generate net income on a consistent basis or a measure that indicates how well a firm is performing in terms of its ability to generate profit (Barthélemy, 2012). Thus, the last two definitions will be used in this study and will be expressed in terms of: "how much banking industry makes with what they have got" and "how much it makes from what they take in" on a consistent basis. The growing interest in outsourcing over the years from western and eastern countries to the African countries and especially in Ghana - the context of this study - is due to the benefits associated with it. According to Ahn, Slelatt and Ruiz-Huidebro (2013), given the diverse nature of business processes a firm has to manage today, it is nearly impossible for the firm to manage all of its processes by solely depending on its own expertise. Even if it is visible, the firm may loose its focus and efficiency.

Bathelemy and Adsit (2012) also emphasize that outsourcing some or all of non-core business processes can enable a firm focus on its core activities or activities in which the firm is more competent, rather services that fall outside its expertise. He adds that it will not only improve function effectiveness and flexibility by accessing a support network with highly qualified and specialized workforce but also help firms control their costs and business risk. However, despite that firms can benefit from outsourcing, some Ghanaian firms never realize the full benefit of outsourcing and encounter many problems such as failure in maintaining effective and efficient service delivery. For example, Societal Generale (SG) Bank Limited has this problem. The Banking Industry (Licensing) Regulations 2005 outline the importance of quality of service. Operators' licenses oblige Banking companies to improve the quality of services to the satisfaction of consumers. In order to achieve this, Societal Generale (SG) Bank Limited has outsourced some of their services such as selling of shares, provision of loan services, etc.

II. DISCUSSIONS

This presentation of the study of 40 employees from Societal Generale (SG) Bank Limited on the subject of outsourcing in performance. The research also features a presentation of the study on thoughts of management staff on factors considered in outsourcing, direct result of outsourcing, activities outsourced by the Societal Generale (SG) Bank Limited and the qualities that management considers in outsourcing. The employee respondents are individuals from different departments within their SG-Kaneshie branch. The researcher sought to investigate through opinions from management, employees and by secondary data obtained in the form of financial statements the functions being outsourced, reasons for outsourcing and an overall outlook at the performance of the Societal Generale (SG) Bank Limited involved in outsourcing. In order to deal with the research questions, there are key questions presented to employee respondents on teamwork, competence, commitment, management effectiveness, goal setting, performance and possible reasons for outsourcing. The questions are asked on a level of agreement basis (Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree). The researcher also used frequency tables, bar charts, pie charts and cross tables to present, analyze and discuss the data collected.

III. REASONS FOR OUTSOURCING

Respondents' opinions on the reasons for outsourcing are summarized in Table 10 and figure 10. The summary shows a general agreement for all the factors enlisted. The Weighted Mean Score for the opinions are between 63.5 percent for the reason of the company avoiding investment in technology to a high 62.6 representing a general agreement that outsourcing causes a reduction in operational cost. The deviations in the opinions are also validly wide because the standard deviations range from 24.0 to as high as 32.8. The outcome is in line with Kotabe (1989) and Quinn (1992). They state that outsourcing firms achieve cost advantages and has the capacities to reduce fixed cost and lead to lower breakdown point.

Show Respondent Opinions on Reasons for Outsourcing

Reasons for Outsourcing	Weighted Mean Scores (%)	Standard Deviation
Allow company focus on core business	63.3	28.0
Avoid cost of investment in technology	65.3	39.0
Reduce operational costs	62.6	27.0
Reduce staff and related expenses	74.2	31.2
Gain access to vendor expertise	67.6	38.6
Gain access to vendor technology	67.3	31.8
Make up for reduction in staff	69.5	32.8
Make up for lack of in-house talent	67.5	42.4
Offer services currently unavailable	69.4	40.8
Provide consistent service delivery	67.6	42.5

Source: Field data 2017

IV. CONCLUSION

Outsourcing has become a strategic human resource tactic in our present good business atmosphere. Businesses intricate in the exercise need to stick to their core competencies and go for tactical outsourcing to reduce cost and become more effective in their customer service. A company business success could be strong-minded on how well it manages its outsourcing relationship. In overall, organization outsource to achieve cost reductions and/or to be able to focus on their core business. They also resort to outsourcing as a way to achieve more efficient, effective and competent functions in their processes. One of the fasters growing changes currently adapted by organizations is to outsource non-essential but critical functions to a large-scale service provider that is commonly referred to as Business Process Outsourcing. As the trends in outsourcing are evaluated, it is realized that the benefits of outsourcing far outweigh its disadvantages.

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