

## The effect of HRM outsourcing on performance of multinational firms in Thailand

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### Keywords

Human Resource Management Outsourcing, Human Resource Management, Organizational Performance

### Abstract

*The objective of this research is to verify the relationships among human resource outsourcing of four activities such as recruitment activities, training administration, payroll management, and human resource information system and organizational performance through HR cost efficiency, effective HR development and HR flexibility. The model is tested by using data collected from mail survey questionnaires of 165 multinational firms and using a questionnaire as the instrument. The results of OLS regression analysis show that HRM outsourcing has a significant impact on organizational performance both direct and indirect via HR cost efficiency, effective HR development and HR flexibility. In sum, this study contributes to manager by providing the knowledge that organizational performance can be increased by HR outsourcing implementation. Theoretical and managerial contributions, conclusion and directions of the future research are mentioned.*

### 1. Introduction

At present, global economic challenge with resource limitations is increasingly growing pressure on competitive advantage of firm. To complete in business, firms need to find strong ways to deal with this changing environment. The success of organization depends greatly on many factors such as productivity, cost efficiency and successful strategic human resource management (SHRM). With dynamic environment, HR outsourcing turns to be an important tool as strategic management of firm (Leavy, 2004). HRM outsourcing is the process of delegating HR practices to external party supplier with the aim of successful competitive advantage. Accordingly, firms perform HR outsourcing for benefits such as reducing HR costs, cultivating diversity of competencies, superior capacity of flexibility, spreading and sharing risks to improve firm performance (Wu & Park, 2009; Elmudi, Gruneward & Abebe, 2010; Cicek&Ozer, 2011). In addition, HR outsourcing can allow organizations to perform more proactive and strategic role focusing on their main competencies in order to increase efficiency without investing in people and technology (King, 2007; Lau & Zhang, 2006). According to prior research, HRM practices have been outsourced in various activities such as payroll, benefits, recruitment, recruitment and selection (Barczyk et al., 2007).

Several researches confirm that outsourcing is certainly increasing with more and more on outsourcing HR activities. Despite the increasing agreement of the HRM outsourcing practices, academic research on this topic in Thailand context is incomplete. However, there have been several questions about the values of HRM outsourcing outcomes, such as: Does HRM outsourcing really contribute to achieve organizational performance or not? and how does HRM outsourcing affect organizational performance? Quartey (2013) reasoned that many multinational firms are well done for human resource outsourcing practices increasingly in recent years. Consequently, HRM outsourcing of multinational firms in Thailand is explained in this research.

The main aim of this research is to clarify the relationship between HRM outsourcing (recruitment activity, training administration, payroll management, and human resource

information system) and organizational performance via HR cost efficiency, effective HR development, and HR flexibility. This research is ordered as follows: the first part is literature survey, whilst the second part details research methods, including data collection, measurement, and statistics. Next, the results are shown and discussed. Consequently, contribution, limitations, future directions, and conclusion are mentioned.

## 2. Conceptual Development

The theory of resourced-based view of firm (RBV) explains how resources and capability which is values, rare, non-substitute and non-imitate is often treated as strategic tool to achieve competitive advantage (Barney, 1991). When the strategies are successful with rare, valuable and difficult-to-imitate resources, firm is likely to gain an advantage over its competitors and thus has higher returns. In this research, RBV is applied to explain HRM outsourcing as a strategic success factor to increase the competitive advantage of a firm. Likewise, several studies claim that HR outsourcing activity is important strategies in dynamic environment for executives to achieve demands and objectives of firms such as HR cost reduction, increasing HR flexibility, gaining advance technologies, and a concentration on core activities (Gilley et al., 2004; Lilly, Gray & Virick, 2005; Kinange & Murugiah, 2011). Thus, a conceptual framework is shown in Figure 1.

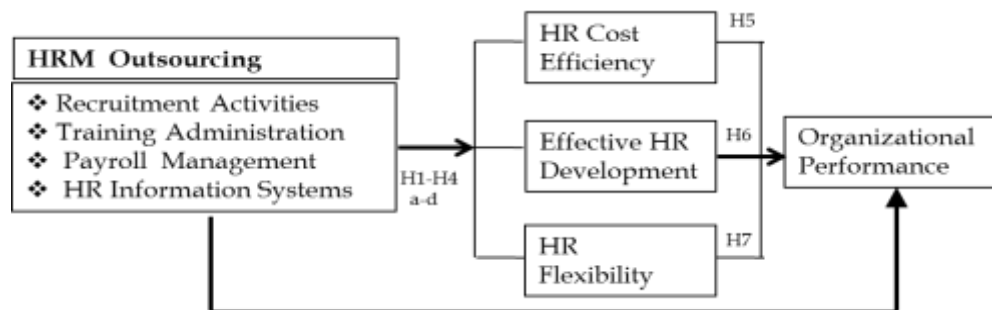


Figure 1: Conceptual Framework of HRM Outsourcing and Outcomes

### 2.1 HRM Outsourcing

A number of researchers are defined HRM outsourcing in various meanings. Belcourt (2006) clarifies that HR outsourcing is a contractual relationship for the provision of business services by an external provider. It means that firm agrees with another firm to do some work of HR practices for it. In other words, Society for Human Resource Management (2009) states that HRM outsourcing is "a contractual agreement between an employer and an external third party provider whereby the employer transfers responsibility and management for certain HR, benefit or training-related functions or services to the external provider". Likewise, AL-Khachroum&Kennawi (2010) states that HRM outsourcing refers to a sharing of human resource activities and services, along with the delivery of staff and resources related with an outside party under a contractual contract management. It can describe that HRM outsourcing is an opportunity for the HR function to increase employee efficiency and effectiveness by using third party. This research is defined HRM outsourcing as the process of transferring procedure of HRM activities to an external provider of the company with the aim of increasing competitiveness.

HRM outsourcing in this research is consisted of four activities namely: recruitment activity, training administration, payroll management, and human resource information system (HRIS). For the relationship between HRM outsourcing and organizational performance, several studies reveal that HRM outsourcing has a positive impact on organizational performance via HR cost efficiency, effective HR development and HR flexibility. In order to clearly study the

relationship between HRM outsourcing and organizational performance, this research describes HRM outsourcing as follows:

**Outsourcing of recruitment activities** refers to a procedure to transfer recruitment and selection activities to an external provider. The recruitment outsourcing activities are advertising, job fair hosting, applicant tracking and some of selection process such as extensive skill testing, organization and background testing. Previous studies show that recruitment outsourcing can be significantly reduced costs (Seth & Sethi, 2011). Additionally, a great advantage of HR recruitment outsourcing is a new way of acquiring talent. In most research it is assumed that recruitment outsourcing will support modernize business's recruitment job and make it integrated and been efficient. It is very critical aspect of recruitment outsourcing which directly affects business quality and performance (Braun & Pull, 2011). In addition, Elsaid (2013) suggested that outsourcing of recruitment process can create competitive advantage for business operating in Egypt. As a result, the hypothesis is proposed as follows:

**Hypothesis 1: Outsourcing of recruitment activity is positively related to (a), HR cost efficiency, (b) effective HR development, (c) HR flexibility, and (d) organizational performance.**

**Training administration** refers to the process of gaining or allocating knowledge, skills and competencies to carry out specific and useful competencies for improving one's capability, and performance by using outside groups. Nowadays, business training is highlighted on employee and customer learning. The increasing in training space has resulted in a strongly upgrading in demand for outsourced training services. The growth in training outsourcing can give to satisfied progress and well-organized distribution methods in an increasingly global marketplace. The business can yield the potential for cost savings by effective budget control with some types of learning and successful employee skills when decision to outsource its training function (Chaudhuri & Bartlet, 2014). Another benefit is that the training by outsourcing is a variety way to provide innovative knowledge and deliver high-quality technology. Likewise, Gilley et al., (2004) suggested that outsourcing of training by outside specialist groups, firm may achieve greater innovation and stakeholder performance, finally, increase firm performance. As a result, the hypothesis is proposed as follows:

**Hypothesis 2: Outsourcing of training administration is positively related to (a), HR cost efficiency, (b) effective HR development, (c) HR flexibility, and (d) organizational performance.**

**Payroll management** refers to a process that contracting with an external business service to organize all or part jobs related to compensation activities for employee services. The activities comprise salary payments, wages, bonuses, tax withholdings, and deductions from incomes. Firms may decide to outsource their payroll functions to an outsourcing service like a part or a fully managed payroll service. Abdul-Halim & Che-Ha (2011) suggest that payroll administration and benefits are the popular activity for outsourcing because it can reduce time and resource of firm. Moreover, Gilley et al., (2004) states that HR divisions can get better service and lower costs from vendors than from in-house sources, because providers of payroll service have the benefits of scale, know-how, and advance technology as well as more comprehensive process knowledge that may succeed them to deliver better service and lower costs. In addition, a good payroll-services provider is faraway less likely to make a big error than in-house control. Furthermore, if a serious error is finished, firm can follow financial return from the provider that company can't organize with own employees. In addition, most payroll services have technologies that can improve security. Accordingly, Norman (2009) confirms that payroll outsourcing activities are positively related to firm performance. As a result, the hypothesis is proposed as follows:

**Hypothesis 3: Outsourcing of payroll management is positively related to (a), HR cost efficiency, (b) effective HR development, (c) HR flexibility, and (d) organizational performance.**

**Human resource information system (HRIS)** refers to a systematic process with a comprehensive system for HR activities that can be completed by outside provider. Employees can operate the basic sorts of the software, such as filling out forms online, making changes based on life events, and getting information on their benefits at any time. Accordingly, HRIS is a chance for company to make the HR department managerially and tactically in operating the organization. HRIS can be executed such as the issuing of HR information, the computerization of transaction, and altering the entire working of the HR department, so it plays a more strategic role and improves more values to the company (Lengnick-Hall & Moritz 2003). By using HRIS, HR practices are tested in relation to the company's success in competitive advantage (Chowdhury et al., 2013). In addition, Sadiq et al., (2012) revealed that HRIS had a positive effect on the human resources performance. As a result, the hypothesis is proposed as follows:

**Hypothesis 4: Outsourcing of human resource information system is positively related to (a), HR cost efficiency, (b) effective HR development, (c) HR flexibility, and (d) organizational performance.**

## **2.2 HR Cost Efficiency**

HR cost efficiency refers to the ability of firm to complete procedure by effective cost reduction of workforce. A function of HR department requires additional office space and highly trained and experienced of HR staff. Many small businesses find it more cost-effective to outsource HR functions rather than expand to a larger position to meet the space needs of another department. In addition, the study of Adli & Saleki, (2014) showed that HR cost efficiency had a positive impact on firm performance. As a result, the hypothesis is proposed as follows:

**Hypothesis 5: HR cost efficiency is positively related to organizational performance.**

## **2.3 Effective HR development**

Effective HR development refers to outcomes of developing or building competencies, expertise and knowledge through training for the purpose of improving performance. In other words, the firm is satisfied with its capacities and competence by continuous development. In this view, HR outsourcing links to more than improved operational effectiveness, it comprises a greater number of the firm's activities and functions, particularly those that significantly give to its added value (Cicek & Ozer, 2011). For the relationship between HRD activities and performance, several studies show that HRD activities have a positive impact on organizational performance (Jirawuttinunt & Janepuengporn, 2012). Thus, the higher the HR development is, the more likely that firms will increase greater organizational performance. As a result, the hypothesis is proposed as follows:

**Hypothesis 6: Effective HR development is positively related to organizational performance.**

## **2.4 Human Resource Flexibility**

HR competency flexibility refers to varying quality and quantity of employee attributes such as knowledge, skills and behaviors to response to environmental change and uncertainty (Ngo & Loi, 2008). Bhattacharya et al., (2005) presents that HR flexibility has a positive relationship with firm performance. Likewise, Jirawuttinunt & Janepuengporn (2012) reveal that flexible of skills, behaviors and HR practices have both direct and indirect effects on HR outcomes in achieving superior firm performance. As a result, the hypothesis is proposed as follows:

**Hypothesis 7: Human resource flexibility is positively related to organizational performance.**



### 3. Data and Methodology

#### 3.1 Sample Selection and Data Collection Procedure

In this research, multi-national firms are selected to be population and sample for hypotheses testing because most of multinational firms in Thailand are likely to implement HR outsourcing. The database in this research is collected from Department of International Trade Promotion, Ministry of Commerce. The key participants are HR directors or HR managers of each company. With simple random sampling method, the questionnaires were sent to 600 firms by mail. Of the surveys completed and received, only 165 surveys are usable. The effective response rate is approximately 27.50% which Aaker, Kumar & Day (2001) mentioned that 20% of response rate for a mail survey without follow up is considered acceptable for analyzing and testing hypotheses.

Finally, the non-response was tested for two independent samples. A comparison of early responses and late responses data is recommended by Armstrong & Overton (1977). T-tests comparing the first 82 survey responses received with the last 83 survey responses across a firm's four characteristics (i.e. number of employees, number of years in business, amount of capital invested, and sale revenue per year) did not find any significant differences between the two groups. Thus, it appears that non-response bias does not pose a significant problem for this research.

#### 3.2 Variables

In the conceptual model, all of the variables were measured on five point Likert scale, ranging from '1 = strong disagree' to '5 = strong agree', except control variables. The variable measurements of dependent, independent, and control variables are described below:

*Organizational performance* is the dependent variables of this research. It is measured by sales growth, profitability, market share, performance over competitor and customer acceptance. This construct is adapted from Gilley et al., (2004). *Recruiting activity of outsourcing* is developed from Ordanini & Silvestri (2008). *Outsourcing of training administration* is developed from Al-Tarawneh & Tarawneh (2012). *Payroll management* is developed from Gilley et al., (2004), and *HRIS* is developed from Al-Tarawneh & Tarawneh (2012). *HR cost efficiency* is developed from Abdul-Halim & Ha (2010). *Effective HR development* is measured by achievement of developing or building competencies, expertise and knowledge via training for the purpose of improving performance from Jirawuttinunt & Janepuengporn (2012). *HR flexibility* is measured by variety of organizational capabilities and speed to response to environmental change and uncertainty from Adli & Salek(2014). The control variables are also likely to affect the relationships. In this research, there are two of them comprising firm age and firm size; because different age may present different firm characteristics and resource placement (Chen & Huang, 2009). This study defines firm age as the number of years that the firm has been established. Also, firm size may impact the capacity of a firm to implement business strategies in order to achieve superior performance (Ussahawanitchakit, 2005). It is measured by amount of capital invested.

#### 3.3 Validity and Reliability

With respect to the confirmatory factor analysis, this analysis has a high potential to inflate the component loadings. According to the rule-of-thumb of Nunnally & Berstein, (1994), all factor loadings are greater than the 0.40 cut-off and statistically significant. Second, in the scale reliability, Cronbach alpha coefficients are greater than 0.80 as recommended by Hair et al., (2010). The scale of all measurement appears to produce internally consistent results; thus, these measures are deemed appropriate for analysis because they express an accepted validity and reliability. Table 1 shows the results for both factor loadings score between 0.788-0.936,

indicating that there is construct validity, and Cronbach alpha coefficients for all variables between 0.814-0.928 are considered acceptable.

Items	Factor Loadings	Cronbach Alpha	Number of Items
Organizational Performance (PER)	0.816-0.936	0.928	5
Recruitment Activity (REC)	0.789-0.855	0.866	4
Training Administration (TRA)	0.846-0.889	0.895	4
Payroll Management (PAY)	0.778-0.837	0.814	4
Human Resource Information System (HRI)	0.838-0.865	0.877	4
HR Cost Efficiency (COS)	0.811-0.895	0.865	4
Effective HR Development (HRD)	0.813-0.903	0.893	4
HR Flexibility (HRF)	0.805-0.897	0.870	4

**Table 1: Results of Measure Validation**

### 3.4 Statistic Test

The Ordinary Least Square (OLS) is utilized to measure all hypotheses in this research because both dependent and independent variables in this study were neither nominal data nor categorical data, OLS is an appropriate method for examining the hypothesized (Hair et al., 2010). After all is said and done, the model of the relationships mentioned above is shown below.

$$\text{Equation 1: } COS = \beta_{01} + \beta_1 FS + \beta_2 FA + \beta_3 REC + \beta_4 TRA + \beta_5 PAY + \beta_6 HRI + \varepsilon$$

$$\text{Equation 2: } HRD = \beta_{02} + \beta_7 FS + \beta_8 FA + \beta_9 REC + \beta_{10} TRA + \beta_{11} PAY + \beta_{12} HRI + \varepsilon$$

$$\text{Equation 3: } HRF = \beta_{03} + \beta_{13} FS + \beta_{14} FA + \beta_{15} REC + \beta_{16} TRA + \beta_{17} PAY + \beta_{18} HRI + \varepsilon$$

$$\text{Equation 4: } PER = \beta_{04} + \beta_{19} FS + \beta_{20} FA + \beta_{21} REC + \beta_{22} TRA + \beta_{23} PAY + \beta_{24} HRI + \varepsilon$$

$$\text{Equation 5: } PER = \beta_{05} + \beta_{25} FS + \beta_{26} FA + \beta_{27} COS + \beta_{28} HRD + \beta_{29} HRF + \varepsilon$$

## 4. Empirical Findings

### 4.1 Result of Descriptive statistics

The descriptive statistics and correlation matrix for all variables are shown in Table 2. The research verifies possible multicollinearity problems by studying correlation between the variables included in the regression analysis. In this way, by means of Pearson's correlation coefficient, we can measure the degree of linear association between every pair of variables as shown in Table 2. With respect to possible problems relating to multicollinearity, all the correlation coefficients of independent variables are smaller than 0.8, and all the Variance Inflation Factor (VIF) values are smaller than 10. The problem of multicollinearity of independent variables in this model is therefore not significant (Hair et al., 2010). The VIF ranged from 3.211 - 4.090 are below the cut-off value of 10 recommended by Hair et al. (2010), meaning that the independent variables are not correlated with each other. Therefore, there are no substantial multicollinearity problems encountered in this study. In addition, Table 2 shows the correlation matrix for all variables used in the regression analysis.

Variables	REC	TRA	PAY	HRI	COS	HRD	HRF	PER
MEAN	3.772	3.615	3.617	3.660	3.377	3.709	3.648	3.591
S.D	0.792	0.878	0.762	0.790	0.805	0.723	0.753	0.829
REC	1							
TRA	.793**	1						
PAY	.672**	.791**	1					
HRI	.652**	.767*	.737**	1				

COS	.615**	.658**	.583**	.587**		
HRD	.338**	.427**	.532**	.573**	.556**	
HRF	.497**	.560**	.656**	.662**	.643**	.784**
PER	.527**	.508**	.634**	.656**	.595**	.649**

\*\* . p < 0.01, \* p < 0.05

**Table 2: Descriptive Statistics and Correlation Matrix for all Constructs**

#### 4.2 Effect of HRM Outsourcing and the Outcomes

Table 3 demonstrates the OLS regression analysis of HRM outsourcing (recruitment activities, training administration, payroll management, and human resource information system) on HR cost efficiency, effective HR development, HR flexibility and organizational performance. The results show that recruitment outsourcing has significant and positive effect on HR cost efficiency ( $b_3 = 0.261$ ,  $p < .01$ ) and organizational performance ( $b_{21} = 0.246$ ,  $p < .05$ ) but has no effect on effective HR development ( $b_9 = -0.062$ ,  $p > .01$ ), and HR flexibility ( $b_{15} = -0.063$ ,  $p > .01$ ). *Therefore, Hypotheses 1a and 1d are supported but Hypotheses 1b and 1c are not supported.* The unaccepted result of recruitment process on consequence linkages can explain by the research of Gilley et al., (2004) that performance effects of HRD outsourcing may achieve in a long run.

Accordingly, the findings show that training administration has significant positive impact on HR cost efficiency ( $b_4 = 0.299$ ,  $p < .05$ ), but has no impact on effective HR development ( $b_{10} = -0.074$ ,  $p > .10$ ) and HR flexibility ( $b_{16} = -0.040$ ,  $p > .05$ ). Moreover, the findings show that training administration has negative significant on organizational performance ( $b_{22} = -0.275$ ,  $p < .05$ ), *Therefore, Hypotheses 2a is supported whereas 2b, 2c and 2d are not supported.* The contrast results of hypothesis can explain by the study of Gilley et al., (2004) that organizational performance of training effect will result over the long term. Likewise, effective HR development may take time to learn that improve performance in long run (Hatch & Dyer, 2004). In addition, the result of Butler and Callahan (2012) shows a negative effect on operating performance if outsourcing participation is not optimal.

Consequently, the results illustrate that payroll management has significant positive impact on effective HR development ( $b_{11} = 0.233$ ,  $p < .10$ ), HR flexibility ( $b_{17} = 0.331$ ,  $p < .01$ ) and organizational performance ( $b_{23} = 0.314$ ,  $p < .01$ ), following literatures but no effect on HR cost efficiency ( $b_5 = 0.038$ ,  $p > .10$ ). *Therefore, Hypotheses 3b, 3c and 3d are supported but Hypothesis 3a is not.* The Contrary to the expectations, this study found that payroll management outsourcing does not have significant impact on HR cost efficiency. This finding provides insight into thinking that payroll management has direct effect on organizational performance and indirect effect via effective HR development and HR flexibility.

In the line of HRIS, the results show that HRIS is positively related to effective HR development ( $b_{12} = 0.476$ ,  $p < .01$ ), HR flexibility ( $b_{18} = 0.373$ ,  $p < .01$ ), and organizational performance ( $b_{24} = 0.440$ ,  $p < .01$ ), supporting literatures. However, HRIS is not significant impact on HR cost efficiency ( $b_6 = 0.158$ ,  $p > .10$ ). These insignificance findings are consistent with Abdul-Halim & Ha (2010) who find that HRIS has no positive effect with cost efficiency. According to firm age and firm size as control variables, this result found that firm age has no effect on the relationship between HRM outsourcing and outcomes whereas firm size has some effect on HR cost efficiency. This result means that the firm size has an influence on the relationship between HR outsourcing on HR cost efficiency.

In Table 3, the empirical results significantly support the hypothesized effect of HR cost efficiency, effective HR development and HR flexibility on organizational performance. The

result shows that HR cost efficiency is positively related to organizational performance ( $b_{27} = 0.144$ ,  $p < .05$ ), similar to prior literatures. *Thus, Hypothesis 5 is supported.* Then, the finding shows that effective HR development has no impact on organizational performance ( $b_{28} = 0.056$ ,  $p > .01$ ). *Thus, Hypothesis 6 is not supported.* This insignificant findings can explain that effective HR development is likely to variation in learning that spend long term to achieve organizational performance. However, HR flexibility is positively associated with organizational performance ( $b_{29} = 0.651$ ,  $p < .01$ ). *Thus, Hypothesis 7 is supported.* These results are consistent with prior studies which indicate that HR flexibility is able to continuously enhance organizational performance. According to firm age and firm size as control variables, the findings show that firm age and firm size have no effect on the relationships.

Independent Variables	Dependent Variables				
	1 COS	2 HRD	3 HRF	4 PER	5 PER
Recruitment Activity (REC)	0.261*** (0.095)	-0.062 (0.107)	-0.063 (0.097)	0.246** (0.096)	
Training Administration (TRA)	0.299** (0.117)	-0.074 (0.132)	-0.040 (0.120)	-0.275** (0.119)	
Payroll Management (PAY)	0.038 (0.114)	0.233* (0.129)	0.331*** (0.116)	0.31*** (0.116)	
Human Resource Information System (HRI)	0.158 (0.109)	0.476*** (0.123)	0.373*** (0.112)	0.440*** (0.111)	
HR Cost Efficiency (COS)					0.144**
HR Development (HRD)					(0.063)
HR Flexibility (HRF)					0.056 (0.077)
					0.651*** (0.084)
FA	0.166 (0.125)	0.176 (0.144)	0.010 (.128)	-0.016 (0.127)	0.137 (0.103)
FS	0.301*** (0.111)	-0.098 (0.134)	0.075 (.114)	0.109 (0.113)	0.016 (0.096)
Adjusted R <sup>2</sup>	0.482	0.338	0.456	0.464	0.637
Maximum VIF	4.090	4.090	4.090	4.090	3.211

<sup>a</sup>Beta coefficients with standard errors in parentheses, \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.10$

**Table 3 : Results of OLS Regression Analysis<sup>a</sup>**

## 5. Summary

The results show partial support for hypotheses are derived from the conceptual framework. In general, it provides empirical evidence that recruitment activities, payroll management and HRIS have strong direct influence on organizational performance. However, outsourcing of training has indirect effect on organizational performance via HR cost efficiency but has negative significant effect on organizational performance. It is obvious that organizations with great HR outsourcing are likely to improve HR cost efficiency, effective HR development, HR flexibility and organizational performance. This research is intended to expand the theoretical contributions on earlier knowledge and literatures of HR outsourcing practices. Moreover, resource-based view of firm is integrated explaining the overall link of variables in the model. In addition, this research provides some relevant managerial implications.



The results suggest that firms focus on HR outsourcing as strategy can increase organizational performance. Therefore, the executives must put more emphasis on factors of HR outsourcing that aligns with strategic goal by concentrating on HR outsourcing ever more. In this research, the most interesting aspect of these results of multinational firm is the conducts in which recruitment outsourcing, payroll management and HRIS of outsourcing are direct linked to organizational performance. Thus, the executives should clearly understand and enhance them within the organization for gaining HR outsourcing as strategy. This research has some limitations that should be mentioned. Firstly, this research is conducted by cross-section data. Therefore, a longitudinal study that tracks HR outsourcing and organizational performance overtime is needed. Secondly, this research uses the questionnaire for collecting data from many types of businesses in multinational firm. Future research should focus on specific businesses which might provide different results from the findings of this research. Thirdly, the small response rates may impact the results. Finally, future research may identify the other statistical analysis to confirm HR outsourcing phenomenon with larger response rates. As such, this research has assessed the importance of successful HR outsourcing relative to organizational performance in multi-national firms.

#### 6. Direction for Future Research

Based on the finding of the study, further study may find practical reasons why some constructs found no relationships supporting hypotheses by reviewing varied literatures, or collecting data from a larger sample. In addition, to better clarifying inconsistent relationship of the model, an in-depth interview with manager/director in future research would be helpful to completely understand in HR outsourcing phenomenon.

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