

Human Resource Outsourcing and Performance of Deposit Money Bank in Anambra State, Nigeria

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ABSTRACT

The study investigates human resources outsourcing and performance of deposit money bank in Anambra State, Nigeria. Four research questions and four hypotheses guided the study. Relevant conceptual, theoretical and empirical literature were reviewed taking cognizance of the problem of the study. The study is anchored on resources-based view theory of outsourcing. Survey research design was adopted in this study. The study was carried out in Anambra State. The population of the study comprised of 2633 employee of money deposit bank in Anambra State, Nigeria, while the sample consists 517 employee of money deposit bank in Anambra State. Borg and Gall was used to obtain the sample size. Face and content validity method was used to ensure validity of the instrument. The reliability of the instrument was achieved through test re-rest method and Cronbach's Coefficient of 0.73 was obtained. Simple percentage analysis was employed to answer the research questions. Linear regression analysis was used in testing the hypotheses. The result of the analyses showed that human resource outsourcing for reduction of cost has a significant positive effect on return on net profit of deposit money bank. Human resource outsourcing for employee competence has a significant positive effect on return on owner equity in deposit money bank. Human resource outsourcing for knowledge transfer has a significant positive effect on operational effectiveness in deposit money bank in Anambra State Nigeria. Therefore, the study concluded that human resource outsourcing has a significant positive effect on the performance of deposit money bank in Anambra State Nigeria. The study recommended that banking industries should offer better terms of service and proper training to help improve employee competence and reduce costs of outsourcing its human resources functions for better performance. Banking industries should outsource only necessary aspects of business to avoid reduction in profit levels. Banking industries should investigate background check before knowledge transfer outsourcing and organizations should have a backup system to avoid losing vital data as a result of incompetence on the part of the external supplier.

Keywords: Human Resource Outsourcing for Cost Reduction, Human Resource Outsourcing for Employee Competence and Human Resource Outsourcing for Knowledge Transfer

INTRODUCTION

In this highly competitive global and turbulent business environment of today, organizations need to adopt varieties of management philosophies and tactics in order to compete favorably and achieve performance. Outsourcing as one of such management philosophies used by organizations to adapt to and compete in the face of scarce resources is more than a tool for functional value extension but strategic priority practice for organizations to achieve performance (Felix & Shale, 2016). The success of organization depends greatly on many factors such as productivity, cost efficiency and successful strategic human resource management. With dynamic environment, human resource outsourcing turns to be an important tool as strategic management of firm (Leavy, 2014). Human resource outsourcing is the process of delegating human

resource practices to external party supplier with the aim of successful competitive advantage. The advance of technology, the sophistication of business operations, the increase in customer demand for quality product, satisfaction and quality service delivery, and the need for constant growth of the business are circumstances that suggest a focus on functional core competence.

In this global financial competitive environment, Nigerian banks must focus on lean management strategies in order to focus on the core issues of their businesses for the sake of staying ahead of the competitors through the process of outsourcing. This involves reviewing the various activities of the business to determine what is core and what is non-core in order to arrive at make or buy decisions. In this way the organization is able to decide on what to handle in-house, what to accomplish through strategic partnerships and what to outsource to third party professionals or experts (Kareem, Unachukwu & Okegbemi, 2018). As banks struggle to adapt to and keep up with the demands of customers and shareholders alike, the focus on core competences may suggest outsourcing as a potential tactic for organizational performance by gaining competitive advantage, cost efficiency and increase in profit as outsourcing may increase organization's operating flexibility and allows the transfer of operational risks to another party (Lilian & Namusonge, 2015).

Accordingly, firms performance, human resource outsourcing for benefits such as reducing human resource costs, cultivating diversity of competencies, superior capacity of flexibility, spreading and sharing risks to improve firm performance. In addition, human resource 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, 2017). Outsourcing human resource activities is described as the purchase from external vendors of a value-creating activity that either was or could have been done within a firm. In the same perspective, Lievens and De Corte (2018) argue that outsourcing human resource functions refers to the practice of turning all or part of an organization to an external provider or providers. Barczyk, Hixon, Buckenmeyer, & Ralston-Berg, (2017) further defines HR outsourcing as the contracting out of parts or the whole of the functions of HR to external providers, instead of performing all the HR functions in-house. According to Barczyk et al., (2017), outsourcing human resource activities is the practice of obtaining human resource services from external vendors or consultancy firms.

Organizations need to build and concentrate on their core competencies in order to survive in Human resource outsourcing can assist with cost-cutting, concentrating on core business and most significantly maintaining the happiness of workers. By Human Resource Outsourcing, businesses can save huge amounts of money and be exempted from problems that otherwise require running an internal HR department. Companies can focus on their core skills to save them valuable time and resources. Several industry experts claim that human resource outsourcing is the future, allowing the next wave of in-house employees easily absorb the outsourced products of the-organization (Lever, 2017). In fact, most companies, instead of having them working in a highly competitive international market, are no longer as localized as they were in the past. In turn, organizations had to change in order to sustain growth and compete in a global environment. For instance, the US textile and shoe companies find it necessary to shift their industrial plants to less developed countries in order to seek cheaper sources of labour and then reduce the cost of output (Entrekin & Court, 2021). All of these factors force organizations to change to survive, and it is clear that only the most fitting organizations are successful.

Instead of performing all human resource functions in-house, Adler (2023) argued that all human resource functions should be outsourced to external providers. It is anticipated that human resource executives will be more agile, sensitive and effective than older staff managers and that will help them to lead their organizations in making strategic decisions. In reaction to this change in perspective, most HR administrators perceived outsourcing as a way to meeting such demands claim that outsourcing the human

resource role is a cost-effective human resource technique. Nevertheless, most businesses outsource all or most human resource tasks because they cannot afford to employ qualified part-time or full-time employees across all aspects of the functions of the company (Asiamah, 2023). Most companies prefer to outsource their HR services in order to improve quality service delivery to customers as well as maintain leadership in the industry. The outcome of outsourcing offers cost savings, process standardization, increased speed and service quality for service organizations (Asiamah, 2023). Human resource function outsourcing has become an integrated business strategy of most money deposit bank in Nigeria as most of their recruitments are outsourced to external agencies (Asiamah, 2023).

Outsourcing companies often do so as outsourcing can provide exposure to outsourcing providers' knowledge and experience, enabling businesses to rely on their own core competencies, shorten production cycle times, and reduce costs further. In particular, organizations have the potential to gain more benefits from using human resource professionals rather than from in-house HR managers whose experience may be limited to their own employees (Maidment, 2023). Jaturong (2019) conducted a study on understanding the effect of employee workplace attitudes and behaviors of outsourcing human resource operations.

Statement of the Problem

The core business of human resource outsourcing is finding ways to make HR services more effective for employees of money deposit bank and bring them to corporate organizations. This is why many of these money deposit bank are striving to remain on top of best HR practices, emerging labour force technologies, as well as relevant laws and regulations. These help client companies to concentrate on the heart of their market and to re-allocate internal resources to projects that rely on increasing revenue and productivity. HRO provides a unique external perspective and can lead to a true strategic partnership within the client organization that can be much harder to achieve. It is anticipated that the internal HR department will be a leader in helping the organization recruit, train, and support the company's main resource in achieving its predetermined goal.

It is noted that the challenges brought about by the environmental dynamics has resulted in stiff competition particularly competition for resources like human capital at organizational performance. It is further asserted that the challenges on human resource recruitment, training and development have affected the financial performance of the company. This is due to reduced revenues due to among others, increased costs of operations in recruitment, training and development costs. The major problems that brought about outsourcing human resources management are poor human resource outsourcing for cost serving, inadequate human resource outsourcing for employee competence, poor service quality delivery and lack of human resource outsourcing knowledge transfer, that will improve organizational performance. At the behest of this, outsourcing certain human resource functions is bound to enable a firm to leverage its expertise and focus more on its core activities. Still others consider it as a way of reducing costs, access to expertise not available within HR, increased flexibility and speed of response, and freeing up to focus on more value-adding activities (Barczyk et al., 2017). Arising from the observed shortcoming identified above, a critical review of outcomes of outsourcing human resources need to be researched to see if they actually improve the performance of the organizations and its focus being in money deposit bank.

There is some evidence to suggest that in-house employees may suffer from job insecurity, decreased productivity, decreased employee morale, decreased employee loyalty, increased absenteeism and increased employee turnover. Not only that, if not managed well, outsourcing personnel can result in interpersonal and group conflict between the external and internal employee groups. Grauman and Paul (2015) showed that outsourcing personnel activities can also increase the risk of losing confidential information; including reports, audit trails, and personal data. In addition to this, organisations may experience a loss of control over personnel activities if they introduce outsourcing. This is affected by the quality of personnel provider and the organization (Grauman & Paul, 2015). However, in order to address issues faced by deposit money

bank in Nigeria this study examines the effect of human resources outsourcing on performance of money deposit bank in Anambra state, Nigeria.

Objectives of the Study

The main objective of the study is to examine the effect of human resource outsourcing on performance of money deposit bank in Anambra State, Nigeria. The specific objectives of the study are to:

1. Determine the effect of human resource outsourcing for cost reduction on net profit of money deposit bank in Anambra State
2. Ascertain the effect of human resource outsourcing for employee competence on owner equity in money deposit bank in Anambra State
3. Examine the effect of human resource outsourcing knowledge transfer on operational effectiveness in money deposit bank in Anambra State

Research Questions

These research questions were formulated in line with the objectives of the study stated above;

1. To what extent does human resource outsourcing for cost reduction affect return net profit of money deposit bank in Anambra State?
2. To what degree does human resource outsourcing for employee competence affect return on owner equity in money deposit bank in Anambra State?
3. To what degree does human resource outsourcing for knowledge transfer affect operational effectiveness in money deposit bank in Anambra State?

Hypotheses

These hypotheses were proposed for the study

H_{01} : Human resource outsourcing for reduction of Cost has no significant positive effect on return net profit of money deposit bank in Anambra State

H_{02} : Human resource outsourcing for employee competence has no significant positive effect on return on owner equity in money deposit bank in Anambra State

H_{03} : Human resource outsourcing for knowledge transfer has no significant positive effect on operational effectiveness in money deposit bank in Anambra State

REVIEW OF RELATED LITERATURE

Conceptual Framework

Outsourcing

Business organizations have employed several strategies in the past such as joint operation, alliances associations, licensing, teams, conglomerate, etc to gain competitive advantage in the market. In the last two decades, outsourcing has become a new rule for partnership necessitated by the changing and challenging

world of business occasioned by the dynamic global Information and Communication Technology more demanding and knowledgeable consumers, new world economic order, globalization and other factors, public sector reforms, has caused organizations to move into cross-business synergies, multi business cooperation, core competence concentration and virtual organization.

Outsourcing basically, is getting into an agreement with other companies or a person to do a specific job or function (Okegbemi, 2019). Outsourcing is the purchase of a value-creating activity from an external supplier. It is an agreement wherein an organization subcontracts resources and pass administrative liability of either business processes or network maintenance to an external service supplier (Ohikhena 2017). The usual aim of this, if not to cut costs, is to employ skills that are not available in-house. Outsourcing is the act of one business partnering with another organization to provide products that might otherwise be provided by in-house workers. Outsourcing is characterized as a contract service agreement in which an entity contracts out all or part of its services to an external company. Feenstra (2005) defines it as a “disintegration of production” or a “super specialization.

Lacey and Blumberg (2005), describe outsourcing as “external source dependence on part manufacturing and other value-added activities. Outsourcing is the process of contracting non-core activities or operations within a business from internal production to an external entity specializing in that particular operation. Outsourcing may usually be defined as making or purchasing decisions on intermediate products, recruiting seasonal workers, and using external resource (Kennedy, Ward, Holt, &Rehg, 2012). Smith (2007) define outsourcing as the transfer of those activities to a supplier outside the selected core competencies of the organization. Outsourcing is the process of importing manufacturers ‘parts in order to enhance expertise instead of manufacturing them locally (Sako, 2005).

Human Resource Outsourcing for Employee Competence: In the context of accelerating global competitive pressures, organizations ought to concentrate on their core competencies and utilize outsourcing to capitalize on others? expertise (Matolo, & Iravo 2018). However, what constitutes core activities and competencies is not static. Organizations continually reconsidering what establishes the essential and noncore aspects of their business and readjusting the way these activities can be sourced, in-house or externally (Cooke, 2023). Organizations like to focus on their core activities since these activities create unique value for employees, customers, and investors (Ulrich, 1998). Therefore, managers prefer to outsource non-core activities so that their internal employees can focus on the core functions (Jennings, 1996). A study by Kinange and Murugaiah (2019) on HR outsourcing by IT companies in the state of Karnataka reveals that organizations always try to retain their core HR functions. These are soft skills, behavioral training, high value decisions, strategic functions, culture building, organization design, framing business rules, etc. with their internal HR Department and engage third party service providers for non-core activities. According to Hesketh (2015), organization should focus on core and outsource the rest.

The quality, type and nature of the services to be provided by the outsourcing consultancy firm are usually determined by the service level agreement signed. Finally, Kraker (2015) reported that outsourcing is finding new methods for using new good and service suppliers to use their knowledge and experience in our activities. Burnes and Anastasiadis (2023) reported that outsourcing is more effective and successful in public sector than private. Moreover, with their comparative studies, Burnes and Anastasiadis (2023) found that North American countries, England, France, Germany, Japan and Australia have increasingly tended to use outsourcing and have applied it in both private and public sectors. The basis of outsourcing concept relies on the fact that organizations using outsourcing are trying to capture experts to whom they assign a series of their functions and use their knowledge and experience in those actions (Matolo, & Iravo 2018).
Human Resource

Outsourcing For Cost Reduction: Outsourcing offers firms with better flexibility and productivity by using

provisional sub-contractors to cover changing demands for labor (Cooke, 2021).

Outsourcing enables firms to reduce future costs by selecting the right vendor through the process of competitive bidding (Matolo, & Iravo 2018). Intense competition has forced HR heads to find ways to provide more value at lower cost (Matolo, & Iravo 2018), increase return on Investment (ROI) (Insinga et. al. 2020). HR outsourcing provides firms with greater flexibility and increases productivity by using third party service providers to cover fluctuating demands for labour (Cooke, 2021). Damodar and Satish (2019) conducted a study on outsourcing in the automotive parts manufacturing industry in the state of Michigan and the Ontario provinces of Canada. They found out that firms that outsourced their HR activities were financially stronger and had higher employee productivity than those that did not outsource.

Human Resource Outsourcing for Knowledge Transfer: Human resource outsourcing for knowledge transfer has introduced a new way of sharing resources and experience of all the people; in fact, it has created a framework of concrete preserve tacit and explicit knowledge that emphasizes the value of ideas and experiences.

Knowledge management method has been used much in various industries including education, business, social and technology. This term has been used with substitutable describing the connection of evidence and knowledge in a theater major role civilization. Human resource outsourcing for knowledge management method has been practical massively in many organization. Human resource outsourcing for knowledge transfer derived from the application of knowledge management activities which has emerged as one of the strategic human resource outsourcing of a firm (Narteh, 2018). Martinkenaite (2020) has stated through the transfer of knowledge, in firm has been labelled as a well-organized producer, a source of knowledge to contribute to revenue and uphold a modest advantage. This is clearly seen through the transfer of knowledge in which it plays a significant role in organizational management strategy to compete with other life changing. In terms of knowledge sharing and exchange of knowledge has been used directly, fast and interchangeably, both terms denote dissimilar main events of the organization and the effect on commercial setting.

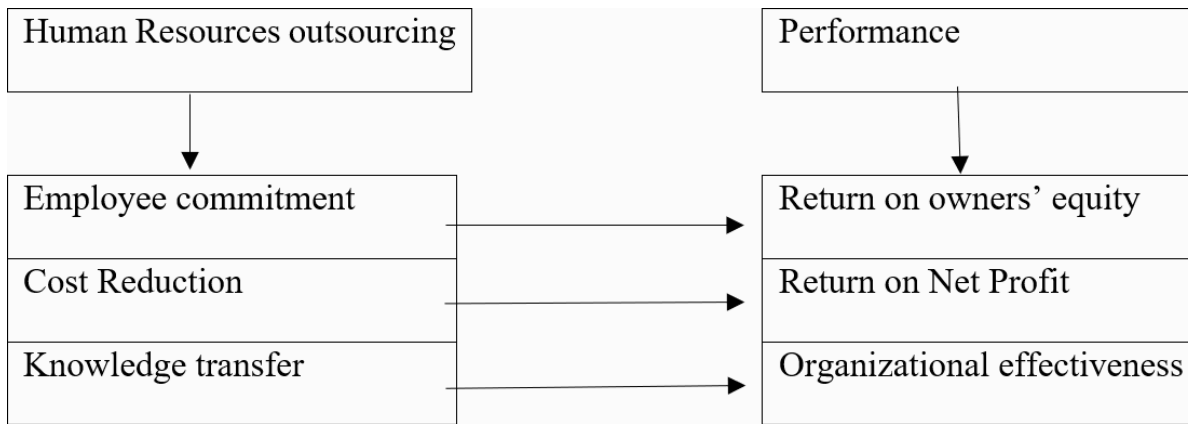
Performance

Performance characteristically, is final outcome anticipated in every business activity (Muhammad et al., 2019; Galdeano et al., 2018; Roespinoedji et al., 2019). Performance is the total presentation of the firm and is showed by the collective of recital of finance, business, and human resource functions of the organization in a given time. Firms formulate goals and objectives to be achieved within a given time frame.

Performance measures the organizations' effectiveness against these set objectives. Thus, organizational performance refers to the ability of an organization to attain its goals such as high-profit margin, product quality, and larger market share, better financial results at a stipulated time and by applying the relevant strategy. Organizational performance has many dimensions which may be difficult to quantify (Rowley, 2017) opines that, both financial and non-financial indicators have been used to measure performance. The financial indicators were sales growth and percentage profit margin. In the service industry, employee productivity has been used as a measure of performance (Mishra, 2018).

Gavrea, Ilies and Stegorean, (2017) performance shows the actual output or results of an organisation as measured against its proposed outputs (or goals and objectives). It is one of the most important variables in the field of management research today. Although the concept of performance is very common in academic literature, its definition is not yet a universally accepted concept. Richard et al, (2016) view performance as comprises three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment and others product market performance (sales, market share, and shareholder return (total shareholder return, economic value added, others).

Conceptual Model



Conceptual Model

Theoretical Framework

This research work is anchored on resources-based view of outsourcing. An organization’s resources can be divided into tangible (financial, technological, physical and human) and intangible (brand-name, reputation and know-how) resources. Barney (1991) argued that resources lead to sustainable competitive advantage when they are valuable, rare, inimitable, and non-substitutable. Resources such as technology, natural resources, finances and economies of scale can create value, however the resource based theory argues that this sources of value are available to all and easy to copy, compared to complex social systems like human resources. Dyer & Singh’s (1998) structural interpretation has its origins primarily in Barney’s resource-based paradigm (1991). Relational perspective evolves and describes how firms in inter-organizational partnerships achieve and maintain competitive advantage (McIvor, 2005). The main idea-the definition of mutual leases was discussed to illustrate why businesses chose their potential outsourcing partners and chosen partnership form.

This was also used to research the processes of change, relationship management and reconsideration. It makes the relational interpretation the only concept applicable in the analysis of all aspects of the outsourcing system. The resource-based view’s core premise is that resources and capabilities can vary substantially across firms, and these differences can be stable. If a company’s assets and skills are combined and correctly implemented, they will build the company’s competitive advantage. The resource-based outsourcing view is based on a premise that an enterprise missing important, unique, inimitable, uncommon or structured assets and skills would try outsourcing to resolve the deficiency.

Hence, the most prominent use of the theory is in the outsourcing process preparation phase for defining the framework for decision-making and in the vendor selection phase for selecting a suitable vendor. The theory has also been used to explain some of the key issues related to the phases of management relationship and review. The resource based view of the firm is a model of firm performance that focuses on the resources and capabilities controlled by a firm as sources of competitive. The genesis of the resource-based model can be traced back to Selznick (1957), who recommended that employees of organizations have ‘characteristic competence’ that allows them to outclass their competitors, and to Penrose (1959), who conceptualized the firm as a ‘collection of productive resources’. This view focuses on the quality of the human resource available to the organization and their ability to learn and adapt more quickly than their competitors.

These resources include the human resources such as the training, experience, judgments, intelligence, relationships and insights of individual managers and workers in an organization. The sum of people’s knowledge and expertise, and social relationships, has the potential to provide non sub-stitutable capabilities

that serve as a source of competitive advantage (Cappelli & Singh, 1992). Perce and Robinson (2007) argue that the resource based view of a firm helps improve upon the SWOT analysis by investigative a diversity of different yet specific types of resources and competences any firm owns and then assessing the level to which they become the foundation for continuous competitive advantage based on industry and competitor considerations. Thus theoretical work on the resource based view of the firm (Barney, 1991; Perce and Robinson, 2007) supports the notion that HRM may be an important source of competitive advantage.

Empirical Review

Kivuva (2018) assess the effects of outsourcing on organizational performance of oil marketing companies in Kenya. The core objective of carrying out this study was to analyze the effects of outsourcing services in the oil marketing firms in Kenya. Descriptive research design was employed in this study. The population of the study consisted of 30 oil companies in Kenya. A census sampling method was conducted owing to the small number of the study population. The study used primary sources to collect data by use of questionnaires. Data analysis was done using Microsoft excel and statistical packages for social sciences (SPSS). The study findings showed that outsourcing influences organization performance even though to a small extent. Professional outsourcing, manufacturing outsourcing, Transfer specific outsourcing and operational outsourcing explain 4% of the organizational performance. Only transfer specific outsourcing had a notable influence on the organization performance.

Rehema and Kigwe1 (2018) examined the effect of outsourcing on organization performance among money deposit bank in Mombasa County, Kenya. This study used descriptive research design. The target population for this study was strategy managers in all money deposit bank in Mombasa County. A sample of 90 managers were selected through census survey. Data was sources through questionnaire. Descriptive statistics were used to analyze quantitative data. The result reveal that outsourcing risks, outsourcing costs and quality of service had a positive and significant effect on the performance of money deposit bank in Mombasa County, Kenya,. Before negotiations even begin, they should have providers sign a confidentiality agreement promising to safeguard the banks' secret. Money deposit bank should minimize cost of outsourcing and also to allow staff to concentrate on the core activities of the institutions that are profitable. money deposit bank should choose the best source sourcing, cost benchmark to the current market and be careful on hidden costs that might arise. money deposit bank should make service offerings better with high quality deliverables and decrease the lead time it takes for the product to reach the marketplace.

Gabriel, Otaroghene and Nwaeke (2018) conducted a study on outsourcing and organisational performance of beverage manufacturing companies in Port Harcourt, Nigeria. The study was a cross sectional survey and the population comprised 172 from which a sample size was drawn using the Taro Yamen sample size determination formula to arrive at a sample size of 120 employees. The paper gathered data through questionnaire and the data were analysed with the Spearman's Rank Order Correlation Coefficient with the aid of the Statistical Package for Social Sciences (SPSS) and the result reflected a significant positive relationship in all six hypotheses tested. The study concluded that outsourcing is positively related with organisational performance and recommended that organizations should continue to engage in knowledge transfer outsourcing for improved services, growth and efficiency and organisations should continue to outsource information technology services for better performance, growth and efficiency.

Jaturong, (2019) published a report on understanding the impact of outsourcing human resources practices on employee attitudes and behaviors. The research aimed to define the variables that influence the decision to outsource HR operations, identify the factors that affect employee attitudes regarding the decision to outsource, and examine how these attitudes effect organizational performance, a modified Delphi technique was used in this research to evaluate the Impact of outsourcing decisions. Twenty participants, including managing directors (MD), managers and employees of Human Resource (HR), representing five organization involved in the study, either outsourcing some or most of the HR-related activities or providing

HR outsourcing services. Research findings revealed that companies usually conduct outsourcing of the HR role to achieve competitive advantage. A partnership existed between the outsourcing decision-making transfer and employee perceptions, and organizational strategies, including effective communication, awareness of the outsourcing decision's information context, and employee invoking, the study recommended organizations outsourcing their weakness 'strategic areas.

Okechukwu and Okoronkwo (2018) assessed the effect of outsourcing on the performance of selected quoted deposit money banks in Enugu State with regards to influence of loyalty of outsourced staff affect organizational productivity and the effect of job insecurity on organizational growth.

Descriptive design was adopted. The population of 271 staff of selected money deposit banks was use as the sample of the study. The study hypotheses were tested using linear regression. The result of the study revealed that dual loyalty of outsourced staff negative affects productivity of deposit money banks in Enugu state, and job insecurity significantly affects the growth of deposit money banks.

Weigelt (2019) investigated the influence of outsourcing innovative technologies on integrative capabilities and performance. Survey research design was use to archival data for the analysis. The study revealed that reliance on outsourcing may reduce a firm's knowledge by doing, internal investment and tacit knowledge applications, thereby impeding firm's integrative capabilities and performance in the market.

METHODOLOGY

Survey research design was adopted in this study. Survey design was appropriate because it helped to describe, examine, analyze, and interpret the variables that exist in the study. Responses were collated from respondents through the use of questionnaire. In addition, the researcher used oral interview guide because of the factual implication on the study. The study was carried out in Anambra state, Nigeria. The population of the study comprises 2633 contract and management staff of deposit money bank in Anambra State Nigeria. The population of the employees and management of the deposit money bank is two thousand six hundred and thirty three (2633). Sample size of 517 was employ using statistical formula devised Borg and Gall (1973). This study made use of primary data. The instrument employed for data collection was the questionnaire constructed by the researcher. The researcher used face and content validity in this study. The reliability of the questionnaire was established through the test- retest method and Cronbach's Alpha Reliability Coefficient. The Alpha value range from 0.79, 0.84 and 080 which was considered high enough to make the instrument reliable. Simple percentage analysis was employed to answer the research questions. Liner regression was used for the hypotheses using statistical package for social sciences (SPSS) version 23 was employed to test the hypotheses. In testing the hypotheses, the calculated value of the test statistic was compared with the table value of the statistic. The table value therefore serves as a benchmark for rejecting or accepting the null hypotheses. Hence, the decision rule applied in this study is to reject the null hypothesis if the calculated result is less than 5% significance and at same as error.

PRESENTATION AND ANALYSIS OF DATA

Questionnaire Distribution Analysis

Table 1: Questionnaire Response Rate

Items distributed	Number	Percentage
Copies of the questionnaire distributed	517	100
Copies of valid questionnaire	450	87
Copies of invalid questionnaire	60	11.5

Missing copies of questionnaire	7	1.5
Total	450	100

Author’s compilation 2024

A total of Five hundred and seventeen (517) copies of questionnaire were distributed to the employees of the Money Deposit Banks. A total of four hundred and fifty (450) copies were retrieved from the respondents, out of the Five hundred and seventeen (517). Sixty (60) copies were not properly filled while the remaining seven (7) copies were misplaced by the respondents. This gives a response rate of 87 percent. The analyses were based on the four hundred and fifty relevant copies. The section A covered the demographic features of the respondents. The section B analyzed the data relevant to research questions

Analysis of Thematic Data

Here, data relevant in answering the research questions were presented in tables below.

Research Questions One: To what extent does human resource outsourcing for cost reduction affect return net profit of money deposit bank in Anambra State?

Table 2: Respondents view on the effect of human resource outsourcing for cost reduction affect return net profit of money deposit bank

	Frequency	Percent	Valid Percent
Agree	176	39.1	39.1
Strongly Agree	164	36.4	36.4
Strongly Disagree	35	7.7	7.7
Undecided	45	10.0	10.0
Disagree	30	6.8	6.8
Total	450	100.0	100.0

Source: Field Survey, 2024/SPSS

Table 2 above indicates that 164 respondents, representing 36.4%, strongly agreed that human resource outsourcing for cost reduction affect return net profit of money deposit bank, 176 respondents representing 39.1% of the respondents agreed, 10% were undecided, 6.8% disagreed, while the remaining 7.7% strongly disagreed. This shows that knowledge creation positively influence organization performance in the area studied.

Research Question Two: To what degree does human resource outsourcing for employee competence affect return on owner equity in money deposit bank in Anambra State?

Table 3: Respondents opinion on the effect of human resource outsourcing for employee competence affect return on owner equity in money deposit bank

	Frequency	Percent	Valid Percent
Agree	201	44.6	44.6
Strongly Agree	100	22.2	22.2
Strongly Disagree	56	12.4	12.4
Disagree	49	10.8	10.8

Undecided	44	9.9	9.9
Total	450	100.0	100.0

Source: Field Survey, 2024/SPSS

Table 3 above indicates that a higher proportion of the respondents, representing 46.6 %, agreed that human resource outsourcing for employee competence affect return on owner equity in money deposit bank n Anambra State, 22.2% of the respondents strongly agreed, 10.0 % were undecided, 9.9 % disagreed, while the remaining 12.4 % strongly disagreed. This shows that human resources outsourcing for cost reduction creates better short term performance.

Research Three: To what degree does human resource outsourcing for knowledge transfer affect operational effectiveness in money deposit bank in Anambra State.

Table 4. Respondents view on the effect of human resource outsourcing for knowledge transfer on operational effectiveness in money deposit bank

	Frequency	Percent	Valid Percent
Strongly Agree	167	37.1	37.1
Agree	107	23.7	23.7
Undecided	19	4.4	4.4
Disagree	67	14.8	14.8
Strongly disagree	90	20.0	20.0
Total	450	100.0	100.0

Source: Field Survey, 2024/SPSS

Table 4 above shows that 167 respondents, representing 31.1%, strongly agreed that human resource outsourcing for knowledge transfer affect operational effectiveness in money deposit bank in Anambra State, 107 respondents, representing 23.7% of the respondents agreed, 15 respondents representing 4.4% were undecided, 67 respondents, representing 14.8%, disagreed while the remaining 90 respondents, representing 20.0 % strongly disagreed.

Test of Hypotheses

Hypothesis One

Ho: Human resource outsourcing for reduction of Cost has no significant positive effect on return net profit of deposit money bank in Anambra State

Ho₁: Human resource outsourcing for reduction of Cost has a significant positive effect on return net profit of deposit money bank in Anambra State

Table 5: Regression analysis on the effect of human resource outsourcing for reduction of Cost on return net profit of deposit money bank

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta (β)		
Return net profit	34.044	2.662		12.786	.000

Human resource outsourcing for reduction of Cost	2.752	.168	.636	16.431	.000
Multiple R=0.636, Multiple R ² =0.404, Adjusted R ² =0.403, F _{1,398} =269.971					

*p<0.05

Table 5 revealed that human resource outsourcing for reduction of cost has a significant positive effect on return net profit of deposit money bank in Anambra State. (t =16.431, p<0.05). The null hypothesis is rejected. The table indicates a significant multiple correlation between the predictor variable (human resource outsourcing for reduction of cost) and return net profit of deposit money bank in Anambra State (r = 0.636, p<0.05). The value of the coefficient of determination (R²= 0.404) indicates that human resource outsourcing for reduction of cost accounted for about 40.4% (R² x 100) of the observed variance in return net profit of deposit money bank in Anambra State while the remaining 59.6% unexplained variance is largely due to other variables that can account for return net profit of deposit money bank in Anambra State. The calculated F-ratio (269.971) is statistically significant at 0.05 level of significance. This implies that the predictor variable provides a significant explanation for the variation in return net profit of deposit money bank in Anambra State.

Hypothesis Two

Ho: Human resource outsourcing for employee competence has no significant positive effect on return on owner equity in deposit money bank in Anambra State

Ho₁: Human resource outsourcing for employee competence has a significant positive effect on return on owner equity in deposit money bank in Anambra State

Table 6: Regression analysis showing the effect of human resource outsourcing for employee competence has no significant positive effect on return on owner equity in deposit money bank

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta (β)		
Return on owner equity	36.496	1.834		19.901	.000
Human Resource Outsourcing for Employee Competence	2.696	.119	.750	22.613	.000
Multiple R=0.750, Multiple R ² =0.562, Adjusted R ² =0.561, F _{1,398} =511.350					

*p<0.05

Table 6 revealed that human resource outsourcing for employee competence has a significant positive effect on return on owner equity in deposit money bank in Anambra State. (t =22.613, p<0.05). The null hypothesis is rejected. The table indicates a significant multiple correlation between the predictor variable (human resource outsourcing for employee competence) and on return on owner equity in deposit money bank in Anambra State (r = 0.750, p<0.05). The value of the coefficient of determination (R²= 0.562) indicates that human resource outsourcing for employee competence accounted for about 56.2% (R² x 100) of the observed variance in on return on owner equity in deposit money bank in Anambra State Nigeria while the remaining 43.8% unexplained variance is largely due to other variables outside the regression model which are otherwise included in the stochastic error term. The calculated F-ratio (511.350) is statistically

significant at 0.05 level of significance. This implies that the predictor variable provides a significant explanation for the variation on return on owner equity in deposit money bank in Anambra State Nigeria.

Hypothesis Three

Ho: Human resource outsourcing for knowledge transfer has no significant positive effect on operational effectiveness in deposit money bank in Anambra State

Ho₁: Human resource outsourcing for knowledge transfer has a significant positive effect on operational effectiveness in deposit money bank in Anambra State

Table 4.3.4: Regression analysis on the effect of human resource outsourcing for knowledge transfer on operational effectiveness in deposit money bank

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta(β)		
Operational Effectiveness	38.408	1.368		28.076	.000
Human resource outsourcing for knowledge transfer	2.601	.090	.824	29.023	.000
Multiple R=0.824, Multiple R ² =0.679, Adjusted R ² =0.678, F _{1,398} =842.360					

*p<0.05

Table 4.3.4 revealed that Human resource outsourcing for knowledge transfer has a significant positive effect on operational effectiveness in deposit money bank in Anambra State Nigeria (t =29.023, p<0.05). The null hypothesis is rejected. The table shows that there is significant multiple correlation between the predictor variable (Human resource outsourcing for knowledge transfer) and operational effectiveness in deposit money bank in Anambra State, Nigeria (r = 0.824, p<0.05). The value of the coefficient of determination (R²= 0.679) indicates that human resource outsourcing for knowledge transfer accounted for about 67.9% (R² x 100) of the observed variance in operational effectiveness in deposit money bank in Anambra State, Nigeria while the remaining 32.1% unexplained variance is largely due to other variables outside the regression model which are otherwise included in the stochastic error term. The calculated F-ratio (842.360) is statistically significant at 0.05 level of significance. This implies that the predictor variable provides a significant explanation for the variation in operational effectiveness in deposit money bank in Anambra State, Nigeria.

SUMMARY OF FINDING

This study examined the effect of human resources outsourcing and performance of deposit money bank in Anambra State, Nigeria. The data generated and analyzed showed that

1. Human resource outsourcing for reduction of cost has a significant positive effect on return net profit of deposit money bank in Anambra State. (t =16.431, p<0.05). The calculated F-ratio (269.971) is statistically significant at 0.05 level of significance.
2. Human resource outsourcing for employee competence has a significant positive effect on return on owner equity in deposit money bank in Anambra State. (t =22.613, p<0.05). The calculated F-ratio (511.350) is statistically significant at 0.05 level of significance.
3. Human resource outsourcing for knowledge transfer has a significant positive effect on operational effectiveness in deposit money bank in Anambra State Nigeria (t =29.023, p<0.05). The calculated F-

ratio (842.360) is statistically significant at 0.05 level of significance.

CONCLUSIONS

This study examined the effect of human resources outsourcing and performance of deposit money bank in Anambra State, Nigeria. The data generated and analyzed showed that human resource outsourcing for reduction of cost has a significant positive effect on return net profit of deposit money bank. Human resource outsourcing for employee competence has a significant positive effect on return on owner equity in deposit money bank. Human resource outsourcing for knowledge transfer has a significant positive effect on operational effectiveness in deposit money bank in Anambra State Nigeria. Therefore the study concludes that human resource outsourcing has a significant positive effect on the performance of deposit money bank in Anambra State Nigeria

RECOMMENDATIONS

Based on the findings of this study and the conclusions drawn there-from, the following recommendations were made:

Based on the first objective on outsourcing for human resources for employee competence. Banking industries should offer better terms of service and proper training to help improve employee competence and reduce costs of outsourcing its human resources functions for better performance. Training such as on-the-job training, coaching and mentorship should be given to employees lacking in a special skill.

Since it has been reflected in this study that business process outsourcing assists banking industries to reduce cost of operation in business. Banking industries should endeavour to provide more frameworks for selecting outsourcing vendors that will benefit the organizations in the area of need to avoid financial crisis.

The study recommended that banks should use knowledge transfer outsourcing strategy to achieve competitive advantage in the market, firms should consider major risk factors through knowledge transfer outsourcing. The study recommends that there should be thorough background check before knowledge transfer outsourcing and organizations should have a backup system to avoid losing vital data as a result of incompetence on the part the external supplier.

SUGGESTION FOR FURTHER STUDIES

This study was carried out in Anambra state Nigeria. Further studies should be carried out to ascertain the effect of human resources outsourcing on the performance of deposit money banks in South-east, Nigeria.

Also, the study concentrated more on financial aspect of performance, further studies should be carried out to determine the effect of human resources outsourcing on the performance of deposit money banks considering the non financial aspects such as customer satisfaction, service delivery and service quality.

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