

EFFICIENCY MEASUREMENT OF HUMAN RESOURCES INTEGRATION METHODS IN OUTSOURCING SITUATIONS

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Abstract— The aim of this paper is to show a solution to the problem of measuring efficiency of human re-sources integration methods in the context of company outsourcing projects. Outsourcing situations are some of the most challenging change processes with regard to all stakeholders involved, starting with the employees involved, the HR-management and the company’s management, requiring adequate methods that allow them to be integrated into the target company in order to produce best results. The focus of this paper is to demonstrate a way of measuring the efficiency of these integration methods so that the overall chances of success of an outsourcing project are increased. Most commonly used integration methods are measured and compared within a case study with regard to their efficiency from the viewpoint of all stakeholders. It is shown that the “benefit coefficient” represents a most accurate indicator for the efficiency of a HR integration method.

Keywords— Complexity Management, Efficiency Measurement, Human Resources (HR), Outsourcing

I. INTRODUCTION

PROCESSES of change are always very complex and a professional change management is a necessary requirement [1]. The complexity in an outsourcing or fusion process is higher when the organization dimension is higher. The key competitive factor in most outsourcing project with staff transition is the employee, part of the organization’s human capital [2]. 85% of US top executives are convinced that Human Resources (hereafter HR) issues have a greater impact on the acquisition success than financial issues [3]. Appropriate HR integration methods applied in the case of the labor-receiving company are part of the challenge of properly and efficiently integrating the new employees. Because of the narrow timetables in outsourcing projects a customized needs analysis for planning and implementation of HR integration methods is usually subject of some limitations.

The transition process and the organization human resource management (hereafter HRM) coordination

during the integration phase of new employees are critical aspects in outsourcing processes [4]. The integration of the new staff is especially important [5], because HRM is a key success factor; knowledge, expertise, commitment and identification with the new organizational environment are the crucial elements for a successful takeover process [6].

In order to improve employees integration degree in the new organizational context (the company that is established after an outsourcing process), to increase their satisfaction and the turnover rate simultaneously, the HR integration methods should be carefully selected and should be applied and customized according to the identified employee’s and organizational needs [7].

For the above reasons, the efficiency of HR integration methods, related to the complex out-sourcing situation with regard to the employees and the companies involved, is of particular importance. The aim of the present paper is to analyze efficiency HR integration methods by evaluating their degree of support in the case of the new employees that have to pass through the integration process. The research focus is on the methods that act at the individual level and that can positively influence the “soft factors” (socio-physiologic factors) of the affected employees with the aim to support their integration process into the new organizational context.

II. SCIENTIFIC BASIS OF THE RESEARCH

A. Aspects Related to Efficiency Evaluation

The term of efficiency comes from Latin: *efficientia* and it is associated with effectiveness and economical feasibility. While this linguistic definition contains a strong link to business, it can also encompass processes and activities without a strict economic context [8]. For the better understanding of the concept from the economic perspective, Fig. 1 shows the efficiency matrix, which describes the relation between benefits and productivity. For example, it is important to do the right things in the area of benefits, in order to have a high quality output [9].

In the context of the present research approach, the efficiency matrix model will be adapted by considering the customer benefit/value dimension, the HR integration method efficiency (low – high) and instead of productivity, the employees integration degree (low – high).

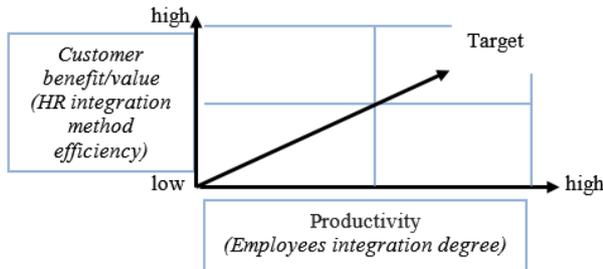


Fig. 1: Efficiency Matrix Model.

According to the adapted model of the efficiency matrix, an organization affected by an out-sourcing process will need to have a high degree of employees' integration that will prove the HR integration methods efficiency (area located by the target in Fig. 1). The interdependency between these two variables is obvious and will affect the success of HRM in the organizational change process. For the practical perspective of the efficiency matrix model, two research stages were established: (1) the creation of an inventory of the HR integration methods; and (2) designing the research methodology. Based on the literature review there has been created an inventory of the HR integration methods, which then have been considered in the experimental research. The preliminary research result consists of seven methods that are adequate to be applied in an outsourcing process, namely: storytelling, action-learning, checklists, initiation rituals, orientation meetings, introduction brochures, mentoring.

B. Research Methodology

An evaluation includes all activities required for quality control and rating of success pertaining to a measure. It is used for the content assessment and didactic design, implementation, effectiveness and efficiency of the program [10]. In the following an evaluation of HR integration methods and techniques as part of an outsourcing situation is presented. The requirement for an evaluation results from considering the competitive pressures and other external factors, create the necessity of an assessment of the benefits and the efficiency of HR integration methods and techniques. The purpose of the evaluation is the assessment of selected HR integration methods in terms of their benefit and the fluctuation of the latter within the integration process of new employees. The benefit quotient acts as the main evaluation criterion, which is based on the following formula [11]:

$$\text{Benefit quotient} = \text{Benefit/Cost of measure} \quad (1)$$

The employees, which collectively form the staff affected by the integration program, provide the object of the evaluation. The relevant evaluation criterion is reflected in the transfer and integration success of the applied program. The transfer and integration success is related to the following aspects: how adequate the selected HR methods are for the current situation, how the staff integration is supported, and the possibility to transfer the knowledge generated by the use of the HR integration methods into practice.

The cost-benefit analysis (efficiency) evaluation criterion is rated in connection to the evaluation of the transformation success rating. The evaluation is performed in a real environment of a company, and such is the evaluation approached used, having a social science based approach objective. Due to the competition related aspects, this study is conducted as a confidential evaluation (responses are confidential). The staff integration methods are subject to individual rating in the context of a micro-evaluation. The study is designed as a result-oriented evaluation. The focus hereby is on the extent to which staff integration methods have led to changes (through the output) and the extent to which each of these methods have contributed to success (intervention) [11].

Each HR integration method was individually assessed. The detailed analysis was performed within an evaluation of changes. The method of retro-gnosis was applied, by comparing the current situation (the moment of evaluation) to a moment from the past (the employee's first day in the new organizational context) with regard to quantitative and/or qualitative aspects [11]. Based on the personnel instruments applied in practice, an empirical study was performed by using the structured interview research method.

The evaluated aspect of the benefits and effects of all HR integration methods are adopted from Jahn and Hofstetter's model [12]. The dimension satisfaction describes the efficiency level of employees' satisfaction within the planning, implementation and follow-up of the applied personnel integration methods. The dimension learning describes the achievement efficiency level of the intended learning objectives of the implemented staff integration method. By the process of knowledge acquisition, cognitive changes set on declarative knowledge were determined. The dimension setting describes the positive change efficiency degree of the employee individual attitude towards the new organization. In addition to the acquisition of knowledge, this dimension describes the personal attitude of the transferred employee towards the changing work conditions, as well as to the specific work and methods. The dimension behavior describes the positive change degree of the employees' behavior within the new organization. In this context, the social behavior and the social based actions of the individual, as part of the new organizational structure and culture, are put in the foreground. The degree of activity, the introduction of

new ideas and suggestions by the employee as well as his/her communication behavior (i.e. facial expression, gestures, language) can be seen as specific forms of this dimension. The organization dimension describes the employees' self-improvement degree in order to integrate him/her in an effective way into the new organizational context. This dimension takes also into account cognitive and motivational aspects. The ability of the employee to cope with the changing organizational framework and his/her new opportunities identification belongs also to this category. The dimension costs occupies a special position in the model, as the employees lack any reference of this.

For the purpose of this research, all benefits dimensions were evaluated from different perspectives. They were rated at actual cost of the HR integration method per each staff member. The relevant criteria derived for these dimensions are reflected in the structured interview questions. The questionnaire contains 70 closed questions related to each dimension and each HR integration method (evaluation scale: from 0 to 10).

III. RESEARCH RESULTS AND DEBATES

A. The Survey Description

The research sample consists of three groups of

stakeholders. The first group of participants consists of five employees who had the transformation process to target organization exactly one year already passed. The second group of participants consists of the five supervisors of the previous group of employees. Managers evaluate the impact of the measures in relation with the HR changes, based on the same questions. The third group of participants consisted of specialists from the HR team, who were responsible for designing and implementation of HR actions.

Using the same questions that have been applied to the other two groups, they indicated the desired set point values for the HR changes with regard to the integration process. Each of the group results (in terms of benefits of change) have been calculated as a coefficient based on the cost per employee. Finally, all benefits were averaged and yielded to the cost of the overall benefit quotient (NQ). The subject's selection was made in a preliminary partial survey. It was a conscious choice of already integrated staff, to choose so-called typical cases. The study was conducted in 2013

B. Results of the specific target groups survey

Data collection and processing have conducted to the research results that were differentiated to each target group considered (TABLES I, II, and III).

TABLE I
 Research results for the first group: employees

	Valuation from employees	dimensions					Sum	Costs	coefficient
		Satisfaction	Learning	Setting	Behavior	Organization			
Personnel management methods	Introduction brochure	8	5	6	4	5	28	150,00 €	18,67
	Checklists	7	6	4	5	6	28	165,00 €	16,97
	Initiation rituals	4	4	5	8	7	28	650,00 €	4,31
	Orientation meeting	5	8	7	7	5	32	790,00 €	4,05
	Mentoring	6	6	4	6	6	28	5.500,00 €	0,51
	Storytelling	4	8	8	8	6	34	650,00 €	5,23
	Action Learning	4	9	8	9	6	36	690,00 €	5,22
	Total	38	46	42	47	41	214	8.595,00 €	54,95

TABLE II
 Research results for the third group: specialists from the HR department

	Valuation from HR	dimensions					Sum	Costs	coefficient
		Satisfaction	Learning	Setting	Behavior	Organization			
Personnel management methods	Introduction brochure	5	6	7	3	8	29	150,00 €	19,33
	Checklists	3	6	4	3	9	25	165,00 €	15,15
	Initiation rituals	6	6	7	7	8	34	650,00 €	5,23
	Orientation meeting	9	7	10	10	10	46	790,00 €	5,82
	Mentoring	9	10	8	9	9	45	5.500,00 €	0,82
	Storytelling	5	10	8	9	8	40	650,00 €	6,15
	Action Learning	7	10	10	10	9	46	690,00 €	6,67
	Total	44	55	54	51	61	265	8.595,00 €	59,18

TABLE III
 Research results for the third group: managers/leaders

Valuation from leaders	dimensions					Sum	Costs	coefficient	
	Satisfaction	Learning	Setting	Behavior	Organization				
Personnel management methods	Introduction brochure	1	8	1	3	8	21	150,00 €	14,00
	Checklists	0	2	2	3	4	11	165,00 €	6,67
	Initiation rituals	1	4	5	4	5	19	650,00 €	2,92
	Orientation meeting	2	3	4	5	2	16	790,00 €	2,03
	Mentoring	3	2	4	2	2	13	5.500,00 €	0,24
	Storytelling	3	4	3	4	2	16	650,00 €	2,46
	Action Learning	6	9	5	7	6	33	690,00 €	4,78
	Total	16	32	24	28	29	214	8.595,00 €	33,10

C. Conclusion of the survey

The expectation of the HR specialists about the integration methods (total value 265, TABLE II) is higher than the evaluation result of employees (total value 214, TABLE I) and management (total value 129, TABLE III). The methods of introduction brochure and checklist have an excellent cost/benefit factor, for all evaluations done. Although the mentor concept has on average a moderate benefit, but in connection with the high costs the outcome is a very low coefficient. The results analysis as the sum of values, shows a high variance of results, from 11 to 46, in the case of all three groups. This variance reflects the need to perform a stakeholder-centered evaluation in order to ensure a correct application and evaluation of the HR integration methods.

Aside from the efficiency of human resources integration methods, any organization must be aware of the employee's different approaches to learning [13] in order to achieve an optimal performance in the new organization.

IV. CONCLUSION

The complexity of HR actions in outsourcing processes is given by the multi-dimensional uncertainty that exists in the case of both individuals and the organization. An efficient assessment must therefore target affected HR groups and it has to be performed for each HR integration method separately. The efficiency of the HR integration process doesn't have to be targeted on cost optimization only. The efficiency measurement has to underline aspects that will better support the employee's integration process and will facilitate the change process during outsourcing.

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