

Human Resource Outsourcing in Banking Sector: Case Study of UBA Bank-Guinea

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Abstract

This paper is a mixture of desk and field study. The paper focused on Human Resource Outsourcing in Banking sector looking at UBA Bank of Guinea. Based on literature review and empirical evidence corrected through interviews from UBA Bank officials, the paper defines outsourcing concept, and highlights impact of outsourcing on organization, and on employees. The researcher then delves in issues areas looking at Human resource models, and then highlights strategic reasons advanced for outsourcing; while discussing economic reasons for outsourcing, vendor selection and decision making in outsourcing process. The paper concludes presenting factors that may influence human resource outsourcing decisions.

Keywords

Human Resource, Outsourcing, Bank

1. Background of the Study

Several scholars confirm that efficiency and success of organization(s) is much premised on employing minimum resources in various sectors of organizations which is often realized through internal mechanisms such as assigning responsibilities, taking account while reflecting, weighing and evaluating decisions taken by management. To achieve success, human resource outsourcing is done placing outsourced personnel in different sections of the organization.

According to Gupta [1], human resource outsourcing can be looked at in various ways, key among them being delegating human resource services to a foreign or external service provider who is assigned with responsibility of management in identified and often measured performance metric. Studies have confirmed that while outsourcing, companies look at several areas of services

that bring about competitive advantages looking at services such as accounting, customer care, security, financial services, among others. According to the report of The Human Resources Association [2], there has been a significant increase in human resource outsourcing. The report further explains that studies indicate in most cases firms outsource human resource of meant to support several sectors but back office services takes a lion's share. The report further reveals that this development calls for extra carefulness or best human resources practices at places of work if firms are to realise benefits of outsourcing [2].

1.1. Understanding the Concept of Outsourcing

In their 2007 book, *Crafting and executing strategy: The quest for Competitive Advantage* (15th Edition), authors Thompson A, Strickland A, and Gamble A, defined Outsourcing as decision taken to bypass some value chain activities that would be done internally but have such value chain activities provided from external specialists [3]. Firms and Organizations whose locations are surrounded by small sized firms and or independent individuals offering various similar or even auxiliary services often tempt bigger organizations and firms to outsource and use their services on contract basis.

Despite common features between subcontracting and contracting, studies have confirmed that contract often involves key aspects of organizations or companies such as the control of the Company's ownership, operation and process which is being contracted with the major or parent company while under outsourcing, such aspects such as control of the operation and process is given to a third party other than the parent company. Indeed, the 2005 Chartered Institute of Personal Development Survey report titled; *Off shoring and the role of Human Resources*, equated outsourcing to delegating some tasks which would be part of in-house responsibility but its assigned or delegated to a third party that has been outsourced and given full control of operation and process involved.

In recent days, companies have embarrassed Outsourcing after realizing that it helps in reducing operational costs which helps firms to register profits and maintain operation. Most of functions companies outsource include Human Resource, Information and Technology services among others and the firm in the meantime concentrates on providing core services as non-core is left to be outsourced thereby helping in cost cutting.

1.2. Human Resource Outsourcing Concept

In his scholarly work titled *Human resource management: A contemporary approach*, Barney defined Human Resource Outsourcing as a combination of different model and techniques to new or non-existing forms of activities and radically reshaping and redesigning them with a purpose of creating output of value meant for end users [4]. It is important to note that Human Resource outsourcing gives a company a chance to have a choice to go for cost cutting as well as

giving the company opportunity to release or even hold control of particular activities under HR docket. Those who support outsourcing contend that it provides the company opportunity to respond and cater for activity the company feels is/are of a core value to the department. Indeed, those who support Outsourcing contend that with option of outsourcing, the company can easily outsource employees to meet competing demands of better services and at a fair cost. Several scholars have argued that outsourcing is of greater merit to HR departments arguing that, it gives Human Resource a tool necessary for creating competitive advantage of the company. This is according to scholars such as Greer, and Gray, as discussed in their scholarly work; *Human Resource Management Outsourcing: The Make or Buy decision* [5].

It is difficult to keep companies working properly since there are so many factors that have to be analysed at all times. Johnson and Scholes [6] argue that as a company gets bigger, there is a need to protect the staff and handle everything linked with human resources properly. Though often staffed by capable leaders and a well-educated workforce, most organizations lack the HR expertise to address a broad range of emerging issues, for instance, how to find and deploy skilled staff or international assignments in emerging markets or quickly absorb thousands of employees from a merger or acquisition and rapidly integrate them into a single enterprise resource planning (ERP) platform [7].

1.3. Guinea's Banking Industry

Guinea's banking industry is made of 15 banks; among others they include; Bank of Nigeria which is also known as International Commercial Bank (ICB), Banque Islamique de Guinée (BIG), Société Générale de Banques en Guinée (SGBG), Banque Internationale pour le Commerce et l'Industrie de Guinée (BICIGUI), Société Générale de Banques en Guinée (SGBG), Banque Populaire Maroc-Guineenne (BPMG), Ecobank Guinée (EBG), Banque de Development de Guinée (BDG), UBA Guinée (UBA) and FIBank Guinée (FIBANK) etc. Guinea's Banking system is regulated by Central Bank of Guinea, and over 95% of Guinea's commercial bank are foreign owned (Central Bank of Guinea, 2018). The Central Bank of Guinea has tried to embrace and encourage financial liberalization which in many ways has contributed to competition in the banking sector bettering services offered to customers which signifies possibility of profits and improved.

However, studies suggest that there is complex and high competition environment for banking sector which calls for new ways such as changing in strategies [8]. This is not a surprise considering high number of applications received by Guinea's central banks with many applicants applying to join the banking sector. UBA Guinea's. UBA Guinea has also come up with several strategies among others outsourcing, rebranding which the bank hopes will help it realise its vision of growing bigger with better services.

UBA bank has over the years been improving its services to Guineans—changing their roles to include other services such as foreign exchange, trade,

advisory, training employees' customer care which are all different from the on-set idea of just banking services such as handling deposits.

As of now, the bank—UBA Guinée has three branches across Guinea with over 200 employees and the bank has done several outsourcing strategies from outside focusing on services which are deemed core to the bank survival. Such activities include among others cleaning services, training security, and transport. All this is a right track considering Johnson and Scholes's definition of outsourcing [6].

2. Literature Review

This part highlights the debate fronted by various scholars about human resource outsourcing presenting empirical evidence in regard to the topic, facts on human resource outsourcing from a historical perspective, the effects of human resource outsourcing in an organization, diversity of activities/functions outsourced, challenges organizations face as a result of human resource outsourcing, outcomes of human resource outsourcing particularly to the employees and a sneak pick of human resource outsourcing models presented by different scholars.

2.1. Reasons for Preferring Outsourcing Management

Thompson explains that, there are several reasons human resource departments prefer outsourcing which include the following: Many companies and firms aim at accessing first class capabilities which maybe more costly to obtain staffers on long term contract basis, but cheap when outsourced, the need for specific expertise for activities which may require more time or are out of control, sharing costs with a partner. Thompson further contends that outsourcing gained fame in late 1990s with several firms and companies striving at creating and increasing more profits [3].

Outsourcing human resource services enables companies to deal with human resource functions. This is attributed to the fact that human resource outsourcing is believed to be cost effective compared to contracting in-house employees to solve Human Resource problems. Companies which are faced with time constraint that they cannot manage to train their employees to address human resource needs often embrace the option of human resource outsourcing.

2.2. Literature on Outsourced Functions

Scholars Ulrich and Bettis *et al.*, in their scholarly works notes that over the years, Human Resource has been evolving with a major purpose to produce deliverables which has resulted into re-examining of HR activities, functions and departments to understand and assess how best they can be provided [9].

Advocates for human resource outsourcing contend that companies recruiting employees must give priority to activities deemed essential for their (companies) survival then take leverage on activities which are considered to be peripheral.

This will help the company to seek for other cost effective ways such as corroborations, patterning and where possible substitution of in-house capabilities. Coupled with good management, this in long run can help the company to thrive despite the above noted cost effective avenues the company may have opted to practice.

Indeed, in his scholarly article titled “The Perceived impact of outsourcing on organizational performance” Elmuti highlights several activities the twenty first century companies continue to outsource since many of them were thought to be having almost similar functions which left such companies doing without them in favour of outsourcing or downsizing them. Elmuti gives example of such activities as payroll, administration of retirement plans and benefits awarded for administration [10].

Elmuti’s argument resonates well with other scholars such as Brown who contend that common outsourced functions include the Human Resource Management process (which includes hiring and firing employees/experts, and or recruitment process) background interviews, risk management services (which may include compensation to compensation, solving misunderstandings, office/administration policies), training, development, payroll, record keeping, performance appraisals among others [11]. In their 1996 article, scholars Greer, C. and Gray, D. *Human Resource Management Outsourcing: The Make or Buy decision*, the two scholars contended that advantages of human resource outsourcing by far outweigh the costs and if a proper process is followed, it is more of a sure deal that the results will result into a performing Human resource team [12].

In today’s world, Human resource outsourcing has proved to be a great strategy in terms of costs cutting and also performance of organizations hence, the functions it performs are largely human resource programs. Services of third party staffers or employee also known as Employee Assistance Program are formally established and known. Employee Assistance Programs help employees in awareness programs such as when one are/is in need of legal advice, counsellors, or when they are faced by personal challenges be financial or family related. A case in point is in United States’ California, state laws bar and restrict personal challenges such as testing drugs it is restricted to do so while at work. In this case, background check is always considered focusing on criminal searches, employment and checking the authenticity of education the candidate is claiming to have etc. This way, it is a common practice that the company’s Human Resource department will be required to identify and outsource suppliers of benefits intended to benefit company employees, such benefits may include, medical insurance, work man’s compensation, and retirement plans among others [13].

While there are several factors that should be considered before making decisions in process of human resource outsourcing in banking sector, there are questions that should not miss. The two questions are; if outsourced, will such service have impact on organization and lastly will it have impact on the firm’s employees?

2.3. Impact of Outsourcing on the Organization

Often, the driving goal companies embrace human resource outsourcing is majorly to gain access of competitive market through realizing and achieving higher returns which is/are often enabled as a result of limited capital commitment as well as their ability to adjust to the changing environment while using less commitment to in-house resources.

In their scholarly work titled; Firm's Use of Outside Contractors: Theory and Evidence published in *Journal of Labour Economics*, authors, Abraham, K. G. and Taylor, S. K., argue that banking sector is a very busy and competitive sector, where competitors are widely awake and looking at avenues of how they can edge others [14].

The two authors further argue that outsourcing can help firms and companies to reduce operating costs within the firm Abraham, and Taylor, stressing that here the firm gives more attention to three areas namely, capital investment, fixed cost and shape as well as operating expenses [14].

When non-core services of the firm(s) are/is outsourced, in most cases funds that would be spent in such noncore activities are saved and maybe re-invested in core operation(s) of the firm thereby helping boosting the operation, hence more profits and success of the business. Such funds saved as a result of outsourcing may also be used in other avenues such as conducting research and initiatives meant to create or find new market, which is also vital for the success of any business.

As Arnold noted in his scholarly article *New dimension of outsourcing: a combination of transaction cost economics and the core competencies concept*, when outsourcing is being done or considered, the expectation often are/is that it will result into cost cutting which scholars argue is in line with the so-called strategic management view as far as resource mobilization and allocation are concerned. Scholars who support this idea contend that, in such circumstances (when non-core services are outsourced), activities and services that are not core competencies to the firm when outsourced, it is of great advantage to the firm's performance since it would allow economies of scale—giving away to have vendors with high skilled services yet at an affordable and relatively lower cost Arnold [15].

2.4. Challenges of Outsourcing on the Side of Organization

In their 1992 book, *Outsourcing and Industrial Decline*, Bettis, *et al.*, argued that outsourcing should not be seen as a solution to every challenge in human resource department stressing that, it can despite numerous merits associated with outsourcing, it can easily disrupt the company's tradition especially if the vendor is seen as a third-party other than being portrayed and seen as a Meer extension of the company's human resource functions. The authors, Bettis, *et al.*, further contend that because there is always much reliance to secure services from the outsourced vendor, it is very easy and possible a firm to under use its

employees skills and competencies which in the long run results into overdependence on the vendor Bettis, *et al.*

In their 2005 scholarly article, *Top 10 mistakes when outsourcing benefits*, authors¹ Grauman, and Paul, argues that one of most challenges that maybe hard to avoid when a firm embraces outsourcing is that, the firm is vulnerable to losing confidential information such as audit reports, employee's personal information which may be used inappropriately and exposed to the firm's competitors [16]. In the same way, in his 1998 scholarly work, *The Contracting organization: A strategic guide to outsourcing*, Domberger explains that outsourcing is one of major ways how in-house skills and knowledge is lost. The scholar adds that such loss is not just limited to loss of knowledge and skills but also the firm can easily backslide in innovation part as it will opt to rely more on outsourcing. This resonates well with other scientific studies done by different researchers. A case in point is according to a 2005 study by Berry, M. entitled *European employees more upbeat about outsourcing*, as firms embrace outsourcing, it comes with disadvantages such as reduction in production which can be attributed to the loss of skills and knowledge among employees as firm tend to rely more on skills of outsourced HR [17].

Relatedly, other scholars argue in support of the need firms to have their information kept jealously since some of information maybe sensitive. When conducting search for example for executive, because of the positions sensitivity some firms only consider research that maybe needed to identify names of candidates deemed potential. Bettis advises that to hide such sensitive information, names of vendors names sometimes are altered and the company is left with responsibility of searching or recruiting candidates [9]. The author further explains that though some firms outsource job evaluations, salary and wage surveys, in most cases they tightly keep a secret their in-house wage and salary changes, incentives as well as other payment or compensation related information.

2.5. The Likely Impact of Outsourcing on Firm's Employees

Several scholars contend that studies have proven how employee viewpoints such as behaviour and attitude play a vital role when it comes to time organizations to make decision whether to or not to embrace outsourcing, Kessler [18]. In their scholarly article² *Outsourcing Transitions and the Employment Relationship Implications*, Ivan and James, argues that to determine if it's good to outsource Human resource functions, the answer or decision will be informed in relation to employees attitude and the authors stress that it should be considered, Ivan and James [19]. The two authors further argue that human resource outsourcing can easily cause lack of morale among firm's remaining in-house

¹Grauman, K. and Paul, (2005). Top 10 mistakes when outsourcing benefits. Employee Benefit News 1. Employee Benefit Advisor: <http://eba.benefitnews.com>.

²Ivan Mitchell and Phil James, Outsourcing transitions and the employment relationship implications, *Human Resource Management Journal*, 27, 4, (614-629), (2017).

employees which the authors say that such feelings among employees can negatively affect the organizations culture. Other scholars such as Kakabadse A and Kakabadse N, hold the same views as expressed in their article, *Critical review—Outsourcing: a paradigm shift* [20].

Further, the above view is held by other scholars who contend that outsourcing human resource is not a magic bullet. Grauman and Paul argues that as a result of human resource outsourcing, the firm may be engulfed by endless conflicts between outsourced (external) and internal employees if not given attention [16]. The other demerit of human resource outsourcing is that in-house employees can easily feel insecure at jobs which results into lack of morale, increases cases of absenteeism which all result into low production.

Mitchell and James, explains that there are some key factors which are credited for the successful outsourcing of human resource activities as discussed below; there's need to critically considered organizational decision making taking into consideration organizations core ability. The decision should be taken into account knowing that it is very important to increase budget for firm's core competences than putting more funds in other activities. The other crucial factor that should be considered while making a decision to outsource is to consider the views of the organization's employees by involving the representatives of the employees in decision making. This makes the employees involved to develop a sense of ownership which is good for the success of the firm since employees will give their best to deliver knowing they are considered to be important in the firm. Lastly is to ensure that the firm's employees are satisfied with the process of outsourcing human resource activities. Some scholars argue that where in-house employees are fully involved in outsourcing activities, such leaves employees within good relations and may ease routine transactional human resource activities which in long run may lead to the firms success as employees give more attention to any challenging activity at the firm as opposed to in incidences where employees are not involved in decision making prior to outsourcing thereby negative sentiments.

3. Human Resource Outsourcing Models

Scholars contend that there are there are three major models employed while outsourcing human resource namely; Professional Employer Organization (PEO), Administrative Service Outsourcing (ASO) and Huma Resource Navigator model which are commonly known and have been used world over to meet the needs of firms and organizations.

If a firm or organization is in need of service payroll services, in this case first-class staffers or workers best benefits the programs, while supplementary HR skills and knowhow/expertise, PEO model is widely recommended as the right Human Resource Outsourcing model that should be considered. Also Administrative Services Outsourcing or (ASO) which is said to be the most flexible model since it is said to best offers businesses several related services and

benefits to organizations or firm sometimes without necessarily requiring a co-employment agreement is also mentioned as one of models that can be thought of often [13] [20].

The other model—Human Resource Navigator, the Human Resource provider assumes and is expected to prepare activities which often are purely administrative. Often, the main aim here is to ensure cost reduction in the running of the business. Under human resource navigator model, the third party provider often works with an aim of realizing economies of scale with focus across several clients. In this model, professional employer organization often combine together forming a firm which works for the interests of the employer and become the manager of record for the employees. In this case, the relationship formed aides Professional Employer Organization to assume responsibility for HR functions ranging from payroll to benefits.

Some scholars have argued that, Professional Employer Organization model is popular when it comes to small and mid-sized business where outsourcing is used as a way of ensuring agreement in the business to bypass costly internal human resource department. Since other functions such as administrative function is already catered for, it is possible for small sized business to direct bigger portions of their resources to core competencies and production to ensure success of the firm. This way, if the firm already has payroll process, HR department(s) can come in and enhance its Human Resource capabilities.

Authors such as, Mehlman, and Heineman, argue that under the specialist model which is also known as designer model, human resource outsourcing provider often will serve as an expert or consultant by troubleshooting given human resource issues or can or will be required to overhaul the entire human resource program design. It is important to note that, though the provider will not be required to assume control of HR transactions, he will be required to give skills and knowledge which can be used to modernise internal process in HR department [13].

3.1. Strategic Reasons for Outsourcing

In their 2003 scholarly article *Outsourcing IIR Functions: When and When Not-To Go Outside*, authors Stroh and Treehuboff argues that, it is important to note that while several organizations often outsource various Human Resource activities, this much depends on how relevant to the organizations interests and strategies. In the same way, there are several reasons why Bank of Africa (Guinea) engages in outsourcing certain human resource activities [21].

Many firms prefer to outsource human resource service largely because of the need to access expert and quality services which often are readily available from external vendors, such as HSBC. Though the common view is that, it is important to note that cost efficiency is not a driving factor why firms chose to go for outsourcing and hence, one can argue that, singly, low cost effectiveness in a competitive market cannot be a major factor to choose a vendor from those

available offering almost similar functions but at a different cost. In same way, Outsourcing has made UBA Bank (Guinea) able to engage to focus on its core functions, leaving the bank with liberty to continuously outsource some functions it deems necessary but not very much of importance in the operation of the bank which arguably allows manager(s) opportunity to concentrate on offering better services on core functions other than concentrating on minor sectors of the issues which may be required but not vital to the smooth running of the bank. This is in line with views expressed by Shrim, in his 2002 article *Just Right Outsourcing: Understanding and Managing Risk*, where the author contends that outsourcing often is seen as a way to assist Human resource professionals to involve in functions which are deemed more core to the organizations vision [7].

According to a 2002, scholarly article by scholars Kakabadse and Kakabadse entitled *Critical review—Outsourcing: a paradigm shift*, firms that aimed at finding competitive via outsourcing often created an opportunity of expanding career opportunities as other unemployed HR would get chance to be employed when outsourced. The two authors argue that as a result of the need to stay with control over outsourced activities, in-house employees found themselves being given responsibility to take charge of the outsourced activities which in the long run left firms in-house employees gaining skills and expertise in day-to-day running of activities they were given responsibility to overlook or supervise which helps(ed) them to gain knowledge and skills which is a factor as far as creating competitive advantage is concerned [20].

3.2. Economical Reasons Advanced for Outsourcing

According to Elmuti's 2003 scholarly article entitled; *The Perceived impact of outsourcing on organizational performance*, there are several reasons why firms outsource among others being the need to save operation costs. Indeed, during this study, UBA Bank (Guinea) employees the author interviewed indicated that one of major reasons why the bank has/had embraced outsourcing is the bank's desire to ensure cost-cutting in the bank's operation. Indeed, according to KPMG International, their 2006 report indicated that, 78% of the people their interviewed indicated that cost cutting was the main reason behind banks' decision to embrace cost cutting. Human Resource outsourcing is important to affirm considering the fact that it gives firms opportunity to put funds where they are most needed while using services of obtained from cost effective Human Resource providers. Example of such services outsourced on other than investing in them is outsourcing security services³ [22]. The above resonates well with scholars such as Elmuti who contends that many firms prefer to outsource services such as security activities, human resource and payroll activities largely because they can help the firm get a good quality labour providing first class services yet at a reasonable cost [10].

Another reason why UBA Bank (Guinea) embraced outsourcing is the bank's

³Personal Interview with UBA Bank (Guinea), 16 July 2018.

wish and need to have experts' services. Considering the ever growing competition in banking sector, to compete favourably, banks must have better and competitive services and innovations which can only be best provided by experts. It is also important to note that growing and developing such expertise and skills internally, it takes time and a lot of resources while there are options such as getting such services from an outside provider often is cheap in terms of costs (personal Interview, 2018). The above narrative is no different from the findings of a study conducted by KPMG which shows that of their interviewees, 72% of them contended that the need for experts with excellent innovative skills encouraged them to embrace to outsource Human Resource functions [23].

Another reason advanced by UBA Bank (Guinea) explaining their love for human resource outsourcing is that the practice offers a quick solution when there's need for argent change in service, yet to have and train in-house staff for such employees would consume time and a lot of money. Some of the interviewees observed that, some functions would require bug budget to kick start yet their functions can easily be got and at a low cost since there are many vendors with such services on market which leaves some offering same services at a very low cost despite having quality services.

3.3. Highlights on Some of Human Resource Outsourced Functions

Following interviews conducted with officials of UBA bank (Guinea), the author authoritatively concludes that UBA Bank (Guinea) has embraced human resource outsourcing. The author contends that most of outsourced services by the bank include Information and Technology activities, Cleaning, Security, catering services, Security, transport, Insurance services, Training and development, and network and telephone (telecommunications) among others.

It is important to note that the high enthusiasm in outsourcing HR by banks can be attributed to the availability of external trainers who have expertise to deliver well packaged training programs aimed at imparting such expertise to bank managers which leaves banks enticed as they are looking for the best, hence outsource such services to have their bankers trained well.

Another finding observed by this study is that like other banks, UBA Bank (Guinea) has embraced outsourcing of training functions which the banks deem related with the bank's core needs and capabilities. This finding resonates well with findings of other scholars such as [24]. This study further confirms that at UBA Bank (Guinea), HR functions such as payroll is one of those which is hardly outsourced by UBA Bank (Guinea), whereas the same bank often outsource activities which often are thought not so central or core. They include for example training of employees, and payroll administration [24].

Another notable finding at UBA Bank is that, the bank does not outsource key or strategic human resource functions such as research on Human resource management, or planning. The above finding resonates well with findings of scholars such as Gainey and Klaas [24]; Oza, and Hill [25].

3.4. Vendor's Selection during Outsourcing Process

UBA Bank (Guinea) has a written policy frame work that details all steps that must be followed while the bank is outsourcing services. Through competitive bidding, the bank identifies the vendor to offer the functions needed.

It is important that before a contract between the company and the vendor to offer outsourcing services is signed, the management should be careful and avoid any unnecessary ambiguity in order to make the right choice and decision Grauman, and Paul [16]. It is also important to note that outsourcing decisions are at times affected by the selection committee's emotions and manipulation sometimes on side of committee or the firm's internal politics.

A company or firm also set up time frame which was followed to review and analyse the way how the outsourced vendor is implementing the activities the bank outsourced him/her to offer. At this point, the company can as well assign an executive which can be tasked with responsibility of ensuring that the outsourced vendor does not deviate from offering the services or activities asked and more importantly ensuring quality service(s). UBA Bank (Guinea) followed this practice to dot, (personal Interview, 2018).

It is also important to note that, other than the above, it is vital and of great benefit to the firm to ensure there is training in vendor management technics. This is vital since it helps the firm to be able to address unforeseen challenges that may arise as a result of risks and challenges related with outsourcing [22].

3.5. Outsourcing Decision Making at UBA Bank (Guinea)

Outsourcing decisions at UBA Bank (Guinea) are largely a responsibility of the bank's decision making organ and is made through a rigorous and process which with more focus on the Bank's vision, aspirations and objectives of the bank's shareholders. Though it should be the work of Human Resource Department, the exercise (the process of outsourcing human resource activities) is always supervised by the bank's board, and once discussions are done and decisions made, the board communicates to the bank to have the decisions implemented at regional and branch levels depending on the decisions reached.

Scholars like Williamson observed that, decisions to decide whether or not to outsource Human resource functions from external service provider/vendor often is handled by

The decision to outsource HR functions to external vendors or perform it internally is done by Transaction Cost Economics (TCE). In same way, during this research, the author found that UBA bank (Guinea) use TCE frame work and the reasons advanced for this was that Transaction Cost Economics framework best explains the question helping one to understand what conditions can a firm in this case UBA bank gain from outsourcing. Put differently, instead of building internal mechanisms and resources while performing functions of human resource, the firm can easily choose to use external vendor at a fair price/cost.

This strategy, (Transaction Cost Economics) can be combined or used along Arnold's 2000 outsourcing model described in his scholarly work *New dimension of outsourcing: a combination of transaction cost economics and the core competencies concept*, where he explains the four different factors that should be taken into consideration when a firm is considering making outsourcing decision [15]. Arnold describes the four components which should be considered as; the design to be outsourced, the partner being considered to be outsourced, the subject the firm or bank considering to outsource and the object⁴ the bank (firm) is considering to outsource. In this case, UBA Bank (Guinea) normally focuses on the subject under consideration for outsourcing a process that involves issues like decision making process which assess whether the idea of the bank is considering (to outsource) is viable or otherwise, the next step is often considering which internal activity the firm in this case the bank may consider for outsourcing.

Once the above is considered, the next step the firm or bank should consider is a suitable outsourcing partner from the pool of the available options that offer the services the firm is interested in outsourcing. The last step the firm or bank in this case should consider is formulating an outsourcing design the firm may consider most suitable. The assumption is that, when the bank uses the two models as discussed above and ensure periodic assessment on the benefits of this process (outsourcing), there are greater chances that the bank's plans will and objectives (for outsourcing) will be realised.

Another observation of focus is the need UBA Bank (Guinea) to give attention three key structures areas while making outsourcing decisions. They are; control of management, cost of external services and strategic alliances⁵.

For firms considering outsourcing to be successful in their business, another key factor to consider while outsourcing should be to look at services offered and ensure that they are not very common. Put differently, in event that as a result of say tradable nature of outsourced provisions have less market advantage, in this case an outsourcing strategy that aims at improving market provision can be vital bringing in success. Considering findings of this study, the author authoritatively narrates that for outsourcing to be successful, it must meet the needs and goals set by the department (Figure 1).

3.6. Factors Influencing HR Outsourcing Decisions

The Like other firms, UBA Bank (Guinea)'s outsourcing decisions are guided by the banks business structure. During this study, both respondents and employees of the bank noted that the bank has services and products offered in its structures. Arguably, it is the biggest bank in Guinea hence, to be able to offer services in the best way leading to success, it has to focused more on offering services for it is the bank's man core activity. In the structure of UBA Bank

⁴Outsourcing object(s) can be defined as any activity that is under consideration for outsourcing. Such activities may include but not limited to; core distinct, core and core close activities.

⁵Strategic alliances include for example contracts.

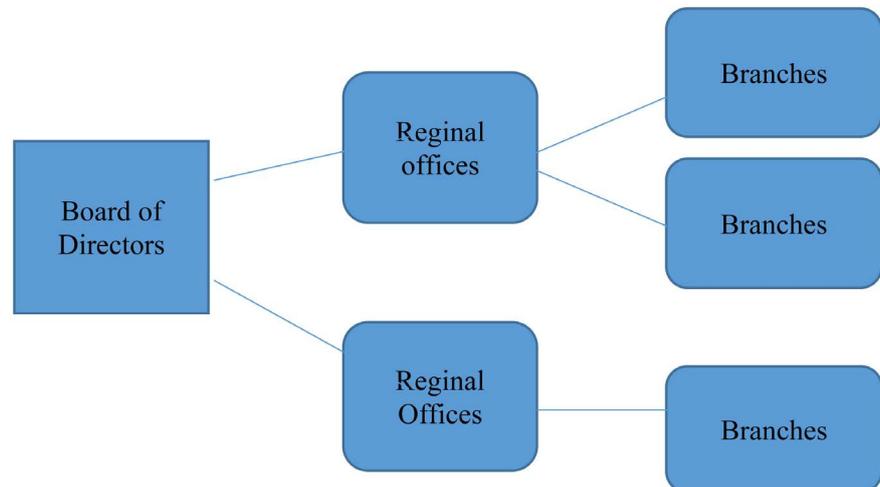


Figure 1. UBA bank (Guinea) decision making tree.

(Guinea), implementing of Human Resource outsourcing often is done with a clear guidelines starting from top level management to the least. The process is that several units in principle are expected to pass on information to other team members. If such is not given focus, embraced by the team and done well can as well make the efforts unsuccessful. As a result of poor communication, outsourced services such as Printer services and also Card Production (Automated Machine Cards) at UBA Bank (Guinea) experienced several hiccups and challenges which the author contends can be traced from the bank's arguably poor governance and failure to have a constant review to take stock of the progress [22].

Another factor that is ably influencing human resource outsourcing at UBA Bank (Guinea) is the banks size as well as its capacity to raise funds needed for such activities makes the bank yearn for more innovations success thereby prompting them to for outsourcing. UBA Bank is one of Guinea's largest banks with enough funds and assets which gives the bank capacity to go out and out-source functions since it can easily clear the vendors' costs involved [22].

Another factor that can influence Human Resource Outsourcing decision is operating costs involved. As Arbaugh (2003) noted in his scholarly article entitled; "*Outsourcing Intensity, Strategy, and Growth in Entrepreneurial Firms*" It is important for organizations to consider factors such as the management needed, costs to be involved and communication related issues. If the size of the organization is big, indeed, as Arbaugh (2003) notes organizations must be very careful while outsourcing human resource since failure to do so may result into outsourcing activities that are of no great importance to the firm and at worst undermine the firm's performance [26].

UBA Bank (Guinea) is a tested firm in terms of maturity considering the fact that it is not only with big in Guinea where it has several branches⁶ but also

⁶BA Bank Guinea has over Ten branches of Banks in different parts of Guinea. Broadly, UBA Bank has more than 7 million customers and 750 branches all-over Africa and currently is operating in 19 countries on the continent.

mature on African continent where the bank has several services in various countries. UBA Bank Guinea in particular being one of the biggest banks in Guinea, outsourcing human resource functions at the bank is paramount since it helps the bank to gain access to skills and knowledge that maybe hard to produce in-house yet very important towards the bank's survival and competing for market. It is however important to note that, though maturity of level of the firm maybe important, not all scholars believe it should play a key role(s) when it comes to decision making during outsourcing decision making process. Although Arbaugh (2003) in his scholarly article; "*Outsourcing Intensity, Strategy, and Growth in Entrepreneurial Firms*" argued for maturity of the firm/organization(s) is a prerequisite while Delmotte and Sels (2008) argues otherwise [26] [27].

Another factor is the firm considering quality of services to be offered. In most cases, the firm's major objective or goal to go for outsourcing is to procure services that the firm cannot produce from within (in-house). It is natural that every firm would want to spend on services that are/is of high quality so as to bring a positive contribution or change. With UBA Bank Guinea, during the study, the researcher observed that the bank had not come up with precious and clearways how to grade and or quantify the kind of services the to give a hint on which service will be acceptable in the future should the bank decide to continue outsourcing. This certainly makes it hard the bank to conduct performance evaluation [22]. It should be noted that quantifying the goals of outsourcing is a very vital when it comes to making a framework. Further, it can be argued that it will be/can be hard to quantify what the current results are and also can be hard to tell and decide the kind and grade of services that maybe required in near future especially where the firm lacks a clear measurable goals.

It is in interest of a firm to outsource good and quality service(s) and therefore, it should be the firm's management wish and view on competitive advantage of outsourced human resource functions that should be considered and taken as a priority when discussing and considering outsourcing. In case of UBA Bank (Guinea), the bank's management tasks the bank to ensure there are competitive training opportunities for the bank's employees which helps to maintain an advantage as far as completion is concerned in the banking sector [22]. In outsourcing process, it is important for management to be in line with expectations of organizations and do guide the process to ensure so as get best compared to what in-house activities have been producing. Put differently, some scholars have argued that to rate it as a successful strategy, as a result of outsourcing, the firm should at least enjoy competitive advantage. Indeed, studies indicate that competitive advantage issues are considered key when firms are going into outsourcing. They include for example, the flexibility of workforce, costs and time efficiency involved as well as implication in relation to work load. The best way for firms to easily identify the likely benefits and threats that may arise from outsourcing process, it is vital for firms to consider giving a closer attention to management methods⁷ before concrete decisions are made.

⁷Management methods may include the so-called SWOT analysis.

Closely to the above, it can be argued that firms making decisions which are considered or said to be good alone may not mean there is guarantee of positive outcome. In an incidence where skills and knowhow of provider, and the attitude especially on the side of remaining employees where they are not given attention and managed well, the process maybe considered to be negative and to have failed. Scholars Kaplan and Norton hold the same view. Therefore, key among other factors firms should consider while making outsourcing decisions should be their (firm/organization's) major characteristics such as size, budget implications, environment as well as culture after all, it is true that since organizations structure, culture and climates are not identical similar, the likelihood is that also the type of outsourcing organization will [28].

During the study, the author learnt and observed that for firms in this case UBA Bank to effectively carry on with their human resource outsourcing activities well, it is important all the bank's stake holders to be involved. This reduces chances of corruption and favouritism which may affect the search for most qualifying vendor quality services. The author also observes that there is need to improve and or call for better services—a case in point is general cleaning as well as catering services [22].

According to responses from interviewees of UBA Bank Guinea, the bank considers greatly considers human resource hence, the bank often considers technical skills or expertise a major factor while deciding to outsource or otherwise human resource functions/activities. Indeed, the bank considers outsourcing most employees who have longer and demonstrable experience which UBA Bank often does with two key questions⁸ which the bank management outlined as a tool to help them outsource the best quality in regard to the needs of the bank. The above resonates well with other scholar's views who argue that outsourcing should be based on bringing on board members who will bring expertise to the firm [8] [25].

4. Conclusions

In conclusion, since 1990's human resource outsourcing has become common with organizations and firms embracing the strategy for various reasons. In banking sector, as a result of high competition for market, several banks have resorted to outsourcing as a strategy to keep them in business. Among other reasons advanced for human resource outsourcing, there is the following: many organizations opt to do outsourcing to get experts to perform their activities yet it would be expensive to get such experts from in-house. Advocates of outsourcing also argue that the strategy is cost effective as it enables firms or organizations to cut costs for non-core activities among others.

⁸According to response from UBA Bank manager Guinea Conakry, whenever they are to go for outsourcing, the team responsible with outsourcing process is at the back of their mind guided by two questions answering; 1) Of what impact will outsourced human resource activity be to the success of UBA bank? 2) What will be the impact to the Bank's activities and the bank's employees that are not considered in the process.

It is however important to note that, outsourcing process if not handled careful and done while considering the goals and objectives of organization's human resource department can be of no impact or unsuccessful since this may result into failure to achieve the organization's HR goals and objectives. It is however important to note that, several studies contend that when right decisions are made before outsourcing decision is done, the benefits of human resource outsourcing outweigh the negatives [10] [16].

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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