

Impact of Human Resource Outsourcing Activities on Employee's Performance of State-owned Commercial Banks in Bangladesh

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ABSTRACT

State-owned banks in Bangladesh are contributing more in our economy and the biggest source of employment. The study purposes to find out the impact of human resource outsourcing activities on employee's performance. As the study is explanatory, quantitative approach has been applied to collect data which consists of primary and secondary data. Structured questionnaire was used to collect data from 80 executives of five state-owned commercial banks in Bangladesh focusing Likert Five-point scale (5= strongly agree, 4= agree, 3= neutral, 2=disagree, 1= strongly disagree) through purposive sampling method. Data was analyzed using descriptive frequency to determine the human resource activities outsourced by banks. Correlation and regression methods were done through SPSS 25.0 to know the relationship and impact between independent variables (HRO activities) and dependent variables (employee's performance). The study result demonstrates that an increase in outsourcing activities by banks will bring positive changes on employee's performance. The finding also shows that state-owned commercial banks employee's performance boosts up through adopting human resource outsourcing activities and most frequent outsourced activities are training and developments program and payroll system.

Keywords: Impacts, HR activities, Outsourced, Employee's performance, State-owned commercial banks, Bangladesh

1.0 INTRODUCTION

Organizations should constantly adopt strategies that strengthen their competitive advantages in order to sustain business performance in the face of severe competition. Outsourcing has been considered as a strategic technique or tool to reform business activities to gear up business performance (Amin & Junaid, 2022). Outsourcing is a business strategy through which business hires the vendors from outside to perform some particular tasks and duties on behalf of clients (Arif & Chohan, 2018). Successful application of the concept results in improved performance and a long-term competitive advantage (Armstrong, 2009; Bank of Ghana, 2019). Outsourcing human resources is a cutting-edge management approach that addresses every facet of managing human resources. It can affect a business in both positive and negative ways. However, despite the gaps and benefits analysis, the use of outsourcing human resources is growing.

Therefore, it is crucial to properly manage this activity, particularly in-service companies where human factor is very important (Berber & Slavić, 2016).

Another strategy to focus on core business is to outsource human resource practices. HR procedures are listed as being amenable to outsourcing as a way to cut costs for both strategic and short-term financial reasons. Bloomberg (2015) lists the advantages of outsourcing such as lower costs, access to expertise not having in employees, more flexibility and quick response time, and the scope to organization to concentrate on core activities. The use of outside vendors is not in danger of disappearing from the human resources landscape, even though outsourcing of HR-related activities has reduced in some extent early ten years. Approximately two-thirds of all organizations who responded in 2015 (65%) outsourced at least one HR function during study. This is not much different from 62 percent a year earlier but make far short compared to outsourced to 79% in 2005 (Davis, 2007).

Similarly, it has been noted that state-owned commercial banks in Bangladesh are implementing HRO practices in certain business operations. For instance, Janata Bank PLC, one of the commercial banks that are the subject of this study, revealed in its June 2017 annual report bulletin that it now employs 1290 non-clerical staff members who are outsourced and 1167 permanent employees. In this instance, the outsourcing focuses in non-core and total number of outsourced employees more than the banks employees. All of these demonstrate that outsourcing human resource operations is becoming increasingly popular as an economical and effective HR strategy that can be used by any kind of business.

The aims of this study is to identify the extent to which human resource outsourcing activities affects the employee's performance in the state-owned commercial banks in Bangladesh. For Bangladesh's state-owned commercial banks, the aforementioned information is taken to be accurate. Over the past 20 years, these banks have been operating profitably and growing at a high rate due to the availability of untapped markets for banking operations. Observable facts, however, suggest that the six state-owned commercial banks are increasingly competing with the Commercial Bank of Bangladesh as well as with one another in recent years. Branch expansion is viewed as the primary strategy to combat the competition and seize the nation's unexplored market. Because of their similar strategies, they compete fiercely to mobilize and use resources.

These banks have reevaluated their human resource activities practices to find a stable solution to remain competitive, and outsourcing human resources activities is thought to be one way to address the issue. By outsourcing one or more human resource activities, like security and training, HRO is used to reduce costs

or achieve other strategic goals. The researcher searched for prior research on this topic but was unable to locate any that examined HR outsourcing practices in Bangladeshi organizations. More precisely, there isn't a single piece of literature on human resource outsourcing that the researcher could consult when discussing state-owned commercial banks.

The researcher addresses the following questions in this study:

1. What are the common outsourced human resource activities by state-owned commercial banks in Bangladesh?
2. What is the relationship between human resource outsourcing activities and employee's performance in the state-owned commercial banks in Bangladesh?
3. What are the impacts of human resource outsourcing activities on employee's performance in state-owned commercial banks in Bangladesh?

The primary objective of the study is to find out the impact of human resource outsourcing activities on employee's performance of state- owned commercial banks in Bangladesh. The specific objectives are as follows;

- To explore the human resource outsourcing functions of state-owned commercial banks in Bangladesh.
- To find out the relationship between human resource outsourcing activities and employee's performance in state-owned commercial banks in Bangladesh.
- To know the impact of human resource outsourcing activities on employee's performance of state-owned commercial banks in Bangladesh.

The results of this study could help state-owned commercial bank management, policymakers, consultants, and human resource management practitioners defend their HRO initiatives. Additionally, this study offers valuable perspectives for researchers who wish to approach the issue from a different angle in their future activity. The study basically determined and examined the impact of human resource outsourcing activities on employee's performance focused on employee's workload reduction, flexibility in work, efficiency in performance and cost reduction of organization in state-owned commercial banks in Bangladesh.

Five state-owned commercial banks show that they have engaged in HRO operations provided the data used in this study. The capital city of Dhaka is home to the headquarters of each of these banks. To prevent mistakes that could be brought about by ignorance of HR outsourcing practices and employee performance,

only HR managers from these five banks are included as respondents. It was assumed that all 100 HR executives from the five chosen banks would be included. 80 respondents were identified at the conclusion of the survey.

This demonstrates the near-complete lack of literature to provide background information for comprehending the causal relationship between employee's performance and HR outsourcing activities in the context of state-owned commercial banks in Bangladesh. This demonstrates unequivocally the knowledge gap that needs to be filled in the context of Bangladesh's state-owned commercial banks regarding the impact of outsourcing of human resource activities on employee's performance.

In order to minimize the knowledge gap, the main objective of this study is to identify how the outsourcing human resource activities affect employee's performance in state-owned commercial banks in Bangladesh.

2.0 LITERATURE REVIEW

2.1 Theoretical Foundations

Numerous studies, surveys, and research projects have been undertaken on this subject. The studies have been carried out in a variety of contexts and in a range of educational fields. These are a few studies on the same issue that have been carried out by other researchers worldwide.

A research on the impact of outsourcing human resources activities on organizational performance revealed that HR outsourcing will benefit the company as a whole, and access to technology and cost savings are not the main drivers of HR outsourcing in public universities (Espino-Rodríguez & Gil-Padilla, 2005).

A study looks into how Kenyan manufacturing companies' performance was affected by outsourcing human resource activities. The study focused on middle and senior-level employees of Capwell Industries Limited. 145 responses were collected out of 480 target population of employees. The respondents were chosen using a stratified and purposeful sampling technique. According to the study's findings, outsourcing employee recruitment services has been shown to have a detrimental impact on business performance (Gainey & Klass, 2003).

A study on the impact of outsourcing human resource activities on organizational performance and found that there were 200 employees in total, with 50 employees making up the sample size. The study followed the Agency theory, social exchange theory and knowledge based business theories which are best fit with

the study. The study's validity and reliability were established by the 90% response rate. The study found that organizational performance is impacted by human resource outsourcing and concluded that this impact is substantially positive (Gerard, 2007).

A research was conducted to determine how employee involvement at Rural Electrification Authority was affected by outsourcing human resources activities. The study was done on the five departments of the Rural Electrification Authority. At the Rural Electrification Authority's headquarters in Nairobi, the study was carried out in all five departments. The analysis employed both the descriptive and inferential statistics and found that employee engagement suffered when recruitment services were outsourced (Gitiye & Omondi, 2018).

2.2 Recruitment and selection on Employee Performance

Recruitment process outsourcing (RPO) is increasing in popularity and has been around for quite some time. The two principal reasons for outsourcing that RPO fulfills are acquiring necessary skills and expertise as well as lowering costs. RPO providers ensure access to expertise by employing seasoned recruiters who are part of dedicated teams and have historically successful track records in filling numerous positions across various fields due to advances in recruitment process engineering (Hiamey & Amenumey, 2013).

Some businesses may only choose to outsource certain parts of the recruitment process, while others are looking for vendors who can manage the recruiting process comprehensively. A Partial RPO approach was not only more expensive, but also yielded half as many hires. In Talent Track's model, the recruiting process is segmented into three phases: talent planning, talent acquisition, and talent assimilation. The loss of value occurs due to the inefficiency of pre-qualifying and sourcing duplication. When applicants are asked repetitive questions, their engagement and satisfaction with the process may diminish (Jepkoge, 2016).

Finding prospective candidates and filling a position in an organization in a skillful and strategic way is crucial. The recruitment process involves defining the job's requirements, marketing the position, selecting candidates, onboarding the new hires, and assimilating them into the organization (Jirawuttinunt, 2015). The development of outsourcing RPO or recruitment process outsourcing is accelerating quickly. Driven by the vast buying of recruiting services, RPO has evolved with respect to its scale, breadth and the length of contracts. Increases in specialization and lower expense structures are two major reasons why outsourcing is common, especially in the area of gaining needed expertise (Khan & Ullah, 2021).

2.3 Training and development on Employee Performance

Training makes it easier to match organizational objectives with individual capabilities. It enables workers to communicate better, cooperate more successfully, and comprehend their roles clearly. In the context of South Asian state-owned commercial banks, T&D programs produced a quantifiable improvement in key performance metrics like loan recovery rates, customer complaint resolution, and employee productivity (Kuada & Hinson, 2015). In the banking sector, particularly in Bangladesh, training has become essential for maintaining service quality, customer trust, and operational efficiency in a highly regulated and digitalizing environment (Lee et al., 2019). Employees of private commercial banks who received regular training exhibited higher levels of productivity, accuracy, and customer satisfaction than those who did not (Lievens & Chapman, 2019). Training helps to reinforce corporate culture, improve internal communication, and foster a spirit of collaboration, all of which are essential for high-performing teams. Moreover, employees who perceive growth opportunities are more likely to remain committed and motivated, reducing absenteeism and turnover (Matolo & Iravo, 2018).

2.4 Payroll on Employee Performance

Employee performance within organizations can be greatly impacted by payroll outsourcing, which entails assigning payroll processing and management to outside service providers. Improving the timeliness and accuracy of salary disbursement is one of the main ways payrolls outsourcing impacts performance. Employee motivation and satisfaction rise when they receive accurate and timely payments, which improve job performance (McIvor et al., 2009). The strategic importance of effective payroll systems in human resource management is highlighted by the fact that mistakes or delays in salary processing can result in discontent, absenteeism, and decreased productivity. Additionally, HR departments can refocus their attention on key strategic tasks like performance management, employee development, and engagement by outsourcing payroll. This change may result in improved career development opportunities and HR support for staff members, creating a more positive workplace and enhancing performance results (McIvor et al., 2009).

2.5 Performance Management on Employee Performance

Performance management (PM) functions outsourcing has become a common strategy for cost savings and expertise reallocation within organizations. Although the business process of outsourcing peripheral operations, including payroll and staffing, has demonstrated clear operational advantages, its impact on workforce performance is nuanced and multi-faceted. Outsourced PM systems are effective based on the correct and integration performance information with organizational objectives (Mwangi, 2017). HR

Outsourcing-which includes training and performance appraisal, was also influential on employee productivity in multinational firms as it increases flexibility of operations (Noe, 2017). However, outsourcing, especially in U.S. federal agencies, had a weak negative impact on perceived performance and morale due to lower employees' trust and organizational commitment (Norga, 2013).

Outsourcing project management (PM) without integrating it with internal values can lead to employee resistance and lower job satisfaction. This highlights the significance of organizational culture. These conflicting results highlight how crucial contextual elements like communication, employee involvement, and strategic alignment are in determining how performance management outsourcing turns out (Norman, 2009).

2.6 Theoretical Framework

Outsourcing has a number of theoretical defenses. The three most widely used ones are Agency Theory, Resource Based Theory and Transaction Cost. A few of these theories have been developed, and there has been discussion about how they relate to outsourcing choices. Despite the fact outsourcing is at the heart of all of the aforementioned theories, the study only looked at two because they were pertinent to the current investigation. The aforementioned theories are narrated and examined the link with outsourcing decisions whether organizations should go for outsourcing or in-house but the study only focused two of them due to the relevancy to the existing study.

Because it reveals the flaws in the assumptions of microeconomic exchange theory and offers valuable insights into firms' choices regarding whether to depend on market for input, processing and output or in-house processing to achieve them, this theory is known as transactional cost economics (TCE). In the hopes of their sincerity and efficient use of resources, the agency theory tends to emphasize the delegation of business activities that organizations or individuals lack the expertise to handle (core competence) to other individuals and organizations with the necessary expertise (Norman, 2009).

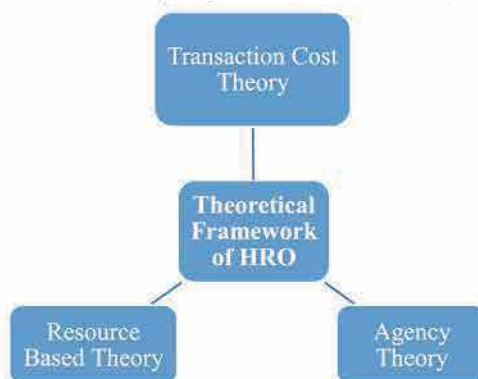


Figure 01: Theoretical Model of HRO

2.6.1 Transaction Cost Economics (TCE) Theory

The involvement of cost with business is called transaction cost economics. This could include the salary paid to employees to negotiate a trading contract or the cost of establishing a plan to adjust to shifting market conditions. Behavioral foundation bounded rationality and scope, the prime concern of transaction cost theory is to minimize both manufacturing and transaction costs rise within firms (Rahman & Nas, 2019). High transaction cost causes the vertical integration and supporting the idea to minimize the cost as crucial components of organizational layout. The make-or-buy choice that manufacturers must make when creating and manufacturing their goods is known as vertical integration. They either "make" the part internally or "buy" it from a third party. Every choice has associated transaction costs (Savino, 2016). Williamson contends that weighing the transaction costs of various strategies is what determines whether to make or buy. The component which influences transaction cost is asset specificity. An asset is regarded "specific" if it is essential for the manufacturing of a product but has more low value in others applications. Among the various forms of specificity are location specificity, human asset specificity, and/or physical asset specificity. One major worry is that if purchasing from an outside source will result in high transaction costs, a company will prefer to produce internally since it will save money. Additionally, if in-house production appears to be expensive due to its complexity, which will raise the cost of transactions from staff meetings to decision-making, the company will want to outsource, or purchase from, an outside supplier. This means that the organization's transaction costs when purchasing such goods or services will determine whether or not to outsource (buy from an outside source). Controlling the transaction costs of all inputs in an organization is crucial for its growth and expansion. Therefore, banks would prefer to externalize through outsourcing after realizing that it would not be economically advantageous to fully internalize all of their business operations, including non-core ones.

2.6.2 Agency Theory

The link between a principal and an agent is the base of agency theory (Sharpe, 1997). The rule of this theory is that the principal sets activities to the agent, who works as per principal guidelines. Customer relationship management agents and recruitment and organization agents are two examples of agent principal cases. The Tanzania Cigarette Company (TCC), the study's principal, uses human resource activities from agencies. The agent, the Human Resource Agency, which supplies TCC with human resource services, is in charge of making sure the principal's needs are satisfied. These two issues may cause the parties to become dissatisfied, which could result in the agreement being closed. According to theorists, this is because agents are prioritizing their own interests over those of the principals, which makes it difficult for them to carry out their obligations (Williamson, 1989). Proposed study looked at the relationship between the TCC, a company that hires a human resource agency, and the agency itself. This prompted the study to investigate how TCC has benefited or been affected by the manpower agency collaboration contract as well as whether or not the agency is bearing risks when offering human resource services to TCC. Focusing this to the existing study, the agents and the principals have a propensity to act in their own best interests in an effort to cut costs. These expenses include the cost of encouraging, keeping an eye on, and guaranteeing the dedication of agents.

2.7 Banking sector performance in Bangladesh

With a vast branch network, SOCBs provide credit to borrowers who would not otherwise be able to obtain funding from private commercial banks (PCBs), including small and medium-sized businesses and the agricultural sector. High non-performing loans (NPLs) and weak balance sheets are currently problems for the SOCBs. The SOCBs have required multiple recapitalizations by the Government of Bangladesh (GoB), but attaining their financial soundness has proven to be a challenging task. But since the 1990s, the proportion of SOCBs in the banking industry has drastically decreased, as has the systemic risk they represent to the stability of the financial sector and the economy at large (Zinkevičiūtė & Bučiūnienė, 2015). Therefore, in addition to improving customer service, state-owned banks are implementing a number of strategies to reduce costs and increase profits. The majority of commercial banks, including state-owned banks, are implementing outsourcing as one of the best strategies.

Table 01: Types of Banks, Number of Bank and their Assets and Deposits Share ((In billion BDT)

Bank Types	2019						2020					
	Number of banks	Number of branches	Total assets	Share in industry assets (in percent)	Total deposits	Share in industry deposits (in percent)	Number of banks	Number of branches	Total assets	Share in industry assets (in percent)	Total deposits	Share in industry deposits (in percent)
SCBs	6	3773	3995.4	24.5	3038.6	25	6	3798	4616.7	25.1	3570.2	25.9
SBs	3	1483	357.5	2.2	312.7	2.6	3	1492	401	2.1	350.6	2.5
PCBs	41	5257	11048.2	67.8	8269.6	68.1	43	5395	12378.7	67.3	9287	67.3
FCBs	9	65	897.2	5.5	524.4	4.3	9	67	1009.6	5.5	590.1	4.3
Total	59	10578	16298.3	100	12145.3	100	61	10752	18406	100	13797.9	100

Source: Bangladesh Bank Annual Report (2021)

The distribution of banks in Bangladesh by type for 2019 and 2020 is displayed in the above table, which also highlights increases in deposits and total assets across all segments. There were 61 banks instead of just 59, and there were 10,752 branches instead of 10,578. Despite a slight decline in their share, Private Commercial Banks (PCBs) continued to dominate the industry, controlling over 67% of deposits and assets in both years. A slight increase in the asset and deposit shares of state-owned commercial banks (SCBs) suggests that public dependence is growing. Foreign Commercial Banks (FCBs) and Specialized Banks (SBs) held steady but smaller shares, indicating little impact on the industry as a whole. The industry grew moderately overall, with minor changes in market share.

Table 02: Capital to Risk Weighted Assets Ratio based on Types of Bank Banks (In percent)

Bank Types	2012	2013	2014	2015	2016	2017	2018	2019	2020	End June 2021
SCBs	8.1	10.8	8.3	6.4	5.9	7.0	10.3	5.0	9.6	6.8
SBs	-7.8	-9.7	-17.9	-32.0	-33.7	-32.8	-31.7	-32.0	-32.9	-32.2
PCBs	11.4	12.6	12.5	12.4	12.4	12.2	12.8	13.6	13.7	13.3
FCBs	20.6	20.2	22.6	25.6	25.4	23.3	25.9	24.5	28.4	28.5
Total	10.5	11.5	11.3	10.8	10.8	10.8	12.1	11.6	12.5	11.6

Source: Department of Off-site Supervision, Bangladesh Bank Annual Report 2021

The return on assets (ROA) trends for Bangladesh's various bank types from 2012 to mid-2021 are displayed in the table. The ROA of State-Owned Commercial Banks (SCBs) fluctuated, reaching a peak of 10.8% in 2013, but it remained moderate. The ROA of Specialized Banks (SBs) was consistently negative, indicating ongoing losses. Foreign Commercial Banks (FCBs) had the highest and most

continuously increasing ROA, reaching 28.5% in mid-2021, while Private Commercial Banks (PCBs) maintained a steady and positive ROA of about 12–13%. With minor increases over time, the overall ROA for the banking industry stayed steady.

2.8 Conceptual Framework of the Study

A conceptual is a vital study instrument designed to help a researcher become aware of and comprehend the situation being studied and convey this knowledge. The issue being looked into is how employee performance is impacted by outsourcing HR operations. Employee performance served as the study's dependent variable, and outsourced HR operations served as its independent variable. Employee performance and HRO are known to be causally related, with direct results. Additionally, it is assumed that HRO is supported by both external and internal factors. Therefore, the researcher created the following research model to illustrate the relationship between HRO activities and employee's performance and impact of HRO on employee's performance. Other extraneous or intervening factors that could disrupt the independent and dependent variables causal relationship are not acknowledged in this study and are presumed to be inconsequential.

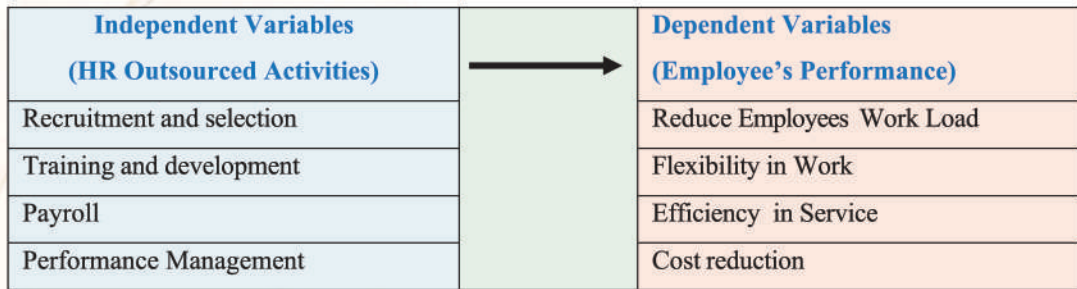


Figure 02: Conceptual Model of the Study (Source: Developed by the Author)

To address the research question, an evaluation of the anticipated impacts of human resource outsourcing activities on employee's performance was conducted using this model as a framework.

2.9 Research Hypotheses

The following hypotheses were developed based on the conceptual model of the study. the following hypotheses developed to test the relationship and impact of human resource outsourcing activities on employee's performance in five state-owned commercial banks in Bangladesh special focus on employees work load reduction, flexibility in work, efficiency in performance and cost reduction.

- H₁:** Recruitment and selection outsourcing activity is positively related to employees work load reduction.
- H₂:** Training and development outsourcing is positively related to flexibility of work.
- H₃:** Payroll system outsourcing is positively related to efficiency in performance
- H₄:** compensation management outsourcing is positively related to cost reduction of organization.
- H₅:** There is a significant positive relationship between outsourcing human resource activities and employee's performance.

3.0 RESEARCH METHODOLOGY

3.1 Research Design

The research followed the explanatory study design. The explanatory study followed to find out the relationship between independent and dependent variables. Through the survey method, the relationships between variables are examined as the study is quantitative nature. To ascertain the nature, magnitude, and direction of the relationships between the independent and dependent variables, quantitative data is crucial for these purposes. The results are interpreted to determine the effects of the dependent variables employee performance and the independent variables outsourced HR activities.

3.2 Population and Sample

Sonali Bank PLC, Janata Bank PLC, Rupali Bank PLC, Agrani Bank PLC, BASIC Bank Limited, and Bangladesh Development Bank are the six state-owned commercial banks that are currently active in Bangladesh. The capital city of Dhaka is home to the headquarters of each of these banks. Due to the nature of its public-private partnership, Rupali Bank PLC is not included in the sample. Five state-owned commercial banks are used as the study's sample due to their uniformity and prior experience with human resource outsourcing.

3.3 Sources, Methods of Data Collection and Sampling

Primary and secondary data were used in this study due to the nature of the study. The study's primary source of data is information gathered from the target population via questionnaires and interviews regarding the HR outsourcing operations of state-owned commercial banks. So, purposive sampling method was used to collect data which helped to ensure the more relevancy and accuracy of data. We used secondary data, such as bank records, publications, and online publications. The benefit of using this kind of data is that it is precise and available for use.

3.4 Data Collection Procedure

Self-administered questionnaires, interviews, and an examination of pertinent corporate records were used to gather the data. 72 HR professionals from five state-owned commercial banks in Bangladesh were the target audience for the questionnaire. These experts can be regarded as the best people to comprehend HR outsourcing activities in their respective banks and are expected to be able to provide data on such activities. When organizations were initially contacted to inquire about their involvement with HR outsourcing, the purposeful sampling method was employed. Therefore, only banks with prior experience outsourcing human resources functions were chosen to take part in this study. After obtaining approval from the appropriate bank officials, the data was collected.

3.5 Data Analytical Tools

A few things can be done from the questionnaires, like verifying the accuracy of the data. In addition, the questions were designed to make analysis easier with SPSS 25.0 (Statistical Packages for the Social Sciences).

3.6 Reliability and Validity Test

The researcher examined the internal reliability of measurement tools using the Cronbach's Alpha. The findings of the reliability test are summarized in the below table. The variables are well correlated with each other and show good reliability and consistency. The results of the reliability test are summarized in the table below. The variables are generally well correlated with one another and exhibit good reliability and consistency.

Table 03: Results of Cronbach's Alpha

Variables	Items	Result of Cronbach's Alpha
Reduce Employees Work Load	24-27	0.821
Flexibility of Work	28-31	0.753
Efficiency in Service	32-35	0.765
Cost Reduction	36-39	0.787
HR Outsourced Activities	24-27	0.8711

Above table shows that the reliability of variables is good and in some case it is excellent as the acceptance level is 0.70.

4.0 FINDINGS AND DISCUSSION

Data was collected from 80 respondents though 100 questionnaires were distributed. Some questionnaire was rejected as these are incomplete and some carried totally irrelevant information. So, the respondent rate is 80% which was most satisfactory.

4.1 Demographic Data Analysis

Only educational background and years of experience in human resource management were inquired about and answered in relation to respondents' demographic information. The purpose of this is to assess the respondents' level of knowledge in order to fill out the questionnaire.

Table 04: Academic Background of the Respondents

Profile	Categories	Frequency	Percentage	Valid Percent
Academic Background	MBA/ Masters/ MSC	15	18.75	18.75
	BBA/BSC	40	50.00	50.00
	Diploma	25	31.25	31.25
Service years	Below 3 years	15	18.75	18.75
	3-5 years	30	37.75	37.75
	6-10 years	20	25	25
	More than 10 years	15	18.75	18.75
	Total	80	100.0	100

The academic background and service years of 80 respondents are displayed in the table 4. Of the participants, half (50%) have a BBA or BSc degree, 31.25% have a diploma, and 18.75% have an MBA, Master's, or MSc degree. When it comes to work experience, the largest group (37.75%) has worked for three to five years, followed by 25% who have worked for six to ten years. The distribution of experience levels is fairly balanced, with 18.75% going to the categories of less than three years and more than ten years, respectively.

4.2 Extent of Human Resource Outsourcing Activities

Table 05: Extent of HRO

Human Resource Activities	Fully Outsourced		Partly Outsourced		Not Outsourced	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Human Resource Planning	28	35	22	27.5	30	37.5
Job Analysis	19	23.75	35	43.75	26	32.5
Staffing/Recruitment and Selection	47	58.75	24	30	9	11.25
Training and Development	60	75	20	25	0	0
Security services	12	15	55	68.76	13	16.25
HRIS	30	37.5	35	43.75	15	18.75
Payroll	45	56.25	25	31.25	10	12.5
Compensation Management	36	45	25	31.25	24	30
Performance Management	27	33.75	22	27.5	31	38.75
Career Planning	19	23.75	32	40	29	36.25
Compliance and Labor Law	15	18.75	47	58.75	18	18.75
IT Service	39	48.75	37	46.25	4	5

The table presents the extent of outsourcing across various human resource (HR) activities. It shows that Training and Development is the most frequently fully outsourced function, with 75% of respondents indicating full outsourcing, followed by Staffing/Recruitment and Selection (58.75%) and Payroll (56.25%). In contrast, Performance Management, Career Planning, and Human Resource Planning have higher percentages under the “Not Outsourced” category, suggesting that these functions are often retained in-house due to their strategic importance. Several activities such as HRIS, Compliance and Labor Law, and Security Services are predominantly partly outsourced, reflecting a hybrid approach likely aimed at balancing control and efficiency. Notably, IT Services are almost evenly split between full and partial outsourcing, with very few not outsourced (5%), emphasizing their external dependency. Overall, the data suggests that operational and technical HR functions are more likely to be outsourced, whereas strategic and developmental roles are either partially outsourced or managed internally.

Table 06: Descriptive Statistics of Independent Variables

	Recruitment and Selection	Training and Development	Payroll	Performance Management
N	80	80	80	80
Mean	4.5423	3.3215	4.1342	3.5421
Standard Deviation	1.883	1.6054	1.6543	1.6674

The average values in table 6 above show how well-informed HR staff members are about the outsourcing experiences of particular banks, especially with regard to the four practices chosen for additional study as research variables.

Recruitment and Selection Outsourcing's mean value was determined to be 4.5423. It is clear that the majority of respondents are unsure if hiring and selection are the most outsourced tasks. The majority of respondents agreed that training is the most outsourced practice, according to data on training and development outsourcing (mean value of 3.3215). The majority of respondents agreed that payroll is one of the frequently outsourced practices, as indicated by the payroll mean value of 4.1342. The average response from respondents (mean=3.5421) suggests that performance management outsourcing is the most widely used practice in Bangladesh's state-owned commercial banks.

Respondents from the five state-owned commercial banks that were surveyed generally concluded that the state-owned commercial banks in Bangladesh use external human resources for performance management, payroll, training and development, and recruitment and selection.

4.3 The Relationship between Human Resource Outsourcing Activities and Employee's Performance

This part determines the correlation between each variable of human resource outsourcing and employee performance in Bangladesh's state-owned commercial banks. As stated in the study's first chapter, one of the goals was to look into the connection between employee performance and human resource outsourcing practices. To do this, the relationship between employee performance and human resource outsourcing activities has been calculated using Bivariate Pearson Correlation Coefficient. As a result, a moderate and significant positive relationship between employee performance and human resource outsourcing was discovered ($r = .435$), as shown in Table 8 below.

Table 07: Correlation between independent variable (HRO activities) and dependent variables (employee's performance)

	Employees Performance	Human Resource Outsourcing Activities
Employees Performance	1	.435**
Human Resource Outsourcing Activities	.435**	1

** Correlation is significant at the 0.01 level (2-tailed).

Additionally, this study attempted to demonstrate the connection between employee performance and each of the variables of human resource outsourcing activities in Bangladesh's five state-owned commercial banks. All of the hypothesized variables have a positive relationship with human resource outsourcing,

Table 08: Correlation Coefficient of Variables

	Recruitment & Selection Activities Outsourcing	Training & Development Activities Outsourcing	Payroll Service Outsourcing	Compensation Management Outsourcing	Employee's Performance Outsourcing
Recruitment & Selection Activities Outsourcing	.231				
Training & Development Activities Outsourcing	.495**	1			
Payroll Service Outsourcing	.241	.211	1		
Compensation Management Outsourcing	.453**	.539**	.212		
Employee's Performance Outsourcing	.342*	.422**	.321*	.382*	1

- Correlation is significant at the .001 (2-tailed) **
- Correlation is significant at the .05 (2-tailed) *

The above table shows, positive correlation was found among employee's performance positive correlation was observed among employee's performance and Recruitment and Selection ($r = .231$, $P < 0.05$), Training and Development ($r = .495$, $p < 0.01$), Compensation Management ($r = .453$, $p < 0.05$) and Payroll ($r = 0.241$, $p < 0.01$). So, all the variables are significantly correlated.

4.4 Impact of HRO on Employee's Performance

4.4.1 Model Goodness of Fit

Table 09: Model Goodness of Fit Test

Model	R	R ²	Adjusted R ²	Standard Err of the estimate
1	.485 ^a	.321	.167	8.34348

- a. Predictor: (Constant), Recruitment and Selection, Training and Development, Payroll and Compensation Management
 b. Dependent Variable: Employees Performance (EMPER)

Source: Calculated by the Author

The goodness of fit table shows how well the variables consider in this study explains employee's performance. The above result shows ($R=.485$) a strong correlation between employee's performance and human resource outsourcing activities. Additionally, the Recruitment & Selection, Training and Development, Payroll, and Compensation management variables for human resource outsourcing are shown in the ($R^2=.321$) result, which demonstrates that 32.1% of the state-owned commercial banks' employees' performance level can be explained by HR outsourcing.

4.4.2 Multicollinearity Test

Table 10: Multicollinearity Test

Model	Collinearity Results	
	Tolerance	VIF
Recruitment & Selection	.782	1.132
Training and Development	.598	1.139
Payroll	.782	1.165
Compensation Management	.657	1.183

Source: Calculated by the Author

The multicollinearity test was done and coefficients calculate by the SPSS under the table heading while followed regression. Variance Inflation Factor (VIF) which can be calculated by SPSS and tolerance can be measured to verify multicollinearity. Multicollinearity results are acre positive if the VIF values are greater than 10 and the tolerance - value is less than 0.2 (Özer & Çiçek, 2011). For the four independent variable constructs in this study—Recruitment & Selection, Training and Development, Compensation Management and Payroll the results are in acceptable level.

4.4.3 Result of Regression Model on the Impact of Human Resource Outsourcing on Employee's Performance

The primary goal of regression analysis was to look into how employee performance was affected by human resource outsourcing activities. The impact of the independent variables (payroll, security services, training and development, and recruitment and selection) on employee performance is examined in this study using the multiple regression analysis method.

Table 11: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	Sig.
	B	Standard Error	Beta	
Model 1				
Constant	40.881	7.870		.000
Recruitment & Selection	0.492	.854	.065	.069
Training and Development	1.320	.976	.325	.0371
Payroll	2.654	1.702	.214	.008
Compensation Management	.785	.883	.129	.046

- Dependent Variable: employee's performance

In the above table, the beta value under the standardized coefficients can be used to measure the relative contributions of each variable. Because the values for every variable are shifted to the same scale for comparison, the value of beta is taken under the standardized coefficients. Its contribution gets stronger as the beta value rises.

All independent variables have had a positive effect on employee's performance, as shown by the regression coefficient table 11 above regarding the effect of HR outsourcing on employee's performance. Recruitment and selection have a beta value of 0.065, training and development have a beta value of 0.325, Payroll has a beta value of 0.214, and payroll has a beta value of 0.129. Therefore, the most common practice affecting employee's performance in relation to the adoption of human resource outsourcing practices in Bangladesh's state-owned commercial banks is training and development outsourcing. Outsourcing for payroll, however, is deemed to be marginally significant.

5.0 MAJOR FINDINGS

The questionnaire contained the human resource outsourcing activities so that respondents could select whether a practice was fully, partially or not outsource. This was done to know the extent of human resource outsourcing activities in banks. A frequency table was used to examine the responses. The

results demonstrate that the most frequently outsource activities are recruitment and selection (58.75%), training and development (75%), payroll (56.25) and IT service (48.75) consecutively. Security services (68.76%) and compliance and labor law (58.75%) are partially outsourced by banks. This study found the three most frequent outsource activities so, the banks adopt outsourcing strategies primary for these activities rather in-house practice.

Examining the relationship between employee's performance and human resource outsourcing activities was the second objective. The study revealed that .435** correlation between employee's performance and HR outsourcing activities which is most significant and positively correlated.

Training and development (degree of .495**) and compensation management (.453**) were found to have a significantly correlated with the dependent variables (degree of .342**) among other variables.

Measuring the impact of human resource outsourcing activities on employee's performance (dependent variable) was the third objective. It was found in the study employee's performance increased by .065 for every unit increase in recruitment and selection, as per the result of linear multiple regression study, outsourcing training and development, payroll and compensation management increased the impact on the dependent variable, employee's performance, by .325, .214 and .129 (beta value) units respectively.

6.0 CONCLUSION OF THE STUDY

The study main objective is to know how employee's performance was impacted by human resource outsourcing activities. Some descriptive statistics, correlation study, multiple regression analysis were conducted in these purposes. It was found that the majority of respondents opined that there were moderate to high mean score values about the relationship between employee's performance and HRO activities. The study has produced substantial evidence that is consistent with the theoretical and empirical studies upon which the findings are based on first selection of the objectives. Therefore, according to findings, it can be concluded that outsourcing human resource activities is vital strategy for enhancing employee's performance in a certain level. Overall, the study indicated a strong significant correlation between employee's performance and human resource outsourcing activities of banks. The final findings of the study show the evidence in part of study hypotheses. The regression R^2 revealed a strong correlation ($R^2=.485$) between outsourcing activities related to human resources and the explanation of 32.1% of the employee performance variable. Thus, this finding suggests that outsourcing human resources has a big impact on workers' output. According to the research, state-owned commercial banks that have adopted human resource outsourcing have generally seen an improvement in employee performance in terms of flexibility in work, managing training and development programs, compensation

management, and increased payroll efficiency. According to the study, it can be said that outsourcing human resources is a significant way to improve employee performance.'

7.0 IMPLICATIONS OF THE STUDY

This study result has significant implications for public sector banking in Bangladesh as well as human resource management theory and practice. State-owned commercial banks can make well-informed decisions about which HR functions to outsource and which to keep in-house by knowing how HR outsourcing affects employee performance. Outsourcing may be able to provide cost savings, specialized knowledge, and operational flexibility as these banks come under increasing pressure to modernize and become more efficient. However, the study might show that improper or excessive outsourcing could have a negative impact on employee engagement, morale, or performance particularly if it weakens internal communication or decreases job security. The results can help bank management and legislators create strategic outsourcing policies that support both employee welfare and organizational objectives. This study also adds to the scant body of knowledge on HR outsourcing in public banking in developing nations like Bangladesh by providing useful suggestions for striking a balance between productivity and staff growth in a highly regulated and politically delicate setting.

8.0 RECOMMENDATIONS

This study's identification of frequently outsourced HR operations in Bangladesh's state-owned commercial banks was one of its main goals. Regarding Bangladesh's state-owned commercial banks, there are no research papers available. The most frequently outsourced HR functions in Bangladesh's state-owned commercial banks have been determined by this study. This conclusion will therefore form the foundation of any human resource outsourcing initiative pertaining to private commercial banks in Bangladesh.

According to the research, state-owned commercial banks that adopted human resource outsourcing have seen improvements in employee performance in terms of payroll efficiency, compensation management cost reduction, and flexibility in work, minimum cost training and development programs. Thus, the researcher recommends expanding outsourcing human resource activities in order to capitalize on the benefits of human resource outsourcing found in this study and enhances employee performance in state-owned commercial banks.

As demonstrated by the results of this study and other empirical research, human resources are becoming increasingly important in today's globalized business environment. To increase their organizational contribution through HR outsourcing, the employees work in HR is encouraged to accelerate their knowledge in the fields of outsourcing particularly, in human resource outsourcing activities.

9.0 LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

This study's questionnaire is not a typical questionnaire. The researcher develops it after consulting with the colleagues. It could affect how the study turns out. Due to resource constraints, primarily time, the study's conclusions are based solely on data gathered from five state-owned commercial banks in Bangladesh where maintain the uniformity to select sample. This could make it difficult to extrapolate the findings to the entire banking sector or to all private commercial banks in Bangladesh. In some cases, respondents were indifferent and reluctant to show the responses. Even though outsourcing is becoming more and more common in daily business operations, there aren't many studies done in the context of Bangladeshi organizations. They also don't concentrate on any one activity or role. Therefore, any research centered on HR outsourcing is advised. The private banking sector, various private and public organizations are unexplored based on HRO application so, these field can be future research field in case of outsourcing adaptation. Various compliance and law related to outsourcing adaptation may be explored to know the impact and make outsourcing easily for organization. Clients and vendor's requirements, terms and conditions and employee's satisfaction level can be broadly studied in terms of outsourcing. Finally, the existing study result can be clue for further study in different business arena of Bangladesh including banking sector as outsourcing is an emerging strategic to success the business.

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