

How to manage a recruitment process outsourcing relationship successfully within the non-profit sector - a case study of FUNSINCOPA

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Executive summary

The paper examines the determinants of a successful recruitment outsourcing relationship in the context of the non-profit sector. A thematic literature review is carried out in order to give a basis of theoretical underpinnings for the researched phenomenon. Further on, a single-case study on the outsourcing relationship of two NGOs – FUNSINCOPA and AIESEC - is used to test the assumption that both continuance and affective commitment influence the successfulness of the outsourcing outcome as well as the length of the relationship and the frequency of outsourcing.

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Introduction

Traditionally HR activities, including recruitment and selection have been carried out inhouse, however, since the 1980s there is an increasing trend of outsourcing these activities. This way organisations can increase the quality of HR services, get access to more specialised workforce and decrease costs by achieving economies of scale. (Taylor, 2010)

The initiation of outsourcing partnerships can be related to transaction cost economics theories and to the resource-based view, however, there is limited amount of literature available on what makes recruitment outsourcing relationships successful, meaning the length, depth and the frequency of outsourcing. Lievens and Corte (2008) developed a model that aimed to analyse the satisfaction of the partners with the relationship and the outsourcing outcomes. The model was tested on several firms but not all correlations were accepted based on their analysis.

Within this project, it is intended to test the model on non-profit organisations as their HRM practices differ from regular firms and causal relationships are altered by the scarce resources they possess and by the importance of their values within the organisation. The framework is tested on the recruitment process outsourcing relationship of the two organisations called FUNSINCOPA and AIESEC.

FUNSINCOPA - La Fundación Sinfonía Concertante de Panamá (The Symphony Concerts Foundation of Panama) was founded with the objective of offering children and young people with difficult backgrounds the opportunity to learn to play musical instruments. The organisation operates with four paid employees and a changing number of volunteers. Since they have no HRM practices in place, it was decided to outsource recruitment processes to a not-for-profit voluntary organisation called AIESEC. The past four years AIESEC has recruited skilled volunteers to FUNSINCOPA which contributed to the improvement of the organisation. Therefore, it is decided to examine their outsourcing relationship and discover what factors support the successfulness of the collaboration, why it is intended to continue it in the future and how it is possible to improve it in order to achieve the best possible outsourcing outcome.

In order to analyse these issues, the following problem formulation was developed:

How to manage a recruitment process outsourcing relationship successfully within the non-profit sector - a case study of FUNSINCOPA

Delimitation

In this part of the project it is discussed what the focus of the project aims to be, how the research is narrowed down and what elements are included and excluded from the literature review and the analysis chapters.

Taking into consideration that this research is a single-case study, the analysis is only carried out on FUNSINCOPA which is the non-profit organisation in question. The investigation starts with examining HR practices, and further on narrowed down to recruitment processes.

Delimitations made in the methodology chapter include the fact that from the RRIF framework only relevant parts are discussed and the remaining paradigms are excluded from the discussion. The reasoning for this is that the other two paradigms are irrelevant for justification of methodological choices made throughout the project.

Additionally, during the discussion of the approaches regarding linking theory with the analysis of the data collected, only the explanatory type of research method is explained, as the exploratory and descriptive types are not relevant to explain since they are not used in the project.

Finally, considering data collection issues, it was decided to only conduct interviews with one of the employees of FUNSINCOPA. It might entail biased opinions, however, she is the only person that is in contact with AIESEC and who is responsible for any HR related issue in the organisation, therefore interviewing other employees would not have been relevant for this research.

Methodology

The following chapter aims to present the methodological choices made in the paper. It explains the why and the how behind the decisions made during the research. Specifically, it describes the theoretical assumptions guiding the research, how the respective theories are chosen, how the data was collected for the analysis and the ways of drawing conclusions from the investigation. The levels of methodological choices made in the project are presented on Figure 1.



Figure 1: Methodological framework

Philosophy of science

One of the most debated questions in social sciences is what authors consider as truth. This paper builds on the assumptions of contextuality which suggests that all social phenomena should be examined within its context, since the environment the happenings are placed in

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determine the outcome of the actions. This way of thinking entails that it is not possible to fully generalise concepts as they are highly dependent on their circumstances.

The phenomena explored in this study is related to outsourcing recruitment activities that are influenced by the outsourcing organisation, the external vendors, their geographical and social environment as well as laws and regulations within the respective area.

Within social science there are two main philosophical approaches to examine reality. These two perspectives are characterised by their objective or subjective prospects on social phenomena, however, it is also possible to combine them. In the following paragraphs it is explained what the main differences are between the paradigms, as well as how these perspectives influence this paper.

Choice of paradigm

The term paradigm is defined as "*the set of common beliefs and agreements shared between scientists about how problems should be understood and addressed*" (Kuhn, 1970, p. 45). For structuring these different beliefs, researchers developed classifications and from these the most well-known are initiated by Burrell and Morgan (1979) who created a classification of four paradigms and by Arbnor and Bjerke (2009) who developed three research methods and six paradigms. These are tools that enable authors to show the relation of theories applied during an investigation. (Kuada, 2012)

Within organisational studies a commonly used framework is the RRIF created by Burrell and Morgan (1979) and it is used in this paper to communicate presumptions that characterise this research. Social science assumptions - ontology, epistemology, human nature and methodology are explained in the following paragraphs.

Ontology

Burrell and Morgan (1979, p. 1) define ontology as "assumptions which concern the very essence of the phenomena under investigation". Furthermore, ontology is also the first level understanding social reality. This level defines if authors consider that reality is external to it happenings and individuals or social actors create a reality for their own which influences how one should acquire knowledge on it. There are two major ontological perspectives, whereas within realism it is assumed that reality is external to the participants' cognition and social structures occur on their own which takes an objective approach. Consequently, the researcher's views cannot influence the investigation. Nominalism, on the other hand,

assumes that reality is socially constructed and is developed by the interaction of participants which resembles a subjective perspective. This way there are several realities existing at the same time and how authors view the world is reflected on the studies they conduct. (Kuada, 2012)

This research is conducted within nominalism. It is believed that the decisions made during the investigation are influenced by the author's view on the world and on how the researched phenomena are seen from an individual's perspective. Furthermore, I have volunteered at both organisations in question, firstly at the recruitment agency and have a perspective on how it operates in different countries both in Europe and in Latin America. Secondly, I participated in an internship program at the organisation that is currently outsourcing its recruitment activities, therefore have a unique outlook on the different processes carried out as well as know the people that make decisions at the organisations and whom are interviewed for this research project. Consequently, my own impressions on the phenomena influence the investigation. I was working on a daily basis with both parties and for a short period of time acted as the HR manager at the NGO and was negotiating with the external vendor which enabled me to closely observe the management of both organisations and their incentives while conducting the activities. Moreover, the interviewees also describe reality with the perspective they have on it which is based on their own previous experiences. The investigation is aimed to entail the highest level of objectivity possible in order to be able to derive valid conclusions from the happenings. However, it is essential to consider that it is impossible to conduct the research with complete objectivity and exclude own assumptions.

Epistemology

Epistemology is defined by Burrell and Morgan (1979, p. 1) as the "assumptions entail ideas, for example, about what forms of knowledge can be obtained, and how one can sort out what is to be regarded as 'true' from what is to be regarded as 'false'". These beliefs are the basis of how authors research different phenomena and how conclusions are derived from it. There are two standpoints in epistemology the researcher can take: positivism and antipositivism. Positivism suggests that the world is external to the individuals and it is supposed to be observed in an objective manner. This entails that regardless of who conducts the research, they should arrive to the same conclusion as others. As opposed to this, antipositivism states that the world is socially constructed and knowledge should be gained on reality by observing its participants and their interaction with each other.

This paper is written with the assumptions on antipositivism. In order to collect information on what the reasons were for starting to outsource HR activities in FUNSINCOPA, how the collaboration started with AIESEC and why it continues currently there are several types of sources are used including qualitative semi-structured interviews with the administrative manager of FUNSINCOPA and their account manager in AIESEC. They are not the individuals that started the collaboration initially, however, due to the high employee turnover in both organisations the initiators are not with them anymore and these are the two participants who are the most knowledgeable on how the relationship started and are the ones who continue it today. Since they do not have direct experiences from the initial phase, their perspective is influenced by former members. The research is furthermore influenced by my understanding of reality as the data collection methods, what literature to include and how data is interpreted are dependent on my assumptions and logic.

Human nature

Human nature is the set of beliefs that makes the distinction between seeing social actors determined or independent in their activities. Within determinism it is believed that individuals are affected by external forces that delimit how they react in different situations. On the contrary, voluntarism suggests that in a socially constructed world humans make decisions in autonomous ways and act upon their free-will. (Burrell and Morgan, 1979)

In this research these two perspectives are combined. It takes the assumption that the participants of a socially constructed world have free-will and their actions are based upon it, on the other hand, there are external factors influencing their decisions. In reality it is shown how members of both organisations make decisions in an autonomous way based on their own view on reality and how they are willing to act on it. However, these decisions are impacted by their local environment, the resources they have in the organisations, their legal frameworks that exist in their area which entail specific laws and regulations and organisational policies that determine how they can provide services. Furthermore, human nature is also shown in the choices made in this research project. As the author I am free to choose different topics and research methods to investigate, however, I am limited by the amount and nature of information available.

Methodological view

Methodology is defined as "the way in which one attempts to investigate and obtain knowledge about the social world" by Burrell and Morgan (1979, p. 6). Within methodology, there are two different approaches, namely nomothetic and idiographic. The nomothetic approach has an objective view on research methods. While applying this perspective, quantitative methods are preferred such as surveys. Contrastingly, the idiographic approach suggests qualitative methods and it is intended to understand the core of the phenomenon by methods such as qualitative interviews.

This research project takes the idiographic approach since the analysis is built on qualitative interviews and participant observation as well as documentation that serves as description for certain processes in the organisations that also help to understand the phenomena studied.

The subjective-objective dimension

When it comes to making methodological choices during the research process, it is suggested that authors follow either a subjective or objective approach throughout the whole investigation. The aforementioned two major perspectives are illustrated on Figure 2 below.



Figure 2: The subjective-objective dimension (Source: Burrell and Morgan, 1979)

Burrell and Morgan (1979) developed the so-called RRIF framework which serves to structure the philosophical perspectives. There are four distinct paradigms that the researcher can position in: "Functionalist"; "Interpretive"; "Radical Humanist" and "Radical Structuralist". Figure 3 presents the model, however, only relevant parts of it are explained in the paragraphs below as it is stated in the Delimitation chapter.



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Figure 3: Burrell and Morgan's Four Paradigms Model of Social Theory (Source: Adapted from Burrell and Morgan, 1979)

This research project is mostly influenced by the interpretive paradigm. This paradigm fits with other philosophy of science assumptions: "In this [interpretive] approach to social science it tends to be nominalist, anti-positivistic, voluntarist, and ideographic. It sees the world as an emergent social process which is created by the individuals concerned." (Burrell & Morgan, 1979, p. 28). The main objective of the study is to get a deep understanding of the phenomena in question and to understand the rationale individuals use during their decision-making processes. It is essential to gain insight to the socially constructed world that the actors create and interpret the information based on own philosophical assumptions. On the other hand, the radical humanist paradigm impacts the research as well since it is considered during the research that even though participants act upon their free-will, there are certain influencing factors in their external environment that are not possible to disregard, therefore their freedom is limited to some extent. (Burrell and Morgan, 1979)

Quantitative and qualitative research methods

Related to the philosophical underpinnings of the paper, there are two major types of research methods, namely the quantitative method that operates within the objective and the qualitative method that takes a subjective approach.

Within the quantitative research methods, it is suggested that data is independent of humans' perception. In order to derive conclusions from different phenomena, it is necessary to examine interconnections and causal relationships among occurrences. Regarding its data

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collection methods, it is suggested to use surveys, questionnaires and analysis of numerical data. (Kuada, 2012)

Qualitative research methods are used in order to examine causal relationships in detail and to gain an in-depth understanding on the phenomena studied. It takes into consideration the experiences of the participants and derives conclusions based on analysing the reality through their interpretation of it. It is possible to carry out analyses with using focus group methods, interviews and participant observation. (Kuada, 2012)

The data collection for this investigation is mainly characterised by qualitative methods. Since it is intended to gain an insight to interrelations and understand the participants' motivation for entering into outsourcing relationships as well as why and how they want to continue it, it is essential to get the viewpoint of the individuals participating in the activities.

However, it is relevant to mention that in the Literature review chapter there are statistics used from secondary sources as well as some models were tested using quantitative data.

Further on, it is essential to note how theory and the data collected are connected in this project. There are generally three main ways the connection which are inductive, deductive and abductive approaches. The inductive approach implies that the research starts with data collection and theory is generated from the results of the analysis. When it comes to applying a deductive approach, the investigation starts with identifying gaps in the existing literature regarding a specific topic and data is generated in order to fill the gaps in the literature. The abductive approach is a combination of induction and deduction.

Abduction is chosen as the leading approach in this project. Firstly, initial data is collected from interviews and participant observations in order to have an insight to the reality of the organisations and further on relevant literature is viewed to find the theoretical underpinnings to the investigation. Finally, the data is analysed based on the already existing literature in the topic.

Case study research method

When it comes to choosing research methods, it is relevant to clarify why certain methods are chosen, what the main characteristics are of the different perspectives and the type of the data used. In order to conduct this research, the case study method is chosen as a specific process is analysed within its own context. In case studies the author does not have a high level of control on the happenings. (Yin, 2009) The criteria are fulfilled from the perspective that

firstly the initial stages of the outsourcing relationship are analysed and at that time I was not part of the organisation. Further on, I was one of the actors in the foundation, however, the administrative manager had the decision-making power, therefore I had a low level of control on the happenings. Lastly, at the time of conducting the analysis, I am not part of the organisation anymore, therefore I am able to carry out the investigation without getting involved in it.

Collecting case study data

For carrying out a reliable research, it is important to use several types of sources during the investigation. According to Yin (2009) there are six types of sources possible to use which are documentation, archival records, interviews, direct observations, participant observations and physical artefacts. The different types of sources are illustrated in Figure 4.

Source of evidence	Strengths	Weaknesses	
Documentation	-can be reviewed repeatedly -contains exact names, references, and details -broad coverage	-can be difficult to find -biased selectivity -access can be limited	
Archival records	-same strengths as documentation -usually very precise	-same weaknesses as documentation -accessibility -bias as a result of bad articulated questions -interviewee gives want he/she wants to hear	
Interviews	-focus directly on case study topic		
Direct observations	-reality contextual	-cost -time-consuming -selectivity	
Participant observation	-insightful into interpersonal behavior	-bias due to participant-observer's manipulation of events	
Physical artifacts -insightful		-selectivity -availability	

Figure 4: Six sources of evidence (Yin, 2009)

For this investigation there are three types of sources used which are documentation, interviews and participant observation. Firstly, documentation that was provided by the two organisations observed - FUNSINCOPA and AIESEC. There are files used which describe their working processes, timelines for recruitment and supporting documents that are used for communication purposes between the organisations as well as information available on their webpages. These documents were reviewed various times while working at the organisations as well as specifically for this research. One of the weaknesses regarding accessibility is eliminated by the fact that I volunteered at both organisations, therefore I have a library of

internal documents that facilitate the research, however, the disadvantage regarding the biased selection should be taken into consideration.

Further on, in order to collect information on the past and current happenings as well as future plans, interviews are conducted since the documentation does not give a full picture of the researched phenomena. Moreover, it is essential to get an insider viewpoint on how the collaboration progresses as their willingness on continuing the relationship is highly dependent on individual impressions. As a weakness, it has to be stated that the interview guide is written by one person which means that it only involves one individual's viewpoint, furthermore, questions can potentially be misunderstood by the interviewee as well as responses can be misinterpreted. There is an increased likelihood of this happening as all participants are from different countries with different mother tongues, therefore the level of the common language spoken can influence the outcomes. However, all participants have previously worked together and are used to each other's ways of expressions which decreases the chance of being misinterpreted that could have an impact on the results of the study.

Finally, the last type of source used is participant observation which gave an insight to the type of relationship people have within and the organisations. It was observed how the parties communicate with each other in a real life setting as well as using emails and phone calls. While using participant observation as a data type, there is a likelihood of being biased at the time of deriving conclusions from the happenings heard and seen, however, it is an effective tool for observing personal behaviour.

Primary and secondary data

Primary data is defined as the proof collected to conduct a specific research which aims to examine an exact phenomenon. This information comes "first-hand" and it is controlled by the researchers. Primary data can be collected in the form of questionnaires, interviews and observations. (Kuada, 2012)

Primary data for this research is gained by conducting interviews as well as carrying out participant observations in the organisations in question.

While using secondary data in an investigation, it has to be considered that it is generally collected by other individuals for different purposes. Apart from the fact that the data might have been gathered for another type of research, the information it contains can still prove to be relevant for other studies. In case secondary data is used, authors have to be aware of who

conducted the data for what purposes to be able to examine how valid and reliable the data is and if it is applicable for the investigation conducted. (Kuada, 2012)

For this project secondary data in collected in the form of documents on HR processes, recruitment timelines and supporting documents. Since I have worked with these documents as well as I created some of them, I have a clear view on who collected the data and with what purposes.

Types of case study research

Yin (2009) defines three different types of case study research which are the exploratory, descriptive and explanatory ones. Only the type of case study research that is used in the project is elaborated on as it is mentioned in the Delimitation chapter and the remaining two are disregarded in this study. For the case of the recruitment outsourcing relationship of FUNSINCOPA and AIESEC the study seeks for an explanation on how the relationship progresses and why it is chosen to be continued which predetermines the research type as explanatory. This requires a single-case study method which is characterised by its in-depth analysis as opposed to conducting researches on several cases and analysing correlations among them with the aim of generalising the conclusions.

Sources

Derived from the flow of the abductive approach, after the collection of the initial data, the most important keywords and topics are defined in order to conduct the literature review. Relevant articles and books are cited with the purpose of gaining a holistic view on the most important concepts and models developed by different authors are used in order to analyse the outsourcing relationship between the organisations. Moreover, the literature review ensures that the study is placed within the relevant field of research and mentions other theories that are applicable for the project. (Kuada, 2012)

There are two types of literature review that is possible to conduct, the thematic and the systematic types. In this project the thematic review type is chosen, therefore, the review is organised by themes in order to gain a holistic view on the literature that is relevant for the analysis. The literature was collected by using multiple database search from several databases such as JStor, ProQuest, AUB, EBSCOhost and Google Scholar. Throughout the research there were various keywords applied aiming to find all relevant literature in the topic.

Lastly, qualitative interviews, participant observation and documentation are analysed in order to answer the problem formulation.

Structure

In order to close the Methodology chapter, the project structure is shown. The most influential factors for the structure are the problem formulation and the philosophical underpinnings of the project. It is presented on Figure 5 below.



Figure 5: Project design

Literature review

Human Resource Management

Human resource management (HRM) as a term can be defined in several ways. Authors have different opinions about what exactly could define it more accurately. According to Torrington, Hall and Taylor (2005) the term can be used in two different ways, one of which refers to the earlier term used "personnel management" and human resource management is only an updated version of the same intention. However, in a different meaning, HRM has an altered content compared to personnel management, as it refers to the more people-oriented ways of managing staff. Shivarudrappa, Ramachandra and Gopalakrishna (2010, p. 5) define human resource management based on the meaning that is closer to the definition of personnel management, *"Human Resource Management is a management function that helps managers recruit, select, train and develop members for an organisation."*

Contrarily, the authors emphasised that the function is obviously concerned with a deeper dimension of the phenomenon, the people's importance in an organisation. It is claimed that organisations are build up by people and it is them who manage the activities. Furthermore, the concept is supplemented with the idea that all decisions made are supposed to serve the effectiveness of the organisation and the improvement of services provided to its stakeholders on a reasonable cost. Finally, they add that the HRM function is not only meant to be implemented in businesses but also in other types of organisations that have different formations than firms. (Shivarudrappa, Ramachandra and Gopalakrishna, 2010)

The authors use three different definitions to cover all the concerns mentioned above and summarise it as *"HRM refers to a set of programmes, functions and activities designed and carried out in order to maximise both employee as well as organisational effectiveness."* (Shivarudrappa, Ramachandra and Gopalakrishna, 2010, p. 6)

However, as the working definition for this paper Subba Rao's (2009, p. 2) interpretation is chosen which states that *"human resource management means employing people, developing their resources, utilising, maintaining and compensating their services in tune with the job and organisational requirements with a view to contribute to the goals of the organisation, individual and the society."* This definition includes all aspects that make human resource management more people-oriented in contrast with personnel management and adds the perspective of the individual level and the society as a whole which is external to the

organisation, however, it takes responsibility for the impacts it causes intentionally or unintentionally.

Outsourcing

While creating strategies for businesses, there is a special importance put on cost-saving, providing quality and considering time constraints. In order to achieve these objectives, organisations use various methods such as management techniques, creating more efficient organisational designs and reengineering business processes. At the same time, there is always potential to increase efficiency and in line with this thought, there has been a recent trend in hiring outside vendors to execute certain business processes and operational activities. (Abdul- Halim, Che- Ha and Geare, 2009)

Outsourcing activities of an organisation are defined as transferring internal services provided or production to an external, independent provider. There are several ways of outsourcing such activities based on the nature and complexity of the transfer and can vary from subcontracting to joint ventures. These provisions normally involve activities that have no strategic importance in the organisation and are routine tasks. In this case, the main motivation is related to reducing costs. However, it can also involve professional services whereas the importance besides cost reduction is on improving service quality, as well as gaining the ability to focus on the core activities of the organisation.. (Taylor, 2010)

From a different perspective, Lever (1997) argues that the purpose of outsourcing is not to reduce staff or to restrain from hiring additional employees but to transfer the work to experts in the area. Furthermore, Quinn and Hilmer (1994) suggest that outsourcing is also used to build core competencies in an organisation which is supposed to supplement the business strategy and is considered to be a primary reason for outsourcing.

In the next chapter it is explained how these motives play different roles while organisations outsource HR activities, more specifically recruitment and selection activities.

Outsourcing HR

Initially, outsourcing was a popular practice mainly with regards to manufacturing, cleaning and other routine tasks. More recently, some of the business operations started to be outsourced and it became an immense trend to transfer IT tasks to outside providers. (Abdul-Halim, Che- Ha and Geare, 2009) Outsourcing human resources is a more contemporary concept, however, it has proven to be the fastest growing segment in business process outsourcing. (Step by step to successful HR outsourcing, 2004)

HR outsourcing can mean the transfer of all operations performed by the department or only parts of the function. (Adler, 2003) The typically outsourced HR activities are payroll and compensation and benefits tasks as the non-core activities of the function but it is not uncommon to outsource recruitment and training and in cases even HR strategic planning to outside providers. (Patry et al., 1999)

Reasons for outsourcing HR activities

The phenomenon of HR outsourcing can be analysed by the question of "make" or "buy" related to transaction cost economics. It raises the issue of whether it is reasonable to include external providers in the structure of the organisation or include all activities in the organisational hierarchy. Based on transaction cost economics, it has to be evaluated if it is more efficient to provide in-house solutions or to buy services from outside vendors. It is suggested to outsource when it is possible to reduce costs by buying external solutions as opposed to carrying out the processes within the organisation. (Williamson, 1996)

Moreover, it is proposed that HR outsourcing can be a solution for achieving economies of scale. In case of fluctuating demand for certain HR activities to be carried out, it gives organisations flexibility and productivity to use temporary outsourcing. This way, it is also possible to save direct and indirect costs that are related to operations that need to be executed only in certain periods of time. Additionally, it also helps to shift risks related to the business to other parties. (Cooke, Shen and McBride, 2005)

Furthermore, it is relevant to examine HR outsourcing from the perspective of the resourcebased view. In an accelerating global competition, it is suggested that an organisation should evaluate which are the core activities that deliver value and outsource the processes that have no significant strategic importance. In this sense, HR as a function should be assessed whether the operations generate competitive advantage for the company or they have minor added value. In order to reach strategic objectives, it is advised to outsource HR activities in case they do not generate competitive advantages and focus on those operations that are strategically significant for the organisation. (Cooke, Shen and McBride, 2005)

As HR managers are now seen more as strategic partners in organisations, it is expected from them to contribute to the goals of the business as a whole. Therefore, they more often choose to outsource non-core activities to become more resilient and responsive to business needs. (Abdul- Halim, Che- Ha and Geare, 2009) However, the competitive capabilities of an organisation are not stagnant. Firms need to constantly evaluate which activities serve as core and which ones are the non-core operations and adjust outsourcing decisions based on those analyses and use third-party experts in the areas when it is needed. (Cooke, 2003)

In line with this thought, authors argue that outsourcing relationships can enhance organisational learning. Such partnerships create networks whereas knowledge can be shared regardless of formal organisational boundaries which can support innovation in both organisations. (Cooke, Shen and McBride, 2005)

As opposed to this view where HR outsourcing is seen as a way of improving service quality and allowing HR managers to become more strategic partners in the company, some authors argue that HR has no strategic importance which gives a reason to outsource those operations. (Baker, 1996, Caldwell, 1996) This is in line with the idea that human resource management is the same as personnel management and disregards the people-orientation of HR activities.

Potential negative consequences of HR outsourcing

In spite of the advantages that HR outsourcing entails, there are certain drawbacks that organisations need to be aware of. Firstly, contrarily to the last advantage mentioned on organisational learning, outsourcing can lead to losing core capabilities and the opportunity on developing in-house expertise. It can be assumed in organisations that a third-party provider can better facilitate HR activities in an easier way, however, it hinders building own capabilities that are more sustainable on the long run. (Cooke, Shen and McBride, 2005)

Furthermore, there could be concerns regarding the quality of services provided by the thirdparty. Employees often compare the work done with their initial expectations and on how it would be done in-house, as well as how it used to be in the past. These expectations can often differ from the end-product which also taking the price of the service into consideration might leave organisations dissatisfied. Particularly, at the time of switching from executing operations in-house to outsourcing to outside vendors, it can be time-consuming to transition all necessary information and agree on new ways of working that can hinder operations from running smoothly on a continuous basis. Moreover, unpredicted issues can arise that can result in unfulfilled promises and expectations that causes disruption for the businesses. This may be caused by the nature of HR activities whereas tacit knowledge plays an important role. Some operations cannot be translated into procedures with exact rules but are based on accumulated personal and organisational experiences. (Cooke, Shen and McBride, 2005) The aforementioned advantages are disadvantages of HR outsourcing are collected and are shown on Figure 6 below.

Perceived Benefits	Potential Adverse Consequences	
Concentration on in-house expertise	Discontinuity of skill supply	
Specialist supplier's economies of scale	Loss of in-house knowledge and capacity	
Numerical flexibility	Reduction in quality	
Reduction in quality	Higher total cost	
Competitive tendering process	Loss of employee morale	
Organizational learning from specialist provider	Loss of long-term competitiveness	

Figure 6: Perceived Benefits and Potential Adverse Consequences of Outsourcing (Source: Adapted from Shen, Cooke and McBride. (2004))

Outsourcing recruitment

Recruitment process outsourcing is the act of transferring parts or the whole recruitment process to an external provider. The recruitment process was traditionally seen as an operation that is supposed to be carried out in-house. However, there has been a growing trend of outsourcing such activities, in cases only to virtual providers that have a bundle of skills, technology and tools. (Gilani and Jamshed, 2016)

Moreover, recruitment has become the second most commonly outsourced HR activity from those companies which use external vendors to execute some or all of their HR processes by 2014. (Fister Gale, 2015)



Figure 7: What is being outsourced? (Source: Adapted from Fister Gale (2015))

At the initial times of recruitment process outsourcing, it was seen as a way to get typically unskilled workers in a short amount of time and in an efficient way for the organisations. Although, in recent years it has become an opportunity for firms to recruit potential employees with very specific skill sets that are otherwise challenging to find for specialised roles. Outside vendors work on how it is possible to attract the applicants with the most relevant background to the organisation. Previously, there was more importance placed on cost-saving factors, however, now companies are more concerned about receiving quality services. (Fister Gale, 2015)

As firms are facing global and accelerated competition, it is more important than ever to find the best fit for strategic positions. In 2014 KellyOCG issued a report on "Global Trends in RPO & Talent Recruitment" which states that 73% of companies planned to increase the number of their full-time employees but 61% faced challenges in recruitment activities. Finding skilled recruiters was mentioned as one of the top issues, companies have difficulties in hiring staff for recruitment activities. (Fister Gale, 2015)

Companies also use outside vendors for strategic reasons since they expect to face a huge talent gap as the baby boomers will retire in the upcoming years, therefore, it is important to

build a strong employer brand and to showcase it on social media in order to develop a significant talent pool for future hires. (Fister Gale, 2015)

With the use of online recruitment portals there is a possibility to have 24-hour access to recruiting channels and to advertise vacancies in an efficient way. External agencies are often used to manage such portals in order to achieve economies of scale and be able to attract a broader pool of suitable candidates. (Adler, 2003)

Additionally, in some companies there is no staff specialised in recruitment activities, but the HR generalists are responsible for new hires. In these cases, they are only able to spend part of their working time on filling in vacant positions which can cause problems in case they are not able to meet the needs of the business in a timely manner. In some other firms it is not a routine task to recruit new employees, therefore some part of the staff needs to be trained on how to manage the process. In these cases it can be beneficial to use outside vendors in order to get access to specialised workforce in hiring activities. (Stroh and Treehuboff, 2003)

Moreover, in a global environment companies operate in currently, there is specific knowledge required on the local and international laws and regulations on hiring people across the world. Apart from the legal complications that might arise, there is a need to understand cultural aspects as well while hiring international employees. It is suggested that it is a more cost-saving and efficient solution if organisations outsource these activities, rather than executing them in-house and having to obtain a broad knowledge on international hires. (Stroh and Treehuboff, 2003)

On the contrary, Stroh and Treehuboff (2003) raise the concern that in-house recruiters are more aware of the organisational culture and best practices than outside vendors, therefore it entails risks to outsource such activities that require insiders' knowledge and experience. In addition, organisations often fail at redesigning the HR activities that are kept in-house in order to comply with the outsourced processes.

Moreover, it is a possibility that the outsourcing firm does not put importance on training the HR team in the specifics on business partnering, therefore the objective of letting the HR function to become more of a strategic partner might not happen in spite of the efforts of relieving workload from them. Consequently, it is essential for the HR management to create and maintain an operational model that enables organisations to work with the changed ways of executing recruiting tasks. (Step by step to successful HR outsourcing, 2004)

Recruitment process outsourcing also impacts employer branding. It needs to be considered what kind of brand image the organisation developed previously, transition it to the vendors and ensure that the communication to external and internals remains the same. Simultaneously, if the purpose of outsourcing recruitment is to have specialised workforce improve the employer branding, the communication should work the other way around and the outsourcing organisation has to learn from the external agency what the best way is to showcase the brand and how to create a consistent image with involving all employees at the organisation. (Gilani and Jamshed, 2016)

While considering outsourcing recruitment, it is essential to examine the firm size to make decisions. It might be expected that SMEs would outsource recruitment activities as it is less obvious to have specialised workforce for it, according to Klass, McClendon and Gainey (2001) larger firms intend more to use external agencies. This can be explained with the rationale that outside vendors are used more often to staff high-level positions with significant experience in the business and relevant skills.

OLI paradigm

Since organisations operate in a globalised world, it is more and more common to recruit employees internationally. Therefore, while choosing external agencies to carry out these activities, companies should consider international vendors that can attract a higher number of potential candidates. In order to evaluate if recruiting activities should be outsourced by an organisation it is relevant to use the OLI model to evaluate the ownership, Location and internalisation advantages.

John Dunning initiated the OLI eclectic paradigm in 1973. The model is based on the transaction cost theory and integrates several strands of thinking. The paradigm suggests that there are three major advantages to be considered while evaluating the firm's internationalisation possibilities which are the ownership, Location and internalisation advantages. According to the OLI paradigm, the more ownership and internalisation advantages the organisation has and the more Location advantages they can create and exploit in a foreign location, the more foreign direct investment will be implemented.

The strength of this theory is the simplicity of it, it is easy to understand and can be applied in different contexts. It is derived from the transaction cost theory; therefore, it is focused on economic aspects and cost optimisation which is an objective tool to use in an analysis.

Despite the advantages of using this theory, there are certain limitations to be aware of as well. Since it is mostly focused on creating profit and the efficiency of the process, it neglects more subjective perspectives and the social construction of phenomena. Therefore, it might exclude solutions that are not the most economically efficient but complements the organisation's strategy on the long run.

Conceptual Model of External Organisational Commitment in HR Outsourcing Relationships

All prior studies on outsourcing human resources have focused on the initial stages of the outsourcing process, however, it is not discussed in the literature what motivates HR managers and external agencies to continue the partnership on an ongoing basis. Lievens and Corte (2008) developed a model in order to test the commitment of HR managers to the outsourcing relationship with vendors. It is suggested by Maurer & Mobley (1998) that HR outsourcing should be seen as part of a long term strategy rather than a band-aid solution for contemporary issues in the organisation. Therefore, it is essential to analyse what enhances creation and continuation of outsourcing partnerships so that not only the reasons and early stages of process transfers are evaluated.

Conceptually, it is questionable that the same reasons for outsourcing remain the ones that motivate managers to continue outsourcing parts or all of the HR processes because they do not take into consideration the length of the partnership. (Lievens and Corte, 2008)

Moreover, transaction-cost theories are not concerned with the fact that these decisions are taken by individuals who have their own perceptions on initiating, developing and continuing such relationships. Based on the social exchange theory developed by Blau (1964), the continuity of HR outsourcing relationships can be related to the social ties that the partners create over the duration of the outsourcing. (Lievens and Corte, 2008)

This model is focused on outsourcing recruitment and selection activities within the HRO field since it is a highly repetitive and normally high-volume operation, accordingly it is easy for HR managers to switch among different vendors. Therefore, examining continuity of the outsourcing relationship is relevant in this particular function. (Lievens and Corte, 2008)

It is suggested by Lievens and Corte (2008) that a new model should be developed in order to evaluate outsourcing partnerships from both an economical and a psychological perspective. The conceptual framework is based on two mechanisms, one of them is related to "perceived

costs" that examines the continuance commitment and the other one is related to "desire" which analyses the affective commitment.

Based on the study of Meyer and Herscovitch (2001), continuance commitment can be defined as a series of action that aims to avoid costs and the risks of losing investments. This means that if the costs of outsourcing HR activities will be lower than performing them inhouse, organisations will choose to work with external vendors as their decisions are based governed by economic perspectives that is related to the transaction-cost economics theory. According to this perspective, the outsourcing relationship will be maintained as long as switching costs are high - moving from one recruiting agency to another one. (Lievens and Corte, 2008)

Parallel to this theory, affective commitment represents the "desire" to continue an outsourcing relationship. It is an emotional attachment to an organisation which theoretically is derived from the social exchange theory. This can be reflected by personal ties, effective communication patterns and a formed trust that is developed over time by the organisations. (Blau, 1964)

These two types of commitments are not contradictory to each other, on the contrary, they can complement each other since a partnership might start as an exchange which is motivated by economic reasons, however, it can turn into an affective bond. This way the length of the outsourcing relationship will depend both on continuance and affective commitment. However, length is not the only factor that determines the continuity of the outsourcing relationship as it does not signify the level of commitment of the parties. It is necessary to evaluate the depth of the relationship which can be measured by a portion of the processes outsourced on average. Furthermore, it also depends on the frequency that the recruitment activities are outsourced to external vendors. These qualitative aspects can show how involved an organisation is with the recruiting agency they are partnering with as it does not only reflect on the length of the partnership but also on the strength of it. (Lieve and Corte, 2008)

The relations of the different concepts are illustrated on Figure 8 below.



Figure 8: Conceptual Model of External Organisational Commitment in HR Outsourcing Relationships (Source: Adapted from Lievens and Corte (2008))

Among HR vendors, there are several types that operate in different ways. Some agencies offer standardised services, they recruit employees based on their own standard operations and deliver the same type of service to various companies. At the same time, other vendors customise their products, including designing recruitment campaigns that are developed for the specific needs of one firm. In the case of the second type of service delivery, it is more likely that the outsourcing relationship will be longer-lasting as it is costly and in cases impossible to transmit the same knowledge to different vendors. Furthermore, if there are few alternatives for the same type of service, the likelihood of continuing to outsource to the same agency is higher than switching to a different one. These rationales are related to the continuance commitment idea. (Lievens and Corte, 2008)

When it comes to the creation of affective commitment, the relating factors are value compliance, emotional attachment and identification. (Meyer and Herscovitch, 2001) Firstly, it is confirmed in the model that sharing the same values and standards in the organisations enhances affective commitment. It can be also referred to as sharing similar organisation culture and they have a great fit together. Another aspect of affective commitment is the trust between the outsourcing organisation and the recruitment agency. HR managers claim that

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trustworthiness plays an important role on how the relations develop and if it is possible to be vulnerable among the parties without the other having to behave opportunistically. It also refers to the fact that the organisations trust that both deliver on their promises they agreed upon at the initial stages which is also known as knowledge-based trust. (Lievens and Corte, 2008)

There are three additional factors that complement to knowledge-based trust which are effective communication, reputation and approachability. Communication is claimed to be one of the main components of building trust according to practitioners which entails the exchange of both formal and informal information. Furthermore, it is important to evaluate the frequency of the communication flow and effective communication is also proven to be a predictor of the continuity of the relationship. The second factor related to trust is approachability. This means how easy it is to get in touch with the members of the other organisation and the timely manner they respond for the requests. Lastly, organisations also use second-hand information to determine the trustworthiness of their vendors as opposed to communication and approachability concerns that they perceive directly. An agency's reputation is something organisations can gain information from different sources and can alter their own perception on how trustworthy they should evaluate them. (Lievens and Corte, 2008)

The authors of the paper based the model on correlations in the literature in human resource outsourcing as well as qualitative semi-structured interviews with HR managers to confirm these relations or shed light on new ones. Further on, they tested the model on 186 firms by sending out questionnaires to them. After evaluating the results, it has been noted that out of the 11 correspondences that the model is built upon, there were only 5 of them significantly confirmed. However, in the analysis chapter of this paper the whole model is tested again in order to evaluate if the correlations exist in the voluntary sector.

Human Resource Management in non-profit organisations

In literature there has been an ongoing debate on the significance of non-profit organisations. In the 1990s there was a revolution on the perception of non-profits. Initially they had to justify their existence, later on the literature got enriched with papers on how to increase efficiency on the management of non-profits. (Butler and Wilson, 1990) This perception later evolved to the recognition that there is "*the increasing need of voluntary organisations to be seen to manage and to be accountable as they take on an enlarged role in service delivery*"

Osborne (1996, p. 202) Therefore, there is a need to conceptualise the management of voluntary organisations which does not only come from the associations but from the increased competition for funding. (Leat, 1993) It has been becoming a growing trend among voluntary organisations to adopt modern human resource management practices in order to be managed better and increase their chances for funding. (Kellock et al., 2001)

HRM is a highly important function in non-profits as it is essential for them to manage their workforce in an effective way since they do not have the means to supplement talent capacity with physical capital. Furthermore, within non-profit organisations there are generally additional employee motivating factors which are often related to the mission of the organisation and the level of influence members can have on the decision-making process. These determinants should be taken into consideration while designing and executing recruitment, selection and training activities. Finally, resulting from the competitive funding environment of non-profits, since they have to enhance efficiency in the organisation, they are significantly dependent on employee commitment and accountability which gives HRM a strong strategic importance. (Akingbola, 2006)

Recruiting for non-profits

Recruiting is a truly critical process in the HR function of non-profits. While looking for the best fitting employees for the organisation, it is not enough to only possess the relevant skills and qualifications the job requires but also that the candidate can identify with the mission and values of the organisation. This is generally not a criterion for being recruited, however, the mission of the organisation plays a significant role in the life of non-profits. Furthermore, while designing recruitment activities, organisations need to be aware of the high turnover of employees and volunteers, therefore should consider that staffing the organisation is an ongoing issue. (Akingbola, 2006)

On the other hand, non-profits typically do not have resources to design and implement expensive recruitment campaigns, therefore are required to find alternative ways to promote their organisation. (Mareva, 2010)

Analysis - The case study of FUNSINCOPA

In this chapter of the paper, the case study of FUNSINCOPA is conducted with the aim to examine their recruitment process outsourcing relationship with AIESEC. The analysis is based on the Literature review chapter in which relevant theories and models are collected to describe the core issues within the literature and on the primary and secondary data gathered to test the frameworks.

FUNSINCOPA is a non-profit organisation founded in 2008 in Panama City with the purpose of teaching children and young people from vulnerable areas to play on classical musical instruments. The organisation was started by Isaac Casal, a local cellist who realised that there is a need for more cultural activities in Panama and for giving purpose to young people from difficult social backgrounds. The foundation was only operating with a few volunteers in the early stages and had no need for human resource practices. However, the growing number of activities required more talent capacity, therefore the organisation started recruiting more volunteers, as they did not have the resources to employ paid workers. (Fundación Sinfonía Concertante de Panamá, 2018)

The outsourcing was collaboration initiated by AIESEC in 2014 when the organisation was searching for partners in Panama. AIESEC is a global student-run organisation that was created after the second world war in order to educate young people on cultural differences in order to avoid a possible third world war. It has the mission of putting young people in challenging environments in a cross-cultural context in order to develop their leadership skills and to contribute to the *"Peace and fulfillment of humankind's potential"* (AIESEC, 2018). Practically, they organise internships in 126 countries where young people can get professional or voluntary experiences. AIESEC is also present in Panama City, therefore when they were searching for partners in Panama in order to convince NGOs to receive volunteers from different parts of the world, they contacted FUNSINCOPA. (Rivas, 2018)

The value proposition of AIESEC consists of advertising internship opportunities on their online platform, pre-selecting and interviewing candidates, taking care of the legalities of the internship and the visa processes, arrival pick-up and accommodation of the interns and facilitating leadership development seminars. They have different pricing models in different countries but in Panama there are no costs associated with their services from the organisation's side apart from having to provide one meal per day for the interns. (AIESEC, 2018)

The eclectic paradigm

In order to evaluate whether or not it is sensible for FUNSINCOPA to outsource recruitment activities, the OLI framework is used. Ownership, Location and internalisation advantages are discussed regarding international recruitment processes.

Ownership

Since the internet has been highly influential on recruitment practices, regarding FUNSINCOPA's case it is only relevant to discuss the ownership of a recruitment portal. As the organisation in question is a non-profit, it does not have the resources to invest in an own HR portal, further on, they do not have the expertise in IT to develop and maintain it. (Perez, 2018) The advantages of recruiting through a recruiting portal is that the organisation would have 24 hour access to candidates' profiles and would be able to carry out recruitment on an ongoing basis and that it would be able to reach potential applicants all over the world. However, there is not a high volume of recruitment that is carried out throughout the year, as well as the demand for new volunteers is fluctuating in different periods of time, therefore it is not reasonable for FUNSINCOPA to own a recruiting portal.

Location

As FUNSINCOPA recruits its members internationally, the location where HR activities are carried out is irrelevant. Since the recruitment is executed online, HR practitioners can be located at any part of the world and communication can be done by phone or emails. Interviews are also conducted through Skype or Google Hangouts, therefore there is no need for a physical location for those purposes. (Rivas, 2018)

Internalisation

FUNSINCOPA was carrying out recruitment activities on its own in the past. However, there was no HR expertise within the organisation, therefore there was a lack of strategic planning and execution. Currently, there are two employees working on the administration of the organisation who have no HR background and their attention in split among various types of tasks. Since HR is not considered to be a core activity in the organisation, there is no intention on gaining expertise in the area as well as there are no resources to employ additional staff. In order for the administration to be able to focus on core activities such as organising music classes and festivals, it is essential for them to have HR experts taking care of their recruitment outside of the NGO. (Perez, 2018)

Although AIESEC cannot be considered as an expert recruitment agency, their processes are developed by mostly business students that base the operations on relevant theories as well as best practices in the field, their experience can be relevant for such non-profit organisations where there are no human resource practices in place. (Rivas, 2018)

Regarding the aspects on cost-saving, there are various issues to be considered. In case of internalising the function and recruiting a volunteer that would execute HR tasks would not entail extra costs for the organisation, however, the training of the person and the daily communication would take away focus from the administration and would still need to invest into recruitment channels. There are ways of free advertisement of volunteering opportunities in Panama, the most popular being Ponte en algo which is a volunteer recruitment portal that is free to use for non-profits. (Ponteenalgo.com, 2018) However, it only advertises locally which means that the reached talent pool will be less broad and as according to the employees at FUNSINCOPA education systems are not advanced in Panama, they prefer to have international volunteers at the organisation that are more specialised in their field. With the services offered by AIESEC, it is not necessary to employ HR specialists at the organisation, they can reach a broad, international base of candidates by having access to an online recruitment portal and it does not entail extra costs for the organisation.

In conclusion, since the O and the I advantages are not significant for FUNSINCOPA and L advantages are irrelevant, it can be stated that internalising recruitment activities is not the most optimal option for the NGO, therefore, outsourcing is suggested based on the above analysis.

Conceptual Model of External Organisational Commitment in HR Outsourcing Relationships

In the paragraphs above it was discussed why the outsourcing relationship started between FUNSINCOPA and AIESEC and the majority of the rationales can be related to the transaction-cost economics theories or to the resource-based view. However, as Lievens and Corte's model suggests it, the continuity of these relationships is not dependent on such rationale but on the perspectives on social exchange theory. In the following paragraphs of the analysis it is discussed how the correlations of the conceptual model of external organisational commitment in HR outsourcing relationships are presented on the example of FUNSINCOPA and AIESEC. First, it is analysed how specific investments and the number of alternatives are related to continuance commitment, next the factors related to knowledge-based trust are

described, further on it is evaluated how the shared values and trustworthiness are related to affective commitment. Lastly, it is examined how continuance and affective commitment influence the length of outsourcing relationship and if affective commitment impacts the depth and frequency of outsourcing.

Specific investments

As it has been mentioned within the application of the OLI framework, there was no need for investments to be made from FUNSINCOPA's side in order to receive AIESEC's recruitment services which entails low level of impact on continuance commitment.

Number of alternatives

Based on the knowledge the organisation has about alternative services, there is no agency operating in Panama that would have the similar complexity of services with AIESEC offered to non-profits without charges. Therefore, AIESEC has no significant competitor on the market. (Perez, 2018)

Communication

From both organisations it was confirmed that the communication has been very effective and pleasant throughout the collaboration. AIESEC provided FUNSINCOPA the necessary information about the services and about the stage of the recruiting process for each position. Additionally, there is an AIESEC representative present on the first working day of the interns, ensuring that the onboarding is smooth and is carried out without any problems. Perez, 2018; Rivas, 2018) On the other hand, based on own observations, there are certain drawbacks of the communication among the parties. The aim of it generally is to be efficient and not to get involved in timely discussions. However, the efficiency hinders the organisations from creating deeper contact which would enable them to support each other's organisational learning process. As it was visible in the office, some of the interns recruited by AIESEC were not a good cultural fit for the organisation, however, these characteristics were never clearly communicated. Furthermore, it is intended that AIESEC takes nearly full responsibility for the recruitment process in order to relieve FUNSINCOPA from additional tasks, there has been no knowledge transmitted on how to conduct interviews or evaluate candidates, therefore, it keeps FUNSINCOPA dependent on AIESEC's services which can be risky in case FUNSINCOPA should carry out such activities on their own.
Reputation

According to the administrative manager of FUNSINCOPA, they did not have any "secondhand" information on the AIESEC chapter in Panama City when they started the collaboration with them, however, AIESEC globally is a well-known organisation with thousands of clients worldwide, therefore their reputation enhances their trustworthiness.

Approachability

One of the main advantages when it comes to working with AIESEC is their timely response to requests. They are available most hours during the week and are working on weekends as well. However, since their members are volunteers, their commitment might fluctuate over time. It is typical in case of exam periods at universities that responses get delayed and some tasks are not executed since the members prioritise other activities outside the organisation. This can hold up some operations, however, FUNSINCOPA is not dissatisfied by these facts. On the other hand, AIESEC has experienced that the staff at FUNSINCOPA is not always responsive to requests which can create frustration as their activities are strictly planned on a yearly timeline and it can cause challenges for the members whenever there is a shift in the timeline.

Shared values

Shared values have a significant impact on the collaboration of the two NGOs. Since the mission of organisations in general is more influential in the non-profit sector, it has an increased influence in this model. Since AIESEC is a voluntary organisation where members have no financial incentives, the experience of learning by doing is the main motivational factor as well as creating a positive impact in the society. (AIESEC, 2018) As FUNSINCOPA's activities are also related to offering learning experiences for young people and creating a cultural impact, the two organisations have similar missions in which they can support each other by their partnership.

Affective commitment

As it is evident from the paragraphs above, the two organisations have a favourable cultural fit based on their shared values and their perceived trustworthiness of each other which consists of the experiences of efficient communication, reputation and approachability. Apart from the minor issues arising at times, there is a strong desire to continue the partnership as it

is proven by the timeline on recruitment activities where it is marked that new AIESEC interns are received throughout the summer time. (Jira, 2018)

Therefore, it is visible that affective commitment has an impact on the length of the relationship as well as the outsourcing frequency. The depth of outsourcing is not relevant in this case since AIESEC has standardised services which does not allow clients to request high level of customisation.

Continuance commitment

The determinants of continuance commitment showed mixed results, however, based on transaction-cost economics theories and the analysis of eclectic paradigm, we can state that from FUNSINCOPA's side the partnership was initiated from mostly economic reasons and still continues today for the same ones. This defines the length of the relationship as well as the frequency of outsourcing.

To conclude the analysis, it can be stated that correlation is found among the majority of the parts of the framework and that opposing to the literature which previously only took into consideration the economical and the resource-based aspects of outsourcing it is proven that affective commitment has an influence on the outsourcing outcome as well.

Discussion

The conclusion has been drawn from the analysis chapter that the relationship between FUNSINCOPA and AIESEC is successful, their interactions are efficient and both parties deliver on their promises with minor issues in their communication.

However, there are several issues in case FUNSINCOPA only relies on the recruitment process delivered by AIESEC. Firstly, since AIESEC is a voluntary organisation, it has a high turnover in their membership which entails a risk in the sustainability of the quality of their services. When members are changing each other over a short period of time, information management can be at risk which influences the way they deliver their services. Moreover, as they do not have financial incentives, their commitment to the organisation can change over time which can impact the trustworthiness of the NGO.

Secondly, AIESEC has proven to be successful at recruiting skilled volunteers for FUNSINCOPA for positions such as external relations manager, social media expert and graphic designer, at times there is a need at FUNSINCOPA for volunteers that do not need to have special qualifications, only have to help out at event management for summer camps and music festivals. Since the organisation is dependent on AIESEC's expertise at recruitment, when it comes to having to carry out the processes on their own, they do not have the knowledge or the capacity to focus on these tasks. Furthermore, AIESEC only deals with the recruitment activity itself but not with creating recruitment strategy, timeline, role profiles and induction plans, therefore, at times it occurs that interns do not have enough tasks or there is no volunteer for some activities that would need to be executed.

Some of these issues were noticed by the management of FUNSINCOPA, therefore it was decided to recruit a talent capacity manager intern to address the issues with the recruitment tasks that is left in-house. This seemed as a viable solution, however, it solved only part of the issues. A recruitment strategy was designed that tackles both the outsourced part of recruitment tasks as well as the ones left in-house. However, due to the high volume of tasks of different nature for the employees of FUNSINCOPA, the transition of these strategies was not possible, therefore, there was a very low level of organisational learning which entails that the issues will continue in the future.

In order to eliminate the risk of this, it is suggested for the organisation to recruit a volunteer dedicated to HR activities on a long run instead of a 6-week period and to improve on the communication with AIESEC in order to enhance the learning process of both organisations.

Limitations

In the Limitations chapter it is explained what issues occurred during the research process and how they influenced the study.

Firstly, since I started the internship at FUNSINCOPA at the time of starting this research, there was an extensive amount of time by when I was able to identify the issues at the organisation which resulted in the fact that the literature review was only conducted after finishing the internship. Therefore, some of the topics raised in the literature were not possible anymore to collect data on.

The involvement I had in both organisations allowed me to have a deep insight to the happenings over the time but also entailed that I might have a biased opinion on the phenomena studied, however, it was intended to stay as objective as possible. Furthermore, the fact that there is only one author of the paper that conducted interviews, chose the relevant theories and drew the conclusions entailed that there is only one viewpoint included in the project.

Lastly, regarding the limitations on the literature review, during the database searches there were several theories and frameworks found that are not available on the AUB page, therefore it was not possible to include them in the research paper. Furthermore, in the thematic literature review there was a set of papers considered relevant for the research, it is possible that during the search some of the literature was not found that could have been relevant for this investigation.

Conclusion

The Conclusion chapter is a tool to showcase the findings of the project, it aims to answer the problem formulation as well as conclude the research conducted.

The Analysis chapter has shown that FUNSINCOPA and AIESEC has managed their outsourcing relationship moderately successfully. The collaboration started with the rationale underpinned by transaction cost economics theory and resource-based view which are the scarce resources the NGO has, the lack of expertise within the HR field, the desire for international skilled members and the necessity to be able to focus on core processes of the organisation has led to the decision to outsource their recruitment activities to AIESEC. During their collaboration, apart from the economic reasons, affective commitment was formed between the organisations which were based on shared values and the level of trust earned. The continuance commitment ensured the length of the outsourcing relationship while the affective commitment impacted both the length and the frequency of the outsourcing. The depth of the outsourcing relationship stayed irrelevant as the services provided by AIESEC are standardised and customisation is not possible based on individual needs.

Finally, opportunities for improvement were identified in the Discussion chapter. Since FUNSINCOPA is highly dependent on the recruitment services of AIESEC as they lack HR expertise within the organisation, it is recommended to improve the communication in order to support the organisational learning of both NGOs.

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Appendix A – Interview with the administrative manager of the organisation

Interviewer: So I just have a few questions about like general stuff that you a lot of specifics what you need now. I just wanted to ask what the experience was with volunteers, I know you had some with AIESEC, do you have other volunteers?

Interviewee: Usually we work with volunteers, I have been here for a year So far we have worked with 3 volunteers with AIESEC and some volunteers with the mothers of the kids that are part of our project.

Interviewer: What is that they are doing?

Interviewee: It depends on the part of the year. Also there is not so much plan and also we do not have beforehand as soon as they come we give them something. In the case of Anita, she is helping us with following up with letters, we send letters for the fundraising, Anita is calling everybody to follow up with things. Also we have I think it would be interesting, that would be great. On March 5th the classes begin and you will see the mothers volunteering on the field and you might talk to them that might be very interesting. We have mothers helping us, we hire somebody to make the lunch but we have the mothers giving the lunch to the kids, making sure that everything is following, helping with the logistics with the classes. But here at the office we do not have experience other than AIESEC.

Interviewer: And then for the classes where the mothers are helping out, is that enough or would you need somebody more there to take care of the logistics?

Interviewee: I think that in the case of during the classes I think that When we have a concert that is something that we are... Also we have an issue for example last year we make our first parents' committee to organise the end of the year party, it was a great success but you always see the same people getting more involved and volunteering more. Also we have an issue that most of the families there is only one parent and usually it is also the provider so it is the only one that works. So they do not have a lot of time, we have a lot of people coming from Venezuela so the father was working and the mother was they can really get involved with the project here there is no, we do not have that facility, only with mothers and usually the mother and you have a gender issue there.

Interviewer: Yeah I understand. You would need a group of people to help out with the logistics?

Interviewee: Yes, yes. Sometimes we have a concert where we have 70 kids on scenerio and sometimes we have two musicians at the scenario. So it is very different the amount. Some

things like providing information or like giving the brochure, the hand program and things like that, that is something that keeps repeating.

Interviewer: Is there any way to know so can I see it somewhere which are kind of bigger ones or smaller ones?

Interviewee: I can give them to you. Yes, the ones that are from RED philharmonicas, the blue ones are with the kids so usually that these are wit the kids, also you need to take care of the kids and another big thing is during the festival. So those are kind of the biggest concerts we need some assistance.

Interviewer: Is there like any estimation how many people it would be or?

Interviewee: I think we would need to decide what are the needs for example somebody taking care of the lunch.

Interviewer: I wrote just a few things like what I thought about that could be useful for the festival to have people taking care of these things, I do not if...

Interviewee: Ok, we have a mother who helps also I can give you the contact if you want to meet her, what are the interests, . I can contact you with the mothers, here you have one, Anita, I think that would be interesting. I need to... Yes, probably that is it is, I need to think about what we need. See I would put sometimes it would be good to have before and after and during the event and after the event. Use their own position, job position to get more funds or to contact or selling tickets or stuff like that.

Interviewer: Do you think it is possible to know how many mothers we can count on or it is just going to be more random. To recruit I would need to know we have here

Interviewee: Here we would need around 5. Somebody that speaks before every concert. So that we are not expecting that a mother would do that because there you would need somebody so in some cases you would need volunteers with others not so much. I think that we would need to in each type of events what are the needs and which needs you can fulfil with volunteers. The thing is that you have with volunteers also we have experiences with working with university students in some cases they do not get involved with the project fulfil some credit with the university so the interest behind that is... I think we need to make a list of the events of the things we need and which of them could be fulfilled by volunteers.

Interviewer: So basically these are the backgrounds that are kind of more specific and you would need somebody to help with that. So you would need What my idea was they have internship semester, I do not know here, I can ask around from AIESECers what is the requirements they just want to have experience so that would be ideal for these?

Interviewee: The thing is that it would be individual base, we have been trying to do that with a partnership and the agreement is sitting over there i can send it to you, maybe it is interesting to you, we wrote the agreement but nobody followed up on it. we might want to search for other universities but we never thought about that.

Interviewer: I do not know if my Spanish or English, I can try to get some contacts. If you can send me the agreements I can review them.

Interviewee: OK i can send the documents to you. We have that issue we have thousand ideas we start very enthusiastic about something but then it drops.

Interviewer: Yes, I am here now, I will try. What would be the most important for you right now?

Interviewee: we do not have a plan, we do not have a budget for that we want to reach a lot of people. Working with the volunteers on that side fundraising and all the communication. We have this mother who works on social media but then ok i stop there because i start doing other things find the correct pictures and she was uploading that was a lot of work but I could not follow up from my side.

Interviewer: I am thinking also who would be coordinating the volunteers, so that is you.

Interviewee: you need time to explain, they need time to understand how everything works.

Interviewer: maybe we can also develop some materials how it works.

Interviewee: we call it induction material, I can send it to you.

Interviewer: And for because you mentioned that these kind of stuff there was María who was making these role profiles or something so is there something more information about these?

Interviewee: There is not a specific document, we do not have that.

Interviewer: Because I was thinking to put here to have some kind of I do not know boxes or links where you can have , here maybe a little bit of text included what you need to do because when somebody then I do not know if it is interesting for me I do not press here and then nothing. I do not know just a few bulletpoints so that I know what to work with and you can just check if that is ok.

Interviewee: we can meet next week. For example I have not checked that list to become a volunteer. I have not looked at that.

Interviewer: you can give me access to that to see if there is anybody who actually wants to. For the camp which is coming now, is that covered now or?

Interviewee: I think that would be covered we would need somebody with the communication we do not have time now

Interviewer: There was this for the people who are invited for a week or two there any help

Interviewee: Yes, we do that by ourselves. During the festival we need a lot of previously ever for drivers For the artists for example we have to check everything if you have a bigger artist, you need to take care of that to have somebody from tourism some hosting to give them some information or give a small tour of the just a walking tour say what are the main... we need to make that contact with the tourist agencies or the universities.

Interviewer: yeah if it is volunteer and then they have an exam if somebody comes there is nobody there at the airport, that is not nice but I can try to think about that. Ok so apart from the festival, the guests, camp and classes, is there anything else that ongoing activities? Interviewee: That you put, yes.

Interviewer: So that is that. And then you mentioned that I can talk to Suzanne also about what she would need...

Interviewee: you can ask her, she is coming tomorrow, you can chat for half an hour we can arrange for next week, I can contact her.

Interviewer: Is there anybody else, you mentioned that some mothers I can talk to.

Interviewee: The students, if you ask them to do something the will, during the day today, yes, during the classes they are open to we usually do not receive their own thing. Also they are children Transportation they also have high school, they have to come her by bus, it is not so easy.

Interviewer: I think that would be interesting to as a professional opportunity get the experience

Interviewee: Yes so I will send the induction and the agreement.

Appendix B - Interview with the representative of AIESEC

Interviewer: I would like to have a few questions on how you deal with recruitment processes in AIESEC and how your collaboration has been with FUNSINCOPA so far.

Interviewee: Yeah sure, no problem. Though I was not here when they signed the contract, I only started volunteering for AIESEC from last September but I heard some things from Valeria so I will try to answer your questions.

Interviewer: That is great, thank you. So firstly, could you tell me about what kind of services do you offer to NGOs here in Panama?

Interviewee: Of course. AIESEC is a voluntary, student-run, not-for-profit organisation that is operating globally... hmm.. let me think... probably in 126 countries. The vision of AIESEC is "Peace and fulfillment of humankind's potential" and we offer cross-cultural experiences for young people to develop their leadership skills. This is why we want to have ONGs (note: NGO in Spanish) here to take interns from abroad and we hope that they can bring something positive to our country.

Interviewer: Do you charge the companies for your services?

Interviewee: No, we take care of everything and the interns have a small contribution to administrative fees, I think it is like 50 USD. The ONGs should only pay the lunch for the interns on the days of work.

Interviewer: How do you find NGOs that could be potentially interested in your services?

Interviewee: Usually I just search online for ONGs in Panama and call them up to ask if they want to have a meeting, sometimes it works, sometimes it does not. If I get lucky sometimes I get referrals from other ONGs that already have AIESEC interns but it is not that often, sadly. Interviewer: How does the collaboration start once they sign the agreement with you.

Interviewee: We first send them the JQ (note: Job Questionnaire) to fill out where they say how many interns they want, what skills they need, what would be their job decription and so on. Afterwards, we upload it on our portal and wait like 2-3 weeks for people to apply and then we check their profiles and invite some for interviews that look more interesting. Usually we use Skype or Google Hangouts for the interviews and pray it works. Sometimes it is really tricky with those apps. We just send the ones to the ONG that passed the interview as well and they decide if they want to have the person. We organise all the logistics like visa applications and arrival pickup. The hardest part is to find a host family for them, sometimes we just find a place on the day they come, it can be super stressful. Interviewer: Yes, I remember, that was the case for me as well...

Interviewee: Yeees, what to do... at least you had it when you came.

Interviewer: True. What do you do with the interns when they arrive here?

Interviewee: We help them with settling a bit, phone card, bus card, etc and then we go with them on their first working day to the ONG to introduce them to the staff there.

Interviewer: I see. And how did you learn all these? For example how to interview candidates. Interviewee: My team leader was teaching us when I joined. We had some games and simulations and then we just did it in practice. I think in the beginning, the founders of AIESEC were business students and they just implemented what they learnt in school. That is why we also have yearly plannings and stuff like that, we pretty much operate like a company.

Interviewer: That sounds really interesting. Could you also tell me a bit about how you started the collaboration with FUNSINCOPA?

Interviewee: Sure but as I said, I was not here so I am not extremely sure about how it went. So it was four years ago, I think at that time it was still Isaac's (the founder) mum the boss here and an old member just called them to ask if they want to have interns, they had a meeting and agreed I guess. After that they had lots of account managers because members were dropping a lot at that time...

Interviewer: So how did that affect the relationship? Do you know how the communication has been?

Interviewee: I guess it was ok. With them we are normally on good terms, nothing too bad happened so far. Sometimes they are a bit slow with responding that is quite annoying because we have our plan and MC (note: Member Committee – national board of AIESEC) is chasing us based on that but there is nothing we can do, usually they send it within a week or two. But they are super nice, I know Valeria (former account manager) loved them a lot, it is easy to talk to them.

Interviewer: I understand, ok, I think this is all I needed for now, thank you for your answers. Interviewee: Anytime, just let me know if you need some help.

Interviewer: Thank you.

Appendix C – Recruitment timeline

