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Human Resource Outsourcing and Performance of Selected Banks in Delta State.

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Abstract: *This study examined the relationship between staff outsourcing and financial performance of Commercial Banks in Delta State. The specific objective was to determine the extent of relationship between staff Outsourcing and financial performance of Commercial Banks in Delta State, Nigeria. One Hundred and Twenty-five (125) employees (branch and operation managers) of Zenith bank, UBA Plc, Diamond Bank, First Bank and GTB were selected using complete enumeration method. Primary data were collected with the aid of structured questionnaire and oral interview while secondary data were collected from annual financial statement of the banks. Hypothesis was formulated to test relationship between independent and dependent variables. Simple Regression and Pearson Product Moment Correlation (using the Statistical Package of Social Sciences (SPSS ®) Version 21) were used to analyze the data. The result from the correlation indicated that two out of the seven indicators of staff outsourcing were significant. The significant variables were focused on core functions and number of sales. Although other factors were not significant but they have relationship with profit before tax. The study concluded that concentration on core function would lead to an increase in profit and vice versa. The researcher recommended that banks could not do every business. Therefore, non-core functions should be outsourced to vendors with good track records and revisit cost components of their business. This will minimize human resource associated cost that is due of scale inefficiency*

Keywords: Human Resource, Outsourcing, Performance and Delta State.

INTRODUCTION

1.1 Background of the Study

As competition rages on in the business environment, the demand for increased productivity, profitability with reduced cost and effective performance has forced organizations to scrutinize their operations, redirect and refocus their strategy towards enhancing the competencies of all business processes. The need to improve the competencies of all business process in the face of limited resources has compelled firms to focus on their core competencies and capabilities (Lee and Kim, 2010) and strategically use outside vendors who are specialist to perform service activities that traditionally have been internal functions (Bustinza, et. al. 2010). By outsourcing some of their non-core functions to third-party providers with superior expertise, firms can achieve greater efficiency and effectiveness of their infrastructure and business processes, thereby facilitating the achievement of their strategic operational goals (Gonzalez, Gasco&Llopis 2010). Outsourcing gives firms the opportunity to increase focus on core functions, access world class skills, talents and latest technology, increased speed, greater flexibility, quality improvement, cost savings and reduced capital expenditure. These enhance the competitive edge of a firm over its rivals.

These changes in the workplace today with contemporary issues as increasing value added with fewer resources, globalisation, customer satisfaction and diverse customer demands present a challenge for Human Resources Management in organisations. In response to this paradigm shift, many firms are turning to outsourcing Human Resources functions to achieve effective workforce with global mindset. This strategy often creates synergistic effects, which could be in form of monetary and non-monetary benefits. Though Human Resource Outsourcing was first driven by the firms' attempts to reduce or control costs, it also allows companies to focus on their core competencies, while relying on their outsourcing partners for effective workforce for greater efficiency in all business processes (Khong, 2005) cited in (Awolusi, 2012). Since Human Resource Outsourcing is usually contracted to partners with competitive advantage in Human Resources Management, it is expected to enhance creativity, innovation, speed, flexibility, and efficiency of the workforce thereby transforming the employees into organisational assets. Human Resource Outsourcing also induces faster access to intellectual property and knowledge, which often enhances capacity for innovation.
In order to catch up with global best practices and to effectively perform its statutory functions and efficiently satisfy its numerous customers' demands, many banks in Nigeria have embraced human resources outsourcing to free up in-house employee to focus on more strategic banking issues (Hindle, 2005 quoted in Agwu & Ohaegbu, 2015). Therefore, among the reasons for Human Resources Outsourcing in banks are obviously to utilise and optimise

management time and to become specialized in the operation of what they know how best to do. Also the decision to outsource Human Resource (HR) functions may be encouraged for the fact that external vendors could be in a better position to provide improved profitability, efficiency and service delivery at relatively low cost than can be achieved by in-house operations, hence, increasing the competitive advantage of the firm.

Despite all the benefits of Human Resource Outsourcing, it also has its disadvantages if not properly managed (Boichenko, 2014). Valuable skills and competencies may be lost due to high labour turnover and the subsequent replacement of the lost employees with less qualified staff by the outsourcer. Human Resource Outsourcing may represent a new threat from the standpoint of labour, thus, workers insecurity may lead to serious litigation, labour unrest, decline employee loyalty, trust and commitment, and resistance to change by employee (Ganesh, 2007; Manning, 2008), cited in (Awolusi, 2012).

1.2 Statement of the Problem

Nigerian Banks are faced with fierce and intense competition due to the activities of rivals and some government policies. In a bid to stay afloat, many financial institutions are biting off big chunk of cost items from their income statements. For instance, First bank of Nigeria (FBN) PLC has announced its plan to reduce its staff strength from 7000 to 6000 within two years. Eco bank PLC and Diamond bank Plc retrenched over 1000 and 400 staff respectively in Q2 2016 (https://www.oak.tv/newstrack/9740-bankers-oil-workers-lose-jobs/).

Banks' profit is shrinking due to harsh operating environment and staff cost has remained very high. In 2014, FBN staff cost was N94 billion, staff cost to total operating cost stood at 31% in 2014 and 33% in 2013, GTB staff cost was N21billion, staff cost to total operating cost was 27% in 2014 and 27.2% in 2013 and Zenith Bank staff cost was N31 billion (Bank's annual financial statements, 2014). This huge percentage of staff cost to total operating cost, points out the need for banks to search for strategies which lowers the expenditure on human resource and simultaneously maintain efficient workforce. Human Resource Outsourcing strategy seems to be a necessary tool to tackle this challenge facing banks because it is widely recognized as a strategic choice used by firms to improve efficiency thereby reducing costs.

1.3 Objectives of the Study

The broad objective of this study is to explore the relationship between Human Resource Outsourcing and Performance of commercial banks in Nigeria. The specific objectives are:

a. *To determine the extent of relationship between staffing outsourcing and financial performance of selected Commercial Banks in Nigeria.*
b. *To determine how staff outsourcing affects the financial performance of Commercial Banks in Nigeria*

1.4 Research Questions

a. *What is the relationship between staff outsourcing and financial performance of commercial banks in Nigeria?*
b. *To what extent is does staff outsourcing affect the financial performance of commercial banks in Nigeria?*

1.5 Hypotheses

Ho_1: *There is no significant relationship between Staffing Outsourcing and Financial Performance of selected Commercial Banks in Nigeria.*

H_A: *There is a significant relationship between Staffing Outsourcing and Financial Performance of selected Commercial Banks in Nigeria.*

Ho_2: *Staffing Outsourcing has no effect on the Financial Performance of selected Commercial Banks in Nigeria.*

H_{A2}: *Staffing Outsourcing has an effect on the Financial Performance of selected Commercial Banks in Nigeria.*

1.6 Significance of the Study

This study will contribute to the growing literature on Human resource outsourcing bringing together studies from a range of theoretical approaches and introducing scale economy on how human resource outsourcing has impacted the financial performance of Nigerian Commercial Banks. Furthermore, outsourcing firms and banks in Nigeria who may want to reduce and control operating costs will find the outcome of the study useful for future outsourcing contracts.

1.7 The Scope of the Study

The study focused on the effect of human resource outsourcing on the performance of selected banks in Nigeria. The five commercial banks selected are: First Bank of Nigeria Plc (FBN), United Bank for Africa Plc (UBA), Diamond bank Plc, Zenith bank Plc and Guaranty Trust Bank (GTB) Plc. These banks were among the eight commercial *banks designated by Central Bank of Nigeria (CBN) as systematically important Banks (SIBs) in November 2013. All the eight banks are listed in the Nigerian Stock Exchange and in terms of size account for more than 70% of the industry's total assets, credits and liability.*

1.8 Limitation of the study

Though the selected commercial banks have branches in all parts of the country, this study is limited to branches in Delta State in order to have a manageable data. In addition, the study focuses only on human resource outsourcing. Hence, the research result may not fully show the extent of outsourcing practices in all Nigerian Commercial Banks.

Review of Related Literature

2.1 Conceptual Review

2.1.1 Meaning of Human Resource Outsourcing

Outsourcing is a form of externalization of employment involving an outside contractor taking over an in-house function (Taplin, 2010). A broad range of activities transferred in this way include human resourcing, catering, cleaning, security, mail room etc.

The term outsourcing also means attraction of external resources (Boichenko, 2014). It is mostly advisable because an outside process is more productive and cost effective than an in-house one.

Leaders no longer view outsourcing as a mere business tactics but essential to remain competitive on the world stage. Outsourcing is not just purchase of raw materials but also means of finding a partner with which a firm can establish a bilateral relationship and having partner undertake relationship-specific investment so that it becomes able to produce goods or services that fit the firm's needs (Grossman &Helpman, 2002).

Off-shore- outsourcing is a type of outsourcing that involves a transfer of organizational function to a third party, where the third party is in another country. (Mukherjee& Ray, 2007). It also represents the transfer of an organizational function to another country regardless of whether the worker stays in the corporation or not.

In-sourcing refers to bringing in external contractors to assist with processes that are understaffed in the host company (Taplin, 2010) while Back-sourcing according to Taplin, is when a process that has been outsourced has been brought back in-house most especially where the outsourcing partners have under-performed or engaged in criminal activities. Complete outsourcing is where an entire department or function is externalized and can be handled by one vendor or multiple vendors.

Human Resource (HR) outsourcing involves a contractual relationship between an outsourcing firm and a human resource service provider (Butler et al, 2007). Excellent care of employees whose performance determines productivity and ultimately profitability is essential for an organization. The decision to entrust these sensitive and critical functions to an external provider is made cautiously. The selection of appropriate provider is even more important as their capabilities determine the success of the agreement. Human resource outsourcing is seen as cost saving strategy by consultants and providers. It is believed that firms which specialize in the HR services offer lower costs than host organizations can perform internally because of economies of scale, greater efficiency and higher levels of expertise (M & A Market Analysis; Human Resources Outsourcing Gaining Traction Fast 2003 quoted in Butler et al, 2007).

Organizations are increasingly taking up HRO as an opportunity to streamline processes, reduce costs, get access to the latest technology and tools, consistently achieve better quality and align human resources with the overall business as quickly as possible (Dash et al, 2009).

Firms use both financial and non-financial variables to measure their performance (MCkierman& Morris, 1994). A combination of financial and non-financial information is essential to give a more balanced impression of the overall performance of the organization (Hogue and James, 2000; Laitinen, 2002) reported in Zuriekat et al, 2011).

Organization performance is the measure of how efficient and effective an organization is; it shows how well it achieves corporate objectives (Stoner et al, 2005:9). Efficiency means doing things right and effectiveness means doing the right thing. (Drucker, 2008)

Organizational performance encompasses three specific areas of firm outcomes:

a) *Financial performance (profit, return on assets, return on investment.*
b) *Product market performance (sales, market share)*
c) *Shareholder return (total shareholder return, economic added (Richard et al, 2009).*

Organization performance is one of the most important constructs in management research (Richard, 2009; March and Sutton, 1997).

2.2 Theoretical Framework

This study is anchored on scale economy which dates back to Scottish Economist and a Philosopher, Adam Smith (1776) on his view of obtaining larger production returns through division of labour. According to Cambridge Dictionary, scale economy is the reduction of production costs that is a result of making and selling goods in large quantities,

for example,the ability to buy large amountsof materials at reduced prices.(https://dictionary.cambridge.org/dictionary/english/economies-of-scale retrieved September 8, 2018). That banks have grown over time is prima facie evidence that scale economies exist (De Young, 2010) and each bank level of scale economy is based on its own product mix and input prices (Mester, 2010). Nigeria banking sector consolidation 2005 was phenomenal and this could have been driven at least in part by scale economies (Wilson, 2009). Berger and Mester (1997) estimated the efficiency of almost 6000 US commercial banks in continuous existence with data from 1990 t0 1995 and found that about 20 percent of banking costs were due to scale inefficiency.Scale economy can also be defined as reduction in average cost of production that occurs as a business increases its scale of production. As businesses grow, their output increases and the cost of producing each unit falls. This fall in average unit prices as output increases indicates that a business unit is benefitting from the economies of scale. This reduction in average costs is what gives larger businesses competitive advantage over smaller businesses. There are two types of Scale Economy- Internal Scale economy and External Scale economy. Internal scale economy is reduction in average cost per unit of output as a result of increasing internal efficiencies of the business while External scale economy refers to advantage that benefit a whole industry and not just an individual business. Internal scale economy is adopted for this study. (Retrieved on May 6, 2018 from resource.download.wjec.co.uk…)

2.3 Empirical Review

Bertrand (2011) examined the effect of the offshore outsourcing on the export performance of firms and using database of around 2000 manufacturing MNEs in France and found out that offshore outsourcing helps firms to reduce their production costs and enhance flexibility. If also provides them with new resources and market knowledge and enhance their export performance.

Weigelt (2009) investigated the impact of outsourcing new technologies on integrative capabilities and performance. The study used survey and archival data on bank's outsourcing strategies for internet adoption to test for the performance consequences of outsourcing, which were found to be negative. The study revealed that greater reliance on outsourcing may reduce a firm's learning by doing, internal investment and tacit knowledge applications, thereby impeding a firm's integrative capabilities and performance in the market. The findings also showed that outsourcing is less detrimental for firms with experience in prior related technology.

Weigelt and Sarkar (2012) explored how increasing efficiency compromises adaptability when a firm outsources during the emergent stages of a technological innovation. Using archival data and two surveys conducted with 100 US banks on outsourcing for internet banking. It was found that although outsourcing yields efficiency gains up to a certain point, it hurts adaptability.

Butler & Callahan (2014) examined the association between administrative human resource outsourcing (HRO) and firm-level capital market and long run operating performance with archival financial data controlling for endogeneity and outsourcing decision optimality. Using event study methodology and two-stage regression analysis on a sample of firms announcing human resource outsourcing (HRO) contracts, the researchers found that equity capital market responds positively to client firms announcing administrative (HRO) particularly service firms and those outsourcing transactional HR tasks. Additional statistical analysis indicated that suboptimal outsourcing is negatively associated with long run operating performance measured as return on assets and operating return on assets.

Gilley et al (2004) analyzed the relationship between the outsourcing of human resource (HR) activities, namely training and payroll and firm performance. They hypothesized that the outsourcing performance relationship is not the same for all firms and with a sample of 94 manufacturing firms representing 16-two digit SIC (standard *industrial classification) code industries. The result indicated that both training and payroll outsourcing have implications for firm performance. However, findings regarding a moderating effect of firm size were inconclusive. Lahiri et al (2012) examined how offshore outsourcing service providers' internal and relational resources and capabilities jointly predict their economic performance. Analysis of data collected from a sample of 105 Indian service providers suggested that rent generation from firm specific, idiosyncratic resources is positively moderated by the level of management capability posed by such firms.*

Khaled Mahmud et al (2012) investigated the circumstances where HR outsourcing contribute value to the companies by attempting to identify environmental and organizational characteristics that affect HR department performance and how HR outsourcing mediates that relationship in service organization. They found that companies show maximum satisfaction to improve on service quality due to outsourcing HR functions, but in some extent, it reduced HR effectiveness of human capital management.

Halim and Che-Ha (2011) examined the consequence of the organization internalization on the practice of human resource (HR) outsourcing among manufacturing organizations. The results of the study showed that HR outsourcing among multinationals enterprises (MNEs) was used to a greater extent than local organizations. The study found a significant difference in the extent of outsourcing payroll, benefits, training and recruitments between MNEs and in local organizations. Th researchers suggested further study in the relationship between HR outsourcing and organization performance, especially in-service organizations.

IsikCicek& Bilal Ozer (2011) explored the linkage between human resource outsourcing and the organization performance. They found that operations of some human resource practices like training and payroll via outsourcing contribute the desired performance positively by means of only true strategy and organizational culture shaping the strategy. They also discovered that HR outsourcing has the potential to empower HR managers, allowing them to focus on strategic activities that add more value to their organization.

Thomas Norman (2009) examined the impact of Human Resource Outsourcing (HRO) on organizational outcomes by attempting to detect an association between levels of outsourcing different types of human resource management (HRM) activities and three dependent variables: employee turnover, employee satisfaction and customer satisfaction. The evidence suggested that outsourcing HRM activities are associated with important organizational outcomes such as voluntary employee turnover and possibly customer satisfaction. It was also found out that social capital created in organizations (organizational capital) was associated with the relationship between HRO and retention.

ChoongPui& Ng Kim Soon (2013) investigated the impact of human resource function outsourcing on the organizational performance. The study found out that cost reduction is not the main motivation to drive the decision of adopting outsourcing but resource factors, service quality, employee skills and employee attitude. It was also found that some decisions are interrelated or influenced by environmental factors such as availability of internal resources and improved company focus.

Rima Zitkien&UgneBlusyte(2015) examined the advantage of outsourcing and outsourcing models tested among service companies. The researchers found that given the importance of quality for service, companies and their need to concentrate on their core activities, human resource outsourcing (HRO) made it possible for non-core activities to be referred to service providers, thereby improving operational efficiency.

2.4 Gap in Knowledge

Some of the studies listed in the empirical review explored areas such as offshore outsourcing (Bertrand, 2011, Lahiri et al, 2012) while other studies investigated other variables such as efficiency, training and payroll, environmental factors, cost reduction (Weigelt&Sarka, 2012, Gilley et al, 2004, Khaled Mahmud et al, 2012, Thomas Norman, 2009). None of the studies explored the relationship between staffing outsourcing and performance of commercial banks.

METHODOLOGY

3.1 Research Design

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In the study, the descriptive survey design was used. It is more appropriate in investigating between human resource outsourcing and organizational performance.

3.2 Population of the Study

The simple random sampling technique was used to select the respondents. Both male and female respondents were selected from five different commercial banks in Delta state. These banks are Zenith bank, UBA PLC, Diamond Bank, First Bank, and GTB. Using the Rao soft sample size calculator, a minimum recommended sample size of 117 was obtained out of a population of 166.

The table below shows a breakdown of the selected respondent from the five different banks

Table 3.1 Selected Commercial Banks

BANK	*NO OF SELECTED BRANCH AND OPERATION MANAGERS*
ZENITH	*20*
UBA	*54*
DIAMOND	*26*
FBN	*58*
GTB	*8*
	166

Source: Survey, 2018

3.3 Method of Data Collection

Data for the study were collected from both primary and secondary sources. Primary data were collected from branch and operation managers with the aid of structured questionnaire and oral interview. Three instruments were used to compute the variables for the study. The biographical, occupational questionnaire and human resource outsourcing questionnaire. Secondary data were collected from annual financial statement of the bank.
The human resource outsourcing was measured using cost of operation, effective performance, service activities, strategic operational goals, focus on core functions, greater flexibility, quality improvement, capital expenditure, competitive edge, knowledge and competencies while the organizational performance was measured using profit before tax. The responses for human resource outsourcing questionnaire were rated using a 5-point likert scale. The responses scoring weights are strongly agree-5 points, agree-4 points, undecided – 3 points, disagree -2 points and strongly disagree-1 point.

3.4 Variables of the Study

Variables of the objective is profit(Y) as the dependent variable and human resource outsourcing (X) as the independent variable captured by cost of operation (X_1), effective performance (X_2), service activities (X_3), strategic operational goals (X_4), focus on core functions (X_5), greater flexibility (X_6), quality improvement (X_7), capital expenditure (X_8), competitive edge(X_9), knowledge and competencies (X_{10}).

3.5 Validity of the Instruments

Contents and construct validity tests were conducted. The validity of the instrument was established by experts' review.

3.6 Model Specification

The profit before tax is a function of staff outsourcing. Staff outsourcing is measured in terms of cost of operation, effective performance, number of sales, strategic operational goals, focus on core functions, greater flexibility, quality improvement, capital expenditure, competitive edge, knowledge and competencies. Therefore, this relationship was fitted in the multiple regression model. The following model is specified to ascertain the extent to which human resource outsourcing affect profit.
The implicit form of the model was specified as ;

$P_I=F(,CO_i,EP_i,SA_i,SOG_i,FOF_i,GF,QI_i,CE_i,COE_iMKC_{i,})$
The explicit form of the model was specified as;
$P_i=\beta_0+\beta_1CO+\beta_2EP+\beta_3SA+\beta_4SOG+\beta_5FOF+\beta_6GF+\beta_7QI+\beta_8CE+\beta_9COE+\beta_{10}MKC+\mu$
Y= profit
X_1=cost of operation

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X_2=effective performance
X_3=number of sales
X_4=strategic operational goals
X_5= focus on core functions
X_6=greater flexibility
X_7=quality improvement
X_8= capital expenditure
X_9=competitive edge
X_{10}= knowledge and competencies

The relationship between human resource outsourcing and the performance of commercial banks was fitted into correlation matrix. The Statistical Package of Social Sciences (SPSS ®), Version 21 was used to analyze the data. The multiple regression function was used. Correlation matrix was used to run a test of relationship between staff outsourcing and financial performance of commercial banks.

3.7 Reliability of the Instrument

The reliability of the scales used has been judge through alpha Cronbach's alpha coefficient. The alpha coefficient of reliability shows the consistency of information overtime.

Table 3.7 Reliability Statistics

Cronbach's Alpha	*N of Items*
.389	*11*

Source: SPSS Version 21

The reliability test result is 0.389.This implies that the data collection technique is reliable since the result ranges from 0 to 1.

3.8 Method of Data Analysis

Descriptive statistics and percentages were used to describe the data in summary form. The simple regression and correlation matrix were used to analyze the data. The simple regression analysis was used to analyze the effect of human resource outsourcing on profit while correlation matrix was used to determine the relationship between profit and staff outsourcing.

DATA PRESENTATION AND ANALYSIS

4.1 DATA PRESENTATION

Table 4.1: Schedule of questionnaire administered and returned.

Number of Questionnaire Administered	*Number of Questionnaire Returned*
166	*125*

Source: Field Survey (2018)

Table 4.2: Distribution of Socioeconomic Characteristics of Respondent

Parameter	*Frequency/Percentages*	*Mean/Mode*
GENDER		
Male	*75(60)*	
female	*50(40)*	*Male*
AGE OF RESPONDENT		
Below(30)	*9(7.2)*	
30-34	*7(5.6)*	*Above 40*
35-39	*50(40)*	
Above 40	*59(47.2)*	
MARITAL STATUS		
Married	*92(73.6)*	*Married*
Divorce	*5(4)*	
Widow	*2(1.6)*	
Single	*26(20.8)*	
EDUCATIONAL ATTAINMENT		
WAEC	*0(0)*	
HND/BSC	*33(26.4)*	
M.SC/MBA	*92(73.6)*	*M.sc*
PHD	*0(0)*	
WORK EXPERIENCE		
Less than 1 year	*9(7.2)*	
1-10	*17(13.6)*	*9-12 years*
9-12	*92(73.6)*	
More than 20 years	*7(5.6)*	
JOB FUNCTION		
Branch manager	*52(41.6)*	
Operation manager	*73(58.4)*	*Operation manager*

Gender: The result of the study shows that majority of the branch managers were males having a percentage of 60 while the females have just 40%. This implies that we have more male managers than female in the banking sector. This is supported by a study carried out by Adekunle et al 2012, where only 16% of the board members of Nigerian listed banks in 2012 were female, compared to the average female representation of 24% in the ten biggest banks in the world.

Age of respondents: The result of the study shows that majority of the branch/operation managers were above 40 years.

***Marital status**: The result of the study indicates that most of the branch/operationmanagers are married with a high percentage of 90. This is in line with earlier work done by Ikpefan, 2013.*

***Educational attainment**: The study shows that majority (73.6%) of the branch/operation managers have M.SC/MBA as their qualification.*

***Work experience**: The study shows that majority of the branch/operation managers have at least 9 years of experience and a maximum of 12 years' experience.*

***Job function**: the result of the study indicates that 58.4% of the respondents are operation manager and the other 41.6% are branch managers.*

4.3 QUESTIONNAIRE DESCRIPTIVE STATISTICS

Table 4.3: Descriptive Statistics					
ITEMS	***SA(%)***	***A(%)***	***N(%)***	***D (%)***	***SD (%)***
Human resource outsource has reduced the cost of operations been carried out by	***62(49.6)***	***25(20)***	***13(10.4)***	***6(4.8)***	***19(15.2)***

the bank.					
Human resource outsource has led to an effective performance of various businesses.	*54(43.2)*	*18(14.4)*	*17(13.6)*	*10(8)*	*26(20.8)*
Human resource outsourcing has help to increase sales.	*48(38.4)*	*32(25.6)*	*6(4.8)*	*15(12)*	*24(19.2)*
Outsourcing has facilitated the achievement of strategic operational goals of the bank	*19(15.2)*	*48(38.4)*	*22(17.6)*	*17(13.6)*	*19(15.2)*
Outsourcing has given the banks the opportunity to increase focus on core functions.	*72(57)*	*29(23)*	*13(10)*	*4(3)*	*9(7)*
The bank has been able to increase its world class skills through outsourcing.	*18(14.4)*	*42(33.6)*	*19(15.2)*	*17(13.6)*	*29(23.2)*
The banks has achieve greater flexibility through outsourcing	*56(44.8)*	*20(16)*	*9(7.2)*	*16(12.8)*	*24(19.2)*
The banks has achieve quality improvement via outsourcing	*20(16)*	*51(40.8)*	*18(14.4)*	*17(13.6)*	*19(15.2)*
Cost has been drastically reduced since the introduction of human resource outsourcing	*72(57.6)*	*24(19.2)*	*8(6.4)*	*9(7.2)*	*12(9.6)*
Human resource outsource has reduce the capital expenditure of the bank	*22(17.6)*	*12(9.6)*	*41(32.8)*	*8(6.4)*	*42(33.6)*
The competitive edge of the banks over its rival has been enhance through outsourcing	*32(25.6)*	*41(32.8)*	*25(20)*	*18(14.4)*	*9(7)*
Outsourcing has led to an effective workforce with global mindset	*21(16.8)*	*22(17.6)*	*51(40.8)*	*17(13.6)*	*14(11.2)*
Human resource outsourcing has made it possible for the banks to free up in house employee and focus more on more strategic banking issues	*71(56.8)*	*24(19.2)*	*7(5.6)*	*12(9.6)*	*11(8.8)*

4.4 TEST OF HYPOTHESES

Model Summary

Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*
1	*.746[a]*	*.556*	*.426*	*36223.91398*

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a. Predictors: (Constant), KNOWLEDGE AND COMPETENCIES, QUALITY IMPROVEMENT, COMPETITIVE EDGE, NUMBER OF SALES, GREATER FLEXIBILITY, EFFECTIVE PERFORMANCE, COST OF OPERATIONS, STRATEGIC OPERATIONAL GOALS, CAPITAL EXPENDITURE, FOCUS ON CORE FUNCTIONS

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	55963664109.996	10	5596366411.000	4.265	.001[b]
	Residual	44613846087.915	34	1312171943.762		
	Total	100577510197.911	44			

a. Dependent Variable: PROFIT

b. Predictors: (Constant), KNOWLEDGE AND COMPETENCIES, QUALITY IMPROVEMENT, COMPETITIVE EDGE, NUMBER OF SALES, GREATER FLEXIBILITY, EFFECTIVE PERFORMANCE, COST OF OPERATIONS, STRATEGIC OPERATIONAL GOALS, CAPITAL EXPENDITURE, FOCUS ON CORE FUNCTIONS

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	-423211.529	143595.435		-2.947	.006
	COST OF OPERATIONS	.554	.136	.527	4.061	.000
	EFFECTIVE PERFORMANCE	-58.960	858.371	-.009	-.069	.946
	NUMBER OF SALES	9113.678	9770.077	.118	.933	.357
	STRATEGIC OPERATIONAL GOALS	-2413.754	11671.884	-.028	-.207	.837
	FOCUS ON CORE FUNCTIONS	-58924.046	15317.292	-.577	-3.847	.001
	GREATER FLEXIBILITY	-4096.472	7816.816	-.071	-.524	.604
	QUALITY IMPROVEMENT	27678.255	14883.642	.289	1.860	.072

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	CAPITAL EXPENDITURE	*-13855.150*	*8183.974*	*-.241*	*-1.693*	*.100*
	COMPETITIVE EDGE	*8039.564*	*13784.589*	*.083*	*.583*	*.564*
	KNOWLEDGE AND COMPETENCIES	*5381.324*	*5421.607*	*.130*	*.993*	*.328*

a. Dependent Variable: PROFIT

R^2 = 56%

**=Significant at 1%*

***=significant at 5%*

The R^2 value of the model (56%) indicates that 56% of the variation in profit is as a result of human resource outsourcing indicators. The R^2 value also implies that there is a strong relationship between profit and human resource indicator.

Correlations

		PROFIT	EFFECTIVE PERFORMANCE	STRATEGIC OPERATIONAL GOALS	FOCUS ON CORE FUNCTIONS	CAPITAL EXPENDITURE	COMPETITIVE EDGE	QUALITY IMPROVEMENT
PROFIT	Pearson Correlation	1	-.160	.019	.387**	-.135	-.178	.017
	Sig. (2-tailed)		.295	.902	.009	.377	.243	.910
	N	45	45	45	45	45	45	45
EFFECTIVE PERFORMANCE	Pearson Correlation	-.160	1	-.143	-.239	.081	-.184	.190
	Sig. (2-tailed)	.295		.349	.114	.597	.225	.210
	N	45	45	45	45	45	45	45
STRATEGIC OPERATIONAL GOALS	Pearson Correlation	.019	-.143	1	-.102	-.141	-.100	.273
	Sig. (2-tailed)	.902	.349		.504	.356	.512	.070
	N	45	45	45	45	45	45	45
FOCUS ON CORE FUNCTIONS	Pearson Correlation	.387**	-.239	-.102	1	.291	-.157	-.574**
	Sig. (2-tailed)	.009	.114	.504		.052	.304	.000
	N	45	45	45	45	45	45	45
CAPITAL EXPENDITURE	Pearson Correlation	-.135	.081	-.141	.291	1	.243	-.288
	Sig. (2-tailed)	.377	.597	.356	.052		.107	.055
	N	45	45	45	45	45	45	45
COMPETITIVE EDGE	Pearson Correlation	-.178	-.184	-.100	-.157	.243	1	.129
	Sig. (2-tailed)	.243	.225	.512	.304	.107		.400
	N	45	45	45	45	45	45	45
QUALITY IMPROVEMENT	Pearson Correlation	.017	.190	.273	-.574**	-.288	.129	1
	Sig. (2-tailed)	.910	.210	.070	.000	.055	.400	
	N	45	45	45	45	45	45	45

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

FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 FINDINGS

The R^2 value of the model (56%) indicates that 56% of the variation in profit is as a result of human resource outsourcing indicators. The R^2 value also implies that there is a strong relationship between profit and human *resource indicator. The result from the t-test indicates that two out of the ten indicators of human resource outsourcing were significant (p<0.05). These actors are cost of operations, effective performance, number of sales, strategic operational goals, focus on core functions, greater flexibility, quality improvement, capital expenditure, competitive edge, knowledge and competencies.*

The table shows that cost of operations has negative and a significant relationship with profit. This implies that an increase on cost of operations will lead to a decrease in profit and vice versa. But focus on core function has a positive and a significant relationship with profit. An increase in core function will lead to an increase in profit and vice versa. I therefore reject the null hypothesis that says there is no significant relationship between Staffing Outsourcing and Financial Performance of selected Commercial Banks in Nigeria and accept the alternate. This is in line with the studies carried out by IsikCicek and Bilal Ozer, 2011, ChoongPui& Ng Kim Soon (2013) and Rima Zitkien&UgneBlusyte(2015).

The result from the study also shows that staff outsourcing has an effect on the financial performance of selected commercial banks in Nigeria. I therefore reject the null hypothesis which states that staff outsourcing have no effect on the financial performance of selected commercial banks and accept the alternative. This is in line with the result of study carried out by Gilley et al (2004).

5.2 CONCLUSION

This study concluded that there is a significant positive relationship between staff outsourcing and financial performance of selected commercial banks in Nigeria. Also, staff outsourcing has an effect on the financial performance of selected commercial banks. Firms should also consider the antecedents of the outsourcing firms to avoid other organizational outcomes such as voluntary employee turnover and customer dissatisfaction

5.5 RECOMMENDATIONS:

1. The bank cannot do every business. Therefore, non-core functions should be outsourced to vendors with good track record and labour practices.

2. Banks should revisit cost components of their business and minimize human resource associated cost that are due of scale inefficiency

3. Government need to regulate the activities of human resource outsourcing firms in Nigeria to minimize level of exploitation already existing in the model. Some of the outsourcing firms are owned by parties close to top management of the host organizations.

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Section A: Socioeconomic Characteristics

Instructions: Please tick (√) the correct option.

1. *Gender: Male ( ), Female ( )*
2. *Age of respondent in years: Below 30 ( ), 30-34 ( ), 35-39 ( ), Above( )*
3. *Marital status of respondent: Married ( ), Divorce ( ), Widow ( ), Single ( ).*
4. *Highest Academic Qualification: WAEC ( ), HND/BSC ( ), M.SC/MBA ( ), Ph D ( )*
5. *Work Experience in years: Less than 1 year ( ), 1-10 ( ), 11-20 ( ), More than 20 years ( )*
6. *Job Function: Branch Manager ( ), Operation Manager ( )*
7. *How long have you been in this job role? Less than 1 year ( ),*
   1-10 years ( ), Above 10 years ( )
8. *Have you worked in another bank? Yes ( ), No ( )*

Section B: To determine the degree of relationship between staffing Outsourcing and Financial and Non-Financial Performance of Selected Commercial Banks in Nigeria.

***Instructions**: Please indicate the extent to which they apply to your organization using Likert Scale provided. Tick (√) the correct option.*

Strongly disagree	*disagree*	*Neutral*	*Agree*	*Strongly agree*
1	*2*	*3*	*4*	*5*

S/N	***ITEMS***	***SA***	***A***	***U***	***D***	***SD***
9	*Human resource outsource has reduced the cost of operations been carried out by the bank*					
10	*Human resource outsource has led to an effective performance of various businesses.*					
11	*The outside vendors have the specialist to perform service activities that could improve the internal functions of the bank.*					
12	*Outsourcing has facilitated the achievement of strategic operational goals of the bank*					
13	*Outsourcing has given the banks the opportunity to increase focus on core functions*					
14	*The bank has been able to increase its world class skills through outsourcing.*					
15	*The bankhas achieved greater flexibility through outsourcing*					
16	*The bank has achieved quality improvement via outsourcing*					
17	*Cost has been drastically reduced since the introduction of human resource outsourcing*					
18	*Human resource outsource has reduced the capital expenditure of the bank*					
19	*The competitive edge of the banks over its rival has been enhanced through outsourcing*					
20	*Outsourcing has led to an effective workforce with global mindset*					
21	*Human resource outsourcing has made it possible for the banks to free up in house employee and focus more on strategic banking issues*					
22	*The decision to outsource human resource has actually improve the profit,*					

	efficiency and service delivery at a relatively low cost than could have been achieved by in house operations.					
23	*Outsourcing provides knowledge and competencies that do not exist in-house*					