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## Rotation related problems of personnel services in outsourcing companies

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### Abstract

The subject of outsourcing of personnel services are functions and auxiliary tasks in the operation of a given enterprise. It is based on outsourcing specific tasks and entire personnel processes, as well as hiring employees who carry out tasks entrusted by a client. The main problem faced by enterprises is employee turnover caused by numerous absences, sick leave and holidays, and, as a consequence, employees have more and more delays and do not keep their deadlines. Consequently, they are frustrated that they have to perform more duties from other positions and listen to complaints about continuous decline in work efficiency. The problem of employee turnover is becoming a common phenomenon. Therefore, each company should analyse this problem. Starting from identifying the problem and, as a result, implementing appropriate measures to prevent excessive fluctuation of employees. It is also important to enable employees to develop and organize appropriate working conditions, which will ensure the comfort of work and attachment to the employer.

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## 1. Introduction

Outsourcing of personnel services has become an innovative solution. One of the main advantages of this management method is the reduction of costs related to the staffing of employees in individual departments, inter alia in the Human Resource department, by delegating the tasks of this department to a team of specialists from an external company. Another possibility that outsourcing companies use is the ability to delegate one or several personal functions (recruitment, training, selection). The solution provided by the outsourcing company results in a significant increase in the effectiveness of these activities in the company. Outsourcing companies, thanks to an individual approach to each employer-client, provide the opportunity to plan activities and tools that will meet the requirements of the company and at the same time will increase the competitive advantage with the help of properly managed personnel strategy, including cooperation with specialists in a given field. The subject of outsourcing of personnel services is certain post-executive tasks in the operation of a given organization. This method involves outsourcing tasks and entire personnel processes to external companies. This strategy applies mainly to processes related to human resources management as well as to the staffing of various positions. It should be noted that outsourcing can be used

while using internal human resource management departments at the same time (Sidor-Rządkowska, 2011). This is to improve the quality of the company's services and focus on the main business objectives and, as a result, to lower the economic costs on which the enterprise depends to a large extent. A negative effect may be the dismissal of some employees who previously performed their tasks and which have been delegated to outsourcing companies. Managing via outsourcing is a method often used by SMEs (Krejner-Nowecka, 2002). The employment of a full-time specialist raises the cost depending on how high the specialist has. They can be effectively minimized thanks to the personnel outsourcing. Employing people in specific, short periods of time enforces employee turnover. Such a state results in a significant reduction in the quality of services. Personnel outsourcing is the possibility of employing the appropriate team of specialists in periods convenient for the company. Outsourcing is a long-term and strategic activity that requires a complete reconstruction of HRM on the enterprise and the need to redefine relations between individual entities of the organization.

We distinguish the following types of personal outsourcing:

- total outsourcing which involves outsourcing (external) the entire personnel tasks in the organization. This is a characteristic strategy for SMEs (small medium-sized enterprises). For large enterprises the service

provider should cooperate, at least through an internal department of External Human Resources (HR),

- partial outsourcing which consists in transferring only selected parts of tasks to an external entity recruitment.
- outsourcing of employee services which is based on the fact that companies decide to organize their own Human Resources (HR) department, however, they abandon recruitment of their own employees, and in return hire them on the basis of subemployment, from an external company (outsourcing),
- outsourcing of the division of specialized tasks consists in organizing the service of their specialized tools and machines by renting a personnel from an outsourcing company.

Process outsourcing allows organizations to optimize costs. This method brings a lot of savings by using the services of suppliers who, with their offer, are able to ensure high quality of key processes for the efficient operation of the company (Kraśnicka, 2002). Regardless of how effective planning of company's resources is, internal solutions still involve hidden costs, such as: sick leave or holidays. It is assumed that the reduction of costs by introducing the method of outsourcing processes should drop by approx. 30%, mainly due to the use of the economies of scale, which relies heavily on the client and the resources of the service provider, among others better technologies, trained employees or better equipment and machines. These are the advantages of external entities specialized in given services. Another advantage and benefit is a flexible adaptation to changes that force the market, as well as the ability to focus on the key business tasks of the organization, and at the same time specialization in the chosen field. Outsourcing of personnel processes gives the opportunity to implement the concept of "making something" rather than "doing everything". It creates the possibility of objective and extensive use of knowledge, including in the area of training, recruitment and selection. Employee rotation means the resignation of employees at a given time. Employees can give up for various reasons that have unpleasant consequences for the employer (Stawicka, 2012). We distinguish between voluntary and involuntary rotation. Uninvited departures are initiated by the management in a situation of dissatisfaction from performing professional duties by a hired employee, which may be caused by a change in the company's organizational structure. In the event of a resignation from work, it is much more difficult to analyse voluntary departures. Two kinds of beneficial and negative departures can be distinguished. A departure is beneficial when a worker brings no added value to the result and negative when it is a person who achieves very good results and has specialist knowledge, and is difficult to be replaced with another employee. Therefore, it is worth taking an attempt to analyse and properly diagnose the problem in order to prevent the resignation, especially of an employee with specialised knowledge or skills. (Trocki M. 2011; Azizi N. et al., 2010; Ayough A. et al., 2011)

## 2. Rotation costs

Quitting of an employee, especially the one who achieves very good results in his / her work, can be very costly for a company. Employee rotation costs consist mainly of the costs of leaving and replacing one employee with another and the costs of training a new one. Quitting costs are, therefore, all expenses related to the departure of an employee from the company. Included in this group are the costs of cash severance of quitting or dismissed employees and administrative costs. Replacement costs are, however, expenses related to the recruitment of candidates for a vacancy, including the costs of recruitment advertisements and expenses related to recruitment, e.g. participation in labour and selection costs. On the other hand, the costs of training include all expenses related to transferring the necessary knowledge to the newly hired employees and skills needed in a specific place of work. However, indirect costs may be the most severe. They are associated with lost future income and unused opportunities. Also important are the consequences for the employer due to the high turnover of the staff: loss of revenues related to leaving to competitive companies, as well as the fact that new employees are much less productive than previous employees who knew their tasks very well. This may be due to a lack of knowledge of a company's specific activity or its small experience. Another source of lost revenue is job vacancies. This phenomenon occurs almost in every enterprise from the moment of dismissal of the employee and new employment (Trocki, 2011).

**Table 1.** Employee rotation costs (Cybulski, 2008)

Quitting costs	Training costs	Replacement costs	Intermediate costs
<ul style="list-style-type: none"> <li>▪ administrative costs</li> <li>▪ loss of intellectual capital</li> <li>▪ the cost associated with the payment of severance pay and other benefits</li> <li>▪ the cost of preparing a conversation with a dismissed or quitting employee</li> </ul>	<ul style="list-style-type: none"> <li>▪ the cost of transferring the necessary skills at the workplace</li> <li>▪ the cost of health and safety training</li> </ul>	<ul style="list-style-type: none"> <li>▪ costs related to the recruitment and selection process (advertisements, participation in job fairs)</li> </ul>	<ul style="list-style-type: none"> <li>▪ lost future revenues of the company</li> <li>▪ the cost of unused opportunities</li> </ul>

If the problem of employees fluctuation in the enterprise is significant and as a result the costs associated with it are very high, employers should implement appropriate corrective actions. In the first place, they should look at the recruitment process in the company. During the selection of candidates for the position employers should pay attention to the appropriate qualifications and competencies of employees and to be able to adapt to the organizational culture prevailing in the enterprise to which employees are recruited (Krejner-Nowecka, 2002). During interviews, candidates should be presented with a realistic description of the activities and terms of remuneration, which significantly

overcomes the discrepancy between expectations and actual obligations and working conditions. Subsequent recruiters should accordingly design a process of employee adaptation to the given data. The new employee, for the first months, should be supervised by the supervisor and, if possible, quickly implemented in the job duties. A very good idea consists of frequent job interviews among employees. The results of the analysis will allow for quick identification of sources of dissatisfaction and implementation of corrective actions (Trocki, 2011).

### 3. Benefits of outsourcing of human resources management processes

A big advantage of external companies is the opportunity to cooperate with consultants, external specialists, supported by huge experience through participation in many projects, often competing with the client. The client, therefore, introduces innovative and crucial solutions for specific goals and tasks. The company employing the contractor also benefits from the most modern communication infrastructure and technology that increases efficiency. The education technique through gaining knowledge during the process change involving group-based solving of challenges the organization has to face increases the organization's efficiency in the implementation of the tasks and objectives of the enterprise. Employee outsourcing also brings benefits in the form of increased employee capacity in a situation of quick adaptation to changes in the internal and external environment, and at the same time recognizing the role of joint problem solving (Krejner-Nowecka, 2002). Another benefit is the increase in the level of employee loyalty and the improvement of the quality and at the same time the effectiveness of the company's operation through the increase of employees' motivation. Internal employees of the organization are willing to engage in cooperation with external consultants. The basis for such involvement is the will to develop or sometimes the desire to pacify the "enemy" (Power et al., 2004). Modern outsourcing of processes, aimed at increasing the efficiency of the company's operations is the best solution for SMEs. Achieving a consensus between lowering costs and increasing HR effectiveness enables the employer to control the development of the company as well as the implementation of the organization's key tasks. Management based on outsourcing brings tangible results, however, only after some time, because the cooperation of the organization and the external company requires time to get acquainted with the specificity of the company's operations and to set out detailed expectations as well as requirements of both parties (Harland et al., 2005).

### 4. HR departments functions

The functions most often carried out by HR departments are usually outsourced to training. These are trainings in the field of supervising, perfecting the managerial staff, as well as conducting trainings in the field of occupational health and safety, training in the field of computer services, and

testing the effectiveness of training programs. Another function is recruitment for positions, among others conducting job interviews, looking for new employees, verifying references and qualifications of candidates, placing job advertisements, employing temporary staff for physical work, introducing new employees to work. The next function is the calculation of remuneration under which the preparation of reviews, the valuation of jobs, and the creation of remuneration systems are carried out (Essinger et al., 2002).

Another important personnel related function is shaping the occupational safety and health conditions in the area of conducting and organizing training courses on occupational health and safety and preparing reports on health and safety tasks, managing the employee compensation system, preparing reports required by law. Another function is the service of employees posted to work abroad as well as foreigners' administrative service. Activities in the implementation of this area relate to the creation of specific procedures for the posting of workers abroad, the creation of systems and the handling of remuneration and bonuses for posted workers abroad. To decide on the implementation of outsourcing in the area of the personnel function, there are many determinants, as well as expectations from the company of the recipient and the client undertaking such activities (Power et al., 2004). These include mainly the reduction of fixed costs, the probability of creating new jobs due to the development of the enterprise, especially in the area of auxiliary functions, administrative functions, functions subject to repeated changes of legal regulations, fast and expansive development of the organization and the resulting problems with the continuous training of new employees as well as transformation of fixed personnel costs into variable. One of the many directions of the restructuring of the personal function has been the separation of specific personal tasks and entrusting their implementation to external companies. The process of separating certain areas of operation from the organization's structure is defined by the term outsourcing and is treated as a strategic restructuring undertaking, which in fact leads to depletion and flexibility of the company's organizational structure (client), which in turn means the reconstruction of activities company and focusing on key activities. Hence, the object of outsourcing is primarily the functions and tasks of the auxiliary activity of a given enterprise (Essinger et al., 2002).

### 5. Employees rotation

Managers frequently cannot cope with the decline in implementation quality of tasks and goals. Employees have more and more delays and do not keep the deadlines for executing orders. They must perform more duties from other positions and listen to complaints about a continuous decline in work efficiency. Managers also failed to perform their own duties because they fulfil goals and tasks in vacancies or are responsible for the recruitment process. They supervise the investing of company funds for marketing purposes, i.e. advertisements, recruitment agencies, etc. as

well as the implementation of new employees through training and implementation at the workplace, and after a few months they leave (Exact System, 2014). Taking away the company's "know-how". Managers usually do not understand the essence of the recruitment process and staff selection. They do not attach particular importance to creating the profile required from the candidate, employing someone who impressed them but without verifying the level of motivation or competence appropriately (Harrison et al., 1993). If they only have the opportunity to try to pass the largest possible amount of recruitment to the HR department, taking the responsibility out of themselves. A frequent phenomenon is also to downplay the process of implementing the employee in an appropriate position, without providing him with adequate support (Holweg, 2005). The most common problem of the managerial staff is the lack of ability to diagnose employee competences as well as employees who are already employed.

If they manage to observe deficiencies in some areas, they cannot develop the skills of both experienced and new employees and, above all, how to build their involvement. The managerial staff cannot lead the implementation process on their own. Managers should first of all diagnose the causes of problems related to employee rotation (Santosh et al., 2016). The manner in which the diagnosis will depend on the size of the problem as well as the characteristics of the functioning of the organization. The analysis may concern individual departments e.g.: anonymous survey in the department in which a large employee rotation was diagnosed or may concern the audit of the entire organization, among others, analysis of strategy, policy of implementing new employees, regulation regarding recruitment and selection, procedures related to the professional development of employees, and the examination of employee opinions and the periodic assessment system. In the event of analysis, we can create tools to deepen the diagnosis of the situation, among others, a competency test (Anderson, 1997). Competence tests are tools that allow one to diagnose employee competences. They consist of short questions with the best or worst answer options in a specific situation. They allow diagnosing the level of competence of an employee. The next step should be the selection of remedial actions allowing to significantly reduce employee rotation in the enterprise and prevent such problems in the future. Solutions should always be based on the characteristics of the company and its specific situation (Santosh et al., 2016). Examples of remedial actions may include workshops, training for managers, as well as all types of interviews with employees and training programs at all levels of management, including career paths, on-line training, language courses for immigrants and communication with personnel. The essence of remedial procedures are also implemented, among others: management of absences (in the form of an electronic system, recording holidays and other absences) and establishing disciplinary actions in situations of undesirable employee behaviour (Babjak et al., 2012). Research conducted by CBOS shows that only 25% of Poles changed jobs in the last five years. A work position

was more often changed by men and young and better educated people. The change of a work position mainly concerned people who were employed on a civil law contract or a fixed-term employment contract and work in the shadow zone. When analysing specific professions, the decision to leave the job was more often made by technicians and middle personnel and service employees. In turn, Central Statistical Office data indicate that the main reason for changing work positions among Poles is to take a better-paid job. Over 24% of respondents changed their job due to reasons beyond their control, and, therefore, as a result of termination of the contract by the employer. However, another 23% of Poles were forced to leave due to the termination of a fixed-term employment contract (Central Statistical Office, 2014).

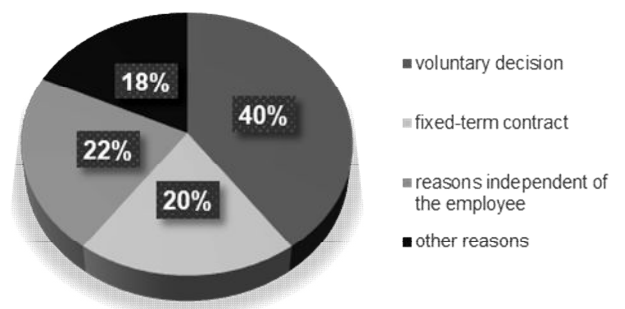


Fig. 1. Reasons for changing jobs by Poles (in %) (Central Statistical Office, 2014)

From the analysis of the causes of job changes of Poles (Figure 1) it is worth stressing that the highest percentage of employed Poles decides to leave their jobs voluntarily. Therefore, employers should pay more attention to better relations with employees in order to limit the employee fluctuation. An increasingly frequent tool is an interview with a quitting employee, the so-called exit interview (Fine et al., 1996). During such interviews, employers should find out what the main reasons for his/her resignation from the job were and what the employee was satisfied with, and what had a negative impact on his/her work comfort and whether he received sufficient support from his/her superiors and whether he/she would like to work in this enterprise in the future (Mueller, 2009). A very important aspect is also communicating and transferring in a transparent way the expectations of the company and offering opportunities for development / training and promotion. The research carried out by one of the outsourcing companies showed that most companies are satisfied with the service of outsourcing companies (Capgemini, 2008). Based on telephone interviews conducted by an outsourcing company on the number of 115 companies, it appears that the majority of customers do not intend to give up orders for outsourcing services, and some plan to expand their cooperation. The main benefits resulting from the services are: professional service, increase in the quality of products, reduction of costs, which is shown in the chart below.

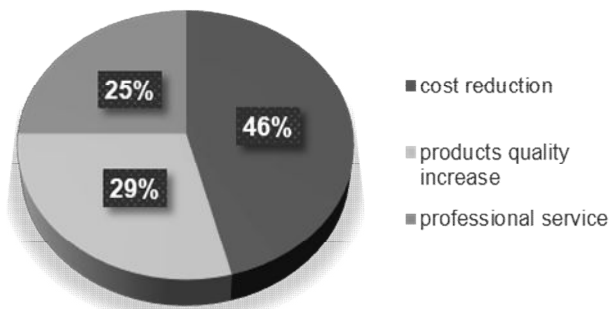


Fig. 2. Benefits from outsourcing services demonstrated by a survey on 115 companies (Exact System, 2014)

The analysis indicated that 94% of service providers are satisfied with the services provided by the outsourcing company. The most popular areas of outsourcing services are production / assembly and quality control. The study shows clearly that more than half of companies use services on a permanent basis, while ad hoc, if needed, it is used by 33% of companies from among 115 respondents, while the remaining 10% use it cyclically. Participants in the study responded that they plan to expand with outsourcing companies about 23%, while 10% said they want to reduce the number of services, and 67% do not want to change anything and continue to use existing services. It is estimated that production in the next three months in 50 percentages will remain at the same level, in 48% it will increase, while in 2% it will fall. In reference for employment it is estimated that 59% will remain at the same level of employment while 38% will increase and 3% will drop. It follows that outsourcing services will grow. What also suggests positive social and economic effects in the future (Exact System, 2014).

## 6. Summary

The optimization of enterprise processes is a very current topic. The probability that this development trend will end is low due to the innumerable benefits that result. Each company has a unique set of processes that are often neglected. The organizational role in the enterprise plays the foremost management role, often manifesting itself as a patchwork of decisions of former management boards. However, it should be emphasized that the organization's structure should be applied to processes, not vice versa. Therefore, the essence of the outsourcing companies' activity is the reduction of employee fluctuation, which is the key activity point. Outsourcing consists of entrusting specialist external companies (service-recipients) with the support of selected business processes and internal functions of the company, which are not crucial for its operations, but they support the core business. Hence, rotation of employees is an undesirable phenomenon creating additional costs. Entrusting service of selected processes to external companies, still in some of the Polish companies is considered unnecessary or likely to bring about the danger of access to confidential company data and unjustified expenditure. Person-

nel outsourcing, however, consists of renting employees from an external company that only performs the tasks entrusted by the client. Therefore, the contractor does not bear the costs of recruitment, employee dismissals or holidays. They pay only for services that are less interested in the client's strategic activity. So that outsourcing companies can prosper, managers in the first place should look at the recruitment process. When selecting candidates for the position, employers should pay more attention to the appropriate qualifications and competences of employees and be able to adapt to the culture of organization prevailing in the enterprise which they make recruitment for. During job interviews, they should provide candidates with a realistic description of the activities and terms of remuneration, which will significantly reduce the gap between expectations and actual obligations and conditions in future work. In the second place, they should properly design the process of employee adaptation for a given position. The new employee, for the first months, must be placed under the special care of his superiors and, if possible, quickly implemented in new duties. A very good idea is to conduct employee satisfaction surveys periodically. Getting to know employees' opinions will allow to quickly identify the source of dissatisfaction and implement corrective actions. A satisfied employee in the long run will bring numerous benefits to the company.

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## 轮换与外包公司人事服务有关的问题

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### 關鍵詞

外包  
人事管理  
员工轮岗  
工作成本

### 摘要

人事服务外包的主题是特定企业运营中的功能和辅助任务。它基于外包特定任务和整个人事流程，以及雇佣执行客户委托任务的员工。企业面临的主要问题是因缺勤，病假和假期造成的员工流失，因此，员工的延误越来越多，并且没有按时完成。因此，他们不得不从其他职位履行更多职责，并听取有关工作效率持续下降的抱怨。员工流动问题正在成为一种普遍存在的现象。因此，每家公司都应该分析这个问题。从确定问题开始，并因此采取适当措施防止员工过度波动。让员工发展和组织适当的工作条件也很重要，这将确保工作的舒适性和对雇主的依恋。

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