An attempt has been made in this chapter to examine the various issues relating to outsourcing methods, which were discussed in the previous chapter V.
5.2 INFERENTIAL STATISTICS ON SAMPLE

Hypothesis 1 (Alternate)

There is significant difference in HR cost reduction after outsourcing with respect to the overall HR performance.

Table 6.2.1

<table>
<thead>
<tr>
<th>Variable cost reduction</th>
<th>No. of cases</th>
<th>Mean</th>
<th>S.D</th>
<th>SE of Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>84</td>
<td>74.81</td>
<td>4.33</td>
<td>.473</td>
</tr>
<tr>
<td>No</td>
<td>66</td>
<td>73.89</td>
<td>4.70</td>
<td>.578</td>
</tr>
</tbody>
</table>

Mean Difference = .9156

Levene’s Test for Equality of variance: F = .110 P = .741

Table 6.2.2

t-test for equality of Means

<table>
<thead>
<tr>
<th>Variance</th>
<th>t-value</th>
<th>Df</th>
<th>2-Tail Sig.</th>
<th>SE of Diff.</th>
<th>95% CI for Diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equal</td>
<td>1.24</td>
<td>148</td>
<td>.218</td>
<td>.739</td>
<td>(-.546, 2.38)</td>
</tr>
<tr>
<td>Unequal</td>
<td>1.23</td>
<td>134.0</td>
<td>.222</td>
<td>.747</td>
<td>(-.562, 2.39)</td>
</tr>
</tbody>
</table>

Source: Computed
Inference: It is evident from the tables 6.2.1 and 6.2.2 and analysis there that the ‘P’ value is greater than 0.05 the alternate hypothesis is rejected at 5% level of significance. Hence there is significant difference in HR cost reduction after outsourcing with regard to the overall performance of HR department.

Hypothesis 2 (Alternate)
Here is significant relationship between the HR outsourcing and the profitability of the company, with respect to the overall performance of the HR department.

Table 6.2.3

<table>
<thead>
<tr>
<th>Variable</th>
<th>No. of cases</th>
<th>Mean</th>
<th>S.D</th>
<th>SE of Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>84</td>
<td>75.50</td>
<td>4.37</td>
<td>.476</td>
</tr>
<tr>
<td>No</td>
<td>66</td>
<td>73.01</td>
<td>4.31</td>
<td>.531</td>
</tr>
</tbody>
</table>

Source: Computed
Mean Difference = 2.4848
Levene’s Test for Equality of variance: \( F = .472 \)  P = .493
Table 6.2.4

**t-test for equality of Means**

<table>
<thead>
<tr>
<th>Variance</th>
<th>t-value</th>
<th>Df</th>
<th>2-Tail Sig.</th>
<th>SE of Diff.</th>
<th>95% CI for Diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equal</td>
<td>3.48</td>
<td>148</td>
<td>.001</td>
<td>.715</td>
<td>(1.072, 3.89)</td>
</tr>
<tr>
<td>Unequal</td>
<td>3.48</td>
<td>140.45</td>
<td>.001</td>
<td>.714</td>
<td>(1.074, 3.89)</td>
</tr>
</tbody>
</table>

Source: Computed

**Inference:** It is evident from the tables 6.2.3 and 6.2.4 and analysis there to that the ‘P’ Value is lesser than 0.01 the null hypothesis is accepted at 1% level of significance. Hence, there is significant relationship between HR outsourcing and increase in profit with respect to the overall performance of the HR department.

**Hypothesis 3**

**HR outsourcing reduces the corporate HR activities**

Table 6.2.5

**HR outsourcing and reduction in the corporate HR activities**

<table>
<thead>
<tr>
<th>Variable</th>
<th>No. of cases</th>
<th>Mean</th>
<th>S.D</th>
<th>SE of Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of HR corporate activities</td>
<td>Yes</td>
<td>111</td>
<td>75.25</td>
<td>4.32</td>
</tr>
<tr>
<td>No</td>
<td>39</td>
<td>72.00</td>
<td>4.17</td>
<td>.667</td>
</tr>
</tbody>
</table>

Source: Computed
Mean Difference = 3.2523

Levene’s Test for Equality of variance: F = 1.825  P = .179

Table 6.2.6

t-test for equality of Means

<table>
<thead>
<tr>
<th>Variance</th>
<th>t-value</th>
<th>Df</th>
<th>2-Tail Sig.</th>
<th>SE of Diff.</th>
<th>95% CI for Diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equal</td>
<td>4.08</td>
<td>148</td>
<td>.000</td>
<td>.798</td>
<td>(1.676, 4.829)</td>
</tr>
<tr>
<td>Unequal</td>
<td>4.15</td>
<td>68.79</td>
<td>.000</td>
<td>.783</td>
<td>(1.689, 4.816)</td>
</tr>
</tbody>
</table>

Source: Computed

**Inference:** It is evident from the tables 6.2.5 and 6.2.6 and analysis there to that the ‘P’ Value is lesser than 0.01 the above hypothesis that HR outsourcing reduces the HR corporate activities is accepted at 1% level of significance. Hence HR outsourcing reduces the overall corporate HR activities.
Hypothesis 4 (Alternate)

There is significant relationship between the HR outsourcing and the productivity of the company.

Table 6.2.7

HR outsourcing and productivity of the company with respect to management time saved to concentrate on corporate core activities

<table>
<thead>
<tr>
<th>HR outsourcing saves time</th>
<th>Yes</th>
<th>No</th>
<th>Row Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>111 (74.0)</td>
</tr>
<tr>
<td>Yes</td>
<td>106 (95.5)</td>
<td>5 (4.5)</td>
<td>111 (74.0)</td>
</tr>
<tr>
<td></td>
<td>[97.2]</td>
<td>[12.2]</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>3 (7.7)</td>
<td>36 (92.3)</td>
<td>39 (26.0)</td>
</tr>
<tr>
<td></td>
<td>[2.8]</td>
<td>[87.8]</td>
<td></td>
</tr>
<tr>
<td>Column Total</td>
<td>109 [72.7]</td>
<td>41 [27.3]</td>
<td>150</td>
</tr>
</tbody>
</table>

Source: Computed

Note: The value with in () refers to row % and the value within [] refers to column %

Chi-Square | Value | DF | Significance |
-----------|-------|----|--------------|
Pearson    | 112.01832 | 1  | .00000       |

254
Inference: Productivity improvements in HR, for example are critical first step in freeing HR from day-to-day operational responsibilities and to focus on more strategic corporate issues. Since the p-value in table 6.2.7 is lesser than 0.001 the alternate hypothesis is accepted at 1% level of significance. Hence there is significant relationship between HR outsourcing and productivity with respect to time saved and concentration on core activities.

Hypothesis 5 (Alternate)

There is significant relationship between the success of outsourcing and the vendor selection criteria.

Table 6.2.8

HR outsourcing objectives and the vendor selection criteria

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4.49</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>4.16</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>3.56</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>3.89</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>4.07</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Computed

Correlation coefficient = 0.2421

Variables

1. Organizational transformation
2. Promptness
3. Cost effectiveness

4. Flexibility

5. Elimination of administrative burden

**Inference:** Since the correlation coefficient is significant at 1% level of significance the alternate hypothesis is accepted. Hence there is significant relationship between HR outsourcing objectives and vendor selection criteria.

**Hypothesis 6**

There is significant relationship between conducting an in-house benchmark analysis before HR outsourcing and the extent of the HR objectives being achieved

**Table 6.2.9**

<table>
<thead>
<tr>
<th>Variable HR objectives being achieved</th>
<th>No. of cases</th>
<th>Mean</th>
<th>S.D</th>
<th>SE of Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>78</td>
<td>2.2051</td>
<td>.519</td>
<td>.059</td>
</tr>
<tr>
<td>No</td>
<td>72</td>
<td>1.8611</td>
<td>.512</td>
<td>.060</td>
</tr>
</tbody>
</table>

Source: Computed

Mean Difference = .3440

Levene’s Test for Equality of variance: F = .773  P = .381

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Table 6.2.10

<table>
<thead>
<tr>
<th>Variance</th>
<th>t-value</th>
<th>Df</th>
<th>2-Tail Sig.</th>
<th>SE of Diff.</th>
<th>95% CI for Diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equal</td>
<td>4.08</td>
<td>148</td>
<td>.000</td>
<td>.084</td>
<td>(.177, .511)</td>
</tr>
<tr>
<td>Unequal</td>
<td>4.09</td>
<td>147.33</td>
<td>.000</td>
<td>.084</td>
<td>(.178, .510)</td>
</tr>
</tbody>
</table>

Source: Computed

**Inference:** It is evident from the tables 6.2.9 and 6.2.10 and analysis there to that the ‘P’ Value is lesser than .01 the above hypothesis that HR outsourcing reduces the HR corporate activities is accepted at 1% level of significance. There is significant relationship between conducting an in-house benchmark analysis before HR outsourcing and the extent of the HR objectives being achieved.

**Hypothesis 7**

There is a **no significant relationship between the loss of skill/knowledge of HR staff after HR outsourcing and HR staff number after HR outsourcing.**
Table 6.2.11

HR staff reduction and loss of skill/knowledge after outsourcing HR

<table>
<thead>
<tr>
<th>Loss of skill/knowledge</th>
<th>&lt;=3 1</th>
<th>4-5 2</th>
<th>&gt;=6 3</th>
<th>Row Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td>26 (74.0)</td>
</tr>
<tr>
<td></td>
<td>(84.6) [29.7]</td>
<td>(15.4) [10.3]</td>
<td>-</td>
<td>(74.0)</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>3</td>
<td>37</td>
<td>39 (26.0)</td>
</tr>
<tr>
<td></td>
<td>(7.7) [2.8]</td>
<td>(92.3) [87.8]</td>
<td>(29.8) [100.0]</td>
<td>(26.0)</td>
</tr>
<tr>
<td>Column Total</td>
<td>74</td>
<td>39</td>
<td>37</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td>[72.7]</td>
<td>[27.3]</td>
<td>[24.7]</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Computed

Note: The value with in () refers to row % and the value within [] refers to column %

Chi-Square

<table>
<thead>
<tr>
<th>Value</th>
<th>DF</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson</td>
<td>17.05736</td>
<td>2</td>
</tr>
</tbody>
</table>

**Inference:** It is evident from the table 6.2.11 and analysis there to that the ‘P’ Value is lesser than 0.01 the above hypothesis that HR outsourcing reduces the HR corporate activities is accepted at 1% level of significance.
Hence there is no significant relationship between reduction of HR staff after outsourcing HR functions and loss of skill/knowledge.

**Hypothesis 8**

There is significant relationship between hidden cost and the overall HR cost reduction after outsourcing HR functions

**Mann-Whitney U – Wilcoxon Rank Sum W Test**

Hidden Cost by significant reduction in HR cost

<table>
<thead>
<tr>
<th>Mean Rank</th>
<th>Cases</th>
<th>Significant reduction of cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>95.21</td>
<td>84</td>
<td>Yes 1</td>
</tr>
<tr>
<td>50.41</td>
<td>66</td>
<td>No 2</td>
</tr>
</tbody>
</table>

Correlated for ties

<table>
<thead>
<tr>
<th>U</th>
<th>W</th>
<th>Z</th>
<th>2-tailed P</th>
</tr>
</thead>
<tbody>
<tr>
<td>1116.0</td>
<td>3327.0</td>
<td>-7.4720</td>
<td>.0000</td>
</tr>
</tbody>
</table>
Table 6.2.12

HR staff reduction hidden costs and HR outsourcing

<table>
<thead>
<tr>
<th>Variable Hidden cost</th>
<th>No. of cases</th>
<th>Mean</th>
<th>S.D</th>
<th>SE of Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>84</td>
<td>4.1429</td>
<td>.415</td>
<td>.045</td>
</tr>
<tr>
<td>No</td>
<td>66</td>
<td>3.4545</td>
<td>.502</td>
<td>.062</td>
</tr>
</tbody>
</table>

Source: Computed

Mean Difference = .6883

Levene's Test for Equality of variance: $F = 31.939$  $P = .000$

Table 6.2.13

t-test for equality of Means

<table>
<thead>
<tr>
<th>Variance</th>
<th>t-value</th>
<th>Df</th>
<th>2-Tail Sig.</th>
<th>SE of Diff.</th>
<th>95% CI for Diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equal</td>
<td>9.20</td>
<td>148</td>
<td>.000</td>
<td>.075</td>
<td>(.540, .836)</td>
</tr>
<tr>
<td>Unequal</td>
<td>8.99</td>
<td>125.28</td>
<td>.000</td>
<td>.077</td>
<td>(.537, .840)</td>
</tr>
</tbody>
</table>

Source: Computed

**Inference:** It is evident from the tables 6.2.12 and 6.2.13 and analysis there to that the 'P' Value is lesser than .01 the above hypothesis that there is significant relationship between hidden cost and the overall HR cost reduction after outsourcing HR functions is accepted at 1% level of significance.
Hypothesis 9

There is a significant relationship between the suppliers understanding the outsourcing objectives and the extent with which the HR objectives are achieved.

Table 6.2.14

The extent with which the HR objectives are achieved

<table>
<thead>
<tr>
<th></th>
<th>Suppliers understanding the HR outsourcing objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>The extent of HR outsourcing objectives being achieved</td>
<td>1</td>
</tr>
<tr>
<td>Unhappy with the results</td>
<td>19 (100.0)</td>
</tr>
<tr>
<td></td>
<td>[14.3]</td>
</tr>
<tr>
<td>Partially achieved</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>89 (84.0)</td>
</tr>
<tr>
<td></td>
<td>[66.9]</td>
</tr>
<tr>
<td>Fully achieved</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>25 (100.0)</td>
</tr>
<tr>
<td></td>
<td>[18.8]</td>
</tr>
<tr>
<td>Column Total</td>
<td>133</td>
</tr>
<tr>
<td></td>
<td>[88.7]</td>
</tr>
</tbody>
</table>

Source: Computed

Note: The value with in () refers to row % and the value within [] refers to column %

Chi-Square | Value | DF | Significance |
-----------|-------|----|--------------|
Pearson    | 7.95858 | 2  | .01870       |

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**Inference:** It is evident from the tables 6.2.14 analysis there to that the 'P' Value is greater than .01 the a hypothesis that there is significant relationship between the suppliers understanding the outsourcing objectives and the extent with which the HR objectives are achieved is accepted at 5% level of significance.