

Analysis of the Influence of Recruitment Factors on Outsourcing Management Fees

Muhammad Rizki Aulia¹, Citra Astuti²

Politeknik Unggul Cipta Mandiri¹, Politeknik Unggul Cipta Mandiri²

Email : muhammadrizkiaulia14@gmail.com

ABSTRACT

This study aims to analyze the influence of recruitment factors on the outsourcing management fee. The independent variables in this research include ability, personality, motivation, and commitment, while the dependent variable is the outsourcing management fee. The study is motivated by the increasing use of outsourcing labor as a strategic effort to improve company efficiency, especially in the service sector. A survey method was employed using primary data collected through questionnaires distributed to outsourcing employees and company management. Data analysis was conducted using Structural Equation Modeling (SEM). The results show that ability and commitment have a significant and positive influence on outsourcing management performance, while personality and motivation have no significant effect. These findings highlight the importance of enhancing technical training and fostering employee commitment to improve the effectiveness and efficiency of outsourcing workforce management.

Keywords: Recruitment, Ability, Commitment, Outsourcing, Management Fee, Performance.

INTRODUCTION

Hiring employees through outsourcing contracts has increasingly become a common trend among business leaders and company owners, both in state-owned and private enterprises. Numerous outsourcing firms companies that specialize in providing labor actively offer their services to employers, allowing companies to acquire the workforce they need without the burden of recruitment, selection, and training processes.

The preference for outsourcing has grown, particularly during the global economic crisis that affected many countries, including Indonesia. As companies faced declining sales while employees struggled with rising living costs due to increasing prices of basic necessities, conflicts arose. Workers demanded higher wages, while management found it difficult to meet those demands due to financial constraints.

In developed countries, outsourcing is considered a standard and strategic business practice. Large corporations with diverse operational needs often require a wide range of specialized skills, making it impractical to directly employ all types of labor. Although Indonesia has enacted Law No. 13 of 2003 concerning Manpower which regulates the use of outsourced labor resistance to outsourcing persists.

For instance, in May 2008, workers at PT Maspion Sidoarjo staged a protest against outsourcing services (Antara News, 2008). These realities highlight the critical role of management in overseeing labor-related strategies. Therefore, the focus should not only be on regulatory frameworks but also on adopting a management approach that emphasizes the development and empowerment of human resources.

This calls for research with a managerial orientation, focusing on the competencies, personalities, commitment, and motivation of outsourced workers. The goal is to establish a harmonious relationship between management and employees, which in turn is expected to enhance individual performance and contribute positively to organizational outcomes

With professional management practices, employees including outsourced workers are expected to work productively. Effective management must begin from recruitment and selection, to job classification and placement, and extend to training and career development

This study not only aims to explore why companies choose to use outsourced labor but also seeks to examine how outsourcing is currently managed by user companies, particularly from a managerial standpoint. To date, there appears to be a lack of research focusing on how management-related factors influence the performance of outsourced workers in service-based industries. Thus, this study seeks to determine the extent to which ability, personality, motivation, and commitment affect the performance of outsourced management staff

Human capital is a company's most valuable asset and should not be viewed merely in material terms. This is especially true in the service industry, which typically operates in a highly competitive environment, where companies are pushed to increase efficiency – including in labor costs. For this reason, this study focuses on a fixed-line telecommunications service provider, a sector currently striving to remain competitive in the face of rapid growth among wireless telecommunications providers over the past five years

LITERATURE REVIEW

A. *Workforce*

Law Number 14 of 1969 concerning the Main Provisions of Manpower provides a definition of labor, stating that labor is "every person who is capable of performing work, either within or outside an employment relationship, in order to produce goods or services to meet the needs of society.

However, this law is no longer in use following the enactment of a new law that regulates manpower. Law Number 14 of 1969 concerning the Main Provisions of Manpower provides a definition of labor, stating that labor is "every person who is capable of performing work, either within or outside an employment relationship, in order to produce goods or services to meet the needs of society.

According to M.T. Rionga & Yoga Firdaus (2007:2), labor refers to the working-age population who are ready to work, including those who are already employed, those seeking employment, students, and individuals managing household responsibilities.

Labor is defined as all individuals who are willing and able to work, including those who are unemployed but ready and capable of working, as well as those who are involuntarily unemployed due to a lack of job opportunities.

This definition is broader, as it includes all individuals who work for others whether for individuals, partnerships, legal entities, or other bodies receiving wages or compensation in any form. Wages are commonly associated with money, but in some cases, laborers or workers may receive compensation in the form of goods.

Employment Relationship

An employment relationship is a civil relationship based on an agreement between a worker and an employer or business owner. Therefore, the evidence that a person is employed by another individual or by a company/institution is the existence of an employment contract, which outlines the rights and obligations of both parties the employer and the employee.

B. Outsourcing

Outsourcing is the delegation of daily operations and management of a business process to an external party (an outsourcing service provider). Through this delegation, the management is no longer handled by the company itself but is transferred to the outsourcing service provider.

Outsourcing is one of the by-products of Business Process Reengineering (BPR). BPR refers to fundamental changes made by a company in its management processes – not merely improvements. BPR is a new management approach aimed at enhancing performance, which is significantly different from the traditional approach of continuous improvement. BPR is implemented in response to the global economic development and rapid technological advancement, which have led to intense and global competition.

Outsourcing should not be viewed only in the short term. When using outsourcing services, companies will inevitably incur additional costs in the form of management fees paid to the outsourcing provider. Therefore, outsourcing must be considered from a long-term perspective, including employee career development, labor efficiency, organizational structure, benefits, and other related aspects. It enables companies to focus on their core competencies, thus enhancing their competitiveness in the market.

Outsourcing involves assigning the execution of certain tasks to other companies through written job contract agreements. Gibson (2005:66) states that “Outsourcing is the transfer of business routines to external resources.

To meet the company's human resource needs, the company employs two types of workers: permanent employees (workers sourced internally from within the company) and outsourced workers (workers sourced externally or contract workers). Permanent employees serve as the company's core human resources, while outsourced workers function as supplementary resources, whose number and duration of employment are adjusted according to the company's current needs.

According to Article 1601 b of the Indonesian Civil Code (KUH Perdata), outsourcing is equated with a contracting agreement, meaning that outsourcing refers to an agreement in which a contractor commits to completing a specific task for another party. In return, the party hiring the contractor agrees to pay a certain amount for the completion of the work.

Based on this definition, an operational definition of outsourcing can be formulated as a form of employment agreement between a service user company and a service provider company. In this arrangement, the service user company requests the service provider to supply the necessary workforce to perform tasks within the user company. The service user company pays a fee for this service, while wages or salaries are paid directly by the service provider company. Generally, the outsourcing work agreement model involves several tasks being delegated to another legally established company, where the user company has no direct relationship with the workers but only with the labor supplier or contractor company.

RESEARCH METHODOLOGY

The type of data used in this research is primary data.

Primary data refers to data obtained directly from respondents and collected through surveys to answer research questions. The survey method itself is a technique that involves distributing questionnaires, where the questionnaires are delivered and collected directly from respondents, with necessary explanations provided regarding the questions contained in the questionnaire.

The data collection method used in this study is the documentation method.

The documentation method involves collecting data by recording or documenting existing data. The data used in this research consists of employee recruitment reports and employee fee reports.

The analysis technique used is ratio analysis

which is a method of analysis used to determine the effect of recruitment on management fees in the outsourcing company.

Descriptive Variable Analysis

Conceptually, descriptive analysis is a method used to describe collected data in a straightforward manner. The presentation can be in the form of tables or graphs and may include calculations such as the mean, standard deviation, and so on.

This method uses sample data as the basis for interpretation and analysis to draw conclusions that can be used to infer something about the population. This section will discuss correlation and hypothesis testing using a simple regression model.

Correlation: Correlation coefficient analysis is a method used to determine the relationship between two variables, identifying whether the relationship is positive and strong with liquidity.

RESULT AND DISCUSSION

A. Recruitment Analysis

The evaluation of model fit using the goodness of fit criteria indicates that the model is appropriate. The magnitude of the regression coefficients is presented in Table 1. Among all variables in the model, two latent variables have a significant influence on performance. The first is ability, with a p-value of 0.002 and a

regression coefficient of 0.551. The second is commitment, which shows a p-value of 0.003 and a regression coefficient of 0.655.

Table 1.
Path Coefficient (PC) Full Model Outsourcing SEM

No	Correlation	Koefisien	P- Value	Sig
1	Capability→ Performance	0.551	0.002	Sig
2	Personality→ Performance	0.107	0.035	Tdk
3	Motivation→ Performance	-0.320	0.135	Tdk
4	Commitment→ Performance	0.655	0.003	Sig

Here is the professionally translated and grammatically correct English version of your sentence:

1. Ability has a positive and significant influence on performance, with a regression coefficient of 0.551 and a p-value of 0.002 (less than 0.05). This coefficient indicates that the presence of ability has an impact on performance.
2. Personality has a positive but not significant influence on performance, with a regression coefficient of 0.107 and a p-value of 0.305 (greater than 0.05). This coefficient indicates that the presence or absence of personality does not significantly affect performance.
3. Motivation has a negative but not significant influence on performance, with a regression coefficient of -0.320 and a p-value of 0.135 (greater than 0.05). This coefficient indicates that the presence or absence of motivation does not significantly affect performance.
4. Commitment has a positive and significant influence on performance, with a regression coefficient of 0.655 and a p-value of 0.003 (less than 0.05). This coefficient indicates that employee commitment has a positive and significant impact on performance.

The integrated results of descriptive and statistical analysis indicate that ability and commitment significantly influence the performance of outsourced workers, while personality and motivation do not. The majority of outsourced personnel are between 36–40 years old and have 11–15 years of work experience, suggesting that they possess adequate skills and a strong commitment to operational tasks.

However, the absence of a comprehensive individual performance evaluation system—either by the company or its outsourcing partners—has led to underdeveloped aspects of motivation and personality. Therefore, a transparent and consistently implemented performance evaluation system is essential. This system should be clearly understood by all parties from the outset and serve not only to measure performance but also as a fair basis for reward systems, influencing compensation and increasing employee satisfaction and productivity.

Performance evaluations should also serve as a foundation for employee development and training, as well as for considering the promotion of outsourced workers to permanent positions. Establishing a maximum employment period for outsourced workers is important to provide career clarity. This would give high-performing employees a sense of security, knowing that they may be considered for permanent roles based on their achievements.

This process must be supported by effective human resource management, covering recruitment, placement, and development. As stated by Dessler (2004), HR management should be conducted comprehensively to achieve optimal performance.

Recruitment of outsourced personnel should be based on the principles of recruiting the best and equal opportunity, with clear selection criteria and proper sourcing and placement strategies. When the outsourcing partner provides the workforce, the selection process is conducted by them based on the company's needs as outlined in the cooperation agreement. Thus, the client company cannot act independently without involving the outsourcing partner. To ensure mutual benefits, clear standards for recruitment, criteria for outsourced workers, and development strategies must be included in the clauses of the partnership agreement.

CONCLUSION

Based on the research findings and interpretations, it can be concluded that ability and commitment have a significant and positive effect on the performance of outsourced employees. The most influential aspect of ability is non-formal education or technical training, indicating that improving technical skills through training can enhance performance. Similarly, commitment, especially the value-added aspect of belief, strengthens performance by reflecting strong organizational involvement and loyalty.

In contrast, personality and motivation do not significantly affect performance. While conscientiousness plays a key role in shaping personality, enhancing this trait does not necessarily improve performance. Motivation, with trust as its main indicator, also showed no significant impact—contradicting Vroom's theory. This suggests that performance-based compensation could help increase motivation and fill the gap in performance outcomes.

In summary, companies should focus on developing the technical abilities and organizational commitment of outsourced employees to improve their performance, while recognizing that personality traits and motivation alone may not be sufficient drivers.

REFERENCES

- Gibson, R. S. 2005. *Principles of Nutritional Assessment*. Second Edition. Oxford University Press Inc, New York.
- M. Rionga Dan Yoga Firdaus , 2007. *Mikro Ekonomi*. Jakarta: Erlangga.
- Nur Indriantoro, M.Sc., Akuntan, Drs. Bambang Supomo, M.Si. Akuntan, 2008. *Metedologi Penelitian Bisnis*. Yogyakarta : Edisi Pertama, Penerbit BPFE

Nurimansyah Hasibuan. 2005. Materi Pokok ekonomi Industri. Universitas Gajahmada.
Jakarta

Sugiyono, (2008). Metode Penelitian Kuantitatif Kualitatif dan R&D. Bandung Alfabeta.

Subekti. 2010. Hukum Perjanjian. PT. Intermasa