

# From Recruitment to HR to Manufacturing Outsourcing : A Narrative Research

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## Abstract

Though the outsourcing concept and industry is a couple of decades old, the emergence of human resource outsourcing to a principal employer is a fairly recent phenomenon. In this case, human resources are provided by a third party vendor for various requirements. Earlier, non-essential services were in scope but hiring contractual employees for business critical functions such as manufacturing, quality, and others have started emerging. The functional split has created opportunity for outsourcing service providers. Various literature have argued about the pros and cons of such a practice from short and long term perspectives and mostly from the principal employers point of view. Research is inadequate from the point of view of outsourcing service provider.

Through this narrative research we understand the entrepreneurial and operational perspectives of outsourcing service provider. The mismatch between the demand for skilled employees and availability creates opportunity for this sector. However, benefits to the principal employer, service provider, and employees remains a mismatch. Presence of contractual and permanent employees, salary and compensation, career progression and competency building, productivity and morale of employees are likely to become complex to manage. We call for additional research to understand the changed organisational dynamics due to this emergent practice. Entrepreneurs in this sector also need to configure their value proposition from various services and complexities involved.

**Keywords :** Challenges, entrepreneurship, opportunities, outsourcing, productivity

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The initial concept of outsourcing was to outsource non-value adding non-core activities of the organisation to generate value and focus. The second major outsourcing took place in information technology (IT) industries for technology related works which was also the non-core activity of non-IT companies. The outsourcing of human resource (HR) process started when third parties were involved in the activities involving the selection and recruitment processes, largely to ensure access to bigger and diverse talent pool. The HR outsourcing practice started around 1990 with objectives of cost reduction, development of core competency, and expectation of better service (Shen, 2005). The diversification of HR activity from administrative functions to more strategic functions is one of the reasons for HR outsourcing (Abdul-Halim, Ee, Ramayah, & Ahmad, 2014). Another reason was that the existing number of HR persons in the company were very less to take up extra burden of the required recruitment drive. Technical institutes in India were also placed in different parts requiring substantial scheduling and travel efforts. Effectively, the growing demand for resources and inability of companies to manage recruitment process in house created opportunities for entrepreneurs to address the gap. Beyond the specific narrow services to fill up the HR function gap, the outsourcing industries grew rapidly and took many other functions into its own umbrella.

Employment scenario in emerging economies is usually challenging. Growing industry requires employees to be produced by the education system. Rapid employee turnover, change in technology, hybrid workplaces, preferences of

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employees for location, benefits, and perks create complex challenges for human resource practices. The pace of growth and quality of manpower requirement at a particular period creates a mismatch. India Skill report 2022, indicated an overall employability at 46.2% and 75% of the companies surveyed indicated a skill gap (Jha, Choudhary, & Panda, 2022). Since each sector of the economy does not grow uniformly, the skew in sectoral growth further worsens the skill gap requirement. For their survey, they tested the employability skill through a domain knowledge and soft skill test. The report titled "A report on the talent demand and supply in India" also indicates geographical mismatch of demand and supply of skilled resources (Jha, Choudhary, & Panda, 2022).

These challenges have resulted in, over a period, organizations to start outsourcing their core human resources to third party vendors. In such cases, individuals are employed at the third party vendor. The efficacy of such practices are debatable. For example, what happens to the intellectual property that accrues from long experiences? What are its impact on employee morale, motivations, belongingness, culture of the organisation? Secondly, when the organisations have fulltime employees and third party employees, what happens to conflicts? Third party employees are likely to be vulnerable. The contractual nature of employment is likely to be less paying, with fewer perks and benefits. Long term skill sets are less likely to be developed further, indicating that such employees are getting into a career trap. The career path of such employees are uncertain.

This narrative research focuses on the serial opportunity identification and exploitation, starting with recruitment services.

## **Literature Review**

Human resource outsourcing practice started around 1990 (Shen, 2005). Primary drivers of such a practice was cost reduction (Delmotte & Sels, 2008; Kakabadse & Kakabadse, 2005), improvement of service quality (Abdul-Halim et al., 2014), improve performance (Butler & Callahan, 2014), improve strategic focus (Delmotte & Sels, 2008), and focus on core competency (Kakabadse & Kakabadse, 2005). The availability of in-house expertise, skills and creativity, strategic priorities, legislation (coercive), availability of external service providers, and industry and peer influence are some of the other reasons attributed to outsourcing (Chiang, Chow, & Birtch, 2010). High turnover and labour shortages are also some of the reasons (Kuruvilla & Ranganathan, 2010).

However, the adverse effects of HR outsourcing is also documented in literature. This structure definitely creates management challenges (Kuruvilla & Ranganathan, 2010). Research has reported that such practice stymies HR role transformation, limited skill development, and limited role of external HR (Glaister, 2014). Organisational learning and psychological contracts also get impacted because of outsourcing (Schlosser, Templer, & Ghanam, 2006). There are some concerns that such outsourcing erodes HR functions (Delmotte & Sels, 2008).

Outsourcing of manufacturing is consistent with the principle of transaction cost (McCarthy & Anagnostou, 2004). However, the operating performance is not improved significantly due to outsourcing. Rather, the technological and organisational capabilities account for higher performance. Outsourcing of knowledge-intensive business services is linked with the additional cost and managing dependencies (Bengtsson & Dabhilkar, 2009).

## **Research Gap**

Researchers have investigated various aspects of human resource outsourcing from the perspective of the organisation outsourcing the jobs. A glaring gap is the lack of perspective from organisations providing such services. Undoubtedly, these outsourcing organisations are mitigating risks involved in the process. Recruiting employees with appropriate skill set to reduce the skill gap, managing the employee turnover risk, complying with legal requirements, and ensuring the right compensation and benefits while ensuring their own profitability is definitely challenging. With the increase in client organisations, the third-party outsourcing organisations have to comply with diverse policy requirements. The competition and expected growth of employees would influence the contracted cost, and managing employee benefits within these limit is challenging.

## Objective

The lack of literature documenting the outsourcing service provider perspective prompted us to take up two broad objectives. First, we wanted to understand the entrepreneurial opportunity seeking behaviour in this sector. Secondly, we wanted to bring out the challenges and operational aspects of the outsourcing industry.

## Methodology

Consistent with the research objective, a narrative approach was taken through interview. Such approaches are consistent with prior research (Kar, 2020). The entrepreneur (Gajendra Kabat) was first interviewed on August 12, 2018; the interview duration was 92 minutes in the evening. The location of the interview was Maruti Print Media's office, Bhubaneswar. The interview was recorded (mp3 file type, 35.5 MB), the transcript was prepared and edited by an independent researcher. The statements of the entrepreneur are presented in quotation marks. The narratives are to be understood in the context of period of the entrepreneurial endeavour.

## Family Background, Education, and Experience

Gajendra completed Diploma in Automobile Engineering during the period 2004–2006 from Mayurbhanj (a boarder district of Odisha towards north and 250 km from the capital city Bhubaneswar). He completed M.B.A. in Human Resources through distance learning much later. He said, “Diploma is my base education and M.B.A. in HR gives only theoretical understanding. My understanding is from my experience. I am a good student and have good understanding of my business.” His father was working in the Public Works Department as a clerk. Gajendra is the youngest of three brothers. He got married in 2010 and his wife is a partner in the firm. Gajendra said, “I wanted to do something different in every work that I do. I do not have any hobby, doing a good job gives me satisfaction.”

## Foray into Entrepreneurship

### *The first experience*

During the second year of his Diploma (2005) Gajendra noticed an advertisement in a weekly newspaper “Nijukti Soochana” (Employment information) for franchisee in different parts of Odisha. The franchisor (Nijukti Soochana, based in Bhubaneswar, the capital city) wanted the franchisee to register candidates for employment opportunities and a fee was to be charged. Considering the lack of opportunities for students in far off places, Gajendra thought it to be a good opportunity and took the franchisee as a proprietorship firm for his district. The franchisor was also involved in campus placements in different colleges for recruitment.

During the period, some companies recruited from the east belt of India and during 2005–2007 colleges found it extremely difficult to place their students. So, Gajendra used to contact college management and companies for arranging placements. The placement was to be organised in respective college campuses rather than off-campus (other than the campus and for multiple colleges). Sometimes, companies used to ask for candidates from different regions of Odisha, and in such cases the number used to be divided across colleges and regions.

Gradually, Gajendra realised that the franchisor became extortionist in its approach. It demanded different amount of money from different candidates which generated discontent among candidates. Gajendra had to collect based on the promise made by the franchisor. However, it failed in delivering the services, it was like fraud. The arrangement did not work out. Being a local entrepreneur, the candidates held Gajendra responsible. It was an unforeseen business risk. Gajendra said, “they had falsely promised jobs to unemployed candidates and took lot of money, we were middle man., but ultimately they did not deliver according to their promise.” Gajendra realised that many such organisations are fraud and take money from gullible candidates. Overcharging, and black mailing for employment opportunity was more common than he thought of. Being in a remote location also added to lack of information for him. His sense of ethics pricked him.

The franchisor collected huge money from Gajendra. He had to borrow to pay the franchisor and pay back the candidates. That time he was barely 17–18 years old and trusted people easily. He asked for some time to pay back the candidates. He said, “That was my period of struggle. I have returned money to all from our subsequent income and discontinued our association with the franchisor.” The financial condition became worse, there was huge loan outstanding. However, as he said “I had to, I never tried to look for a job.”

## **Recovering and Reorganising**

Gajendra started approaching the recruiting companies directly. He avoided companies who unethically demanded more money after the recruitment process. By 2007, he could square off his liabilities and started on his own.

Gajendra used to give proposals to various companies for recruitment services, and based on the responses, proposals were sent to different colleges. To the question, if you knew anyone in different companies, he responded “No, but once we work for 1–2 years, we get a fair idea and if companies are happy, they recommend us to other companies. We did not have any prior networking.”

The services given were comprehensive for companies to recruit 50–60 candidates within 2–3 days. Both, the colleges and HR were happy. The coordination was between companies and colleges without any contact with individual candidates. Mostly, Diploma engineers were preferred in comparison to Degree Engineering students. The salary for a degree engineer is much higher compared to a diploma engineer, but the difference in salary between a diploma and ITI was not much, so naturally the preference was for Diploma engineers. Gajendra commented, “Diploma engineers are more mature and productive compared to ITI students. We used to suggest this fact to companies and companies used to accept our suggestions to take Diploma engineers where there was requirement for ITI students.

From 2007 to 2010 he did well and gradually companies came to know about the organisation. Instead of collecting their fees from the candidates, they charged colleges for placement. The revenue was decent and there was no interaction with candidates. The proprietorship did not have office maintenance or overhead costs.

The recruitment was each year and it grew with the relationship. The number of companies and candidates placed went up, Gajendra had to open different branches.

Gajendra's firm used to deploy its own employees to observe the individual interview process. If they found good students with financial difficulty, they did not charge such students and asked college authorities to pass the benefit to them. However, they found later on that such benefit was not passed on. Colleges tried to hold on and make money. Gajendra's firm blacklisted a few colleges for such unethical practices. A few colleges contacted the recruiting companies subsequently and complained about the fees but such fees were discussed with the colleges before the contract was signed. Colleges used it as a plea to establish the contact directly and bypass the recruitment services.

During this period, students were not paying colleges for placements. But now-a-days colleges are charging huge placement fees at the time of admission itself. Colleges charge it under training and placement. This practice happened mostly after 2011. Gajendra said, “We were charging much less compared to the colleges charging their students. However, it is their internal matter.”

Gajendra's firm used to place 700 – 800 students every year. He claimed to have placed more than 15000 students over the period. When the colleges contacted companies directly, the firm started losing revenue.

## **Outsourcing**

The loss of revenue prompted Gajendra and team to search for more opportunities. They researched for opportunities one year and decided to go for outsourcing. From the recruitment they wanted to diversify to outsourcing. The company (SGK India Industrial Services Private Limited<sup>1</sup>) was incorporated in 2010 for the purpose. SGK wanted to recruit candidates in its payroll and deploy them in various companies. Their search for opportunity indicated that even

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<sup>1</sup> <http://www.sgkindia.com/>



companies with more than ₹ 20 million turnover did not think about this possibility. SGK presented them with the possibilities.

SGK scouted companies in the eastern belt, Himachal Pradesh, Punjab, and Assam among other states. It focussed on employees for assembly line production. The candidate's experience profile was upto 10 years. Operations and Maintenance (O and M contracts) activities also have been focussed on. The broad objective was to focus on engineering works.

Employees work with the client company under the SGK payroll. The client company transfers salaries and service charges of SGK. In turn, SGK processes the employees' salary. For the employment benefits or deductions, client pays the dues and it is passed to employees or it gets deducted from the salary of employees as the case may be. Employees are given detailed information about pay structure. In case of resignation, the experience certificate mentions the place, nature and duration of work. All employment records are to be consistent across the companies. Chennai Radha<sup>2</sup> was the first client of SGK for outsourcing, this company was vendors for Vedanta. The records are consistent across companies.

## Outsourcing Operations

**(1) Recruitment and selection :** For the recruitment, SGK even prepared their question papers, conducted examinations, and interviews. If companies required 20 candidates, SGK selected 15 by increasing the rigour. This process increased the trust and detailed documents were shared to increase transparency. Gajendra said, “we work very closely with principal employer and verify each of the candidates for their background. We avoid candidates with political background, advocates etc. We check for good attitude and possibility of continuity in the job. It is in the direction of principal employer.”

**(2) Sourcing of candidates :** Outsourcing service provider has to source resumes for exact and specific requirement (for example, quality in machining and from Maharashtra) of the client. Common recruitment databases are available for all and thus, give no distinctive advantage. Secondly, the common databases may not have current and updated resumes. Such sourcing requires several social media campaigns, and sending targeted message to candidates. This process requires extensive effort and partnership with IT related companies to source, build, and maintain the current database.

**(3) Estimating resource requirement :** In case of machine maintenance, SGK has to identify the number of resources required. This number has to be discussed with the client organisation for finalization.

**(4) Quicker deployment of resources :** The usual cycle required for recruitment process takes longer in established organisations. Whereas, the outsourcing companies can deploy employees much faster. Gajendra gives an example, “We started work with Gupta Power in Odisha, they expanded to Maharashtra without any base there, and we got them the required manpower. SGK was operating in Maharashtra, so they depended on us. We worked together to make it successful and their trust on us increased. Relationship improves and geography of operation also increases along with the client. SGK deployed people within 7 days.”

**(5) Seasonality in employment :** The demand for resources is also seasonal. Gajendra explains “Automotive, consumer durables etc. experience upside during September-October onwards. So, the employment demand goes up. In the south, the demand goes up during Pongal; in Maharashtra during Ganesh puja. The demand reflects the manpower requirement. We have good relationship with our clients. So, when the client expands we also expand.”

**(6) Reserve resources :** Outsourcing companies have to keep some buffer resources for contingencies such as unexpected turnover. They complete the interview process, keep the candidate shortlisted but do not give the offer

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<sup>2</sup> <http://crewpl.com/>

letter. The HR round of the interview is kept pending. In these cases, a suitable candidate is proposed to the principal employer and not taken in the third party role. The waitlisted candidates are offered when the requirement comes up.

**(7) Circumvent local employment rule :** In many situations, companies have to go for hiring of local employees. For example, if there is a 50 MW power plant and they take 150 employees to satisfy local hiring need. So, there would be only 50 working and 100 employees not working effectively. Sometimes, the companies even cannot throw out these people. In these kind of scenarios, outsourcing helps to take up complete operation of the power plant and supply them with different kinds of employees such as operator, technicians, welder, fitter, supervisor, engineers, manager etc. These are also some reasons for which companies do not prefer local employees, their productivity are likely to be less. Additionally, they try to influence through their network.

**(8) Managing employees at client location :** Supervisors are appointed to check the accommodation, transport, and leave records. Client also works together for these. Plant level HR supervisors monitor the work of employees. The number of supervisors depends on the work and number of employees. Sometimes, a safety supervisor is also appointed. Monitoring of employees adhering to client rules and norms such as wearing prescribed dress and safety shoes are also monitored.

**(9) Absorbing high performing employees :** He justifies saying that a consistent good performer from a third party is usually absorbed in the company. This way a higher productivity is ensured by reducing the risk of a bad recruitment.

**(10) Ensuring productivity :** Companies do not want to increase their head count. Gajendra feels that productivity decreases once the candidates go for company payroll. When they work through third party, employee productivity is more. In a few cases, third party outsourcing company suggests appropriate qualification and institutions to ensure productivity. In a particular case, SGK suggested the principal employer to consider Diploma engineers instead of ITI to improve productivity. SGK claims that there are soft issues influencing productivity such as “ITI students are young and home sick, Diploma engineers have higher skill,” and “the level of aspiration varies, influencing productivity.”

**(11) Salary administration :** Outsourcing companies decide and calculate the salaries of their employees, and charge the companies. The cost of employee is higher when they are in the company payroll. The kind of benefits (shoe quality, uniform etc.) that get transferred to the employee is higher under the company payroll. Third party outsourcing organisation maintain their own standards. The salary statements go to the principal employer by 10 to 15<sup>th</sup> of every month and it also goes to the labour department once in a year.

## Challenges

**(1) Poaching of resources :** Not all principal employers are ethical. The bargaining power of outsourcing company and the principal employer differs. The challenge is to build long term partnership based on ethics. Resources are being transacted and if the outsourcing companies get a good candidate, they offer the candidate to the principal employer and at the same time, the principal employer also absorbs some of our good performing employees. This becomes an adversarial relationship. Gajendra said, “We lose 5% of our employees in this process.”

**(2) Leave irregularities :** Similarly, leave irregularities create much problem. Gajendra explains, “If an employee asks for fixed number of days leave but does not turn up or comes late, then we don't take that employee back. Suppose, somebody has extended by 15 days, how do I replace with another for 15 days? We lose revenue for that many days, the work is also impacted.”

**(3) Financial risk :** Some sectors, for example, steel and power industry pose different challenges. Some industries don't pay their vendors for a long time, creating working capital issues. In some cases, the outstanding is not cleared and kept pending, during this period the outsourcing agency has to put additional money for employees. It creates a vicious

cycle. The long term healthy relationship becomes challenging in such situations. Outsourcing companies can also be asked for recruitment help (which is not their principal model), thus, some revenues can be lost. All revenue making opportunities are not sustainable.

**(4) Referral recruitment :** Usually, these outsourcing organisations are small in size and have a structure dominated by the promoter. It is easy to reach and influence for employment. People in power positions can try to influence or refer a candidate with questionable skill set. Gajendra gives an example of how a person who quit 7 companies in 7 years and not possessing adequate skill set was referred by a government official. Scarce employment situation, small outsourcing organisation, and an influential network can adversely impact the quality of manpower for an outsourcing firm.

**(5) Payment terms :** Payment terms to outsourcing organisation is one of the crucial aspects of managing risk.

**(6) Resignation :** In case of resignation by employees after getting salary for the month, the principal employer holds us responsible for attrition. Outsourcing firms are compared for attrition of employees with the principal employer, but SGK attrition is about 10% and much lower than the industry standard. Gajendra explains, “Other vendors don't give much time to the interview process, we study the candidate over a long period of time and many times understanding the attitude of employee is very important. We try to understand the level of need and patience.”

**(7) Productivity :** Sometimes, the principal employer holds the payment complaining about less productivity. The productivity parameters are often ill-defined and puts the outsourcing firm in a difficult situation. The firm ends up paying from its own funds. For few cases or few employees, the principal employer unethically holds the full payment.

**(8) Misuse of employees :** Sometimes, senior officials of the principal employer assign works which are non-official, non-contract, and are beyond official hours. Such situations are unacceptable, but the low bargaining power of outsourcing firms puts them into disadvantage. Gajendra said, “But we can't take up such issues very strongly, we can only advise.”

**(9) Short duration engagements :** Though, all employees are contractual and can be removed as managing short duration engagement has become challenging. The outsourcing firms decide the duration of project which can be managed. In case of misinformation, the legal course of action is expensive.

**(10) Payment term duration :** Principal employer often negotiates for a higher payment duration. If the principal employer defaults for some reason, the outsourcing firm faces severe financial crunch. The principal and interest on the borrowed fund becomes the liability. The outsourcing firm also bears the TDS. So, manpower costing is complex.

**(11) Market condition :** Very often the market condition argument is given by the principal employer to negotiate down. The outsourcing firm should find it viable.

**(12) Salary calculation :**

↳ **Applicable minimum wage :** In case of a multi-state operation, the central minimum wage and state minimum wage becomes a debatable issue. The outsourcing firm needs to have adequate clarity on the applicable rules and regulations.

↳ **Partial days' work :** Many cases employees work for a few days (say 7 days) and then they quit, then the outsourcing firm may forego such revenue to avoid contention, but has to pass on the loss to employees. If they pay for such a duration, it is possible that it can incentivise inappropriate employee behaviour.

↳ **Provident Fund :** All details are submitted to the principal employer for verification. The calculation details have to be preserved and submitted whenever necessary. Salary, benefits, and deductions are calculated based on the number of days worked. For PF, outsourcing firm processes ECR, bank transfer, and wages copy.

## ***The Entrepreneur and the Firm***

SGK currently takes projects of operation and maintenance work of any company. At present, it has more than 800 outsourced employees in various manufacturing organisations and 15 employees for internal operations. SGK puts plant level supervisors for each company. Projects don't have dedicated supervisors. The supervisors are not terminated if the specific job is over; they are shifted from one location to another location, so they remain in payroll. Salary may vary a bit, but they are shifted to a different location. The employees and supervisors work along the principal employer and the managers represent the company. So managers have dual reporting structure.

SGK is an ethics driven organisation. Gajendra is aware of possible unethical practices and guards against it. In the past, SGK has put some of its HR persons in jail for fraud. He said "If I am correct I don't leave anything unturned. I have pursued some legal cases, and bore expenses. I am strict on my employees as well in case of illegal activities. I am the first one to apologise if there is some problem because of our activity." SGK provides additional benefits of health and accident insurance to the employees. Further, they allow leaves for our employees for higher education and for appearing for examination. It is also very particular about the documentation and compliance processes.

He said "We are not a big company, but nothing stops us. By 2025 we will become one, we have to stop such bad practices. Now, we do not give services to each company that comes, we are selective." Recently SGK received an offer to give services in the Middle East, but did not accept it since there is no awareness about the country's rules and regulations. It is competing against MNC competitors like Randstad<sup>3</sup> and Adecco<sup>4</sup> successfully.

SGK wants to build quality manpower, run all the idle machines in the industry, and provide exactly skilled manpower. Gajendra was always using the term "We" instead of "I" even when referring to the period when he was operating alone. He clarified that since beginning he thinks that it is a group and everybody contributes for the development and growth of the organization. The office boy has been around since 9 years. He prefers saying "we" because everybody contributes and he is drawing salary like anybody else, he explained. He says the process and systems are there and the work can continue even if he is not there.

Gajendra summed up, "I agree success is luck, when the business was down (2009-2011), I thought of doing a job, but I remembered my father's experience (a government employee). I have gained some base to become stronger and continue in my business."

## **Discussion and Conclusion**

This narrative research wanted to understand opportunity seeking behaviour besides finding out the challenges and operational aspects from the outsourcing firm perspective. This research identifies two distinct aspects of entrepreneurship. Initial entry to entrepreneurship was anchored on a franchisor. The fraud committed by the franchisor and subsequent debt burden did not deter the entrepreneur. The role of fraud possibly indicates inexperience, lowering of the entry barrier to make the business lucrative; however, the long term impact is the destruction of business and trust (Kar & Patra, 2017). In such cases, the failure cannot be attributed to the entrepreneur alone (Kar, Mishra, & Mohanty, 2014). As a saying goes, "business and ethics do not go together" but the extent of unethical practice can be debated. Challenges trigger operational and strategic responses from entrepreneur in terms of cost cutting and scouting for new opportunities (Pathak, Kar, & Panda, 2022). The role of fraud in business closure or additional challenge to be overcome presents an opportunity for future investigation.

The entrepreneur of this research displayed persistence and resilience which are basic entrepreneurial traits (Kar, Pathak, & Panda, 2018). The debt incurred by the entrepreneur indicates the challenge and the ability to gather resources from network. Prior research indicates that younger entrepreneurs with less education and prior experience receive more support compared to others (Kar & Ahmed, 2022). Subsequently, the effort was on independent campus placement, then to provide recruitment service, and then outsourcing. In this case, the sequence of opportunities were

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<sup>3</sup> <https://www.randstad.in>

<sup>4</sup> <https://www.adecco.com/>



somehow related but, entrepreneurs are also likely to search for opportunities and exploit completely different areas (Kar, 2015; Kar & Tripathy, 2020a). Prior experience and efficacy also helps in entrepreneurial persistence (Kar & Kar, 2022; Kar & Tripathy, 2020b). A thought of employment did cross the entrepreneur's mind during the lean period (2009-2011) which he overcame by observing the ill-treated status of employed (Kar, 2017; Kar, Kapur, & Panda, 2017). The push and pull factors have been shown to influence preference for entrepreneurship (Kar, Mishra, & Mohanty, 2014). Prior research also indicated the prior experience and financial challenges to influence the intention to quit. In this case, it was a distaste for paid employment (Kar & Ahmed, 2021). Each time a challenge forced opportunity identification and exploitation, given that the challenges were continual, the opportunity identification was also continual. Interestingly, the perceived challenges and performances have been found to be positively correlated, indicating that higher challenges are related to higher performance (Kar & Ahmed, 2019). The intentional intensity of the entrepreneur also positively influences performance (Kar, 2019).

The entrepreneur searched for outsourcing opportunity through geography, sector, and size of the company. Odisha is a state with lower avenues of employment in the state, presents a surplus of skill resources to be deployed elsewhere. This explains regional contribution of the entrepreneur (Sarangi, Singh, & Kar, 2022). The market making role of the entrepreneur was evident when the entrepreneur had to present the services to different companies unaware of the cost reduction possibility from outsourcing.

Beyond the entrepreneurial dimension, this study brings out different operational aspects of outsourcing industry from a service provider perspective. Admittedly, such studies are scant. Entrepreneurs offering such services have to know the legal aspects of employment, understand the service requirements of principal employer, realise the demand fluctuations, create value out of service combinations, negotiate payment terms, and monitor their cash flow to be successful. The industry is competitive with different players operating in the market. However, this market is likely to be fragmented by geography, skill set, and demand.

One of the interesting aspects is that employee productivity is a contentious issue. How narrowly and comprehensively employee productivity can be defined to be without ambiguity? The piece rate system productivity measure is only applicable to a pure production system. However, there are many softer aspects (such as attitude, behaviour, cultural fit with the organisation) which can constitute productivity and can become complex. In case of service delivering organisations, employee productivity becomes far more complex. Entrepreneurs need to understand the complexity and customize their service offering accordingly.

## **Limitations**

The limitation of a narrative research based on interview are well documented. The statements are accepted and there may additional chance of verification. Triangulated information collection from multiple sources is likely to increase the validity. The context can only be used as the criteria to judge. Secondly, though such interviews are investigative around the theme or context, they cannot be interrogative. The time and frequency of interaction with the entrepreneur is limited and constrains the study.

## **Scope for Further Research**

With the increase in outsourcing service activities, there is an urgent necessity to bring clarity on employee productivity. The subjective assessment of productivity is likely to remain debatable, whereas the objective parameters need to be adequate. Given that the outsourcing service providers are smaller in size, there will be discrepancy in their ability to negotiate with the principal service provider. The contract is likely to be biased against the outsourcing service provider. Bringing parity in negotiation is going to be crucial for this industry to survive. The third important issue is the impact of such industry dynamics on the employee or labour. The sole objective of cost reduction will reduce the organisational investment on future capability of employees. Thereby, future productivity will be impaired. Contractual, and low paying employment may influence host of organisational dynamics such as learning, team work, morale, and motivation. As of now, we do not understand these aspects comprehensively. For example, if there are

contractual and permanent employees in an organisation, how it influences various organisational dynamics. What happens to career path, and career goals of employees in such cases, how the competency is built up? These are some crucial questions requiring urgent investigation.

## Authors' Contribution

Prof. Brajaballav Kar conceptualized the research, conducted the interview, and prepared the draft transcript. Mr. Purna Chandra Mishra worked on the literature review, collection of industry information, and revised the draft. Both authors collectively finalized the article.

## Conflict of Interest

The authors certify that they have no affiliations with or involvement in any organization or entity with any financial interest or non-financial interest in the subject matter or materials discussed in the manuscript.

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