EVALUATION OF OUTSOURCING PERFORMANCES
A STUDY OF OUTSOURCING IN THE AREA/FIELD OF NGOS

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Abstract
Outsourcing has become a business trend which turned into an accepted practice. This paper presents research on outsourcing knowledge processes in NGOs (non-governmental organizations). The study's objective is to identify and evaluate the risks comprised in providing outsourced training services. It presents an empirical and interview based study carried out at an NGO in Israel between 2011 and 2016. During this period, the organization recruited a staff of 94 instructors. Part of them continued working with the organization and others left. We aim to evaluate their outsourcing performances and to find out what the reasons for the fluctuation of the outsourced instructors were.

Keywords: NGOs, outsourcing, staff fluctuation, growth strategies
JEL Classification: L31, M21, O10

Introduction
Between 2008 and 2016 Israel witnessed a number of changes as part of global changes. The government's policy of the privatization of education and social services led to the growth and strengthening of organizations willing to offer services. This article presents a study which aims at investigating the possibility of putting into practice outsourcing services as one of the growth strategies of the organization, and investigates what influences the relationship between the organization and outsourcing.

Entrepreneurial orientation means that organizations are willing to find and exploit new product and market opportunities. Businesses should expand into new and different market segments, therefore, an entrepreneurial orientation points to a business' growth strategies. One of the ways to put into practice growth strategies is by outsourcing.

Outsourcing first appeared during the 1980's as a way of externalizing non-core transactions to a third party supplier. According to Mateiu, Gotesman, Joachim, Maftei (2016), the purpose of this process is to create value add for the company and to consolidate a competitive advantage. It means not only cost cutting. It is also a strategic tool. Mateiu, Mateescu, Buchmüller, Just (2016) explain that outsourcing a business process primarily involves knowledge of global trends and also companies to adapt to consumers and changing market demands.

More and more companies, NGO's among them, have been opting for outsourcing their human resource (HR) services by using temporary subcontractors. NGOs or non-profit organizations (NPOs) are non-government or trade institutions aiming to find practical solutions to social problems. NGOs are playing a more and more important role in society. Researchers (Anheier, 2005; Lewis, 2007; Rahman, 2003; Salamon et al., 2003 cited in Kuruvila, 2015, p.20) have identified several reasons for this development such as increased knowledge in information technology, a high level of literacy among the population, increased interest in human rights, and environmental and gender consciousness".

Methodology

The study was carried out at an NGO which employed 94 new outsourced instructors between 2011 and 2016. 18 out of them had a positive interaction with the organization. This study aims to map the reasons why a percentage of the outsourced instructors continue working while others cease their connection with the organization after one year. The subjects of the study were 55 instructors (out of the 94: 18 were recruited in 2016, 6 become staff members, 15 were fired by the organization). In the study's first stage, 16 outsourced instructors, who worked between 2011 and 2016 were interviewed. The objective of the interviews with the outsourced instructors was to understand the reasons why part of them decided to continue working with the organization and others decided to leave after one year of collaboration. We divided the 16 subjects into two groups: 6 outsourced instructors kept their positive interaction with the organization after working for one year, out of 18 (Group A – positive interaction). The 10 outsourced instructors who left the organization after one year formed the second group out of 37 (Group B – negative interaction). We asked each group what their reasons for staying or leaving were. Group A gave 12 reasons for staying and group B mentioned 11 reasons for leaving.

Taking into consideration the findings of this initial stage, a second stage followed: the questionnaires (Likert scale 1-strongly disagree, 2-disagree, 3-netural, 4-agree, 5-strongly agree) were handed out to each group (Group A- 18 subjects, Group B- 29 out of 37 answered). The organization's CEO was interviewed in order to better understand the reasons why instructors might choose to cease the collaboration after one year.

Case study

The organization was founded in 2010 as an NGO. Its field of activity is training young people and staff in the fields of education, security and higher education. During the years 2012-2016 the organization growth rate was 15% on average each year, in terms of revenues and beneficiaries. In 2016 the organization provided services to 7,000 beneficiaries spreading over 83 local authorities in Israel. Its business model is recruiting outsourced instructors who teach the organization's courses to the customers. The outsource instructors are selected according to criteria like age, gender, training experience, academic degree and field of activity. Those who are found suitable are offered a 5 days course by the organization. After the course each instructor must teach one 20 academic hours' workshop (maximum 10 weeks), as part of his training period (without being paid). The organization finds customers and charges them fees. The instructors are freelancers who are subcontracted by the organization according to the needs of each customer. The organization employs the outsourced instructors according to the customers demand.

Despite customers' demand for courses, 67% of the instructors (37 out of 55) stopped working with the organization after one year.

Results of the study
Table no. 1 presents the 12 reasons for a positive connection with the organization. Data was collected from 6 interviews with outsourced instructors. The presentation of the reasons was done at random, not according to importance.

Table no. 1: Group A - reasons for a positive connection

Group A	Reasons
1	An additional way to receive income
2	Break isolation
3	Less dealing with financing
4	The organization provides me with peer learning
5	Assistance in reaching new customers
6	The organization provides me with training experience
7	Working with the organization leads to my contribution to the community
8	Positive personal connection to the CEO
9	The organization provides me with professional knowledge
10	Positive personal connection with professional managers from the organization
11	Self-accomplishment
12	Connection to the organization's vision

Source: authors

The reasons presented in the questionaries for a positive connection with the organization in their order of importance for group A (n.18) are presented in Fig. no.1: 100% of the outsourced instructors strongly agree with the most important purpose of organizations like an NGO, which is working for the community. In addition, 83% strongly agree with the reason of connection to the organization's vision. 89% strongly agree with the reason of peer learning. If we add up the 2 strongest degrees of agreement ("agree" and "strongly agree"), other reasons that are important such as: positive personal connection to the CEO (72%), positive personal connection with professional managers from the organization, the organization provides me with professional knowledge (67%), break isolation (61%) can be noted.
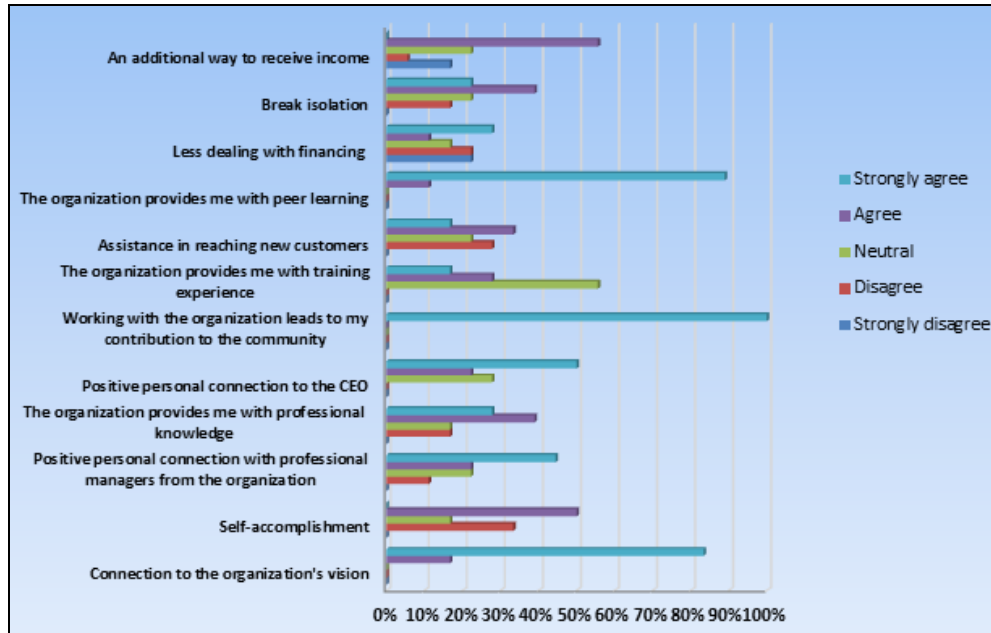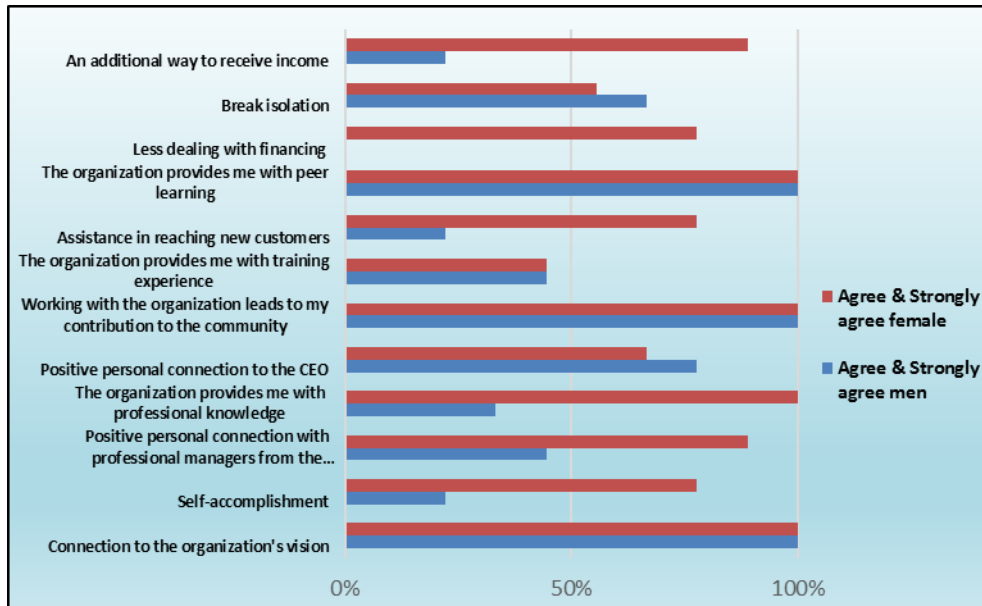
Figure no. 1: Group A -reasons for a positive connection with the organization
Source: authors

For a deeper understanding of the comparison of the reasons for the positive or negative connection, the gender parameter, which is considered as most important by the organization, was chosen. These are the additional results shown as the strongest (*the highest percentage combined answers of "agree"+ "strongly agree").*

Gender
Fig no. 2 presents the importance of the reasons for having a positive connection with the organization according to what the male or female subjects answered. The results show that women consider as more important: less dealing with financing (78%F- 0%M), the organization providing them with professional knowledge (100%F-33%M), positive personal connection with professional managers from the organization (89%F- 44%M), self-accomplishment and assistance in reaching new customers (78%F- 22%M), and an additional way to receive income (89%F- 22%M).

Figure no. 2: Reasons for a possitive connection with the organization according to gender
Source: authors

Out of the 10 interviews with instructors who had a negative connection with the organization, those were their 11 reasons. The presentation of the reasons was not done according to the degree of importance.

Table no.2: Group B, reasons for a negative connection

Group B	Reasons
1	I chose to work full time job somewhere else and did not have time to work with the organization
2	I chose to make time for full time studying
3	I chose to make time for my family
4	I ceased trusting the professional staff of the organization
5	I felt I could have developed better by myself
6	I had a negative experience in the field
7	I was not remunerated enough per course
8	I chose to enlarge my knowledge in a new field
9	I ceased trusting the CEO
10	I was not trained enough from a professional point of view
11	My total income was lower than I expected

Source: authors

The interview with the CEO revealed a different reason for the negative connection between the organization and the outsourced instructor after one year of collaboration. The reason is knowledge stealing. The CEO estimates that 10% of the outsourced instructors initially started working with the organization intending to learn a new method. Therefore, after being taught the method, they used it somewhere else without the organization's permission. Despite the fact that a contract with the outsourced instructors is signed, it is hard for the organization to follow up. A question about stealing knowlege could not be included in the questionnaires.

The strongest reasons for a negative connection with the organization in their order of importance for group B (n.29) according to the answers to the questionaries, as presented in Fig. no.3, are: choosing to work full time job somewhere else and not having time to work with the organization (76%), not trusting the CEO anymore (62%), their total income being lower than expected (59%).
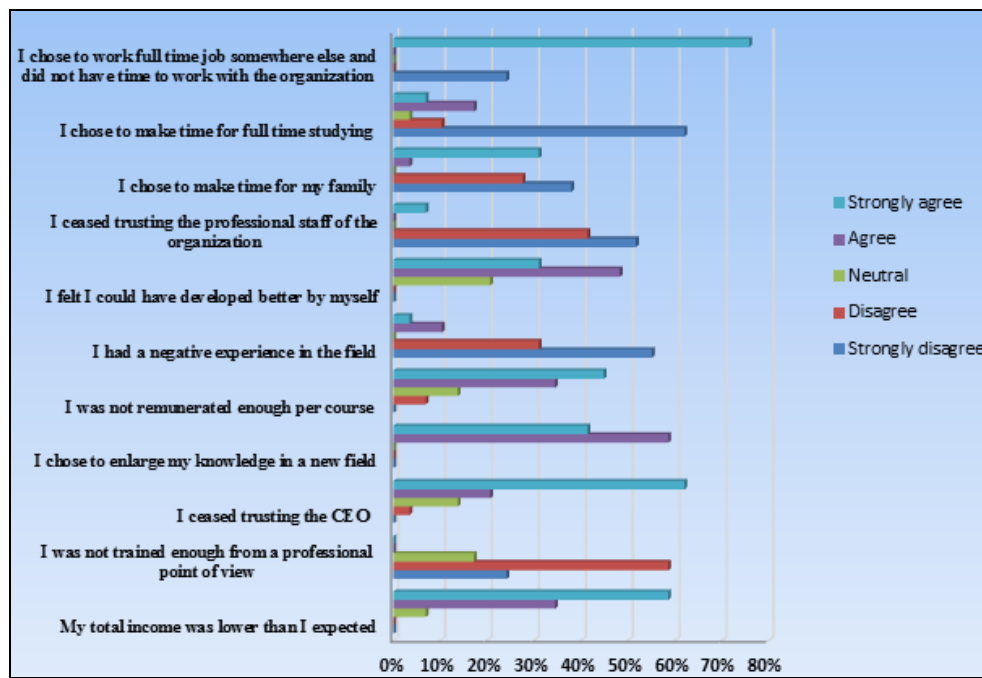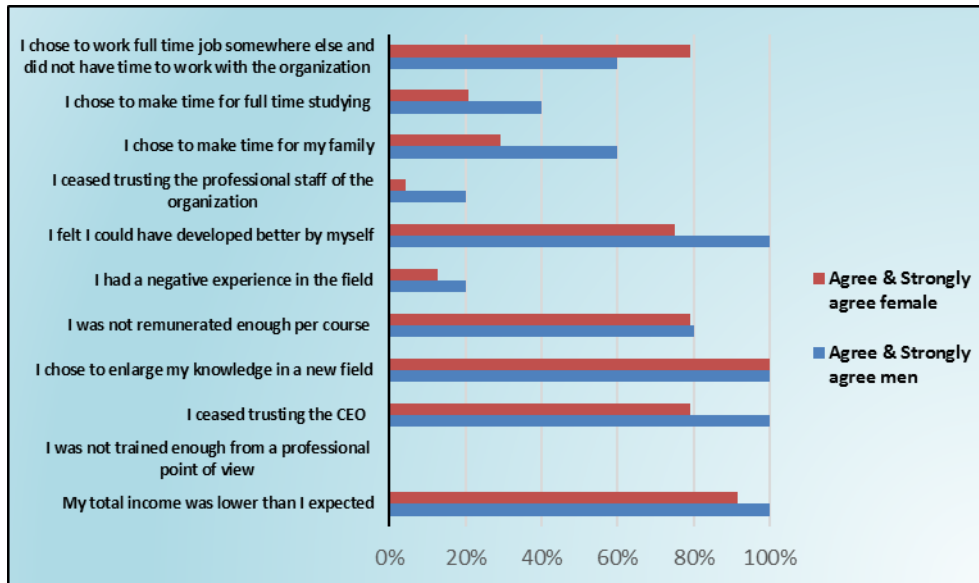

Figure no. 3: Group B -reasons for a negative connection with the organization
Source: authors

Gender
Fig no. 4 presents the reasons for having a negative connection with the organization according to what the male or female subjects answered. The results show making time for their family (60%M- 29%F), feeling they could have developed better by themselves (100%M- 75%F), and ceasing to trust the CEO (100%M- 79%F).

Figure no. 4: Reasons for a negative connection with the organization according to gender
Source: authors

Conclusions

Organizations that want to maintain a long and positive connection with the outsourced self-employed instructors should take into consideration the fact that the instructor should feel a strong connection with the organization's purpose and vision (contribution to the community is the main purpose of the NGOs) and consider peer learning as most important. Having a positive connection with the stuff, getting professional knowledge and breaking insolation are important as well. In order to avoid creating a negative connection, the organization should do its best to understand what the outsourced instructors' intentions are and, accordingly, to try to adjust to their expectations about personal development and financial remuneration. This might prevent their leaving in order to work somewhere else. In this organization, the connection with the CEO was significant. Outsourced instructors who had a good connection with the CEO, mentioned it as a reason for staying, and those who left said that one of their reasons for doing so was they had ceased to trust her.

Organizations should be aware of the fact that gender is one of the factors to consider as part of the risk management of outsourcing. In this study women mentioned more reasons for a positive connection with the organization than men such as: acquiring professional knowledge, having a positive personal connection with professional managers an additional way to receive income, less dealing with financing and self-acomplishment. More study taking into consideration more variables should be carried out in the future.

Limitations

The findings are the result of a study carried out on only one organization.

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