



# Journal of HUMAN RESOURCE MANAGEMENT

www.jhrm.eu • ISSN 2453-7683

## Employee recruitment outsourcing in Bangladesh: An ethical dilemma

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### ABSTRACT

The present paper focuses on the ethical issues resulting from recruitment outsourcing in Bangladesh. It is a case based explorative study. Besides secondary data, both outsourced employees and employers who engage in outsourcing for their organization were interviewed to reach the valid data. Poor salary and benefit structure of the outsourced employees, different folded discrimination between in-house and outsourced employees, employee poaching from the competitors with the help of 3rd parties are some of the findings of the study that are creating ethical dilemma for organizations and employees as well. Both from the demographic perspective and subject matter the study is original one.

### KEY WORDS

human resource outsourcing, ethical dilemma, employee poaching, outsourced employee, original employee, Bangladesh

JEL Code: M12

Manuscript received 6 June 2017,  
Accepted 20 March 2018

## 1 INTRODUCTION

In 1990 William Davidow and Michael Malone suggested that organizations should not do all of their activities by them own, except their core activities. They have their limitation in capacity and skill; they can take help from others. These 'others' are none but, the outsourcing firms, the third party (Haden, 2006). According to Seth and Sethi (2011), outsourcing is a work done for a company which was done previously by people other than the company's internal full-time employees. Huma (2013) opined that in 1990s organizations began to focus more on cost saving measures and started to outsource their non-core activities, like accounting, human resources, data processing, internal mail distribution, security, plant maintenance etc.

In Bangladesh outsourcing came as 'global outsourcing' or 'offshore outsourcing' in IT sector where the client stays outside the territory of the country. Such type of outsourcing is familiar as freelancing or e-lancing in Bangladesh. At the period of 2000, many other sectors like, marketing, legal system, human resource management etc. started outsourcing that was the beginning of domestic outsourcing. The actual time and date of Human Resource Outsourcing (HRO) in Bangladesh is not known but it is assumed that from the year of 2005 the idea of HR outsourcing was initiated. When the tasks of a human resource manager like, HR planning, recruitment, selection, pay plan, performance appraisal, career counseling etc. are handed over to a third party to complete, based on agreement is called Human Resource Outsourcing (HRO). According to Hesketh (2006, p. 6), "Human resource outsourcing, HRO, is purchasing by an organization of ongoing HR services from a 3rd party provider that it would otherwise normally provide for itself."

Practice of HRO in outside Bangladesh is broader. Some organizations outsource a list of HR services, especially in the west; whereas in the east take one or two types of services. In the Asia pacific the decision of HRO is influenced by confidentiality and privacy issues of the client company. It takes more time to build trust on an outsourcing firm so that like west the eastern organizations are don't take large number of services at a time (Abdul-Halim & Che-

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Ha, 2011). In Bangladesh the demanding HRO services are recruitment and selection, training, labor law and compliance services. (Hossain & Abdullah, 2017).

Though we have already passed a century of HRO, the field has not reached in maturity level. Academic research on HRO based on our country is very limited in number, even the relationship between HR outsourcing and organizational performance are unfocused to the academicians of Bangladesh. In spite of repetitive negative consequences by the clients and outsourced employees this section is unprivileged as well. Most of the literature reviewed from 2000-2017 for this study are secondary data based; practical examples were absent there. By considering the issues this study will give focus the harmful consequences of recruitment and selection outsourcing both on organization, employees and the country as well. *The research question of the paper is: What are the negative sides of recruitment and selection outsourcing in Bangladesh?*

The demographic perspective and hypothesis based practical examples make the study different from recent papers and findings. The findings will build a new avenue both for HRO researchers and practitioners both within in country and abroad.

The paper is organized into five parts: introduction, literature review, methodology, results and discussion and last part is conclusion. In introduction part a short summary of the paper is given. The purposes of the study, research questions, research findings, uniqueness of the research etc. are incorporated in this part. In the literature review part, some recent research findings both from Bangladesh and abroad were integrated. Hypotheses were developed based on the literature. In the methodology section, sample and population size, questionnaire structure, demographic pattern were discussed. In 4th part, the result section, research question was answered through hypotheses testing and showed how the study is different from the previous studies. The last part, in the conclusion section limitation and scope of the further research was shown. Research implications are also added for policy makers.

## 2 LITERATURE REVIEW

Most of the research on HRO was what, how and when based. In this study literature on HRO from the time period of 2000-2017 was used. According to the survey report (Esen, 2004) by Society of Human Resource Management (SHRM), the most common negative impact of an outsourcing decision is on the quality of customer service. Besides, loss of control, impact on company culture, loss of jobs, lack of qualified vendors etc. are some other negative impacts of HRO according to the study. Scott-Jackson, Newham and Gurney (2005) developed a list of HRO challenges that may result in unsuccessful HRO decision; challenges are divided into 3 classes (Table 1): challenges from vendors, challenges from employees and challenges from management and culture.

Table 1: Challenges of human resource outsourcing (HRO)

Challenges of HRO	
Challenges from vendor	Lack of prior outsourcing experience Might not be able to locate right vendors Inability to understand what to look for in vendors Existing vendors might not be qualified
Challenges from employees	Resistance from employees in general Fear about job loss in HR Resistance within HR Customer service of employees might be affected
Challenges from management and culture	Fears about loss of control Resistant within senior management Fears that outsourcing might impact company culture

Source: Scott-Jackson, Newham and Gurney (2005).

From any other functional area of HRO, recruitment and selection have more negative consequences for its clients. Some of the most widely discussed negative impacts from recruitment and selection outsourcing are:

**Quality of work:** As organizations hire 3<sup>rd</sup> party for their internal work, it is common that the work may be copied; company strategy would be known which hampers quality in the long run (Saylor academy, 2012). A study by Fisher et al. (2008) identified five characteristics of HRO and showed the impact of those characteristics on personnel and organizational performance. These five characteristics are: physical location, temporal nature exclusivity, voluntariness and strategic value of the work; based on these characteristics organizations face challenges in designing work, employee transitions, managing performance and turnover, and legal obligations. The study

concluded with the proposition that the more socialization the outsourced employees achieved, their performance will be increased. Cooke, Shen and McBride (2005) also focused loss of quality and long term competitiveness, higher total cost and loss of employee morale are considered as the adverse consequences of HRO. According to quality expert Deming when quality of a service increases it reduces mistakes and rework and input can be utilized in an efficient way that increases productivity. Customers also feel happy as they get value for their money (Kadu, n.d). Yeboah (2013) added that the more outsourcing is increased the more competitive advantage of the organization will be decreased in value. But in the study (2013), he failed to show strong correlation between outsourcing and organizational productivity.

Inability to choose a *right vendor* also directly results in poor service quality. In an outsourcing decision as service is produced outside the organization or by the outsiders (3rd party) the right vendor selection is the precondition for HRO success (Klopach & Krizer, 2000; Gray, 2002). Findings from the study by Smith, Vozikis and Varaksina (2006) on HRO practice on Russian and U.S. firms suggested that 17% organizations find difficulties in finding vendors, 24% believe that there is lack of qualified vendors and 49% respondents agree that vendors have lack of outsourcing experience in general. Selecting a vendor or outsourcing partner is very important as it helps to control costs and increasing value while ensuring quality and helps to mitigate risks. Vendor's performance is important in order to ensure continued success. Khanduja (2010) identified five key features to find a successful vendor which are market reputation of the vendor in the similar field, customer's turnover during the last 5 years, certificates of the vendor, employee turnover and consistency of financial growth. In a study, Abdul-Halim, Ramayah and Ee (2013) found that trust between the both parties, business understanding of each party 'in terms of operation dealings, behavioral goals, business procedures and policies' (Hsu et al., 2005), and both sided communication have a positive impact on HRO success which are the common consideration of vendor selection.

*Loss of control* is another reason of poor quality of service. Loss of control in outsourcing activities not only occurs not only as the employees stay outside the client organization but also they are different from organization goal, mission and culture of the client organization (Axelrod, 2004). To avoid the day to days responsibilities when organizations hire third party loss of control can be a common phenomenon in this regard.

***Sudden cost fluctuation:*** It is another negative side of recruitment and selection outsourcing decision. Though a third party says from the starting of contact that the decision would save money but HRO decision may incur hidden costs (Kakabadse and Kakabadse, 2000a, 2000b), like, cost of using outdated technology, cost of management and coordination of contractors, unplanned logistic activities, cost of poor or substandard quality, cost of cash flow and unforeseen risks etc. (Burton, 2013). So, HRO may increase cost rather than cost saving after starting the work.

***Changed Company culture:*** Alike quality of service, practice of company culture is greatly influenced by a good selection of outsourcing vendor. Lawler et al. (2005) focused on maintaining good relationship between the two parties: service takers and providers to tap the best services from the providers. He added that though this relation is easy to start, but harder to terminate. Before developing such agreement a client need to consider the environmental factors. Zhu et al. (2001), opined that 'even though the ideal outsourcing process is often described as a being linear, well planned, having clear goals, etc. in reality this rational approach may not be feasible' (cited in Edwin & Awle, 2015, p. 94) as because of future uncertainty. Murrell (2015) showed HRO impact on company culture by demonstrating 3 interviews in his study: in the first interview Murrell showed the employees became frustrated as outsourcing results a lot of changes, like in salary and benefits. In the second interview negative wave of cultural change was minor as the client organization maintained adequate communication with outsourced employees and outsourcing firm. But in the third interview the impact of change was terrible as the total HR was outsourced and the general employees of the organization dealt with day to day basis with HR. So it can be said that the sooner the relationship between the parties is well developed and nourished, the later there is a chance of opportunism from the supplier (Bryceson, 2006).

***Loss of jobs and poor salary structure:*** The impact of outsourcing on jobs depends on the nature of outsourcing: if the outsourcing is for cost minimization job loss is obvious; on the other hand, if outsourcing is for capacity development for the organization or for the employees it does not hamper job security (Mohiuddin, n.d). Maximum international outsourcing or offshore outsourcing is undertaken for cost reduction that can endanger the domestic economy by destroying domestic employment opportunity and creating offshore employment, as well (Mohlmann & Groot, n.d), and it is said that such unemployment occurs more with low-skill employees than the high-skilled (Bandyopadhyay, Marjit & Yang, 2010). Though academic research are not adequate on domestic outsourcing and its impact on employment, Fredman (n.d) described the issue by the following way: "... domestic outsourcing that results in lower wages and benefits may or may not result in price savings to that company's customers, but it always has a negative impact on domestic consumption, because the replacement workers earn less and the replaced workers find themselves out-priced in their field. Thus, on the whole, this kind of outsourcing has an overall depressing effect on economic growth, which contributes to unemployment in the aggregate. Only jobs that get outsourced to higher-quality workers have an unambiguously positive economic effect."

**Employee poaching:** It is the practice of hiring employees from the competitor's organization by alluring them by higher salary and benefit or professional growth. It is practiced generally in those industries where specialized skilled employees are required, like IT sector. In past, the process of employee poaching was comparatively hard; the organizations had to direct connection or network with the person who would be hired. But now-a-day the process has become easier with the help of LinkedIn or other professional sites (Reddy, n.d.). In some cases organizations hire 3rd party or executive firms to avoid legal issues, vengeance, negative image regarding the poaching (Reddy, n.d.). However, whether employee poaching is ethical or unethical is a controversial issue. Some argues that poaching is good when it is for new organizations as they need skilled, established and experienced employees for their sustenance. But others argue that poaching is not fair when it is exercised by an organization; but when an employee wants to be poached it may be fair (Cook, 2015).

Number of research on HRO is not very much prominent in Bangladesh. Most of them are IT (information technology) outsourcing based. Bose, Uddin and Huda (2013) worked on the prospects of IT outsourcing on Bangladesh. On the other hand, Islam (n.d.) worked on information and communication technology (ICT) where he emphasized on training for the development of the sector. Other studies, by Mahmood (2015) and Hossain (2017) discussed problems and prospects of outsourcing. Research on HRO on Bangladesh was first becoming available by Mahmud, Billah and Chowdhury (2012) that gave an overview of HRO on our telecom sector. In the study (2012) he identified some motivational factors of outsourcing. Later, Jahedi (2016) worked on HRO on public sector which is also 'when and how' based. In the previous study (Hossain & Abdullah, 2017) a general picture of HRO was given irrespective to IT firms and other private and public organizations. Here must be noted that some other negative impacts were found in Bangladesh which were not available in previous literature. However, studies showing relationship between HRO as well as recruitment and selection outsourcing and its negative impacts as well as unethical impacts are rare.

Based on the above discussed literature following hypotheses can be developed:

*Hypothesis 1: Job of outsourced employees is not secured because of easy replacement.*

*Hypothesis 2: Recruitment outsourcing initiates sweat shop problem as outsourced employees are provided poor salary, poor benefit etc.*

*Hypothesis 3: Recruitment outsourcing results in mediocre quality of service as outsourced employees are not properly motivated.*

*Hypothesis 4: Outsourced employees feel identity crisis while working at client's premise.*

*Hypothesis 5: Sometimes recruitment outsourcing is engaged in employee poaching.*

*Hypothesis 6: In the long run recruitment outsourcing may damage national economy.*

### 3 METHODOLOGY

It is a case based explorative study. A qualitative exploratory framework was used to collect data. To reach the negative consequences created by recruitment and selection outsourcing expert interview was undertaken so that they get freedom to demonstrate their knowledge and talk at length. 40 HR executives are chosen based on convenient sampling from various service takers. As there is no govt. approved list of service takers, website of the service providers helped to reach their clients. Before selecting the clients they were classified as per their industry category. From the website 20 service takers were selected who took recruitment and selection service (Table 2).

Table 2: Demographic characteristics of the respondents (employer)

	Industry	Number of organizations	Number of respondents	Year of experience	Gender	
					M	F
HR executives	Private commercial banks	3×2	6	2-5	√	√
	Food and beverage	3×2	6	2-4	√	
	Insurance	2×2	4	2-4	√	
	Infrastructure development company	3×2	6	2-4	√	√
	IT firm	3×2	6	3-4	√	√
	Govt. commercial bank	3×2	6	2-4	√	√
	Mobile company	3×2	6	3-4	√	√
	Total respondents			40		

To ensure the accuracy, 20 outsourced employees (Table 3) are also interviewed on the same questionnaire. As it was very difficult to reach the outsourced employees in the same organization where the employers (who were interviewed) belong and as there is no authentic number of outsourced employees snowball sampling was used. Because snowball sampling is the only technique to reach the respondent where their number is unknown; in this technique a respondent acts as a reference of another respondent. This sampling technique is often used in 'hidden populations' which are difficult for researchers to access, or in cases where a sampling frame is hard to establish and it is assumed that cases are affiliated through links that can be exploited to locate other respondents based on existing ones." From the perspective of Dragan and Maniu (2013), 'hidden population' is synonym to very 'seldom population' or 'population which is very difficult to encounter' not because of their illegal existence, rather than in absence of their official information. From the various snowball sampling technique linear snowball sampling was used where the first subject recruited to the sample group provides only one new referral (snowball sampling). Each new referral was explored until primary data from sufficient amount of samples were collected. Before recruiting the sample, a letter was sent to the sample seeking their permission.

Table 3: Demographic characteristics of the respondents (outsourced employees)

Outsourced employees	Industry	Number of respondents	Year of experience	Gender	
				M	F
	Care line officer	5	3	√	√
	Front desk executive	2	2-3	√	
	IT program coordinator	4	3-5	√	
	Sales representative	3	2-4	√	√
	Cash officer	3	3-4	√	√
	HR staff	3	2-3	√	√
	Total respondent	20			

In-depth interview was used for data collection as it is very helpful to make rapport with the interviewer to collect various unfold problems (B2B International, n.d). Besides, as the respondents were not comfortable in sharing negative sides of recruitment outsourcing, such type of interview session was undertaken to make them comfortable to share the pros and cons of the issue.

For the study open-ended questionnaire was developed so that right amount of detail can be reached. As Table 4 show, in the questionnaire there were 2 parts: general and specific part. All information regarding respondent's name, age, working experience etc. are accumulated in general part of the questionnaire. In the specific part, some questions were developed that were not directly related with negative impacts of outsourcing, rather they were helpful to judge the situation from ethical perspective. The specific part focused on employees' job insecurity, discriminatory salary structure, employee poaching and identity crisis of the outsourced employees. Factors considering unethical identified both from literatures and pilot study were incorporated in the specific part of the questionnaire. Besides questionnaire, interview notes were kept to go the depth of the context and confidential issues.

Table 4: Structure of the questionnaire

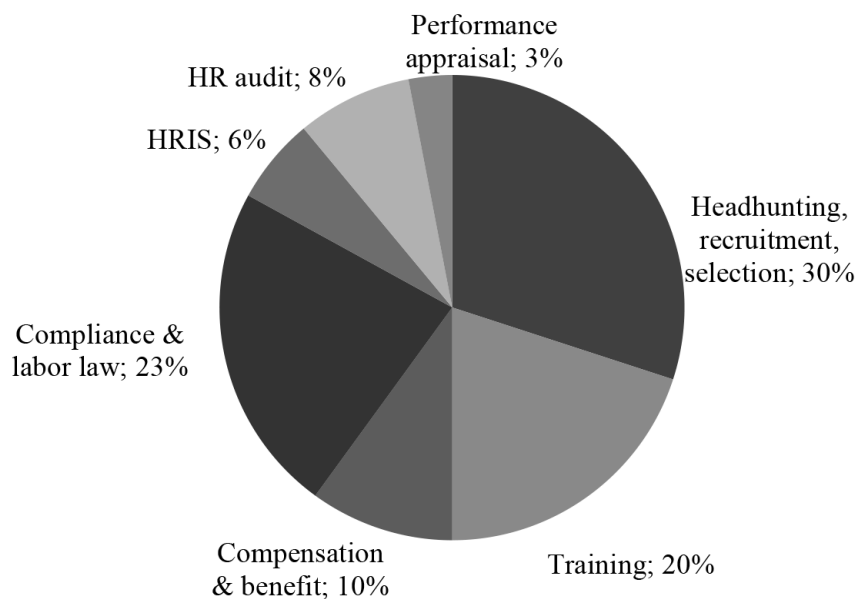
Structure of the questionnaire		
Part 1 General information	name and address of the respondent	
	educational background	
	current organization/position	
	year of working experience	
Part 2 Specific information	reasons for recruitment & selection outsourcing	time and cost effectiveness to maintain quality of work to sustain in competition
	negative sides resulting from recruitment & selection outsourcing	job insecurity
		discriminatory salary and benefit structure
		employee poaching
	identity crisis	

## 4 RESEARCH RESULTS AND DISCUSSION

### (a) Recruitment and selection outsourcing in Bangladesh

It is the early years for recruitment and selection outsourcing in Bangladesh. From the previous study by Hossain and Abdullah (2017) it is found that generally in Bangladesh, HR outsourcing vendors offer 7 types of HR functions for outsourcing: recruitment and headhunting, training assistance, performance appraisal, compliance and labor law, compensation and benefit, HR audit and Human Resource Information System (HRIS). 30% vendors provide recruitment and selection services, whereas training and labor law assistance is provided by 20% and 23% of the vendors respectively (Figure 1). Findings of the study also suggested that the most demanding HR outsourcing service in Bangladesh is recruitment and selection. Here, recruitment and selection outsourcing is divided into 3 classes: first, headhunting- where managerial level of employees is outsourced and they work in client organization as permanent employees. To the vendor it is considered as 'service buying by the client'. Second, recruitment of non-managerial level employees, like, marketing executive, care line officer etc. and the third, recruitment of lower-level employee, like- security guard, driver, cleaner etc.; the 2nd and 3rd part of the class are considered as 'service broker' as the employees are temporary choose for the client organization; even for salary and other benefits employees have to depend upon outsourced firms (Hossain, 2018).

Figure 1: Demand for HRO services in Bangladesh



Source: Hossain and Abdullah (2017), p.70.

### (b) Hypothesis testing on Ethical perspective of recruitment outsourcing

#### ***Hypothesis 1: Job of outsourced employees is not secured because of easy replacement.***

Recruitment and selection outsourcing creates job insecurity by two ways: one is through downsizing of existing workforce of the client organization; and the other is replacement of poor performed outsourced employee by a new one. Job cut of the existing employees through outsourcing is common phenomenon throughout the world. In Bangladesh it is generally practiced for the lower to mid-level employees, who have less chance for career progression. In tertiary level, employees can easily adapt with the change of new environment. But in mid-level, employees can't easily adapt themselves with the new organizational culture. In this way, outsourcing practice may bring harsh change in their career. Table 5 shows a practical example of number of employees in a department before and after hiring a third party (case 2). Though this study failed to present adequate literature evidence on the job security of outsourced employees; but, in Bangladesh, the outsourcing practice makes the employee placement and replacement option more prudent and available so that in some cases clients even don't try to keep outsourced employees when their performance is comparatively low. Again, no replacement charge from the third party underpins change employees very often.

**Case 1:** *In February 2016, a mobile operator in Bangladesh started a job cut both the non-managers and mid-level managers because of the involvement in organizing trade union. Many of the employees received email of their firing decision in the morning when they open their email in office. Some of them were fired without any prior warning and show-cause notice. Though according to many HR professionals fire an employee using electronic method is*

strictly prohibited, the organization did it. Many of the fired and unfired employees believed that organization wanted to hire employees through third party and 'trade union involvement' was the excuse to make the posts vacant.

**Case 2:** Here is the structure of HR department of X organization before and after recruitment outsourcing. It is seen that after outsourcing the department had lessened its number of employees.

Table 5: Structure of HR department of X organization: Before and after outsourcing

	Year 2015 (before outsourcing)	Year 2016 (after outsourcing)	Remarks
Head of HR	1	1	Same
Number of manager in the dept.	3	2	Downsized
Number of staff in the dept.	10	8	Downsized

**Hypothesis 2: Recruitment outsourcing initiates sweat shop problem as outsourced employees are provided poor salary, poor benefit etc.**

According to US labor law, when any business establishments violate two or more labor laws regarding poor working conditions, like, unfair wages, unreasonable working hour, child labor, lack of benefits etc. are considered as sweat shop (Sweatshops are ethical, n.d.). Bangladesh, china where labor costs are low is suffering from sweat shop problem, especially the labors of garment and tannery sectors. It seems that recruitment outsourcing for non-managerial positions is directed to sweat shop in Bangladesh as they practice low level of payment with nominal to zero benefit plan, long working hour etc.

**Case 3:** In a care-line department, an entry level officer was compensated by taka 22,000 to Taka 25000 with the benefit of tk. 5,000 as monthly cell phone bill and organizational transport when he was recruited directly by its own employer/organization. But the salary of an outsourced care-line officer came to the range of Tk. 9,000-Tk. 13,000 with less or no benefits when organization started involving third party. Similarly it was also observed that an in-sourced employee was entertained with more working flexibility and day-off than an outsourced one.

It must be noted that though sweatshops are not unethical as employees enter such low paid contract willingly (Sweatshops are ethical, n.d.) but it is the form of employee exploitation (Starak, n.d).

**Hypothesis 3: Recruitment outsourcing results in mediocre quality of service as outsourced employees are not properly motivated.**

The outsourced employees, especially in the operational level are provided inequitable salary and benefits in relation to the in-sourced same level of employees which results in de-motivation within the employees and disturbance in the quality service.

**Case 2:** In the middle of 2015 one of the top multinational organizations named XY hired 50 sales men for their product promotion from a 3rd party. After a month the outsourced firm had to replace 7 employees because of continuous customer complaints concerning their poor performance.

**Case 3:** Mr. Z, a complaint manager of a call center shared that their complaints had increased 10% than before when the organization started recruitment outsourcing. Most of the problems were: misunderstanding of customers' problem, not providing appropriate solution to the problems, keep waiting clients for a long time and poor answering quality. When complaints became awful organization dismiss the employees.

**Hypothesis 4: Outsourced employees feel identity crisis while working at client's premise.**

In a client organization identity of an outsourced employee becomes doubtful. Though both types of employees, in-sourced and outsourced are working side by side the outsourced employees feel discriminated from the perspective of salary-benefit and working condition. They are not considered as the original employees of client organization, they are considered as the employees of a third party. Even they get known by the name of 3<sup>rd</sup> party.

**Case 5:** Miss PU is working in a non-managerial post of a MNC outsourced from a 3<sup>rd</sup> party named Zed, said that in the workstation they are named with the name of 3<sup>rd</sup> party, like, PU Zed. Again, when they make call to the clients on behalf of the vendor (service taker) they have to introduce them as an employee of 3<sup>rd</sup> party working in the vendor organization. The receiver from other side of the phone when understands it they loss hope for solving the problem.

**Hypothesis 5: Sometimes recruitment outsourcing is engaged in employee poaching.**

Like other countries in the world, in Bangladesh some vendors are engaged in poaching for their clients. To avoid negotiation, legal complexities clients do not contract directly with the candidate; they rely on 3<sup>rd</sup> party.

**Case 4:** Mr. Z is an employee of ABC headhunting firm. The purpose of the firm is to hire mid to top level managers; directors, head of the dept., etc. Generally candidates register their name to them to get their job. Sometimes

*they make liaison between new employer and employee from the competitor on the request of the clients. Generally agreement with a poached employee is done for three to five years.*

**Hypothesis 6: In the long run recruitment outsourcing may damage national economy.**

Outsourcing has a great impact on economy whether it is undertaken domestically or internationally. The reasons for outsourcing may be different: getting expertise, avoiding the complexity of labor union, to reach the low cost labor etc. But at the end of the day the most obvious advantage from outsourcing the client receives is cost saving by inequitable distribution of salary structure between original and outsourced employees (Pearlstein, 2012).

Making outsourcing with the intention to cost reduction injure the economy. It increases shareholders' profit but decreases purchasing power of the employees by shrinking salary and benefit structure of the outsourced employees. Even many employees become jobless with the recruitment outsourcing contact. Poor salary structure of the employee results a poor living standard, income inequality between rich and poor and financial insecurity. In labor economics, Efficiency wage theory, suggested that when employees are provided above average salary it will increase employee morale and reduce employee turnover and dissatisfaction (Efficiency wage, n.d.).

Outsourcing not only restrict quality living of the employees; rather restrict the quality of products and services for the consumers. It leads to unhappy employees and customers. By hiring a lower paid employee the organization never expects a higher quality job which ultimately creates negative image for the organization, as well.

Hypotheses 1, 2, 3, 4, 5 and 6 were accepted on the basis of practical examples. But hypotheses 2, 3, and 4 may not be acceptable in case of top employees. If the organization collects employee through poaching they are always tried to keep satisfied though higher salary and benefits.

## 5 CONCLUSION

The demand for recruitment outsourcing is increasing day by day in our country specifically in the multinational organizations. Cost reduction and risk aversion are the main reasons for such increasing demand. For the purpose of cost saving both client and vendor organization follow some practices. These practices are though not illegal but seem unethical both for employees and customers as it disturbs the moral behavior of the organization. Throughout the research the following unethical issues were found:

- a) Job of outsourced employees is not secured.
- b) Dissatisfaction of outsourced employees regarding salary and benefit structure leads average quality of service.
- c) Recruitment outsourcing, specially, for non-managerial positions is directed to sweat shop in Bangladesh as they practice low level of payment with nominal to zero benefit plan, long working hour etc.
- d) In Bangladesh some vendors are engaged in poaching for their clients which is also a negative side of recruitment.
- e) In some cases outsourced employees are not considered as the employees of client organization rather they are considered as the employees of a third party which creates immense unfairness within the organization.
- f) Recruitment outsourcing practice may damage national economy of the country.

These findings solved the research question and they are different both from demographical and subject matter perspective. From the demographic perspective, the number of studies of recruitment and selection outsourcing is very insufficient in Bangladesh. Some studies were undertaken on IT outsourcing over here. From the subject area, academic studies on ethical practice of recruitment outsourcing are also not adequate. Though blogs and newspapers made write-ups on this issue; academic research with practical example is quite unavailable.

It is obvious that to avoid the grey side of recruitment outsourcing and to ensure the maximum benefit from it some policy need to be developed. A govt. approved salary structure, proper monitoring system to ensure quality, cancellation of registration of poor quality vendors can be some of the ways to ensure ethics in the operation of outsourcing firms and within the clients as well.

The main constraints of the research were the obstacles in data collection and interview. Confidentiality issues restricted the respondents to share real scenario of the issue. As the practice is new in Bangladesh, many outsourcing firms have started their work very recent. Lack of data, information and experience of the organization regarding the area were the constraints to achieve more valid and quality information. Another limitation of the research was to get of actual population size. Actual population was prone to get more concrete results. As it is comparatively a new field in Bangladesh there is a large scope for further research on specific negative impacts on recruitment outsourcing, clients and vendors perception regarding the unethical practice, impact of negative sides of recruitment outsourcing on organizational performance and many more.



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