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Internal outsourcing as personnel process optimization in a large company

Outsourcing interno como optimización de procesos de personal en una  
gran empresa

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## **Abstract.**

The article is devoted to the presentation of the study results concerning the practice of personnel processes for the selection and adaptation of personnel in the context of the main functions of personnel management centralization in the form of internal outsourcing. One of the isolated subdivisions of the transport and logistics company of Russia, FESCO, was selected for the study. The company has locations in various cities of the country. In order to increase manageability and ensure the implementation unity of all processes in the company, many functions are centralized, including the function of personnel administration. The tasks of personnel provision are assigned to the personnel recruitment department of the FESCO Service Center. The study was conducted in order to identify problems in the implementation of personnel selection and their adaptation and to determine the possibility of these processes optimization. They used the following research methods: the analysis of approaches to this activity, the survey of the Transport Group employees and the experts of the centralized personnel service, and the timing of their working day. Thus, it was established that the practice of the company personnel recruitment and adaptation has the problems leading to a long-term closing of vacancies and overloading of HR managers. In order to optimize the functions, the possibilities of automating the selection and adaptation of personnel are considered. It is proposed to introduce template mailings into the practice of personnel management, to automate work with sites based on the E-Staff platform. They described the mechanism of work organization on the selection and adaptation of personnel using this platform, the indicators are given. They concluded that the automation of recruiters' activities has a positive effect on the effectiveness of worker recruitment and adaptation.

**Keywords:** personnel management, outsourcing, internal outsourcing, personnel selection, personnel adaptation, modern personnel technologies, personnel processes, transport companies.

## **Resumen**

El artículo está dedicado a la presentación de los resultados del estudio sobre la práctica de los procesos de personal para la selección y adaptación del personal en el contexto de las funciones principales de la centralización de la gestión del personal en forma de externalización interna. Una de las subdivisiones aisladas de la empresa de transporte y logística de Rusia, FESCO, fue seleccionada para el estudio. La compañía tiene ubicaciones en varias ciudades del país. Con el fin de aumentar la capacidad de administración y garantizar la unidad de implementación de todos los procesos en la empresa, muchas funciones están centralizadas, incluida la función de administración de personal. Las tareas de provisión de personal se asignan al departamento de reclutamiento de personal del Centro de Servicio FESCO. El estudio se realizó para identificar problemas en la implementación de la selección de personal y su adaptación y para determinar la posibilidad de optimización de estos procesos. Utilizaron los siguientes métodos de investigación: el análisis de los enfoques de esta actividad, la encuesta de los empleados del Grupo de Transporte y los expertos del servicio de personal centralizado, y el horario de su jornada laboral. Por lo tanto, se estableció que la práctica del reclutamiento y la adaptación del personal de la empresa tiene los problemas que conducen al cierre a largo plazo de las vacantes y la sobrecarga de los gerentes de recursos humanos. Para optimizar las funciones, se consideran las posibilidades de automatizar la selección y adaptación del personal. Se propone introducir envíos de plantillas en la práctica de gestión de personal, para automatizar el trabajo con sitios basados en la plataforma E-Staff. Describieron el mecanismo de organización del trabajo en la selección y adaptación del personal que utiliza esta plataforma, se dan los indicadores. Llegaron a la conclusión de que la automatización de las actividades de los reclutadores tiene un efecto positivo en la efectividad del reclutamiento y la adaptación de los trabajadores.

**Palabras clave:** gestión de personal, outsourcing, outsourcing interno, selección de personal, adaptación de personal, tecnologías modernas de personal, procesos de personal, empresas de transporte.

## **Introduction**

In modern conditions, the importance of finding ways to optimize management and reduce costs in such an area as personnel management increases. One way is outsourcing, when individual functions are assigned to an independent legal entity within a company and human resources management becomes a full-fledged business (Terenteva et al., 2017; DALIR, et al 2014). This option of internal outsourcing is relevant for the companies with a branched structure, which have many representative offices in different cities and countries.

The selection and adaptation of personnel, as the main functions of personnel management, is traditionally carried out by all organizations and is resource-intensive in terms of spending time and effort both by the experts of personnel services and by the employees. Mistakes concerning the selection of personnel entail a chain of unforeseen complications and personnel risks and, thus, an early dismissal, additional costs for additional search, adaptation, and training, etc. (Tsareva et al., 2019; Melo, et al, 2017) .

The creation of an internal corporate unified personnel administration service helps to optimize personnel management costs, to search for optimal mechanisms for personnel process implementation, including staff selection and adaptation, which leads to better results that meet the organization goals. That is why the goal of the undertaken research was to identify the mechanisms optimizing the selection and adaptation of personnel on the example of an individual enterprise, including the use of automated systems.

The analysis of scientific and practical publications, which addressed the issues of personnel selection and adaptation as the most important components of the personnel management system, shows that they are widely represented in the works by A.Ya. Kibanov, S.S. Frolov, S.A. Shapiro, R.A. Dolzhenko, I.I. Saenko, N.V. Volodina, E.V. Sycheva, N.A. Tsareva et al. (Dolzhenko, 2017; Tsareva et al., 2017). Researchers attribute the selection of personnel to the initial stages of candidate attraction and hiring for work, consider it as the basis for the implementation of a successful personnel strategy.

Regarding the adaptation process, most authors (V.R. Vesnin, L.V. Kartashova, M.G. Blinova, Yu.A. Romanova, V.R. Engelovskikh, etc.) agree that the labor adaptation of personnel is mutual adaptation of an employee and an organization based on its gradual inclusion in the work process within new professional, psychophysiological, socio-psychological, organizational and administrative conditions (Romanova, 2015; Engelovsky, 2015; Muyambiri, & Chabaefe, 2018).

However, the issues of modern method effectiveness evaluation concerning staff selection and adaptation, especially internal outsourcing conditions, have not been studied enough, which makes the study of specific experience relevant.

### **Materials and methods**

Consideration of the established practice of personnel selection and adaptation was carried out in the company FESCO Service Center LLC. This organization carries out the functions of personnel administration, accounting, legal support according to the type of internal outsourcing of the FESCO Transport Group. Its organizational structure is shown on Figure 1.

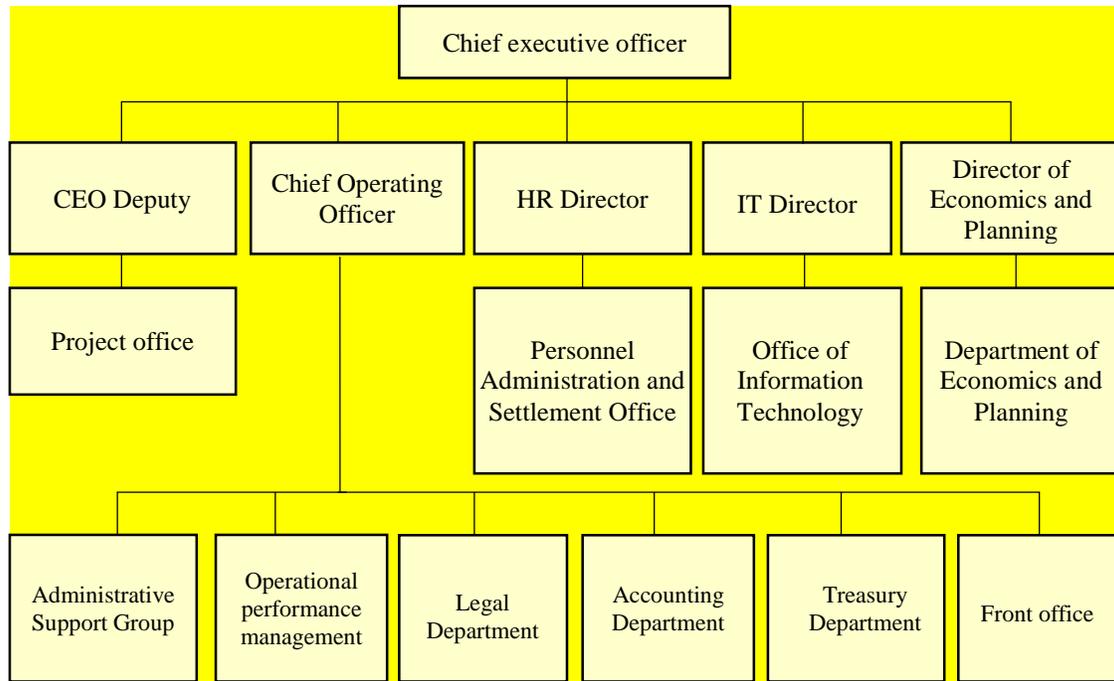


Figure 1. The organizational structure of LLC “Service Center FESCO”

The FESCO Transport Group includes the companies PJSC "Vladivostok Commercial Sea Port", "FESKO SERVICE" LLC, "FESKO Integrated Transport" LLC, "FESKO Fuel Company" LLC, "FESKO-BUNKER" LLC, "FESKO TRANS" LLC, "FESCO Dalreftrans" LLC, "TG-Leasing" LLC, "Transgarant" LLC, "Port-Aktiv" LLC, "M-Port" LLC, "NKK" LLC, "TRANSKOM" JSC, etc.

This is a new type of organization for the Russian market in the form of a transport group with integrated assets. FESCO diversified asset portfolio allows it to control all stages of the transport chain and deliver goods, combining road, rail and sea services with stevedore and port services.

Thus, the company created a unified Personnel Administration and Personnel Settlement Department, which includes a personnel recruitment department, geographically located in two cities - Moscow and Vladivostok. This organizational structure has led to the need to use information systems to optimize interaction and automate processes.

The study used the classic sociological methods of data collection and processing: the analysis of documents on the organization of personnel selection, interviews with the

experts of the personnel selection department, questioning of employees who were employed less than one year ago. The total population for the selected parameter was 137 people, 94 respondents took part in the study. Thus, the sample is sufficient (68.6%) and is representative, as it reflects the characteristics of the studied population. The survey was conducted by spontaneous sampling through an internal corporate website. The questionnaire contained various types of questions: closed, where the respondent was required to evaluate the level of compliance, and open, allowing more complete information.

The objectives of the study were to obtain information regarding the quality:

- of service (completeness of information, efficiency of actions, etc.) and the work of experts from the personnel selection department;
- of application for a job process (quick submission of documents, familiarization with regulatory acts of the company, etc.);
- of adaptation measures (efficiency of the workplace organization, meeting with the leader, mentor and colleagues, functional responsibility determination, etc.).

The information obtained was processed using the methods of mathematical statistics and qualitative analysis.

## **Analysis and Results**

The study determined that the technology used by the company for employee searching, selection and hiring is regulated and includes a number of stages, during each of which the actions of experts are implemented by appropriate methods and within a time frame determined for each contractor.

However, at the same time, personnel selection and adaptation activities do not lead to the required results. The fact that almost all the primary adaptation responsibilities are assigned to the experts of the selection department complicates the activities of managers and this leads to time cost increase and, thus, reduces the efficiency and quality of task and emerging problem solution.

This is indirectly evidenced by the survey of workers. Thus, the quality of the interview procedure was positively assessed by two-thirds of the respondents (69%). Interviewees emphasize that the hiring process takes about 3-4 weeks, from the initial telephone interview to the collection of documents and employment, and in some cases it takes more time. Not all experts of the personnel selection department are satisfied with the quality of information provision about the features of specific locations, remuneration of labor and the content of the compensation package.

A little more than a third of the respondents (37%) noted that they experienced difficulties during the probationary period because of unclear tasks and lack of feedback in the form of timely assessment of the results. A part of the respondents (28%) did not have a mentor, 36% of the respondents noted that the production adaptation lasted more than 3 weeks after the date of employment, since it took a lot of time to organize the workplace, clarify work responsibilities and other organizational issues.

Thus, workers, although to varying degrees, express dissatisfaction with the organization of selection, hiring and adaptation at the enterprise, while the main problem is the great loss of time.

Interviews with the personnel selection department experts showed that they have to solve the problems of quick and mass selection, of work with a large flow of candidates, while routine tasks take about 30% of the working time. This negatively affects the speed and quality of closing a vacancy, the duration of adaptation and its content. The timing of an expert recruiter working day confirmed our observations (Table 1).

Table 1. Indicators of working time costs for individual recruiting operations during traditional work

Operation name	Time cost	
	min.	% of work day
Posting a vacancy	40	8,33

Conducting telephone calls with potential candidates	45	9,38
Work with mail and writing e-mails, notification letters	130	27,09
Candidate base development	145	30,21
Search for candidates in the database	30	6,25
Skype interview	75	15,63
Other actions	15	3,11
Total	480 (8 hours)	100

Thus, during a working day, an expert can efficiently work out only one or two applications to close a vacancy, despite the fact that, as a rule, he can have up to 15 applications for various job positions in his “portfolio of orders”.

In this situation, the experts from the personnel selection department express a positive attitude towards the automation of work processes, as this leads to a significant reduction of the time spent on standard repetitive operations, facilitation of their implementation, better storage and use of data for prompt personnel decisions for all companies of the Transport Group.

Nowadays, they began to use actively many automated systems of both domestic and foreign production in the practice of personnel management. E-Staff platform is one of the most commonly used by enterprises.

E-Staff is a full-cycle system that automates most routine recruiting operations. This platform is characterized by the flexibility of settings, the usability of many operations for the selection of personnel, which fully meets the goal. The functionality of the system is extensive and includes the solution of a number of tasks: work with candidates for vacancies, external work site use, hiring, adaptation planning, etc. (Fig. 2).

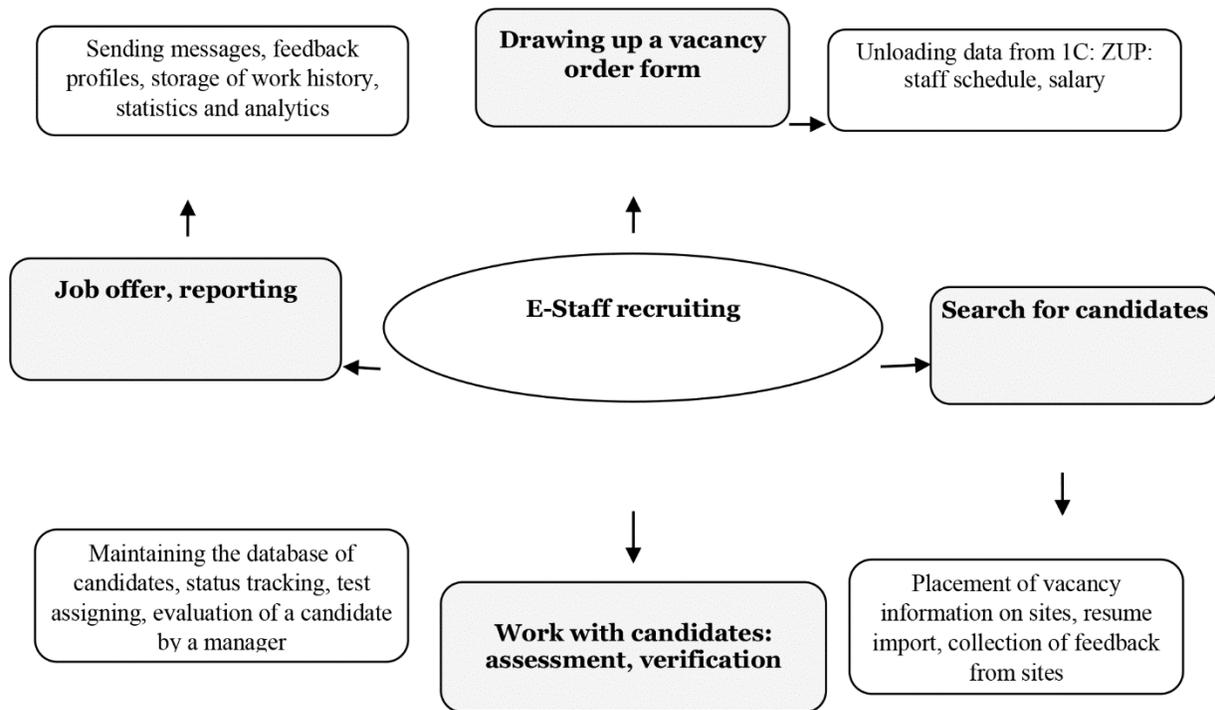


Figure 2. Recruiting automation using the E-Staff platform

## Discussion

Let's consider the possibilities of the E-Staff platform use to optimize these HR processes in an outsourcing company.

In order to automate the selection of resumes, it is necessary to set certain parameters by keywords so that the most valuable candidates whose experience and qualifications meet the stated requirements are not missed due to the streaming specifics of the work and are redirected to the folder for priority consideration.

It is necessary to develop the letters of notification to candidates for their automatic distribution after the completion of the initial telephone interview in case of a positive outcome. A letter to a candidate may contain:

- company information;
- description of the compensation package and remuneration obtaining procedure for labor;

- location map;
- contact person data.

A candidate will have the opportunity to get acquainted with the full information about the company, the components of the compensation package, etc. before the interview. After that, an applicant will decide on the place of work quickly, and an expert will increase the intensity of work, and the number of interviews by saving time. REICE | 552

A few days before the new employee's date of recruitment, recruiters create a message to the heads of departments, to which they attach a photograph of the employee, a list of materials, office equipment, etc. necessary for him. It is necessary to automate this newsletter by creating a template for it in advance and loading the entire list of necessary information. Mailing settings are made depending on the category of personnel, since the organization of the workspace has significant differences for each of them.

It is necessary to introduce adaptation instructions for newly hired workers on industrial arrangement, social relations, etc. for centralized organization of the adaptation process. The developed instruction should include common questions from employees; the organizational structure of the company, information about contact persons in case of problems; opportunities for recreational infrastructure, the description of activities traditional for employees. This will allow recruitment experts, as well as managers, not to waste time on these organizational issues.

The regulation of the adaptation process is needed not only for employees, but also for their managers. In order to optimize the process for all companies, it is necessary to develop an adaptation program that allows to systematize work with newly arrived employees. Besides, a newsletter that notifies the end of the probationary period for an employee will be useful to the manager. Since over a long period of a probationary period (90 days) information about the end date can be overlooked, its automation by an appropriate letter generation will solve the problem of an employee provision with the feedback on test results.

In the current practice of work, two weeks after the date of employment, each employee is invited to participate in a survey that is dedicated to the level of his professional adaptation and socio-psychological comfort identification in the company team. This process can also be automated by sending recipients a reminder and a questionnaire based on the initial adaptation results.

As the part of the study, we tested this technology of the E-Staff platform demo version at one workplace of a specialist recruiter. Repeated timing of working time costs for the execution of applications showed their significant reduction (by almost 50%) and the possibility of an expert productivity increase (Table 2).

Table 2. Indicators of time spent on individual recruiting operations with E-Staff platform

Operation name	Time costs	
	min.	% of work day
Posting a vacancy	10	2,08
Conducting telephone calls with potential candidates	45	9,38
Work with mail and writing e-mails, notification letters	30	6,25
Candidate base development	55	11,46
Search for candidates in the database	15	3,13
Skype interview	75	15,63
Other actions	15	3,11
Total	245 (4,09 hours)	51

In addition to work efficiency improvement, we noted the satisfaction of experts and candidates, employees and employers with personnel procedure quality improvement. Thus, automation of a number of processes of personnel selection and adaptation technology will help to save time resources for staff recruitment specialists and reduce financial costs.

## **Conclusions**

So, in the current conditions of economic relation conduct, large success-oriented enterprises must manage not only operational, but also supporting processes. Through outsourcing of personnel functions, they strive for a small number of personnel to build a unified system to implement personnel processes and optimize maintenance costs. The study examined the activities of the enterprise, working on this principle, but has not achieved the proper results yet.

The methodological tools of the study are formed on the basis of the author's practical experience and the specifics of the company. The study revealed that the current system of staff selection and adaptation has a fairly wide range of routine operations that can be automated, minimizing the possibility of making mistakes and freeing up part of the working time of specialists to solve significant problems. In order to optimize personnel management technologies through automation, it is possible to use the E-staff platform: Recruiter.

A single algorithm of activity and methodological support from the specialists of the Service Center can improve the quality of personnel selection and adaptation, which will affect the increase of employee loyalty, will increase the degree of trust on the part of the internal client and the effectiveness of personnel management in general in terms of function focusing in a large company.

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