

Impact of Cost Efficacy and Innovative Practices on Human Resource Outsourcing

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Abstract: In the contemporary age of global business, human resources outsourcing has received enormous attention. The academic research on this area in the context of Bangladesh was scanty despite a good number of private sector organization are doing outsourcing. Following this lead, the prime thrust of this research was to evaluate the relationship between HR cost efficacy, innovative HRM practices and human resources outsourcing and impact under the lens of transactional cost of economy and RBV theory. The judgmental purposive sampling method was applied to set sample and close ended questionnaire was employed to collect primary data from 115 respondents of private sector of Bangladesh. The partial least square based structural equation modeling was used to attain the objectives and the SMART PLS 4.0 used to analyse data. The exciting findings concluded that there was a strong association between HR cost efficacy, innovative HRM practices and human resources outsourcing and significant impact between the latent variables. Finally, implications and future directions were articulated for the practitioners, readers, and stakeholders.

1. Introduction

Human resource outsourcing (HR-O) has explored as emerging business strategy to procure human resource management functions. It states the service purchase from outside vendors. The concept of HR-O becomes very famous in the early '90s among countries like the US and Western Europe. During that period research found the most common reason for outsourcing was cost reduction. Later on, research in different context identified some other reasons such as to increase performance and to improve quality services(Sim, Kaliannan and Avvari., 2021). Williamson (1979) in theory of transaction cost of economies advocated that organizations outsource some non-core functions to maximize efficiency and optimize the cost. Though successor researcher recognized that this theory may out-way the best benefits for non-core functions where HR activity is one of them (Pandey, 2020). Therefore, performance of HRM is directed towards the achievement of organizational goals as a specialization instead of general usage(Lepak & Snell, 1998). With growing importance, the HRM becomes a strategic and specialized business function that turns an organization to achieve competitive sustainability(Khan, 2014; Sim et al.,

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2023). To perform HRM function more pragmatically and cost congenially there has been a necessity of the right numbers of skilled and efficeicnt HR professionals. So the availability, acquisition, and maintenance of skilled human resources(HR) is significant task for HRM departments. More often outsourcing is a cause to stabilize HR supports instead of perceived cost reduction intention. Relevantly HR supports warrants skilled HRM department. Changes are uncontrollable and adaptation with changes is controllable. The importance of cutting edge policy and practices is an engine to survive in fierce competitive and agile business. Failing of managing the agility might cause underperformance, work redundancy, and loosing competitive market position (Kaufman, 2015). As a result, it is very important to start with innovative HRM practices. Now a days firms are adopting different innovative HR policies and practice like teamwork, stakeholder management, third-party alliance, suppliers and engagement of business, society and community. Relevantly, this innovative practices widen the service level from the insider and outsiders with high-performance work systems(Edvardsson & Óskarsson, 2021; Koster, 2019). To excel the function many companies newly established HR department, re-organized, developed contemporary policy, work methods, adopted technology and so on.

HR-O has gradually explored in Bangladesh. With the influx of outsourcing function, the business firms are intended to achieve manifold objectives of human resources management (HRM) functions in recruitment and selection, training, development, performance appraisal, compensation and benefits, payroll management (Islam & Rahman, 2019). Probably the same belief stands in the mind of the majority of owner of Bangladesh that established HRM as a prime strategic function where administrative and operating costs may be reduced in one side and innovative practices may be increased on the other side. In different notes, the uses of HR outsourcing are not new in Bangladesh. It has 100 years of history of practices in rural areas among farmers, paddy and crops labour, household women worker, irrigations, carpenters, and masons. Now a days the scope is more explored in the area of security, cleaning, business consultancy, product packaging, labelling, event management, product delivery, transport, logistics services, food supplies; IT supports (Mahmud et al., 2012). Likewise, a good number of HR outsourcing firms are functional in Bangladesh(Islam & Rahman, 2019). So predicting the extent of relationship and the impact of HR cost efficacy and innovative HRM practices with HR-O is an important area to be studied in context of Bangladesh.

This research attempted to contribute in many folds. Firstly, it is an assessment of HR cost-efficacy that drives HR-O. It is relatively a niche and latest area in context of Bangladesh. Secondly, a measure to determine the extent of nexus between innovative HRM practices and HR-O where innovative HRM practices is completely a new avenue of research. The present research has developed the connections to predict the impact of cost efficacy and innovative HRM on HR-O. In this connection, this research hypotheses are developed to attain the objectives. Thirdly, despite the reliability of cost information depending on the accounts and operations manager but available research assessed only single-source data from human resources managers. For this reason, the present study checked data from multiple sources of the same organization (Purcell, 1999). As such, this study shall examine the extent of the relationship and its impact on private-sector firms in

Bangladesh. The outcome of the study will become an important thought for the researcher, practitioner, and policymakers to increase the focus, importance and overall efficiency in Bangladesh.

2. Objectives of the Study

The principal task the study is aimed to meet the following objectives:

- to measure the relationship between HR cost efficacy and HR-O;
- to assess the association between innovative HRM practices and HR-O;
- to evaluate the impact of HR cost efficacy and innovative HRM practices on HR-O.

3. Literature Review and Hypothesis Development

3.1 HR Outsourcing

The term outsourcing evolved with the combination of two phrases that called a medium of ascertaining some regular specialized services from external firms (Cheon, Grover and Tang., 1995). In line with the definition, HR outsourcing meant the buying of recruitment and selection, training, performance management, compensation, payroll, HR services, etc. from any external vendor regularly for a period as vested in a business contract. Therefore, there must be a minimum of two parties and a memorandum of understanding or business agreement between the parties with terms and conditions. As per this process, one party (client organization) assigns the specific areas of responsibility to perform HR activity to the external service provider.

3.2 HR Cost Efficacy

A cost denotes the sacrifice of resources. It is the ability to use resources in an attempt to buy something to meet any purpose. The attempt is realized by the transaction of cash or instrument. The general understanding of cost efficacy is to optimise the outcome incurred for a specific purpose and has yielded a positive or negative impact. In line with that, if, the incurred cost yields a positive return through adding value in the form of economic profit is called cost optimization. In HR outsourcing, cost efficacy is composed of reducing administrative cost, saving direct and indirect costs namely headcount, overtime, backup services, and the reduction of fixed HR department cost (Edvardsson & Óskarsson, 2021; Žitkienė & Blusytė, 2015). Similarly, research advocated that HR cost efficacy is the reduction of the fixed cost of the HR department by rationalizing the number of employees, the size of the department and other administrative cost of firm (Shih et al., 2005; Sim et al., 2023). HR cost efficiency is a newly emerged concept used in strategic decisional practice by corporates to increase revenue, decrease cost, and enhance productivity in the HR, IT and finance (Sim et al., 2023). However, the scholars further defined the cost of efficacy is a process of reducing bottom line cost and maintaining standard service levels without sacrificing or compromising the quality of products and services.

3.3 Innovative HRM

Innovative HRM practices(I-HRM) delineate progressive and forward-looking HR policies. It underscores the reformation or reviews of the firm's HR policies and practices. I-HRM stimulate the advancement of existing HR policies as well as revisiting and adoption of the latest or new practices, process and work methods. The term is interchangeably used in literature by the previous scholar such as 'innovative HRM practices' (Arthur, 1994); progressive HRM(Huselid, 1995); quality HR (Huselid, 1994); high commitment practices(Pfeffer, 1994). Innovative/progressive HRM is like all other forms of administrative innovations. Likewise, administrative innovations are considered people innovations as they take place inside the social/work system of the firms with the object of making an effective people management process(Agarwala, 2003).

3.4 Association between HR Cost efficacy, Innovative HRM and HR-O

The exploration of HR-O has rapidly emerged in order to optimizing cost, improve employee services, and total quality assurances to perform HRM functions (Chiang, Chow and Birtch, 2010). Previous research showed that the size of the organization, HRM department cost, and level of cohesion among other activities have a high influence on HR-O(Abdul-Halim et al., 2014). The study further confirmed that transaction cost, quality of HR services, opportunity to redesign the HR work process, increase the efficiency of human resource department stimulate outsourcing decisions (Gilley, Greer and Rashed., 2004a; Greer, 2003). In a similar thoughts some researchers claimed that the allocation of resources, cost control, and internationalization of business intervene HR-O decisions (Galanaki & Papalexandris, 2007; Schniederjans & Zuckweiler, 2004). The degree of outsourcing and insourcing is seen to be mixed, full or partial. Patel et al (2019) discovered that making HR-O decisions is strategic and a firm should validate the utility of insourcing and outsourcing. However, this study affirmed the findings of previous research on overall efficiency between insourcing and outsourcing(Kotabe & Murray, 1990). Additionally, research in the Western context focused on total performance. For example, firms' performance increases if training and payroll processes are outsourced (Gilley et al., 2004b); Production cost, coordination, and training cost are optimize through HR-O (Delmotte & Sels, 2008; Siew-Chen & Seow-Voon, 2016); HR-O is a significant tool to cut cost and reduce internal resource (Chiang et al., 2010); HR-O is highly magnificent for logistics services to optimize the cost and quality of services (Chu, Lee and Cgao., 2012; Shih et al., 2005); Profitability of the organization swelled up by HR-O (Tariq et al., 2016). Research in Asian business firms shows that 80-90 per cent of firms outsourced HR function. For example, Bangladeshi private sector firms outsourcing in the last ten years (Hossain & Abdullah, 2017); the telecommunication industry outsourced recruitment and selection to save money and develop a quality process(Mahmud, Billah and Chowdhury., 2012); 13.64 per cent of firms outsourced training and development. The degree of outsourcing is gradually increasing (Hossain & Islam, 2015). Thus, the HR-O produce efficiency in HR department and that efficiency turns to the efficacy of cost (Islam & Rahman 2019).

The extent of HRM practices supports outsourcing in many folds(Weeks & Thomason, 2011). The research in the Indian context claimed that innovative HRM practices facilitate

outsourcing in MNC operations across the globe (Som, 2006). Similarly, the business process transformation started through outsourcing activities (Martin, Reddington, and Alexander., 2008). Moreover, studies further claimed that innovative HRM practices expedite outsourcing (Bamber, Bartram and Slanton., 2017). The business environment is continuous challenging and agile. Depending on internal resources may produce risk at the time of crisis. Therefore, companies should consider the HR-O as an innovative strategy to handle human resources challenges (Nawaz, 2022). Conclusive findings of organizational studies advocated that managerial decision smartness and critical thinking capacity is a strong pillar of forthcoming fifth industrial revolution. So, outsourcing HRM functions is one of the innovative managerial capacity to manage technology based HRM services quality (Galanaki & Papalexandris, 2007; Sim et al., 2021). In contrast, there is ongoing resistance in a few contexts that HR-O diminishes the employment of internal resources (Shafie Nikabadi & Hoseini, 2019).

The above literature revealed the existence of HR-O practices. The relationship between HR-O, cost reduction and innovative HRM practices yet not developed in the industry and country context. For this reason, the scope of research is significant. Knowing the clarity of relationship strength is a niche area to the stakeholders. Based on the above discussion following hypotheses can be developed.

H₁: HR Cost efficacy has a positive association with HR Outsourcing.

H₂: Innovative HRM practices has a positive relationship with HR Outsourcing.

4. Underlying Theory and Research Framework

Multiple factors namely transaction costs, and resources influence the outsourcing of HR. It is transactional because, the cost incurred to exchange of human labour within and outside of the firm. On the other hand, it is resources because the firms can obtain competitive advantages by enabling the innovative approach of HR management. In similar line of thoughts, transaction cost economics (TCE) and the resource-based view (RBV) perspective defined the characteristics and usage of the HR-O leveraged by cost intention and innovative HRM approach. Scholar asserted that the market (vendors) and firms are the reciprocal channels to make the transaction and the techniques of cost efficacy should produce a positive HR-O decision (Klaas, McClendon and Gainey et al., 1999; Williamson, 1979). TCE stated the grounds for outsourcing are a non-core or lower level of HR activity, unavailability by firms and high hidden costs. It happens due to the risk of some privacy matters of firms. In a similar line of thought the TCE has a significant linkage with HR cost efficacy. After all, the managers handle internal pressure to minimize the cost by sourcing from outside (Currie & Spyridonidis, 2022; Dickmann & Tyson, 2005). Notably, HR-O navigates the manager to focus on strategic functioning instead of full-time concentration on micro administrative functions. Moreover, it provides strategic cost advantages. To adapt to this, a firm may outsource by reviewing the policies and procedures. The revision of policies, and the adoption of new policies certify innovative HRM (Koster, 2019). Based on the above discussion, we endorse the need for scientific research to progress the understanding of HR-O and its predictors. Thus, the following theoretical framework for this research has developed.

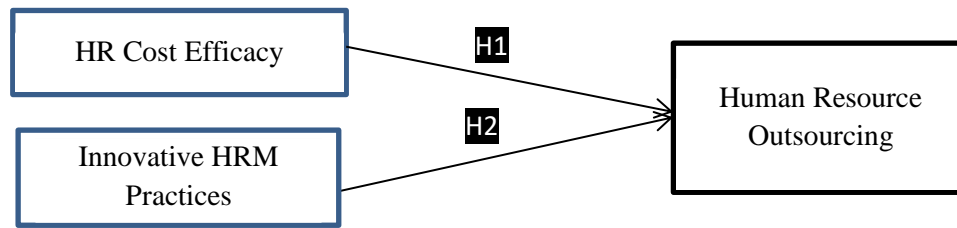


Figure1: Conceptual model of the research

5. The Methodology of the Study

5.1 Sampling Technique and Sample Size

Research sample can be constructed from sources developed with published directories, geographical lists, association-membership data, and every type of formal printed or electronic database. In this study, non-probabilistic judgmental purposive sampling (JPS) methods were employed. According to early contributors, the JPS can be employed if there is no formal list of populations (Malhotra, & Dash, 2015). Moreover, this sampling method provides relevant results where the researcher looks for data that are found to be fit and capable of providing adequate information (Sekaran & Bougie, 2016). Previous research has established that JPS techniques require minimum cost and easy access, dependable results, and wide acceptability (Cooper, & Schindler, 2011; Hulland et al., 2017). According to the inclusion criteria of JPS the respondent levels are in the position of decision-making like the head of HR, HR manager, accounts and operational manager or business unit head who is capable enough to respond to the questions.

There is no specific record of listed industries in the private sector that use HR-O. Therefore private sector is categorized into three groups such as service, manufacturing and agricultural (Bangladesh Bank, 2022). The service sector covers hospitals, banks, and real estate, and manufacturing sector covers pharmaceuticals, readymade garments, and electronics, and the agricultural sector covers agricultural products (Bangladesh Bank, 2022). Thus, JPS method was applied to select 50 organizations from three sectors. The respondent ratio was computed based on the GDP contribution of each sector. According to Bangladesh Bank, the GDP contribution of the service sector is accounts for 51.44%; the manufacturing/industry sector is 37.07% and the agricultural sector is 11.50% (Bangladesh Bank, 2022). Based on the ratio the respondent organization were selected such as 25 from service the sector, 20 from the manufacturing and 5 from the agricultural sector.

The sample size was the organizational representative of the targeted organizations. A good sample size require the lowest possible but statistically feasible. Prior studies claimed that the sample size should be 10 times higher than the number of variable of the study (Sekaran & Bougie, 2016). Thus, the minimum required size is 30 (3×10). To apply PLS-SEM, it is suggested to set a sample of a minimum of 10 times higher than relational paths (Hair, Ringle, and Sarstedt 2011). The present study has been in three relational paths and this require a minimum (3×10) = 30 respondents. Based on the previous studies, multiple

respondents were selected from single organizations to counter single respondent bias (Hong & Kim, 2002).

5.2 Measurement

The constructs of the study consist of two exogenous variables such as HR cost efficacy and innovative HRM practices and HR-O is an endogenous variable. The HR cost efficacy was adapted from the seven items scale developed by Klaas et al (1999); The innovative HRM practices were measured based on the Koster & Benda (2020) scale; The HR-O was drawn on four items namely, outsourcing recruitment and selection was adapted from Ordanini & Silvestri (2008) scale; outsourcing of training and development was adapted from Al-Tarawneh & Tarawneh (2012) scale; outsourcing of payroll management was adapted from Gilley et al., (2004b) scale.

5.3 Questionnaire Development and Data Collection.

A two-sectional close-ended questionnaire was developed to test the hypothesis. The first section consists of demographic information and the second section consists of the measurement items. Using a seven-point Likert scale ranging from 1 (strongly agree) to 7 (strongly disagree) the questionnaire assessed the responses. A total of 150 questionnaires were distributed to 50 organizations. Based on the previous research model the data were collected through a hybrid method such as google form, and physical contact (Lee, Che-ha and Syed Alwi., 2021). A minimum of two respondents from each firm who has HR departments and is located within Dhaka city. Only those organization were selected that are three years old, used outsourcing and have a minimum of 100 employees. The unit of response was managerial employees. The period of data collection was from July 2021 to March 2022.

5.4 Construct Reliability and Validity

The composite reliability (CR), Cronbach's Alpha and Average variance extracted (AVE) were employed in this research (Chin, 2010). The discriminant validity was measured by Fornell-Larcker criteria (Hair et al., 2011; Sarstedt et al., 2019). The pre-testing and pilot survey of the questionnaire was validated by the respondents and experts of the university professor with PhD and the HR professionals.

5.5 Reliability, Validity and Data Analysis

Based on previous researches of similar nature cronbach alpha, composite reliability, and discriminant validity were measured (Hair, Ringle, and Sarstedt, 2013). Two statistical software namely, statistical package for social sciences (SPSS) and SMART-PLS 4.0 were employed. Common method variance (CMV) is the most common problem related with quantitative research. To resolve CMV, the study collected responses from operational unit heads who responded on cost management, extent of innovative practices and HR-O.

Therefore, the collinearity statistics called variance inflation factor (VIF) were assessed in the research.

4. Analysis, Findings and Interpretation

4.1 Analyses of Demographic Statistics

A total 125 responses were received and 115 were found to be usable. The total responses were 76% that was satisfactory for analysis (Islam & Akkas, 2022). This sample size was appropriate for PLS-SEM analysis. A general explanation on the demographic statistics are shown in table 1.

Table 1: Demographic Profile of the Respondents

Industries		percentage	No. of org	Respondents		Gender		Age		
				HR head	Accounts/ Ops head	M	F	30-39	40-49	>50
Service	Bank	20%	10	10	15	15	5	10	5	3
	Hospitals	20%	10	10	15	15	5	10	5	3
	Real Est.	10%	5	5	5	5	5	5	5	5
Manufactur	Pharmaceuticales	20%	10	10	5	15	10	10	10	5
	RMG	10%	5	5	10	10	5	5	5	5
	Electronics	10%	5	5	5	5	5	5	5	2
Agri	Agriculture	10%	5	5	10	10	5	5	5	2
Total		100	50	50	65	75	40	50	40	25

Table 1 above shows the demographic status of the respondents of the study. According to the GDP contribution of the sectors, the ratio of the respondent are categorized. Therefore a total of 50% of the industry were from the service sector 40% from the manufacturing sector and 10% from the agricultural sector. Thus the highest number of respondents (60) were from the service sector; 40 respondents were from manufacturing and 15 respondents were from the agricultural sector. To check multiple responses from a single organization there were 25 HR heads/Managers and 35 Accounts/operations managers out of 50% of respondents from the service sector. Whereas 20 HR heads/Managers and 20 accounts/operations managers out of 40% of respondents from the manufacturing sector. The lowest responses of 5 HR head/Managers and 10 accounts/operations managers were assessed out of 10% of respondents from the agriculture sector. The aging of the respondents shows that 43% were from the age group 30-39 35% were from the 40-49 age group and 22% of the respondents were from 50 plus age group. The gender group reflected that 65% are male and 35% were female. The data revealed that all 50 organizations has HR department but they also outsource HR functions.

4.2 Measurement Model

In figure 1 the factors analysis was employed to compute scale reliability and validity. The result of a loading value greater than .60 was accepted(Chin, 2010). One item of HR cost efficacy HRC 3 [0.513] was deleted due to a lower value than the threshold. We have shown convergent validity supported by average variance extracted (AVE) and composite reliability (CR) in table 2. The output of CR and AVE is depicted within the accepted range of 0.5 to 0.7(Chin, 2010). Thus, the proposed model fulfilled the convergent validity.

Table 2: Summary of the Measurement Model

Variable	Items	Loading Score	CR	AVE	Cronbach's Alpha
HR-O	HRO1	0.668	0.902	0.701	0.855
	HRO2	0.883			
	HRO3	0.882			

Variable	Items	Loading Score	CR	AVE	Cronbach's Alpha
HR Cost Efficacy	HRO4	0.894	0.903	0.61	0.876
	HRC1	0.732			
	HRC2	0.715			
	HRC4	0.748			
	HRC5	0.792			
	HRC6	0.848			
	HRC7	0.841			
Innovative HRM practices	IHRM1	0.813	0.894	0.678	0.844
	IHRM2	0.826			
	IHRM3	0.821			
	IHRM4	0.834			

Table 3: Result of Discriminant Validity

Constructs	HRC	HRO	IHRM
HRC	0.781		
HRO	0.518	0.837	
IHRM	0.633	0.62	0.824

N.B The diagonal shown in bold explained the square root of the AVE

The discriminant validity is computed in table 3. The calculation followed the Fornell-Larcker criteria suggested by previous research (Hair, Ringle, and Sarstedt, 2013). According to the criteria, the square root of AVE should be greater than the relations of latent variables of each off-diagonal. Therefore, they successfully qualified the criteria.

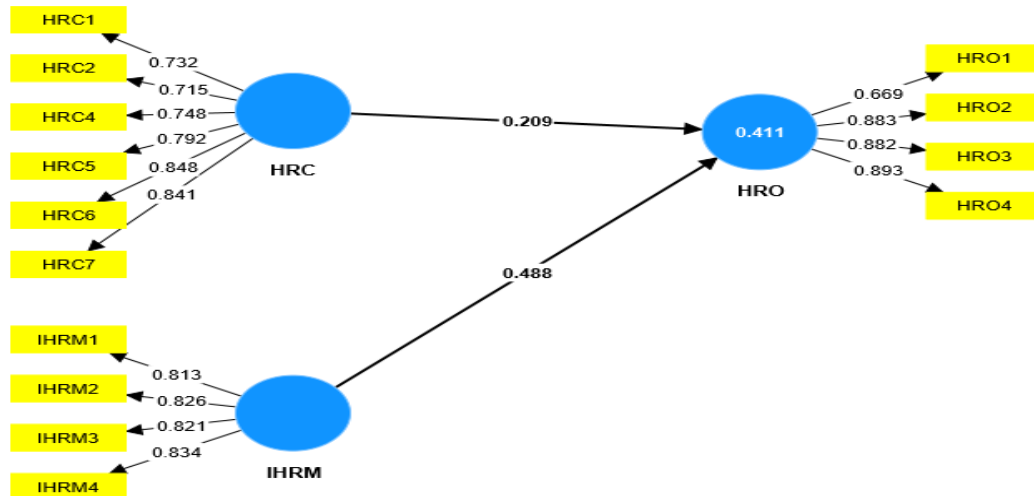


Figure 1: SEM model with latent variables.

4.3 Structural Model

The aim of the structural model assessment was to determine the degree of association between research constructs. Table 4 represents the result of structural (path) model.

Table 4: Summary of Structural/Path Model

Paths	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Decision
HRC -> HRO	0.208	0.221	0.079	2.63	0.009	Supported
IHRM -> HRO	0.489	0.486	0.088	5.548	0.00	Supported

Note: * $p < 0.05$, ** $P < 0.01$ (based on one-tailed test with 1000 bootstrapping); Confidence interval bias corrected at 97.5%

The exogenous variables were HR cost efficacy and innovative HRM practices and HR-O were an endogenous variable. Table 4 revealed that HR cost efficacy ($\beta = 0.00$, $p < 0.05$), and innovative HRM practices ($\beta = 0.00$, $p < 0.05$) have a significant impact on the HR-O. Moreover, the relationship between the latent variable shows a positive correlation between the constructs. The PLS algorithm were employed to measure the R^2 and path coefficient. The R^2 value of HR-O exhibited (.41) is at a 'substantial level' and accepted to strengthen the analysis (Hair et al. 2014). It indicated that the two exogenous variables played an important role in HR-O decisions. The collinearity statistics called variance inflation factor (VIF) falls in the acceptable range of 1.41-2.90.

5. Findings and Interpretation

The leading conclusion of this research revealed that the association between HR cost efficacy and innovative HRM practices with HR-O is positively significant. The degree of the impact of the HR cost efficacy and innovative HRM practices on HR-O is significantly evident. HR-O is a strategic decision of every firm. The result of analyses indicates that private sector firms in Bangladesh are making strategic decision based on HR cost efficacy. This efficacy adopted to optimize cost in assistance of cost reduction techniques like cost saving, controlling and cutting. The second important finding of the research is the influence of innovative HRM practices that stimulates HR-O decisions. This is a form of organizational practice to enable review and reform the existing policies. Before the adoption of outsourcing, firms prepare and modify their human resources policy namely recruitment and selection, training, performance appraisal, compensation, and payroll management in light of business potentials and risk. Notably, this effort drives a meticulously look forward to uncompromising the quality of HR services. However, firms relentlessly persuing to modify and updated their outdated practices that warrant academic shape of innovative HRM practice. Finally, the result of the study also affirmed previous findings on cost efficacy in the context of Bangladesh. Nevertheless, innovative HRM practices is an emerging agenda.

6. Conclusion and Implications

6.1 Conclusion

HR-O is a new window of business support and stemmed with diverse nature of services in Bangladesh. This growing trend creates its demand through providing strategic services and support in agile business. The number of HR outsourcing firms rapidly increased in Bangladesh. This research recommends that HR outsourcing may be an effective cost-efficient strategy if the firms know the right way of doing and managing it. Moreover, innovative HRM practices are the forward-looking agenda to adopt the industrial revolution. It will remove the darkness of the traditional way of thinking and decisions.

6.2 Recommendation and Implications

The cost-effectiveness of HR outsourcing can vary depending on the quality of the outsourcing provider. Some outsourcing providers may offer low prices but deliver poor-quality services, that can lead to increased costs due to mistakes, delays, and inefficiencies. Therefore, it is important for organizations to carefully evaluate outsourcing providers based on their experience, reputation, and record of accomplishment before making a decision. In conclusion, HR-O can be a cost-effective way for organizations to manage HR functions and improve operational efficiency. There is a huge hidden cost of taking outside services. Therefore organizations need to carefully evaluate outsourcing providers to ensure that they are getting high-quality services at a reasonable cost and ontime. Similarly, HR outsourcing may reduce cost, save cost, and save additional investment but before taking decision, there should strong promise of retaining quality. Otherwise, it may adversely affect the organizational total performance.

Innovative HRM practices may be excel to HR operations and overall performance. Likewise, HR-O is innovative HRM practice that involves formulating policies in a creative and forward-thinking to align HR with the organization's strategic goals. Innovative HRM practices can offer HR-O but significant investments of time and resources, and their effectiveness should be adequately measure. Every innovative approach comes with some valid challenges at the beginning. But prior to the innovative practices, it should well trained and educate among people of the organizations.

7.1 Limitations of the Study and Directions for Future Research

The study suffers from some limitations, particularly the sample size were comparatively less. A large sample size leads to a wider and more generalized results. So the service quality of outsourcing, and electronic HRM, factors of HR-O may address in future research. Moreover, the methodology may be more robust like longitudinal study, qualitative work, and case studies in Bangladesh.

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