FACTORS INFLUENCING RECRUITMENT PROCESS

OUTSOURCING

SUCCESS IN LEBANON

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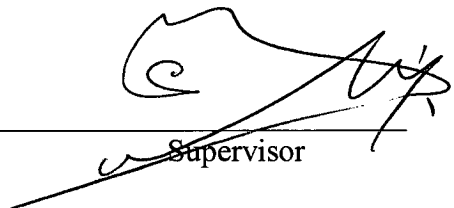
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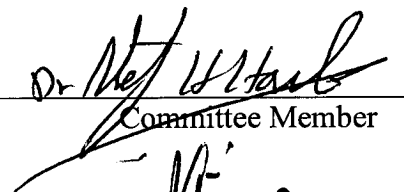Mr. Ghassan Beyrouthy   Supervisor

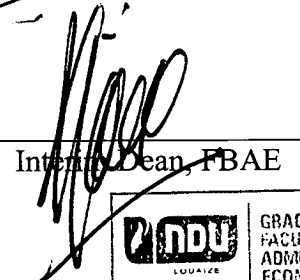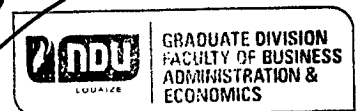Dr. Jennifer Abou Hamad   Reader

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ABSTRACT

Purpose – This research attempts to analyze the impact of various factors on the decision of Lebanese companies to outsource the recruitment function and on the relationship between the Recruitment Service Provider (RSP) and the client firm.

Design/Methodology/Approach – This study relies on a sample of 206 HR Professionals and General Managers who either outsource their recruitment function or not. This research is deductive and quantitative in nature, and it tests 19 hypotheses using principle component analysis and regression analysis.

Findings – The findings show that there are 11 different factors that play a role in the decision of Lebanese companies to outsource and in the relationship between the RSP and the client. These factors are: company size, level of the vacant position, partnership quality, service quality, trust, cost reduction, person-job fit, ability of the internal HR department to focus on core functions, competition from other recruitment sources, age of relationship and mutual dependency, RSP's reputation and local presence.

Research limitations/Implications – Due to the fact that the target participants were limited to HR Professionals and General Managers, the sample could not be increased above 206. Additionally, due to the centralization of most companies in Beirut and Metn areas, the samples representing other areas in Lebanon were very small in number.

Practical Implications – The findings of this research provide a valuable insight to Lebanese companies that are seeking to outsource their recruitment function and to RSPs that are targeting companies in the Lebanese market. It allows both parties to get a clearer picture about how to enhance the relationship and gain maximum benefit from partnering together.

Originality/Value – This study is quantitative in nature and provides reliable and measurable information about the factors influencing recruitment process outsourcing. Being unique of its kind in Lebanon, it will assist companies to get a clear perspective about the Lebanese market.

Keywords– Recruitment, Recruitment Process Outsourcing, Outsourcing, Human Resources, Human Resources Outsourcing, Recruitment Outsourcing, Recruitment Service Provider.

Chapter 1 - Introduction

1.1 General Background

Outsourcing has become a quite common trend nowadays. A straight forward definition of outsourcing is: the process of cooperating with an external party to execute tasks that could have otherwise been performed in-house (Potkány, 2008). The Human Resources function has become a frequently outsourced service in several parts of the world. In a study by Ketter in 2007, it was stated that 91 % of firms in the United States have started to arrange a way of outsourcing through systematizing a lot of the HR functions implemented (Ketter, 2007). The current evolvement in the role played by HR is highly due to the rise in outsourcing (Caruth et al., 2012). Recently, it is more common for organizations to subcontract only a fragment of their human resource tasks as a substitute for assigning the whole department to a third-party benefactor (Cooke et al., 2005). According to Yan et al., "HR Outsourcing, the decentralizing of HR responsibility from central corporate departments to business unit–level departments (and further still to line management), can benefit a firm through strategic advantages, such as decreased cost, a better focus on HR management issues directly tied to the company's success, higher-quality customer service, and enhancement of organizational flexibility" (Yan et al., 2013). However, when speaking of outsourcing HR, we must also recognize that it is crucial to identify what can and cannot be outsourced, by classifying HR tasks systematically in order to make the process more effective.

A study performed by Vernon et al. of around 4,000 establishments, discovered that the most common HR roles that are outsourced are the following: compensation and benefits, recruiting and selection, training and development as well as personnel outplacement and

downsizing (Vernon et al., 2000). Despite the fact that all of those functions are vital to the organization; the recruitment function plays the biggest role in shedding the light on how a company can establish and maintain a competitive advantage (Savino, 2016). Even though HR outsourcing, and specifically Recruitment Process Outsourcing, play a main role in enhancing talent management, efficiency and cost saving are also very crucial driving forces (Bentley, 2007; CIPD, 2009). However, according to Cooke et al. (2005) and Belcourt (2006), as important as it is to focus on cutting down costs, sometimes there are other non-monetary factors that highlight the benefits of Recruitment Process Outsourcing, such as: quality and satisfaction level. "Factors related to enhanced quality of candidates achieved through RPO along with expertise availability are key success indicators that organizations seek" (CIPD, 2009; Chiang, et al., 2010).

1.2 Need for the Study

While outsourcing HR services has been a spreading more and more across European firms, the Middle East has also witnessed an increase in the number of companies that provide such services. In Lebanon, for example, executive search, headhunting and recruitment firms have been rising in number lately. The introduction of this concept in Lebanon dates back to 1992 when the term "Human Resources" was becoming more commonly known in the Middle East region.

After careful consideration of previous literature written on outsourcing in Lebanon, it has come to show that no research has yet been focused on Human Resource Outsourcing. However, seeing as HR in itself is a broad spectrum which includes many functions under its umbrella, the light will be shed in this study on the process of Recruitment and Selection. Recruitment and Selection is a commonly outsourced process

in Lebanon, whereby many service providers are competing within a small market. As the competition increases, the needs of the clients are shifting due to the increase in the number of suppliers. This study will aid these suppliers to grasp an idea of what the Lebanese market is searching for in the relationship between the recruitment service provider and the client firm.

1.3 Purpose of the study

This research is to be used as an opportunity to tackle the issue of what companies in Lebanon are actually searching for when they target a certain recruitment service provider. There are a range of factors that may influence the level of satisfaction in outsourcing. Using studies done on the topic of factors influencing outsourcing success, this paper will adopt an empirical approach, whereby the influence of these factors will be examined within the Lebanese market. The research will inspect the relationship between partnership quality, service quality and recruitment process outsourcing success. In particular, the focus was on the following research questions:

Research Question 1: What are the factors influencing the need for recruitment process outsourcing?

Research Question 2: What are the factors that define the recruitment service provider's service quality?

Research Question 3: What are the factors that define partnership quality between the recruitment service provider and the client firm?

Research Question 4: What are other external factors that impact recruitment process outsourcing success?

1.4 Brief Overview of all Chapters

The literature review will discuss previous studies done on outsourcing different human resources functions within an organization elaborating on the reasons to outsource, the issues to consider prior to outsourcing, and factors contributing to the success of human resources outsourcing. The methodology section will discuss the methodology of this study by stating the dependent variable, independent variables, and the hypotheses under study. The findings section will provide a brief about the statistical test results of the research questions in order to reach either the acceptance or rejection of the relevant hypotheses under study through the use of descriptive and inferential statistics. The final chapter will draw the conclusion and recommendations based on the research findings and the examination of the hypotheses results in comparison to previous literature.

Chapter 2 - Literature Review

2.1 An Overview on Outsourcing

Outsourcing refers to reassigning an internal provision to an external service provider. The nature and complexity of this transfer varies from straightforward sub-contracting to joint-venture partnerships. Studies have confirmed that the most frequently outsourced activities are the non-core custom tasks like security, cleaning services, maintenance, and catering (Taylor, 2010). Cost reduction is a common reason for resorting to outsourcing (Kakabadse & Kakabadse, 2000); another reason is service quality (McIvor, 2005) and finally, the ability to focus more on core organizational functions (Kremic et al., 2006). The latter allows for a notable alignment with the strategic goals and objectives of the organization, enhancement of general performance, in addition to earning competitive advantage (McIvor, 2005; Kremic et al., 2006)

2.2 Outsourcing Human Resources Functions

Human resource management (HRM) consultants usually supply expert HRM knowledge to offset any gaps in the company's HRM information base (Lepak & Snell, 1998; Stroh & Treehuboff, 2003; Lawler et al., 2004; Shelgren, 2004). In spite of these advantages there are risks related to the possible loss of in-house skills, and the comparative know-how and fit of external services (Adler, 2003). With regards to these issues, researchers have studied accurately which functions of HRM are outsourced and the organizational features that may play a role in that decision, in addition to considering the consequences of these outsourcing decisions (Lilly et al., 2005). From the point of view of an HR expert, the capacity to enhance competitive advantage through the constant development

of a company's employees may be restricted by the challenging expectations and demands of the HRM role.

HRM specialists balance between role expectations and, flexibility, efficiency and service providers. As a result, the trimming of non-core activities, made conceivable by outsourcing, has an exceptional significance for HRM employees (Lepak & Snell, 1998). Mundane operational tasks can be subcontracted permitting HRM experts the opportunity to concentrate on strategic obligations (Stroh & Treehuboff, 2003). The benefits that are gained through focusing all efforts on strategic Human Resources tasks and outsourcing the marginal ones can similarly be explained theoretically. One example denotes transaction cost economics, whereby it is stated that human capital is considered specialized, unique and uncommon and not simply available in the exterior market. Hence, HRM procedures that sustain the resource attain a significant basis of competitive advantage (Lepak & Snell, 1998). This is in line with Williamson's (1979) description that authority decisions rely on the extent to which a firm is focused on a particular type of business: Companies are more prone to investing in HRM functions internally as their business specificity increases. As HR tasks come to be more idiosyncratic to a certain company, the cost of obtaining these facilities from a separate provider becomes more difficult as the specific fit between the firm's needs and the external provider becomes more costly to attain (Williamson, 1979). In an opposing view, HR tasks that are low in specificity and mutual across companies may be simply accessed by external service providers for a moderately lower transaction cost. Transaction costs include the relative costs of creating and sustaining the contractual affiliations, the unit value of the service and the price of monitoring performance and quality (Dickmann & Tyson, 2005).

2.3 Factors Influencing the Decision of HR Outsourcing

2.3.1 Organizational Size

Smaller organizations are more likely to approach Human Resources in an informal manner than bigger firms (Klaas et al., 2001; Bartram & Cooke, 2005). Developing wide-ranging official HRM schemes that match the precise requirements of each company for talent acquisition is a challenging mission (Sheehan & Cooper, 2011). Silverman (2005) claims that even though internal classified authority is more effective than dependence on outside markets in plummeting transactional risk there are greater fixed costs that have to be taken into consideration. In deciding between relying on internal HRM procedures and hiring an external service provider, smaller companies may not be equipped to invest in the greater fixed costs for internal HR functions (Silverman, 2005). The size of a company is a feature that can impact the choice to implement HR outsourcing (Arbaugh, 2003). Several scholars have claimed that smaller establishments have a bigger need of external know-how due to their limited capacity (Klaas, 2003; Gilley, et al., 2004). Undeniably, smaller firms often do not have the necessary economies of scale to establish a well-functioning HR scheme replying on internal resources (Heneman et al., 2000). Unlike bigger companies which can pay for the scheming and implementation of complicated internal HR systems, smaller firms with insufficient resources will suffer from excessive costs if they do the same (Robinson, 1982). Therefore, it is claimed that small companies will contract out their HR tasks with the intention of securing the necessary expertise. Nonetheless, outsourcing is similarly frequent in bigger organizations that aim to diminish costs within practical activities (Bettis, 1992). In effect, some scholars displayed that bigger firms resort to outsourcing more often than

smaller firms (Delmotte & Sels, 2008; Klaas, et al., 2001). Small companies are integrally flexible and agile; they are experts in their businesses and they perform with abundant passion. When they subcontract their tasks, they are more compelled by the little access they have to the categories of know-how, resources, technologies, economies of scale and other capitals that the bigger firms enjoy. The influence of subcontracting for them is not so much in restructuring operations for effectiveness and efficiency as it is in permitting them to gain higher influence in what they are already experts at (Corbett, 2001). The contrary, nevertheless, is correct for larger businesses (Abdul Halim & Che-Ha, 2011).

2.3.2 Organizational Maturity

Opinions vary on the impact of the maturity level of companies on the choice to outsource HR activities (Arbaugh, 2003; Delmotte & Sels, 2008). Delmotte and Sels (2008), for instance, felt that the inquiry of subcontracting has no noteworthy correlation to the level of maturity of the firms. Arbaugh (2003), conversely, claimed the contrary. According to a research by Gilley et al. (2004), mature companies were proven to be more disposed to HR outsourcing. It was also debated that startup firms that are in the process of launching procedures lack any competitive advantage (Eisenhardt & Martin, 2000). Consequently, it is hard for them to control which roles are indispensable to sustain the organization (Abdul Halim & Che-Ha, 2011).

2.3.3 Recruitment Process Outsourcing

Recruitment process outsourcing (RPO) can be defined as the allocation of recruitment and selection processes to external agents (Berkowitz, 2005; Syedain, 2008). From an organization's point of view, the recruitment process is a suitable candidate for

outsourcing because it is very standardized (Barber, 1998). Generally speaking, HR outsourcing promises many advantages for firms, including higher efficiency, cost savings, more focus on core functions, and better access to outside practices and information knowledge (Byham & Riddle, 1999; Cooke et al., 2005; Belcourt, 2006). Having an added value over your competitors and achieving desired results are highly linked to accessing the best talent. By utilizing tailored outsourced recruitment services, companies are now capable of positioning themselves in a manner that allows them to highly enhance performance. However, it is quite significant to compare and weight between the cost and benefits of Outsourcing Recruitment whether it is done for one project or across several departments (Hudson, 2017). Recruitment process outsourcing can present several benefits, among which are: reduction of cost, flexibility and scalability, quality, time saving, as well as an improvement in employment branding (Hudson, 2017). In her research, Hudson mentions how utilizing this solution can lead to applying efficient and sustainable recruitment processes through proactive strategies that highly focus on the quality of hire. In addition to that, it facilitates the process of adapting to the rapid fluctuation in recruitment needs while maintaining a quality level that makes the company a magnet for potential talent (Hudson, 2017). Upon mentioning these benefits, one may question their attainability. However, if done correctly and precisely, companies can reach the optimal level of satisfaction and enhance their brand image.

2.4 Main Reasons to Outsource

2.4.1 Cost Saving

Organizations consider that costs can be diminished by outsourcing certain functions like payroll. Economies of scale may be achieved when the service provider focuses on one

area and offers this service to several corporations. Specialized firms can achieve a high level of efficiency because they can extend the costs of training employees and distribute research and development duties across additional users. Research on outsourcing deals of minimum two years' period showed that they resulted in cost savings that range from 10–20% (Adler, 2003; Henneman, 2005; Oshima et al., 2005).

2.4.2 Focus on Strategy

Employers are aware that they are incapable of pursuing excellence in all areas. Consequently, they choose to focus on their core capabilities and move secondary functions, like benefit management, to organizations where these tasks are a core competency. The word "core" is defined by the following (Alexander & Young, 1996):

- Activities conventionally performed in-house;

- Activities that have a critical impact on business success;

- Activities that have a major effect on future development or innovation.

The idea of core competencies was formed by Hamel and Prahalad, who claimed that the true sources of competitive advantage were not the products themselves but management's capability to combine technologies and skills into skills that facilitate the adaption to shifting circumstances (Prahald & Hamel, 1990). A competence is a combination of collective learning, management and technology (Leavy, 2005). Executives will choose to focus their efforts on what their company does best, and outsource the rest. Companies that did resort to outsourcing reported that they minimized administrative duties by more than half and improved their strategic focus by 40% (Oshima et al., 2005).

2.4.3 Better Services

Another benefit to be discussed is quality enhancement. Performance standards are placed in a written contract and are more strictly implemented than would be possible with existing employees. Managers can choose the best firms that have exceptional track records and high levels of flexibility in recruiting and rewarding employees. As opposed to having an HR department which is often considered too bureaucratic, using a service provider allows improvement in response, performance and flexibility. The majority of firms are able to control their service levels due to their outsourcing agreement which quantifies deliverables in a written contract (Cooke, 2004).

2.4.4 Specialized Expertise

One of the main reasons for outsourcing is that regulations and laws governing HR are so intricate which makes it better to outsource to firms that possess the precise expertise required. The use of professionals also decreases the liabilities and risks for organizations. Experts know the legislation better than anyone and are capable of assuring the user company that all their practices meet the terms of all the rules and regulations. Better access to leading performance is another motivator as well (Belcourt, 2006).

2.4.5 Organizational Politics

An outsourced task is not as observable as an in-house department performing similar tasks. Some companies decide to outsource in order to get rid of an inconvenient department, especially if the employees are not performing well. Outsourcing also decreases the head count. Head counts are vital in the public division; the fewer the employees on payroll, the better-off the tax-payers (Oshima et al., 2005). It is easier for

the service to frequently negotiate technology development and other types of investment more than it is for in-house managers. Several observers view outsourcing as a key movement determining the future of HR. They foresee HR focused completely on strategic tasks, all carried out by in-house employees comprised of a few high-level managers leaving all administrative and transactional duties to service providers for which those tasks are core. On the other hand, other observers doubt that the operational and strategic sides of HR can be divided so austerely (Adler, 2003).

2.5 Recent Trends in Outsourcing

Recently, outsourcing is being described as one of the most influential trends reforming management. Nonetheless, companies have always used outsourced services. For years, most companies outsourced their cleaning services and restaurant services. What varies today is the scale. Firms are currently outsourcing everything from technology to whole functions like human resources. While smaller firms might outsource all HR functions, most large firms retain the critical factors. Larger companies hardly ever undertake 100% outsourcing for several reasons. As previously mentioned, the HR function is so vital to the strategic goals of a firm that it must be directly managed by the firm itself. Second, certain circumstances occur that are impossible to predict like and this changeability makes it tricky to develop a contractual agreement with a vendor. The third reason is the scarcity of service providers who deliver total HRM services. The industry of outsourcing is filled with a large number of firms that target market niches. While one company might excel at benefits counseling for example, another might perform a great job at employee support, but few can do everything. Certain tasks must be performed internally (Belcourt, 2006).

2.6 Issues to be Considered Prior to Outsourcing

Before Making the Decision to Outsource, several possible consequences must be taken into account. These issues include but are not limited to: effect on employees' morale, diminishment of in-house skills and expertise, as well as impact on company culture. The employees' opinions, whether positive or negative, towards outsourcing, may have a great impact on their relationship with the company (Stroh & Treehuboff, 2003). Many aspects may influence the reaction of the employees towards the outsourcing decision, such as their opinion on whether the management studied their decision carefully. If the in-house department was performing poorly prior to outsourcing, and the outsourcing step is giving employees more opportunities to advance, then the decision will be positively viewed. On the other hand, if the service provider does not meet the in-house department's expectations, employee reaction will plausibly be negative (Kessler et al., 1999). The second issue to be discussed is loss of in-house skills and expertise due to outsourcing. Firms have a lot of prudence when it comes to their relationship with their external service provider and as a result they are cautious with how much control they want to give up (Byham & Riddle, 1999). In some situations, upholding complete control over any outsourced task is crucial. In other situations the service provider will be responsible for administrative tasks while the in-house department solely maintains access to this data in order to utilize it when making strategic decisions (Speroni, 1999). As for the effect of outsourcing on company culture, Stroh and Treehuboff (2003) tackled this issue by stating that there is a threat that the employees will lose connection with the company culture and ethics if they no longer have control over certain functions. Marie Howard of Procter and Gamble explained this further by stating that: at P&G, our

employees want to have a P&G person that they can talk to if they have an issue or concern. They want someone who knows the P&G culture. To overlook this is a huge mistake." Another risk that comes with outsourcing, discussed by Quelin and Duhamel 2003, is the risk of dependence on the service provider. This can be defined as the company's fear of not having a backup plan if the service provider fails to provide a level of performance that meets up the company's expectations. These apprehensions are clearly apparent in the company's certainty that it is very complicated to bring the tasks back in-house or to change the service provider in case the contract with the already existing one was terminated (Quélin & Duhamel, 2003).

2.7 A Brief on Recruitment Process Outsourcing

The recruitment process is a core function within the HR department, which is said to be the most time consuming and costly. Employees in an organization are viewed as one of the most integral assets, and for that reason, hiring the right people is a challenge that must be handled through a proper and effective recruitment process (Münstermann et al., 2010). There has been substantial evidence proving the positive correlation between the process of recruitment and the overall performance of the organization (Gamage, 2014). In addition to that, a study by Syed and Jamal (2012) has further verified that execution of a successful recruitment and selection procedure is positively linked with the overall organizational performance. There are various channels of tackling recruitment needs, such as: job portals, social media, company websites, advertising, employee referral, recruitment agencies or consultants, etc. A lot of organizations have found it most effective to use a mix of several methods in order to find the right candidates. However, the recruitment channel must be selected based on many factors, including but not limited

to: the level of the position, the employer branding, resources available, budget, etc. Each channel has its own benefits and restrictions and could be suitable for specific companies or situations. Experiences vary among different firms and the success of each channel can be validated through recruitment metrics (Sinha & Priya, 2013).

Firms are always searching for recruitment methods that require the least time and effort (Vyas, 2011) . The systematic process of Recruitment incorporates identifying vacancies, job analysis, job descriptions, advertising, interviewing, screening, selection as well as evaluation. These activities have proven to be both costly and time consuming for the firm to conduct in-house. For that reason, many companies prefer to outsource this specific HR function. Handing the recruitment process over to an external service provider allows managers to allocate more time to more strategic functions and more effective planning (Kalyani & Sahoo, 2011). "Even the best training cannot make up for bad hiring decisions or lack of effective recruitment." Filling in constantly available vacancies is considered as a burden by many HR Specialists who have chosen to turn to outsourcing as a solution. HR generalists are often responsible for too many activities and can only dedicate a section of their schedule to Recruitment (Hays, 1999).

2.8 Factors Contributing to the Success of Human Resources Outsourcing

2.8.1 Partnership Quality

In general, partnership includes shared values among the concerned parties (Ren et al., 2010). The quality of partnership between the service provider and client company is a very crucial determinant of outsourcing success. Nonetheless, HR experts lack the knowledge needed to select their service providers and manage the relationship between them. The most commonly witnessed problem in the relationship among clients and

service providers is the incapacity to convey what they require from the service providers (Ates, 2013). There have been various opinions on how to establish a successful relationship. The two ideologies that have come into view are transactional type relationships and partnership type relationships. The transactional relationship is created through an official contract, while the partnership type is conveyed through communication and exchange of benefits and risks (Srinivasan et al., 2011). Lee (2001) in his study claims that during the 90's several companies were finding difficulty in forming and maintaining a successful outsourcing relationship. This issue resulted in switch from contractual type to partnership type relationships. According to Ates (2013), this kind of partnership permits the two parties to accomplish key goals and objectives as well as build competitive edge within their industries. Hence, it is interesting to examine how the success of HR outsourcing would be impacted by quality of partnership. Partnership is influenced by human, organizational and environmental aspects (Abdul-Halim et al., 2014). Partnership quality is represented by specific factors. The five factors that they have identified are: trust, benefit and risk sharing, commitment, business understanding, and conflict (Lee & Kim, 1999). It has also been pointed out that partnership quality is not only confined to the above mentioned factors, but also includes top management support (Anderson & Narus, 1990). Communication quality by itself is considered a highly influential factor on partnership quality since effective communication allows both parties to be highly informed, and thus more confident in their partnership and more willing to sustain it (Lee & Kim, 1999; Swar et al., 2012). Trust on the other hand, facilitates the ability to maintain a relationship among the service provider and client for a long time period since both members need to believe in each

other's capabilities in order to behave in manner that promotes positive outcomes (Willcocks & Choi, 1995; Lee & Kim, 1999; Swar, et al., 2012). Moreover, commitment aids in the creation of a long-term partnership and in enhancing the exchange among both parties. These kinds of partnerships must include a certain level of genuineness to guarantee sustainability which makes both trust and commitment highly influential factors on outsourcing success (Moore, 1998; Lee, 2001; Chu & Wang, 2012). Lastly, successful outsourcing is critically impacted by business understanding defined by the capability of both partners to comprehend one another's operations, business policies and procedures and behavioral goals (Hsu & Wu, 2005; Srinivasan et al., 2011).

Successful outsourcing is defined as the general advantage obtained from HR outsourcing at the level of the whole organization (Ren et al., 2010). In other terms, successful outsourcing refers to the overall satisfaction with the positive outcomes derived by the company such as producing high quality results and attaining competitive advantage (Grover et al., 1996). In effect, successful outsourcing may be determined through the viewpoint of both the business and the user (Lee & Kim, 1999; Swar et al., 2012). From the business perspective, the performance may be measured through the qualitative influence of strategic enhancement and the quantitative advancements in terms of financial returns (Abdul-Halim et al., 2014). It has also been specified that there are two key pointers of successful outsourcing which are: perceived benefits and satisfaction rate. Perceived benefits are defined as the client's opinion on the benefits attained from the service provider; whereas satisfaction incorporates the assessment of all the factors influencing the effectiveness of the partnership (Kim & Chung, 2003). A thriving partnership allows the company to reach its objectives and establish a competitive edge

that it would not have easily attained on its own (Lee & Kim, 1999). These circumstances may result in HR outsourcing whereby the business process is improved (Hsu & Wu, 2005). This in return will allow the HR department to focus its efforts on strategic tasks like employee retention, career planning, and achieving economies of scale. Research has proven a highly significant correlation among outsourcing and quality of partnership (Grover et al., 1996; Ren et al., 2010).

2.8.2 Service Quality

Service quality refers to the conforming to client needs in service delivery (Chakrabarty et al., 2008; Park et al., 2012). Services are essentially unlike physical goods; for that reason quality measurement in services is much more complicated (Bowen & Schneider, 1988; Braun et al., 2011). Services are likely to be performance related, hence quality cannot be measured based on uniform specifications (Kettinger & Lee, 1994; Abu-El Samen et al., 2013). Due to the distinct characteristics of services: heterogeneous, intangible, inseparable; quality is not easy to measure. Quality level should then be measure through a comparison among client expectation and actual performance level (Abdul-Halim et al., 2014). In their exploratory research Parasuraman, Berry, and Zeithaml (1985) examined service quality by using a series of focus group interviews with clients and managers at a number of nationally well-reputable service companies. Consequently, the SERVQUAL instrument of measurement was established as a commonly used tool to measure quality of service. When it comes to outsourcing success, studies done on the impact of service quality have shown diverse results. Outsourcing quality assessments are not solely based on partnership quality but also include a thorough evaluation of service quality. Human Resources outsourcing in particular is a

service delivered by service providers, which also includes all the characteristics of service quality previously mentioned and is assessed based on how much it meets client expectations. A study done by Abdul-Halim et al (2014) on 96 manufacturing organizations in Malaysia has proved that even though partnership quality is a strong indicator of outsourcing success, service quality plays a moderating role in the equation; i.e. as service quality increases, partnership quality increases, thus positively influencing outsourcing success. Service quality affects partnership quality for two primary reasons: First, low service quality can cause conflicts among partners due to the inability of the service provider to meet the client's needs. Conflicts occur when both partners are unable to comply with the initial agreement (Moore, 1998; Park et al., 2012). Second, low service quality might also ruin the trust between the two partners since the client will no longer consider that the service provider's behavior will lead to good outcomes for the company, hence leading to failure in outsourcing (Chakrabarty et al., 2008). It is believed that service receivers must follow certain guiding principles when choosing their service provider while the service providing firms should follow guiding principles for comprehending and reacting to the expectations of the clients so they can provide greater service quality (Grover et al., 1996).

2.9 Insights on Outsourcing in Lebanon

Motivated by a promising startup environment and a rising number of freelancers, outsourcing proved to be a growing business trend in Lebanon. In an attempt to discover where this trend could be heading in the future, Fakhry (2017) asked three Lebanese entrepreneurs for direct insight. Their answers can be summarized as follows:

- Technological advancements are drastically altering the course of global outsourcing leading to more price-competitive. These criteria are balancing the demand and supply, and changing outsourcing choices from being merely price-driven, to being experience and talent driven.

- In general, outsourcing is useful to diminish costs by employing less costly service providers and to take advantage of talent that is not easily accessible in the market. Since the Lebanese market is small, an outsourcing service business is expected to prosper, mainly if offering an added value.

- Outsourcing allows businesses to obtain the services of skilled and focused talents that are very difficult to maintain in-house on the long term. Additionally, it encourages businesses to allow internal resources to concentrate on enhancing skills that are more relevant to their industry, thus becoming a reference within the market with respect to their main areas of proficiency (Fakhry, 2017).

In an article by Sakr (2013) in the Daily Star, Lebanon was described as an outsourcing hub. The government was encouraged to look beyond labeling Lebanon as a destination for tourism and start advertising the country as hub for high value-added services. Sakr's findings include that Lebanon ought to be capable of attracting large corporate customers that were presently outsourcing functions to Eastern European countries, if the government persisted in promoting the country as a business hub more than a destination for tourism. Even though Lebanon might not be as low-priced as worldwide outsourcing giants like the Philippines and India, its highly experienced labor must be compared at the productivity level with Eastern European countries which have a significantly higher labor cost. Moreover, in spite of its competent labor force, Lebanon must work on

enhancing its business setting and infrastructure, which are also two core factors that influence the companies' decisions in their investigation and choices. According to the World Bank's 2013 Business Index, Lebanon's status rose to 111th level globally from 115th position in 2012. Nonetheless, even with this upgrade, companies still criticize the absence of regulatory modification and about the high level of corruption. Lebanon must then guide its efforts towards enhancing infrastructure and regulatory related factors given that not much can be done to ease the security issues that are the main cause of why international companies are shying away from Lebanese service providers (Sakr, 2013).

2.10 Conclusion

Researchers have demonstrated a link between service quality and partnership quality and outsourcing success. Additionally, other factors were also proven to play a role in the outcome of outsourcing such as mutual dependency, age of relationship, geographical presence, communication, and information sharing, in addition to other static, dynamic and contextual factors.

By studying the perspective of HR professionals in Lebanese companies, this research will be able to point out which among the above mentioned factors that have the biggest impact on the outcome of recruitment process outsourcing.

Chapter 3 – Procedures and Methodology

3.1 Introduction

In their research, Abdul-Halim et al. (2014) have shown that there was a strong positive relationship between trust and outsourcing success. Additionally, business understanding was shown to be a critical factor in an outsourcing arrangement due to shared responsibilities as well as profits and risks involved. Moreover, communication was also proven to be an important activity that permits smooth information flow which averts loss of time and resources, thus leading to a superior outsourcing outcome. This study also informs HR managers that business understanding should become an extension of a particular organizational work culture when they handle outsourced HR functions such as training, recruitment, employee records, and other functional tasks. In this matter, occasionally conflict and disagreement in needs may hamper outsourcing success. Consequently, understanding of roles and responsibilities of the service providers and service receivers is a crucial aspect of partnership quality that requires special managerial attention. Prior to entering a partnership, the business mission of both parties needs to be properly understood. This could be achieved through having a set of assigned goals for each specific milestone in the relationship to serve as check points.

Lepak and Snell (1998) argue that the Human Resources function will associate the role of HR as a strategic partner with the decision to outsource. Klaas et al.'s (2001) findings state that a relation among strategic HR contribution and HR outsourcing does exist. Sheehan and Cooper (2011) further extend those findings by proving that although involving HR in strategic functions may result in outsourcing some HR activities in order to better focus on fundamental tasks, the choice to outsource did not impact

organizational performance, except in small private sector organizations. Additionally, Sheehan and Cooper's research validates that smaller organizations may find it more beneficial to outsource some HR activities. Small companies can avoid the big costs of internal specialized HRM activities when outsourced functions substitute for in-house investments. On the other hand, Sheehan and Cooper's research supported Lepak and Snell's suggestion that when the Human Resources Department becomes more strategically involved, there is a greater tendency to seek out HR outsourcing. The findings however prove that this trend does not essentially enhance organizational performance except in smaller companies.

Similar to the above, this paper will focus on the factors that make companies seek out Recruitment outsourcing, and the factors that make the relationship between the Recruitment Service Provider and the client firm a success.

3.2 Selected Variables and Proposed Hypotheses

The variables to be studied have been deduced based on previous research done on similar topics. Partnership quality is defined by the following factors: business understanding, trust, age of relationship and commitment (Lee & Kim, 1999). Whereas service quality will be defined by: reliability and responsiveness (Sigala, 2004) promised services, promised service time (Grover, et al., 1996) plausibility of contract violation, risk of low morale of hire (Rajasekhar et al., 2017). In addition to the mentioned aspects, additional factors will be taken into consideration under service quality: competition from existing recruitment platforms, geographical presence and ethics.

In previous research, there have been contradicting findings on whether smaller or larger firms resort more to outsourcing. Arbaugh (2003) stated that the size of the company is a

feature that has an impact on the choice to outsource HR functions; thus this paper will examine the following hypothesis to determine whether the size of companies in Lebanon affect the decision to outsource.

H1: The need for recruitment process outsourcing varies with respect to company size.

In a study done by Andreff (2008), outsourcing was shown as a strategy used mainly by multinational firms who are seeking more efficiency, new resources and new assets. (Andreff, 2009). Based on this finding, the following hypothesis was deducted to prove whether outsourcing Recruitment does vary with respect to company scope.

H2: The need for recruitment process outsourcing varies with respect to company scope.

Previously, recruitment outsourcing was mainly seen as a service that aided firms in filling low-level positions rapidly without taking consuming the time of in-house HR employees (Gale, 2016). In the current years throughout the recession period, several companies have become more educated about the procedure of recruitment outsourcing and understand better the benefits it offers. The recruitment outsourcing market is swiftly shifting and companies nowadays are searching for a strategic partner to bring new potential to the HR-function (Cappello, 2011). Therefore, recruitment outsourcing is no longer viewed as a tool to fill only low level positions, which led to the below hypothesis to be assessed in this research.

H3: The need for RSPs varies with respect to the level of vacant positions.

Lee and Kim (1999) and Abdul-Halim et al. (2014) proved in their studies that high partnership quality involves high level of business understanding and commitment. Accordingly, this paper will attempt to excerpt relevant information to this factor, leading to the fourth and fifth hypotheses:

H4: There is a positive relationship between business understanding and partnership quality.

H5: There is a positive relationship between commitment and partnership quality.

Additionally, Rajasekhar, et al. (2017) discussed the importance of ethical conduct in recruitment outsourcing, laying ground for hypothesis 6 regarding the importance of ethical conduct in partnership quality.

H6: There is a positive relationship between ethical conduct and partnership quality.

Another interesting aspect to study is whether geographical location affects the partnership quality. To study whether the presence of the RSP in the same country as the client firm affects their partnership quality, hypothesis 7 has formulated.

H7: There is a positive relationship between geographical presence and partnership quality.

With reference to the studies of Lee and Kim (1999) and Abdul-Halim et al. (2014), high partnership quality is also influenced by high level of trust. In the case of recruitment outsourcing, based on the agreement clauses of several service providers, trust can be exhibited through: paying a retainer fee in advance to the RSP, working exclusively with one RSP, and allowing the RSP to be highly involved in the selection process. The presence of these three factors signifies that the client firm trusts the RSP; hence leading the hypotheses 8, 9, and 10.

H8: Client companies' willingness to pay retainer fees varies with respect to the level of trust they have in the RSP.

H9: Client companies' willingness to work exclusively with one RSP varies with respect to the level of trust they have in the RSP.

H10: *Client companies' willingness to fully involve the RSP in the selection process varies with respect to the level of trust they have in the RSP.*

Byham & Riddle (1999) state in their study that the major reasons why firms outsource are reducing costs and shifting focus to the core business (Byham & Riddle, 1999). Oshima et al. (2005) also stated that companies that outsourced exhibited an improvement in strategic focus. Moreover, Adler (2003) and Henneman (2005) stressed on the fact that outsourcing leads to cost saving. Accordingly, this research will attempt to extract related information to this factor, leading to hypotheses 11 and 12:

H11: *Recruitment process outsourcing success is defined by the ability of the internal HR department to focus on core functions.*

H12: *Recruitment process outsourcing success is defined by cost reduction.*

Person-job-fit is a structure that measures the compatibility among an individual's characteristics and those of the particular job they will perform. Within Person-job-fit are some sub-factors: Person-role-fit, Person-team fit, Person-organization fit and person-person fit. (Mikkelsen, 2015). This definition led to the inference of hypothesis 13 to be tested in this study. Additionally, a weak recruitment strategy costs organizations time and money by increasing turnover rate. If a candidate is misled throughout the recruitment procedure, the company runs a risk of losing them in the close future (Recruiterbox, 2018). Hence, success in recruitment also means increase in retention rate; thus leading to hypothesis 14.

H13: *Recruitment process outsourcing success is defined by finding the right person-job fit.*

H14: Recruitment process outsourcing success is defined by an increase in retention rate.

In their study, Abdul-Halim et al. (2014) proved that high abdul hali from the service provider involves high responsiveness rate and reliability level. This is also consistent with the findings of Sigala (2004), leading to the deduction of hypothesis 15 and 16 to be assessed in this study:

H15: There is a positive relationship between responsiveness rate and service quality.

H16: There is a positive relationship between reliability and service quality.

Recruitment platforms are other common sources of recruitment nowadays. Thus, this paper will aim to prove whether they are competitors to RSPs through examining hypothesis 17.

H17: RSPs face competition from external sources such as recruitment platforms.

In the research done by Lee and Kim (1999), age of relationship was proven as a determinant of partnership quality. This leads to this research paper's hypothesis number 18:

H18: The relationship between the RSP and the client improves with time.

In their study, Rajasekhar et al. (2017) discussed the risk of low morale of hire and its impact. Similarly, the reputation of the RSP can be affected by the behaviour of the candidates that they send to their clients, thus leading to the following hypothesis:

H19: The reputation of the RSP is affected by the candidates 'conduct

3.3 Philosophical Dimension and Reasoning Approach

It has been identified that "as a philosophy, positivism is in accordance with the empiricist view that knowledge stems from human experience. It has an atomistic,

ontological view of the world as comprising discrete, observable elements and events that interact in an observable, determined and regular manner" (Collins, 2010).

By being quantitative in nature, this research adheres to the core principles of the positivism philosophy, which include:

- Sciences do not distinguish among the logic of investigation.

- The aim of the research is to predict a relationship and prove it.

- Common sense is not included, and the research is free of bias.

- The study is value-free and only logic-based.

While a deductive reasoning approach is characterized by testing an existing theory, the inductive approach is mainly aimed at generating a new theory (Gabriel, 2013). Deductive approach is focused on coming up with one or more hypotheses related to an already existing notion, and then planning a research methodology to verify the chosen hypothesis (or hypotheses) (Wilson, 2013). Deductive is defined as reasoning that goes from specific to general. If a causal link or association is inferred from a certain theory, it could be correct in many cases (Gulati, 2009). As an overall rule, positivist research usually implements a deductive approach, while inductive studies are usually linked to the phenomenological approach (Crowther & Lancaster, 2008).

Since this research paper belongs to the positivist category, it will adopt a deductive reasoning approach by following these steps:

- Inferring a certain hypotheses from a theory;

- Forming hypotheses and suggesting a causal relationship among specific variables;

- Testing the hypotheses through different methods;

- Studying the result of the testing and consequently either approving or rejecting the hypotheses;

- Adjusting the theory in case the hypotheses were not verified.

That being clarified, this paper will follow a positivist deductive approach by implementing quantitative methods on primary data collected through a questionnaire distributed to HR Professionals and General Managers in companies all over Lebanon. In order to assure total objectivity and preserve this study's validity, the attained data is collected unaltered. This philosophical approach is eminent for its inclination to generalize the results of a study, hence representing the whole population in time and space while ensuring causality.

3.4 Research Strategy and Methodology

The main purpose of this research is to identify the factors that create a successful relationship among Recruitment Service Providers and client firms. In order to have a full grasp of this, the data gathered will be based on the knowledge and experience of HR Professionals and General Managers throughout firms in Lebanon, who have either resorted to outsourcing the Recruitment Function or preferred to keep the process in-house for multiple reasons.

The research methodology selected for this paper is to gather primary data through a questionnaire that comprises questions based on variables that fall under partnership quality and service quality. The questionnaire is divided into a demographics section of 8 questions of nominal nature, and Likert scale type section of 46 questions where the scale is from 1 to 5, 1 being "strongly disagree" and 5 being "strongly agree". The questionnaire was composed on the Survey Monkey platform (www.surveymonkey.com)

and distributed via social media methods to HR Professionals and General Managers in Lebanon. The HR professionals targeted were all members of a closed HR group on social media that only allows members to join after verifying their titles and workplaces. The collected responses were managed through SPSS (Statistical Package for Social Scientists). The data used in this research was collected anonymously without the mention of any names or personal details of any participant. In each quantitative study, reliability and validity are required to study the consistency level through executed measurements and to test if the employed scales essentially measure what they are aimed to. Internal consistency reliability is generally verified using Cronbach Alpha which has been extracted and revealed to be 0.860, an accepted indicator of reliability. With regards to validity, three types are applicable to this research: construct, internal and external validity. External validity signifies the level to which the outcomes of a study are applicable to the population, allowing the generalization of findings of a sample to the whole population in time and space. This research contains the perspective of HR Professionals and General Managers from companies of various industries and scopes in all Lebanese regions, signifying that it can be generalized for the Lebanese market. Alternatively, internal validity represents how much the selected independent variables are accountable for the variations recorded in the dependent variables devoid of any additional interference. With regards to this paper, the variables chosen were selected based on previous literature done on similar topics. Since the variables' relevance was statistically proven in earlier published literature and verified by this research, internal validity is thus present. As for construct validity, the level to which the suggested theory best clarifies the results of a research, since factor analysis was implemented using SPSS

program, the chosen variables were grouped by SPSS under 11 factors which were statistically proven to verify the proposed theory.

3.5 Population and Sampling Procedures

A purposive sample, also known as expert or judgmental sample, is a kind of non-probability sample. The most important goal of a purposive sample is to construct a sample that can be reasonably considered to be representative of the population. This is usually done by implementing proficient knowledge of the population to choose in a nonrandom mode a sample of participants that corresponds to a sample of the population (Lavrakas, 2008). This study applies purposive sampling targeted towards HR professionals and General Managers in Lebanese firms. The reason behind this is the fact that people in such positions are usually involved in the decision to outsource the recruitment function or have experienced working with a recruitment service provider. In order to choose a representative sample, the questionnaire was distributed to participants from companies:

- In all Governates in Lebanon: Beirut, Mount Lebanon, North, Bekaa, Akkar, South, Baalbek-Hermel, Nabatieh and South.
- Of various sizes: Less than 50 employees, 50-250 employees and more than 250 employees.
- Of all scopes: Local, Regional and Multinational.
- Of several industries: FMCG, Hospitality, Banking, Academics, Insurance, Medical, Pharmaceutical, Engineering, Legal, Distribution and Logistics, Entertainment, Automotive, Publishing, and others.
- That either outsource Recruitment or not due to multiple reasons to be assessed.

3.6 Measurement Instrument

The questionnaire is divided into 2 sections:

- A demographics section of 8 questions constituted of multiple choice questions and questions requiring dichotomy answers where a 2-scale rating matrix was used with a scoring of 1 for "yes" and 0 for "no".

- Likert scale type section of 46 questions with a 5-scale rating matrix as follows: 1 for "strongly disagree", 2 for "disagree", 3 for "neutral", 4 for "agree" and 5 for "strongly agree". These questions mainly tackled all the variables related to partnership quality, service quality and outsourcing success.

3.7 Conceptual Framework

In the research done by Lee and Kim (1999), the below conceptual framework was established (figure 1) showing the link between different factors that define partnership quality, its determinants, and its impact on outsourcing success.
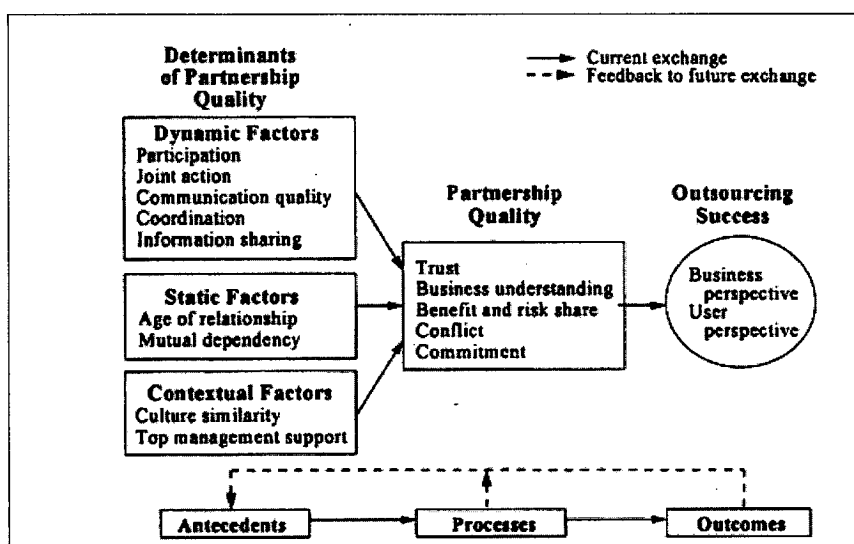
Figure 1: Research Model for Partnership Quality
Source: (Lee & Kim, 1999)

In this study, Principle Component Analysis will be used in order to group the variables under different components and establish a new conceptual framework about the factors that lead to recruitment process outsourcing success in the Lebanese market. Moreover, known to be used as a parametric test, the linear regression model will also be used for this research to determine whether the variables grouped under each component actually belong to it, and to further verify the robustness of this research.

3.8 Conclusion

This chapter has discussed the methodology design employed to study the null hypotheses. The research hypotheses, research questions, independent and dependent variable were specified and explained respecting the objective of the study. The representative sample of 206 respondents was mentioned, followed by a brief on the structured questionnaire distributed as the primary data for this research. The means used for gathering the data were detailed, i.e. Survey Monkey; followed by the indication of the software used for the analysis (Statistical Package for the Social Sciences) and analysis methods employed (reliability and validity tests, descriptive and inferential statistics) of the data. Lastly, the conceptual framework of this study was illustrated.

Having defined the research design, the following chapter elaborates the findings of the structured questionnaire.

Chapter 4 – Findings

4.1 Introduction

This chapter will present a comprehensive analysis of the structured questionnaire results of the 206 valid respondents' sample.

Cronbach's Alpha was utilized to measure the reliability of the variables and to study the internal consistency of the implemented scaling system. Bartlett's Sphericity Test and the KMO i.e Kaiser, Mayer and Olkin index were performed to test the validity of the variables and variables. Normality was tested using the Kurtosis index. The measure of sampling competence for a variable was shown on the diagonal of the anti-image correlation matrix. The fraction of each variable's variance that can be clarified by the principal components was measured through the communalities table. The component matrix was used to classify variables under a certain number of components based on correlations between the variable and the component. Additionally, Kruskal-Wallis H test was used to identify if there was a significant variation in responses based on company size and company scope. The data gathered were analyzed using descriptive and inferential statistics. Pie charts were used to describe the characteristics of the sample. Variable computations with median function and bar graphs were adopted to analyze the findings of the sub variables under the independent factors. Section 4.4 comprises a Factor Analysis which led to the grouping of all variables under 11 components to be elaborated. The components were transformed into factor scores which then underwent regression analyses elaborated in section 4.5. The software used for the analysis of the findings is SPSS (the Statistical Package for the Social Sciences) version 25.

4.2 Descriptive Statistics

A total of 206 respondents participated in filling out the questionnaire and were demographically divided as follows: With respect to gender 36.89% respondents were male and 63.11% were female (illustrated in figure 2). With respect to job title, the respondents were divided as follows: 37.86% HR Managers, 13.59% HR Officers, 11.17% Heads of Departments, 4.85% HR Generalists, 5.83% HR Specialists, 5.83% General Managers, 7.77% Recruitment Specialists and 13.11% others(illustrated in figure 3). As for years of experience, 36.41% possess 0-5 years of experience, 31.07% possess 6-10 years, 17.48% have 11-15 years and 15.05% have 15+ years of experience (illustrated in figure 4). When it comes to company industry, they were divided as follows: 4.85% in Fast Moving Consumer Goods, 9.22% in Hospitality, 6.31% in Manufacturing and Production, 10.68% in Consulting Services, 3.40% in Pharmaceutical, 4.85% in Medical, 8.25% in Banking, 2.91% in Information Technology, 1.94% in Academics, 4.85% in Engineering, 0.49% in Publishing, 1.46% in Support Services, 0.49% in Legal, 1.94% in Arts/ Media/ Entertainment, 1.46% in Automotive, 1.94% in Telecommunications and 33.01% in others(illustrated in figure 8). With respect to company size, the distribution was: 24.27% in companies with less than 50 employees, 36.41% in companies with 50-250 employees and 39.32% in companies with more than 250 employees (illustrated in figure 5). As for the company scope, 31.55% were from local companies, 35.44% from regional companies, and 33.01% from multinationals (illustrated in figure 6). When it comes to the location, the division was: 52.43% in Beirut, 39.81% in Mount Lebanon, 3.4% in North Lebanon, 1.46% in Bekaa, 0.49% in Baalbek-Hermel, 0.49% in Nabatieh, and 1.94% in South Lebanon (Figure 7). Finally,

out of the respondents, 25.24% companies outsource their recruitment function while

74.76% perform recruitment in-house (illustrated in figure 9).
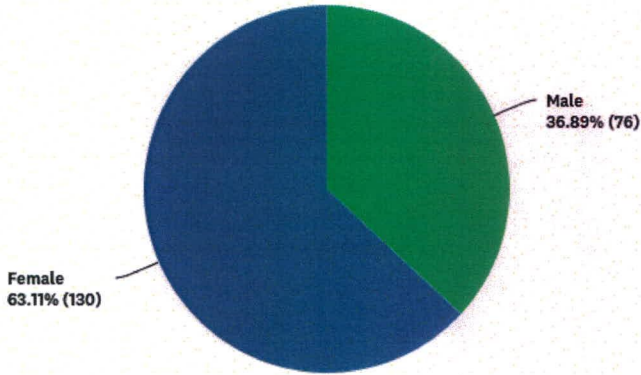
Figure 2: Gender Distribution
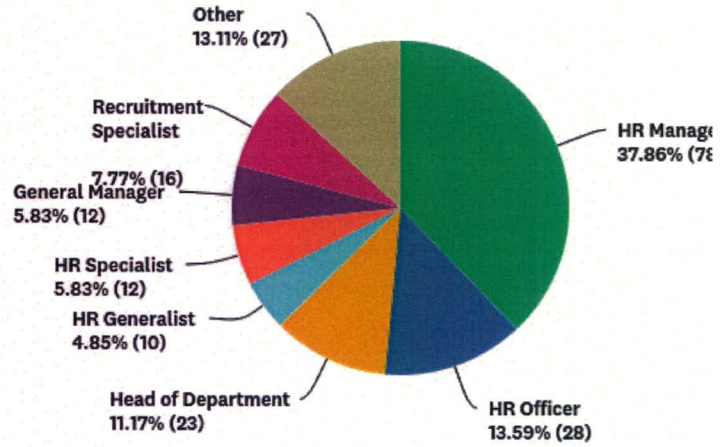
Figure 3: Job Title Distribution
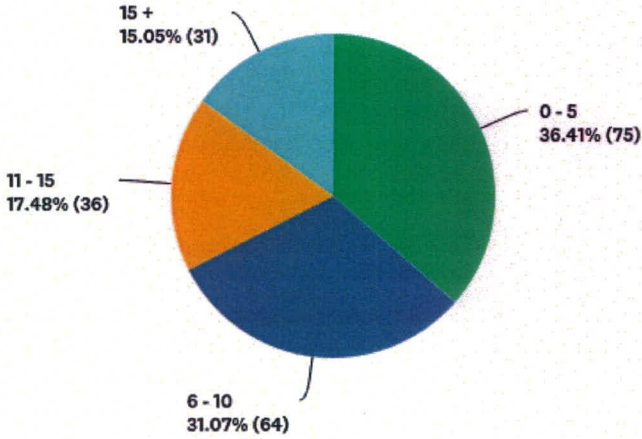
Figure 4: Years of Experience Distribution
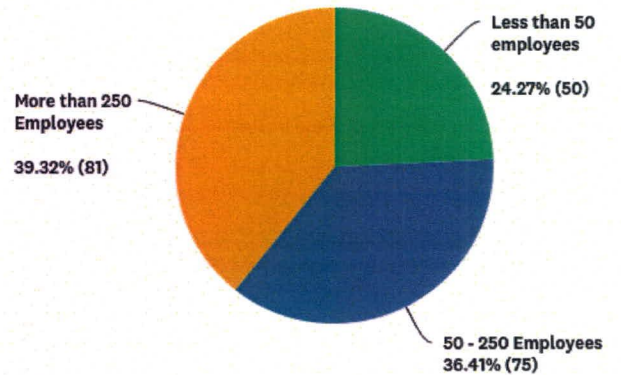
Figure 5: Company Size Distribution
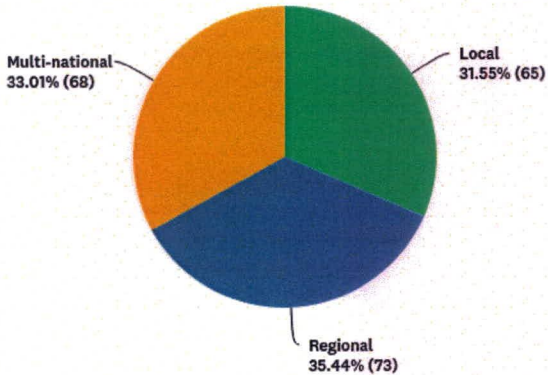
Figure 6: Company Scope Distribution
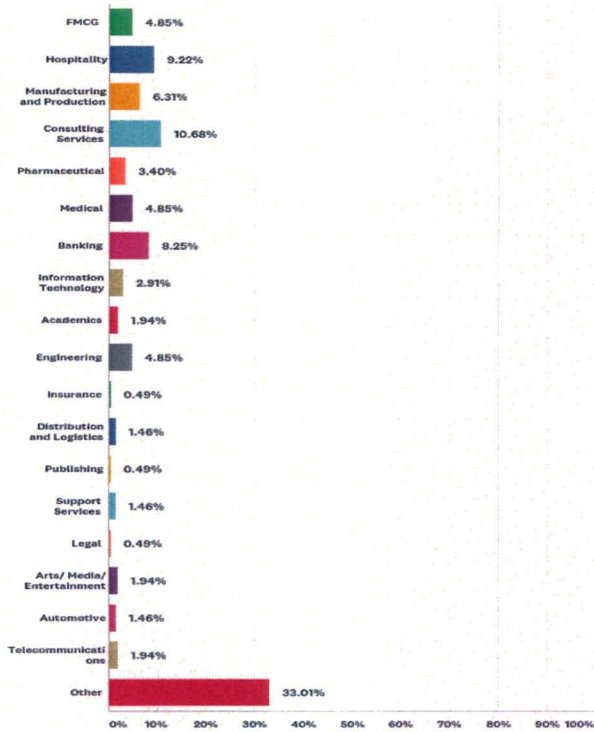
Figure 8: Company Industry Distribution
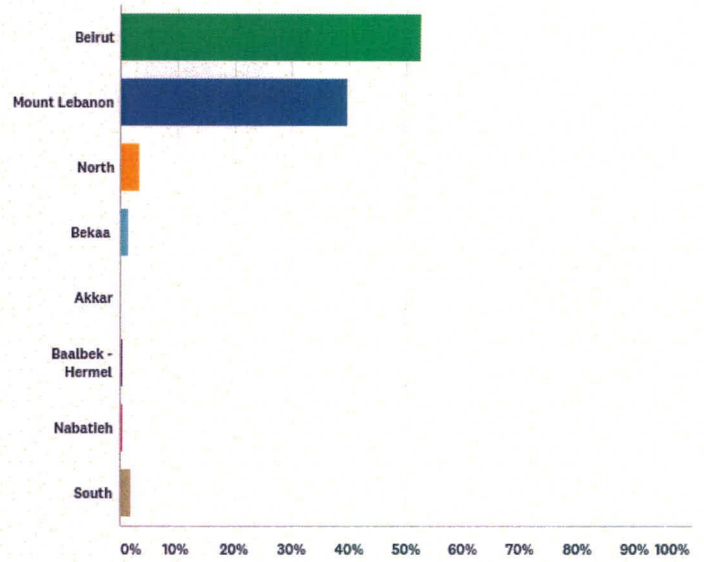
Figure 7: Company Location
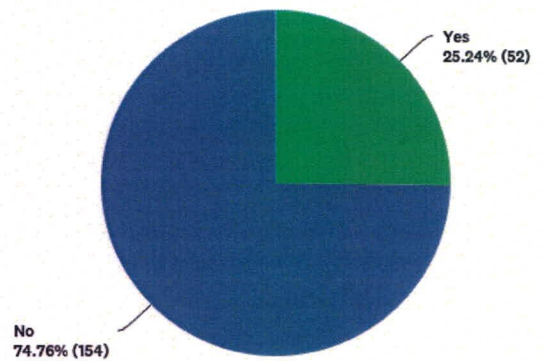
Figure 9: Outsourcing Decision

4.3 Non-Parametric Testing

The Mann-Whitney U test is a non-parametric test utilized to compare two sample means from the same population and to evaluate whether two means are alike or not. The Kruskal-Wallis H test is a nonparametric assessment that can be used to conclude if there

are statistically noteworthy variations between two or more sets of an independent variable on a dependent variable.

The Kruskal-Wallis test in this study was used to test the variation in answers on the question "Do you outsource your recruitment function?" based on company size and company scope. Kruskal-Wallis test based on company size resulted in a significance level of 0.001 which is less than 0.05, signifying that there is a statistical difference in the responses to the above question based on company size. (Table 1)

Ranks

	Company Size	N	Mean Rank
Do you outsource your Recruitment function?	Less than 50 employees	50	84.18
	50 to 250 employees	75	113.02
	More than 250 Employees	81	106.61
	Total	206	

	Do you outsource your Recruitment function?
Kruskal-Wallis H	13.045
df	2
Asymp. Sig.	.001

Table 1: Kruskal-Wallis T Test for Company Size

The second step was to perform Mann-Whitney U test within the Kruskal Wallis test to compare the difference in answers between each two company sizes. The company size groups were divided into: Group 1: Less than 50 employees, Group 2: 50-250 employees and Group 3: more than 250 employees.

When performing Mann-Whitney on Group 1 and 2, the results showed a significance

level of 0.001 proving that there is a statistical variation is responses to the question "Do

you outsource your recruitment function?" between group 1 and 2 (Table 2).

Ranks

	Company Size	N	Mean Rank	Sum of Ranks
Do you outsource your Recruitment function?	Less than 50 Employees	50	52.50	2625.00
	50 - 250 Employees	75	70.00	5250.00
	Total	125		

Test Statistics[a]

	Do you outsource your Recruitment function?
Mann-Whitney U	1350.000
Wilcoxon W	2625.000
Z	-3.433
Asymp. Sig. (2-tailed)	.001

a. Grouping Variable: Company Size

Table 2: Mann-Whitney U test for Groups 1 and 2 in Company Size

Similarly, Mann-Whitney on Group 1 and 3 was performed showing a significance level

of 0.009 proving that there is a statistical variation is responses to the above question

between groups 1 and 3 (Table 3).

Ranks

	Company Size	N	Mean Rank	Sum of Ranks
Do you outsource your Recruitment function?	Less than 50 Employees	50	57.18	2859.00
	More than 250 Employees	81	71.44	5787.00
	Total	131		

Test Statistics[a]

	Do you outsource your Recruitment function?
Mann-Whitney U	1584.000
Wilcoxon W	2859.000
Z	-2.619
Asymp. Sig. (2-tailed)	.009

a. Grouping Variable: Company Size

Table 3: Mann-Whitney U test for Groups 1 and 3 in Company Size

Conversely, upon performing Mann-Whitney on Group 2 and 3, the significance level turned out to be 0.326, confirming the null hypothesis that there is no statistical variation in answers to the question "Do you outsource your recruitment function?" between groups 2 and 3 (Table 4).

Ranks

	Company Size	N	Mean Rank	Sum of Ranks
Do you outsource your Recruitment function?	50 - 250 Employees	75	81.02	6076.50
	More than 250 Employees	81	76.17	6169.50
	Total	156		

Test Statistics[a]

	Do you outsource your Recruitment function?
Mann-Whitney U	2848.500
Wilcoxon W	6169.500
Z	-.982
Asymp. Sig. (2-tailed)	.326

a. Grouping Variable: Company Size

Table 4: Mann-Whitney U test for Groups 2 and 3 in Company Size

The findings imply that the difference in need for outsourcing varies with respect to company size, whereby the company size is divided into 2 categories instead of 3, as follows: Companies with 50 employees or less and companies with more than 50 employees. The detected results hence lead to retaining of the first hypothesis:

H1: The need for recruitment process outsourcing varies with respect to company size.

This is consistent with the findings of Klaas et al. (2001), Delmotte and Sels (2008), and Abdul Halim and Che-ha (2011).

The Kruskal-Wallis test was also used to test the variation in answers on the question "Do you outsource your recruitment function?" based on company scope which resulted in a significance level of 0.175 which is more than 0.05, signifying that there is no statistical difference in response to the "Do you outsource your recruitment function?" based on company scope (Table 5).

Ranks

	Scope of the company	N	Mean Rank
Do you outsource your Recruitment function?	Local	65	107.32
	Regional	73	95.64
	Multinational	68	108.29
	Total	206	

Test Statistics^{a,b}

	Do you outsource your Recruitment function?
Kruskal-Wallis H	3.491
df	2
Asymp. Sig.	.175

a. Kruskal Wallis Test

b. Grouping Variable: Scope of the company

Table 5: Kruskal-Wallis T Test for Company Scope

The observed results thus lead to the non-retention of the following hypothesis:

H2: *The need for recruitment process outsourcing varies with respect to company scope.*

This shows that whether the company operates locally, regionally or multi-nationally, this does not affect its choice to outsource its recruitment function.

4.4 Factor Analysis

Through the use of principle component analysis, the variables in this research were divided into factors. The research resulted in 13 factors, however, due to cross loading in several factors, rotation was necessary. Upon attempting to use all types of rotations, all the rotations failed to converge at 25 iterations, indicating an issue in one or more questions. By using trial and error, 4 questions proved to be causing a failure in convergence at 25 iterations and were thus deleted. Communalities which indicate the proportion of each variable's variance that can be explained by the factors were also examined. Two questions were deleted due to having communalities below 0.5. Upon performing all possible rotations on the remaining factors, cross loading was noticed in several factors. Seven questions which were cross loading were deleted leading to the final results represented in the tables below. The Kaiser-Meyer-Olkin (KMO) Test measures the degree to which the data is appropriate for Factor Analysis. It studies the sampling adequacy of every variable present in the model. The KMO for this study is 0.8 which is within the acceptable range (above 0.7). Bartlett's test of sphericity, which shows the validity and suitability of the responses gathered to the problem being tackled through the research was also utilized. For Factor Analysis to be recommended suitable, the Bartlett's Test of Sphericity must be less than 0.05, hence the factor analysis for this study is suitable since the significance level is below 0.05.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.800
Bartlett's Test of Sphericity	Approx. Chi-Square	2239.221
	df	561
	Sig.	.000

Table 6: KMO and Bartlett's test

	Initial	Extraction
Focus on core functions	1.000	.638
Cost Reduction	1.000	.786
Person-job fit	1.000	.664
Position level	1.000	.652
Company size	1.000	.703
Retention rate	1.000	.563
Business understanding	1.000	.592
Commitment	1.000	.528
Communication	1.000	.571
Information sharing	1.000	.575
Age of relationship	1.000	.688
Mutual dependency	1.000	.618
Company profile	1.000	.587
Accuracy	1.000	.734
Empathy	1.000	.535
Responsiveness	1.000	.742

Reliability	1.000	.684
Follow-up	1.000	.611
Mediation	1.000	.773
Negotiation	1.000	.601
Involvement	1.000	.645
Retainer Fee	1.000	.675
Percentage fees	1.000	.685
Exclusivity	1.000	.508
Working with multiple RSPs	1.000	.778
In-house competition	1.000	.643
Outside competition	1.000	.678
The company website	1.000	.759
Reputation	1.000	.678
Ethical Conduct	1.000	.655
Company image	1.000	.501
Efficiency and effectiveness	1.000	.733
Geographical presence	1.000	.709
Satisfaction	1.000	.651

Table 7: Communalities

Component

	1	2	3	4	5	6	7	8	9	10	11
Focus on core functions			.520								
Cost Reduction			.846								
Person-job fit			.662								
Position Level								.576			
Company Size								.762			
Retention Rate			.559								
Business Understanding	.663										
Commitment	.579										
Communication								.496			
Information sharing	.572										
Age of relationship							.712				
Mutual dependency							.631				
Company profile	.528										
Accuracy	.726										
Empathy	.462										
Responsiveness rate				.812							

	1	2	3	4	5	6	7	8
Reliability			.674					
Follow-up			.614					
Mediation					.787			
Negotiation					.632			
Involvement		.583						
Retainer Fees		.752						
Annual Fees		.779						
Exclusivity		.575						
Working with multiple RSPs						.858		
In-house Competition						.679		
Outside competition				.761				
Company website				.845				
Candidate's Conduct							.777	
Ethical conduct	.484							
Company Image							.432	
Local Presence								.827
Geographical presence	.453							

Performance level	.619			

Table 8: Rotated Component Matrix Using Varimax Rotation

The communalities correspond to the proportion of every variable's variance that can be explained by the factors. They specify the common variance shared by factors with given variables. With reference to table 7, the communalities for the all the variables are above 0.5, indicating that a high proportion of the variables' variance can be explained by the factors.

As for the rotated component matrix represented in table 8, the results show that the variables were grouped into 11 Factors.

Factor 1 containing: Business understanding, Commitment, Information Sharing, Reputation, Accuracy, Empathy, Ethical Standards, Geographical presence and Performance level. This component will be defined as partnership quality, since it contains most of the variables falling under the definition of partnership quality based on previous research.

Factor 2 containing: Involvement, Retainer Fees, Annual Fees, and Exclusivity. This factor will be defined as Trust due to the fact that the 4 factors signify that the client firm trusts the RSP through: allowing them to fully involved in the selection process, providing them payments in advance, and working exclusively with one RSP.

Factor 3 containing: Ability to focus on core functions, Cost reduction, Person-Job fit, and Retention rate. These 4 factors fall under the definition of Recruitment Process Outsourcing Success. Ability to focus on core functions and Cost reduction were listed in previous research as areas that define outsourcing success, whereas person-job fit and retention rate are factors that define success in recruitment outsourcing specifically.

Factor 4 containing: Responsiveness, Reliability, and Follow-up, all of which are under the umbrella of Service Quality.

Factor 5 containing: Competition from Recruitment platforms, as well as competition from the company website both of which define the competition that the RSP faces.

Factor 6 containing: Mediation and Negotiation meaning that the recruitment service provider must act as a mediator and conduct the negotiation process with the candidate until the point of hiring. This component will be defined as mutual benefit since the role of the RSP as a mediator and negotiator is to reach a mutual agreement between themselves, the candidate, and the clients.

Factor 7 containing: Company size, Position Level and Communication quality. These 3 factors all lead to a variation the need for RSPs, meaning that the need for RSPs varies with respect to company size, position level, and the quality of communication between the RSP and client.

Factor 8 containing: Working with multiple RSPs and competition from the in-house HR department. Both of these variable lead to a hindrance in reaching successful results. This means that working with several RSPs and allowing the in-house HR department to act as a competitor to the RSP will obstruct successful recruitment results.

Factor 9 containing: Age of Relationship and Mutual Dependency both of which fall under "Static Factors" based on the Research Model for Partnership Quality by Lee and Kim in 1999. These 2 variables both affect the relationship quality between the RSP and the client, signifying that the age of relationship and mutual dependency are positively proportional to relationship quality.

Factor 10 containing: Candidate's Conduct and the Company image, both indicating the influence on the reputation of the RSP caused by the conduct of the candidates sent and the image that the clients previously have about them

Factor 11 defined as Efficiency contains one factor which is local presence. This indicates that RSPs who are present in the same country as the client provide more efficient services.

In order to further validate whether these variable fit under each factor, regression analysis was conducted using each factor score as a dependent variable, and the variables under it as independent variables. The results are represented in the next section.

4.5 Regression Analysis: Testing the Factor Scores

4.5.1 Regression Analysis: Factor Score 1

The first regression analysis was conducted on factor score 1, to verify whether partnership quality can actually be defined by: Business understanding, Commitment, Information Sharing, Reputation, Accuracy, Empathy, Ethical Standards, Geographical presence and Performance level. The results are demonstrated in tables 9 and 10 below.

Mode l	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
					Change Statistics					
1	.944a	.892	.887	.33668354	.892	179.163	9	196	.000	2.120

Table 9: Model Summary for Factor Score 1: Partnership Quality

Table 9 displays that R (the correlation coefficient) is equal to 0.944, suggesting the presence of a highly significant and linear correlation among the dependent and independent variables of this study. While R-squared (R^2), the coefficient of determination, which indicates the degree to which independent variables cause the

variations in dependent variable, is equivalent to 0.892, demonstrating that the used variables explain 89.2% of the variations in the dependent variable, Partnership Quality. Similarly, adjusted R-squared, which calculates R squared only for variables whose presence in the model is significant, indicated 0.887, thus proving that the addition of extra variables to the equation will not offer additional explanation for the variation in the dependent variable. The Durbin-Watson test for auto-correlation indicates whether a variable is correlated to itself back in time. In this study, the DW test resulted in a value of 2.120, indicating that the dependent variable is not auto-correlated to itself in time, where the tolerance area for this test is between 1.8 and 2.2. The results of R^2 and adjusted R^2 and Durbin-Watson test then confirm the robustness of this model thus implying that these variables do represent partnership quality.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-8.623	.227		-37.974	.000		
	Business Understanding	.416	.045	.264	9.177	.000	.667	1.498
	Commitment	.243	.036	.186	6.812	.000	.738	1.355
	Information sharing	.173	.041	.125	4.260	.000	.642	1.558
	Reputation	-.065	.036	-.049	-1.783	.076	.747	1.339
	Accuracy	.404	.052	.266	7.796	.000	.475	2.106
	Empathy	.012	.040	.009	.298	.766	.664	1.506

	.145	.038	.106	3.816	.000	.721	1.388
Ethical Conduct	.145	.038	.106	3.816	.000	.721	1.388
Geographical presence	.275	.030	.225	9.101	.000	.904	1.106
Performance Level	.451	.041	.303	10.952	.000	.723	1.383

Table 10: Coefficients of Regression for Partnership Quality

However, based on table 10, the significance value of the variables "Empathy" and "Reputation" proved to be higher than 0.05, indicating that these variables do not significantly influence the variation in "Partnership Quality" and must then be removed. Upon the removal of the variable with the highest significant level which is "empathy", the significance value of "reputation" remained higher than 0.05. Therefore, both insignificant variables were deleted; the results are represented in table 11.

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-8.669	.224		-38.771	.000
	Business Understanding	.403	.045	.256	9.038	.000
	Commitment	.239	.036	.184	6.719	.000
	Information sharing	.178	.040	.128	4.405	.000
	Accuracy	.388	.048	.255	8.093	.000
	Ethical Conduct	.137	.038	.100	3.626	.000
	Geographical presence	.273	.030	.224	9.028	.000
	Performance Level	.451	.041	.303	11.003	.000

Table 11: Coefficients of Regression for Partnership Quality significant variables

This results in Partnership Quality being defined by 7 variables which are ranked as follows:

1. Performance Level: β_1=0.451

2. Business Understanding: β_2=0.403

3. Accuracy: β_3=0.388

4. Geographical Presence: β_4=0.273

5. Commitment: β_5=0.239

6. Information Sharing: β_6=0.178

7. Ethical Conduct: β_7=0.137

This shows that partnership quality is most highly influenced by the performance level of the RSP, signifying that the better the performance level, the better the partnership quality. Business understanding is the second ranking influential variable leading to a variation in partnership quality. This leads to the retention of the following hypotheses:

H4: There is a positive relationship between business understanding and partnership quality.

H5: There is a positive relationship between commitment and partnership quality.

H6: There is a positive relationship between ethical conduct and partnership quality.

H7: There is a positive relationship between geographical presence and partnership quality.

This is consistent with the findings of Lee and Kim (1999) which proved that variation in business understanding leads to variation in partnership quality. Accuracy is the third factor leading a variation in the level of partnership quality. This implies that the RSP's accurate delivery with respect to time, quality and quantity also enhances the partnership

This signifies that the RSP's service quality increases with the increase in the quality of responsiveness, reliability and follow -up. Based on previous literature, only responsiveness was mentioned as a factor influencing service quality by Sigala (2004).

The fifth factor was defined as "competition" which was proven to be influenced by "company website" and Recruitment platforms, signifying that the RSP's biggest competitors are the company's own website as well as Recruitment platforms.

The sixth factor was defined as "Mutual Benefit" which was proven to vary with respect to mediation and negotiation. This signifies that the RSP must act as a mediator between the candidate and the client company throughout the whole process in order to ensure the mutual benefits of all parties. Additionally, the RSP should play a role in the negotiation between the candidate and the client company in order to present the best possible job offer that suits all parties.

The seventh factor was defined as the "Need for RSPs" which was proven to vary with respect to company size, communication quality and position level. This leads to the re-verification of hypothesis 1 in addition to proving that the need for RSPs increases as the level of the vacant position increases, and thus verifying the third hypothesis:

H3: *The need for RSPs varies with respect to the level of vacant positions*

This shows that a company's need for recruitment services increases as the level of its vacant positions increases, signifying that headhunting companies are most useful in filling key positions within the company.

The eighth factor was defined as "Obstacles to Success" which was proven to vary due to working with multiple RSPs and competition from in-house department. This signifies that if the client decides to work with several RSPs, this will hinder successful results.

Mode l	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.934ª	.872	.871	.35936242	.872	692.204	2	203	.000	1.901

Table 24: Model Summary for Factor Score 8: Obstacles to Success

Table 24 demonstrates that R is equivalent to 0.934. While R^2 resulted in 0.872, indicating that the used independent variables justify 87.2% of the variations in the dependent variable, "Obstacles to Success". Also, adjusted R^2 is equal to 0.871 and DW test resulted in a value of 1.901. The results then confirm the robustness of this model hence specifying that these variables do represent obstacles to success.

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	-3.545	.102		-34.813	.000		
Working with multiple RSPs	.642	.026	.683	24.944	.000	.841	1.189
Competition from In-house Department	.406	.026	.421	15.381	.000	.841	1.189

Table 25: Coefficients for Factor Score 8: Obstacles to Success

Based on table 25, the 2 independent variables have significance below 0.05 indicating that they significantly influence the variation in "Obstacles to Success". This results in "obstacles to success" being affected by 2 variables which are ranked as follows:

1. Working with multiple RSPs: β_1=0.642

2. Competition from In-house Department: β_2=0.406

The highest ranking variable affecting "Obstacles to Success" is "Working with Multiple RSPs" signifying that is the client decides to work with several RSPs, this will hinder successful results. The second ranking variable is "Competition from In-house Department", meaning that if the client's in-house HR department decides to compete with the RSP, this will also hinder successful results.

4.5.9 Regression Analysis: Factor Score 9

The ninth regression analysis was conducted on factor score 9, to verify whether Relationship Quality is affected by: Mutual Dependency and Age of Relationship. The results are demonstrated in tables 26 and 27 below.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.726a	.527	.523	.69098429	.527	113.178	2	203	.000	2.177

Table 26: Model Summary for Factor Score 9: Relationship Quality

Table 26 demonstrates that R is equal to 0.726. While R^2 resulted in 0.527, indicating that the used independent variables explain 52.7% of the variations in the dependent variable, Relationship Quality. Additionally, R^2 is equivalent to 0.523 and DW test resulted in a value of 2.177. The results then validate the robustness of this model thus showing that these variables do represent Relationship Quality.

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	-4.329	.292		-14.828	.000		
Age of relationship	.575	.074	.430	7.762	.000	.759	1.318
Mutual dependency	.553	.075	.411	7.413	.000	.759	1.318

Table 27: Coefficients for Factor Score 9: Relationship Quality

Based on table 27, the 2 independent variables have significance below 0.05 indicating that they significantly influence the variation in Relationship Quality. This results in Relationship Quality being defined by 2 variables which are ranked as follows:

1. Age of Relationship: β_1=0.575

2. Mutual Dependency: β_2=0.553

This leads to the retention of the hypothesis:

H18: The relationship between the RSP and the client improves with time.

In the model of Lee and Kim, Age of Relationship and Mutual Dependency are grouped as static factors that are determinants of Partnership Quality. However, in this model, they are grouped together as factors that significantly influence relationship quality. The difference between the coefficients of both variables is slight, meaning that they both influence relationship quality almost equally.

4.5.10 Regression Analysis: Factor Score 10

The tenth regression analysis was conducted on factor score 10, to verify whether Reputation is affected by: Candidates' Conduct and Company Image. The results are demonstrated in tables 28 and 29 below.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.868ª	.753	.751	.49923651	.753	309.755	2	203	.000	2.079

Table 28: Model Summary for Factor Score 10: Reputation

Table 28 demonstrates that R is equivalent to 0.868. While R^2 resulted in 0.753, indicating that the used independent variables explain 75.3% of the deviations in the dependent variable, Reputation. Additionally, adjusted R^2 specified 0.751 and DW test resulted in a value of 2.079. The results then confirm the robustness of this model consequently indicating that these variables do represent Reputation.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-4.564	.209		-21.874	.000		
	Candidates' Conduct	.781	.037	.741	20.959	.000	.971	1.029
	Company Image	.455	.047	.343	9.690	.000	.971	1.029

Table 29: Coefficients for Factor Score 10: Reputation

Based on table 29, the 2 independent variables have significance below 0.05 indicating that they significantly influence the variation in Reputation. This results in Reputation being defined by 2 variables which are ranked as follows:

1. Candidates' Conduct: β_1=0.781

2. Company Image: β_2=0.455

The highest ranking variable influencing the RSP's reputation is "Candidates' Conduct" meaning that the reputation of the RSP is highly affected by the conduct of the candidates that they select. Candidates' misconduct such as: backing out after signing an employment contract, breaching the employment contract, missing interviews without calling, falsifying information on resume and others, negatively impact the reputation of the RSP. The second ranking variable is "Company Image" signifying that the brand image that the clients have about the RSP will highly impact the reputation of the RSP. The following hypothesis is therefore retained:

H19: The reputation of the RSP is affected by the candidates 'conduct

This shows that the reputation of the RSP is highly affected by the conduct of the candidates they send. Examples of bad conduct can include: missing an interview without calling, negative behaviour during interviews, not showing up on the first day of work, etc. Candidates exhibiting such behaviour make client firms suspicious about the filtering process of the RSP.

4.5.11 Regression Analysis: Factor Score 11

The eleventh regression analysis was conducted on factor score 11, to verify whether Efficiency is affected by: Local Presence. The results are demonstrated in tables 30 and 31 below.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.835ᵃ	.696	.695	.55227256	.696	468.120	1	204	.000	1.980

Table 29: Model Summary for Factor Score 11: Efficiency

Table 30 demonstrates that R is equivalent to 0.835. While R^2 resulted in 0.696, indicating that the used independent variables explain 69.6% of the deviations in the dependent variable, Efficiency. Moreover, adjusted R^2 is equivalent to 0.695 and DW test resulted in a value of 1.980. The results then confirm the robustness of this model consequently indicating that these variables do represent Efficiency.

| | Unstandardized Coefficients | | Standardized Coefficients | | | Collinearity Statistics | |
Model	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	-2.310	.113		-20.354	.000		
Local Presence	.842	.039	.835	21.636	.000	1.000	1.000

Table 30: Coefficients for Factor Score 11: Efficiency

Based on table 31, the 2 independent variable has significance below 0.05 indicating that it significantly influences the variation in Efficiency. This results in Efficiency being defined by 1 variable as follows:

1. Local Presence: β_1=0.842

The results prove that local presence highly influences the efficiency of the RSPs functions meaning that local RSPs are more efficient when operating in the same country as opposed to operating in several countries.

4.5.12 Multicollinearity Tests

Multicollinearity can be assessed by examining tolerance and the Variance Inflation Factor (VIF). Tolerance is a determinant of collinearity where the variable's tolerance is $1-R^2$. A small tolerance value implies that the variable under study is an almost ideal linear combination of the independent variables already in the equation. Moreover, The Variance Inflation Factor (VIF) measures the effect of collinearity between the variables in a regression model. The Variance Inflation Factor (VIF) is 1/Tolerance and is always greater than or equal to 1. Measures of VIF that surpass 10 are regarded as demonstrating multicollinearity.

In the 11 regression analyses conducted in this paper, the nonexistence of multi-collinearity between the variables was verified since all tolerance levels resulted in values higher than 0.2 and all VIF resulted in values less than 10.

4.6 Conclusion

The examination and interpretation of the gathered data using descriptive and inferential statistical analysis demonstrated that there are 11 factors that play a role in the decision to outsource the recruitment functions within Lebanese firms.

First, when it comes to the partnership quality between the RSP and the client firm, 4 major variables were proven to have the highest impact on partnership quality: business understanding, commitment, ethical conduct and geographical presence. This shows that in an ideal partnership, the RSP must have a very clear understanding of the business process of its client. Additionally, it must be familiar with the local market, highly committed to the partnership, and ethically correct.

Trust was also proven to be a major role player in Recruitment outsourcing. This research has shown that the more the client firm trusts the RSP, the more it is willing to: pay in advance, work exclusively with one RSP and involve the RSP in its selection process.

When it comes to measuring the success of the Recruitment process outsourcing, four reliable measures were proven in this study, which are: cost reduction, person-job fit, retention rate, and ability to focus on core functions. This means that when client firm resorts to an RSP, the expectations should include a reduction in recruitment costs, an ideal fit between the recruit's KSAOs and the job requirements, a higher employee retention rate, as well as the ability of the internal HR department to focus on more strategic HR functions.

On the other hand, the RSP's service quality was proven in this research to be measured by responsiveness rate and reliability, meaning that the RSP should be highly responsive to specific demands from clients and should have a proven record to success to be considered reliable.

Another aspect to be considered is the age of the relationship between the RSP and its clients. This research has determined that the relationship between the 2 parties does improve as time passes.

Similar to other service industries, RSPs do face competition in the market. Based on this paper, the RSPs main competitors are Recruitment platforms.

In conclusion, this paper has shown that the decision to outsource the recruitment function in Lebanese firms varies with respect to the size of the company and the level of the vacant positions. Once the agreement has been made between the RSP and its client, several factors could impact the progression of this partnership and should thus be taken into consideration.

Chapter 5 - Conclusion and Recommendations

5.1 Introduction

Following the study of Lee and Kim (1999) and the research of Abdul Halim et al. (2014), a questionnaire was prepared and a refined sample of 206 respondents was adopted for analysis.

Chapter 5 will draw the conclusions based on the analysis of the results of the hypotheses which will be compared to the previous literature and existing theories.

The scope and limitations of the research will be discussed leading to the managerial implications. Finally, recommendations drawn from this research will be reported.

5.2 Main Findings

In order to verify all the formulated hypotheses, the utilization of non-parametric testing, principle component analysis, and linear regression is required.

Through non-parametric testing (Mann-Whitney U and Kruskal Wallis H), this study was able to prove that the difference in need for outsourcing varies with respect to company size, whereby the company size is divided into 2 categories as follows: Companies with 50 employees or less and companies with more than 50 employees. This led to the retention of hypothesis 1: *The need for recruitment process outsourcing varies with respect to company size.* This is consistent with the findings of Klaas et al. (2001), Delmotte and Sels (2008), and Abdul Halim and Che-ha (2011) who were able to prove that larger organizations seek to outsource HR functions more than smaller ones.

Principle component analysis resulted in 11 factors that were proven to impact the partnership between the RSP and the client firm. Each factor was then used as a dependent variable in linear regression, and the factors that fall under it were used as

independent variables. This was done to verify that the variables were correctly grouped under each factor.

The first factor which was defined as "partnership quality" was proven to vary with respect to: performance level, business understanding, accuracy, geographical presence, commitment, information sharing and ethical conduct. This led to the retention of these 4 hypotheses:

H4: There is a positive relationship between business understanding and partnership quality.

H5: There is a positive relationship between commitment and partnership quality.

H6: There is a positive relationship between ethical conduct and partnership quality.

H7: There is a positive relationship between geographical presence and partnership quality.

This is consistent with the findings of Lee and Kim (1999) which proved that variation in business understanding and commitment leads to variation in partnership quality. As for Commitment, it plays a role in partnership quality, showing that the higher the level of commitment, the better the partnership quality. This is also consistent with the findings of Lee and Kim (1999). Information sharing and ethical conduct were both proven to be directly proportional to partnership quality. However, in this model, "Information Sharing" directly influences partnership quality, whereas in the model of Lee and Kim (1999), "Information Sharing" fell under "Dynamic Factors" which is a determinant of partnership quality.

The second factor was defined as "Trust" and was proven to vary with respect to: annual fees, retainer fees, exclusivity, and involvement. This signifies that when the client firm trusts the RSP, it is willing to:

- Pay the RSP a sum of money at the beginning of every year on condition that the RSP will provide as many recruits as needed throughout the year;

- Pay a retainer fee in advance upon the signature of the agreement with the RSP;

- Work exclusively with one RSP;

- Allow the RSP to be involved in writing job descriptions, specifying the salary scale, and other related tasks.

The following hypotheses were thus retained:

H8: Client companies' willingness to pay retainer fees varies with respect to the level of trust they have in the RSP.

H9: Client companies' willingness to work exclusively with one RSP varies with respect to the level of trust they have in the RSP.

H10: Client companies' willingness to fully involve the RSP in the selection process varies with respect to the level of trust they have in the RSP.

Hence, contrary to the findings of Lee and Kim (1999), where Trust falls under partnership quality, in this research, trust is a factor on its own influenced by several variables. This is mainly due to the fact that the Lebanese market is small, and many people rely on word of mouth when choosing business partners. Therefore, trust plays a key factor in identifying who to partner with, especially when confidential information is being shared.

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The third factor was defined as "Recruitment Outsourcing Success" which was proven to be influenced by: cost reduction, person-job fit, retention rate and ability to focus on core functions.

The following hypotheses were thus retained:

H11: Recruitment process outsourcing success is defined by the ability of the internal HR department to focus on core functions.

H12: Recruitment process outsourcing success is defined by cost reduction.

H13: Recruitment process outsourcing success is defined by finding the right person-job fit.

H14: Recruitment process outsourcing success is defined by an increase in retention rate.

Cost reduction was mentioned as a benefit of outsourcing in several previous studies such as that done by Adler (2003), Henneman (2005) and Oshima et al. (2005). Person-job fit signifies that most clients define success as the ability of the RSP to find the person with the knowledge, skills and abilities that fit the exact requirement of the role. Whereas the variable "retention rate" shows that clients believe that an increase in employee retention rate implies success in recruitment outsourcing. Finally, the ability of the HR department to focus more on core functions was also mentioned as a benefit of outsourcing in several previous studies such as Alexander and Young (1996), Lepak and Snell (1998), Byham and Riddle (1999), McIvor (2005), Cooke et al (2005), Kremic et al (2006) and Belcourt (2006).

The fourth factor is defined as "Service Quality" which was proven to vary with respect to: responsiveness, reliability and follow-up.

quality with the client. Geographical presence impacts partnership quality as well, meaning that the closer the RSP is to the client firm geographically, the better the partnership quality. As for Commitment, it plays a role in partnership quality, showing that the higher the level of commitment, the better the partnership quality. This is also consistent with the findings of Lee and Kim (1999). The last 2 ranking variables are information sharing and ethical conduct which are both directly proportional to partnership quality. In this model, Information Sharing directly influences partnership quality, whereas in the model of Lee and Kim (1999), Information Sharing falls under Dynamic Factors which is a determinant of partnership quality.

4.5.2 Regression Analysis: Factor Score 2

The second regression analysis was conducted on factor score 2, to verify whether Trust can actually be defined by: Involvement, Retainer Fees, Annual Fees, and Exclusivity. The results are demonstrated in tables 12 and 13 below.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
						Change Statistics				
1	.934ª	.872	.869	.36197459	.872	340.895	4	201	.000	1.650

Table 12: Model Summary for Factor Score 2: Trust

Table 12 demonstrates that R is equivalent to 0.934. While R-squared (R^2) resulted in 0.872, suggesting that the used independent variables explain 87.2% of the changes in the dependent variable, Trust. Similarly, adjusted R-squared indicated 0.869. In this study, the DW test resulted in a value of 1.650. Since Durbin-Watson is faintly below 1.8, this indicates that the dependent variable is slightly auto-correlated to itself in time.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-3.784	.115		-33.034	.000		
Involvement	.187	.027	.205	6.943	.000	.736	1.359
Retainer Fees	.359	.028	.386	12.692	.000	.693	1.444
Annual Fees	.430	.028	.458	15.596	.000	.740	1.351
Exclusivity	.203	.031	.190	6.534	.000	.758	1.319

Table 13: Coefficients for Factor Score 2: Trust

Based on table 13, the 4 independent variables have significance below 0.05 indicating that they significantly influence the variation in Trust. This results in Trust being defined by 4 variables which are ranked as follows:

1. Annual Fees: $\beta_1 = 0.430$

2. Retainer Fees: $\beta_2 = 0.359$

3. Exclusivity: $\beta_3 = 0.203$

4. Involvement: $\beta_4 = 0.187$

The above can be explained by the fact that these 4 variables are directly proportional to trust, meaning that the more a client firm trusts the Recruitment service provider, the more they are willing to do the following:

- To pay the RSP a sum of money at the beginning of every year on condition that the RSP will provide as many recruits as needed throughout the year;

- To pay a retainer fee in advance upon the signature of the agreement with the RSP;

- To work exclusively with one RSP;

- To allow the RSP to be involved in writing job descriptions, specifying the salary scale, and other related tasks.

This results in the retention of the following hypotheses:

H8: Client companies' willingness to pay retainer fees varies with respect to the level of trust they have in the RSP.

H9: Client companies' willingness to work exclusively with one RSP varies with respect to the level of trust they have in the RSP.

H10: Client companies' willingness to fully involve the RSP in the selection process varies with respect to the level of trust they have in the RSP.

Hence, contrary to the findings of Lee and Kim, where Trust falls under partnership quality, in this research, trust is a factor on its own influenced by several variables.

4.5.3 Regression Analysis: Factor Score 3

The third regression analysis was conducted on factor score 3, to verify whether Recruitment Outsourcing Success can actually be defined by: Person-job Fit, Cost Reduction, Ability to focus on core functions, and Retention Rate. The results are demonstrated in tables 14 and 15 below.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.941[a]	.885	.882	.34315061	.885	384.986	4	201	.000	2.055

Table 14: Model Summary for Factor Score 3: Recruitment Outsourcing Success

Table 14 demonstrates that R (correlation coefficient) is equivalent to 0.941. Whereas R^2) resulted in 0.885, proving that the used metric variables justify 88.5% of the variations in

the dependent variable, Recruitment Outsourcing Success. Correspondingly, adjusted R^2 indicated 0.882. In this regression analysis, the DW test resulted in a value of 2.055.. The results then confirm the robustness of this model therefore indicating that these variables do represent Recruitment Outsourcing Success.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-3.858	.119		-32.467	.000		
Ability to focus on core functions	.125	.026	.133	4.780	.000	.743	1.346
Cost Reduction	.682	.031	.611	22.082	.000	.751	1.332
Person-job fit	.280	.030	.268	9.263	.000	.686	1.458
Retention Rate	.234	.029	.212	7.951	.000	.810	1.235

Table 15: Coefficients for Factor Score 3: Recruitment Outsourcing Success

Based on table 15, the 4 independent variables have significance levels below 0.05 indicating that they significantly influence the variation in Recruitment Outsourcing Success. This results in Recruitment Outsourcing Success being defined by 4 variables which are ranked as follows:

1. Cost Reduction: β_1=0.682
2. Person-fit Fit: β_2=0.280
3. Retention Rate: β_3=0.234
4. Ability to Focus on Core Functions: β_4=0. 125

Based on the above, the following hypotheses are thus retained:

H11: Recruitment process outsourcing success is defined by the ability of the internal HR department to focus on core functions.

H12: Recruitment process outsourcing success is defined by cost reduction.

H13: Recruitment process outsourcing success is defined by finding the right person-job fit.

H14: Recruitment process outsourcing success is defined by an increase in retention rate.

Cost reduction is the highest ranking variable influencing recruitment outsourcing success with a beta equivalent to 0.682, meaning that one of the most important aspects to clients is the ability to reduce cost by outsourcing the recruitment function. Cost reduction was mentioned as a benefit of outsourcing in several previous studies such as that done by Adler (2003), Henneman (2005) and Oshima et al. (2005). Person-job fit is the second ranking variable, meaning that most clients define success at the ability of the RSP to find the person with the knowledge, skills and abilities that fit the exact requirement of the role. The third variable is retention rate, signifying that clients believe that an increase in employee retention rate implies success in recruitment outsourcing. And finally, success is also influenced by the ability of the HR department to focus more on core functions once the company resorts to outsourcing recruitment. This was also mentioned as a benefit of outsourcing in several previous studies such as Alexander and Young (1996), Lepak and Snell (1998), Byham and Riddle (1999), McIvor (2005), Cooke et al (2005), Kremic et al (2006) and Belcourt (2006).

4.5.4 Regression Analysis: Factor Score 4

The fourth regression analysis was conducted on factor score 4, to verify whether Service Quality can actually be defined by: Responsiveness, Reliability and Follow up. The results are demonstrated in tables 16 and 17 below.

Model Summary[b]

Mode l	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.909[a]	.827	.824	.41941352	.827	321.128	3	202	.000	2.056

Table 16: Model Summary for Factor Score 4: Service Quality

Table 16 demonstrates that R is equal to 0.909. Whereas R^2 resulted in 0.827, indicating that the used variables justify 82.7% of the changes in the dependent variable, Service Quality. Also, adjusted R^2 indicated 0.824. In this analysis, the DW test resulted in a value of 2.056. The results then validate the strength of this model thus specifying that these variables do represent Service Quality.

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-6.011	.212		-28.399	.000		
	Responsiveness	.740	.040	.611	18.538	.000	.789	1.267
	Reliability	.432	.051	.305	8.452	.000	.659	1.517
	Follow-up	.300	.052	.204	5.737	.000	.679	1.473

Table 17: Coefficients for Factor Score 4: Service Quality

Based on table 17, the 3 independent variables have significance below 0.05 indicating that they significantly influence the variation in Service Quality. This results in Service Quality being defined by 3 variables which are ranked as follows:

1. Responsiveness: β_1=0.740
2. Reliability: β_2=0.432
3. Follow-up: β_3=0.300

The highest ranking factor influencing service quality was found to be responsiveness, meaning that the faster the responsiveness rate of the RSP, the better the service quality. Based on previous literature, responsiveness was also mentioned as a factor influencing service quality by Sigala (2004). Reliability is the second ranking variable influencing the change the service quality. This means that the better the RSP knows the market, the better they are capable of providing advisory services with regards to salary scales, job titles, job descriptions, and other areas. Finally, follow up ranked as the third most impactful variable on service quality. This signifies that RSPs that regularly conduct follow up throughout the recruitment process and after, provide a better service quality.

4.5.5 Regression Analysis: Factor Score 5

The fifth regression analysis was conducted on factor score 5, to verify whether Competition is affected by: Recruitment Platformsand the Company Website. The results are demonstrated in tables 18 and 19 below.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.908ª	.825	.823	.42067356	.825	477.707	2	203	.000	2.144

Table 18: Model Summary for Factor Score 5: Competition

Table 18 demonstrates that R is equivalent to 0.908. Whereas R^2 is equal to 0.825, indicating that the used independent variables justify 82.5% of the variations in the dependent variable, Competition. Adjusted R^2 designated 0.823. The DW test resulted in a value of 2.144. The results of R^2 and adjusted R^2 and Durbin-Watson test then validate the robustness of this model thus indicating that these variables do represent Competition.

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	-2.691	.092		-29.250	.000		
Recruitment Platforms	.369	.032	.416	11.500	.000	.660	1.516
The company website	.649	.039	.600	16.596	.000	.660	1.516

Table 19: Coefficients for Factor Score 5: Competition

Based on table 19, the 2 independent variables have significance below 0.05 indicating that they significantly influence the variation in Competition. This results in Competition being defined by 2 variables which are ranked as follows:

1. Company Website: β_1=0.649

2. Recruitment platforms: β_2=0.369

This proves that companies believe that their website is a big competitor to RSPs since they already receive several applicants through their own website. It always shows that

Recruitment Platformsare a threat to the service provided by RSPs since most companies nowadays are relying on them for recruitment.

4.5.6 Regression Analysis: Factor Score 6

The sixth regression analysis was conducted on factor score 6, to verify whether Mutual Benefit is affected by: Mediation and Negotiation. The results are demonstrated in tables 20 and 21 below.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.858a	.736	.733	.51628217	.736	283.047	2	203	.000	2.093

Table 20: Model Summary for Factor Score 6: Mutual Benefit

Table 20 demonstrates that R is equal to 0.858. Whereas R^2 resulted in 0.736, indicating that the used independent variables explain 73.6% of the variations in the dependent variable, Mutual Benefit. Correspondingly, adjusted R^2 is equal to 0.733 and DW test resulted in a value of 2.093. The results validate the robustness of this model thus indicating that these variables do represent Mutual Benefit.

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	-4.235	.182		-23.210	.000		
Mediation	.711	.049	.597	14.434	.000	.759	1.317
Negotiation	.386	.041	.389	9.400	.000	.759	1.317

Table 21: Coefficients for Factor Score 6: Mutual Benefit

Based on table 21, the 2 independent variables have significance below 0.05 indicating that they significantly influence the variation in Mutual Benefit. This results in Mutual Benefit being defined by 2 variables which are ranked as follows:

1. Mediation: β_1=0.711

2. Negotiation: β_2=0.386

The highest ranking variable influencing mutual benefit is mediation, meaning that the RSP must act as a mediator between the candidate and the client company throughout the whole process in order to ensure the mutual benefit of all parties. The second variable influencing mutual benefit is negotiation, signifying that the RSP should play a role in the negotiation between the candidate and the client company in order to present the best possible job offer that suits all parties.

4.5.7 Regression Analysis: Factor Score 7

The seventh regression analysis was conducted on factor score 7, to verify whether the Need for RSPs is affected by: Company Size, Position Level and Communication Quality. The results are demonstrated in tables 22 and 23 below.

Mode l	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics						
					R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.852ᵃ	.726	.721	.52779534	.726	177.969	3	202	.000	1.881

Table 22: Model Summary for Factor Score 7: Need for RSPs

Table 22 shows that R is equal to 0.852. Whereas R^2 resulted in 0.726, suggesting that the used independent variables explain 72.6% of the changes in the dependent variable, Need for RSPs. Also, adjusted R^2 showed 0.721 and DW test resulted in a value of 1.881. The results validate the robustness of this model thus indicating that these variables do represent Need for RSPs.

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	-3.710	.186		-19.955	.000		
Position Level	.269	.042	.265	6.382	.000	.789	1.268
Company Size	.581	.038	.609	15.283	.000	.856	1.169
Communication Quality	.298	.050	.238	5.991	.000	.864	1.158

Table 23: Coefficients for Factor Score 7: Need for RSPs

Based on table 23, the 3 independent variables have significance below 0.05 indicating that they significantly influence the variation in Need for RSPs. This results in Need for RSPs being defined by 3 variables which are ranked as follows:

Mode l	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
					Change Statistics					
1	.934ª	.872	.871	.35936242	.872	692.204	2	203	.000	1.901

Table 24: Model Summary for Factor Score 8: Obstacles to Success

Table 24 demonstrates that R is equivalent to 0.934. While R^2 resulted in 0.872, indicating that the used independent variables justify 87.2% of the variations in the dependent variable, "Obstacles to Success". Also, adjusted R^2 is equal to 0.871 and DW test resulted in a value of 1.901. The results then confirm the robustness of this model hence specifying that these variables do represent obstacles to success.

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-3.545	.102		-34.813	.000		
	Working with multiple RSPs	.642	.026	.683	24.944	.000	.841	1.189
	Competition from In-house Department	.406	.026	.421	15.381	.000	.841	1.189

Table 25: Coefficients for Factor Score 8: Obstacles to Success

Based on table 25, the 2 independent variables have significance below 0.05 indicating that they significantly influence the variation in "Obstacles to Success". This results in "obstacles to success" being affected by 2 variables which are ranked as follows:

1. Working with multiple RSPs: β_1=0.642

2. Competition from In-house Department: β_2=0.406

   The highest ranking variable affecting "Obstacles to Success" is "Working with Multiple RSPs" signifying that is the client decides to work with several RSPs, this will hinder successful results. The second ranking variable is "Competition from In-house Department", meaning that if the client's in-house HR department decides to compete with the RSP, this will also hinder successful results.

4.5.9 Regression Analysis: Factor Score 9

The ninth regression analysis was conducted on factor score 9, to verify whether Relationship Quality is affected by: Mutual Dependency and Age of Relationship. The results are demonstrated in tables 26 and 27 below.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.726ª	.527	.523	.69098429	.527	113.178	2	203	.000	2.177

Table 26: Model Summary for Factor Score 9: Relationship Quality

Table 26 demonstrates that R is equal to 0.726. While R^2 resulted in 0.527, indicating that the used independent variables explain 52.7% of the variations in the dependent variable, Relationship Quality. Additionally, R^2 is equivalent to 0.523 and DW test resulted in a value of 2.177. The results then validate the robustness of this model thus showing that these variables do represent Relationship Quality.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-4.329	.292		-14.828	.000		
Age of relationship	.575	.074	.430	7.762	.000	.759	1.318
Mutual dependency	.553	.075	.411	7.413	.000	.759	1.318

Table 27: Coefficients for Factor Score 9: Relationship Quality

Based on table 27, the 2 independent variables have significance below 0.05 indicating that they significantly influence the variation in Relationship Quality. This results in Relationship Quality being defined by 2 variables which are ranked as follows:

1. Age of Relationship: β_1=0.575

2. Mutual Dependency: β_2=0.553

This leads to the retention of the hypothesis:

H18: The relationship between the RSP and the client improves with time.

In the model of Lee and Kim, Age of Relationship and Mutual Dependency are grouped as static factors that are determinants of Partnership Quality. However, in this model, they are grouped together as factors that significantly influence relationship quality. The difference between the coefficients of both variables is slight, meaning that they both influence relationship quality almost equally.

4.5.10 Regression Analysis: Factor Score 10

The tenth regression analysis was conducted on factor score 10, to verify whether Reputation is affected by: Candidates' Conduct and Company Image. The results are demonstrated in tables 28 and 29 below.

Mode l	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.868a	.753	.751	.49923651	.753	309.75 5	2	203	.000	2.079

Table 28: Model Summary for Factor Score 10: Reputation

Table 28 demonstrates that R is equivalent to 0.868. While R^2 resulted in 0.753, indicating that the used independent variables explain 75.3% of the deviations in the dependent variable, Reputation. Additionally, adjusted R^2 specified 0.751 and DW test resulted in a value of 2.079. The results then confirm the robustness of this model consequently indicating that these variables do represent Reputation.

Coefficients^a

Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
1	(Constant)	-4.564	.209		-21.874	.000		
	Candidates' Conduct	.781	.037	.741	20.959	.000	.971	1.029
	Company Image	.455	.047	.343	9.690	.000	.971	1.029

Table 29: Coefficients for Factor Score 10: Reputation

Based on table 29, the 2 independent variables have significance below 0.05 indicating that they significantly influence the variation in Reputation. This results in Reputation being defined by 2 variables which are ranked as follows:

1. Candidates' Conduct: $\beta_1 = 0.781$

2. Company Image: $\beta_2 = 0.455$

The highest ranking variable influencing the RSP's reputation is "Candidates' Conduct" meaning that the reputation of the RSP is highly affected by the conduct of the candidates that they select. Candidates' misconduct such as: backing out after signing an employment contract, breaching the employment contract, missing interviews without calling, falsifying information on resume and others, negatively impact the reputation of the RSP. The second ranking variable is "Company Image" signifying that the brand image that the clients have about the RSP will highly impact the reputation of the RSP. The following hypothesis is therefore retained:

H19: The reputation of the RSP is affected by the candidates 'conduct

This shows that the reputation of the RSP is highly affected by the conduct of the candidates they send. Examples of bad conduct can include: missing an interview without calling, negative behaviour during interviews, not showing up on the first day of work, etc. Candidates exhibiting such behaviour make client firms suspicious about the filtering process of the RSP.

4.5.11 Regression Analysis: Factor Score 11

The eleventh regression analysis was conducted on factor score 11, to verify whether Efficiency is affected by: Local Presence. The results are demonstrated in tables 30 and 31 below.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.835ᵃ	.696	.695	.55227256	.696	468.120	1	204	.000	1.980

Table 29: Model Summary for Factor Score 11: Efficiency

Table 30 demonstrates that R is equivalent to 0.835. While R^2 resulted in 0.696, indicating that the used independent variables explain 69.6% of the deviations in the dependent variable, Efficiency. Moreover, adjusted R^2 is equivalent to 0.695 and DW test resulted in a value of 1.980. The results then confirm the robustness of this model consequently indicating that these variables do represent Efficiency.

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	-2.310	.113		-20.354	.000		
Local Presence	.842	.039	.835	21.636	.000	1.000	1.000

Table 30: Coefficients for Factor Score 11: Efficiency

Based on table 31, the 2 independent variable has significance below 0.05 indicating that it significantly influences the variation in Efficiency. This results in Efficiency being defined by 1 variable as follows:

1. Local Presence: β_1=0.842

The results prove that local presence highly influences the efficiency of the RSPs functions meaning that local RSPs are more efficient when operating in the same country as opposed to operating in several countries.

4.5.12 Multicollinearity Tests

Multicollinearity can be assessed by examining tolerance and the Variance Inflation Factor (VIF). Tolerance is a determinant of collinearity where the variable's tolerance is $1-R^2$. A small tolerance value implies that the variable under study is an almost ideal linear combination of the independent variables already in the equation. Moreover, The Variance Inflation Factor (VIF) measures the effect of collinearity between the variables in a regression model. The Variance Inflation Factor (VIF) is 1/Tolerance and is always greater than or equal to 1. Measures of VIF that surpass 10 are regarded as demonstrating multicollinearity.

In the 11 regression analyses conducted in this paper, the nonexistence of multi-collinearity between the variables was verified since all tolerance levels resulted in values higher than 0.2 and all VIF resulted in values less than 10.

4.6 Conclusion

The examination and interpretation of the gathered data using descriptive and inferential statistical analysis demonstrated that there are 11 factors that play a role in the decision to outsource the recruitment functions within Lebanese firms.

First, when it comes to the partnership quality between the RSP and the client firm, 4 major variables were proven to have the highest impact on partnership quality: business understanding, commitment, ethical conduct and geographical presence. This shows that in an ideal partnership, the RSP must have a very clear understanding of the business process of its client. Additionally, it must be familiar with the local market, highly committed to the partnership, and ethically correct.

Trust was also proven to be a major role player in Recruitment outsourcing. This research has shown that the more the client firm trusts the RSP, the more it is willing to: pay in advance, work exclusively with one RSP and involve the RSP in its selection process.

When it comes to measuring the success of the Recruitment process outsourcing, four reliable measures were proven in this study, which are: cost reduction, person-job fit, retention rate, and ability to focus on core functions. This means that when client firm resorts to an RSP, the expectations should include a reduction in recruitment costs, an ideal fit between the recruit's KSAOs and the job requirements, a higher employee retention rate, as well as the ability of the internal HR department to focus on more strategic HR functions.

On the other hand, the RSP's service quality was proven in this research to be measured by responsiveness rate and reliability, meaning that the RSP should be highly responsive to specific demands from clients and should have a proven record to success to be considered reliable.

Another aspect to be considered is the age of the relationship between the RSP and its clients. This research has determined that the relationship between the 2 parties does improve as time passes.

Similar to other service industries, RSPs do face competition in the market. Based on this paper, the RSPs main competitors are Recruitment platforms.

In conclusion, this paper has shown that the decision to outsource the recruitment function in Lebanese firms varies with respect to the size of the company and the level of the vacant positions. Once the agreement has been made between the RSP and its client, several factors could impact the progression of this partnership and should thus be taken into consideration.

Chapter 5 - Conclusion and Recommendations

5.1 Introduction

Following the study of Lee and Kim (1999) and the research of Abdul Halim et al. (2014), a questionnaire was prepared and a refined sample of 206 respondents was adopted for analysis.

Chapter 5 will draw the conclusions based on the analysis of the results of the hypotheses which will be compared to the previous literature and existing theories.

The scope and limitations of the research will be discussed leading to the managerial implications. Finally, recommendations drawn from this research will be reported.

5.2 Main Findings

In order to verify all the formulated hypotheses, the utilization of non-parametric testing, principle component analysis, and linear regression is required.

Through non-parametric testing (Mann-Whitney U and Kruskal Wallis H), this study was able to prove that the difference in need for outsourcing varies with respect to company size, whereby the company size is divided into 2 categories as follows: Companies with 50 employees or less and companies with more than 50 employees. This led to the retention of hypothesis 1: *The need for recruitment process outsourcing varies with respect to company size.* This is consistent with the findings of Klaas et al. (2001), Delmotte and Sels (2008), and Abdul Halim and Che-ha (2011) who were able to prove that larger organizations seek to outsource HR functions more than smaller ones.

Principle component analysis resulted in 11 factors that were proven to impact the partnership between the RSP and the client firm. Each factor was then used as a dependent variable in linear regression, and the factors that fall under it were used as

independent variables. This was done to verify that the variables were correctly grouped under each factor.

The first factor which was defined as "partnership quality" was proven to vary with respect to: performance level, business understanding, accuracy, geographical presence, commitment, information sharing and ethical conduct. This led to the retention of these 4 hypotheses:

H4: There is a positive relationship between business understanding and partnership quality.

H5: There is a positive relationship between commitment and partnership quality.

H6: There is a positive relationship between ethical conduct and partnership quality.

H7: There is a positive relationship between geographical presence and partnership quality.

This is consistent with the findings of Lee and Kim (1999) which proved that variation in business understanding and commitment leads to variation in partnership quality. As for Commitment, it plays a role in partnership quality, showing that the higher the level of commitment, the better the partnership quality. This is also consistent with the findings of Lee and Kim (1999). Information sharing and ethical conduct were both proven to be directly proportional to partnership quality. However, in this model, "Information Sharing" directly influences partnership quality, whereas in the model of Lee and Kim (1999), "Information Sharing" fell under "Dynamic Factors" which is a determinant of partnership quality.

The second factor was defined as "Trust" and was proven to vary with respect to: annual fees, retainer fees, exclusivity, and involvement. This signifies that when the client firm trusts the RSP, it is willing to:

- Pay the RSP a sum of money at the beginning of every year on condition that the RSP will provide as many recruits as needed throughout the year;

- Pay a retainer fee in advance upon the signature of the agreement with the RSP;

- Work exclusively with one RSP;

- Allow the RSP to be involved in writing job descriptions, specifying the salary scale, and other related tasks.

The following hypotheses were thus retained:

H8: Client companies' willingness to pay retainer fees varies with respect to the level of trust they have in the RSP.

H9: Client companies' willingness to work exclusively with one RSP varies with respect to the level of trust they have in the RSP.

H10: Client companies' willingness to fully involve the RSP in the selection process varies with respect to the level of trust they have in the RSP.

Hence, contrary to the findings of Lee and Kim (1999), where Trust falls under partnership quality, in this research, trust is a factor on its own influenced by several variables. This is mainly due to the fact that the Lebanese market is small, and many people rely on word of mouth when choosing business partners. Therefore, trust plays a key factor in identifying who to partner with, especially when confidential information is being shared.

The third factor was defined as "Recruitment Outsourcing Success" which was proven to be influenced by: cost reduction, person-job fit, retention rate and ability to focus on core functions.

The following hypotheses were thus retained:

H11: Recruitment process outsourcing success is defined by the ability of the internal HR department to focus on core functions.

H12: Recruitment process outsourcing success is defined by cost reduction.

H13: Recruitment process outsourcing success is defined by finding the right person-job fit.

H14: Recruitment process outsourcing success is defined by an increase in retention rate.

Cost reduction was mentioned as a benefit of outsourcing in several previous studies such as that done by Adler (2003), Henneman (2005) and Oshima et al. (2005). Person-job fit signifies that most clients define success as the ability of the RSP to find the person with the knowledge, skills and abilities that fit the exact requirement of the role. Whereas the variable "retention rate" shows that clients believe that an increase in employee retention rate implies success in recruitment outsourcing. Finally, the ability of the HR department to focus more on core functions was also mentioned as a benefit of outsourcing in several previous studies such as Alexander and Young (1996), Lepak and Snell (1998), Byham and Riddle (1999), McIvor (2005), Cooke et al (2005), Kremic et al (2006) and Belcourt (2006).

The fourth factor is defined as "Service Quality" which was proven to vary with respect to: responsiveness, reliability and follow-up.

This signifies that the RSP's service quality increases with the increase in the quality of responsiveness, reliability and follow -up. Based on previous literature, only responsiveness was mentioned as a factor influencing service quality by Sigala (2004).

The fifth factor was defined as "competition" which was proven to be influenced by "company website" and Recruitment platforms, signifying that the RSP's biggest competitors are the company's own website as well as Recruitment platforms.

The sixth factor was defined as "Mutual Benefit" which was proven to vary with respect to mediation and negotiation. This signifies that the RSP must act as a mediator between the candidate and the client company throughout the whole process in order to ensure the mutual benefits of all parties. Additionally, the RSP should play a role in the negotiation between the candidate and the client company in order to present the best possible job offer that suits all parties.

The seventh factor was defined as the "Need for RSPs" which was proven to vary with respect to company size, communication quality and position level. This leads to the re-verification of hypothesis 1 in addition to proving that the need for RSPs increases as the level of the vacant position increases, and thus verifying the third hypothesis:

H3: *The need for RSPs varies with respect to the level of vacant positions*

This shows that a company's need for recruitment services increases as the level of its vacant positions increases, signifying that headhunting companies are most useful in filling key positions within the company.

The eighth factor was defined as "Obstacles to Success" which was proven to vary due to working with multiple RSPs and competition from in-house department. This signifies that if the client decides to work with several RSPs, this will hinder successful results.

Additionally, if the client's in-house HR department decides to compete with the RSP, this will also hinder successful results.

The ninth factor was defined as "Relationship Quality" which was proven to vary based on age of relationship and mutual dependency, leading to the retention of hypothesis 18: *The relationship between the RSP and the client improves with time*. In the model of Lee and Kim (1999), "Age of Relationship" and "Mutual Dependency" were grouped as static factors that are determinants of partnership quality. However, in this research, they were grouped together as factors that significantly influence relationship quality.

The tenth factor was defined as "Reputation" which was proven to be influenced by candidates' conduct and company image. This signifies that candidates' misconduct such as: backing out after signing an employment contract, breaching the employment contract, missing interviews without calling, falsifying information on resume and others, negatively impact the reputation of the RSP. Additionally, the brand image that the clients have about the RSP will highly impact the reputation of the RSP. This led to the retention of hypothesis 19: *The reputation of the RSP is affected by the candidates 'conduct*.

The last factor was defined as "Efficiency" which was proven to be influenced by local presence, signifying that local RSPs are more efficient when operating in the same country as opposed to operating in several countries. This is mainly due to the fact that the majority of Lebanese business owners prefer to have face-to-face meeting with their business partners in order to establish better rapport and build trust.

5.3 Limitations of the Research

Although this research was carefully prepared and has successfully reached its objectives, each research has limitations that must be considered.

This study was aimed to cover companies all over Lebanon; however, due to the concentration of most firms in Beirut and Mount Lebanon areas, the response level was 92% from those areas and only 8% from the rest. This is mainly due to the fact that Beirut and Mount Lebanon are mainly considered industrial regions.

Additionally, the sample size covered was 206 respondents. This number could have been increased to make the sample more representative of the population, however this was not attainable due to the time constraint and due to the fact that the paper used purposive sampling targeting only HR professionals and General Managers. With respect to previous literature, the majority of the papers written about this topic are not recent (between 1999 and 2005). Therefore, the amount of recent literature is limited; however, this study was also modeled after the study done by Abdul Halim et al. (2014). The study is qualitative in nature since it is highly reliant on behavioral aspects; nonetheless through the use of principle component analysis and regression analysis, the data was analyzed in a quantitative manner to produce more objective and reliable results. Moreover, in all the regression analyses performed, several variables were identified in order to explain the variation in each factor. Nevertheless, other diverse variables are available and may also have had a significant influence on each factor, leading to an increase in each R^2. The Likert rating scale used in the questionnaire may also have a few disadvantages such as: the respondents have restricted response levels which could lead to biased responses i.e. central tendency towards selecting 'neutral' answers.

5.4 Managerial Implications and Recommendations

The main aim of this study is to assist RSPs in the Lebanese market to have a clearer picture of what client firms are searching for in the partnership among the two parties. Based on the results of this study, the following are the areas to consider:

- The company size;
- The level of the vacant position;
- Partnership quality;
- Service quality;
- Trust;
- Cost reduction;
- Person-job fit;
- Ability of the internal HR department to focus on core functions;
- Competition from other recruitment sources;
- Age of relationship and mutual dependency;
- RSP's reputation;
- Local presence.

The first step into making the decision to outsource depends highly on the size of the firm and on the level of the vacant position. This research has proven that the need for outsourcing recruitment is directly proportional to company size and position level. Therefore, RSPs in Lebanon should mainly target corporations with more than 50 employees with mid to senior level vacancies. Taking into consideration that RSPs face a lot of competition from other recruitment sources (company website, LinkedIn, social media, etc.), when a firm seeks the services of an RSP, they search for the added value

that it can provide. As a first step, the reputation of the RSP can play a major role in the client company's choice among various RSPs. For that reason, it is important for the RSP to maintain a good reputation by providing high service quality, conducting the right candidate filtering process, and proving to be trust-worthy. When it comes to service quality, the RSP must be highly responsive to the specific demands of each client, must have a thorough knowledge of the market, and must follow-up with the client and candidates pre and post recruitment. With respect to the filtering process, the RSP must ensure that candidates undergo several steps (pre-qualification interview, competency based interview, technical tests, etc.) prior to selecting the right candidate. Additionally, a thorough reference check must be conducted on selected candidates to eliminate the chances of ethical misconduct or low performance level. When it comes to trust, the RSP must earn the trust of the client firm by proving to be ethical from the beginning of the partnership. The age of the relationship between the two parties may play a role in enhancing the relationship quality and improving trust. As trust level increases, RSPs will be more willing to work exclusively with one RSP and confide in them enough to share silicate information. With respect to efficiency, this research has proven that local RSPs are more efficient in finding the right candidates since they are already familiar with the market and have a better network of connections. Finally, this study has shown four main dimensions that define a successful recruitment process outsourcing. First, the client firm is looking to reduce cost of time and money; therefore, RSPs must present good value for money by providing an efficient and effective service. Under the umbrella of cost reduction also falls the increase in retention rate. This is due to the fact that the higher the employee retention rate, the lower the cost of recruiting and training new employees. The

probability of higher retention rate increases through finding the right person-job fit. Therefore, RSPs should focus on finding the candidate with the knowledge, skills, and abilities that fit the exact requirements of the role required. In conclusion, outsourcing the recruitment function will allow the internal HR department to better focus on more strategic functions, creating a higher potential for development and innovation.

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Appendix A - Questionnaire

Factors Influencing Recruitment Process Outsourcing Success in Lebanon

Thank you for taking the time to complete this questionnaire, which is developed by *an MBA student* from NDU University, Lebanon. *This research will be carried out by Mrs. Amanda Rizkallah (MBA student, phone #:71719075) and under the supervision of Mr. Ghassan Beyrouthy (Senior Lecturer, phone #:03447474) .*

The purpose of this survey is to investigate the critical factors that influence recruitment process outsourcing success in Lebanese companies.

This survey will be used in our research that would be published later on and any information provided in this questionnaire will not be used in any other context. Responses to this survey are strictly confidential and completely anonymous, no personally identifiable information is recorded.

This survey takes around 20 minutes to complete; we appreciate you taking the time to support this research.

1. Gender
   ☐ Male   ☐ Female

2. Title
   ☐ HR Manager   ☐ HR Officer   ☐ Head of Department   ☐ HR Generalist   ☐ HR Specialist   ☐ General Manager   ☐ Other

3. Years of Experience

   ☐ 0 - 5   ☐ 6-10   ☐ 10 - 15   ☐ 15+

4. Company Industry

   ☐ FMCG
   ☐ Hospitality
   ☐ Manufacturing and Production
   ☐ Consulting Services
   ☐ Pharmaceutical
   ☐ Medical
   ☐ Banking
   ☐ Information Technology

☐ Academics

☐ Engineering

☐ Insurance

☐ Distribution and Logistics

☐ Telecommunications

☐ Publishing

☐ Support Services

☐ Legal

☐ Arts/Entertainment/Media

☐ Automotive

☐ Other

5. Company Size

☐ Less than 50 employees ☐ 50 – 250 Employees ☐ More than 250 Employees

6. Scope of the Company

☐ Local   ☐ Regional   ☐ Multi-national

7. In which Governorate (Mohafazah, محافظة) is the company you work in located?

☐ Akkar ☐ Mount Lebanon   ☐ Beqaa   ☐ South

☐ North ☐ Beirut   ☐ Baalbek - Hermel   ☐ Nabatieh

8. Do you outsource your Recruitment function?   ☐ Yes ☐ No

Whether you outsource or not, the following questions will assist us in understanding the critical success factors of an efficient and effective Recruitment Process Outsourcing

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. Recruitment Process Outsourcing will enable the in-house HR Department to focus more on core business activities	1	2	3	4	5
2. Recruitment Process Outsourcing is less costly than in-house Recruitment	1	2	3	4	5
3. Recruitment service providers (RSPs) have the	1	2	3	4	5

capacity to recruit employees who fit the exact required qualifications (knowledge, skills, abilities, etc.)					
4. RSPs have the capacity to recruit employees that are in line with the company culture and spirit	*1*	*2*	*3*	*4*	*5*
5. Inadequate in-house HR office increases the need for RSPs	*1*	*2*	*3*	*4*	*5*
6. The need for a RSP increases as the level of the needed position increases	*1*	*2*	*3*	*4*	*5*
7. The need for a RSP is directly proportional to the company size (As in the number of employees)	*1*	*2*	*3*	*4*	*5*
8. Nowadays more companies are opting for Recruitment Process Outsourcing services	*1*	*2*	*3*	*4*	*5*
9. The success of the RSP services are measured by the retention rate of the recruited candidates	*1*	*2*	*3*	*4*	*5*
10. RSPs should fully understand the business process of the client company	*1*	*2*	*3*	*4*	*5*
11. RSPs can be entrusted with the client company's business matters (vacant positions, salaries and benefits, etc.)	*1*	*2*	*3*	*4*	*5*
12. RSPs are committed to fulfilling all the client's requirement needs as pre-specified by agreements	*1*	*2*	*3*	*4*	*5*
13. Communication with RSPs is easy, swift and timely	*1*	*2*	*3*	*4*	*5*
14. Information sharing between RSPs and clients is crucial to a successful relationship	*1*	*2*	*3*	*4*	*5*
15. The relationship between RSPs and client companies improves as time passes	*1*	*2*	*3*	*4*	*5*
16. Mutual dependency is itself	*1*	*2*	*3*	*4*	*5*

	1	2	3	4	5
a guarantee of a good flowing relationship between the RSPs and client companies					
17. The RSP's profile, reputation and portfolio will affect the relationship with the client company	1	2	3	4	5
18. The RSP's accurate delivery of pre-specified requirements in terms of quality, quantity, and time will enhance the relationship with the client company	1	2	3	4	5
19. The RSP's unconditional support in terms of time, attention and specific needs will allow for a successful relationship with the client company	1	2	3	4	5
20. The RSP's database will allow for a faster responsiveness rate	1	2	3	4	5
21. The RSP's business knowledge will allow it to provide a market enlightened advice to the client company in terms of salary scale, market needs, etc.	1	2	3	4	5
22. It is more advisable for the RSP to conduct the filtering process (interviews, tests, personality assessment, etc.) as opposed to in-house filtering	1	2	3	4	5
23. It is more advisable for the RSP to conduct reference checks and background checks on candidates	1	2	3	4	5
24. Post-hire follow-up to ensure the quality of the recruitment process will allow the RSP to improve its practices	1	2	3	4	5
25. Providing a free of charge replacement for any candidate, recruited	1	2	3	4	5

	1	2	3	4	5
through the RSP, who resigns or is laid off within the probation period, is a necessary policy to ensure a good relationship between the RSP and the client company					
26. The RSP must act as a mediator between the candidate and the client company throughout the whole process in order to ensure efficient and effective results	1	2	3	4	5
27. The RSP should play a role in the negotiation between the candidate and the client company in order to present the best possible job offer that suits all parties	1	2	3	4	5
28. The RSP must provide assistance to the client company in terms of writing down job specifications and job descriptions	1	2	3	4	5
29. The RSP should be rewarded for search and matching process (retainer fee) whether the client company recruits a candidate or not	1	2	3	4	5
30. The RSP's fees should be a percentage of the annual package (benefits included) of the recruited candidate as opposed to annual basic salary	1	2	3	4	5
31. The RSP should charge a fixed annual sum for all services rendered as opposed to fees charged per hired candidate	1	2	3	4	5
32. Exclusive agreement with one RSP will enhance the relationship between the RSP and the client company	1	2	3	4	5

33. Working with multiple RSPs can hinder successful results	*1*	*2*	*3*	*4*	*5*
34. The in-house recruitment office cannot at any time constitute a competitor to the RSP; in fact they complete and not compete with one another	*1*	*2*	*3*	*4*	*5*
35. LinkedIn and other social media platforms can replace a RSP	*1*	*2*	*3*	*4*	*5*
36. The company website can replace a RSP	*1*	*2*	*3*	*4*	*5*
37. The reputation of a RSP can be affected by candidate misconduct (backing out after signing an employment contract, breaching the employment contract, missing interviews without calling, falsifying information on resume, etc.)	*1*	*2*	*3*	*4*	*5*
38. The reputation of a RSP can be affected by client companies' misconduct (breach of agreement, breach of employment contract, not being transparent with candidates, gap between what is promised to the candidate and what is delivered)	*1*	*2*	*3*	*4*	*5*
39. The RSP should abide by the ethical code (avoiding headhunting from its own clients, avoiding re-recruitment of same candidates among clients, being transparent with candidates and clients, etc.)	*1*	*2*	*3*	*4*	*5*
40. The RSP contributes to building the client company's image as an ideal employer	*1*	*2*	*3*	*4*	*5*
41. Local RSPs become less effective and efficient as they start operating in	*1*	*2*	*3*	*4*	*5*

different countries					
42. A RSP with regional offices can better serve regional and Pan Arab companies operating in different countries	1	2	3	4	5
43. The RSP's outreach and exposure is superior to that of in-house recruitment offices	1	2	3	4	5
44. Generally speaking, existing employees do not favor outsourcing recruitment (suspicion, mistrust and doubt in the new recruit)	1	2	3	4	5
45. Disappointment with the performance of the RSP recruits (mismatch between requirements and capabilities) will negatively affect the demand for its services	1	2	3	4	5
46. In order to rapidly fill the vacant position, the RSP may deliberately source resumes of non-suitable candidates	1	2	3	4	5

Thank you for taking the time to fill in this survey. Your contribution is highly appreciated.

Appendix B – Tables and Figures

					Component						
	1	2	3	4	5	6	7	8	9	10	11
Focus on core functions	.428										
Cost Reduction		-.440									
Person-job fit	.523	-.486									
Position Level	.503										
Company Size											-.497
Retention Rate	.455										
Business Understanding	.505				.441						
Commitment	.549										
Communication	.483										
Information sharing	.643										
Age of relationship	.584									-.426	
Mutual dependency	.602										
Company profile	.488										
Accuracy	.604	.539									
Empathy	.570										
Responsiveness rate						.538					
Reliability	.594				-.439						
Follow-up	.635										
Mediation	.490		.429								
Negotiation			.563								

	1	2	3	4	5	6	7	8
Involvement	.450		.488					
Retainer Fees			.465					
Annual Fees			.408					
Exclusivity	.542							
Working with multiple RSPs				.437		-.447		-.428
In-house Competition	.434							
Outside competition				.412				
Company website				.541				
Candidate's Conduct					-.459			
Ethical conduct	.413	.492						
Company Image								
Local Presence				.446			-.430	
Geographical presence				.401				
Performance level	.423							

Table 31: Un-rotated Component Matrix

Compon ent	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulativ e %	Total	% of Variance	Cumulativ e %	Total	% of Variance	Cumulativ e %
1	7.008	20.610	20.610	7.008	20.610	20.610	3.527	10.373	10.373
2	2.791	8.208	28.818	2.791	8.208	28.818	2.402	7.066	17.439
3	2.067	6.080	34.898	2.067	6.080	34.898	2.180	6.410	23.849
4	1.868	5.493	40.391	1.868	5.493	40.391	2.172	6.388	30.238
5	1.479	4.351	44.743	1.479	4.351	44.743	2.028	5.965	36.202
6	1.427	4.196	48.939	1.427	4.196	48.939	1.771	5.209	41.412
7	1.160	3.411	52.350	1.160	3.411	52.350	1.753	5.155	46.567
8	1.132	3.330	55.679	1.132	3.330	55.679	1.708	5.025	51.591
9	1.122	3.300	58.979	1.122	3.300	58.979	1.637	4.813	56.405
10	1.069	3.143	62.123	1.069	3.143	62.123	1.496	4.399	60.803
11	1.006	2.959	65.082	1.006	2.959	65.082	1.455	4.279	65.082
12	.914	2.689	67.770						
13	.897	2.637	70.407						
14	.801	2.355	72.762						
15	.764	2.246	75.008						
16	.738	2.169	77.178						
17	.689	2.026	79.204						
18	.641	1.887	81.090						
19	.602	1.771	82.862						
20	.585	1.720	84.582						
21	.567	1.668	86.250						
22	.508	1.494	87.744						
23	.472	1.388	89.132						
24	.451	1.326	90.458						
25	.433	1.274	91.732						
26	.405	1.192	92.924						
27	.395	1.162	94.086						
28	.350	1.030	95.116						
29	.322	.947	96.063						
30	.315	.927	96.990						
31	.300	.881	97.871						
32	.272	.800	98.671						
33	.245	.722	99.393						
34	.206	.607	100.000						

Table 32: Total Variance Explained

Figure 10: Scree Plot