Increasing Value of HR Outsourcing: The Management of the Outsourcing Relationship in the Aviation Sector in Ireland

DISSERTATION

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Abstract

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by Sylwia Woloch

Despite its relatively small territory, Ireland is home to many commercial airlines which compete fiercely to secure a position of superior value in the highly demanding aviation market. In order to gain this competitive advantage, airlines attempt to focus on their core activities (strategic operations, inbound and outbound logistics, marketing and service) and choose to outsource their non-core functions (HR management, technology development, company infrastructure and procurement) to external providers. Outsourcing has therefore become a key business trend among airlines in Ireland who seek efficiencies, innovation, expertise and increased organisational value. Despite this prominence, outsourcing initiatives still fail affecting negatively end users' performance. As uncovered in the literature, a decision to outsource does not suffice and managing the outsourcing relationship is equally important.

The aim of this study is to explore how commercial airlines in Ireland manage the HR outsourcing relationship with external providers to maximise their organisational value. The main research question is supported by the following objectives: managers' role in increasing their teams' consciousness and engagement in the outsourcing projects, the level of control over the external providers required to achieve the anticipated outsourcing outcomes as well as the evaluation and measurement systems of the outsourcing relationship and outsourcing deliverables. The research problem is examined in context of the outsourced HR services as they are considered to generate considerable costs and administrative volumes for airlines.

This cross sectional research applied a qualitative approach where data collected from a non-probabilistic purposive sample of managers working in commercial airlines in Ireland was interpreted to address the main research question and objectives. The findings highlight that in order to leverage this organisational value, managers should focus on increasing consciousness and engaging their teams in the outsourcing initiatives, adjusting level of control over the external providers in line with organisational strategies, designing and implementing comprehensive evaluation and measurement systems and incorporating communication and problem-solving mechanisms in a day-to-day management. The managers' role and involvement in the outsourcing projects is therefore critical.

Yet, as the findings demonstrate, although outsourcing has been a well-established business model among airlines in Ireland, many organisations still operate without developed outsourcing management systems. This study is therefore a good opportunity to reflect on how airlines in Ireland can increase value of HR outsourcing through the management of the outsourcing relationship.

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Contents

1. Introduction

This section provides an overview of the research topic and the content of this study. It initially outlines the research problem and provides justification as to why this topic is worthy of study. It then highlights the research question and objectives and explains how this study advances the literature in consideration of its theoretical and practical implications. It also outlines the profile of the aviation industry in Ireland, which this study focuses on. Finally, it briefly summarises the content of the following chapters.

1.1. Research Problem

Outsourcing remains a prevailing business model among airlines in Ireland who seek efficiencies and innovation to compete in the challenging aviation market. Airlines tend to delegate their supporting activities to external providers in order to focus on their core competencies and secure a position of superior value. As part of these strategic decisions, airlines more often outsource various HR functions.

Extant literature presents two main perspectives on the HR sourcing. On one hand, Igbinomwanhia, Iyayi and Iyayi (2013) argue that HR should remain in-house due to a significant role that HR and human capital play in the organisational strategic development. Similarly, Boudreau and Lawler (2015) suggest that Talent and HR management has become one of the main determinants for organisational success and should be performed internally. Conversely, due to costs associated with running a HR department and its administrative burden, Glaister (2014) supports a view of non-core routine HR functions to be outsourced in order to gain value and enable organisations to concentrate on their business strategies. As such, companies are broadening their approach to outsourcing, including the aspect of HR, as they believe it can generate efficiencies, provide access to field expertise and enable improved process control (Glaister, 2014).

Although HR outsourcing is widely used in the aviation sector in Ireland, a number of outsourcing initiatives still fail, which can have critical consequences for the business performance and reputation altogether (Kaipia and Turkulainen, 2017).

According to the Global Outsourcing Survey (Deloitte, 2016a), almost one fourth of outsourcing initiatives are terminated before the contractual end date, which is critical in terms of already incurred costs and complexity of the induction process. This suggests that the idea of moving to outsourcing does not automatically guarantee the success and managing the outsourcing relationship is equally important to achieve the anticipated outsourcing benefits (Herath and Kishore, 2009).

1.2. Research Justification

It is therefore worthy of study how commercial airlines in Ireland manage the HR outsourcing relationship in order to maximise value and sustain long-term competitive advantage, especially when the research on the outsourcing relationship still remains relatively unexplored (Kaipia and Turkulainen, 2017). This study focuses specifically on the outsourced HR activities, as from a practical point of view, HR and people related expenses remain the source of top costs in most organisations impacting on their investment capability (Igbinomwanhia et al., 2013), which is critical for the competitive aviation sector in Ireland.

1.3. Aviation Industry Profile

This research relates specifically to the aviation industry in Ireland, due to the strategic complexity of this sector and heavy reliance on the outsourcing services for their non-core activities, including HR functions. The competition between commercial airlines in Ireland is still relatively strong to gain market shares in the current bull run (Department of Transport, Tourism and Sport, 2015). Labour costs are becoming an increasingly significant threat to airlines, particularly due to scarce supply of pilots and skilled technicians supported by stronger unions (KPMG, 2019). Irish airlines themselves provide direct employment to well over 20,000 staff (The Irish Times, 2019), which raises questions of costs and people management and airlines' ability to make competitive strategic decisions. Therefore, many commercial airlines in Ireland use outsourcing business models, including HR outsourcing to leverage their competitive capabilities. From the point of view of the academic literature though, the concept of outsourcing in Ireland is still relatively unexplored and even less when it comes to the management of the HR outsourcing relationship and value creation.

1.4. Research Question and Objectives

The aim of this study is therefore to address the following research question:

> "How is the outsourcing relationship managed in the aviation sector in Ireland to maximise value of outsourced HR functions?"

The objective of this study is to explore how senior managers in the aviation industry in Ireland increase the significance of the outsourcing relationship between an organisation and service providers and contribute to promoting business innovation through the management of the outsourcing relationship. It also attempts to evaluate the level of control over the external providers, if any, required to achieve the anticipated outsourcing outcomes. It helps as well to understand what relationship management practices are applied among airlines to monitor and evaluate the outsourcing relationship and ultimately measure the providers' performance. The outsourcing relationship management concept is examined here from the perspective of relational (Vaxevanou and Konstantopoulos, 2014; Yanhong, 2011), agency (Vaxevanou and Konstantopoulos, 2014) and change management (Lewin, 1947) theories.

1.5. Research Methodology and Contribution to the Literature

The research methodology adopted for this study was based on the qualitative approach using semi-structured interviews. These interviews were conducted among six senior managers working in commercial airlines in Ireland, who have direct involvement in the outsourcing initiatives, in order to explore their perspectives on the phenomenon under research. This study contributes to the literature by providing insights into how the outsourcing relationship is managed in the aviation sector in Ireland to increase value of HR outsourcing, especially in the circumstances when studies of this nature are rare in the aviation sector, and in Ireland in particular. From a practical point of view, it also provides an overview of the HR outsourcing relationship management mechanisms for the aviation sector in Ireland to maximise organisational value.

1.6. Content Overview

This study begins with the literature review to provide a theoretical background to the topic under research. It highlights that although outsourcing of non-core functions is a prevalent trend among airlines seeking efficiencies and innovation, the decision to outsource is not sufficient to guarantee the anticipated outcomes and that managing the outsourcing relationship is equally important (Herath and Kishore, 2009). It is also concluded that organisations should design and implement strategic outsourcing management programs in order to secure the projected outsourcing benefits for the organisations (Mosher and Mainquist, 2011; Handley and Benton, 2009). Yet, it does not extensively define specific outsourcing relationship management mechanisms for the aviation sector in Ireland.

The following chapter presents the research question and objectives and outlines the methodology selected for this research. This study was loosely based on Kaipia and Turkulainen's (2017) as well as Handley and Benton's (2009) previous studies on the outsourcing relationship management. However, the researcher developed her own semi-structured interviews in order to adequately and rigorously address the research problem.

The subsequent section reports and discusses the findings with reference to the literature and previous studies. Those findings uncover that although airlines in Ireland widely use outsourcing services, they still do not have comprehensive formal outsourcing relationship management practices in place. However, they also indicate that by designing and implementing adequate outsourcing relationship management mechanisms, airlines can increase the overall value of HR outsourcing.

The final conclusion summarises the key findings based on the literature review and the research itself and proposes recommendations for the aviation sector in Ireland. It also pinpoints the limitations of this study and suggests the areas for future research.

2. Literature Review

The purpose of this chapter is to review existing literature on the outsourcing relationship management in order to provide an understanding of the phenomenon under research and to identify the gaps in the literature, which this paper will attempt to fill. This section elaborates on concepts of value creation in the global competitive aviation market and explores the outsourcing relationship management in context of relational, agency and change management theories. The literature review derives from multiple fields and disciplines including HR, business and strategic change management.

The review begins by exploring the concepts of value creation, globalisation and competitive advantage in the aviation sector. It subsequently focuses on the strategic HR outsourcing to ultimately elaborate on the outsourcing relationship management for value creation. The final conclusion summarises the key insights uncovered in the literature review and pinpoints the gaps which this research will aim to fill.

The literature reveals that a decision to transition non-core HR functions to external providers should be complimented by the subsequent outsourcing relationship management program in order to achieve the anticipated benefits and to increase long-term value (Kaipia and Turkulainen, 2017; Mosher and Mainquist, 2011; Herath and Kishore, 2009). Handley and Benton (2009) suggest that mutual engagement in the outsourcing relationship should include developing reciprocal partnership, where the main driving question is how to manage the outsourcing relationship in order to maximise the overall organisational value.

2.1. Value Creation

Creating superior organisational value is embedded in the strategic decisions of many organisations as it can leverage distinctively their economic position (Mostafa, 2016). According to O'Cass and Ngo (2012), the value creation, within this strategic context, is related to an organisational understanding and responsiveness to customer requirements by offering superior performance. This value creation for customers leads, in turn, to the increased organisational performance and strategic position as well as its ability to sustain competitive advantage (Mostafa, 2016). This is critical for the aviation sector seeking strategic ways to respond to demanding customers, competitive pressures and securing steady flow of revenues. Therefore, organisations, including airlines, consider adopting alternative strategic models that can contribute to value creation, competitive advantage, profitability and new efficient ways of running a business (Alencar-Pereira and Caetano, 2017).

2.1.1. The Effects of Globalisation on the Aviation Industry

Airlines need to respond effectively to new opportunities and challenges of globalisation in order to gain competitive advantage and prosper in the uncertain aerospace market. KPMG Aviation Report 2018 reveals that turbulent events in the external environment impact on oil prices, currency exchange and tax regime overseas, which, in turn, affects airlines' sustainability (Woods, 2018). In terms of the future, it is anticipated that four main uncertainties, namely: the effect of Brexit, level of persistent market consolidation, full-service and low-cost business models as well as Europe's openness to foreign-carrier competition and control will shape the aviation industry of 2020 (Dichter, Hahn and Maxwell, 2016).

According to Eroglu (2015), the aviation industry is considered to be particularly sensitive to external changes and shifting economic cycles whereby a number of airlines are unable to sustain this overwhelming market pressure and face a risk of bankruptcy. As Woods (2018) stresses, only recently in 2017 and 2018, three airlines including: Alitalia, Air Berlin and Monarch went bankrupt in a short space of time, which demonstrates the robustness of the aviation sector. Since airlines' ability to sustain and prosper in the global competitive market is strictly conditioned by their strategic responsiveness to the shifting events in the external environment, they need

to remain flexible and carefully select their strategies in order to create value and sustain their competitive advantage in the challenging external market.

2.1.2. Building Competitive Advantage

In order to compete with rivals in the global market and demonstrate their superior performance, organisations, as Porter (1985; 1980) suggests, adopt one of the generic strategies, namely: cost leadership, differentiation or else focus approach. At the same time, Porter (2012) stresses that competing with rivals on the same dimensions is the worst pitfall in the strategic approach, which should be avoided. It therefore appears critical for airlines to design their mission, vision and subsequently align their strategies accordingly so that they become unique in nature and can allow airlines to build their sustainable competitive advantage in the global aviation market.

Dutta (2011) indicates that a background element in this strategic framework is the company's ability to outsource support services and be able to focus on the strategic core competencies in order to compete externally. As such, many industries, including the aviation sector, use outsourcing to generate overall value and compete in the challenging external market (Alencar-Pereira and Caetano, 2017).

In light of this fierce competition, it is crucial for airlines to analyse the macro environment and determine how they can efficiently respond to the external fluctuations to secure a strong position in the global market. This should also involve their ability to assess which resources and competencies can be explored internally and which non-core business activities can be potentially outsourced to external providers in order to maximise organisational value.

2.1.3. Creating Organisational Value by Airlines

Porter (2012) indicates that all competitive advantage is generated at the organisational unit level and rests within the value chain. He suggests that activities within an organisation are performed to design, produce, deliver and support products and are classified as support and core activities, with the latter adding organisational value (Porter, 1985; 1980).

According to Deloitte (2016b), the value chain is associated with the idea of generating value in response to customer demand. Consequently, many airlines strive to understand what actually drives value for customers in the aviation industry. Dichter, Sorensen and Saxon (2017) suggest that some customers appreciate the best seats, best onboard catering and are willing to pay a higher price for same, whilst others value low fares with 'no-frills'. As such, airlines need to strategically respond to customer experience and focus on those core activities that can potentially deliver the desired value to the external market.

On the other hand, the non-value-added support activities tend to be outsourced to external providers to gain efficiency and cost savings (Plimmer, 2013). Warwick Brady, chief operations officer at EasyJet says "We outsource everything that we can outsource. As long as we can manage and control it, it gets outsourced" (in Wild, 2014). As such, outsourcing remains a key business trend in the aviation industry as it is perceived to be a means of organisational value and competitive advantage.

2.2. Outsourcing

This section focuses on the concept of outsourcing and the outsourcing relationship management in context of value creation. It firstly provides a definition of outsourcing, conflicting views on sourcing and outlines the theories related to the outsourcing relationship management. It subsequently discusses HR outsourcing and the decision-making process. It then critically evaluates the benefits and shortcomings of outsourcing before the outsourcing relationship management is reviewed.

2.2.1. Definition, Perspectives and Supporting Theories

Outsourcing can be defined as "an arrangement whereby a firm contracts with another company to perform one or more of the firm's value-creating functions on the firm's behalf" (Ghobrial, 2005, p. 457). A number of companies also make strategic decisions to avail of the offshore outsourcing where they delegate their support activities to external providers overseas seeking further economic savings and innovative ideas (Mosher and Mainquist, 2011; Herath and Kishore, 2009).

According to Elahi, Sheikhzadeh and Lamba (2014), back in 1980's outsourcing was associated with a pure cost-cutting domestic activity which then evolved to international strategic sourcing and capability enhancement in 1990's to eventually become a global collaborative function of 2000's aimed at transforming organisational units to add value, innovation and sustainable competitive advantage. Outsourcing has also become a prevalent business model among airlines since the aviation deregulation in 1978 (McFadden and Warrells, 2012), as due to this market liberalisation, carriers could now outsource their services to seek economies of scale and compete with rivals globally.

There are a number of conflicting perspectives on business sourcing. On one hand, the literature suggests that business functions should be performed internally in order to create unique organisational value (Boudreau and Lawler, 2015; Igbinomwanhia et al., 2013). In terms of the airline industry, for example, Cervinka, Stverkova and Humlova (2012) argue that aviation is such a specific and competitive sector that

keeping activities in-house is critical for airlines' ability to create value and sustainable competitive advantage. On the other hand, other authors (Deloitte, 2015; McFadden and Worrells, 2012) indicate that outsourcing is a source of increased value when organisations can delegate their marginal functions to external providers and focus on their core strategies. The literature also proposes a balancing view suggesting that those activities contributing to organisational proactive and strategic role are retained in-house and other administrative and routine activities are outsourced to vendors (CIPD, 2018; Bazargan, 2016).

Due to its complexity, outsourcing has been analysed in literature from multiple perspectives and theories. In terms of the outsourcing relationship management, Vaxevanou and Konstantopoulos (2014) propose to analyse it using the relational theory, as they indicate, it attempts to explain as to how organisations may secure and maintain competitive advantage through the management of their relations with other companies. Yanhong (2011) further indicates that, in accordance with the relational theory, an organisation can develop valuable resources by managing efficiently the relationships with external entities. The agency theory, as an alternative to the relational perspective, suggests focusing on monitoring and reinforcing relationship between the organisation and the vendor in order to address any prospective relational problems (Vaxevanou and Konstantopoulos, 2014). In addition, the concept of the outsourcing relationship management is discussed here in context of 'refreezing', which is the final step of the change management theory (Lewin, 1947). In line with this theory, leaders and managers assist organisations to anchor the developed procedures at the outsourcing post-integration stage and manage the existing outsourcing relationship to deliver the anticipated outcomes (Lewin, 1947).

2.2.2. Benefits and Disadvantages of Outsourcing

Organisations decide to outsource their activities to achieve long-term benefits including reduced costs, flexibility, improved quality, access to better technology and advanced expertise (Jain and Swarup, 2011; Herath and Kishore, 2009). According to Mosher and Mainquist (2011), by availing of outsourcing, companies can focus on their core competencies and strategies which are critical for the business

development. These benefits are equally significant for airlines who continuously seek efficiencies and improved services to compete with their rivals in the global market.

Conversely, when considering outsourcing, airlines need to remain conscious of its limitations due to a number of associated risks. Herath and Kishore (2009) identify here: unexpectedly escalated costs, potential disputes and litigations, loss of organisational competencies and, more recently, data security protection and confidentiality of information. Dolgui and Proth (2013) point out that outsourcing can also be a potential source of quality problems, delivery delays and fraud issues. In addition, Mosher and Mainquist (2011) make reference to the risks related to the regulation compliance, crucial in the aviation sector, and suggest that whilst organisations decide to delegate certain functions to external providers, they still remain accountable for the associated risks as the end users.

It will be therefore critical for airlines to conduct a comprehensive due diligence analysis in order to balance the benefits and disadvantages of internal business activities. It will allow to decide which organisational functions should be performed in-house and which should be outsourced to external providers to generate the overall business value.

2.2.3. HR Outsourcing

As Igbinomwanhia et al. (2013) suggest, human capital is one of the most indispensable business assets since people contribute to organisational long-term business objectives. On the other hand, they realise that expenses related to people are one of the highest costs for companies, therefore outsourcing HR is becoming a strategic means aimed at reduced costs and improved services (Igbinomwanhia et al., 2013). Karthikeyan, Bhagat and Kannan (2012) point out that HR outsourcing can liberate professionals from repetitive and administrative duties and allow them to pursue more strategic roles focused on organisational core competencies. As such, companies decide more often to outsource HR functions in order to add value (Glaister, 2014). According to Spence (2015), currently the HR outsourcing market is worth approximately US$3.3 billion globally and is still growing.

There is still no clarity though which HR functions should be outsourced and which should be performed in-house. Karthikeyan et al. (2012) indicate that, in general terms, those core HR functions that create unique value for an organisation and its stakeholders should be kept internally and non-core routine HR tasks should be outsourced to external providers. Yet, what is core or non-core is subjective and not universal for any one organisation (Merk, Silver and Torrisi, 2014). Igbinomwanhia et al. (2013) suggest that whilst some organisations decide to outsource their entire HR function, others select only certain components of it, like resourcing, training or payroll to be delegated to providers in order to optimise value.

Cervinka et al. (2014) indicate that the decision to outsource or retain services in-house should be approached with due care, hence, it is important for organisations to define their value-generating activities. Before a decision can be made to insource or outsource, Elahi et al. (2014) propose to consider the following four dimensions:

- Who is to outsource and what are the capabilities of the company?

- What is being outsourced?

- Whom should the functions be outsourced to?

- How should outsourcing be performed?

Mosher and Mainquist (2011) suggest that successful outsourcing, like other business initiatives, requires a comprehensive preliminary analysis and selection process as it will ultimately lead to a lasting relationship between an organisation and an outsourcing provider.

2.3. Outsourcing Relationship

Outsourcing has become a predominant trend due to its vast beneficial outcomes, yet, at times, it seems to be elusive in its realisation (Deloitte, 2016a). According to the Global Outsourcing Survey (Deloitte, 2016a), 46 percent of respondents complain that providers are reactive rather than proactive in their initiatives, 68 percent report that they had to escalate issues to senior management and 21 percent used termination as a means to remediate problems with providers. Herath and Kishore (2009) indicate that securing outsourced services from outside does not automatically guarantee competitive advantage to organisations and that the outsourcing relationship seems to be equally important.

Kaipia and Turkulainen (2017) recognise that the poor management of outsourcing relationship can have serious consequences for the organisation's performance, its reputation and can potentially result in failure of the outsourcing initiative altogether. As Mosher and Mainquist (2011) suggest, outsourcing relationship requires adequate nurturing and management in order to secure anticipated optimisation, flexibility and long-term success as well as to minimise potential risks associated with outsourced processes, as providers can assume only the operational side of this risk. This is therefore critical for highly regulated aviation industry to address, control and adequately manage potential issues associated with an outsourcing project. On the other hand, as Mosher and Mainquist (2011) point out, managing external functions imposes additional difficulty as service providers expect to control and manage their own functions restricting their clients' ability to monitor and assess controls.

Kaipia and Turkulainen (2017) therefore conclude that outsourcing relationships are considerably complex due to the level of interdependence between an organisation and a provider. Since each party to this outsourcing relationship has different requirements, depending on the side of the relationship which they represent, it is vital for the parties to review and communicate about their priorities and expectations at the beginning of the outsourcing process and equally throughout the entire duration of the outsourcing relationship to reinforce mutual collaboration (Deloitte, 2017; Bibhudatta, Silver and Woodcock, 2014). According to Handley and Benton (2009), since relationships are often characterised by considerable

uncertainties, the parties should raise their awareness of commitment, cooperation and engagement in order to maintain a long-term and mutually beneficial relationship.

While organisations, including airlines, outsource their services to be able to focus on core competencies, they still need to manage the outsourcing relationship strategically to ensure it realises the anticipated benefits. As such, it is indispensable for organisations to introduce the mechanisms which could possibly facilitate the evaluation of the outsourcing relationship.

2.3.1. Strategic Evaluation of the Outsourcing Relationship

Whilst outsourcing is broadly used by organisations, actually only a relatively insignificant number of organisations measure their providers' performance in terms of the delivered results (Davies, White, Plant and Lee, 2015).

Handley and Benton (2009) stress that in order to ensure that the projected outsourcing outcomes are achieved, it is crucial for the organisations to design and implement the strategic evaluation and relationship management practices. As Mosher and Mainquist (2011, p. 36) state, organisations, in particular those bound by regulatory requirements, should develop a comprehensive and mature management program including the following elements:

- Well-defined vendor selection process

- Clearly outlined business objectives

- Contractually stipulated responsibilities, including regular management oversight and audits to ensure compliance

- Periodic risk assessments to review and respond to outsourcing risks

- Organisational support for vendor audits

- Rating of services provided against established objectives

- Consistent assessment of cost and service efficiency of the outsourcing initiative

- Ongoing proactive reporting measuring compliance and achievement of defined requirements

From a perspective of a more coercive approach, Belotserkovskiy, Sewak, Teodorian and Lietke (2018), propose to introduce penalties in case of provider's underperformance.

Due to a prospective gap between expectations and the fulfilment of outsourcing relationship (Deloitte, 2016c; Handley and Benton, 2009), highly regulated airlines need to design and implement collaborative relationship mechanisms that will ensure that anticipated requirements are fully met and ultimately can generate value and maximise competitive advantage in the global market.

2.3.2. Previous Research

The research on outsourcing seems to be extensive, however it relates mainly to the outsourcing selection process and its implications with the relationship management aspect of outsourcing being still relatively unexplored (Kaipia and Turkulainen, 2017). In terms of the previous research on the outsourcing relationship management, Mani and Barua (2015) applied a quantitative approach to study the impact of learning on the value creation. Although it examines the concept of value creation through the outsourcing learning functions, this co-relation is explored from the point of view of the IT outsourcing provider rather than an organisation itself.

Handley and Benton (2009) as well as Kaipia and Turkulainen (2017), on the other hand, analysed the outsourcing relationship from clients' point of view, which relates more to the aim of this research. Handley and Benton (2009) examined quantitative data from 198 top managers accountable for outsourcing projects to measure the impact of strategic evaluation, contractual completeness and relationship management practices on fulfilling anticipated outsourcing goals. Their findings indicate that the positive outsourcing outcomes are conditioned by strategic

evaluation and proactive relationship management practices. The study did not determine though how this relationship should be practically managed to increase value. Conversely, Kaipia and Turkulainen (2017) adopted a qualitative method in their study. Pursuing the methodology of theory elaboration, they collected subjective data from the structured interviews carried out in eight electronics and food industries and analysed the information using thematic approach to evaluate the effect of quality and cost significances in the outsourcing relationship management. This study, however, was limited to the early integration stage of the outsourcing relationship. The concept of the outsourcing relationship management and its ability to create organisational value still constitutes an area for further research.

2.4. Conclusion

Airlines, being in the centre of globalisation, strive to respond to opportunities and challenges with strategies designed to enhance superior value and competitive advantage in the progressing aviation sector.

On one hand, the literature suggests that aviation is such a specific and competitive industry that it should perform all its activities, including HR functions, in-house in order to create unique value and superior competitive advantage. Conversely, it is also argued that HR generates considerable costs related to people and people management and is a source of routine and administrative non-core tasks. Therefore, outsourcing HR functions enables organisations, including airlines, to release capital for future investments, provides cost efficiencies, optimisation, flexibility, innovation as well as it allows airlines to focus on their strategic core competencies. Yet, the decision to outsource HR services does not automatically guarantee the success and nourishing the outsourcing relationship management is equally important for organisations to achieve anticipated benefits.

Although the literature is broad and vast in terms of the outsourcing concept, it still remains relatively unexplored when it comes to the outsourcing relationship management at the post-integration stage. The purpose of this research is therefore to

fill the gap by exploring how airlines can manage the outsourcing relationship to maximise value of HR outsourcing.

3. Research Question and Objectives

Based on the literature review and the analysis of the secondary data, it was concluded that delegating HR services to external providers can create value in the aviation sector. Yet, it was also indicated that the decision to outsource non-core functions does not suffice and managing the outsourcing relationship is equally important to achieve the anticipated benefits. Although the literature is reach in terms of the outsourcing in general, it still remains unexplored when it comes to the outsourcing relationship management, including the aviation market in Ireland. Hence, this study endeavours to fill the gap in the literature on the management of the outsourcing relationship in context of value creation. It attempts to address the following research question:

"How is the outsourcing relationship managed in the aviation sector in Ireland to maximise value of outsourced HR functions?"

This study is aimed at developing an understanding on how the value of outsourced HR services can be leveraged through the management of the outsourcing relationship in the aviation sector in Ireland.

The following objectives have been established in order to assist the overall research aim:

- To explore how senior managers increase consciousness with regards to the significance of the outsourcing relationship between an organisation and service providers and engaging their teams in outsourcing projects.

- To evaluate the level of control over the external providers, if any, required to achieve the anticipated outsourcing outcomes.

- To understand how airlines monitor and evaluate the outsourcing relationship.

- To identify how airlines measure the delivered outcomes against the specified requirements.

4. Research Methodology

The purpose of this chapter is to present the methodology which was adopted to address the research question and objectives. The methodology selected for this study derived equally from theoretical and practical considerations aligned with the overall aim of this study. This section outlines in turn: philosophical positioning, research method, research instrument, sampling and the data analysis method. It also critically discusses ethical concerns relating to the methodology chosen for this study.

4.1. Philosophical Positioning

This research was grounded in the interpretivist philosophy focused on the recognition of differences in people's interests in the social world (Blumberg, Cooper and Schindler, 2011; Saunders, Lewis and Thornhill, 2009). It was aimed at developing an understanding on how the outsourcing relationship is managed in the aviation sector in Ireland to increase value of outsourced HR services, hence discovering and interpreting senior managers' perceptions was crucial for this study. As such, given the nature of this study, there was no actual reference made to a positivist epistemology related to scientific generalisations (Saunders et al., 2009), as it was not the objective of this research.

The ontological positioning of this study was strictly related to a subjectivist view which was focused on exploring perceptions and different ways participants, as social actors, perceive the surrounding world (Saunders et al., 2009). Since the interest of this research was to understand the experiences of senior managers in their organisations, the subjective consideration was more appropriate for the purpose of this study rather than the objectivist stance.

Furthermore, this research was based on the inductive approach aimed at discovering the meanings which the representative sample of senior managers attached to the events in their workplaces (Saunders et al., 2009). Based on the primary data collected from the representative sample, generalisations relating to the entire

population in the aviation industry in Ireland were formulated by means of induction (Adams, Raeside and Khan, 2014).

4.2. Research Approach

In principle, research can be structured around a quantitative, qualitative or mixed approach. From a theoretical point of view, whilst the quantitative approach is focused on producing and analysing numerical survey data by a means of statistical instruments (Goertzen, 2017), the qualitative approach is related to interpreting detailed and contextualised descriptive data usually obtained from interviews (Levitt, Creswell, Josselson, Bamberg, Frost and Suarez-Orozco, 2018).

This research adopted a qualitative mono-approach whereby in-depth descriptive data and expressions of experiences, as perceived by respondents, were collected and subsequently analysed to adequately address the research question and objectives (Levitt et al., 2018; Adams et al. 2014). Whilst the quantitative approach was also considered, it would produce numerical data, relevant for statistical analysis to examine relationship between variables (Saunders et al., 2009), which was not an adequate research tool to address this particular research question. Since the researcher was interested in experiences of the respondents, their views and chosen approaches, the qualitative method was more appropriate given the nature of this study. As such, subjective descriptions provided by managers in relation to their own experiences with the outsourced HR services in their organisations formed basis for the subsequent data analysis and generalisations on the entire population of the aviation sector in Ireland.

Due to time constraints, this research was cross-sectional in nature and was aimed at examining a phenomenon at a specific period of time (Saunders et al., 2009), which in context of this study was between April and August 2019 as referenced in the research timeline (Appendix 1).

4.3. Data Collection

In general terms, data can be collected with a primary research which is conducted directly by the researcher by means of interviews, surveys or focus groups whereas the secondary data is related to already existing sources such as publications, journal articles (Collis and Hussey, 2014). The analysis of the secondary data was conducted during the literature review which provided theoretical background to this study. The research itself relied on the primary data which was collected with a method of semi-structured interviews.

In terms of semi-structured interviews, Roberts, Dowell and Nie (2019) indicate that they allow to gather and interpret descriptive data to understand the phenomenon under research through the meaning which the respondents assign to it based on concepts, perspectives and themes revealed during the interviews. During these semi-structured interviews, the participants were asked the same probing questions which facilitated the organisation and analysis of the primary data.

The interviews were conducted with the respondents in person. The interviews lasted between 30 to 40 minutes. There were 26 interview questions (Appendix 2) developed by the researcher based on the main concepts deriving from the previous literature review and these included: value creation, management of the outsourcing relationship, management and evaluation of HR outsourcing projects. In addition, these interview questions were construed to address the research objectives surrounding the senior managers' roles in increasing the consciousness of the importance of the outsourcing relationship and engaging their teams in the outsourcing projects, level of control over the external providers required to achieve the anticipated benefits, monitoring and evaluating the outsourcing relationship and measuring the performance of the outsourcing providers. The interviews were audio-recorded using two separate devices to prevent any potential technical issues with recording lapses and were subsequently transcribed for an in-depth analysis.

A pilot study was conducted among three fellow managers in an aviation outsourcing agency where the researcher works, to test the clarity of the questions, allow for potential errors to be corrected and to ensure that the overall validity of this research instrument was maintained (Adams et al., 2014).

4.4. Participants Selection

The data for this research was collected from a non-probabilistic purposive sample of airline senior managers involved in the HR outsourcing projects in their organisations as outlined in the profile of respondents and organisations (Appendix 3). The purposive sample was adopted for this research as it facilitates access to selected respondents who have the required knowledge related to the research problem (Robinson, 2014; Saunders et al., 2009).

In relation to a number of interviewees selected for this study, Morse (2000) points out that when the purpose of the research is to explore the phenomenon surrounding experience and perceptions, six respondents would be recommended to meet the research purpose and avoid saturation of the topic under study. From a practical point of view, as Adams et al. (2014) suggest, the sample size for this type of research is also associated with cost and time available for the completion of the study. Therefore, based on the above recommendations and given the time and cost constraints of this study, a representative sample of six senior managers in multiple airlines in Ireland were interviewed as part of this research. The access to the sample of senior managers was facilitated through an aviation outsourcing agency which the researcher works for.

Those six senior managers work in five different commercial airlines in Ireland. In case of one organisation, there were two participants working in the same company however they manage two different departments (one pilot and the other one, cabin crew section). Three females and three males were selected for this research to ensure that a gender balance was maintained and to avoid any potential bias in responses, which could be characteristic for any one gender. All participants perform senior management functions in their organisations and have a direct involvement in the management of the HR outsourcing projects (Appendix 3).

4.5. Data Analysis

A descriptive analysis technique was selected for the purpose of this research. Lowe, Norris, Farris and Babbage (2018) stress the importance of data organisation in process of analysing the collected descriptive information and grouping it into themes to facilitate the theoretical understanding of the phenomenon under research. This type of data categorisation allows for proper description and interpretation to elicit the adequate meaning in context of the research question and its focus. As such, the primary data collected for the purpose of this study was grouped under five themes, including: teams' consciousness, control over the external providers, evaluation process, performance measurement systems and outsourcing relationship management, which correlate with the objectives of this study. The code book was also developed for the proper analysis of the collected information.

The analysed information was reported in form of the findings which are outlined in the following chapter of this study. Those findings formed basis for subsequent discussion and reference to previous research as uncovered in the literature in order to address the research objectives and the main research question. This in-depth analysis of primary data was also used to critically evaluate the research outcomes, its contribution to the literature and its practical implications for the aviation sector in Ireland as well as to indicate its limitations and determine potential areas for future studies, which are discussed in detail in the later sections of this study.

4.6. Ethical Considerations

Since the research topic is non-sensitive in nature and the research did not involve vulnerable groups, it should not raise major ethical concerns. The researcher, though, remained aware of the Ethical Guidelines and Procedures of the National College of Ireland (2017) and was conscious of the importance attached to the research transparency and adopted approach to ensure that no potential risk of harm was caused to participants. As such, prior to interviews, the participants were provided with an information sheet (Appendix 4) outlining the aim of this research and their roles in this study. The participants were also requested to sign and return a consent form (Appendix 5) giving their voluntary authorisation to participate in this study.

The researcher was also conscious of the Data Protection Act 2018. In order to ensure compliance with the provisions of this Act and to protect participants' and their organisations' identities, they remained anonymous in any results report of this study. In addition, audio-recordings and subsequent written transcripts were encrypted and are retained securely. In line with the policy of the National College of Ireland, the collected data will be destroyed after the exam board confirm the results of the dissertation in order for the researcher to comply with data retention policy.

5. Findings

This chapter presents the findings following an in-depth analysis of primary data collected from semi-structured interviews. It initially elaborates on organisations' experience with HR outsourcing to provide context for a subsequent analysis of findings on how airlines in Ireland manage the outsourcing relationship. These findings were grouped under five separate themes which correspond with the objectives and the main question of this research.

The airlines are multinational organisations based in Ireland with set-up operations in foreign markets. All five companies avail of HR outsourcing services for over two years, with the longest use of external sourcing reaching 20 years. The airlines outsource multiple HR functions, including: recruitment, payroll, learning and development as well as HR administration and management. They delegate selected internal HR activities to multiple service providers, with an exception of one organisation which outsource their functions to one provider since the airline's set-up two years ago. All companies offer renewable service level agreements with a standard duration of one to five years. The airlines declared that they outsource their HR services externally due to multiple reasons that include: access to expertise, assistance with setting up a new business swiftly in foreign markets, cost savings, flexibility, ability to deal with upsizing and downsizing operations in summer and winter seasons as well as processing administrative volumes. The profiles of the organisations and participants are outlined in Appendix 3. The findings on how the airline organisations in Ireland manage the HR outsourcing relationship are presented below.

5.1. Manager's Role in Engaging Teams in Outsourcing

Airlines have different perceptions related to the managers' role in increasing the consciousness about the importance of the HR outsourcing initiatives and engaging their teams in the outsourcing projects. The findings show that the responses provided by interviewees in this area were not unanimous. On one hand, some participants advised that senior managers would not be engaged at all in influencing their teams and highlighting the significance of the HR outsourcing initiatives. The

Recruitment and Workforce Planning Manager (Participant 3) and Group Personnel Director (Participant 5) corroborated their views as following:

"*I do not think they do. I don't think it's even on their radar.*" (Workforce Planning Manager - Participant 3)

"*I don't think it would be visible to them. It's not fully evolved service. The company that we are going to utilise have access to a whole raft of services that we don't have in-house that we can tap into and benefit from it. And it's just getting the managers to recognise that those things something we can benefit from.*" (Group Personnel Director - Participant 5)

On the other hand, others fully recognise the significance of the leaders' role in encouraging and guiding their teams in order to reinforce desired behaviours and organisational values. The Director of Inflight responsible for cabin crew management reported as per below:

"*I would guide my team by telling them that, you know, people are people, cabin crew are cabin crew or, staff are staff, so you treat everybody the same, obviously... And I think that that's something that we all need to do at the senior level to reinforce…*" (Director of Inflight, Cabin crew - Participant 1)

This guidance and managers' support is particularly required, as stressed by the participants, when a new HR outsourcing project is launched. In this organisational context, when employees face a novel reality whereby external providers are engaged and replace the existing internal structures, the managers' role should be to attempt to shift the existing defensive culture by minimising potential divisions between internal and external staff, as reported by the Strategic Contract Manager (Participant 6), and changing their mindset so that the employees perceive outsourcing as a source of benefit for themselves and their organisations, as highlighted by the Head of HR Operation and Shared Services (Participant 4) respectively.

"So the managers if they had all the information will work better, but they do engage on a daily basis and more and more so now; [before] there was us and them." (Strategic Contract Manager - Participant 6)

"That takes a lot of work to try and change that mentality… So it's trying to change that mindset. And obviously that needs to come kind of from the top down." (Head of HR Operation and Shared Services - Participant 4)

The respondents also proposed selected mechanisms aimed at reinforcing the mutual cooperation between the internal teams and external service providers in order to secure a comparable level of engagement in organisational values. These practices include: making teams accountable for costs associated with decisions they make (Head of HR Operation and Shared Services - Participant 4), buying teams' understanding of the concept of outsourcing, highlighting the benefits of HR outsourcing for individuals and organisations as well as engaging both internal and external employees through available communication channels (Group Personnel Director - Participant 5). Their supporting responses are outlined below:

"I don't think people are as accountable for costs as they, kind of, should be. And if they were made more accountable, then they'd be more focused and looking at more cost-effective solutions." (Head of HR Operation and Shared Services - Participant 4)

"Buy in their understanding of why you're doing it, how they're going to benefit from it…external payroll providers are included in things like team briefings, newsletters, information updates, so that we just see them as part of our payroll." (Group Personnel Director - Participant 5)

5.2. Control Over the External Providers

The approach to the aspect of control exercised by airlines in Ireland over the external providers is twofold. The Director of Inflight, responsible for the management of cabin crew (Participant 1) and the Flight Operations Base Manager, responsible for the pilot management (Participant 2), declared that their organisation do not exercise any form of control as they consider themselves to be more outcome driven. As they pointed out, they simply expect for the agreed outcomes to be delivered in line with the service contract. They also indicated that in case of providers' underperformance, they would impose contractual penalties rather than exercise control over them. It supports Beltotserkovskiy et al.'s (2018) idea of managing the outsourcing relationship based on a transactional approach that involves applying contractual penalties to mitigate performance issues. Those managers remarked as it follows:

> *"We tend not to have a level of control at all… We're outcome driven. All we want is the result at the end and if the result is not provided then you need to fix it."* (Flight Operations Base Manager, Pilots - Participant 2)

> *"The only real control that you have is the contractual obligations and the financial elements of it… In the contract you might have penalties so there has to be a carrot-stick approach."* (Director of Inflight, Cabin crew - Participant 1)

Yet, other participants stressed that they do recognise a need to exercise a certain level of control over the service provided to them as they work in a highly regulated industry and ultimately remain accountable, as the end users, for the delivered results. The Head of HR Operation and Shared Services (Participant 4) reported below that their preference is to exercise this control through mutual engagement and collaboration.

> *"It's a kind of regulated environment… For the types of arrangements that we have, you have to have that engagement because if you do not have that*

engagement, they do not know exactly what you need or what you want or what your priorities are and what service you expect." (Head of HR Operation and Shared Services - Participant 4)

The Recruitment and Workforce Planning Manager (Participant 3) highlighted this importance of mutual collaboration as it allows airline organisations to resolve issues effectively. It was also pointed out that in case of this collaborative relationship, the organisations tend to use contractual penalties only as a last resort as their main aim is to resolve a problem and maintain this high-level collaboration long-term.

"If something is going to go wrong or if there is going to be a delay, you do not have to implement any sort of financial penalty or anything like that if both sides are working together on that… Financial penalty, it is your very last resort and the best way is to work together." (Recruitment and Workforce Planning Manager - Participant 3)

Although the findings demonstrate that airlines in Ireland adopt two different approaches to control over the external providers, they do not determine which approach, the transactional with minimum control levels or collaborative one with adequate control levels, adds more organisational value.

5.3. Evaluation of the Outsourcing Relationship

In relation to monitoring and assessing providers' performance, the airlines in Ireland again adopt a dual approach. On one hand, as suggested by both, the Head of HR Operation and Shared Services (Participant 4) and the Flight Operations Base Manager responsible for pilot side of the business (Participant 2), airlines in Ireland lack an established formal evaluative process. They explained that it can be due to a variety of operational reasons such as: time limitations, focus placed on internal business strategies or else reliance on the deliverables. Their responses are outlined below:

"We have had the areas of so much change, there hasn't really been a huge amount of time to evaluate." (Head of HR Operation and Shared Services - Participant 4)

"It's all about outcome. If the situations are being managed effectively and in a timely manner, we are happy." (Flight Operations Base Manager, Pilots - Participant 2)

In other instances, as the findings demonstrate, organisations tend to evaluate the HR outsourcing relationship on two levels. Firstly, the evaluative process occurs on a day-to-day basis with the subsequent main evaluation taking place at the end of the service contract. In case of the latter, it was interesting to note that a decision not to renew a service agreement at the end of the contractual relationship, may not necessarily be invoked by the providers' underperformance but can be equally influenced by external factors. The Group Personnel Director (Participant 5) listed below, for example, legislative changes that may prevent an organisation from using outsourcing in any one country jurisdiction. Similarly, The Recruitment and Workforce Planning Manager (Participant 3) indicated shifting external environment whilst the Flight Operations Base Manager (Participant 2) pointed towards changing organisational strategy as the external factors affecting the decisions:

"It would mainly be down to legislation, underperformance, I think you'd still be in a situation where the contract would have to terminate in an orderly manner. Yes, but legislation is a big one." (Group Personnel Director - Participant 5)

"I'd say if there is a big shift in the activities in HR, for example, if there is a big downturn in the economy…" (Recruitment and Workforce Planning Manager - Participant 3)

"I suppose change in strategy of the company or non-performance by the provider, they are the two main reasons… in terms of them what the company

wants to do, or doesn't want to do," (Flight Operations Base Manager, Pilots - Participant 2)

In case of a day-to-day evaluation, the participants indicated that it can be performed in both, informal and formal ways. Where an informal style is adopted, the evaluative process takes a form of reactive approach whereby organisations rely on informal feedback from employees and contracted staff triggering a reaction from an airline. Another angle was observed in the previous Global Outsourcing Survey (Deloitte, 2016a) which demonstrated that these are the external providers who actually adopt a reactive approach to outsourcing and mainly act in case of organisations' dissatisfaction with a service. As the findings from this research highlight, these are equally organisations who tend to be reactive in their approach to outsourcing and act upon informal feedback which they receive. The Head of HR Operations and Shared Services (Participant 4) observed as following:

"It doesn't take long for there to be kind of negative, you know, you always hear the negative feedback. So obviously, if there's negative feedback, you need to act on that kind of very, very quickly...." (Head of HR Operations and Shared Services - Participant 4)

Other airlines have fully designed formal evaluative processes in place allowing for more adequate and proactive monitoring of the outsourcing relationship. The Recruitment and Workforce Planning Manager (Participant 3) commented on this process as following:

"We've got probably the best way of monitoring it… It's probably through the monthly service review where everybody gets together around the table and go through each of the functions within the outsourcing suppliers' remit and talk through…There are audits, there are a lot of audits in our company in general." (Recruitment and Workforce Planning Manager - Participant 3)

5.4. Measurement of Providers' Performance

The vast majority of respondents declared that they do not measure the providers' performance against the established requirements. These findings are somehow unsurprising and confirm Davies et al.'s (2015) outcomes that only an insignificant number of companies actually measure their providers' performance and the outsourcing outcomes. The Head of HR Operations and Shared Services (Participant 4) confirmed, as cited below, that their organisation do not have established measurement mechanisms in place however fully recognised that these practices should be implemented.

"On our side, we actually don't [measure] *but it should be probably something that we should be doing."* (Head of HR Operations and Shared Services - Participant 4)

In case of one airline, the Recruitment and Workforce Planning Manager (Participant 3) indicated that their organisation have a fully developed measurement system in place in order to assess the outcomes against the projected expectations. These mechanisms comprise of Key Performance Indicators (KPI's) review, monthly service reviews, tolerable payroll errors, number and time within which HR queries are answered as indicated by this interviewee:

"Our initial measure with our outsource supplier was SLA offers and how long it will take to make an offer for a specific goal… And payroll, a certain amount of errors tolerable which would be their SLA there… The HR admin, it'd be more about answering people's queries and have a certain amount of time to come back and close down tickets, because we have got a ticketing system." (Recruitment and Workforce Planning Manager - Participant 3)

5.5. Outsourcing Relationship Management

The significance of the outsourcing relationship management is recognised by airlines. The participants highlighted that the successful outsourcing relationship management should be based on a reciprocal partnership, as highlighted by the Group Personnel Director (Participant 5), and should be supported by internal resources, as observed by the Recruitment and Workforce Planning Manager - Participant 3). Their supportive comments are outlined below:

"It's key, it's got to be a partnership. So in recognising that they have, ultimately, to make money and to be profitable, we have had an approach of wanting them to be successful and profitable. But at the same time, they got to recognise our partnership as well and what our strategic objectives are."
(Group Personnel Director - Participant 5)

"It's really important, I think they recognise that. We have a dedicated person who looks after the relationship. So he's a Service Delivery Manager."
(Recruitment and Workforce Planning Manager - Participant 3)

These findings confirm Handley and Benton's (2009) perception that this management should be based on reciprocal partnership. They also corroborate Herath and Kishore's (2009) view stressing that managing the existing relationship is equally important to secure organisational competitive advantage.

The respondents also highlighted, which was interesting to note, that even though the management of the outsourcing relationship is significant, it is still not a priority in many airlines as companies tend to focus on their internal business functions. The Director of Inflight responsible for cabin crew (Participant 1), remarked as following:

"I would say it's important, but I wouldn't say it's a priority… It's difficult because our priority is obviously our own people, I suppose it's the sense that

if you pay a company to do a job, there's an expectation that they deliver on that job." (Director of Inflight, Cabin crew - Participant 1)

The findings also outline that airlines in Ireland can secure the effective management of the HR outsourcing relationship by implementing the efficient communication channels. The transparent communication and mapping up expectations are deemed as key components in a day-to-day outsourcing management aimed at organisational value creation. The findings support the previous research where it was uncovered that reviewing and communicating about priorities and expectations throughout the duration of the existing relationship can potentially reinforce mutual collaboration (Deloitte, 2017; Bibhudatta et al., 2014). The Recruitment and Workforce Planning Manager (Participant 3) provided the following insights into the feature of the effective communication:

"*We do a lot of process mapping; if something is unclear, our outsource partners will say we need to get in a room, we need to map it up because we are not sure what we are doing... I think communication is always so important as well.*" (Recruitment and Workforce Planning Manager - Participant 3)

It is also indicated by the respondents that the potential value increase is related to airlines' ability to address and manage problems with external providers. It is valid to note that many airlines, as the Flight Operations Base Manager (Participant 2) indicates below, airlines would not hesitate to terminate a service agreement with external providers in case of vendors' underperformance to remediate performance issues, which would indicate a failure of an outsourcing project.

"*And if there's a fundamental disagreement, you know, either side can give 30 days' notice or 90 days' notice, depending on the contract, and nobody's going to stay with service... if it's no longer practical. So like, you know, after all the work that's gone in, nobody wants to do this, but if it doesn't work, it doesn't work.*" (Flight Operations Base Manager, Pilots - Participant 2)

However, airlines would still strive to resolve issues before they ultimately decide to terminate the contract, in order to attempt to maintain the commercial relationship for the benefit of both parties. The Recruitment and Workforce Planning Manager (Participant 3) highlighted below the importance of having formal mechanisms available to organisations in order to resolve potential issues with external providers in an amicable manner.

"So it depends on the level of the problem. If there's a small issue, I'll deal with it…if it's a bit more, it tends to get escalated a bit more formally. So they do have a method of resolving incidents and issues, I think they class them into different categories depending on how serious they are and how many people they've affected. Then that takes a different route there." (Recruitment and Workforce Planning Manager - Participant 3)

These findings present how airlines in Ireland manage the HR outsourcing relationship aimed at value creation however they do not quantify the value levels created when comprehensive relationship management practices are applied. Furthermore, they do not determine if a transactional or a collaborative approach to the outsourcing relationship management generates greater value for airlines in Ireland, which can be all considered as limitations to this study. The subsequent chapters though propose recommendations for further research in those areas to compliment and promote further studies in the field of the outsourcing relationship management. These findings equally have implications for airlines and managers involved in the HR outsourcing projects in the aviation sector in Ireland, which are discussed in further details in the subsequent section with reference to previous research.

6. Discussion

It was revealed in the previous studies that the management of the outsourcing relationship is pivotal for achieving the anticipated outsourcing benefits (Kaipia and Turkulainen, 2017; Handley and Benton, 2009). The aim of this research is to explore how commercial airlines in Ireland, operating in a highly competitive environment, manage the HR outsourcing relationship to maximise their organisational value. The main research problem is examined here with aid of the supporting objectives that include: managers' role in increasing their teams' consciousness and engagement in the outsourcing projects, the level of control over the external providers required to achieve the anticipated outsourcing outcomes as well as the evaluation and measurement systems of the outsourcing relationship and outsourcing deliverables. These objectives are discussed in turn below.

In terms of increasing consciousness and engagement in the HR outsourcing projects, the findings highlight the significance of the managers' role in guiding and engaging their teams in the outsourcing initiatives in order to reinforce the desired behaviours and maximise overall organisational value. This role, as the findings demonstrate, are particularly critical when a new outsourcing project is introduced, as the leaders' initial role is to attempt to eliminate potential divisions between internal and external employees and ultimately be able to show teams how they and their organisations can benefit from the outsourcing projects. Since the literature, according to the researcher's knowledge, does not elaborate to a great extent on the direct role of managers or else how they can practically engage their teams, the insights from the practitioners participating in this research can advance the study in this area. The participants outlined the following practices which they considered important to maximise the teams' engagement: making the teams accountable for the outcomes and costs associated with decisions they make on behalf of the organisation so that they can appreciate the efficiencies of outsourcing, promoting an understanding of outsourcing and its benefits, including internal and external teams in communication channels to facilitate their engagement. From the change management point of view, the managers' soft skills prove to be important in changing teams' mindset and promoting their engagement in the outsourcing initiatives to leverage organisational value. It was important to note that although outsourcing has been widely used in the

aviation sector for decades, a number of airlines, as interviewees indicated, would still have limited or no involvement in this area. These findings therefore have practical implications for managers and point out their crucial role in designing and implementing practices to engage their teams in the outsourcing projects to maximise the outsourcing outcomes.

Insofar as the concept of control over the external providers is concerned, the organisations tend to adopt two opposite approaches to the HR outsourcing relationship management, a transactional or a collaborative one. The findings outline that where a transactional approach was adopted, organisations seemed to exercise limited or no control over the external service providers. The reason for adopting this transactional approach, as explained by the participants, derives from the organisations' belief that once products or services are outsourced and providers are paid for their services, there should be no control or intervention required from the organisations. The findings also show that, when this transactional approach is adopted, organisations are more inclined to impose contractual penalties in case of providers' underperformance. It therefore supports Belotserkovskiy et al.'s (2018) idea of transactional style of managing the outsourcing relationship where contractual penalties are used as a means of rectifying potential performance issues. Conversely, the other group of respondents, indicated that there must be a requirement for airlines to exercise some level of control over the providers, as carriers operate in a highly regulated environment and ultimately remain accountable for the results delivered to them. The findings suggest that those organisations though prefer to exercise this control through mutual engagement and collaboration and they use contractual penalties only in extreme circumstances. These findings on a collaborative approach are compatible with Handley and Benton's (2009) view suggesting that organisations should develop a reciprocal relationship with external providers to increase the benefits deriving from the outsourcing initiatives. From the relationship theory point of view, the findings did not determine though if greater organisational value is delivered if the transactional approach (with no or limited control) or collaborative approach (with adequate levels of control over the external providers) is exercised. This can be then subject to future research in this area.

With reference to the evaluation process, the key findings here are that although the outsourcing model is widely used in the aviation sector in Ireland for decades, the majority of the airlines do not have a developed outsourcing evaluation process in place. As the participants indicated, their organisations rather try to address the issues only when problems are brought to their attention and tend to rely on informal feedback. It therefore indicates that organisations adopt a reactive approach to the outsourcing evaluation process. These findings compliment the previous study in this field delivered by the Global Outsourcing Survey (Deloitte, 2016a) and pinpointed that not only providers but equally the organisations themselves tend to adopt a reactive approach in their outsourcing initiatives. On the other hand, a minority of airlines who conduct the evaluation of the outsourcing relationship, have established formal evaluative mechanisms in place that include: meetings, audits or service reviews conducted regularly or at the end of the service agreement. As identified by the respondents, those formal evaluation practices allow organisations to assess the progress of the outsourcing initiatives, adjust potential routes to achieve the projected outcomes and plan the future directions, which all contribute to the overall organisational value. From the relational theory point of view, they seem to be more proactive in their approach and can harness planning, evaluation and expectations towards the projected outcomes. These findings somehow support Handley and Benton's (2009) previous research in this area, where it was pointed out that in order to elicit the projected outsourcing outcomes, organisations should design and implement the strategic evaluation and relationship management practices. From a practical point of view, these findings have implication for project managers directly involved in the outsourcing initiatives, whose role should include designing and implementing outsourcing evaluation mechanisms to be able to anticipate potential issues and avail of emerging opportunities to maximise outsourcing values.

Similar conclusions were drawn in terms of the measurement systems, whereby it was highlighted by the participants that although they should, organisations do not actually measure the outcomes delivered by external providers against the agreed requirements. These findings were somehow unsurprising as they corroborate Davies et al.'s (2015) previous research whereby it was pointed out that only an insignificant number of organisations actually measure their providers' performance. Those organisations that actively apply measurement systems, although in minority, listed a

number of practical mechanisms that are used in their organisations to measure the providers' performance. These include: clearly defined KPI's, regular service reviews, quantifying and assessing tolerable payroll errors or identifying the number and indicative time within which HR queries should be responded to. The findings suggest that where evaluative and measurement practices are in place, the airlines are more capable of precising what outcomes are being delivered, if they are in line with the anticipated expectations, and what directions are to be taken for the future to maximise value. This study did not quantify though the produced value levels in case of presence or else absence of evaluative and measurement systems, which can be examined with more scientific methods in the future.

It was also important to note that all airlines recognised the significance of the HR outsourcing relationship management, yet, admitted that it is often not a priority in their organisations. They also indicated that the successful HR outsourcing relationship management should remain positive and be based on mutual partnership to contribute to the value creation. These findings support the previous research in this field conducted by Kaipia and Turkulainen (2017) and Handley and Benton (2009) who stressed the importance of the outsourcing relationship management in securing organisational competitive advantage and, as Handley and Benton (2009) concluded, this management should be embedded in reciprocal partnership. As part of the findings, it was also stressed that some airlines would delegate internal resources to oversee the outsourcing initiatives, which highlights the importance of the outsourcing relationship management. Furthermore, it is concluded that a role of mutual communication regarding expectations is pivotal to increase value of the outsourcing initiative. This was also uncovered in previous studies by Deloitte (2017) as well as Bibhudatta et al. (2014) where the significance of regular communication aimed at reinforcing mutual collaboration was highlighted. The daily management of the HRvoutsourcing relationship, as the findings show further, is also associated with organisation's ability to address and manage problems with external providers, which from the agency theory point of view, is critical for value creation. The termination of a service agreement with external providers was also mentioned by participants, which supports Deloitte's (2016a) previous survey in this field where it was outlined that organisations would cease service agreements as a means to remediate problems with external providers. However, this study indicates that

airlines, as the respondents suggested, would attempt first to resolve the issues with mechanisms available to them before terminating an agreement. In terms of those practical problem-solving mechanisms, the participants listed communicating directly with external providers in case of minor issues and initiated a more formalised process in the event of complex issues that are to be categorised in line with their importance and risks to enable organisations to solve these problems efficiently. These findings therefore have implications for project managers who should dedicate enough attention to designing and implementing adequate mechanisms to mitigate potential risks of the outsourcing relationship.

In summary, the findings imply that where the organisations have formalised outsourcing relationship management processes in place, they are more capable of assessing their expectations and future directions as well as are more equipped with practical mechanisms to address potential problems and avail of opportunities to leverage the outsourcing outcomes and increase organisational value. These findings therefore have considerable implications for managers involved in the outsourcing initiatives, who, by increasing their teams' consciousness and engagement in the outsourcing projects, assessing the level of control required over the external providers, designing and implementing practical evaluation and measurement systems, can maximise the outsourcing benefits, leverage organisational value and increase airlines' competitive advantage.

7. Conclusion

As uncovered in the literature, outsourcing has become a prevailing business trend among airlines in Ireland. The airlines more often choose to delegate their non-core HR functions to external providers in order to focus on their core competencies, seek efficiencies, expertise, increased organisational value and compete more successfully in the highly demanding aviation market. However, the decision to move to outsourcing does not suffice and managing the outsourcing relationship is equally important to fulfil the anticipated benefits from the outsourcing initiatives. Therefore, as the findings of this research demonstrate, airlines in Ireland should focus on designing the HR outsourcing relationship management practices to maximise their organisational value and overall competitive advantage.

The previous research on the outsourcing relationship management explores this phenomenon mostly from a strategic point of view, with relatively limited attention being dedicated to the feature of managerial soft skills in influencing organisational behaviour and desired culture. However, as the findings indicate, the managers' role in increasing teams' consciousness and engagement in the outsourcing projects is critical for the reinforcement of the desired behaviours and the increase of organisational value, especially when a new outsourcing project is launched. Not all managers in the commercial airlines in Ireland though are equally involved in promoting their teams' engagement in the outsourcing initiatives. This research therefore advances the literature by highlighting the significance of managers' role in guiding their teams towards the outsourcing initiatives to elicit the projected outcomes from HR outsourcing and leverage overall organisational value.

The approach to control in the HR outsourcing relationship management is also vital and worth exploring by airlines in Ireland. It was concluded that the commercial airlines in Ireland either elect not to exercise any control over the external providers and adopt a transactional approach to the outsourcing relationship management, or they choose to impose a certain level of control, as operating in a highly regulated industry, they still remain accountable for the results delivered to them. When the latter approach is adopted, the airlines prefer to exercise this control through a collaborative approach and reciprocal partnership. The research did not determine

though if adopting a transactional or collaborative approach would generate greater organisational value. This concept can therefore form basis for future research as recommended in the subsequent sub-section of this chapter.

The practical aspect of the HR outsourcing relationship management is also considered as critical for value increase. As revealed in this research, with presence of formalised evaluative processes, the organisations in the Irish aviation sector are more equipped to assess providers' performance, address potential problems, elicit expected outcomes and are more proactive to create value. Similarly, with adequate measurement practices in place, airlines are able to compare the delivered outcomes against the set expectations in order to determine if projected values are being delivered. Yet, despite this well-established outsourcing business model in the aviation sector in Ireland, still only an insignificant number of airlines have evaluation and measurement systems in place. In terms of previous research, the literature is somehow limited and does not explore to a great extent the practical concept of the outsourcing relationship management. The research findings on the practical concept of the HR outsourcing relationship management are therefore contributory to the literature in this area.

In summary, the HR outsourcing relationship management is significant to create value and contribute to airlines' overall competitive advantage in the aviation sector in Ireland. The outsourcing relationship management should include practices aimed at value increase, such as: engaging teams in the outsourcing projects, adopting adequate levels of control over the external providers, implementing performance evaluation and measurement practices, increasing communication between organisations and providers as well as designing problem-solving mechanisms. As previously indicated, this study advances the literature by outlining the importance of the managers' role and involvement in increasing value through the HR outsourcing relationship management as well as providing prospective practical indications for the improved outsourcing relationship management. From a practical point of view, these insights have implications for airlines and managers directly involved in the HR outsourcing projects in the aviation sector in Ireland.

7.1. Limitations

The researcher is conscious of the limitations imposed by the selected methodology and the findings. Firstly, this study was cross-sectional in nature and, as such, the researcher could only rely on data collected over a limited time spectrum due to the time constraints of this research. In addition, this research was limited to six interviewees, which can be considered as a relatively insignificant number to provide generalisations about the entire aviation sector in Ireland, yet it still allowed to gain an understanding of the phenomenon under research in this particular industry. Finally, this research adopted a qualitative approach where individual participants' views and insights into the HR outsourcing relationship management were explored, which is subjective in nature. The researcher therefore had to remain conscious of this potential bias whilst conducting interviews and analysing the primary data.

In terms of the research findings, whilst the outcomes determined that value can be created through the comprehensive outsourcing relationship management practices, the study was not able to quantify those value levels. The findings equally did not identify which approach to the HR outsourcing relationship management, a transactional or collaborative one, would create greater value to airlines in Ireland.

7.2. Future Research

In consideration of the limitations outlined above and in order to advance literature in terms of the outsourcing relationship management, it can be proposed for future research to plan longitudinal studies to explore how the HR outsourcing relationship management and organisational value develops and fluctuates in the aviation sector in Ireland over time, from the beginning to the end of a service agreement. It will be also interesting to determine which approach, a transactional (with no control) or collaborative (with adequate levels of control over the external providers) one, would generate more value for the aviation sector in Ireland. Finally, it may be beneficial to conduct a comparative study and quantify value levels created in presence and absence of formalised outsourcing relationship management practices.

8. Recommendations

Following the literature review and the analysis of the primary data, the subsequent recommendations and timeline are proposed for the aviation sector in Ireland. In terms of costings, it is accepted by the researcher that airlines that avail of the outsourcing initiatives attempt to seek efficiencies and cost savings, therefore may not be inclined to invest or budget additional costs to oversee and manage the outsourcing projects. As such, the recommendations outline prospective improvements for the aviation sector in Ireland that can be potentially delivered by internal resources on a low-cost basis. An alternative for engaging external resources at certain costs is presented as optional for organisations.

<table>
<tr>
<td colspan="2"></td>
<td>Recommendations</td>
<td>Costing</td>
<td>Timeline</td>
</tr>
<tr>
<td rowspan="2">Planning</td>
<td>Employee engagement</td>
<td>
• plan and promote employee engagement in the outsourcing initiatives to increase project efficiencies and organisational value
• define the managers' role in guiding and engaging teams
</td>
<td rowspan="2">• use of internal resources for the planning stage</td>
<td rowspan="2">• first two months for planning
• thereafter as an ongoing periodical review</td>
</tr>
<tr>
<td>Control</td>
<td>
• assess and implement the levels of control over the external provider in line with organisational requirements and strategies
• define and apply the selected approach (transactional or collaborative) aligned to organisational strategies
</td>
</tr>
</table>

Process design	Evaluation and Measurement	• design and implement performance evaluation and measurement practices • define how frequently these practices are to be applied • review the efficiency of these practices to establish if they meet the purpose and if any adjustment is required	• use of internal resources for the process design and implementation	• first two months for design and implementation • thereafter as an ongoing periodical review
	Communication	• introduce the relevant communication channels for adequate engagement • define who internally and externally should be included in the communication		
	Problem Solving	• design and implement problem solving mechanisms • critically assess the process efficiency and adjust accordingly		
Resources	Outsourcing management	• consider internal resources for managing and overseeing the outsourcing relationship • alternatively, consider engaging external resources on a full or part-time basis depending on the organisation size and the level of the outsourcing projects	• optional costs of external resources: €55,000 - €60,000 for a full-time role on a HR Business Partner level (or pro-rated for a part-time role)	• defining and engaging resources prior to the commencement of the outsourcing initiative

9. Personal Learning Statement

The Masters program in the National College of Ireland set out comprehensively the strategic role of the contemporary Human Resource Management (HRM) in helping organisations to achieve their business goals. Placing the HRM role in this business context added to my professional development and the way I started to perceive objectives of the HR department in aligning its functions to the overall organisational strategies.

The program modules provided an opportunity to explore knowledge, which coupled with guidelines on how to complete academic assignments gave solid preparation for the completion of this study. This research itself was both, rewarding and challenging. It created opportunities for exploring knowledge on a selected research topic contributing to personal and professional development. In addition, it taught rigour, discipline and dedication, which were critical skills for completing this dissertation in a timely manner.

On the other hand, it equally presented the researcher with challenges. Although the research was adequately planned (Appendix 1), the researcher faced certain delays in meeting and interviewing the selected participants, which showed that the additional time reserve is important to be able to overcome unexpected and unplanned events. Furthermore, the researcher remains aware of the complexity of conducting good quality interviews and should focus on developing interview skills. Reporting on findings proved to be equally challenging. It should be acknowledged that an adequate presentation of findings forms an indispensable part of the research process and should be adequately mastered.

During the course of this study, the researcher realised how vast the literature and studies on any one topic are, which increased appetite for exploring this knowledge further.

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11. Appendices

11.1. Appendix 1 – Research Timeline

April 2019
Conducting literature review and submitting a draft of the literature review chapter for approval

May 2019
Designing the methodology section and submitting it for review

June 2019
Conducting six interviews in person with a selected representative sample of participants; transcribing audio-records for future analysis

July 2019
Analysing and reporting the findings; discussing the findings with reference to the literature review; drawing conclusion; reflecting on research limitations and prospective areas for future research; completing the reflective journal; submitting the chapters on findings and discussion for approval

August 2019
Correcting the dissertations in line the final remarks and submitting the final version on TurnItIn

11.2. Appendix 2 – Interview Questions

Research Aim:

The aim of this interview is to develop an understanding on how the value of the outsourced HR services can be increased through the management of the outsourcing relationship in the aviation sector in Ireland. You will be asked a number of open questions related to your experience with the outsourcing relationship between your organisation and external HR outsourcing providers.

1. How long has your organisation been outsourcing HR services for?

2. Which HR functions does your organisation outsource to external providers?

3. What are the motives for your organisation to use HR outsourcing services?

4. What do you think the objectives of your outsourcing partner(s) to provide HR outsourcing services to your organisation are?

5. How does the external market shape your organisation's decision to avail of HR outsourcing?

6. What are the anticipated benefits and outcomes for your organisation in using HR outsourcing, considering short, medium and long-term planning?

7. Are there any other potential HR outsourcing improvements or innovations which, from the perspective of your organisation, have not been implemented yet?

8. What are the potential risks for your organisation in using HR outsourcing?

9. How does your organisation mitigate potential risks resulting from an outsourcing relationship?

10. What importance does your organisation attach to the outsourcing relationship management with the external providers?

11. How do senior managers in your organisation increase consciousness among their teams with regards to the significance of the outsourcing relationship between your organisation and service providers?

12. How do senior managers in your organisation engage their teams in leveraging the value of the HR outsourcing projects?

13. How many external providers does your organisation outsource their HR activities to?

14. What is the shortest and longest duration of the HR outsourcing contract?

15. At what stage of the outsourcing relationship do you communicate your organisation's requirements and expectations?

16. How does your organisation manage the outsourcing relationship with the external providers?

17. How does your organisation address problems with HR outsourcing providers that arise during the existing outsourcing relationship?

18. What level of control over the external provider, if any, is required to achieve the anticipated outsourcing outcomes?

19. How does your organisation monitor and evaluate the outsourcing relationship?

20. How does your organisation measure the providers' performance against the specified requirements?

21. How often does your organisation conduct meetings and/or audits with the providers?

22. How does your organisation manage cases of providers' underperformance?

23. What happens at the end of the outsourcing service agreement?

24. In the event the outsourcing contracts are not renewed with the same provider, what are the reasons?

25. In what circumstances could HR outsourcing contracts be terminated before they naturally came to the end, if this situation occurred in your organisation?

26. In terms of the outsourcing relationship management, is there anything that you would recommend for your organisation to change in order to maximise value of the outsourced HR services?

11.3. Appendix 3 – Profile of Respondents and Organisations

Organisation	Number of employees	Number of years using outsourcing	Number of providers	Duration of an average outsourcing service contract	Outsourced HR functions	Respondent	Position in the organisation
A	15,000	over 15	more than 5	5 years (renewable)	Recruitment Payroll HR Management	1	Director of Inflight (cabin crew)
						2	Flight Operations Base Manager (pilots)
B	4,000	8	3	5 years (renewable)	Recruitment Payroll HR Management Learning & Development	3	Recruitment and Workforce Planning Manager
C	1,128	5	20	a couple of days to a couple of years (renewable)	Recruitment Payroll HR Management	4	Head of HR Operation and Shared Services
D	1,461	20	8 or 9	Long term (renewable)	Payroll Shortly HR Management	5	Group Personnel Director
E	60	2	1	1-5 years (renewable)	Recruitment Payroll Learning & Development HR Management	6	Strategic Contract Manager

11.4. Appendix 4 – Participant Information Sheet

Title of the study: 'Increasing Value in HR Outsourcing: The Management of the Outsourcing Relationship in the Aviation Sector in Ireland'

I would like to invite you to take part in a research study. Before you decide if you wish to participate, you need to understand why the research is being completed and what your role in this study will be. Please take time to read the following information carefully. You are invited to ask questions if anything you read is not clear or if you require any further information. Take time to decide whether or not to take part.

WHO I AM AND WHAT THIS STUDY IS ABOUT?

I am completing this study as part of the Masters programme in Human Resources Management, in the National College of Ireland. The aim of this study is to explore how value of HR outsourcing can be increased through the management of the outsourcing relationship in the aviation sector in Ireland.

WHAT WILL TAKING PART INVOLVE?

The participants, who agree to participate in this study, will attend an interview during which they will be asked questions regarding their experience with the outsourcing initiative and the outsourcing relationship between the airline which they work for and the airline's external providers. This 60-minute interview will be held in your place of work or other public place which you deem more suitable for this interview to take place. The interviews will be recorded using audio recording devices and will be subsequently transcribed for the analysis of findings. The identity of the participants will remain anonymous. If you require to take a break at any stage of the interview, please advise the researcher and this will be facilitated accordingly.

WHY HAVE YOU BEEN INVITED TO TAKE PART?

You have been invited to participate in this study as it is believed you can share your insights into the topic under research due to the nature of your role in your organisation and your direct involvement in the outsourcing project.

DO YOU HAVE TO TAKE PART?

Participation in this study is completely voluntary and you have the right to deny participation, refuse any question and withdraw at any time without any consequence of any kind.

WHAT ARE THE POSSIBLE RISKS AND BENEFITS OF TAKING PART?

Your participation in this study will contribute to gaining an understanding on how value in HR outsourcing can be leveraged through the management of the outsourcing relationship in the aviation industry in Ireland. Since the research topic is non-sensitive in nature, it should not raise ethical concerns however if you feel you might be subject to any risk of harm or distress during an interview please advise the researcher immediately.

WILL TAKING PART BE CONFIDENTIAL?

Your identity and the identity of people you will speak about will remain anonymous. Your name and any details which may reveal your identity or the identity of people you mention in this interview will be disguised in any report on the results of this research. The non-anonymised data in the form of a signed consent form and audio-recording will be collected and securely retained as part of the research process until the College exam board confirm the dissertation results.

HOW WILL INFORMATION WHICH YOU PROVIDE BE RECORDED, STORED AND PROTECTED?

Signed consent forms and original audio recordings and subsequent transcripts will be encrypted and retained in a secure place which is accessed only by the researcher until the College exam board confirm the dissertation results. Under freedom of information legalisation you will be entitled to access the information you have provided at any time while it is in storage as specified above.

WHAT WILL HAPPEN TO THE RESULTS OF THE STUDY?

The results of this study will be solely and strictly used for the purpose of the dissertation which will be submitted to the National College of Ireland as part of the Masters programme in Human Resources Management.

WHO SHOULD YOU CONTACT FOR FURTHER INFORMATION?

In case of any queries or further information in relation to this study, you may contact either myself or my research supervisor using the contact information outlined below:

The researcher: Sylwia Woloch	**tel.** 00353 871359332	**email:** x17128871@student.ncirl.ie

The supervisor: Julius Nyiawung		email: julius.nyiawung@ncirl.ie

THANK YOU.

11.5. Appendix 5 – Consent Form

- I…………………………………… voluntarily agree to participate in this research study.

- I understand that I can withdraw from participating in this research at any time or refuse to answer any question without any consequences.

- I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.

- I have had the purpose and nature of the study explained to me in writing and I have had the opportunity to ask questions about the study.

- I understand that participation involves attending an interview with the researcher whereby I will be asked questions in relation to the topic under research and the answers I will provide will be used for data analysis and subsequent report on findings.

- I understand that I will not benefit directly from participating in this research.

- I agree to my interview being audio-recorded.

- I understand that all information I provide for this study will be treated confidentially.

- I understand that in any report on the results of this research my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of people I speak about.

- I understand that disguised extracts from my interview may be quoted in the dissertation.

- I understand that if I inform the researcher that myself or someone else is at risk of harm they may have to report this to the relevant authorities - they will discuss this with me first but may be required to report with or without my permission.

- I understand that signed consent forms and original audio recordings will be encrypted and retained in a secure place accessed only by the researcher until the College exam board confirm the dissertation results.

- I understand that a transcript of my interview in which all identifying information has been removed will be retained for until the College exam board confirm the dissertation results.

- I understand that under freedom of information legislation I am entitled to access the information I have provided at any time while it is in storage as specified above.

- I understand that I am free to contact any of the people involved in the research to seek further clarification and information on the contacts below:

The researcher: Sylwia Woloch	tel. 00353 871359332	email: x17128871@student.ncirl.ie

The supervisor: Julius Nyiawung		email: julius.nyiawung@ncirl.ie

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Signature of participant   Date

I believe the participant is giving informed consent to participate in this study.

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Signature of researcher   Date

11.6. Appendix 6 – Example of Interview Transcript

Interview with the Recruitment and Workforce Planning Manager (Participant 3)

Interviewer: So after this short introduction into the topic, I will be asking a number of questions and I would appreciate if you just share your insights into the topic itself. Okay. So how long has your organisation been using HR services for? Outsource services.

Participant 3: Outsource services? We initially started the outsourcing project in around 2011. The official implementation date was 2014.

Interviewer: Which HR functions does your organisation outsource to external providers?

Participant 3: So all the transactional aspects of the HR function, so from payroll to administration of HR, learning and development admin, performance management administration, and then recruitment administration as well.

Interviewer: What are the motives or objectives for your organisation to use HR outsourcing services?

Participant 3: As far as I understand, initially, in 2011, they started looking at it, it was to try to bring in a new structure into the HR department and using Balearic model, probably you are familiar with. So bringing in the HR business partner model with the centers of expertise, and then all of that supported by HR service, which happened to be outsourced. Yeah. So it was a bit it was a little bit to do with the overall strategy of HR, a little bit to do with, I suppose focus on cost as well.

Interviewer: And, what do you think the objectives of your outsourcing partners to provide HR outsourcing services to your organisation are? So what do you think their own objectives are?

Participant 3: Overall, I'd say their objective is commercial, to make a profit. So I think, probably quite common in the world of outsourcing it's just to deliver the service, and make profit of it.

Interviewer: And how does the external market shape your organisation's decision to avail of HR outsourcing? So whatever happens in the external environment, does it in any way shape your organisation's decision to use outsourcing?

Participant 3: Sure, yeah. And I think initially, when we went into the big outsourcing projects back in 2011, it might not be so much to do with market conditions. But now as we move further along, and we get more outsourcing partners, that's certainly reflected by the external market. So for example, we went with X Company to help attract some cabin crew from across Europe. So the external market factors would be that, you know, the economy is improving in Ireland, and we've got quite a good 100 on so we feel like we've attracted a good number of crew from Ireland but what we wanted to reflect that our passengers, we wanted to reflect the languages that are spoken. And hence, we wanted to look externally outside of Ireland and to try to attract more cabin crew that have more international base.

Interviewer: Interesting, okay. And, what are the anticipated benefits and outcomes for your organisation in using HR outsourcing, considering short term, medium term and long-term benefits?

Participant 3: I would say, absolutely, there is a cost focus. I think one of the big things for the organisation is the ability to be able to flex up and down. So we've got quite a seasonal model like most airlines do. So we hire a lot of our employees for the summer. So that means we do a huge amount of hiring during the months of November and March, and bring people in for the summer months, and then they're still down at the end of the summer. So for particularly in the recruitment, the idea behind outsourcing aspects of that is just being able to have a really big team recruiting for you. We've got some working in X Company, some working in Y Company, some working with other suppliers and they're all working at the same time. So to provide another benefit to kind of flex up your staff and recruitment teams in order to deliver for the people that we need for the summer.

Interviewer: Okay, good. And are there any other potential HR outsourcing improvements or innovations, which from the perspective of your own organisation, have not been implemented yet? Something that you think the outsourcing providers can still deliver, but it's not being implemented for your organisation?

Participant 3: I think and the model that we have at the moment, I think our business partners could be more strategic. So I think there could be more of work

taking from them that's maybe admin focused, or maybe at HR generalist level, and then we can put into the outsource partners. So I think that's really just, that's up to ourselves, you know, as an HR department to be able to implement that, I suppose and just try and, you know, agree way to ship it over to the outsource partners. I think that's quite common and I think everybody's comfortable getting wrapped up and doing admin and not moving to a strategic level, but I think it would be better use of their time for what they're paid for as well, it's going to be helpful to be able to move that across to an outsource partner. And in terms of like, a whole function of HR, I think the model of working well in that the outsource partner looks after the transactional elements and technically, we look after the more strategic elements, I think that's the concept that works well. And there's probably small things that we could maybe, you know, ask the outsource partner to do more of maybe just take more responsibility at certain tasks. So similar to the business partners, maybe the recruitment as well, would be to have more just a bit more decision making by the outsource partner that we work with. And then just allow some of the recruitment team in-house to just work very high-level roles, process improvements, and making sure the system is working well, and that sort of thing. Does it make sense?

Interviewer: Yeah, yeah. And what are the potential risks for your organisation in using HR outsourcing, any risks that you may think of, for your organisation, in using HR outsourcing services?

Participant 3: I don't think there's any major risks, but I think there is a period at the beginning, and that you need to be quite careful of, particularly if, in our case, when the outsourcing supplier came in, there was people on the HR team who were made redundant or took voluntary severance. And so obviously, that causes a little bit of distrust, you know, tension in the environment and there was a lot of separation between the outsource partner being them, and we were us, that kind of a situation. So even though they sat on site, and you know, right beside us, there was still very much: there a different HR team to us, that was a bit of a buffer for the first couple of years to get us to work together. And then obviously, with, with that tension, say coming from the HR team on the airline's side, you're obviously kind of creating a little bit of a defense say on the outsource partner's side. So maybe they were reacting back to how we were acting, which is quite normal. And then all of a sudden, the divide gets bigger. So at the time, we've had quite a change in the HR team on the airline's side in the last number of years, and I think it's not working

very well, and very much work together as one team. So much so that I think the business public doesn't often see that there is difference between the airline's HR and the outsource partner's HR, which was good and was the goal which we all wanted.

Interviewer: So the problem was like changing the mindset of people where outsourcing is not really to take jobs off people but it's about working together, from a strategic point of view.

Participant 3: Yeah. Yeah, it was a tough time, because the organisation's HR team did reduce in size, they were given an option of moving, chipping in the outsourcing supplier but they chose not to and that in itself causes issues. Yeah, but I don't see any major risks. And we've certainly gotten through a lot of them, I think supplier managing has probably been a really important part. And I think that in the last couple of years, we're kind of improving on that a little bit more, say, for the first four years of the relationship, it was quite loose on both sides, so we wouldn't have been very metric driven and we wouldn't have been very strict with managing the processes and managing the controlling change, and that sort of thing. And now, early in the last year, we started kind of looking at that a bit better. And I think that's an important part of it, so that everybody's quite clear on who needs to do what, are the time frames for delivery, everybody agrees on that up front. And I think initially, when we implemented the projects, everybody was on the same page. But then that discipline just kind of blew away when people got busy and everybody just did the job and didn't really bother looking back to see what they're supposed to be doing and who was supposed to do what. And now we're trying to reintroduce that again, which, which is difficult in itself, because everybody's gotten quite comfortable with the way we were working and now all of a sudden, it seems as if we're trying to bring in the rules again, and we're trying to measure people and you know, so that's, that's quite challenging. So I would say they're into huge amount of risks, as long as you are managing it properly and everybody's clear on what needs to happen. And we've got really good paperwork and documentation with statements of work, you've got SLA's agreed that both parties agree to, that are reasonable. And I think that really helps that work better.

Interviewer: You mentioned like very valid points there in your answer now that definitely are so valid in the management of the outsourcing relationship. And partly, you also answered my next question, which is like, how does your organisation mitigate potential risks resulting from outsourcing relationships? Or like you

mentioned about measuring and getting on track in terms of like controlling and reverting back to the real requirements? Is there anything else that you can think that your organisation may well mitigate the risks?

Participant 3: Quite, I think myself because I'm quite structured, I think I enjoy that part of it, and I think that in the types of relationships that we have, where, you know, we do kind of have different objectives. At the end of the day, we all want to deliver HR service, you know, our objectives are slightly different. And so the fact that you have something kind of on paper agreed with clear responsibilities, I think, is the best way of doing it. We do a lot of process mapping, if something is unclear our outsource partners will say we need to get in a room, we need to map it up because we're not too sure what we're doing. We've got hiring managers coming to us asking us to do things, and we're afraid to say no, because we don't want to upset them. So then it's kind of getting everybody into a room just to agree who does what, I think the business and hiring managers and people managers are a really big part of that as well. So it might be something that we could do a little bit better in our organisation actually is bringing people to outside of HR into some of the decision making, so that they're a little bit more bought into the process as well. It could work fine, because of the way the source models are set up, there's certain things that can do, and there's certain things they can't do. So there are plenty of times when people on the outsource team need to say no. I think that's hard sometimes for business owners or people managers to respect that and understand that. Yeah, so maybe having them more involved in some of the parts of the process will help for sure.

Interviewer: And also yourself, like, you know, it's very important from a strategic point of view to know and get known well, what strategy the client has, so that it can be all the time aligned to the strategy. And of course, the strategy may change throughout the whole process and the provider needs to ensure that what we do is up to date.

Participant 3: I think just communication is always so important, as well. So we have a, we have a weekly meeting with my counterpart, who looks after recruitment and my boss comes to that, which, in a way, sometimes I didn't feel it was necessary but actually, it's a really good way of helping us prioritize at the start of every week, what are the areas that the senior management team are looking at. You know, what's hitting the executive's table and just helping us to guide us in that direction. And just helping us to focus for the week. Yeah, that's quite helpful as well.

Interviewer: Perfect. And, what importance does your organisation attach to the outsourcing relationship management with external providers?

Participant 3: Can you repeat that?

Interviewer: So what importance does your organisation attach to the outsourcing relationship management with the external providers? So in general, is it important to your organisation to keep the management of the outsourcing relationship with the external providers to a certain level?

Participant 3: It's really important, I think they recognize that. We have a dedicated person who looks after the relationship. So he's a Service Delivery Manager. So he's really there to manage that entire relationship. And it's kind of the interaction between all of the organisation's HR team and the outsourcing team as well. And his role has changed a little bit. As I said, over the last year and a half, it's become a little bit more formalized, we've gotten better at putting things down on paper and, you know, referring back to the initial contract when there's a disagreement over something, rather than just agreeing a new rule that might change again, next week, go back to the initial contract, and thing is, we need to change that. And he's been really keen in helping us I think, become more formalised.

Interviewer: Yeah, good. And how do senior managers in your organisation increase the consciousness among the own teams, when it comes to the significance of the outsourcing relationship between your organisation and service providers. So what would the senior managers do in order to actually build the level of consciousness among their teams to engage them?

Participant 3: So, the senior managers, outside of HR, would not do really I would say, to try to help them understand to help their people, I'm just it's just a relationship with nature. I don't think you know, I think senior managers in HR that have probably come back to my boss, who would be more responsible for the relationship with us, HR and she would be quite good. And just getting people in a room getting people to talk through things and making sure everybody understands what's going on and what direction they're going in. So I think HR is fine. But I'd say outside of HR, there wouldn't be a huge amount of communication about how to interact with HR or the difference between the organisation's HR and the outsource supplier.

Interviewer: And, actually, how do senior managers in the organisation, if there is any way, engage the teams in increasing the value of the HR outsourcing projects?

Do they try to explain in any way so much that teams can work together to increase the value of the HR outsourcing services?

Participant 3: I do not think so. I don't think it's even on their radar.

Interviewer: Okay. And how many external providers does your organisation outsource their HR activities to?

Participant 3: So we've been the main HR outsourcing partnership with X Company, which used to be called A Company. And we work with another agency who provides employees for ground operations. And so similar role to what Z Company does for cabin crew. That's three. And that's, that's just recruitment. And we've worked with other agencies and just recruitment agencies in general. And they'll be a big number of recruitment agencies that we will just use for one-off roles. And we'd also use external trainers and payments for learning and development. And we use external coaches for coaching and mentoring. And it will probably be those three main, I suppose, to recruitment and the general HR outsourcing partners, the three main partners.

Interviewer: And what is the shortest and longest duration of the hatred outsourcing contract?

Participant 3: So the longest was five years, and so we're renegotiating the contract now, with the main outsource provider. And on the shortest, so would have been a year I think.

Interviewer: And at what stage of the outsourcing relationship do you communicate your organisation's requirements and expectations? So would it be just prior to the agreeing on the service contract or would it be as well, during the duration of the outsourcing relationship?

Participant 3: Of course, yeah, well, I think if we can separate it into the main resourcing partner with a lot of work is put it at the very beginning to communicate the requirements. And it's very, very clear upfront what we're looking for, and what kind of volumes you can put in that. And that's taking a number of months for that contract to be negotiated. And then with some of the smaller suppliers, usually, we think clearly this, what do you think is going to look like in terms of price, then the supplier comes back, and then we kind of try and negotiate it and start from there and agree on a timeline of that sort. So it's a little bit, obviously, with the smaller pieces of work, it's a little bit less formal and it won't take as long, it will be done quite

quickly. And then throughout the process, if there's any tweaks, we might ask for more or less people, you know, from the initial amount, of course, usually, we can give a good steer at the beginning of the relationship and what we're looking for.

Interviewer: And how does the organisation manage the outsourcing relationship with the external providers? So is there any management from point of view of an organisation?

Participant 3: So with the main supplier, my colleague's role and that's his full time role. And then with him, I suppose he would have different practices on each of the teams. So with myself, and the recruitment team with the outsource supplier, that's a very close relationship, we meet once a week at least, was regular contact with each other, we would have different reports that we would get from them on a weekly basis just to give us updates. And then separately, I would speak to other members of their team, some of the recruiters or some of my team would be working with their recruiters as well, with quite a close relationship, some of the, actually, I would say the other relationships work similarly to that. So the R&D specialist on the organisation's team, and we work very closely with the R&D team on the supplier side by side with the payroll team. So they'll be some formal things in place, they'll be monthly service reviews, where we go through all the KPIs and the SLA and all the kind of numerical stuff. Are we hitting targets and all that, and then on a weekly basis there's a huge amount of contacts all kinds of information here.

Interviewer: And, how does your organisation address problems with HR outsourcing providers that arise during the existing outsourcing relationship?

Participant 3: So it depends on the level of the problem. And if there's a small little issue, I'll deal with it, I'll jump in and speak to my counterpart and we would figure it out. And if it's not hugely important, if it's just a simple mistake, it's not going to get reported anywhere, it's just bottom down between the two of us. And likewise, if my team makes mistakes, and it ends up causing them work, we bought them at actually agree together. And if it's a bit more, if it's an issue with candidates being contacted incorrectly, or you know, something like that are being given wrong information or something like that, it tends to get escalated a bit more formally. So they do have, they do have a method of resolving incidences and issues, I think they class them into different categories, depending on how serious they are and how many people they've affected. And then that takes a different route there. So I'm not 100% sure,

that doesn't happen very often, but I assume it gets they do a root cause analysis, if it's a big one, they have to come back and present the root cause analysis to us, and we have to agree if it's okay. And then we kind of agree on what the future kind of process needs to look like so that we can avoid those kinds of mistakes again. So it depends on the level or, or the seriousness of the problem or the issue and that will determine how it kind of gets worked through. Does that make sense?

Interviewer: Absolutely, yeah, absolutely. And yeah, what level of control over the external providers, if any, is required to achieve the anticipated outsourcing outcomes? Do you think there is any level or should be any level of control over the external provider in order to achieve the anticipated outcomes?

Participant 3: Yeah, I think, the service level agreements are really important. But I think they need to be fair and reasonable and agreed upfront, you want to get into a place where the outsource provider tells you what they think they can achieve, right up front, right at the beginning and you agree if that's okay, and then you work towards that. And I think that's the best way of handling it. And I don't think you want to get into a place where the business is telling the outsource provider what they need and the outsource provider agrees to it no matter what, because they want to get the business, I think that end up and make things go wrong. I've seen that before, where we might go and ask an unrealistic task from the outsource provider, they say yes, of course will do it, and then they don't deliver. And that just frustrates everybody. So just be honest and upfront at the beginning, and agree on something realistic and work towards that. And, you know, if I think a lot of the times, it's bigger than that it's more complicated than most things can go wrong, or can go slip or can be delayed. And I think as long as both sides are fair and both sides put their hands up, if I gave a good bit of warning, if something is going to go wrong, or if there is going to be a delay, you don't have to, you know, implement any sort of financial penalty or anything like that, if both sides are kind of working together on it. And it's only at the point, I think it's your last resort, where you kind of come in and say, well, look, you've really delayed on this one now, so we're going to actually implement some sort of financial penalty, and I think it's your very last resort and the best way to work towards this.

Interviewer: And how does the organisation monitor and evaluate the outsourcing relationship? I know that you touched upon that initially when we had this

conversation, but if you were just to list, anything like any processes or procedures in terms of monitoring or evaluating the outsourcing relationship, what would it be?

Participant 3: And it's probably through the monthly service review where everybody gets together around the table, and you go through each of the functions within the outsourcing suppliers' remit and talk through kind of what they've what they've done, the volume of work, and if there was any issues, if there was any mistakes, and understand if they've met the SLA that they agreed to have met. We've got probably the best way of monitoring it.

Interviewer: And how does the organisation measure the providers' performance against these specified requirements? What is the method of measuring whatever you actually anticipated at beginning and if it is now being delivered?

Participant 3: So it's an interesting one, to fill in the world of recruitment. So our initial measure with our outsource supplier was SLA offers, and how long it will take to make an offer for a specific goal. So I'm sure a lot of work went into it. But it was it was it was kind of thought through, and how it would work with our model. So what we ended up is the outsource provider can really focus on making offers and then after the offer is made the foot is taken off the pedal, and then all of a sudden the onboarding process can take months and months. So we've made we've made all the offers, they've hit SLA's and but people have withdrawn in the meantime, or it's taken a long time to get people's background checks, or their reference checks done, so now it's taking months before they can start with us. So we've actually changed it now in the new contracts, where it's focused on starters. So it's more about, it's not just about the recruitment process, but it's also about the onboarding process. So that's a big part of our recruitment measuring is, provided we give you enough notice just for a single role, or enough notice for our larger campaign, and we haven't prevented anything from happening or cause any delays, we give them a certain number of weeks for people to actually start with a new business. Yeah, so that's kind of an important point for us. And I'm not sure outside of recruitment about the, what the measurements would be, and I assume, and payroll and a certain amount of errors or whatever or tolerable and that would be the SLA there. And then I think for the general kind of learning and development and the HR admin, it'd be more about answering people's queries and having a certain amount of time to come back and close down tickets, cause we have got a ticketing system, so you'd have a certain

amount of days to answer somebody query, close it down and get rid of it, that's probably the way that they measure it.

Interviewer: And how often does your organisation conduct meetings or audits with the providers? I know you mentioned about like the monthly reviews, but also like weekly meetings to agree on your level and certain objectives you're going so fulfil in the upcoming week or weeks. And is there anything else when you think about meetings or audits?

Participant 3: There are audits, there are a lot of audits in our company in general. So they would get audited by our internal audit team, they would probably audit certain tasks ourselves, say their HR team would audit certain tasks within them. They're probably also get audited by. External auditors you know, Ernst and Young or something like that will come in and do an audit the whole company. And they also get audited probably by the IAA on certain parts of their background checking process and all that sort of stuff is going to be.

Interviewer: How does your organisation manage cases of providers' underperformance?

Participant 3: And I think, probably, as I was kind of saying earlier, like, over the first maybe four years or so it would have been a little bit informal and just giving a little bit of feedback and that sort of thing. And, and we probably let some things slip, that we shouldn't have, but now we're getting a little bit stricter on it. But I think it's still reasonable. So we have another supplier that I think I haven't mentioned. Yes. We have working on sourcing roles for us, or sourcing candidates for aircraft engineering roles and so it's another agency that we have, and a couple of times we've had to bring them in because our partnership wasn't really working anymore in the areas. And so it's quite fair but you know, when we need to be strict, I suppose we would be strict. Yeah. And that wasn't due to anybody's actual performance, it was more just to do with the solution probably wasn't appropriate for

what we were trying to do. So we just came to an agreement, decided to kind of wind down that part of it and focusing different partners. Yeah. So let me say we'd not be overly strict.

Interviewer: And what happens at the end of any outsourcing service agreement? So what's the process that is involved here?

Participant 3: So what's going on now at the moment with the main supplier is that they're renegotiating the contract. So we actually ended up extending the contract for one year, and then another year, and now we're only negotiating another five year contract with them. So it depends on where the relationship is going. And what some of the shorter term contracts, I suppose the reason that we would have done it for just a year is we wouldn't be 100% sure of what the volume is going to be every year for a longer term. So we tend to just negotiate that on an annual basis. So now we'll be coming up to the stage where we'll be negotiating and maybe another new year contract with to the smaller suppliers. And you just get into understand what worked well, and what didn't work, what we need to change is going to be the same this year. And it's just agree it all.

Interviewer: And in the event of the outsourcing contracts are not renewed with the same provider, what are reasons, what the reasons can be?

Participant 3: I'd say it'd be more if, if the product or the service just wasn't suitable, as opposed to if they weren't performing well enough, I think, there could have been a chance of us moving to another supplier. And what I think we addressed the issues. And I think they've, they've come up with ways of working through it so that we can have a better service going forward. I'd say you'd probably try rather than moving to another supplier, you'd probably try and work through it with your current supplier first, give them a fair chance, they know the business, they've worked with you. So try and work through it first. And if all else fails, only then which is trying to move to another supplier.

Interviewer: And in what circumstances could HR outsourcing contract be terminated before they naturally come to the end, if actually, these situations occurred in your organisation?

Participant 3: I'd say if there's a big shift in the activities in HR, for example, if there's, if there's a big downturn in the economy, all of a sudden, there's no recruitment required for the next number of years. That would certainly affect I'm sure the contracts with suppliers have never been more likely to happen that the organisation just pulling out of the contract if it is not working. And I've seen it with a number of different suppliers, where we tend to try an awful lot to try and keep the contract going and relationships with suppliers before we move away from that,

certainly we give to a lot of opportunities to try and improve things before we move away from them.

Interviewer: Okay. And my last question, in terms of the outsourcing relationship management, is there anything that you would recommend for your organisation to change in order to maximise this value of the outsource HR services?

Participant 3: I think the way we're going about it now is, is quite well, and that was trying to kind of keep it more formalised. And I think that that stops something from reaching a point where it's too broken, where a relationship is too broken, that you can't fix this. Now, I think that's quite important. And I think what you see happening for moments with the main supplier is perhaps the most important, pretty, some pretty tough negotiations in terms of costs and tasks. And so, on the company's side, we are looking for quite a lot for not a huge amount. And, I think that can be damaging, because I think the suppliers are hungry for business and I feel like they might over promise on what they can deliver and then it's a big organisation that we're negotiating with, so when when all the commercial people leave, and it's just the people doing the business, they have a lot of things that they need to do, with not a lot of people. And I don't know that's good for anybody. So I think both sides need to bring fair negotiations to the table and without that, I think it's a bit of a risk.

Interviewer: Thank you so much for your time.