International Journal of Business, Law, and Education
Publisher: IJBLE Scientific Publications Community Inc.
Volume 7, Number 2, 2026
https://ijble.com/index.php/journal/index

The Influence of Outsourcing Employees' Role on Company Performance

Pulung Winata Sari, Andriyansah
Management Study Program, Faculty of Economics and Business, Universitas Terbuka, South Tangerang, Indonesia
051745634@ecampus.ut.ac.id

Abstract
This study analyzes the effect of outsourcing employees' role on company performance. A quantitative approach with a correlational design was employed. The sample consisted of 30 respondents selected through purposive sampling from a manufacturing and petrochemical company utilizing outsourcing services. Data were collected using a Likert-scale questionnaire with 19 items for the outsourcing employee variable and 11 items for the company performance variable. Validity was assessed using Pearson correlation (r-table = 0.361), and reliability was measured using Cronbach's Alpha. Simple linear regression and Pearson correlation were used to test the hypothesis. Results reveal a strong positive correlation ($r = 0.937$) with a coefficient of determination of $R^2 = 0.879$. The regression equation is $Y = -2.214 + 0.632X$. The t-test confirms t-count (14.247) > t-table (2.048, df = 28, α = 5%), with a significance of 0.000. These findings confirm that outsourcing employees' role significantly and positively affects company performance.

Keywords: company performance, business activities, human resource management, Job satisfaction outsourcing employee

DOI. https://doi.org/10.56442/ijble.v7i2.1597

1. Introduction

The utilization of outsourcing employees has become an increasingly prevalent human resource management strategy among contemporary enterprises, particularly in the manufacturing and service-based industries (Yang et al., 2021). Companies leverage outsourcing labor to enhance operational flexibility, reduce labor cost burdens, and concentrate resources on core business activities(Vagadia, 2012). In the face of global competitive dynamics, the effective management of outsourcing employees has emerged as a critical factor influencing overall organizational success(Mukherjee et al., 2013; Pauziah & Dwita, 2026).

Although outsourcing provides various strategic advantages, its implementation presents considerable challenges. Ineffective coordination between outsourcing and permanent employees, weak supervisory mechanisms, and constrained organizational communication may impede the optimal contribution of outsourcing labor to company performance(Rosin et al., 2019). Prior research has demonstrated a positive influence of outsourcing systems on employee performance with statistically significant correlations(Herman, Yeo et al., 2024), while other studies have identified notable performance disparities between outsourcing and permanent employees(Ang & Slaughter, 1998). Nevertheless, the majority of these studies have not specifically

positioned outsourcing employees' role as the primary variable directly influencing company performance.

Resource-Based View (RBV) theory posits that a company's competitive advantage derives from the utilization of valuable, rare, and inimitable resources(Barney, 1991). In the context of outsourcing, the workforce constitutes a strategic asset capable of enhancing productivity and operational efficiency when managed optimally (Butler & Callahan, 2014). Company performance encompasses dimensions including cost efficiency, production process stability, output quality, and capacity to meet operational targets (Johansson & Olhager, 2018). Effective management of outsourcing employees encompassing role clarity, supervision, and integration with the core team directly contributes to the attainment of organizational performance indicators (Tan, 2010).

Based on the foregoing literature review, a research gap exists regarding the specific influence of outsourcing employees' role on company performance, particularly within industrial contexts characterized by complex operational characteristics. This study aims to empirically analyze the influence of outsourcing employees' role on company performance using a quantitative approach. The proposed hypothesis is: H_1: The role of outsourcing employees has a significant and positive influence on company performance.

2. Method

This study employed a quantitative approach with a correlational research design to measure the strength of the relationship between the independent variable (the role of outsourcing employees) and the dependent variable (company performance) (Andriyansah & Fatimah, 2021; Sukendri & Andriyansah, 2025). A survey method was used to collect primary data through structured questionnaires distributed to respondents who were directly engaged in the operational activities of the manufacturing and petrochemical company serving as the research site.

The research population comprised all employees involved in operational activities at the studied company, including permanent, contract, and outsourcing employees. The sampling technique employed was purposive sampling, in which respondents were selected based on criteria of direct involvement with outsourcing employees and familiarity with company performance [8]. The final sample consisted of 30 respondents, comprising permanent employees, managers, and representatives of outsourcing employees.

The research instrument was a questionnaire employing a Likert scale (1–5), comprising 19 statement items for the outsourcing employee role variable (X) and 11 statement items for the company performance variable (Y). Validity testing was conducted using Pearson correlation with an r-table value of 0.361 (n = 30, α = 5%) [9]. Reliability testing employed Cronbach's Alpha with a threshold of α > 0.6 as the minimum instrument acceptance criterion (Andriyansah et al., 2024; Fatimah, 2021).

Data analysis was conducted through four stages: (1) descriptive statistics to characterize the distribution of respondent scores; (2) validity and reliability testing to ensure instrument quality; (3) Pearson correlation analysis to measure the strength of the relationship between variables X and Y; and (4) simple linear regression analysis to test the influence of variable X on variable Y, with a t-test at α = 5% to determine the significance of the effect (Fatimah, 2021).

3. Results And Discussion

a. Research Results

This study involved 30 respondents who are employees of a manufacturing and petrochemical company utilizing outsourcing services in South Tangerang. Data were collected through a closed-ended questionnaire employing a Likert scale (1–5). Table 1 presents respondent characteristics based on gender, age, employment status, and work division.

Table 1. Respondent Characteristics

Category	Description	Frequency (n)	Percentage (%)
Gender	Male	8	26.7
	Female	22	73.3
Age	20–30 yrs	28	93.3
	31–40 yrs	1	3.3
	41–50 yrs	1	3.4
Employment Status	Outsourcing	23	76.7
	Permanent	2	6.7
	Contract	3	10.0
	Other	2	6.6
Division	Administration	17	57.2
	Maintenance	4	14.3
	Other	9	28.5

The majority of respondents were female (73.3%) and aged between 20–30 years (93.3%), reflecting the dominance of young productive workers within the outsourcing segment. A total of 76.7% held outsourcing employment status, while 57.2% were assigned to the administration division. These findings are consistent with the common outsourcing recruitment pattern, which typically targets administrative and contract-based positions [4].

b. Descriptive Statistics

Descriptive statistics for the research variables are presented in Table 2. The outsourcing employee role variable (X) achieved a mean score of 81.17 out of a maximum of 95, indicating a relatively high perception among respondents. The company performance variable (Y) attained a mean of 49.07 out of a maximum score of 55, suggesting comparatively strong performance at the studied company.

Table 2. Descriptive Statistics of Research Variables

Variable	N	Mean Score	Maximum Score
Outsourcing Employee Role (X)	30	81.17	95
Company Performance (Y)	30	49.07	55

c. Validity and Reliability Testing

Validity testing was performed using Pearson correlation with an r-table value of 0.361 (n = 30, α = 5%). An item was declared valid if its r-count exceeded the r-table threshold. Reliability was assessed using Cronbach's Alpha, with a minimum acceptance criterion of $\alpha > 0.6$ [9].

Table 3. Validity Test Results

Variable	Valid Items	r-table	Remark
Outsourcing Employee Role (X)	19 items	0.361	All Valid
Company Performance (Y)	11 items	0.361	All Valid

Table 4. Reliability Test Results

Variable	Cronbach's Alpha	Remark
Outsourcing Employee Role (X)	0.974	Reliable
Company Performance (Y)	0.961	Reliable

All instrument items were confirmed valid (r-count > 0.361), and both variables yielded exceptionally high Cronbach's Alpha values (X = 0.974; Y = 0.961), substantially exceeding the 0.60 threshold. These results confirm that the instruments possess excellent internal consistency and are suitable measurement tools for the respective constructs [9].

d. Correlation and Regression Analysis

Pearson correlation analysis and simple linear regression were employed to examine the relationship between outsourcing employee role (X) and company performance (Y). All calculations were performed using IBM SPSS 26 [9].

Table 5. Pearson Correlation Test Results

Relationship	r-value	Remark
X → Y	0.937	Very Strong Correlation

The Pearson correlation coefficient of r = 0.937 indicates a very strong and positive relationship between outsourcing employee role and company performance. This result aligns with Xiao et al. [2], who demonstrated that effective management of outsourcing labor is significantly correlated with improvements in organizational performance.

Table 6. Simple Linear Regression Coefficients

Model	B	t-count	Sig.
Constant	−2.214	−1.408	0.170
Outsourcing Employee Role (X)	0.632	14.247	0.000

The regression equation obtained is Y = −2.214 + 0.632X. The regression coefficient of 0.632

indicates that for each one-unit increase in outsourcing employee role, company performance improves by 0.632 units. The t-count value (14.247) exceeds the t-table value (2.048, df = 28, α = 5%), with a significance level of 0.000 < 0.05, confirming that the hypothesis—outsourcing employees' role significantly and positively influences company performance—is accepted.

The coefficient of determination $R^2 = 0.879$ indicates that 87.9% of the variation in company performance is explained by the outsourcing employee role variable, while the remaining 12.1% is attributable to other factors outside the research model.

Discussion

The findings of this study provide empirical evidence that outsourcing employees' role exerts a positive and significant influence on company performance. This result supports the Resource-Based View (RBV) framework articulated by (Barney, 1991; Gilley et al., 2004), which posits that strategic outsourcing decisions can optimize a company's internal resources and strengthen its competitive advantage. When companies concentrate core resources on high-value functions while delegating support operations to trained outsourcing personnel, overall operational efficiency improves(Riswandi et al., 2024; Tinnirello, 2001).

Trento et al., (2011) noted that workforce flexibility achieved through outsourcing enables companies to adapt more rapidly to market fluctuations. In the context of this study, the majority of outsourcing employees held administrative positions that directly

support day-to-day business continuity. Their role in ensuring seamless business process execution directly contributes to organizational productivity and overall company performance(Gospel & Sako, 2010; Ono, 2007).

Job satisfaction and organizational commitment among outsourcing employees constitute critical factors that management must address. Koh & Yer, (2000); Lynch et al., (1999) established that outsourcing employees who feel valued and receive equitable treatment tend to exhibit superior performance. Consequently, effective human resource management encompassing mentoring, professional development, and integration with the core team is a decisive factor in the success of outsourcing strategies aimed at enhancing company performance (Jensen, 2012).

These findings are consistent with Han et al., (2008) who, in an Asian corporate context, demonstrated that effective integration between outsourcing and permanent employees generates positive synergies that elevate organizational performance. Nevertheless, this study is constrained by a relatively small sample size (n = 30) and its single-company geographic scope, and therefore generalizations of the findings should be made with appropriate caution.

4. Conclusion

This study has empirically demonstrated that outsourcing employees' role exerts a positive and significant influence on company performance. Simple linear regression analysis yielded the equation $Y = -2.214 + 0.632X$ with $R^2 = 0.879$, indicating that 87.9% of the variation in company performance is explained by the outsourcing employee role variable. The Pearson correlation coefficient $r = 0.937$ reflects a very strong relationship between the two variables. Hypothesis testing confirmed t-count (14.247) > t-table (2.048) with Sig. = 0.000, resulting in the acceptance of H_1.

These findings carry significant managerial implications for companies employing outsourcing labor. Management must prioritize the quality of coordination, clarity of role assignment, and welfare of outsourcing employees as integral components of organizational performance enhancement strategies. The development of structured training programs, effective communication channels, and systematic supervisory mechanisms has been demonstrated to optimize the contribution of outsourcing employees to company performance.

Future research is recommended to expand the sample size, adopt longitudinal research designs, and incorporate moderating variables such as organizational culture, transformational leadership, or outsourcing employee job satisfaction. Cross-industry and cross-regional comparative studies are also warranted to strengthen the generalizability of these findings.

Acknowledgment

The authors express their gratitude to the Management Study Program, Faculty of Economics and Business, Universitas Terbuka, South Tangerang, for the academic support provided throughout this research. Appreciation is also extended to all respondents who willingly participated in the data collection process.

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