

The Investigation of the Effect of Outsourcing of Entrepreneurship and Education Initiatives on the Organizational Agility of Imam Khomeini Relief Foundation in Zahedan City

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Abstract: The aim of this study was to evaluate the impact of effect of outsourcing of entrepreneurship and education initiatives on the organizational agility of Imam Khomeini relief foundation in Zahedan City. This is a descriptive survey in terms of purpose and method of collecting data. The study consisted of all managers and staff of Imam Khomeini Relief Foundation (RA), who were involved in the outsourcing process (70 managers) in 2015. Data collection tool for this study was researcher -made questionnaire of 46 questions. The raw data obtained from population were analyzed using appropriate statistical techniques and SPSS Software and Smart PLS.

Key words: Outsourcing, training initiatives, entrepreneurship, organizational agility, costs

INTRODUCTION

Different levels of economic and technological developments in global, regional and even local, affect the behavior and performance. Accordingly, one of the leading features of managers and leaders understands the environment and enabled compliance with its requirements. At the present time, the gap between scientific progress and technical efficiency as well as productivity of other countries with us becomes deeper every moment, while time passes very quickly and we cannot stop it. In order to take advantage of fleeting opportunities, organizations should inevitably create a flexible structure and use facilities outside the organization. If officials and administrators of organizations do not take right action, the current generation will not be able to respond to future generations. In this context, the prevailing view of management is reduced government activities and move toward downsizing, re-engineering, privatization, outsourcing and the use of thinking thoughts for better use of the resources available to an organization. Outsourcing is defined as sharing all or part of the core business and organization support of qualified team expertise, experience, ability and motivation, in order to create valuable and lasting contribution to the organization. Outsourcing is growing in various fields and industries, for example Ford and General Motor transfer >50% of their final product components to external experts. In addition, in Iran Butane Company's staff were

reduced from 900 to about 200 staff, despite the fact that its sales were considerably increased. Approximately more than 120 contractors and thousands service officers were responsible for manufacturing and sales of products as well as services. The main motivation for outsourcing is to save costs, improve quality due to economies of scale and specialization of seller or supplier (Karimi *et al.*, 2012; Zeidanie, 2008). Also world statistics show that more than 90% of companies outsource at least one of their activities and according to the latest reports, nearly 30% have expressed their dissatisfaction with their outsourcing after 2 years. The main criterion for the measurement is transferring of potential abilities which indicates how the company integrates planning and implementation. Measurement and outsourcing procedures in well-known firms like General Motors, General Electric, IBM, Disney, and Microsoft will confirm this. Outsourcing may lead to the unemployment of employee in the short term but in the long term, it will help technological developments and trained skillful workforce, creativity and ability to manufacture new products. So, outsourcing can lead to efficiency and productivity. Outsourcing of business processes reduces the daily responsibilities of executive directors because 80% of their time is spent for doing trivial affairs and they spend only 20% for formulating of strategy. However, as business processes outsource successfully, managers enjoy enough time to search for new revenue areas, accelerate other research and focus on customers which eventually will lead to improvements in efficiency (Karimi *et al.*, 2012). With a bit of reasoning and

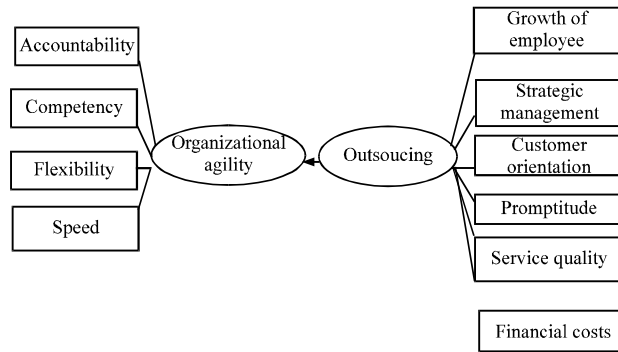


Fig. 1: Conceptual model

more thinking, it is clear that concepts such as flexible structure, creating increased added value organizational agility, penetration of new markets, access to tools and new knowledge, lowered cost and increased profit through efficiency will be accessible through scientific outsourcing and taking into account internal and external conditions.

The main symptom of an agile organization is speed and flexibility. Changes in today's business require organizations to take steps to building agile organizations; organizational agility means offering diverse and quality products and services in a shortest possible time (Khakie, 2008).

In this study, we sought to answer the question: Is outsourcing of entrepreneurship and education initiatives has any effect on the organizational agility of Imam Khomeini relief foundation in Zahedan City?

Conceptual model: Each study is based on theoretical framework. Theoretical framework is a basis on which the researcher theories about the relationships between the factors that have been identified paramount in important issues. Generally, theoretical framework is a basis that all the research relies on it (Khakie, 2008). This study reviews the impact of outsourcing of educational initiatives and entrepreneurship on the organizational agility of Imam Khomeini relief foundation in Zahedan City with the assistance of the related organization. Having recognized the necessity of the importance of outsourcing for job creation and training schemes, we decided to examine the current level of outsourcing and its impact on an organization's agility.

To achieve this after many studies about indicators discussed and matching business needs with the indices and the final conclusion was carried out by the supervisor and advisor; we came to the conclusion that it is better to employ the hybrid model in order to cover all aspects related to outsourcing effects (Fig. 1).

Hypotheses

The main hypothesis of research: Outsourcing of educational initiatives and entrepreneurship has an impact on the organizational agility.

Secondary hypotheses

- Outsourcing of educational initiatives and entrepreneurship is effective on the organizational agility from employee growth component
- Outsourcing of educational initiatives and entrepreneurship is effective on the organizational agility from speed component
- Outsourcing of educational initiatives and entrepreneurship is effective on the organizational agility from service quality component
- Outsourcing of educational initiatives and entrepreneurship is effective on the organizational agility from financial costs component
- Outsourcing of educational initiatives and entrepreneurship is effective on the organizational agility from strategic management component
- Outsourcing of educational initiatives and entrepreneurship is effective on the organizational agility from customer orientation component

MATERIALS AND METHODS

This is an applied research and descriptive survey was used to obtain the required data (study design). Since, it is non-experimental and needs real implementation, it is considered a field study. For testing hypotheses, data collected through the questionnaire was used to quantify responses which its validity was confirmed by the supervisor and respected professors and its reliability was calculated using the SPSS Software based on alpha Cronbach's formula that reflects the good reliability of the questionnaire. The statistical population

is consisted of 70 managers and staff in Imam Khomeini Relief Foundation (RA) who were involved in the process of outsourcing initiatives and entrepreneurship training. The census was used for sample selection. In this study, descriptive and inferential methods were used to analyze the data and the raw data obtained from population were analyzed using appropriate statistical techniques and SPSS Software and smart PLS and presented in the form of information after processing.

RESULTS AND DISCUSSION

Testing hypotheses: After reviewing the data in PLS regression algorithm method in accordance with measurement models, structural and general models will allow researchers to investigate and test their own hypotheses and findings. It is made of two parts:

A significant coefficient Z (values t-values) for each of the hypotheses: Significant coefficients of model paths show whether hypotheses are meaningful or not? In the following model, significant coefficients were ordered respectively. Variables >1.96 show the meaningful significance at 95% and show that the main assumptions have been confirmed (Fig. 2 and 3).

Main hypothesis: outsourcing of educational initiatives and entrepreneurship has an impact on the organizational agility: Outsourcing and organizational agility coefficient was obtained 4/121 which is larger than the critical value t at the level of 5% showing the significant effect of outsourcing on organizational agility at 95% and would be to verify the hypothesis. Based on factor 0.573 it indicates that outsourcing projects and entrepreneurial education explain as much as 57% of variability in agility stems (Table 1).

Secondary hypotheses:

- Outsourcing of educational initiatives and entrepreneurship is effective on the organizational agility from employee growth component
- Outsourcing of educational initiatives and entrepreneurship is effective on the organizational agility from speed component
- Outsourcing of educational initiatives and entrepreneurship is effective on the organizational agility from service quality component
- Outsourcing of educational initiatives and entrepreneurship is effective on the organizational agility from financial costs component

- Outsourcing of educational initiatives and entrepreneurship is effective on the organizational agility from strategic management component.
- Outsourcing of educational initiatives and entrepreneurship is effective on the organizational agility from customer orientation component (Fig. 4 and 5, Table 2)

As a result there is a significant relationship between outsourcing and organizational agility, at the same as the path coefficients show, in this model the highest effect and the least effect related to costs and employees strategic management, respectively. Load factor for all hidden variables is in the appropriate level.

The main hypothesis results: In conjunction with the main research hypothesis that outsourcing of educational initiatives and entrepreneurship has an impact on the organizational agility.

The results show that at the level of 95%, outsourcing is effective on educational schemes and entrepreneurship on organizational agility in Imam Khomeini Relief Foundation (RA). The results of this study are consistent with the results of Kahrobaie (2009) in a thesis entitled "Effect of outsourcing on the agility of auto parts makers set in the East from the perspective of the elite". The result of this research shows that production outsourcing has a significant impact on the agility of automotive producers.

The results of the first hypothesis: In conjunction with the H_1 that outsourcing of educational initiatives and entrepreneurship is effective on the organizational agility from employee growth component. The results show that outsourcing in educational schemes and entrepreneurship on organizational agility in growth aspect has not been effective in Imam Khomeini Relief Foundation. The results of Hormozi (2011) in a research titled as the factors affecting outsourcing services on employment and self-sufficiency projects on Imam Khomeini Relief Foundation in Zahedan City showed that outsourcing services improves employment and self-sufficiency plans in Imam Khomeini Relief Foundation and rejects that outsourcing of consulting services from the staff viewpoint improves the performance of self-employment schemes.

The results of the second hypothesis: In conjunction with the H_2 that outsourcing of educational initiatives and entrepreneurship is effective on the organizational agility from speed component.

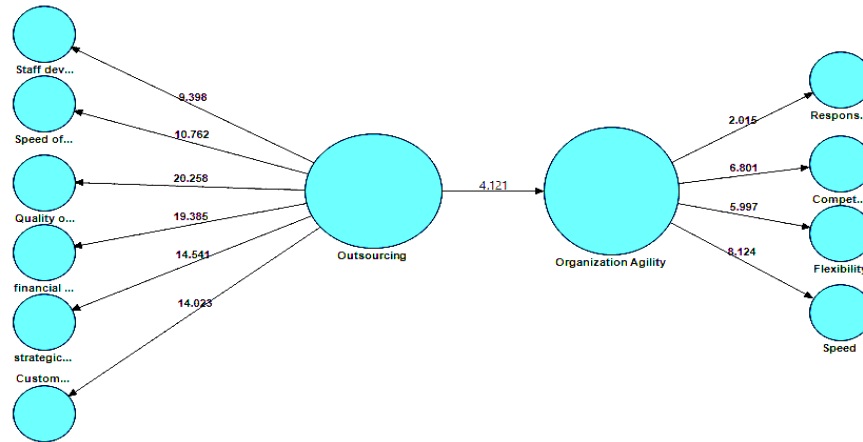


Fig. 2: The t-values of basic hypotheses

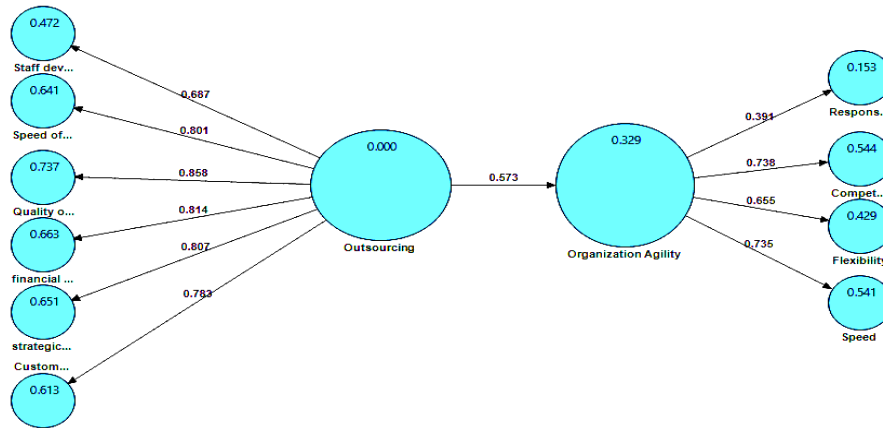


Fig. 3: Factor of main hypothesis

Table 1: Main hypothesis result: significant t-value in outsourcing on organizational agility.

Independent variable	Dependent impact	t- value	Impact factor	Hypothesis result
Outsourcing	Organizational agility	4/121	0/573	Confirmed

The results show that outsourcing of entrepreneurship and education initiatives from promptitude perspective has not been effective on the organizational agility in Imam Khomeini Relief Foundation. The results of this study are consistent with the results of Hormozi (2011) showing outsourcing services influences on the employment and self-sufficiency plan of Imam Khomeini Relief Foundation in Zahedan City. The results show that outsourcing services improve performance and self-employment schemes in Imam Khomeini Relief Foundation; however, they are not in line with promptitude and customer orientation aspects.

The results of the third hypothesis: In conjunction with the H₃ that outsourcing of educational initiatives and

entrepreneurship is effective on the organizational agility from service quality Component. The results show that outsourcing of entrepreneurship and education initiatives was not effective on the organizational agility quality aspect in Imam Khomeini Relief Foundation. The results of Ahearne and Kothandaraman (2009) research titled as the effectiveness of outsourcing projects, Islamic Azad University as a cultural institution have rejected the effect of outsourcing on the promptitude, better control activities, improving services, technical skills, release of capital, reduction of manpower and saving time in current university administrators.

The fourth hypothesis results: In conjunction with the H₄ that outsourcing of educational initiatives and

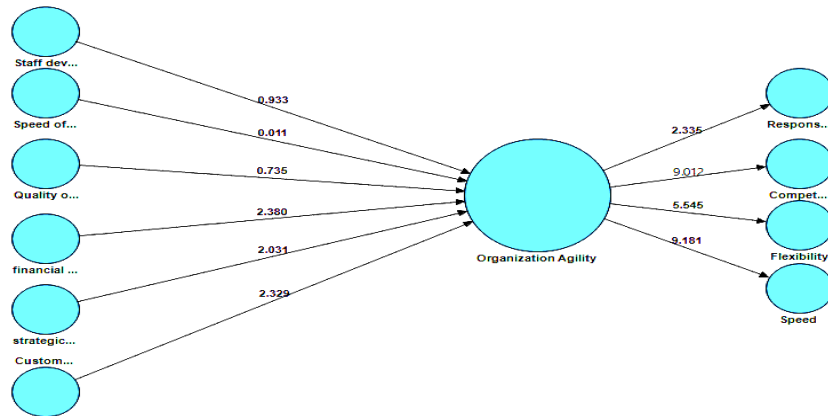


Fig. 4: T coefficients of secondary hypotheses

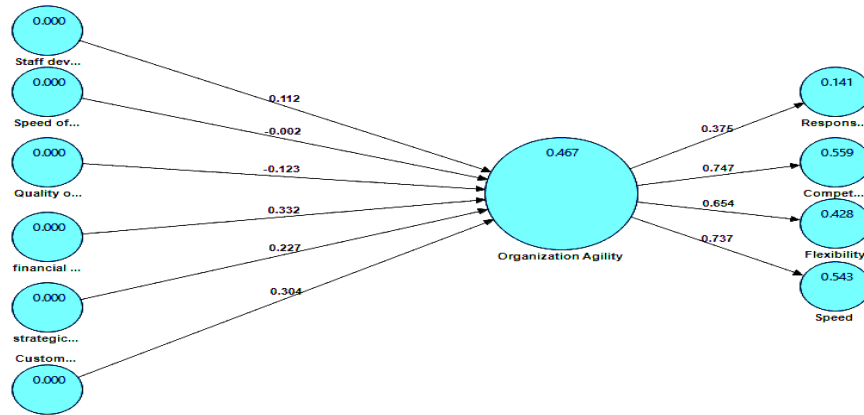


Fig. 5: The impact hypotheses

Table 2: Secondary hypotheses

Independent Variable	Dependent impact	t-value	Impact factor	Hypothesis result
Employee growth	Organizational agility	933/	112/	rejected
Promptitude	Organizational agility	011/	002/	rejected
Service quality	Organizational agility	735/	123/	rejected
Financial costs	Organizational agility	380/2	332/	Confirmed
Strategic management	Organizational agility	031/2	227/	Confirmed
Customer orientation	Organizational agility	329/2	304/	Confirmed

entrepreneurship is effective on the organizational agility from financial costs Component. The results show that at the level of 95%, outsourcing of educational and entrepreneurial initiatives was effective on the organizational agility in financial costs aspects in Imam Khomeini Relief Foundation. The results of this study are consistent with the results of Arnold (2000) which outlined the impacts of outsourcing strategy on the productivity and organizational performance and found that outsourcing allows companies to increase their allocations, improve their service quality, reduce the number of their employees, simplify their processes,

reduce overall costs and reduce administrative overhead costs and save time. Here, outsourcing is useful for the performance of the organization.

The results of the fifth hypothesis: In conjunction with the H₅ that outsourcing of educational initiatives and entrepreneurship is effective on the organizational agility from strategic management component.

The results show that at the level of 95%, the outsourcing of educational and entrepreneurial initiatives was effective on the organizational agility in strategic management aspects in Imam Khomeini Relief Foundation.

The results of this study are consistent with the results of Bertolini *et al.* (2004) titled as the impacts of outsourcing services productivity assessment (case study of South Pars Special Economic Energy Zone Organization office site, "Pars") which have shown that after outsourcing the delivery and management of strategic human resources, the efficiency of the South Pars Special Economic Energy Zone has been increased.

Results of the sixth hypothesis: In conjunction with the hypothesis 6 that Outsourcing of educational initiatives and entrepreneurship is effective on the organizational agility from customer orientation Component.

The results show that at the level of 95%, the outsourcing of educational and entrepreneurial initiatives was effective on the organizational agility in customer orientation dimensions in Imam Khomeini Relief Foundation. The results of this study are consistent with the results of Davari and Zadeh, entitled as the history of the outsourcing business process integration and its impact on the performance of companies in India showing the consequences of research and customer orientation in business outsourcing process.

CONCLUSION

The results showed that there was a significant relationship between outsourcing and organizational agility and the highest impact was related to the financial costs and the lowest impact on strategic management of employees. And development of staff, speed of work and the quality of services in outsourcing projects, education and entrepreneurship training organization was not

effective on agility. And the financial costs, highly effective strategic management and focused customer have effect on the organizational agility.

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