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Research Article

RELATIONSHIP BETWEEN OUTSOURCING AND ORGANIZATIONAL EFFECTIVENESS IN LORESTAN ELECTRICAL DISTRIBUTION COMPANY

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ABSTRACT

The objective of this research was to study the relationship between outsourcing and organizational effectiveness in Lorestan Electrical Distribution Company. Outsourcing and organizational effectiveness were studied as predictor and criterion variables, respectively. Statistical population included 252 official employees of Lorestan Electrical Distribution Company. Sample size was determined as 152 individuals according to Cochran’s formula and stratified random sampling method. This investigation was an applied and correlational descriptive study based on both field and library research. Data were collected using standard outsourcing questionnaire proposed by Fitzgerald (2002) and a researcher-made questionnaire with a Cronbach’s alpha coefficient of 0.85 and 0.729, respectively. SPSS and Amos Graphics statistical software were used to analyze statistical data and testing the hypotheses. Results of data analysis showed that there was a significant relationship between outsourcing and employees’ effectiveness. There was also a significant relationship between outsourcing and employees’ negative resistance against the changes. The relationships between outsourcing and employees’ working quality improvement and between outsourcing and employees’ motivation were also significant.

Keywords: Outsourcing, Organizational Effectiveness, Employees’ Negative Resistance against the Changes, Organizational Commitment, Working Quality Improvement, Employees’ Motivation

INTRODUCTION

Today’s organizations can no longer be managed with the knowledge and mindset of the past. The modern structure of third millennium organizations has caused changes in management practices and the most common feature of these practices is outsourcing. Outsourcing in its most general form, refers to the purchase of products and services that were manufactured or provided by companies before.

In an era of change, organizations have to continuously adapt themselves to their environment and the constantly changing world to increase both their effectiveness and efficiency. Today, the large organizations of the past do not possess the necessary agility to adapt to the environment and would not be considered as an appropriate approach towards the new world that requires great flexibility. New organizations now conduct the main activities that should have done by themselves through the use of their key personnel and entrust other not so important activities which people outside the organizations are also able to perform, to the external contractors.

Today, the dominant view in economy includes the management, reducing the governmental activities and moving towards privatization. New governmental management and a dynamic economy attempt to do things to compensate the weaknesses. Among such measures are empowering the state companies, removing the tendency towards the layers of the government system, moving towards privatization and transferring of governmental activities to the private sector in order to increase the productivity of government.

Studies have shown that today, the organizations consider the outsourcing as an administrative necessity and plan to delegate many of their services. According to the third and especially the forth development plans and considering the government’s determination to reduce its tenure, this is the duty of state-owned organizations and companies to implement the outsourcing in the context of the law. Outsourcing as a strategy or, at a lower level, as an inevitable policy; is necessary to improve the performance of activities. The Ministry of Energy is one of the leading companies in the field of delegating tasks to the private sector which has done valuable things in this regard. Decision to outsource an activity, is considered as
one of the most complex organizational decisions. Making such decision, as the first part of the outsourcing process, involves the identification of all the influencing factors. The benefits of outsourcing on the one hand, and the existing risks and barriers on the other hand; have made the thorough and accurate evaluation of this decision, inevitable.

**Conceptual Definitions**

**Outsourcing**: Shaw and Fair (1997), considered the ‘outsourcing’ as a form of contractual activity that has already been implemented in the organization and now its implementation has been given to the others.

**Effectiveness**: Fawell believed that effectiveness is a result of the exercise of power and discipline in the organization that should be clear and obvious. In addition, the application of the unity of command, guidance and leadership, discipline, equal justice, job stability, initiative and boosting the moral of employees causes an organization to be effective.

**Employees’ negative resistance against the changes**: One of the documented achievements regarding the behavior of the individual and the organization is that the organization and its members resist against the phenomenon of change. In a sense, it’s a positive thing and may result in a stable and predictable behavior. If there was no resistance against the phenomenon of change, organizational behavior could have destructive characteristics.

**Working quality**: Werther and Davis defined a good work life quality as having enough salaries and benefits together with a good supervision and suitable working conditions.

**Organizational commitment**: Organizational commitment is our attitude towards the job we do and is defined as a state in which the employee of the organization considers the organizational goals as representing himself and wishes to remain a member of that organization. Therefore, a high level of job dependence means that the individual attributes a certain job to him and considers it as representing himself but organizational commitment means that the individual considers an organization to represent himself.

**Motivation**: It usually refers to an individual’s readiness to engage in purposeful acts or job activities. Motivation is not a feeling associated with the satisfaction derived from the results of an individual’s job, but it more refers to the readiness or willingness to do the job in order to realize the business objectives.

**Outsourcing**

The formation of new managerial techniques (that are based on quality, speed and cooperation agreements) has caused organizations to turn from their current activities to the development programs. ‘Globalization’, ‘decentralization’, ‘quality management’, ‘mergers’, ‘core competencies’, ‘workforce management’ and ‘environmental, study and communication requirements’ are among the modern methods of management which has completely evolved the plans of the organizations (Venkatesan, 2003). Providing the mentioned approaches in an optimum way requires that the organization focuses on activities which create more added values and assign some of its activities to other specialized agencies. It can reduce the cost and the time required to offer the products and services and maximize the effectiveness of activities to the highest possible level (Dess et al., 1995). Outsourcing as a simple and economic administrative tool, is finding further applications day by day. While the commercial and industrial managers try to take advantage of the outsourcing strategy, in practice, they face a variety of conceptual issues. Both the managers and their advisors try to identify such issues in order to use the outsourcing more effectively. While there are a significant amount of academic studies on the use of outsourcing in product manufacturing activities, there are unfortunately a limited amount of such studies on services outsourcing especially the accounting (Wilcox, 1995). In a general sense, outsourcing is interpreted as the delegation of minor activities of an organization to external contractors (Majewsky et al., 2003). Van Miegem (1999) defined the outsourcing as transferring the management of a process or activity of a local unit to a service provider outside the organization in terms of a contract based on mutual agreement.

Outsourcing is defined as the transferring of indoor business processes or activities to an external provider under a specific contract. When an organization delegates some of its activities or business processes to
an external supplier, this practice is known as the outsourcing. In most of the cases, the right to make
decisions and the factors of production are also delegated to another organization (Everaert et al., 2006).
Many reasons have been proposed for the outsourcing of the business processes, among which are:

**Cost Saving**
The most common reason to decide the outsourcing is to save the costs. Achieving lower costs due to the
saving is proportionate to the scale of the businesses involved.

**Focus on the Core Competencies of the Organization**
There are limited resources available to an organization and in order for an organization to remain in a
competitive environment, it has to focus its resources on its core competence. Processes or activities
which are not of vital importance for the organization’s core competencies are among those processes that
are suitable for being outsourced.

**Re-structuring of Cost**
Outsourcing is able to change ratios such as fixed to variable costs, thus provides the possibility of
transforming the organizational costs structure into a variable costs structure and increases the ability to
predict the variable costs too.
Other reasons include: Improving the quality, the possibility to legally process the existing bugs in
purchased service or product, having access to the expertise available outside the organization and
improving the capability to change the scale of production, reducing the size of companies, and having
more maneuverability in creating changes in critical cases (Gregory, 2003).

**Stages of an outsourcing project**
1) Assessment of business processes
2) Analysis of needs
3) Evaluation of potential suppliers
4) Negotiation and contract management
5) Transferring the job to the provider
6) Supplier relationship management (Everaert et al., 2007).

**Effectiveness**
Barnard (1938) defined the ‘effectiveness’ as the accomplishment of organizational goals. He insisted on
‘the accomplishment of goals’ and the ‘survival of organization’, and defined the organizations as
systems of cooperation. Among the measures of effectiveness that he was considered, are the internal
balance and adjustment to external conditions, practical actions and skillful leadership.
The actual effectiveness of a particular organization is determined by the degree to which the organization
achieves its goals. An organization is considered to be effective when its features are in balance with the
various sectors of its related environment. The effectiveness can also be determined as the degree of
achieving the goals. Campbell considered the organizational effectiveness as the degree and extent to
which the organization achieve its ultimate goals despite some limitations.
Drucker (2002) defined the two terms, ‘efficiency’ and ‘effectiveness’ as follows: Efficiency means doing
things properly or appropriately while effectiveness means doing proper or appropriate things.

Based on the above explanations, we can say:
Productivity = Effectiveness + Efficiency
Productivity = Doing the right things + Doing the things right.

Taylor, the founder of scientific management and classical school of thought, believed that considering
the technical status of the organization, it is possible to maximize the effectiveness through the use of
factors such as maximizing the rate of production, minimizing the costs and optimal use of resources.
Fawell believed that effectiveness is a result of the exercise of power and discipline in the organization
that should be clear and obvious. In addition, the application of the unity of command, guidance and
leadership, discipline, equal justice, job stability, initiative and boosting the moral of employees causes
an organization to be effective. In contrast, Elton Mayo, the founder of the Human Relations Movement,
believed that the effectiveness of an organization is due to the satisfaction of its employees which is in
turn the result of considering the physical and psychological needs of employees.
Research Article

In order to be effective, the work teams are in need of support in the areas of technology, information, education and competition. Leaders prepare such environments for their teams through their ability to communicate and decision-making in which they can act efficiently. The effective leadership can be classified based on the degree to which a leader is able to influence his followers to achieve certain organizational goals. The best leaders encourage us to face the challenges ahead of our professional principles and to adapt the standards that lead us to do great things, not to please the boss but to meet the common standards; not just to make us follow their orders, but to better do the things that should be done even when they are not around (Goleman et al., 2002). Leaders are required for staff development, facilitating the group decisions and encouraging the employees to progress (Sundstrom, 1999). Behaviors of a leader influence the confidence of a team about their ability to achieve the goals (Kipins and Lane, 1962; Thomas and Velthouse, 1990) and ultimately their performance (Tagger and Seijts, 2003). One way that organizations can foster motivation in employees is through the cooperative behaviors of their leaders. Leaders influence the team through their decisions and expectations based on their previous experiences. Leadership is a dynamic and interactive process which strengthens the followers to advance in incremental levels in order to achieve goals (Zaccaro and Marks, 1999; Rozell and Gunderson, 2003).

Background Research

Wong et al., (2007) considered six factors including economy, strategic resources, risks, management and quality, analyzed the outsourcing structure and calculated the criteria weights using the analytic hierarchy process and the promethee method.

Yang et al., (2006) also provided a model for outsourcing of the business process in which the factors affecting such decision are evaluated considering the advantages such as cost savings, focus on competitive advantage, increased flexibility and higher quality of products, the risks such as information security, loss of managerial control, labor unions and employees’ psychological problems, and also environmental factors like market maturity, suppliers and decisions to implement the outsourcing made by the other companies.

Koh et al., (2004) selected the perspectives of both the client and the supplier of necessary items in their study regarding the outsourcing relationships.

Some of the items specified in this paper include the exact determination of the project range, the effective management of human resources, knowledge transfer and effective participation in the creation of knowledge, and highlighting the important issues for suppliers.

Lee et al., (2004) also investigated the effects of outsourcing strategies in information technology on its success.

The strategies included the degree of integration, control and the duration of the outsourcing process while the dimensions of the success of the outsourcing included costs reduction, technology and strategic capabilities. The model proposed in this study was based on the data collected from 311 companies in South Korea and the relationships between strategies and success.

Mayen (2003) investigated the outsourcing relationships in his article and proposed a model on how to manage the client-supplier relationships in order to achieve success in outsourcing.

Yang et al., (2000) considered five factors including the management, strategy, economy, technology and quality as important for the decision to implement the outsourcing and determined the structure of it using the analytic hierarchy process to propose a decision-making model to select the outsourcing activities. Mueller and Spitz (2006) also studied ‘The managerial ownership and company performance in Germany’. They used a sample of 356 of companies in the service sector that are also related to the trade during 1997-2000 and concluded that the performance of companies with more than 40% of managerial ownership were improved during that period.
The Conceptual Model of Research

![Conceptual model of research]

Research Hypotheses

Main Hypothesis
- There is a relationship between outsourcing and organizational effectiveness.

Sub-hypotheses:
1. There is a relationship between outsourcing and resistance against the change.
2. There is a relationship between outsourcing and quality improvement.
3. There is a relationship between outsourcing and organizational commitment.
4. There is a relationship between outsourcing and employees’ motivation.

Materials and Methods

Method of Research
Considering the nature of the problem being investigated here, the method of research used in this study was descriptive and it was a kind of correlation study too.

Statistical Population
The statistical population in this study included all the formal employees of Lorestan Electrical Distribution Company comprising a total of 252 individuals.

Statistical Sample
Cochran’s was used in order to determine the sample size in this study.

\[
 n = \frac{NZ_{\alpha/2}^2pq}{\varepsilon^2(N - 1) + Z_{\alpha/2}^2pq}
\]

The sample size was then calculated by inserting the data as follows:

\[
 n = \frac{252(1.96)^2(0.5)(0.5)}{252(0.05)^2 + (1.96)^2(0.5)(0.5)} = 152
\]

Since the population being investigated in this study was a limited population, the relative stratified random sampling method was used in order to increase the efficiency and facilitate the sampling process. Thus, the sample size was proportionately selected from each district covered by that organization considering the overall calculated sample size and the relevant questionnaire was then distributed among them.

Testing of Hypotheses
The normality of dimensions and variables was first analyzed at this stage using the Kolmogorov-Smirnov test. Since the normality of variables leads to the normality of residuals of the model, it is necessary to control the normality of a model before it is being fitted. Results of Kolmogorov-Smirnov test are presented in table 1.
As you can see in table 1, the results of Kolmogorov-Smirnov test showed that the level of significance for all the variables were in $H_0$ region and more than $\alpha = 0.05$, thus the assumption of normal distribution of data was confirmed. Considering the normal distribution of data, the Pearson’s coefficient of correlation was used to show the interaction between the variables.

Since the variables’ correlation itself is a major factor in regression analysis based on structural equations modeling, the value and importance of each variable was therefore determined using the one-sample mean test. The statistical hypotheses of this process are as follows.

$H_0$: The mean scores after the $x$ are less or equal to the mean.
$H_1$: The mean scores after the $x$ are more than the mean.

Results of this test are presented in table 2.

### Table 2: One-sample mean test

<table>
<thead>
<tr>
<th>Variable</th>
<th>The number of means tested = 3</th>
<th>Statistic</th>
<th>Degrees of freedom</th>
<th>of Level significance</th>
<th>Mean</th>
<th>95% confidence limit</th>
<th>level of mean</th>
<th>Lower limit</th>
<th>Upper limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outsourcing</td>
<td>96.22</td>
<td>151</td>
<td>0.000</td>
<td>55.1</td>
<td>53.97</td>
<td>56.23</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effectiveness</td>
<td>92.56</td>
<td>151</td>
<td>0.000</td>
<td>63.32</td>
<td>61.96</td>
<td>64.67</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resistance against the change</td>
<td>45.27</td>
<td>151</td>
<td>0.000</td>
<td>6.41</td>
<td>6.13</td>
<td>6.69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working quality</td>
<td>75.54</td>
<td>151</td>
<td>0.000</td>
<td>21.12</td>
<td>20.57</td>
<td>21.67</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational commitment</td>
<td>72.53</td>
<td>151</td>
<td>0.000</td>
<td>20.32</td>
<td>19.76</td>
<td>20.87</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees’ motivation</td>
<td>45.69</td>
<td>151</td>
<td>0.000</td>
<td>6.47</td>
<td>6.19</td>
<td>6.75</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Considering the table 2, the level of significance for all the variables was close to 0.000 which was less than 0.05. Therefore, the means of variables were significantly different from the theoretical mean value. The research hypotheses were then analyzed using Pearson’s test of correlation coefficient and structural equations modeling.

**The First Sub-hypothesis**

It goes like this:

‘There is a relationship between outsourcing and resistance against the change’

And has been defined as a statistical hypothesis as follows:

$H_0$: There is no significant relationship between outsourcing and resistance against the change.

$H_1$: There is a significant relationship between outsourcing and resistance against the change.

The level of correlation and significance were calculated through the Pearson’s test and the results are presented in table 3.
H0 and H1 are considered as the regions to reject or accept the hypothesis, respectively while \( \alpha = 0.05 \). As it is shown in table 3, the coefficient of correlation between outsourcing and resistance against the change was 29.4% while p.v = 0.000 which was also lower than \( \alpha = 0.05 \) which shows that this correlation has been confirmed. We have also tried to calculate the standardized regression coefficient for the interaction of variables using the structural equations modeling based on outsourcing indices according to the interactions between outsourcing and resistance against the change as it is shown in figure 2.

Results of structural equations modeling using the Amos software also showed that the coefficient of determination between outsourcing and resistance against the change was 0.37. Among 19 outsourcing indices, questions 13, 16, 17 and 18 had the highest and questions 8, 10 and 19 had the lowest impact on resistance against the change, respectively. The chi-square was also 764.9 and its degrees of freedom was 170 at 0.000 level of significance which was lower than 0.05, thus the results of this model were approved.

The Second Sub-hypothesis
It goes like this:
‘There is a relationship between outsourcing and quality improvement’
And has been defined as a statistical hypothesis as follows:
H_0: There is no significant relationship between outsourcing and quality improvement.
H_1: There is a significant relationship between outsourcing and quality improvement.
The level of correlation and significance were calculated through the Pearson’s test and the results are presented in table 4.
As it is shown in table 4, the coefficient of correlation between outsourcing and quality improvement was 42.9% while \( p.v = 0.000 \) which was also lower than \( \alpha = 0.05 \) which shows that this correlation has been confirmed. We have also tried to calculate the standardized regression coefficient for the interaction of variables using the structural equations modeling based on outsourcing indices according to the interactions between outsourcing and quality improvement as it is shown in figure 3.

Results of structural equations modeling using the Amos software also showed that the coefficient of determination between outsourcing and quality improvement was 0.40. Among 19 outsourcing indices, questions 13, 16, 17 and 18 had the highest and questions 8 and 19 had the lowest impact on quality improvement, respectively. The chi-square was also 798.9 and its degrees of freedom was 170 at 0.000 level of significance which was lower than 0.05, thus the results of this model were approved.

**The Third Sub-hypothesis**

It goes like this:

‘There is a relationship between outsourcing and organizational commitment’

And has been defined as a statistical hypothesis as follows:

\( H_0: \) There is no significant relationship between outsourcing and organizational commitment.

\( H_1: \) There is a significant relationship between outsourcing and organizational commitment.

The level of correlation and significance were calculated through the Pearson’s test and the results are presented in table 5.
Table 5: The correlation between outsourcing and organizational commitment

<table>
<thead>
<tr>
<th>Pearson’s test of correlation coefficient</th>
<th>Employees' organizational commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correlation coefficient</td>
<td>0.487</td>
</tr>
<tr>
<td>Level of significance</td>
<td>0.000</td>
</tr>
<tr>
<td>Number</td>
<td>152</td>
</tr>
</tbody>
</table>

As it is shown in table 5, the coefficient of correlation between outsourcing and organizational commitment was 48.7% while p.v = 0.000 which was also lower than α = 0.05 which shows that this correlation has been confirmed. We have also tried to calculate the standardized regression coefficient for the interaction of variables using the structural equations modeling based on outsourcing indices according to the interactions between outsourcing and organizational commitment as it is shown in figure 4.

Figure 4: Structural model of interaction between outsourcing and organizational commitment

Results of structural equations modeling using the Amos software also showed that the coefficient of determination between outsourcing and organizational commitment was 0.29. Among 19 outsourcing indices, questions 1, 9, 11, 12 and 14 had the highest and questions 9, 17, 18 and 19 had the lowest impact on organizational commitment, respectively. It should also be noted that the question 8 had a negative value, but it had the lowest impact and a reverse interaction with organizational commitment. The chi-square was also 872.2 and its degrees of freedom was 170 at 0.000 level of significance which was lower than 0.05, thus the results of this model were approved.

The Fourth Sub-hypothesis

It goes like this:

‘There is a relationship between outsourcing and employees’ motivation’

And has been defined as a statistical hypothesis as follows:

$H_0$: There is no significant relationship between outsourcing and employees’ motivation.
Research Article

H₀: There is no significant relationship between outsourcing and organizational effectiveness.

The level of correlation and significance were calculated through the Pearson’s test and the results are presented in table 6.

Table 6: The correlation between outsourcing and employees’ motivation

<table>
<thead>
<tr>
<th>Pearson’s test of correlation coefficient</th>
<th>Employees’ motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correlation coefficient</td>
<td>0.317</td>
</tr>
<tr>
<td>Level of significance</td>
<td>0.000</td>
</tr>
<tr>
<td>Number</td>
<td>152</td>
</tr>
</tbody>
</table>

As it is shown in table 6, the coefficient of correlation between outsourcing and employees’ motivation was 31.7% while p.v = 0.000 which was also lower than α = 0.05 which shows that this correlation has been confirmed. We have also tried to calculate the standardized regression coefficient for the interaction of variables using the structural equations modeling based on outsourcing indices according to the interactions between outsourcing and employees’ motivation as it is shown in figure 5.

Figure 5: Structural model of interaction between outsourcing and employees’ motivation

Results of structural equations modeling using the Amos software also showed that the coefficient of determination between outsourcing and employees’ motivation was 0.18. Among 19 outsourcing indices, questions 14, 16, and 17 had the highest and questions 2, 3, 5 and 12 had the lowest impact on employees’ motivation, respectively. The chi-square was also 711.2 and its degrees of freedom was 170 at 0.000 level of significance which was lower than 0.05, thus the results of this model were approved.

The Main Hypothesis

It goes like this:

‘There is a relationship between outsourcing and organizational effectiveness’

And has been defined as a statistical hypothesis as follows:

H₁: There is a significant relationship between outsourcing and organizational effectiveness.
H1: There is a significant relationship between outsourcing and organizational effectiveness. The level of correlation and significance were calculated through the Pearson’s test and the results are presented in table 7.

Table 7: The correlation between outsourcing and organizational effectiveness

<table>
<thead>
<tr>
<th>Pearson’s test of correlation coefficient</th>
<th>Organizational effectiveness of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outsourcing</td>
<td></td>
</tr>
<tr>
<td>Correlation coefficient</td>
<td>0.521</td>
</tr>
<tr>
<td>Level of significance</td>
<td>0.000</td>
</tr>
<tr>
<td>Number</td>
<td>152</td>
</tr>
</tbody>
</table>

As it is shown in table 7, the coefficient of correlation between outsourcing and organizational effectiveness was 52.1% while p.v = 0.000 which was also lower than α = 0.05 which shows that this correlation has been confirmed. We have also tried to calculate the standardized regression coefficient for the interaction of variables using the structural equations modeling based on outsourcing indices according to the interactions between outsourcing and organizational effectiveness as it is shown in figure 6.

Figure 6: Structural model of interaction between outsourcing, organizational effectiveness and its components

Results of structural equations modeling using the Amos software also showed that the coefficient of determination between outsourcing and organizational effectiveness was 0.57. The regression coefficient for resistance against the change, quality improvement, organizational commitment and employees’ motivation was 0.69, 0.65, 0.72 and 0.32, respectively and their impacts are also shown in the figure above. Since the chi-square was also 645.2 and its degrees of freedom was 292 at 0.001 level of significance, the overall model was also approved.
Conclusion

Organizations try to delegate their internal activities to the outside and reduce their size as much as possible due to a variety of reasons. The main reasons for outsourcing of the activities are: paying more attention to vital activities, cost reduction, the poor performance of internal units, and the non-vitality of activities that are being delegated to the outside. The most important advantage of outsourcing, however, is the quality improvement of activities and products, and the higher effectiveness of organization’s employees. Because the delegation of service, support and administrative activities of electrical distribution companies to the private sector has been a dictated policy of Tavanir Company to both provincial and regional electrical distribution companies since 2006, and due to the delegation of many non-vital and non-critical activities of Lorestan Electrical Distribution Company in form of contracts to the contractors outside the company, it was selected as the subject of this article; so the researcher could find the answer to this question which is the main question of this study too that whether the outsourcing of the above-mentioned activities to the private sector by Lorestan Electrical Distribution Company, has actually improved the organizational effectiveness or not? Results obtained through the analysis of data showed that: There is a significant relationship between outsourcing and employees’ effectiveness. There is also a significant relationship between outsourcing and employees’ resistance against the change, their working quality improvement, their organizational commitment and their motivation.

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