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HUMAN RESOURCE OUTSOURCING AND OPERATIONAL EFFICIENCY OF QUOTED DEPOSIT MONEY BANKS IN RIVERS STATE

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ABSTRACT

The need to improve operational efficiency has encouraged deposit money banks to outsource employment functions, yet the relationships between specific outsourcing practices and operational outcomes remain insufficiently established within Rivers State, Nigeria. This study examined human resource outsourcing and operational efficiency of quoted deposit money banks in Rivers State, with perceived organizational support as the moderating variable. Human resource outsourcing comprised recruitment and selection outsourcing, training and development outsourcing, and payroll administration outsourcing. This study was anchored on transaction cost economics and organizational support theory. A positivist philosophy and cross-sectional survey research design were adopted. The accessible population comprised 1,662 employees across 20 selected banks, from which a sample of 322 employees was determined using the Taro Yamane approach. Data were collected through a structured questionnaire, and 305 valid responses were analysed using frequency distributions, descriptive statistics, Spearman rank correlation and partial correlation at the 5% significance level. Recruitment and selection outsourcing recorded a positive correlation of 0.170 with operational efficiency, training and development outsourcing recorded 0.475, and payroll administration outsourcing recorded 0.288. Each relationship was significant at the 5% level. Accounting for perceived organizational support reduced the overall outsourcing–efficiency correlation from 0.520 to 0.460, while the relationship remained positive and significant. The study concluded that human resource outsourcing was positively associated with operational efficiency, with training and development outsourcing demonstrating the strongest relationship. It recommended competency-based recruitment agreements, targeted outsourced training, closely monitored payroll services and stronger employee support. The study contributed contextual evidence on distinct outsourcing functions and operational efficiency within Rivers State banking operations.

Keywords: Human Resource Outsourcing; Operational Efficiency; Perceived Organizational Support; Deposit Money Banks; Rivers State.

1 INTRODUCTION

Efficiency is a key element of banking as financial services require the timely coordination of employees, information and administrative processes. Accurate and timely completion of transactions is essential for quoted deposit money

banks, and the capabilities of their personnel must be commensurate with their responsibilities, while their systems must support their work. Resources can be consumed by delays, repetition of work and unnecessary mistakes without enhancing services. The relevance of human resource arrangements thus goes beyond the number of staff to the organisation and delivery of work. This organisational response includes outsourcing, and recruitment and training are among the activities outsourced in Nigerian banking (Sanusi, 2020).

In this study, operational efficiency is related to the productive use of the available resources in the banking activities. It involves managing operational expenses, eliminating unnecessary processing time and minimising errors without compromising service levels. These concerns come up when banks assign staff, arrange administration and service operations. Efficiency is therefore, in part, related to the quality and organisation of the human resources that support the daily running. The relationship between personnel expertise, technological capability and efficient service delivery as highlighted by Kpinpuo et al. (2023) serves as a foundation for exploring the relationship between the functioning of externally supported employment and banking operations.

Human resource outsourcing is the process of contracting out some HR-related activities to external experts. The organisational benefit is that it can tap into expertise, cut down on administration and enable internal managers to focus on core tasks. But these benefits are contingent on the availability of external services that meet the organisation's real needs. The focus of this study is recruitment and selection outsourcing, training and development outsourcing, and payroll administration outsourcing. They are different modes of involvement of external providers in the management of an organisation's workforce and support for its activities (Koffi et al., 2024).

Recruitment and selection outsourcing is the outsourcing of the process of identifying, assessing and selecting appropriate people. Its importance to operational efficiency is based on the fact that it can help to provide employees who can perform their assigned tasks without having to wait too long for the position to be filled or having to recruit again. Training and development outsourcing is a solution to the ongoing capabilities that employees need once they are hired. Banks can get training from outside experts, according to the technical responsibilities, changing procedures and service requirements. These functions, when combined, link workforce entry with workforce competence, which can open up potential avenues for outsourcing to aid effective task execution (Ayodele & Awokoya, 2025; Kester & Awoniyi, 2026).

Payroll administration outsourcing is the outsourcing of salary administration and other employment payments. This function ensures the continuity of the employment administration and demands proper record keeping, clear responsibilities and timely communication. It can be an efficiency contribution if specialist processing eliminates repetitive internal work and administrative errors. In recruitment, training and payroll, however, the transfer of responsibility creates the need for coordination between the bank and its providers. It is therefore important to take into account the organisational conditions through which the external services are integrated into the daily banking activities when considering outsourcing arrangements (Koffi et al., 2024; Nnabugwu, 2024; Sunday, 2026; Olulu-Briggs & Sunday, 2023; Sunday & Olulu-Briggs, 2026). In Rivers State, a study of these relationships focuses on the way banks manage their employment role from outside and how they arrange their internal operations to ensure timely, accurate and economical provision of banking services.

One such condition is perceived organizational support, which is a measure of employees' perception of the bank's value of their contribution and concern for their welfare. Support can be provided in the form of recognition, supervisory assistance and concern for employees working needs. These experiences can motivate staff to use their skills and work with the organisation. Organizational support theory is linked to favourable treatment, commitment and performance (Rhoades & Eisenberger, 2002). Jimoh (2025) also acknowledges its significance in the Nigerian banking sector. Based on this, this study suggests that perceived organizational support can either enhance or reduce the link between human resource outsourcing and operational efficiency of the quoted deposit money banks in Rivers State, Nigeria.

1.1 Statement of the Problem

Previous studies establish human resource outsourcing as relevant to organizational outcomes, but the evidence reviewed leaves a contextual gap concerning quoted deposit money banks in Rivers State, Nigeria. Ayodele and Awokoya (2025) examined Nigerian food and beverage firms, while Adaflagbe (2026) investigated telecommunications companies in Ghana. These settings differ from banking in their service processes, staffing requirements and administrative responsibilities. Although Nnabugwu (2024) examined deposit money banks in Anambra State, the study does not establish how outsourcing relates to operational efficiency within Rivers State. The unresolved issue concerns whether externally managed employment functions support efficient banking operations within the specific geographical and organizational boundaries of the present study.

A measurement gap also emerges from differences in the outsourcing dimensions and outcomes examined. Nnabugwu (2024) investigated outsourcing for cost reduction, employee competence and knowledge transfer against financial and

operational outcomes. Kester and Awoniyi (2026) examined training provisions within outsourcing agreements, while Ayodele and Awokoya (2025) concentrated on recruitment and training outsourcing. Although Koffi et al. (2024) examined recruitment, training and payroll administration outsourcing in relation to organizational efficiency, their investigation concerned selected Lagos firms. Consequently, the reviewed evidence does not resolve the separate relationships between recruitment and selection outsourcing, training and development outsourcing, payroll administration outsourcing and operational efficiency among quoted deposit money banks in Rivers State. Distinguishing these relationships is necessary because acquiring personnel, developing competence and administering employment payments involve different processes whose efficiency contributions should be investigated rather than presumed equivalent.

Furthermore, the organizational conditions shaping the efficiency implications of outsourcing remain insufficiently explained within the proposed context. Jimoh (2025) examined perceived organizational support as a mediator linking employee engagement and job satisfaction with job performance in Nigerian banking. That investigation establishes the relevance of organizational support but does not determine whether support changes the strength of the relationship between human resource outsourcing and operational efficiency. Similarly, the reviewed outsourcing studies do not jointly address the three selected outsourcing dimensions and this proposed moderating role within Rivers State banks. This study therefore addresses the combined contextual, measurement and contingency gaps by examining recruitment and selection outsourcing, training and development outsourcing, and payroll administration outsourcing in relation to operational efficiency, with perceived organizational support moderating these relationships among quoted deposit money banks in Rivers State, Nigeria.

2 LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Human Resource Outsourcing

Human resource outsourcing is a business practice whereby an employer hires outside vendors to handle certain HR-related tasks, but still maintains the goals of the organisation. It is not just about hiring temporary workers, but also about recruitment, employee development, payroll processing and more. Xiao et al. (2024) conceptualised outsourcing as a process encompassing decisions, implementation, employee perceptions, evaluation and continuing management. This view sets the outsourcing as a continuous relationship, not a one-time purchasing decision. The key point is the distribution of responsibility, expertise and coordination between the client organisation and service provider. The effectiveness of that distribution will either enhance internal capacity or add to administrative burden and reliance. This is significant in understanding organisational expenditure and performance.

Human resource outsourcing in this study includes recruitment and selection outsourcing, training and development outsourcing and payroll administration outsourcing. Recruitment outsourcing is related to the outside involvement in the identification, evaluation and selection of appropriate staff. Training outsourcing is the process of acquiring specialist support to build knowledge and skills needed for delegated tasks. Payroll outsourcing refers to the outsourcing of payroll and other employment-related payments. These dimensions are corroborated by Koffi et al. (2024) and Kester and Awoniyi (2026) who highlighted the contractual specification of training responsibilities in Nigerian banks. The intensity of outsourcing should thus not be confused with the effectiveness of outsourcing; the more outsourcing is used, the better the results do not necessarily follow. In the case of quoted deposit money banks in Rivers State, the construct relates to the level of outsourcing of these employment functions under co-ordinated arrangements.

2.1.2 Operational Efficiency

Operational efficiency is the ability of an organisation to produce the necessary outputs from the resources it has available with the least amount of avoidable waste and acceptable standards. It is about the connections between the inputs used and the services generated, including the coordination of work among employees, technologies and procedures. Kweh et al. (2024) separated resource management efficiency from profitability efficiency in banking, highlighting the need to consider how resources contribute to the sequential stages of banking operations. Operational efficiency therefore cannot only be judged by revenue growth or profit, but also by the pricing, market conditions and risk exposure. A bank can generate significant revenue without incurring expensive administrative duplication, unused capacity or unnecessary processing delays. The idea thus focuses on the organisation of productive activity. This kind of evaluation links the operational processes to the resources they need.

In the current study, operational efficiency is defined as the economical, timely and accurate performance of banking functions with the available manpower and system. Some of the relevant manifestations are efficient use of staff, minimized processing delays, controlled administrative costs, and minimized avoidable errors that need to be corrected. These are suggested indicators for the banking context and not interchangeable definitions of efficiency.

Kpinpuo et al. (2023) related the contribution of specialist personnel with operational and technological efficiency, and Nnabugwu (2024) related outsourcing arrangements with operational effectiveness in Nigerian banks. But effectiveness is about results, while efficiency is about results and resources used to get them.

2.1.3 Perceived Organizational Support

Perceived organizational support is the overall employee perception that the organization values their contributions and cares for their well-being. The construct reflects employees' perception of how they are treated by the organisation, not the presence of welfare policies or assistance programmes. Fairness, supervisory support, rewards and favourable working conditions were important antecedents identified by Rhoades and Eisenberger (2002). Eisenberger et al. (2020) also described that employees place special importance on beneficial treatment that is perceived as discretionary. Support is therefore partially dependent on the meaning employees give to the organisational actions. Where employees have varying expectations, experiences or perceptions of management's intentions, similar provisions can lead to different perceptions. Perceived support is thus an evaluative attitude towards the employing organisation per se. It therefore has a meaning that is dependent on attribution.

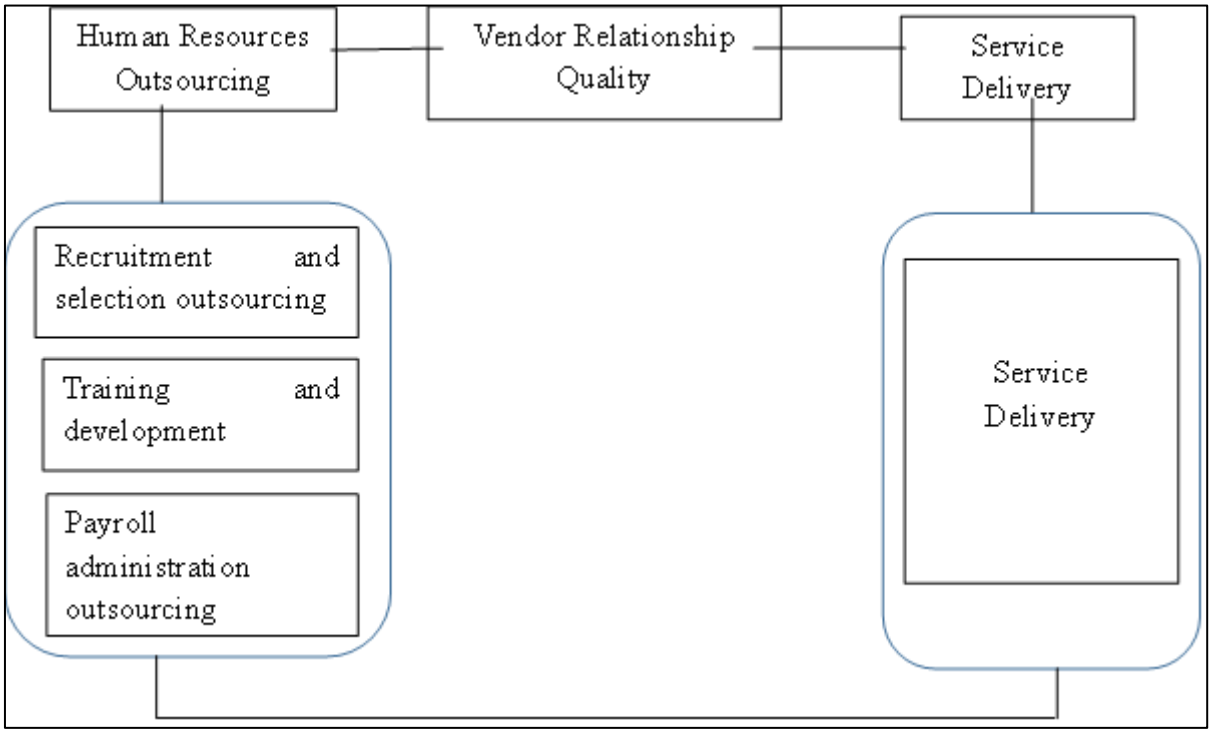


Figure 1: Conceptual framework on the relationship between human resources outsourcing and operational efficiency

Source: Human resource outsourcing: Recruitment and selection outsourcing, training and development outsourcing, and payroll administration outsourcing (Koffi et al., 2024; Ayodele & Awokoya, 2025; Kester & Awoniyi, 2026). **Operational efficiency** (Kpinpuo et al., 2023; Kweh et al., 2024). **Moderating variable:** Perceived organizational support (Eisenberger et al., 2020; Jimoh, 2025).

2.2 Theoretical Framework

2.2.1 Transaction Cost Economics

The first theoretical basis for this study is transaction cost economics. It has its roots in Coase's (1937) explanation that the organisation of activities through markets involves costs, such as the cost of finding suppliers, negotiating contracts and coordinating exchange. Williamson (1981) expanded this thinking to a theory that matched the nature of transactions with the governance structures. The basic idea is that organisations should compare the various alternatives for coordinating activities based on their overall economic consequences. In the context of HR outsourcing, this involves comparing the cost-of-service delivery to the cost of internal administration, plus the cost of managing the bank's relationship with its contracted providers.

The theory recognises that contracting decisions occur under imperfect information and limits to decision makers' ability to anticipate every contingency. Relying on specialized services can also be problematic if the service provider has knowledge or systems that are costly to replace. Therefore, lower fees quoted does not necessarily mean lower total fees if monitoring, coordination, correction, or renegotiation is burdensome. Williamson (1981) thus focuses on the

need to align transactions with appropriate governance mechanisms. In this study, the above reasoning implies that the efficiency implications of recruitment and training and payroll outsourcing can be different since the information requirements, coordination demands and reliance on bank specific knowledge may vary.

The relationships are grounded in transaction cost economics, which explains how outsourcing can enhance the efficiency of the operations when the provision of specialists and the contracting of employment functions reduces the overall resources needed. Recruitment agencies can alleviate the burden of recruitment, training providers can offer specialized training, and payroll providers can streamline repetitive payroll tasks. These are not guaranteed results, but rather theoretical applications. Kester and Awoniyi (2026) show how important it is to define provider obligations in service agreements. However, an economic explanation alone provides little consideration of how outsourcing deals are understood by employees. This constraint allows for the inclusion of a second theory that deals with the social relationship between employees and the bank.

2.2.2 Organizational Support Theory

Organizational support theory offers this complementary foundation. Eisenberger et al. (1986) suggested that workers form general beliefs about the value of their contribution to the organisation and the organisation's concern for their welfare. These beliefs are formed by the personification of the organisation, which means that employees infer intentions from the actions of representatives of the organisation. The theory is based on reciprocity, which means that good treatment can lead to a felt obligation to help achieve organisational goals. Rhoades and Eisenberger (2002) also suggest that mechanisms that connect perceived support to positive employee attitudes and behaviours in the employment relationship include fulfilment of socioemotional needs and expectations that effort will be recognised.

Organizational support theory can be applied to outsourcing to understand why technically sound employment services can have varying effects based on the employees' treatment within the bank. Cooperation and continued use of learned skills may be fostered by recognition and by having supervisors who are available to help with work issues. On the other hand, if the individual feels neglected, his or her motivation to go the extra mile may be undermined. Eisenberger et al. (2020) highlighted that support is an employee's perception of fairness, leadership and working conditions. Jimoh (2025) also validated its relevance in the banking sector of Nigeria. The arguments given here serve as a rational justification for the proposed condition in the relationship between outsourcing and operational efficiency examined, namely perceived organizational support.

2.3 Empirical Review

Koech et al. (2026) investigated the effect of recruitment outsourcing on employee performance in the County Government of Uasin Gishu, Kenya. The study emphasized the impact of external recruitment on employee selection, recruitment transparency, and employee competence-job fit. The study was guided by the theory of organizational learning and used an explanatory research design. Stratified and simple random sampling techniques were used to select a sample of 253 respondents from a population of 688 employees. Structured questionnaires were used to collect primary data and analysed using descriptive statistics, Pearson correlation and simple linear regression. The result indicated that recruitment outsourcing was positively correlated with employee performance with correlation coefficient of 0.530. Its regression effect was positive and was significant at the 5% level. The study found that outsourcing recruitment resulted in improved employee performance because of better selection quality, transparency and matching employees to job requirements.

Kester and Awoniyi (2026) examined SLA and training for outsourced staff in commercial banks in Nigeria. The study investigated if outsourcing contracts included provisions for training, training requirements and how to keep services quality. A concurrent mixed methods research design was used. The quantitative data were collected from 1,150 outsourced bank tellers and bank security staff of the five selected commercial banks in the Southwest Nigeria, and key informant and in-depth interviews were also conducted. The quantitative results were reported as percentages, means and standard deviations. Results indicated that respondents overall felt that outsourcing agreements included specific training arrangements and responsibilities were clearly defined. The agreements also included induction, technical training, refresher training and regulatory compliance training. The study found that service level agreements were an important mechanism for training needs for outsourced employees and that there was a need for more specialised training and risk-management training.

Amisi et al. (2026) examined the motivators of strategic human resource outsourcing and its impact on outsourced employee retention in oil and gas companies in Kenya. The study investigated if strategic factors in outsourcing decisions were related to the retention of outsourced employees. A mixed methods approach was guided by resource dependency theory and a pragmatist research philosophy. The study was aimed at 219 companies, with 125 companies selected and 211 heads of human resources and procurement responding. Semi-structured questionnaires were used to gather primary data which were analysed by descriptive statistics, correlation and multiple regression. The results indicated that the strategic outsourcing motivators had a positive influence on employee retention with a coefficient of

0.207 and a probability value of 0.011. The effect was significant at 5% level. The study found that strategically aligned outsourcing arrangements were linked to employee retention and suggested the need for standardised contracts, better outsourcing governance, and better access to employee development and welfare provisions.

Adaflagbe (2026) examined the question of whether human resource outsourcing was a competitive strategy in MTN Ghana Limited and AirtelTigo Ghana Limited. Administrative efficiency, employee satisfaction, talent management and cultural integration in outsourced employment arrangements were studied. A mixed-methods approach was used, with survey data collected from 300 employees and semi-structured interviews conducted with 15 human resource executives, line managers and outsourced personnel. The quantitative comparisons used t-tests and analysis of variance, and the qualitative analysis revealed themes of strategic alignment, operational efficiency and cultural disconnection. The results indicated that outsourcing of human resource processes saved MTN 28% of administrative workload and AirtelTigo 21% of administrative workload. Job satisfaction and retention were also found to differ between permanent and outsourced workers. The study suggested that outsourcing might enhance administrative efficiency and free up time for strategic activities, but also highlighted the need for managing employee integration and differences in employment.

Jimoh (2025) examined the relationship between employee engagement and job satisfaction on job performance in the Nigerian banking sector using perceived organizational support as a mediator. The study used descriptive survey research. The population of the employees was 12,035, and the sample of the employees was 373 employees, which was selected purposively. The questionnaires were used to collect the primary data and the respondents' demographic characteristics were analysed using frequency tables. Partial least squares structural equation modelling was used to test the hypotheses. The findings indicated that employee engagement and job satisfaction had a significant impact on job performance. Perceived organizational support also mediated the relationships between these employee attitudes and performance. The study found that supportive organizational contexts were positively related to employee job performance.

Ayodele and Awokoya (2025) examined the impact of outsourcing HRM on the performance of selected food and beverage companies in Nigeria. This study specifically examined recruitment outsourcing and training outsourcing as aspects of human resource outsourcing. The research design that was adopted was descriptive research with a sample of 400 respondents determined by using the Taro Yamane approach. The respondents were selected using stratified sampling technique among the employees of Cadbury, Nestlé and Promasidor Nigeria. Simple linear regression was used to investigate the individual impact of the outsourcing dimensions and multiple regression was used to investigate the combined impact of the outsourcing dimensions on performance. The results showed that recruitment outsourcing and training outsourcing positively affected the organizational performance. The study concluded that both functions were relevant to improve the firm performance.

3 METHODOLOGY

A cross-sectional survey research design was adopted for the study. The design was appropriate as information on human resource outsourcing, operational efficiency and perceived organizational support was collected from the respondents at a specific time without any manipulation of variables or repeated observations of the respondents over a period of years. Saunders et al. (2019) stated that cross sectional studies were studies that focused on phenomena at a specific time, which was especially relevant to questionnaire surveys. Based on this, the design served as a foundation for the analysis of the relationship between recruitment and selection outsourcing, training and development outsourcing, payroll administration outsourcing and operational efficiency of quoted deposit money banks in Rivers State, Nigeria. It also facilitated the study of perceived organizational support as a moderating variable in the same study context.

The study was guided by the positivism paradigm which was a systematic study of observable and measurable phenomena using objective procedures. The study adopted the quantitative approach as described by Saunders et al. (2019) and Sunday and Wobo (2025) where the theoretical concepts were converted into measurable variables and the data obtained were subjected to statistical analysis. Human resource outsourcing was operationalised in the following ways: recruitment and selection outsourcing, training and development outsourcing, and payroll administration outsourcing. Operational efficiency was measured by the economical, timely and accurate conduct of banking operations and perceived organizational support was measured by the employees' perception of the bank's recognition, assistance and concern for their welfare. The philosophy was suitable as the study aimed to provide empirical evidence of the hypothesised relationships using standardised measurement and statistical testing.

The population consisted of all the employees of the selected quoted deposit money banks in Rivers State, Nigeria. The population data provided for the study was 1662 employees in 20 banks; the accessible population was 1662 employees, and a sample of 322 employees was determined using the Taro Yamane sample size determination

approach. Saunders et al. (2019) stressed the need to clearly specify the population and sampling frame in line with the research goals. The respondents were employees, who experienced the employment arrangements, operational processes and organisational treatment examined. Responses on externally administered recruitment, training and payroll, however, needed to have a good understanding of the arrangements in place. Thus, the population and sample were the respondent base for the study of employee assessment of outsourcing and operational efficiency in the selected banks.

Primary data was collected from the sampled employees by using a structured questionnaire. The instrument included sections on demographic characteristics, outsourcing of recruitment and selection, outsourcing of training and development, outsourcing of payroll administration, operational efficiency and perceived organizational support. The substantive items were answered on a 5-point scale from strongly disagree to strongly agree. The instrument was then expertly evaluated for clarity, relevance, representativeness, ambiguity and consistency with the operational definitions. According to Boateng et al. (2018), expert evaluation and careful specification of construct domains are important aspects of instrument development. As such, ambiguous statements were modified, redundant items were rethought, and the remaining items were aligned with their respective constructs. Items of perceived organizational support specifically mentioned support from the bank.

The internal consistency of each multi-item scale was determined using Cronbach's alpha coefficient. Reliability analysis was performed separately for recruitment and selection outsourcing, training and development outsourcing, payroll administration outsourcing, operational efficiency and perceived organizational support. This method acknowledged that the instrument comprised of separate constructs and that each needed to be evaluated. According to Boateng et al. (2018), reliability evaluation was a component of the overall process of establishing measurement quality. Pilot responses were then analysed to determine the ambiguous questions and items with poor consistency with the scales they were designed to measure. Both statistical evidence and conceptual relevance were taken into account when decisions were made on item revision or removal. Coefficients from unrelated constructs were not used as substitutes for the coefficients derived from the questionnaire used in the study.

Frequency distributions, descriptive statistics, Spearman rank correlation, and partial correlation analysis were used to analyse the data. Means and standard deviations were used to describe responses to the study variables, and frequencies and percentages were used to summarise respondents' characteristics. In line with the measurement considerations discussed by Schober et al. (2018), the direction and strength of monotonic relationships between each outsourcing dimension and operational efficiency were assessed using Spearman rank correlation. These relationships were examined using partial correlation, controlling for perceived organizational support. Hypotheses were tested at the 5% level of significance.

4 RESULTS AND ANALYSIS

Table 1: Questionnaire Distribution and Number Retrieval

S/No	Descriptions	Frequency	Percent
1	Questionnaires Distributed	322	100.0
2	Questionnaires Retrieved	315	97.8
3	Valid Questionnaires	305	94.7

Source: Field Survey, 2026

The distribution and retrieval of questionnaires for the study on human resource outsourcing and operational efficiency of quoted deposit money banks in Rivers State, Nigeria was presented in Table 4.1. The questionnaires were sent to the sampled employees for the intended survey coverage, with a total of 322 questionnaires sent. A total of 315 questionnaires were returned, representing a high response rate from the employees contacted. Of the 305 questionnaires that were returned after screening, 305 were deemed valid and included in the analysis. The valid responses gave information on recruitment and selection outsourcing, training and development outsourcing, payroll administration outsourcing, operational efficiency and perceived organizational support. The retrieval pattern was indicative of the employees' willingness to participate and give information regarding the employment arrangements and banking operations. Moreover, the number of questionnaires that were usable (305) facilitated the descriptive and correlational analysis that was conducted. Thus, the empirical findings of the study were derived from the completed questionnaires from employees who were able to provide relevant information on the variables studied in the selected banks.

Table 2: Human Resources Outsourcing and Operational Efficiency

Correlations						
			Operational efficiency	Recruitment/selection outsourcing	Training/development outsourcing	Payroll administration outsourcing
Spearman's rho	Operational efficiency	Correlation Coefficient	1.000	0.170**	0.475**	0.288**
		Sig. (2-tailed)	.	0.001	0.000	0.000
		N	305	305	305	305
	Recruitment/selection outsourcing	Correlation Coefficient	.170**	1.000	.629**	.346**
		Sig. (2-tailed)	.001	.	.000	.000
		N	305	305	305	305
	Training/development outsourcing	Correlation Coefficient	.475**	.629**	1.000	.547**
		Sig. (2-tailed)	.000	.000	.	.000
		N	305	305	305	305
	Payroll administration outsourcing	Correlation Coefficient	.288**	.346**	.547**	1.000
		Sig. (2-tailed)	.000	.000	.000	.
		N	305	305	305	305
**. Correlation is significant at the 0.01 level (2-tailed).						

Source: SPSS Version 25 Output

Table 4.2 revealed that there were positive relationships between the three dimensions of human resource outsourcing and operational efficiency, with 305 valid responses. The weak positive correlation was found between recruitment and selection outsourcing with the probability value of 0.001 which was significant at 5% level. The correlation between training and development outsourcing and the probability value were moderate (0.475) and less than 0.001 respectively, which indicated that the relationship was significant at 5% level. Payroll administration outsourcing had a weak positive correlation of 0.288 and a probability value of < 0.001 and was significant at 5% level.

Table 4.3: Partial Correlation Coefficient Result

Correlations					
Control Variables			**Operational efficiency**	**Human resources outsourcing**	**Perceived organizational support**
-none-[a]	Operational efficiency	Correlation	1.000	.520	.286
		Significance (2-tailed)	.	.000	.000
		df	0	303	303
	Human resources outsourcing	Correlation	.520	1.000	.415
		Significance (2-tailed)	.000	.	.000
		df	303	0	303
	Perceived organizational support	Correlation	.286	.415	1.000
		Significance (2-tailed)	.000	.000	.
		df	303	303	0
Perceived organizational support	Operational efficiency	Correlation	1.000	.460	
		Significance (2-tailed)	.	.000	
		df	0	302	
	Human resources outsourcing	Correlation	.460	1.000	
		Significance (2-tailed)	.000	.	
		df	302	0	
a. Cells contain zero-order (Pearson) correlations.					

Source: SPSS Version 25 Output

The initial positive correlation of human resource outsourcing with operational efficiency was 0.520 with a probability value less than 0.001. There was also a positive correlation between perceived organizational support and operational efficiency (0.286) and human resource outsourcing (0.415) and both were significant at the 5% level. With the perceived organizational support controlled, the correlation between human resource outsourcing and operational efficiency was still positive (0.460) with a probability value of less than 0.001 and 302 degrees of freedom. This relationship was significant at the 5% level. The initial coefficient was reduced, suggesting that the observed association was altered by the inclusion of perceived organizational support. Organizational support was thus relevant in the study's moderating interpretation to understanding the outsourcing–efficiency relationship. The findings also revealed that, after controlling for perceived organizational support, human resource outsourcing was still moderately positively related to operational efficiency.

5 DISCUSSION OF FINDINGS

The result indicated that there was a positive relationship between recruitment and selection outsourcing and operational efficiency of the quoted deposit money banks in Rivers State with a Spearman correlation coefficient of 0.170 and a probability value of 0.001. The relationship was significant at the 5% level and the strength of the relationship was weak. This suggested that the more recruitment and selection outsourcing was used, the more efficient the operations were. One of the reasons could be that external recruitment agencies helped identify, screen and select candidates with the right skills for banking. These setups could alleviate the administrative burden of recruitment and assist banks in filling operational vacancies. This finding aligned with Koech et al. (2026) who linked recruitment outsourcing to better selection quality, transparency and alignment of employee competencies and job requirements. The result was also in line with the result of Ayodele and Awokoya (2025) which revealed that recruitment outsourcing had a positive impact on the performance of selected food and beverage companies in Nigeria. Likewise, Koffi et al.

(2024) found that there is a positive correlation between recruitment outsourcing and organizational efficiency in selected Lagos firms. The present finding added to this evidence on operational efficiency of the banks studied in Rivers State. The theoretical importance of it was in the field of transaction cost economics, which was used to explain organisational decisions in terms of the comparative costs of internal and external coordination of activities (Williamson, 1981). There may be a need for external recruitment to assist in efficiency, where specialist search and screening reduced the resources needed to secure appropriate personnel. However, the low coefficient suggested that the recruitment outsourcing dimension was not strongly related to efficiency relative to the other outsourcing dimensions studied.

The result indicated that there was a positive correlation between training and development outsourcing and operational efficiency with the spearman correlation coefficient value of 0.475 and the probability value of <0.001. The relationship was significant at 5% level and of moderate strength. The highest correlation with operational efficiency was found for training and development outsourcing. This indicated that access to external provision of learning and specialist teaching was especially relevant to staff's judgements of efficient banking practice. One possible explanation was that the technical knowledge and procedural familiarity and ongoing competence facilitated accurate task performance and minimized unnecessary delays. Kester and Awoniyi (2026) corroborated this view by discovering induction, technical, refresher and regulatory compliance training in outsourcing agreements of Nigerian commercial banks. This finding was consistent with the result of Ayodele and Awokoya (2025) who found that training outsourcing had a positive impact on organizational performance. It also helped Koffi et al. (2024) in their study, which linked outsourced training to organizational efficiency. These studies collectively indicated the possibility of specialist training provision to enable organisations to acquire capabilities for effective work execution. In the current banking environment these could be used to help ensure transaction accuracy, staff utilisation and consistent application of operating procedures. An explanation was offered by transaction cost economics, in which case external specialists could provide relevant instruction at a lower economic cost than equivalent internal arrangements (Williamson, 1981). The discovery thus underscored the need to align outsourced training with real banking tasks. Its relatively higher coefficient meant that employee capability development was particularly pertinent to the operational efficiency relationships studied.

The results indicated that there was a positive correlation between payroll administration outsourcing and operational efficiency with a Spearman correlation coefficient of 0.288 and a probability value of < 0.001. The relationship was found to be significant at 5% level but weak in strength. This suggested that the more highly payroll was rated by outsiders, the more efficient the operation was. One suggestion was that specialist payroll services assisted in the organisation of salary calculations, employment deductions, payment records and associated administrative tasks. If these tasks are well coordinated, it can save repetitive internal processing and enable administrative staff to focus on other operational tasks. The result corroborated the result of Iyamabhor and Ekpeni (2025) which revealed positive relationship between payroll outsourcing and organizational performance of selected banks in Asaba, Nigeria. The result was also aligned with the study of Koffi et al. (2024) which linked payroll administration outsourcing with the efficiency of the organization. This agreement indicated that administrative organisation of employment payments was applicable to performance in various Nigerian organisational settings. This relationship was explained by transaction cost economics as the possibility of external providers processing recurring payroll activities using specialist systems and procedures, thereby saving resources for administration (Williamson, 1981). The bottom line for the banks examined was that payroll outsourcing could be an efficiency tool if the responsibilities, reporting needs and communication protocols were well defined. Payroll administration outsourcing was found to be less related to operational efficiency than training and development outsourcing, but more related than recruitment and selection outsourcing, suggesting a specific administrative impact in the overall outsourcing context.

The partial correlation result indicated that the correlation between human resource outsourcing and operational efficiency was still positive (0.460) after the control of perceived organizational support, which was initially 0.520. The probability value was less than 0.001 and the adjusted relationship was significant at 5% level. The shift in the coefficient put perceived organizational support in the discussion of the conditions surrounding the outsourcing–efficiency relationship in the study. There were also positive relationships between perceived organizational support and human resource outsourcing and operational efficiency. These findings indicated that the employees' experiences of recognition, assistance and concern for welfare were relevant for the understanding of the relationships examined. Jimoh (2025) also found that perceived organizational support is significant in employee performance relationships in the banking sector of Nigeria. The result was in line with the general conclusion that the results of outsourcing were influenced in part by employees' experiences in the client organisation. Xiao et al. (2024) emphasised employee perceptions as an important consideration in understanding the value of human resource outsourcing. More specifically, Saltson and Nsiah (2020) found that the relationship between leader–follower relationships and job performance was moderated by perceived organizational support among outsourced employees in a financial institution in Ghana. While their explanatory relationship varied, their evidence confirmed the relevance of organisational support in outsourced employment arrangements. Organizational support theory accounted for this by suggesting that employees are likely to reciprocate positive organisational treatment by committing and exerting effort (Eisenberger et al., 2020). In this

regard, the current finding emphasized that supportive treatment is one of the significant organisational factors in addition to recruitment, training and payroll factors which are linked to operational efficiency.

6 CONCLUSION

The study concluded that human resource outsourcing had a positive and significant relationship with operational efficiency among quoted deposit money banks in Rivers State, Nigeria. Specifically, recruitment and selection outsourcing, training and development outsourcing, and payroll administration outsourcing were positively related to operational efficiency, and each relationship was significant at the 5% level. Training and development outsourcing demonstrated the strongest relationship, followed by payroll administration outsourcing and recruitment and selection outsourcing. Furthermore, accounting for perceived organizational support reduced the strength of the overall outsourcing–efficiency relationship, although the relationship remained positive and significant. The findings therefore highlighted the relevance of externally managed employment functions and supportive organisational conditions to understanding operational efficiency within the banks studied.

6.1 Recommendations

The following recommendations were made based on the findings:

i. Quoted deposit money banks should enhance the recruitment and selection outsourcing by giving clear job descriptions and competency requirements to the recruitment agencies, and standardise the screening criteria. HR managers should collectively review the shortlisted candidates and keep an eye on their job performance to enhance the suitability of the staff and minimize the repetition of recruitment process.
ii. Banks should focus on outsourcing training and development annually with qualified training providers. These agreements should include agreed skill gaps, workplace application learning outcomes, timeframes, and workplace application assessments. Branch managers should keep track of transaction accuracy, processing time and employee productivity to see if outsourced training is helping to maintain operational efficiency.
iii. Banks need to enhance payroll administration outsourcing by implementing service agreements that include payment terms, record accuracy, confidentiality, and dispute resolution. Internal officers should be appointed to review payroll records prior to payment and check the performance of providers on a regular basis to minimize administrative mistakes, delays in payment and avoid unnecessary processing fees.
iv. Banks can improve perceived organizational support by providing easy access to supervisory support, regular employee recognition, and avenues for addressing workplace issues. Management should ensure someone is responsible for dealing with employee difficulties and feedback is given on issues raised. The same should be applied to outsourced staff working inside the banks to foster collaboration, utilization of skills and focus on operational roles.

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