

Outsourcing statistics

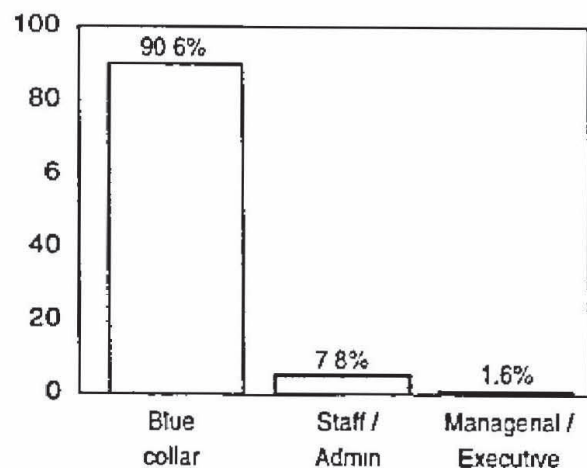
Andrew Levy & Associates conducted a survey on outsourcing covering the period 1994 to 1998. 101 companies completed the questionnaire. The companies employed 120 746 workers. 80,1% of the companies were unionised. The following is a summary of the findings:

- ❑ 68,3% of the companies surveyed had outsourced between 1994 and 1998. 79% of the companies had outsourced more than once.
- ❑ 5,7% of the workforce were affected by the outsourcing.
- ❑ The majority of workers (90,6%) who were affected were blue-collar workers. 7,8% of workers affected were administrative staff, 1,4% were managers and 0,2% were executives.
- ❑ Companies gave the following main reasons for outsourcing:
 - economic (41,4%)
 - restructuring (17,1%)
 - control (37,4%)
 - new technology (4%)
- ❑ The three functions that were most commonly outsourced were:
 - cleaning (21,9%)
 - security (19,3%)
 - canteen/catering (11%)
- ❑ The industries that accounted for the largest percentage of outsourcing were:
 - food (19,1%)
 - manufacturing (19,1%)
 - chemical (11,8%)

by Jackie Kelly

- ❑ 27% of the companies said they provided some kind of assistance to workers who they retrenched when they outsourced. Assistance included counselling, training/educational grants, financial investment advice, and opportunities to purchase company vehicles.
- ❑ 40,5% of the companies reported that retrenched employees had been absorbed by the outsourcing company. This amounted to 26,8% of workers retrenched in the total sample.
- ❑ 44% of the companies stated that the hiring of retrenched employees was a condition of the contract with the outsourcing company.

Outsourcing by category





Many companies outsource cleaning.

- ❑ In only 25% of the cases were workers employed on the same terms and conditions of employment as before.
- ❑ 45% of companies took three to six months to complete the exercise. 8,3% of companies reported industrial action when the subcontracting took place.
- ❑ 56% of the companies experienced problems:
 - 30,3% experienced a lack of quality/control;
 - 24,2% experienced a lack of commitment to company values;
 - 21,7% experienced low morale insecurity in existing staff;
 - 15;1% experienced added cost of outsourcing;
 - 9% experienced initial changeover problems.
- ❑ A common complaint was that the outsourced employees were not as committed to the company as the

existing staff. They were not well informed on the company culture and procedures and were often inexperienced and needed intensive training.

- ❑ 83,6% of the companies reported improved performance in the departments concerned.
- ❑ Companies considered the following when selecting the outsourcing service/company:
 - service/expertise (36%)
 - cost/administration/control (30%)
 - track record/reliability (16,5%)
 - employment practices/policies (15,9%).
- ❑ 94% of companies reported that they would recommend outsourcing.
- ❑ 65% of companies were thinking about outsourcing in the next two years. ★

Jackie Kelly is the research consultant at Andrew Levy & Associates.