

The Impact of the Use of Outsourcing Employee Against Productivity Companies In PT.Pindad Bandung

Abstract by:

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The development of systems outsourcing lately due to the explosion of inflation and unemployment in Indonesia, the more difficult jobs to get. Such conditions prompted many companies that use outsourcing services to meet the needs of the employees. This study aims to determine how the use of outsourced employees at PT Pindad Bandung, how the level of enterprise productivity PT Pindad Bandung and how much impact the use of employees of outsourcing on the productivity of the company. The research method used is the census on 7 departments PT Pindad Bandung. Data analysis tools used in this research is the analysis of linear regression. The results showed that the use of outsourced employees significantly positive impact on the productivity of the company. For that reason, it is recommended PT Pindad continue using outsourced employees that the company's productivity can be achieved.

Keyword : Outsourcing Employee, Company Productivity

“The Impact of the Use of Outsourcing Employee Against Productivity Companies In PT.Pindad Bandung”

I. Introduction.

The use of outsourced employees in Indonesia is growing. Many companies are using outsourcing employees in carrying out its operations. They are not just looking for outsourced employees for jobs that rely on physical strength such as security officers, janitors or the driver, but also the jobs that require special skills or skill. such as secretaries, accountants, customer service, sales, mechanical technician, teller, to informatics experts. (source: www.businessinterview.com, 05-06-2007). The growing use of outsourcing employees is due to the explosion of inflation and unemployment in Indonesia. According to the Central Agency of Statistics (BPS), 1997 to 2003, the unemployment rate in Indonesia continues to increase from 4.18 million to 11.35 million (currently counting) dominated by a young unemployed (source; www.GrameenFoundation.com, 13-10-2008).

Djimanto (Secretary General of the Employers' Association) suggested that the reason for the use of outsourced employees to switch jobs is not the core business (non-core business) to another company (partner) so the company can focus on its core business. (www.businessinterview.com, 05 - 06-2007).

There are many benefits that companies use the services of outsourced employees. This is due to the use of outsourced employee productivity will increase, because the company is helped by outsourcing system. But on the other hand, the phenomenon of which there are many companies that irregularities in the use of outsourced employees, for example, does not provide adequate and fair compensation for employees outsourced. It is characterized by many demonstrations performed by those employees who are not satisfied, especially employees source. On the other hand if the company treats employees well outsource, fair in giving his or her rights, then this will have a positive impact on the company's outsourced service users.

PT Pindad (limited), which is engaged in the weapons industry and the military are directly under the Ministry of state formation, in performing operations using the services of outsourced employees. It is intended to concentrate PT Pindad increase company productivity, because every

year PT Pindad always get orders to produce in large enough capacity. For those with the additional employees are expected PT Pindad to produce their products in larger quantities than usual.

Based on the description above it is important to conduct further research with the title: "**IMPACT OF OUTSOURCING TO USE EMPLOYEE PRODUCTIVITY IN ITS PINDAD BANDUNG**".

Identification Problem

Based on the facts that have been mentioned above. then some of the problems that can be identified are:

1. How is the implementation of outsourced employees use PT Pindad (Limited) Bandung.
2. What is the level of enterprise productivity PT Pindad (Limited) Bandung.
3. How big is the impact of outsourcing on productivity of employees use company PT Pindad (Limited) Bandung.

Research Objectives

The purpose of this study to find out:

1. How is the implementation of the use of outsourced employees at PT Pindad (Limited) Bandung
2. What is the level of enterprise productivity PT Pindad (Limited) Bandung.
3. How the impact of outsourcing on the productivity of employees use company PT Pindad (Limited) Bandung.

Usability Research

- a. For companies

This research is expected to contribute any information or considerations of decision-making in the use of outsourced employees.

- b. By others

To give a thought and as a reference by others who will do more research.

Research Framework

Tight competitive world of business today, companies are required to try to improve their business

performance through the effective management and efficient organization. One of the efforts is to hire employees for the company to outsource certain cost to contribute the maximum suitable target company. For that the company attempts to handle the job that became the focus of the core business (core business), while supporting the work submitted to the outsourced employees. The process of this activity is known as "outsourcing" (Source <http://ariswan.wordpress.com/'2008/05/23/outsourcing-sebagai-solusi-dunia>). Understanding outsourcing are: "Outsourcing is subcontracting a process, such as product design or manufacturing, to a third-party company. The decision to outsource is Often made in the interest of lowering firm costs, redirecting or conserving energy directed at the competencies of a particular business, or to make more efficient use of land, labor, capital, (information) technology and resources. Outsourcing Became part of the business lexicon during the 1980s ". (Source: <http://Wikipedia.org/wiki/Outsourcing>).

In other words, outsourcing is outsourcing or process of moving the responsibility for labor from company to company. Companies outside the parent company can be vendor, cooperatives or other institution which is set in a particular agreement. Outsourcing in the regulation of employment can only cover labor on the support (non-core business units) or practically all lines of work can be transferred as a unit outsourcing (<http://malangnet.wordpress.com>)

According Muzni Tambusai, Director General of Industrial Relations Ministry of Manpower and Transmigration defining terms "sell wholesale outsourcing is one part or several parts of the activities previously managed the company to another company which was later named as the recipient of the work (<http://05.19.2007/oitsourcing-and-labor-force>).

Expert opinion above can be explained that outsourcing is the delivery of some of the activities and decision-making rights of the company to another party. The Outsourcing in Indonesia's labor law is defined as the contracted work and the provision of labor services. Indonesia's legal outsourcing arrangements provided for in Act No. 13 of Employment Act of 2003 (Article 64, 65 and 66) and the Ministry of Manpower and Transmigration of the Republic of Indonesia No.kep.IOI/Men/VI/2004 2004 on Corporate Licensing Procedures Service providers Worker / Labor (Decree 101/2004). Furthermore, Thomas L. And Wheelan J. David Hunger (2006: G7), quoted by **Widjaja Single Amin (2008: 12)** points out: " **Outsourcing is a process in which resources are purchased from other through long term contracts instead of being made with the company, to strategic alliances, in which partnerships**"

Some of the above understanding can be explained that to obtain a qualified outsourced employees will be affected by the qualification, selection, compensation, and the term of

thecontract.

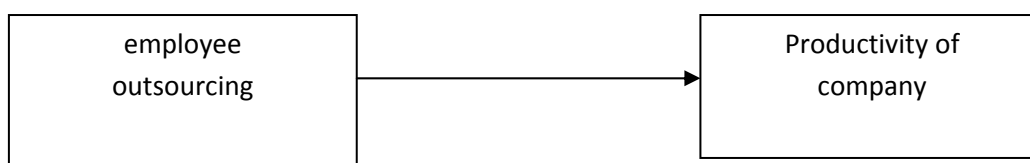
Productivity is often associated with the manner and efficient system, so that the production process takes time and therefore are not required to work overtime with all the implications, especially the cost implications. So the obvious cost efficiency is the logical and appropriate to increase productivity as one of the company's long-term goals in order to implement its strategy. Productivity comes from the word "productive" means something that contains the potential to be extracted, so that productivity can be said of a process of structured activities in order to explore the potential that exists in the commodities / objects. Philosophy productivity actually means desire and effort of every human being (an individual or group) to constantly improve the quality of life and livelihoods (<http://makalahdan skripsi.blogspot.com/2008/10pengertian-produktivitas-kerja.html>). General productivity is defined as the ratio between output and input.

Efficiency is a measure to compare planned with the input of actual input. If the inputs used increasingly balanced with the need, the higher the level of efficiency. While the effectiveness of a measure that gives an overview of a target can be achieved. When the two are linked to each other, there will be a condition of effectiveness and effeisien. Effectiveness and efficient conditions will have an impact on productivity. While the notion of productivity is the ratio between output and input, and expressed how well the utilization of resources in producing a good or service.

Description above can be explained that employees use corporate outsourcing affects productivity. Therefore the company should be able to find the best way to provide appropriate remuneration and guarantee the outsourced employees so that they can work well and provide optimal results, so as to increase the productivity of the company to help the company achieve its goals.

Hypothesis

Description of the above framework, it can be described a model as follows:



“The use of outsourced employees significant positive effect on productivity”

II. Study Literatur

Outsourcing comes from the word meaning out and meaningful source of resources. Outsourcing is often identified with the "contracting out" despite the fact different. Contracting out is an operating transfer from one company to another. Usually this is done to minimize production costs. While outsourcing is the transfer of a business process to other companies hired to do. Form of outsourcing is applied by many international companies are offshoring of moving an activity previously carried himself in a domestic location abroad. **Pearce and Robinson (2003)**, quoted **Amin Widjaya Single (2008; 12)** describes the notion of outsourcing are:

“ A rudimentary approach in strategic alliances that enables firms in gain a competitive advantage”, and understanding of outsourcing by **John M. Ivancevich dan Lee Soo Hoon (202 :35)** is:

“ Outsourcing is the practice of hiring another firm to complete work that is important and must be done efficiently “.

Based on some understanding of the above it can be concluded that outsourcing is a process of transfer of business activity to other parties to the contract of cooperation aimed at improving cost efficiency and gain expertise in order to improve the performance of the company. The study of the use of outsourcing system reflects that the company wants to work with utilizing manpower effectively and efficiently. The most important thing in this case, the company should be run in accordance with the rules set by the government.

There are several forms that can be implemented outsourcing companies, namely the submission in the form of employment (full outsourcing) that can be interpreted across the business poses handed over to other parties (vendors) ranging from administrative, engineering to decision-making and the Labour supply (providing employment in the form of labor services), where it is the other party (vendor) only provide labor services only.

According to **Pearce and Robinson (2003)**, quoted **by Widjaja Single Amin (2008:18)**, there are five main strategic reasons outsourcing use are: Improve business focus, Access to World-Class Capabilities, Accelerad Reengineering Benefits, Shared Risks and Free Resources for other Purposes. While the trigger for the use of employees of outsourcing the Scarcity of capital, Lack of know-how, Flexibility and the need for quick response or small production, speed or time to market, asset utilization or spare capacity, and economies of scale.

Productivity often associated with the manner and efficient system, so that the production process takes time and therefore are not required to work overtime with all the implications, especially the cost implications. Productivity comes from the word

"**productive**" means something that contains the potential to be extracted, so that productivity can be said something the structured activities to explore the potential that exists in a commodity object. Philosophy productivity can actually connotes the desire and effort of every human being (an individual or group) to constantly improve the quality of life and livelihood. (<http://makalahskripsi.blogspot.com/2008/10/pengertian-produktivitas-kerja.html>)

In general, productivity is defined or defined as the ratio between output (output) by the inclusion of (input), while according to **Ambar Teguh Sulistiani and Rosidah (2003:126)** argues that productivity is:

"Regarding the matter the final outcome, ie how much the final results obtained in the process of production, in this case the efficiency and effectiveness"

Efficiency is a measure of the input comparing planned with actual input. If the inputs used increasingly balanced, the higher the level of efficiency. While the effectiveness of a measure that gives an overview of a target can be achieved. If those two things are mutually linked to each other, there will be effectiveness. So that productivity is the ratio between output and input, and expressed a good way to use resources. Description above describes the use of employee outsourcing (outsourcing system) can affect the productivity of the company. Therefore the company should be able to find the best way to provide fringe benefits and guarantees the right to outsource employees so that they can work well and provide optimal results, which ultimately productivity can be achieved.

III. Research Methods

The research method is a research method used to obtain the data, in order to achieve certain goals. The method used is descriptive method, which is research that describes and analyzes the problems that exist and then provide a solution (Nazir, 2003; 54). To collect the data used census method, more details in this study used field research methods (Field Research). This method is done by going to the object of research in order to obtain the necessary data for the preparation of this study.

As for how to obtain the data is done by:

a. Observation

That research directly in the corporate environment particularly in relation to the object of study in order to obtain data on PT.Pindad (Limited) Bandung.

b. Interview

That is, interviews with those who are considered competent in the subject area concerned, to get a clearer picture of the company as well as the activities of the company in relation to the matter to be investigated.

Population.

This study population is needed. According **Sugiono (2005: 72):** **"Population is a region consisting of generalization objects or subjects that have certain qualities and characteristics that are applied by researchers to learn and then drawn conclusions".**

Population to be studied is the head of the department / division that existed at PT Pindad Bandung. Departments or divisions that use outsourcing employee services are weapons Division, Munitions Division, Division Machine industry and services, Division of forgings and castings, industrial engineering division, unit special function vehicles, commercial explosives Unit.

Variable Operational Research

This study analyzes the independent variable (independent), namely the use of outsourced employees (X), while the dependent variable (dependent) the productivity of the company (Y). Measurement of these variables is further described in the table following operations:

TABLE I
OPERASIONAL VARIABLE

Variable	The concept of variable	Indicator	Sub Indicator	Measure scale
Use of Employee Outsourcing (X)	<i>"Outsourcing is a process in which resources are purchased from other through long-term contract instead of being made with the company"</i>	1. Kualification 2. Selection	1. Education 2. Skill 1. Outsourcing employee selection 2. The	Ordinal Ordinal Ordinal

	<p><i>to strategic alliances, in which partnership,"</i> (Thomas L.Wheelan dan J.David Hanger(2006;G7 dalam Amin Widjaja Tunggal (2008;12)</p>	<p>3. Competence 4. Duration</p>	<p>procedure for withdrawal of screening methods</p> <p>1. Salary 2. Incentive</p> <p>1.Duration of contract about 1-2 years 2.Occasion of contract extension</p> <p>1.Guarantee contract extension 2.Guarantee safety</p>	<p>Ordinal Ordinal Ordinal Ordinal Ordinal Ordinal</p>
<p>Corporate Productivity (Y)</p>	<p><i>"Comparison between the output (results) with the inputs (input). Rise if productivity is only made possible by an increase in efficiency (time, materials, labor) and labor systems ,production techniques and an increase in the skills of its work force"</i> (Malayu S.P Hasibuan (2003:126)</p>	<p>1.Input 2.Output</p>	<p>1. Use employees Outsourcing companies improve cost efficiency</p> <p>1. Target production is achieved 2. Corporate Productivity increased</p>	<p>Ordinal Ordinal Ordinal</p>

DATA PROCESSING

The data required in this study derived from primary data and secondary data. Secondary data are data supporting this research, while primary data will be processed by tools or statistical model Simple Linear Regression by the following equation:

$$Y = a + bX$$

where:

a = Intercep (Constant)

b = coefficient of linear line indicating the direction of the unit X to Y change

X = variable representing the data and the use of employees as independent variables
oursource

Y = variable representing the data and the company's productivity as dependent variable

IV. Results

Characteristics of the respondents in this study androgynous men from 7 departments in PT Pindad (the partners) and users Bandung outsourced employees aged over 30 years and education Degree-1. Further results can be explained in the table below;

Table 2
Respondents on Use Employee Outsourcing

NO	Statement	Strongly agree	Agree	Do not agree	Strongly disagree	Total	Average	Explanation
1	QUALIFICATION							
a.	The education level of outsourcing candidates should fit the needs of the company.	5	2	0	0	26	3.71	Very good
b.	Outsourcing candidates should have appropriate skills to work	3	4	0	0	24	3.43	Very good

II.	CANDIDATE SELECTION OF EMPLOYEES							
a.	Outsourcing employee selection should be performed by the company	1	5	1	0	21	3.00	Good
b.	Screening method and withdrawal outsourced employees produce the best employees	3	4	0	0	26	3.71	Very good
III	DURATION							
a.	The length of time ranging from 1-2 year outsourcing contract	5	2	0	0	26	3.71	Very good
b.	There is a chance the contract extension according to criteria specified	2	4	1	0	22	3.14	Good
IV	COMPENSATION							
a.	Provide compensation in accordance with government regulations	2	4	1	0	22	3.14	Good
b.	Provide other benefits such as incentives beyond base salary, overtime, etc.	2	5	0	0	23	3.29	Very good
c.	Guarantees in the form of opportunities for outsourcing contract extension for employees	3	4	0	0	24	3.43	Very good
d.	Guarantees safety for employees outsourcing	3	4	0	0	24	3.43	Very good

	Total Average X	33,99	
	Average	3,399	Very good

Table 2 above, the respondents explained that the statement regarding the use of outsourced employees at PT Pindad city of Bandung "very good", because it is in the interval from 3.25 to 4.00.

Table. 3

**Analysis of Respondents Regarding Company Productivity
PT.Pindad (Limited) in Bandung.**

NO	Statement	Strongly agree	Agree	Do not agree	Strongly disagree	Total	Average	Explanation
		I	N	P	U	T		
1.	Use of Employee Outsourcing companies improve cost efficiency	2	5	0	0	23	3.29	Very High
		O	T	P	U	T		
2.	Use of Employee Outsourcing firm helping achieve production targets	5	2	0	0	26	3.71	Very High
3.	The use of outsourced employees increase productivity	5	2	0	0	26	3.71	Very High
Total average X							10.71	
Average							3.57	Very High

Table 3 above, the respondents explained that the statements regarding the Company Productivity PT Pindad (Limited), Bandung can be said to "Very High", this is indicated by an overall average of 3.57 (interval 3.25 to 4.00).

Simple Linear Regression Analysis

Simple linear regression analysis between the use of outsourcing on the productivity of the employees of the company, can be seen in Table 4, below:

Table 4
Analisis Regresi Sederhana Penggunaan Karyawan Outsourcing terhadap Produktivitas Perusahaan Coefficients³

	Unstandardized Coefficients		Standardized Coefficient s	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	-.352	.361		-.976	.432	-1.906	1.201
X	.656	.147	.953	4.456	.047	0.24	1.288

Dependent Variable: Y

Source : Data Processing

The table above, the regression equation is obtained as follows:

$$Y = -0.352 + 0.656 X$$

where:

Y = Productivity Company

X = Use of Outsourcing Employees

V. DISCUSSION

Response or statement regarding the use of employee respondents outsource at PT Pindad Bandung "very good", because it is the interval from 3.25 to 4.00. This is due, because almost all aspects of the use of outsourced employees at PT Pindad Bandung done very well, and of course the company PT Pindad Bandung perform in accordance with government regulations. Thus established very good relations between the company and outsourced employees. While respondents' responses or statements productivity company is very high, as shown by the average value of 3.57 or that are in the interval from 3.25 to 4.00. This is because the company is able to manage well and always carry out an intensive supervision outsourced employees that the company set production targets can be achieved effectively and efficiently. While the results of the regression analysis showed the equation $Y = -0.656X + 0.352$, this can be explained as

follows; constants of -0.352 states that if the company does not use outsourced employees, the productivity of the company - 0352 or in other words, productivity is not achieved and if PT Pindad uses outsourced employees, as indicated by the positive koeffisient value of 0.656, which means that any increase in the use of outsourced employees to increase

VI. CLOSING

The impact of the use of outsourced employees in PT Pindad (Limited) Bandung on productivity showed significant positive results for t_{count} indicates the number by 0.47 so that it can be concluded that the use of outsourced employees at PT Pidad have a positive impact on the productivity of the company. Therefore, PT Pindad advised to always conduct intensive surveillance by conducting performance appraisal outsourcing, for example, two weeks or one month (as needed). Also PT Pindad (limited) are also recommended retaining the recruitment outsourcing selection method that has been implemented at this time.

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