SITUATION ANALYSIS OF HUMAN RESOURCE OUTSOURCING IN THE HEALTH SECTOR OF BANGLADESH

Health Economics Unit (HEU)
Ministry of Health and Family Welfare (MoH&FW)

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Dhaka: May 2024

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ACKNOWLEDGEMENTS

This study, conducted by the Health Economics Unit (HEU) of the Ministry of Health and Family Welfare (MoHFW), represents a forward-thinking initiative to explore the current situation of human resource outsourcing in Bangladesh's public health sector. The aim is to address staff shortages, particularly in grades 14 to 20 positions, and to enhance service delivery to health seekers. It marks a relatively new phenomenon in the outsourcing field, offering new insights and directions for Bangladeshi workers.

Firstly, we extend our heartfelt gratitude to Md. Jahangir Alam, Secretary of the Health Services Division of MoHFW, for his interest in exploring this uncharted area of human resource outsourcing in the health sector to provision better and timely services to health seekers.

Our profound thanks go to Dr Md. Enamul Haque, Director General, and Dr Syeda Naushin Parnini, Director (Research) of the Health Economics Unit (HEU), for their unwavering support and cooperation at various stages of this study. Their guidance has been invaluable in steering this research towards meaningful conclusions.

We sincerely thank all participants from the Health Economics Unit (HEU), Health Services Division of MoHFW, experts, and development partners. Their invaluable contributions have significantly shaped the methodology and data collection protocols, making them well-suited for this survey.

We are deeply indebted to Md. Shadat Hossain, Research Officer at HEU, and other officers for their all-out cooperation and significant contributions to the successful conduct of this study. Their dedication and hard work have been a cornerstone in the realisation of this project.

Our profound gratitude is extended to all the Civil Surgeons, Directors, and Superintendents across the study area. Their insights and support have been crucial for the data collection team, providing a comprehensive understanding of the outsourcing landscape in public health.

We thank all the untiring souls of the Human Development Research Centre (HDRC) involved. We are particularly thankful to Mr Abu Taleb (Director-Finance), Ajoy Saha, Director (ICT, Data System, and System Analyst), Mr Arif Mia (Assistant Director, Admin), Mr Kabiruzzaman (Assistant Director, Field Operation), Ms Nurunnahar (Senior Research Associate), Mr Sahinur Rahman (Research Associate), and Ms Tahsin Sharmila (Research Associate) for their unstinted support at all the stages of the research.

Lastly, we would like to thank all the outsourced workers who consented to participate and provided valuable information. Their input has been critical in shaping the findings of this study. Our appreciation also goes to the data collection team and support staff from HDRC, whose cooperation and dedication made the successful completion of this study possible. Their efforts have not only contributed to the success of this project but also to the betterment of public health services in Bangladesh.

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ABBREVIATIONS

APP	Annual Procurement Plan
BDT	Bangladeshi Taka
CPTU	Central Procurement Technical Unit
CS	Civil Surgeon
DD	Divisional Director
DG	Director General
GD	Group Discussion
HDRC	Human Development Research Centre
HEU	Health Economics Unit
HOPE	Head of Procurement Entity
HRO	Human Resource Outsourcing
IMED	Implementation Monitoring and Evaluation Division
KII	Key Informant Interviews
MLSS	Member of Lower Subordinate Staff
MoHFW	Ministry of Health and Family Welfare
MoP	Ministry of Planning
NCT	National Competitive Trading
NOA	Notification of Award
OT	Operation Theatre
OTM	pen Tender Method
PE	Procuring Entity
PPA	Public Procurement Act 2006
PPR	Public Procurement Rules 2008
SDG	Sustainable Development Goals
TEC	Tender Evaluation Committee
TIN	Tax Identification Number
VAT	Value Added Tax

GLOSSARY

Central Procurement Technical Unit (CPTU): CPTU is an entity established within the Implementation Monitoring and Evaluation Division (IMED) of the Ministry of Planning (MoP). The CPTU's responsibilities typically include the formulation of procurement policies, standardisation of procedures, capacity building, and monitoring procurement activities to ensure compliance with established norms and regulations.

Contractor: In the context of the Public Procurement Act (PPA) of 2006, the term "Contractor" refers to a person or entity who has entered into a contractual agreement with a procuring entity to execute any works.

e-GP Bangladesh's National e-Government Procurement (e-GP) portal is a centralised online platform for streamlining procurement activities across various public agencies and entities. Developed and managed by the CPTU under the Ministry of Planning, the e-GP system provides a secured, web-based dashboard through which procuring agencies (PAs) and procuring entities (PEs) can conduct their procurement-related tasks.

Head of the Procuring Entity (HOPE): Highest-ranking official or executive within a procuring entity overseeing procurement activities. E.g., Secretary of a Ministry or Division, Head of a Government Department or Directorate.

Health Facility: "Health Facility" refers explicitly to public health care centres, which include public hospitals and health complexes.

National Competitive Tender (NCT): In the context of PPA- 2006, NCT refers to a procurement method where the bidding process is open to qualified national bidders. This method is typically utilised for procuring goods, services, or executing works, where the tender is competitive and open but restricted to national or local companies and suppliers.

Notification of Award (NOA): Under PPA 2006, it refers to the formal notice issued by a procuring entity to a bidder indicating that their bid has been accepted and the contract awarded. This notification is a critical step in the procurement process, as it officially informs the successful bidder of the procuring entity's decision.

Open Tender Method (OTM): Under PPA 2006, the Open Tender Method (OTM) refers to a procurement process where a procuring entity publicly invites bids from interested parties or suppliers for the supply of goods, execution of works, or provision of services.

Outsourcing: Outsourcing is a business strategy that involves hiring external parties or contractors to perform specific tasks, operations, jobs, or processes instead of using in-house staff or resources. These external parties, also known as third-party providers, can be located in the same country (onshore outsourcing a different country (offshore outsourcing). Outsourcing is often used to reduce expenses, improve efficiency, and focus on a business's core competencies. To ensure the most efficient use of resources and timely procurement of

standard services, the government of Bangladesh is outsourcing human resources in the health sector and other areas.

Procurement: The term encompasses the process of purchasing or hiring goods, or acquiring goods through both purchasing and hiring, as well as the execution of works and performance of services through any contractual means.

Procuring Entity: An organisation or agency with the administrative and financial authority to procure goods, works, or services using public funds. This entity is responsible for initiating and managing the procurement process, including planning, tendering, contract awarding, and managing the procured goods or services.

Worker: In this report, in the context of public health facilities, the term "Worker" specifically refers to human resources that are outsourced for grades 14 to 20 positions through contractors following the Outsourcing Policy 2018, PPA 2006, and PPR 2008. Outsourcing typically involves hiring individuals via third-party contractors rather than directly employing them. Grades 14 to 20 posts in public health facilities usually include support and auxiliary roles such as administrative assistants, clerical staff, maintenance personnel, sanitation workers, and other similar positions.

EXECUTIVE SUMMARY

In Bangladesh, the strategic implementation of human resource outsourcing in the public health sector is a pivotal initiative to mitigate workforce shortages and advance towards the Sustainable Development Goals. This outsourcing process, governed by the Service Procurement through Outsourcing Policy – 2018, is aligned with the Public Procurement Act 2006 and the Public Procurement Rules 2008, highlighting its adherence to established legal frameworks. Primarily targeting grades 14 to 20 posts, this approach addresses critical staff vacancies and is a cost-effective solution to combat unemployment.

The core objective of this study is to evaluate the efficacy of human resource outsourcing in the healthcare sector. It examines the compatibility of outsourcing practices with healthcare needs, evaluates performance outcomes, identifies challenges, and proposes feasible solutions. The study employs qualitative and quantitative research methods to achieve a comprehensive understanding, encompassing interviews and surveys that span various health facilities and stakeholder groups.

Methodologically, the study adopts a mixed-method approach, integrating quantitative data from structured questionnaires with qualitative insights obtained from Group Discussions (GDs) and Key Informant Interviews (KIIs). This approach was executed in three phases: initially, reviewing existing documentation and preparing data collection tools; subsequently, refining the methodology and instruments via expert workshops; and finally, engaging in data collection and analysis to produce a thorough report. Key events such as the Methodology Validation Workshop, Questionnaire Validation Workshops, and Training for Enumerators were instrumental in shaping the study's methodological rigour and the quality of data collected.

The geographical scope of the study is extensive, covering all eight divisions of Bangladesh, including 16 districts and 43 Upazilas. The research encompasses a variety of health facilities such as Specialised Hospitals, Medical College Hospitals, District Hospitals, and Upazila Health Complexes. Participants in this study included facility management, supervisors, outsourced workers, service seekers, and contractors, ensuring a diverse and representative sample.

Finally, the study provides a detailed analysis of the stakeholders involved in the healthcare outsourcing process. These include the outsourced grades 14 to 20 workers, the facility management overseeing these workers, supervisors, service recipients (patients and attendants), and the contractors responsible for supplying the outsourced workforce. This comprehensive stakeholder analysis is crucial for understanding the multifaceted implications of human resource outsourcing in Bangladesh's public health sector and devising strategies that cater to all parties' needs.

Key Findings:

- **Outsourcing Dynamics**: Outsourcing fills crucial staffing gaps. However, it faces execution challenges. It offers flexibility and faster recruitment but can lead to management difficulties.

- **Workers' Experience:** Most workers are on their first contract, indicating high turnover or new hiring trends. The majority are re-contracted, reflecting satisfaction with performance. Job acquisition often involves personal networks.

- **Recruitment Process:** The recruitment process is hindered by administrative delays and political nepotism, leading to an uneven workload distribution and, at times, the hiring of inadequately prepared or overqualified individuals.

- **Procedural Delays:** Delays in recruitment and contract renewal approvals disrupt workforce deployment and service provision in healthcare facilities.

- **Contractual Delays:** Delays in re-contracting processes, ranging from one to six months, create a precarious working environment, contributing to high turnover rates, especially among local hires.

- **Job Instability:** The predominance of short-term contracts, usually capped at one year, leads to job insecurity and affects workers' commitment and quality of work.

- **Inefficiency and Financial Strain**: The inefficient recruitment and payment processes strain the operational capacity of healthcare facilities, affecting service delivery.

- **Political Pressures:** Contractors face challenges in hiring due to political influence, leading to appointments based on affiliation rather than merit.

- **Workforce Composition:** 46% were on their first contract, with 82.3% offered re-contracting. Personal networks were the primary job acquisition method.

- **Job deliverables:** 75.8% received formal appointment letters. Verbal briefings were the primary mode of communication for job deliverables.

- **Work-Life Imbalance**: Inadequate provisions for annual leave and lack of structured working hours, including overtime compensation, impact workers' work-life balance.

- **Delayed Salaries:** A critical issue is the delay in salary payments to outsourced workers, significantly affecting their motivation and performance. This financial instability leads to disillusionment among staff and can encourage unethical practices.

- **Financial Insecurity:** The irregularity and delays in salary payments, modest pay checks, and the rising cost of living creates significant financial distress.

- **Skill Mismatch:** The mismatch between job requirements and candidates' willingness or ability, especially for overqualified individuals, complicates the staffing process.

- **Job Security and Satisfaction**: Most workers felt insecure about their jobs, and 50.9% faced irregular salary payments. Only 16.2% received salaries monthly.

- **Gender Equity:** 6.6% of female workers faced disrespectful situations. There was a perceived disparity in training opportunities and work assignments.

- **Skills Development Gaps:** Limited opportunities for professional development, such as training in specific medical procedures and emergency response, hinder skill enhancement and job satisfaction.

Recommendations:

1. **Streamlining Procurement Processes:**

   1.1. Create a centralised body tasked with overseeing and coordinating all procurement activities. This body should utilise data-driven approaches to assess the entities' procuring practices.

   1.2. Gradually reduce dependency on temporary contracts by initiating permanent recruitments and gradually replace the post with the best-outsourced workers, as the facilities need the services for the long term.

   1.3. Streamline the recruitment process by establishing clear guidelines and timelines for each stage. Implement regular audits to address and correct any irregularities or delays in the process.

   1.4. Overhaul the tendering process to ensure it balances thorough due diligence with efficiency. Introduce digital tools to streamline the process and reduce administrative burdens.

   1.5. Introduce performance-based re-contracts for outsourced workers. This approach can incentivise higher performance and alignment with healthcare goals.

   1.6. Introduce policy changes to permit longer-term contracts, enhancing job security for outsourced workers and reducing the need for frequent re-contracting.

2. **Enhancing Transparency and Fairness in Recruitment:**

2.1. Develop standardized guidelines and criteria for recruiting outsourced workers to minimize political influence and ensure a skilled workforce.

3. Improving Contractual Conditions:

3.1. Enforce policies for timely and regular salary payments to outsourced workers.

3.2. Ensure all outsourced workers receive contracts with clear terms, including job responsibilities, duration, salary details, and leave entitlements.

4. Training and Skills Development:

4.1. Introduce standardised on-the-job training programs tailored to specific healthcare roles for all outsourced workers.

5. Regulating Workforce Management:

5.1. Implement policies for equitable workload distribution among outsourced workers.

5.2. Develop and enforce standardised performance evaluation systems for outsourced workers.

6. Addressing Gender Equity and Inclusivity:

6.1. Formulate and enforce gender-sensitive recruitment, training, and career advancement policies.

6.2. Establish guidelines and mechanisms to address harassment or discrimination, ensuring a safe and respectful workplace.

7. Strengthening Oversight and Accountability:

7.1. Create robust monitoring systems to oversee the implementation of outsourcing policies.

7.2. Implement effective feedback mechanisms and grievance redressal procedures for outsourced workers.

8. Policy and Legal Framework Enhancement:

8.1. Update and refine policies and legal frameworks governing outsourcing to align with current healthcare and workforce needs.

9. Contractual Reforms:

9.1. Extend the duration of contracts for outsourced workers, ensuring job stability.

9.2. Standardize contract terms across the sector, including job roles, salary structures, leave entitlements, and termination procedures.

10. Improved Financial Management:

10.1. Ensure timely and regular payment of salaries to outsourced workers.

10.2. Explore financial incentives like performance-based bonuses to reward exceptional work.

10.3. Receiving payments from the workers directly into bank accounts should be the prioritised payment mode to enhance transparency, reduce the risk of payment delays or discrepancies, and ensure a direct and verifiable transaction between the employer and the employee.

10.4. To support this transition, employers should facilitate opening bank accounts for their workers, if they do not already possess them, and collaborate with banking institutions to streamline the process. Employers should also consider integrating digital payment solutions like mobile banking to offer more flexibility and convenience. This approach adheres to the legislative requirements and respects the workforce's preferences, promoting a more satisfied and financially secure working environment.

10.5. Conduct regular audits and checks to ensure compliance with these payment practices and establish clear communication channels for workers to report any discrepancies or issues in the payment process.

11. Stakeholder Engagement and Collaboration:

11.1. Foster collaborative platforms among government bodies, healthcare facilities, contractors, and workers to address challenges and share best practices.

11.2. Engage with international organizations and experts to benchmark against global best practices in healthcare outsourcing.

12. To combat the corruption and unethical practices identified in contractors' recruitment and payment processes for outsourced workers:

12.1. Strengthen regulatory oversight of outsourcing contracts to ensure compliance with ethical hiring practices. This could involve regular audits and inspections by an independent body to oversee the recruitment process and contract fulfilment, aiming to detect and penalise corrupt practices.

12.2. Create a confidential and secure mechanism for workers to report corruption cases without fear of retaliation. It could include a whistleblower protection program to safeguard the identity and security of complainants.

12.3. Introduce stringent legal penalties for contractors guilty of demanding job placement payments or engaging in salary fraud. Financial penalties should be substantial enough to deter future corrupt practices.

12.4. To prevent salary deductions and delays, implement a direct payment system for workers, bypassing contractors. It could involve digital payment platforms that provide transparency and accountability in salary transactions.

12.5. Conduct periodic audits of salary payments to ensure workers receive their full entitlements. Discrepancies should be investigated and rectified promptly.

12.6. Develop an accreditation system for contractors that assesses and certifies their adherence to ethical practices. This system should include rigorous checks and balances, and only accredited contractors should be eligible for government contracts.

12.7. Legal Support for Workers: Provide legal support services to workers affected by corrupt practices, helping them to navigate the legal system and seek restitution.

The study on human resource outsourcing in Bangladesh's public health sector reveals its critical role in addressing workforce shortages and advancing the Sustainable Development Goals. Governed by the Service Procurement through Outsourcing Policy – 2018 and aligned with the Public Procurement Act 2006 and Rules 2008, this strategy primarily targets grades 14 to 20, offering a cost-effective solution to unemployment. The study evaluates the effectiveness, challenges, and potential improvements in outsourcing practices through a mixed-method approach involving interviews and surveys across various health facilities and stakeholders. Extensive data collection from all eight divisions of Bangladesh, including different types of health facilities and a diverse range of participants, provides comprehensive insights into the outsourcing process. The study's findings emphasise the need for policy revisions, enhanced transparency in recruitment, improved contractual conditions, gender equity, training programs, workload management, and more robust oversight mechanisms to optimise the efficiency and fairness of human resource outsourcing in the healthcare sector.