



A CONCEPTUAL STUDY ON HR OUTSOURCING

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ABSTRACT

Businesses of all kinds can and do benefit from the tool of outsourcing every day. Outsourcing is a business process term literally become known as hiring a consultant, independent contractor, or freelancer to do a specific task or tasks for an organization in which the organization does not have either the time or the expertise to do on their own. HR Outsourcing is the new multifunctional and mobile secretary of the decade. The disposal of administrative workload upon human resource outsourcing companies has allowed businesses to prioritize their agenda and thrive in several ways. HR (human resources) outsourcing is the process of delegating business processes including any, some or all of staffing requirements, recruitment, training, development and administration to an external provider. HR Outsourcing means having a third party service provider or vendor furnish on an ongoing basis, the administration of an HR activity to run a specific HR activity delivering predetermined services for an established fee. A Human Resource Outsource solution provides an integrated approach for managing your organizations administrative and strategic HR activity. The paper will focus on the opportunities and challenges of HR outsourcing.

KEYWORDS : Outsourcing, recruitment, training, administration.

INTRODUCTION

In the recent times, there have been lots of speculations and negative criticisms against outsourcing to offshore destinations. However, it has to be noted that outsourcing as a phenomena is not new but has been going on since ages. HR Outsourcing is the new multifunctional and mobile secretary of the decade. HR outsourcing (also known as HRO) is the process of sub-contracting human resources functions to an external supplier. The disposal of administrative workload upon human resource outsourcing companies has allowed businesses to prioritize their agenda and thrive in several ways.

HR outsourcing is the delegation of a human resources process or processes to an external HR provider that specializes in this service. This provider takes charge of managing and administering the outsourced services for its client. HR Outsourcing means having a third party service provider furnish, on an ongoing basis, the administration of an HR activity that would normally be performed in house. The basic services offered by HR outsourcing firms may include Overseeing organizational structure and staffing requirements, recruiting, training, and development ,tracking department objectives, goals, and strategies, Employee and manager training, benefits administration and employee orientation programs.

MEANING

HR Outsourcing is a process in which the human resource activities of an organization are outsourced so as to focus on the organization's core competencies. "Outsourcing is any task, operation, job or process that could be performed by employees within an organization, but is instead contracted to a third party for a significant period of time. In addition, the functions that are performed by the third party can be performed on-site or off-site.

STEPS IN HR OUTSOURCING

- 1) Setting Of Objectives
- 2) Implications on major stakeholders
- 3) Analyse the benefits (both tangible and intangible)
- 4) Selecting vendors
- 5) Contracting
- 6) Reviews and Relationship management

TYPES OF HR OUTSOURCING

- 1) Employee Assistance Program
- Counseling employees and their families on a personal level is the most likely service to be outsourced. These third party Employee

Assistance Programs, or EAPs, provide employee's access to qualified counselors. All conversations are privileged and confidential. Workers seek advice on legal, financial and personal problems and family issues, to help them deal with, and work through, life's challenges.

2) Drug Testing

A typical outsourced function is drug testing. Pre-employment drug screenings are extremely common. Employers send job applicants to collection sites run by an authorized lab where samples are collected and analysed.

3) Background Checks

Third parties may perform background checks for an in-house HR department. Their investigations may include identity verification, criminal searches, employment and confirmation of education claims. For specific positions, some employers may also request a credit report.

4) Payroll

The payroll function may be assigned to a company's accounting department; however, in some firms the duty falls to HR. Payroll management companies offer clients flexible methods of data submission. In addition to cutting checks, add-on services may include dealing with garnishments, tracking employee time off, submitting tax data and preparing customized reports.

5) Benefits Administration

Human Resource departments may hire third parties to administer company benefit plans such as medical, life insurance, dental, and vision and disability programs and other retirement plan administration duties are also viable outsourcing options.

6) Recruitment

The recruitment process is a straightforward function to outsource. A variety of firms exist offering services that range from providing a temporary workforce to consultants who are capable of sourcing candidates for both domestic and international positions.

7) Compensation Consulting

Often times in-house human resources, personnel do not have the expertise to design sales and executive compensation programs. Outside consultants with an expertise in total compensation can create customized plans that serve to motivate and drive optimum performance.

8) Employee Relocation

Move management firms offer a number of ways to assist HR personnel with transferring an employee from one location to another. Specific services can be contracted for, such as shipping an employee's vehicle, or vendors can provide turnkey services that range from packing the family belongings to providing domestic and international arrangements for the family dog.

REASONS FOR OUTSOURCING

- Resources shortages relieved by outsourcing
- Outsourcing provides the ability to concentrate on the core business
- Outsourcing yields cost savings
- Outsourcing provides flexibility
- Reduce overhead costs through outsourcing
- HR Outsourcing allows executives to focus on their core business
- HR outsourcing reduces HR liability
- HR outsourcing reduces HR cost
- HR Outsourcing allows for more productivity
- Outsourcing HR allows you the benefit of getting support from HR professionals

BENEFITS OF HR OUTSOURCING

- Focus on Hr Activities: In rapid growth periods, the back-office operations of a company will expand also. This expansion may start to consume resources (human and financial) at the expense of the core activities that have made your company successful. Outsourcing those activities will allow refocusing on those business activities that are important without sacrificing quality or service in the back-office.
- Cost & Efficiency Savings: Back-office functions that are complicated in nature, but the size of your company is preventing you from performing it at a consistent and reasonable cost is another advantage of outsourcing.
- Reduced Overhead: Overhead costs of performing a particular back office function are extremely high. Consider outsourcing those functions, which can be moved easily.
- Operational control: Operations whose costs are running out of control must be considered for outsourcing. Departments that may have evolved over time into uncontrolled and poorly managed areas are prime motivators for outsourcing. In addition, an outsourcing company can bring better management skills to your company than what would otherwise be available.
- Staffing flexibility: Outsourcing will allow operations that have seasonal or cyclical demands to bring in additional resources when you need them and release them when the objectives are achieved.
- Continuity and risk management: Periods of high employee turnover will add uncertainty and inconsistency to the operations. Outsourcing will provide a level of continuity to the company while reducing the risk that a substandard level of operation would bring to the company.
- Develop internal staff: A large project needs to be undertaken that requires skills that your staff does not possess. On-site outsourcing of the project will bring people with the skills you need into your company. Your people can work alongside of them to acquire the new skill set.

LIMITATIONS OF HR OUTSOURCING

- Loss of managerial control: Whether you sign a contract to have another company perform the function of an entire department or single task, you are turning the management and control of that function over to another company. True, you will have a contract, but the managerial control will belong to another company. The same standards and mission that drives your company will not drive your outsourcing company. They will be driven to make a profit from the services that they are providing to you and other businesses like yours.
- Hidden cost: You will sign a contract with the outsourcing

company that will cover the details of the service that they will be providing. Anything not covered in the contract will be the basis for you to pay additional charges. Additionally, you will experience legal fees to retain a lawyer to review the contracts you will sign. Remember, this is the outsourcing company's business. They have done this before and they are the ones that write the contract.

- Threat to security and confidentiality: The life-blood of any business is the information that keeps it running. If you have payroll, medical records or any other confidential information that will be transmitted to the outsourcing company, there is a risk that the confidentiality may be compromised. If the outsourced function involves sharing proprietary company data or knowledge (e.g. product drawings, formulas, etc.), this must be taken into account. Evaluate the outsourcing company carefully to make sure your data is protected and the contract has a penalty clause if an incident occurs.
- Quality problems: The outsourcing company will be motivated by profit. Since the contract will fix the price, the only way for them to increase profit will be to decrease expenses. As long as they meet the conditions of the contract, you will pay. In addition, you will lose the ability to rapidly respond to changes in the business environment. The contract will be very specific and you will pay extra for changes.

CHALLENGES OF HR OUTSOURCING

HR Executives do not take HR Outsourcing lightly because, in many cases, it involves the elimination of jobs and the termination of employees, unless the service provider agrees to hire them. Vice president and Directors of HR are not personally impacted as often as lower-level HR professionals and administrative employees. As the HR Outsourcing issue grows and intensifies, more HR professionals will find themselves working for vendors of HR Outsourcing services.

Increasingly they serve as consultants on a service provider's staff with the opportunity to perform various HR functions for a variety of corporations in several industries. As HR professionals begin to see the opportunities in the new environment, of outsourcing should lessen, and they should see outsourcing as a significant opportunity both for the company and its employees. There are many resources for HR professionals who are just now looking into the idea of outsourcing.

One such resource is the outsourcing institute, an international professional association that provides information on the strategic use of outside resources. Each member receives the subscription to the institute quarterly management briefing.

CONCLUSION

Thus, HR Outsourcing is an important tool for company to reduce the burden of work and outsource the assignment to others when the work assignment is above the level and it helps in cost cutting of unwanted employment process for a specialized people rather than hiring now days companies are coming up with this tool. Today almost all the organization are doing it as part of fast execution of the work so that the HR Professionals can focus on the developmental aspect of the employees as well as the organisation as a whole.

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