

## HUMAN RESOURCE OUTSOURCING

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### Abstract

Human resource management which was earlier confined to the business houses has gone beyond the boundaries of companies. Now there are experts for personnel management which is much needed in today's world because of business expansion and increasing talented workforce requirement. This paper attempts to highlight the trend of turning towards HR outsourcing. The main focus is to bring a fair picture about the consequences of giving responsibility of managing the HR activities by outside experts. This study tries to showcase the rationale behind going for HR outsourcing. It also provides suggestion to cope up with the drawbacks of Human resource outsourcing.

### Introduction

Human asset is the most precious asset of any company without them work cannot be proceeded efficiently and smoothly. They are the center priority for every business and they need to be managed carefully and wisely. With the rapid advancement in every field, personnel administration has also changed. Business expansion and modernization needs talented and skilled staff which needs proper management of human resource which is why many business has turned to take help of human resource outsourcing to perform various functions related to human resource so that work efficiency can be enhanced and to make key area of business a priority. Globally more and more companies are resorting to HR OUTSOURCING but still there are some companies who are still in confusion whether to opt for outsourcing or to do HR management on their own. For them selective outsourcing is the option under which not all the activities related to HR but some selected functions where your company lacks experience and skill are done by the experts outside the company.

### Increasing Trend towards HR Outsourcing

- The first and foremost reason is to save money because performing all the functions cost a company more so companies are turning to HR experts for double benefit that's money saving and professional help.
- Another reason is to focus more on important and crucial area that is strategy formulation, because HR management by professionals also helps in saving time which can be utilized on strategy formulation.

- If the HR management is done by the company itself then the risk related to legal issues is also with the company so by HR outsourcing the companies avoid the legal risk.
- Some of the companies are on the stage of expansion and they don't have the experience and necessary skill to do HR management on large level so they outsource HR activities.
- Various companies resort to HR outsourcing so that they can focus on the core activities which need more time and focus as after assigning the responsibility of HR management there will be less burden of long and complex hiring process.
- HR outsourcing gives the advantage of expertise so its now in trend to assign the various functions related to HR management to professionals.

#### **Activities Included Under HR Outsourcing**

1. One of the activities performed by HR outsourcing company is the payroll management which includes the names of employees their salary, bonus, wages calculations.
2. The tedious work of tax calculations are also taken over by HR outsourcing company and even the employee benefits and incentives are also assessed under HR outsourcing.
3. Maintaining employee records and filling also comes under activities covered by HR outsourcing apart from this the work of recruitment, inviting applications, selecting and placing the employees. Despite this the paperwork related to placement and orientations is also included in the activities covered by HR outsourcing
4. The need of training to employees is also assessed and arranged by HR professionals and they also take care about the development and incentive arrangement of employees .Not only this performance appraisal too is done by HR experts
5. They even help the company in strengthening the employer-employee relations.

#### **Key Issues to be Considered before Going for HR Outsourcing**

1. Is your company big enough in terms of productivity, profits, and size and number of employees because HR outsourcing requires huge outflow of cash for managing personnel?
2. How much HR outsourcing will benefit as compared to cost, because money is main concern for any business so there is need to do cost- benefit analysis before turning to HR experts?

3. What proportion of control will be lost to outside HR professionals because the experts never like interruption in their field of working so it is much needed to think in advance if business doesn't want to risk its loss of control?
4. Which specified functions you really need to be taken over by someone outside your business?

### **Benefits of Turning to HR Outsourcing**

#### **Benefits to the Company**

1. Highly talented and experienced HR staff requirement calls for extra space and more expert manpower that costs more if you perform the HR function
2. **Payroll And Accounting:** It is a very complex and time consuming work and need expert staff but a company can get all this done by outside experts with very little cost as compared when it manages HR activities on its own
3. **Reach to More Talented Employees:** HR experts help companies in getting the best of talent from around the world which every company need to increase talented workforce.
4. **Risk Diversion:** The risk of coping with the frequently changing rules and laws and their compliance can be shifted easily to some responsible HR outsourcing companies. This has two fold benefits - the company avoids the legal risk and also comply with the rules.
5. **Improved Efficiency:** Taking help of HR experts helps a company to maintain and improve efficiency of workforce by providing timely and accurate compensations and incentives.
6. **Focus on Profitable Activities:** Time saved by shifting the responsibility of managing human resource helps in focus on more profitable activities that's help in long term survival of business.
7. **Helps in Reduced Labour Turnover:** HR experts makes timely performance appraisal and make timely payment to employees and thus they remain satisfied and feel motivated.
8. **Maintaining Workforce Requirement:** HR expert maintain workforce requirement all the time in the company .A company that outsource HR management never faces shortage and surplus of employees in the organization.

#### **Benefits to the Employees**

1. **Timely and Accurate Compensation:** It is one of the greatest advantages to employees that they get on time salary, wages, bonus, and incentives which otherwise they don't get because of lack of time for calculations and management approval.

2. **Quality Training:** Employees get the opportunity of timely and advanced training with latest technology and their skills and performance are also appraised time to time.
3. **Incentives and Benefits:** With the coming of personnel management concept by outsiders and experts the employees get more incentives for the extra work and the extra benefits like medical fee reimbursement and life insurance.
4. **Professional Problem Solvers:** Problems faced by employees related to job are quickly solved by experts, professionals are always ready to solve their queries.
5. **Quick Job Related Information:** HR professionals stay tuned with the updated rules and regulations and they frequently update this to the employees so the workforce stay updated with the current rules and regulations.
6. **More Opportunities for Development:** Due to more professionalism in managing personnel, employees get more opportunities for development.
7. There is always a responsible team available for all employment related problems and not only this, employees get a safer work environment.

### **Drawbacks of Assigning the Task of HR Management**

We know there are numerous benefits if a company outsource its management regarding human resource but there are some drawbacks too which includes a major one that the company loses its control regarding financial matters to outsiders. Someone outside the company decides the workforce for the company apart from this the relationship between the employer and employees is not as strong as with the HR experts because they are the ones who recruit the employees and arrange for their training, development and compensation so the employees stay more connected with the HR experts. Moreover the company gets too much dependent on the outsiders for the management and the financial matters of the company.

Even the HR Outsourcing Company sometimes gets to access the confidential matters of the company because of the close contact with employees.

All this can be dangerous for a company if they neglect these drawbacks.

### **Conclusion**

There are number of benefits that a company can enjoy but advantages don't come alone they come with the discomforts which need to be taken care of. Before going with the trend, a company should consider the drawbacks and make proper arrangements to face the consequences. It is suggestive for a company going for HR outsourcing to be selective in assigning in HR functions to outsiders.