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A STUDY ON SCOPE OF ENTREPRENEURSHIP IN HUMAN RESOURCE MANAGEMENT

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Abstract: Human Resource Management is an essential field of every organization. Since it deals with humans and humans are unpredictable, it is a never-ending process which keeps on going till the organization is running. Today in the light of globalization, many firms have decided to outsource its non-core activities to external providers. The functions of Human Resource Management, if not wholly but partly, are also being outsourced to an external expert provider so that the firms can focus on their core business. The competitive nature of organizations today seeks best of everything possible to get an edge over other competitors, outsourcing functions of HR seems sensible decision to focus on strategic decisions of the organization. When the need for external supplier aroused, HR outsourcing firms have filled the vacuum by providing the expert services to the organization. Through this study, our aim is to find whether there is a scope for people having specialized knowledge of Human Resource Management to start their enterprise out of the outsourced HR functions. Apart from traditional HR job at any organization, entrepreneurial aspect of HRM should attract more people to take up this career. Through this study our aim is to find the functional areas of HRM which are being outsourced. Our study focuses on the growth of the enterprises which are working in the field of outsourced HR functions. This study also analyzes the financial performance of such enterprises. The satisfaction level of entrepreneurs towards performance of their enterprise as well as employees is necessary to understand the scope of entrepreneurship in this field. It is also important for the enterprises to increase their clients every year to be called as growing.

Index Terms - HRM, Human Resource Management, Human Resource Outsourcing, HRO, Recruitment Process Outsourcing, RPO, Entrepreneur, Entrepreneurship, Enterprise.

I. INTRODUCTION

When firms decided to outsource some of their functions to external parties, the functions of Human resource management were also part of it, which carved a way for the people having specialized knowledge to start their enterprise and provide these functions of human resource management. This helped the industries to focus on their core business and benefited the outsourcing agencies in becoming a successful enterprise. When functions of Human Resource Management are sub-contracted to an external supplier or service provider, this process is called as HR Outsourcing. It has immense potential for starting an enterprise out of it. It makes sense as the organizations outsource some or all of its non-core activities to a specialist provider so that the organization can focus on its core business. Looking at the employment crisis, People having specialized knowledge about Human Resource management have a benefit of getting self-employed.

Manufacturing factories also have started hiring workers on contract basis and that too through labor contractors. People having good control over manpower management and controlling are engaged in this business. They supply manpower to perform the function of manufacturing and get their service charge from the industry. Starting a labor contract enterprise does not require much qualification, any person with basic knowledge of industries can start it.

There are many more ways in which outsourcing human resources can be done:

- Business Process Outsourcing of HR, where an external service provider manages HR activities such as Payroll Administration or recruitment, or sometimes the whole HR functions.
- Shares Services HR outsourcing, in which only the transactional or administrative activities are sub-contracted to an external service provider. It may include personal interface with the employees of the organization.
- Application and facilities services, where an external service provider looks after the technological and physical infrastructure to support human resource activities.

This study is all about how the scope of entrepreneurship in Human Resource management is growing day by day. The word 'Entrepreneurship' can be defined as "a procedure to generate value jointly with help of a remarkable collection of different facilities and resources to utilize an opportunity" (Stevenson, 1989). When people started engaging in this business of performing the outsourced activities of human resource management it generated value and with the help of different facilities and resources, they started making fortunes out of it. Also, the skills of a Human Resource Manager are already there in every Entrepreneur. It benefits the potential of recognizing the latest opportunities, specifically estimating their worth in the state of risk and uncertainty, and utilizing them efficiently (Hitt, 2001).

For developing Entrepreneurship, there must be the existence of some opportunity to generate profit, outsourced functions of Human Resource Management created this opportunity. Only the existence of opportunity is not enough. The person should be capable to explore the facts and information about the existing opportunity. One more important point is the person must be able to take the risk.

Our study is to find out the scope of entrepreneurship in HRM. There are many people engaged in this business. We aim to find those people, collect information about them, analyze them, and determine the scope of doing entrepreneurial functions in Human Resource Management. Through this study, we are going to collect responses from various experts of the field who will tell us their experience of doing this business and help us to understand the future scope of growth in this particular field of Entrepreneurship in Human Resource Management.

GROWTH OF THE SECTOR

- Nowadays companies are slowly getting into the practice of Human Resource outsourcing, either partly or wholly. It has become a challenge for the companies to observe the core HR policies and also to ensure that the other key areas in the HR domain like talent acquisition, define goals of employees and align them to achieve the same, determine the productivity of the employees, provide best learning and development support, employee engagement, define proper reward system, handle attrition etc. are maintained professionally and transparently. That's why most companies in the market today feel the need for an expert to fill up the vacuum in the domain.
- Globally the HR outsourcing is anticipated to become a billion-dollar industry, driven by the demand of companies to increase operational efficiency, lessen costs, streamline business operation and organize compliance management. Market growth and progression of HR outsourcing is also increasing due to high demand from developing countries and SMEs (Small and Medium Enterprises). The companies nowadays want to align business functions with latest Human Resource Policy Framework and employment legislation, which is helping to drive market growth. The growing service providers are concentrating more on technology innovation which is a profitable move for the commercial success of the cloud/BpaaS as a Human Resource Outsourcing service delivery model. Asia Pacific is estimated to emerge as the speedy growing market for HRO services.

II. OBJECTIVES OF THE STUDY

- To find out the scope of HRM in Entrepreneurship.
- To study various outsourced HR activities.
- To get knowledge about people engaged in HR enterprises, i.e Consultancy Services, Manpower Supply, Recruitment, Temporary Staffing, Payroll etc.
- To know the performance of the enterprises engaged in HR activities with respect to finance, clients, employees etc.
- To study the growth in the industry in the recent years.

III. BACKGROUND OF THE STUDY

There has been a trend across the world to outsource the functions of Human Resource management. There are firms who are engaged in doing the outsourced work of companies such as, recruiting, training and development, staffing, Employee orientation programs, Tracking department objectives, goals and strategies, Manpower Supply in the factories etc.

In a survey of 450 participants from 182 different organizations, it was found that 69% of the HR outsourcing organizations have less than 5000 worksite employees and the average count per HRO was 10,165. It was found that only 10% of the HR outsourcing companies have more than 20,000 worksite employees which is a clear indication that there is a space for new entrepreneurs to fill in this gap. Further data revealed that HR outsourcing firms are growing in size. They are recruiting more staff which gives us a clear vision that the industry is going to increase in upcoming days.

The survey found that top 5 services offered by the HR outsourcing organizations include HR consulting (45%), Benefits administration (36%), insurance service (19%), time tracking (24%), performance management (10%).

(Data Source: <https://www.extensigroup.com>)

In a study it was revealed that significant number of HR executives in large and medium IT companies (79%) have outsourced their HR functions to external providers in the state of karnataka (Uttam Kinange and Murugaiah V). Factors to be considered for choosing an external partner for HR outsourcing includes, proven track record of the organization, guarantee of the service level, & flexible contracting options (Dr. K. LALITHA, K.N.L.D. BHAVANI). The major reasons for outsourcing different processes include cost saving, risk sharing and getting specialized service (Mihir Dash, Anubha Singh, Navodita Mishra, Garima Gupta).

IV. PROBLEM STATEMENT OF THE STUDY

This study aims to find out the different areas of Human Resource Outsourcing which can be chosen to start an enterprise out of the outsourced HR functions. It also aims to find out the scope for growth of such enterprises financially as well as growth in structure and size of the enterprise in the in the near future.

V. LITERATURE REVIEW

Harish Chopra in his article states that outsourcing HR activities to external partner helps the organization to get the advantage of specialized skills, reduced cost and it enables the HR personnel to focus on strategic initiatives (Harish Chopra, 2018). Megan Totka in her article talks about software-based HR solutions available today are major players for providing HR and related services. Their services ranges from traditionally outsourced services such as payroll, employee training, and applicant tracking to more complete packages which include range of record keeping and reporting options (Megan Totka, 2018). Professional employer organization (PEO) industry has been doubled around \$168 billion dollars in past few years and the need for HR Outsourcing isn't just arising from one or two industries but there is 23% greater increase in the business form blue, white and grey collar jobs (Tim Austine, 2017). Karthik KS says about the advantages of outsourcing training activities that businesses who outsource their training to ed-tech companies, they can expect these companies to deliver innovative programs as the survival of these ed-tech companies depend upon the quality of their services and the relations they build with corporates (Karthik KS, 2018). The article by CEO of Ascent Consulting services, Mr. S Subramanyam says that Indian HRO industry has grown significantly in the global scenario. This is due to change in mindset of the large Indian firms as they are increasingly engaging with HR experts on their HR requirements (S. Subramanyam). Judit Beregszaszi & Dieu Hack-Polay talk about the reason for HR outsourcing by companies in their research that cost considerations and the search for external expertise as the main drivers behind outsourcing decisions, but additional reasons included acquiring technology, minimizing risks and internal bias(Judit Beregszaszi Dieu Hack-Polay). By outsourcing payroll functions the company can minimize legislative changes and related stress, the responsibility of managing legislative changes is transferred to the outsourcing company (Agnieszka Herdan, Magdalena M. Stuss). The results of the research carried out by (Hasliza Abdul-Halim , Elaine Ee , T. Ramayah, and Noor Hazlina Ahmad) on the topic Human Resource Outsourcing Success: Leveraging on Partnership and Service Quality, showed that partnership quality variables such as trust, business understanding, and communication have significant positive impact on HR outsourcing success, whereas in general, service quality was found to partially moderate these relationships (Hasliza Abdul-Halim , Elaine Ee , T. Ramayah, and Noor Hazlina Ahmad). In his article Arpit Prakash Mathur states that temporary staff or contractual staff provided by the external supplier are recruited, screened, trained by the external supplier. They fall under the payroll of external supplier. Temporary recruitments reduce the liability for the organizations because contracts may not include all the perks for the temporary staff which the company may be providing to the permanent employees (Arpit Prakash Mathur, 2016). Paul S Alder states in his article that those companies which are confronted with the challenges of merging with different HR systems find HR outsourcing appealing because the specialized personnel required for the task will often be superfluous after completion of the project (Paul S Alder).

VI. RESEARCH METHODOLOGY

Research Goal:

There are many people engaged in this business. Our aim is to find those people, collect information about them, analyze it and determine scope of doing entrepreneurial functions in Human Resource Management. Therefore, a qualitative research will be conducted on start-up, small and medium business owners by using a questionnaire. This questionnaire includes questions about what services they have been providing, how many client companies do they have, how many employees they employ, since how many years they have been in this field and was there a growth for their enterprise in recent years.

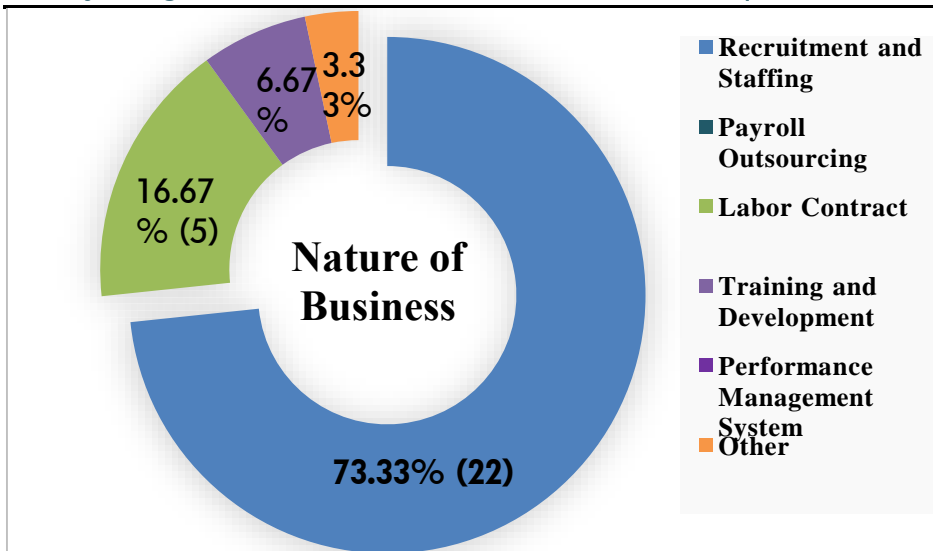
Research Design: Descriptive research design will be used to collect the data.

Population and Sampling:

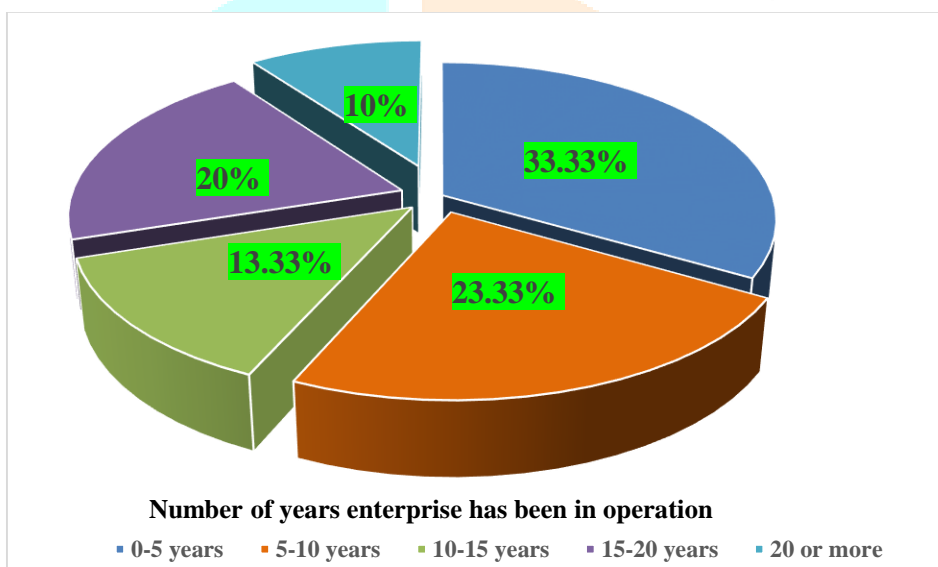
- **Sample size:** 30 respondents. People engaged in the outsourced HR Function are asked questions on the functions and scope of the enterprise.
- **Sampling frame:** The study is restricted to respondents living in Gujarat State only.
- **Sampling unit:** It includes respondents in the age group between 18-60 years within Gujarat state.
- **Sampling method:** Non probability - convenience sampling method.
- **Data Collection Method:** - Telephonic method, and online data collection through google forms.
- **Data Collection Instruments:** Questionnaire, telephonic interview.
- **Source of Data:** Primary Data and Secondary Data about the topic. Study is focused on primary data
- **Primary Data:** Primary data is collected through survey forms circulated online.
- **Secondary Data:** Secondary data is collected from sources such as articles, newspapers, government websites, Reference Books, Magazines, etc.

VII. FINDINGS

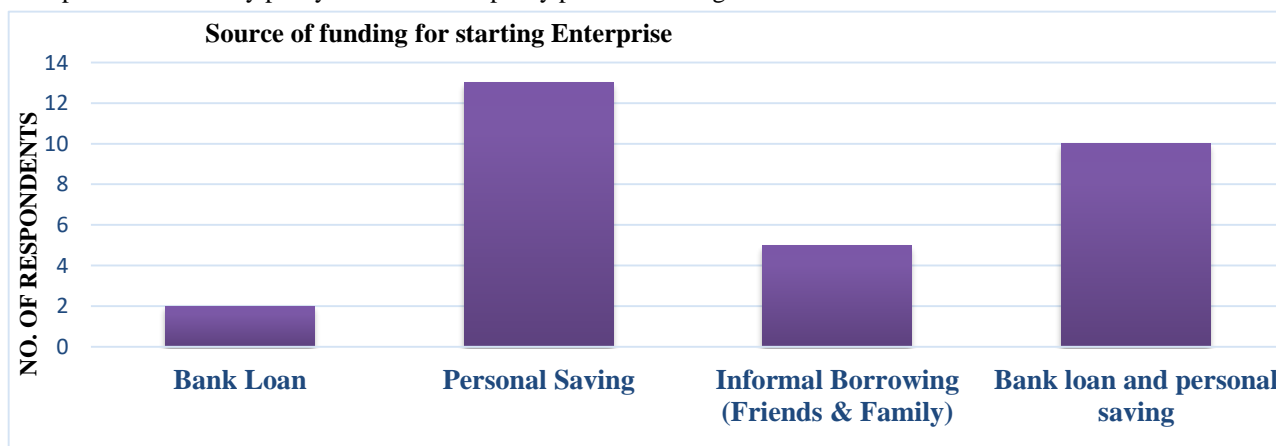
- According to the data we received from 30 respondents, 73.33% (22) of the enterprises are engaged in the business of Recruitment and Staffing, followed by 16.67 % (5) respondents are engaged in the business of Labor Contract, Followed by 6.67% (2) are in training and development and 3.33% (1) is in other kind of business. We found that most number of enterprises are related to Recruitment and Staffing.



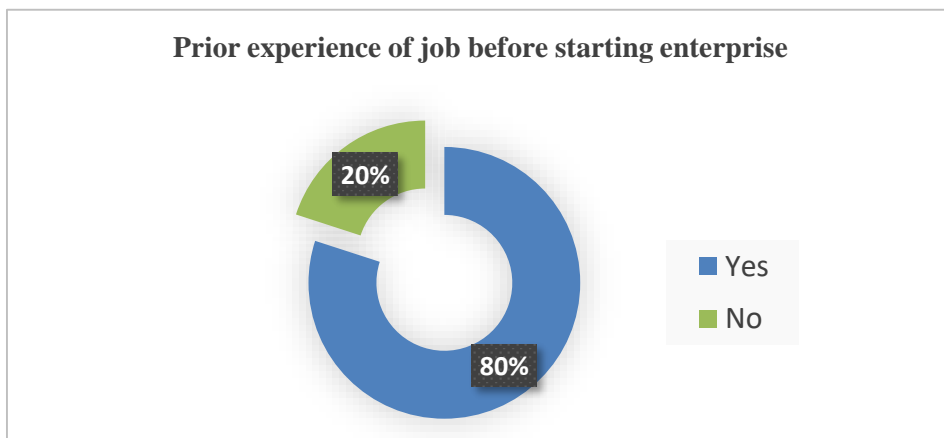
- 33.33% (10) of the enterprises have been working in the field since last 5 years, 23.33% (7) of the enterprises have been working since last 5-10 years, 13.33% (4) of the enterprises have been working since last 10-15 years followed by 20% (6) of the enterprises who are in the business since last 15-20 years and 10% (3) of the enterprises are running their business since more than 20 years. Most of the enterprises (33.33%) are set up between last 5 years which indicates that more and more enterprises are coming in the business in the recent years.



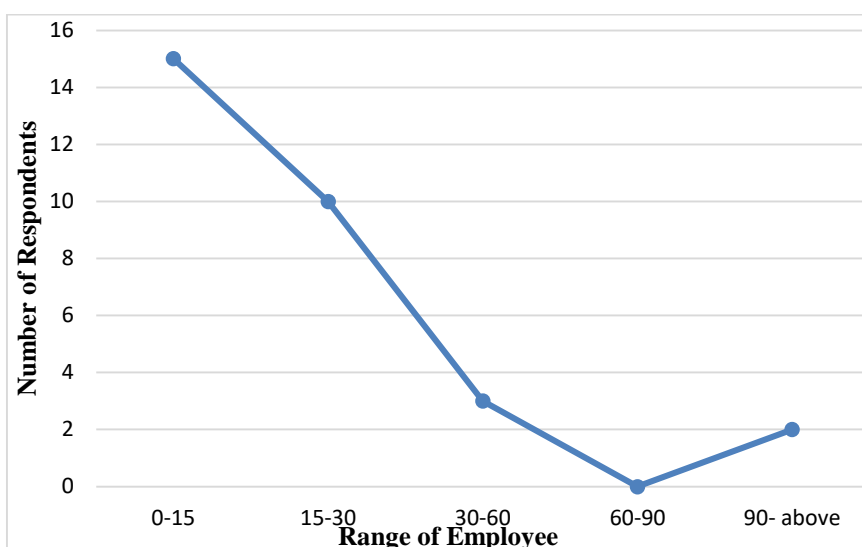
- We asked the respondents about their source of funding for starting the enterprise, 6.67% (2) of them said that it was through bank loan. 43.33% (13) of the enterprises were started with the help of personal savings, 16.67% (5) respondents managed to start with informal borrowing i.e borrowing from friends and family, 33.33% (10) of the enterprises started with the help of partly bank loan and partly personal savings. Here personal savings played a big part in starting up enterprises followed by partly bank loan and partly personal savings.



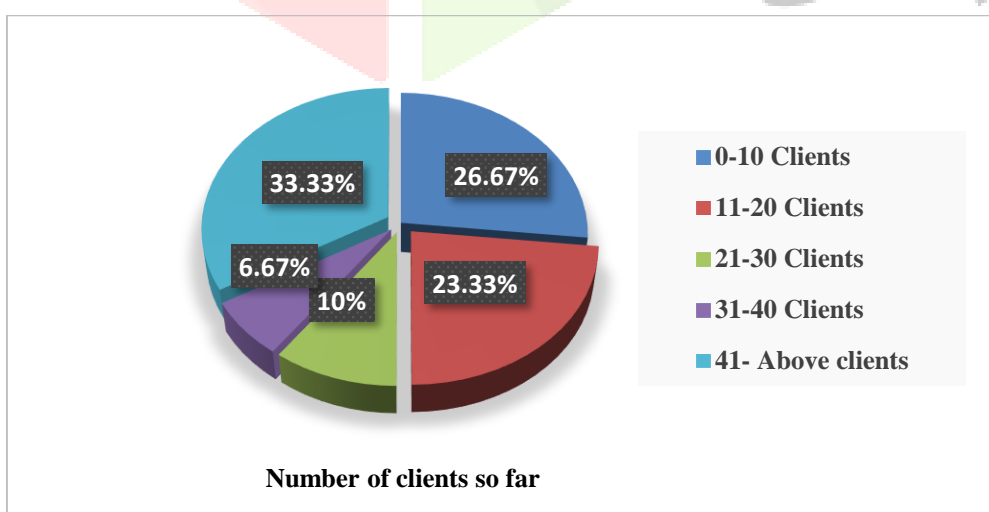
- We asked whether the entrepreneurs had prior experience of job before they started their own enterprise. 80% (24) said that they had a job experience. 20% (6) of the entrepreneurs began with no prior experience of job. Having job experience helps to have the basic knowledge and technical know-how of the field. Most of the respondents did have prior experience and knowledge of the field before they started their enterprise.



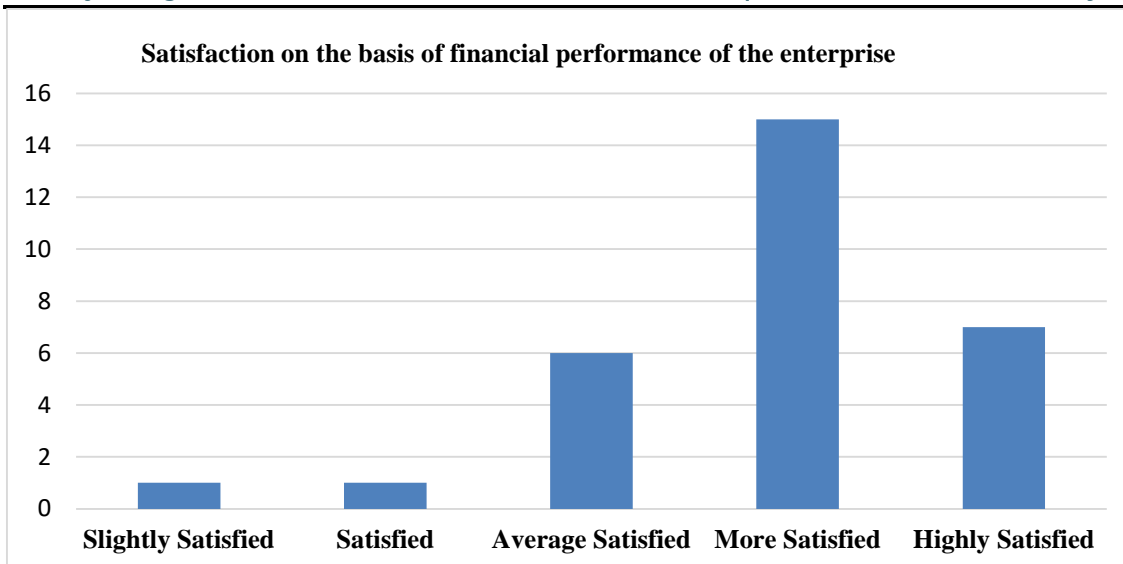
- We came to know that 50% of the enterprises who are small in nature have employed number of employees ranging between 1-15, 33.33% (10) enterprises have number of employees between 15-30, 10% (3) enterprises have employees between 30-60 and 6.67% (2) employ more than 90 employees in their enterprise.



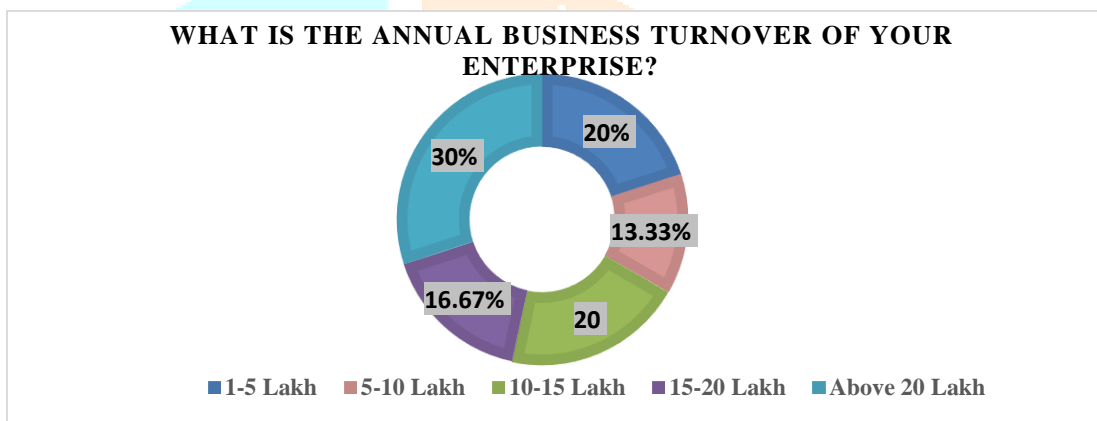
- 33.33% (10) Enterprises have 41 and above number of clients, 26.67% (8) enterprises have clients within range of 0-10, 23.33% (7) enterprises have number of clients between 11-20 followed by 10% (3) enterprises have clients between 21-30 followed by 6.67% enterprises who have client base between the range of 31-40.



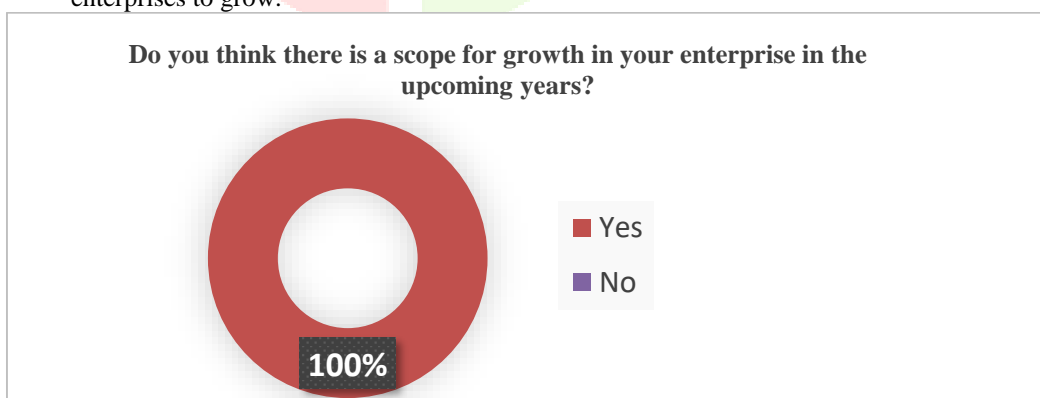
- For the survival of the enterprise it is necessary that enterprise’s financial performance be good. We also asked about the satisfaction of entrepreneurs on the basis of financial performance of the enterprise which showed the result that, 23.33% (7) respondents were highly satisfied with their enterprise’s financial performance. 50% (15) respondents were more satisfied with their financial performance as they rated their financial performance 4 out of 5. 20% (6) respondents were averagely satisfied with their financial performance followed by 3.33% (1) were satisfied and 3.33% (1) were slightly satisfied with their financial performance.



- To ascertain the growth of the enterprise, annual business turnover should be satisfying. We asked our 30 respondents about their annual business turnover and the results turned out that, 30% (10) of the enterprises have annual business turnover above 20 lakh Indian Rupees. 16.67% (5) respondents have their annual business turnover between the range of 15-20 lakh Indian Rupees. 20% (6) respondents are having their annual business turnover between 10-15 lakh Indian Rupees. 13.33% (4) respondents stated their business turnover between 5-10 lakh Indian rupees followed by 20% (6) respondents stated their annual business turnover is between 1-5 lakh Indian rupees.

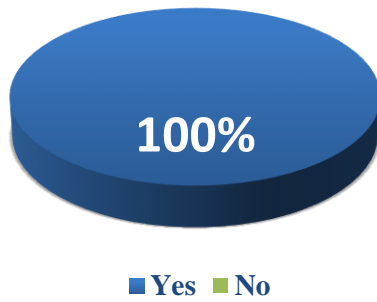


- We asked the entrepreneurs whether they think that there is a scope of growth for their enterprise in near future to which 100% (30) of the entrepreneurs said that there is a scope. Which gives a hint that future is full of opportunities for such enterprises to grow.



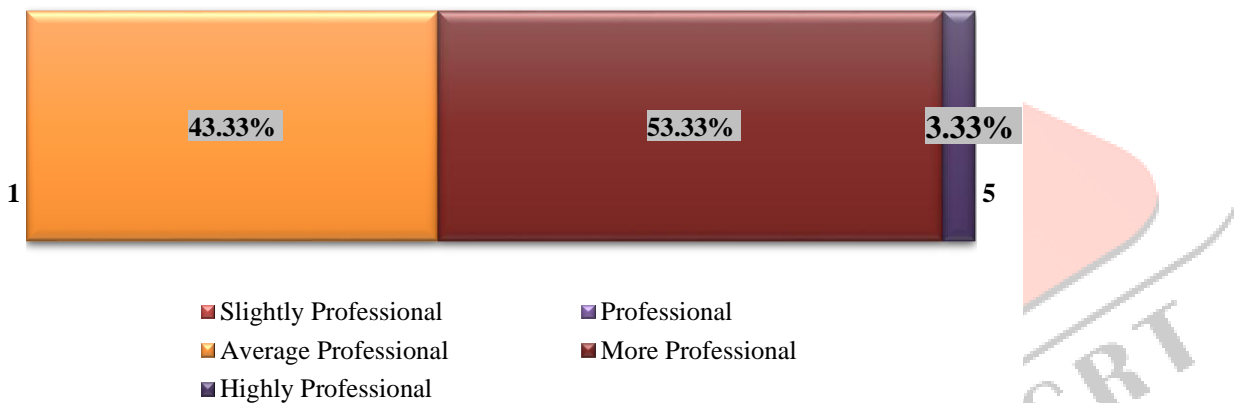
- To ascertain that there is a growth in the sector we asked the entrepreneurs whether they manage to increase their client base every year, to which 100% (30) of them responded that they do increase their client base every year. Which gives us the clear sign of growth in these enterprises.

Do you manage to increase your clients every year?



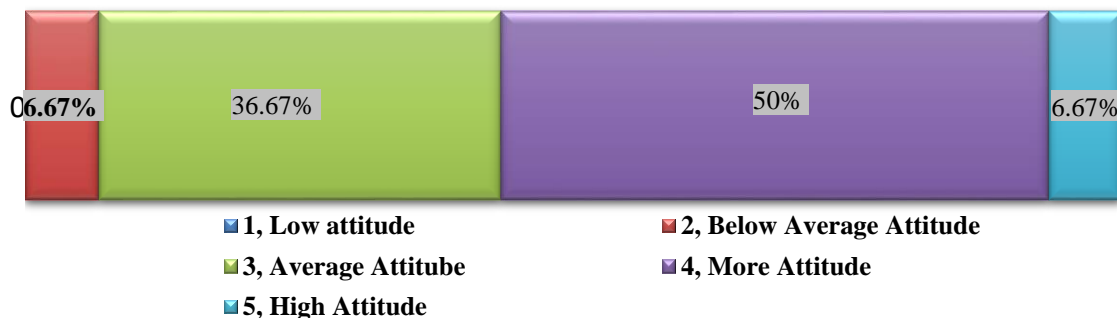
- We asked the entrepreneurs who are also the employers of the employees in their enterprise to rate their employee’s professionalism who have less than 2 years of experience in their organization. 3.33% (1) employer rated 5 (being highly professional) to their employees who have less than 2 years of experience. 53.33% (16) employers rated 4 denotes more professional as their employees who have less than 2 years of experience. 43.33 % (13) employers rated 3 to their employees being average professionals.

How do you rate your employees Professionalism, who have less then 2 years of experience ?



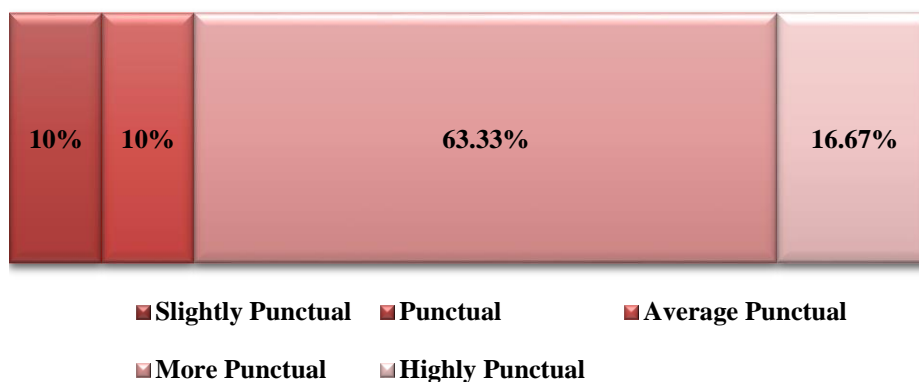
- We asked the entrepreneurs to rate their employee’s attitude who are newly hired on the rating of one to five in which one being the lowest and 5 being the highest, to which, 6.67% (2) employers rated their newly hired employee’s attitude 5, as high attitude. 50% (15) of the employers gave the rating of 4, as more attitude than the average. 36.67% (11) employers rated their newly hired employee’s attitude 3 as average attitude and 6.67% (2) of the employers rated 2 being below average to their newly hired employees.

How do you rate your employees Attitude, who is newly hired ?



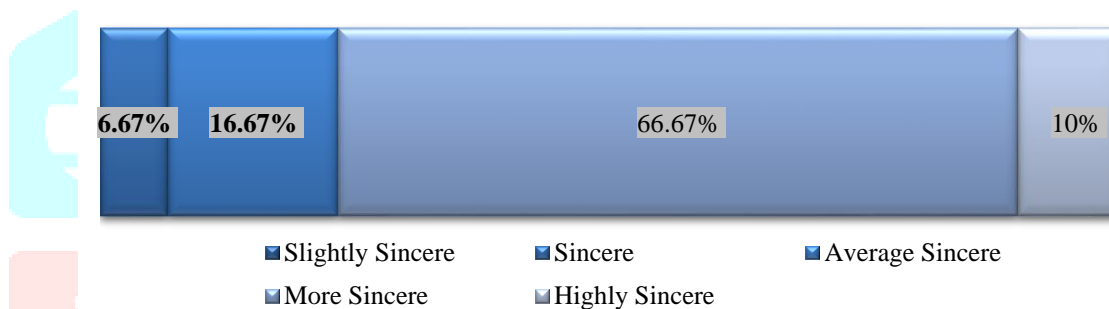
- We also asked the employers to rate their newly hired employees Punctuality on the scale of 1 to 5 where one being slightly punctual and 5 being highly punctual. 16.67% (5) of the respondents rated 5 as highly professional to their newly hired employees. 63.33% (19) respondents rated 4 as more punctual to their newly hired employees. 10% (3) respondents rated 3 as average punctual to their newly hired employees and 10% (3) rated 2 as punctual to their newly hired employees.

How do you rate your employees Punctuality, who is newly hired?

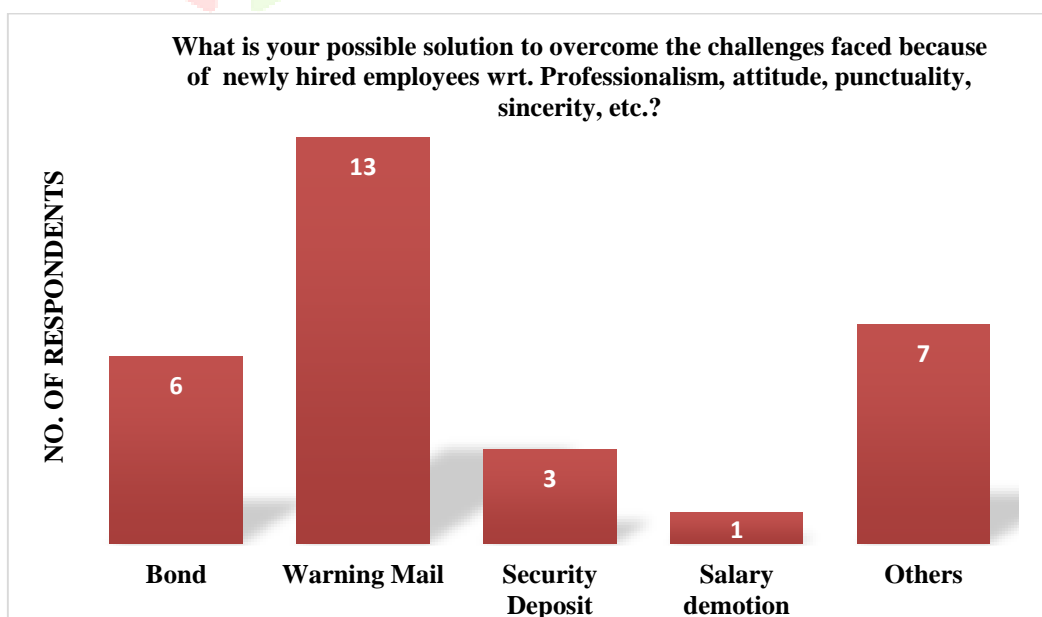


- We asked the employers to rate their newly hired employees sincerity on the scale of 1 to 5 where one being slightly sincere and 5 being highly sincere. 10% (3) rated the sincerity level as 5 which is highly punctual. 66.67% (20) respondents rated 4 as more sincere to their newly hired employees. 16.67% (5) of the respondents rated 3 as average sincere to their newly hired employees. 6.67% (2) respondents rated 2 as sincere to their employees who are newly hired.

How do you rate your employees Sincerity, who is newly hired?



- We asked the entrepreneurs what was their solutions to overcome the challenges faced because of the newly hired employees to which 20%(6) of the employers stated that they sign bond with their employees. 43.33% (13) respondents said that they send warning mails. 10% (3) respondents said they have the system of keeping security deposit of the employees in their enterprise. 3.33% (1) respondent said they demote the salary of the employee and 23.33% (7) respondents said they have other means to solve the problem which includes counselling, training giving time etc.



VIII. CONCLUSION

The study of 30 respondents from the state of Gujarat has given the result showing that there is an upward trend in people starting their enterprise in the recent years. Almost 33.33 % of the enterprises out of the 30 responses were started between the last five years and 23.3 % of the enterprises are being run since last 10 years. The number of enterprises have gone up if we take into our consideration that only 10% of the respondents are operating their enterprise before 15-20 years.

It is found that 73.33% of the respondents are in the field of Recruitment and Staffing which gives us a clear scenario of the HR Enterprises. The funding for starting the business for the respondents was either personal savings, through which 43.33% of our respondents started their enterprise, and Partly bank loan and partly personal savings, which was in the case of 33.33% of the respondents. 80% of the respondents had prior job experience before starting their own enterprise which gives us an assumption that the job experience provides the skills and knowledge about the field. 100% of the respondents manage to increase their clients every year which clearly shows us that there is a demand for such enterprises in the market. More than 50% of the respondents are satisfied with their financial performance and see the possibility of growth in the upcoming years in their sector. The average business turnover varies with respect to size of the business. More than 60% of the respondents believe that the punctuality, professionalism and sincerity of the newly hired (within 2 years) is high towards the enterprise. This study gives the conclusion that since every enterprise in the survey was managing to get more clients every year and are highly satisfied with their financial performance as well so there is a demand for such enterprises in the market. We consider that there is scope of Entrepreneurship in the field of Human Resource management.

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