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HUMAN RESOURCE OUTSOURCING

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ABSTRACT

Like other assets i.e., Land, Building, Machinery etc., People working in the organization are also the most important asset of an organization. Leading companies around the world are taking more strategic approach to managing their human resources. Human Resources Outsourcing helps in boosting organizational performance with many strategic benefits like eliminating the redundant non-core HR functions, increasing cost competitiveness, effectiveness and helps in maintaining strategic HR focus. Human Resource Outsourcing (HRO) has big privilege for huge multinational companies, even medium and small companies are also used HRO. There are many HRO companies which providing best HR outsourcing services across India. Most of the companies that outsource human resources functions do so by joining a professional employer organization, or PEO. More than just a payroll processor, a PEO handles everything from hiring and on boarding employees to managing benefits, developing training programs and overseeing compliance with employment rules and regulations.

Keyword: Human resource, HRO, Human Resource Outsourcing, outsourcing, HR functions etc.

MEANING OF HUMAN RESOURCE OUTSOURCING (HRO)

“Human Resource Outsourcing (HRO) is a process in which a company utilizes the services of the third party to take care of its HR functions”.

HR outsourcing is a contractual agreement between an employer and an external third-party provider whereby the employer transfers the management and responsibility for certain HR functions to the external provider. Human Resource Outsourcing combines mainly two words i.e. Human Resource and Outsourcing. Human Resource is the set of people who make up the workforce of an organization, business sector, industry or economy. Outsourcing is a business practice in which a company hires a third party to perform tasks, handle operations or provide services for the company. If someone has specialized in an activity which is not strategically critical to our business and is able to do that cost effectively, it is better to get it from outside. HR outsourcing has day to day human resource functions so as to focus on strategic HR issues that impact corporate performance and shareholder value. Recruitment and selection, payroll and compensation management, staff training, employee benefits and service, job evaluation are examples of such functions. The decision by Unilever in 2006, to

outsource its HR activities mostly transaction oriented such as pay roll administration, applicant tracking, training and development, record keeping, performance appraisal follow up etc. to accelerate growth in the right direction.

NEED AND IMPORTANCE OF HR OUTSOURCING

HRO is an important tool for the business in today' competitive environment. The following points give view how the business need it:

- HRO helps organization to focus on internal resources towards doing what they do best and simultaneously help to control the bottom lines.
- HRO identifying the inefficient Human Resources (HR) Administration processes and HR practices.
- It helps organization to focus on human resource performance.
- It helps organizations to serve their employees better.
- It helps to gain cost and time efficiencies and provide cutting edge over their HR strategies.

HRO COMPANIES IN INDIA

Following are some HR outsourcing companies:

1. **ABC Consultants Pvt. Ltd:** The Company was started in 1969 and it is located at New Delhi. ABC Consultants is a recruitment services company in India. They have started this organization with the vision of "Building Careers, Building Organizations." They are one of the best recruitment brands in India who build 1, 65,000 careers in just 50 years. This company's network ruled across eight main Indian cities with over 465 consultants.
2. **Focus Management Consultants Pvt. Ltd:** Focus Management Consultants Pvt. Ltd. was founded in 1994. It is located in Mumbai. Focus Management Consultants Pvt. Ltd. one of the leading recruitment solutions companies in India. They provide a wide range of recruitment solutions like recruitment, staffing, executive search, and RPO.
3. **Ernst and Young Private Limited:** Ernst and Young Private Limited was founded in 1989. Its main purpose is to build a better working world. Through their four service lines i.e. assurance, consulting, strategy and transactions, and tax. They have guided more than 3, 00,000 people around the globe. They assist their customers with profiting by new freedoms and survey and oversee hazard to convey capable development. Their high-performing, multidisciplinary teams assist them with satisfying administrative necessities, keep financial backers educated, and address partner issues.

4. **Manpower India:** It was founded in 2000 and located at New Delhi. Manpower India offers complete Human Resource solutions. They provide the right candidates to their clients. They enable their clients to be more efficient in the areas of human capital administration and management by providing a quality workforce. Outsourcing services are bundled into one package, creating savings and efficiency.
5. **Shella Consultants Recruitment Excellence:** It was founded in 2003 and located at Mumbai, Maharashtra. They have carved a niche in the placement industry and proved that they could make a difference to the quality of staffing by increasing the overall productivity and the talent pool of the company. Shella Consultants have a qualified and efficient staff for testing, interviewing and assessment processes. The selection process is handled by people with immense knowledge and experience in the relevant field, enabling to tackle requisition promptly.
6. **Vivotex India Pvt. Ltd.:** Vivotex India Private Limited was founded in 1999 and located at Hyderabad. It offers personalized professional HR and IT consulting with a wide range of skill sets. Vivotex India Pvt. Ltd.'s expert and HR consultant's team has HR consulting expertise to track, screen, and coordinate employed human resources according to the specific human resource demands. Vivotex India Pvt. Ltd. goes beyond a one-dimensional approach to offer flexible human resource consultancy services for all the clients to fulfill their HR requirements.
7. **Kelly Service India:** The company was founded in 2001 and located at Gurgaon. Kelly Services has created happy customers in India for over a decade now. They worked on creating strategic staffing services, which include full-time placement, outsourcing, and consultation. They have vitalized their recruitment division by including Kelly Financial Resources (KFR), Kelly Scientific Resources (KSR) and Kelly Engineering Resources (KER), Kelly Information Technology Resources (KITR) and Kelly Consumer.
8. **Genius Consultants Ltd:** Genius diversified its services into Flexi Staffing Solutions that offer to outsource manpower. Genius has launched five featured products to enable great HR services, namely Payroll Processing Services, Background Checks & Verification Services, Statutory Compliances Management, Facility Management & Security Services, HRMS & Payroll on Cloud and Training & Development Services, etc.
9. **United HR Solutions Pvt. Ltd:** United HR Solutions Pvt. Ltd. is one the oldest HR companies in India. It was founded in 1986 and located at Ahmedabad. They focus primarily only on executive search for Top management positions across disciplines like Finance, Marketing, Engineering, HR and IT. They aim at identifying the right people for the right job and specialize in bringing people together through human touch. They are not only match talent with the requirements but also ambitions with growth and dreams to reality.

10. **Aspire India:** It was founded in 2007 and located at Dwarka, New Delhi. Aspire India is an international Human Resource company that offers holistic HR solutions to all sizes and types of business. This company is an expert in the offering of integrated HR solutions and services. They promise to empower the business through outstanding solutions to achieve goals. Their years of experience give them the expertise to solve all your human resource needs. Some of their primary services include executive hiring to help hire senior staff and services that help to get both contract-based and full-time employees.

BENEFITS OF HUMAN RESOURCE OUTSOURCING

HRO allows top management to focus more time and attention on building its core business. When HR tasks are outsourced, HR executives can spend more of their time on planning and executing HR strategy. HR outsourcing helps in boosting organizational performance with many strategic benefits like eliminating the redundant noncore HR functions, increasing cost competitiveness, effectiveness and helps in maintaining strategic HR focus. When the organization is going to enter into the new market and it is not sure that if it will need full time staff in some functions, in that case outsourcing is the best option. Outsourcing provides experts for specific jobs when full time professionals are not affordable. Outsourcing helps in increasing productivity in mundane jobs. It offers cost effective solutions. Employees can get more timely and accurate information due to greater administrative efficiency. The company need not invest in the latest technology and staff for routine HR functions. An integrated HR outsourcing model makes record keeping more accurate, avoids duplication and makes access to information easy and quick. So HRO is helpful in saving of time and cost effectively.

DRAWBACKS OF HUMAN RESOURCE OUTSOURCING

Though outsourcing in certain HRM functions is beneficial, deriving such benefits becomes quite problematic in some situations. The organization has to depend on outsiders for getting things done. If BPO (HR) vendor is not prompt enough or is not efficiently worked then every work can be delayed. The quality of BPO (HR) vendors in India is yet to achieve the requisite level. Perhaps, this is due to lack of adequate business in this field at present. It is argued that if some of the HRM functions, even of routine and administrative nature are outsourced, it will adversely affect morale of HR professionals in the organization. They may develop a feeling that the organization does not have faith in their competence. Outsourcing HR functions can change the culture of organization as well. No one knows the company culture better than us and it can be hard for a third party to identify and perpetuate that culture. HRO results loss of control on business. Giving another organization control over some of internal processes of organization could leave somewhat uninformed about workforce. One of the biggest concerns for many small businesses considering outsourced HR is the cost, since HR outsourcing costs can vary a great deal. It might seem tempting to simply hire an internal HR professional to take care of all HR needs, but it might also be expensive or unable to cover the many functions of HR entails. **Outsourcing human resources functions to an offsite location often leads to a sense of distance between the**

employees and the company. When the human resources department is not instantly accessible, employees experience delays in communication, leading the employees to feel frustrated and unimportant to the company

CONCLUSION

The outsourcing market is beginning to see HR as a preferred choice. Rapidly changing market dynamics and global competitive pressures have caused organizations to spend more time focusing on their core business. The number of companies outsourcing HR activities continues to rise and the scope of outsourced HR activities continues to expand. HR outsourcing can happen in HR functions, like payroll administration i.e. producing checks, handling taxes, dealing with sick time and vacations etc., Employee benefits includes health, medical, Life insurance etc., Human resource management involved hiring and firing, training and development, background interviews, compensation management, risk management, etc. In India have various advantages such as low cost, ready pool of good communication skill manpower and the geographic positioning and segmentation is emerging as a viable destination for HRO companies to set up their businesses. The basic reasons of hampering the growth of HR outsourcing in India are confidentiality and cost factors. The companies which are small to medium-sized outsource human resources in order to manage their administrative tasks in order to have economic and operational benefits. The key trend in the market is recruiting employees for outsourcing from social media in order to identify the appropriate resource for each project. In today's world, the rapid growth of industrialization has led to increasing the demand for trained and qualified employees to manage personnel functions and administrative tasks of an enterprise. In order to improve operational efficiency, companies opt for services like human resource outsourcing in which the company requires trained professionals, hire employees from firms providing such resources by having a service level agreement where both the groups mutually agree to the services that the resource will provide.

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