

Human Resource Outsourcing: A Strategy For Gaining Competitive Advantage

In the present global competitive environment there is increased pressure on growth through new breakthrough product lines and new business models or on achieving differentiation through higher performing

placed on idea generation and idea selection than on implementation. Generally, the cost constraints, lack of sufficiently skilled human resources and the inability to free key staff from the current workload are the primary

ing, or off shoring is the 'new' business wave that has transcended geographical barrier of trade and commerce. Off shoring activities in the industrial and IT sectors have been going on for some time but it is the recent high growth of new service-based categories with the accrued benefits which is causing a shift in the global outsourcing sweepstakes. The latest challenge for business technology managers is coming to terms with a new competitive reality: how to achieve lower costs, high quality, rapid innovation and change, as well as manage complexity while offering customers personalised experiences. Global competition has forced companies, large and small, to compete differently and search for ways to manage in this environment calls for new capabilities—ones embedded primarily in managerial processes, decision analytics, and behaviours. The search for new skills cannot be confined to one country or a region. Though China, India, the Philippines, Thailand, and other countries endowed with an abundance of talent at low cost are currently prominent, the focus may shift in the future to some other, as yet unknown, region. For the time being, India is the hotbed.

Perspectives on Outsourcing

Outsourcing can be de-

Until quite recently, outsourcing was about getting outside experts to do things an organisation could not do – or could not do efficiently – on its own. With the advent of IT enabled services (ITeS), many large organisations were more willing to outsource more strategic, core business processes than ever before. Today the issue is not so much about what you could not do yourself efficiently, but what you do not want to do, for whatever business reason. The human resource management field presents a particularly interesting arena for outsourcing. Much attention has been given to the growing use of temporary workers provided by the “staffing” industry but alongside it, and much less noticed, has been the growing Human Resource Business Process Outsourcing industry (HR-BPO) – which takes over whole HR activities. This article provides a peep into the fast emerging phenomenon of Human Resource Outsourcing (HRO).

core processes such as distribution, customer relationship management, logistics and branding- all of which lead to innovation. There is no doubt that regardless of industry or company size, innovation is one of the most important factors in gaining competitive advantage for an organisation. Companies' efforts at building innovation structure show success – at least with regard to generating promising ideas and selecting ideas to implement. However, on occasions, there seem to be an imbalance –far more attention and importance is

barriers to implementing innovation. However, now the companies have other options to help manage their innovation muscle shortfall. For instance, new approaches to learning allow rapid skill development at point of needs. Companies can also collaborate with customers, suppliers, and a specialist service provider to boost their own executive capabilities. However, perhaps the most intriguing of all is how outsourcing human resources can help free resources for innovation.

Business Process Outsourcing (BPO), outsourc-



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defined as the situation where 'an external vendor provides, on a recurring basis, a service that would normally be performed in-house'. In other words, outsourcing is a process in which companies concentrate on those aspects of their business, which give them a competitive advantage (core-business) and contract out the more peripheral or non-core aspects for other firms. Faced with increasing global competition, businesses have come to look to outsourcing as a means of gaining a comparative advantage over their competitors. Outsourcing is thought to benefit a business by allowing it to focus on its "core competencies" or "core activities." In this way, the business can shift its energy away from peripheral activities that lie outside of its true area of expertise, and instead concentrate more energy on what it does well in order to differentiate itself from competitors. By outsourcing non-core activities, the business may also be able to reduce operating costs by reaping the benefits of a supplier's lower cost structure, which may result from economies of scale or other advantages associated with specialisation in the outsourced activity. Over 85 per cent of companies realise that outsourcing critical support services can enhance their competitive edge through access to a wealth of intellectual capital, without the need to invest in infrastructure. The bottom-line is that the company can concentrate on core operations and let a third party devote time and resources to providing non-core functions.

A recent annual report of the World Trade Organisation (1998) details, for example, the production of a particular "American" car: Thirty per-

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cent of the car's value goes to Korea for assembly, 17.5 per cent to Japan for components and advanced technology, 7.5 per cent to Germany for design, 4 per cent to Taiwan and Singapore for minor parts, 2.5 per cent to the United Kingdom for advertising and marketing services, and 1.5 per cent to Ireland and Barbados for data processing. This means that only 37 per cent of the production value is generated in the United States. The process of BPO creates an operating environment that is substantially more conducive to change. It provides a balance of improved product quality and service delivery through access to best practices, technology and professionals. BPO acts as a catalyst for change to help stimulate company growth by achieving unique competitive capabilities.

Outsourcing creates tremendous value and gives companies the ability to be more productive and create significant business impact. Companies gain competitive advantage by exploiting an outsourcing service provider's advantages such as economies of scale, best-in-class process execution, better and cheaper labour, and capital at more competitive rates in order to customise offerings more effectively and efficiently. In doing so, they generate tremendous value for customers and wealth for shareholders. Outsourcing manifests itself in every aspect of business today.

Human Resource Outsourcing : The Issue

We live in an age of outsourcing. Firms seem to be subcontracting an ever-expanding set of activities, ranging from product design to assembly, from research

and development to marketing, distribution, and after-sales service. Some firms have gone so far as to become "virtual" manufacturers, owning designs for many products but making almost nothing themselves. Nike was one of the first to embody the concept of the "virtual" firm by concentrating on design and sourcing every other key capability from outside. *It was a manufacturer that manufactured nothing, but who made sure that "its" manufacturing process were the best.* Outsourcing offers the potential advantages of specialisation. When a firm finds a specialist who can be more effective in providing a service or component that was previously handled in-house, then both the firm and its supplier can focus on what they do best, and thus more rapidly improve their performance. Much attention has been paid to the growing use of temporary workers provided by the "staffing" industry; but alongside it, much less noticed has been the growing human resource business process outsourcing industry (HR-BPO) – which takes over whole HR activities.

Starting with humble payroll processors, HR-BPO providers now offer to take over virtually any HR activity or even the entire function. Experts today suggest that in a few years, up to 90 per cent of the HR function will be fully automated – bringing huge savings for both the firm that is outsourcing and the firm providing the outsourced services. Supporters say that offloading the things that are not core to any business is all part of the process of a common sense of organisational streamlining, leaving one to concentrate on what it does best. Detractors say that it is a

Figure: 1

Examples of Some Human Resource Outsourcing Deals

Date	Partners	Terms of the Deal
October 2000	Exult, Bank of America	Companies are still negotiating a \$1 billion, 10-year deal. Bank of America will acquire 5 million shares of Exult stock and an option to purchase another 5 million shares. About 800 to 900 of the 1,000 people working in the bank's human resources department will have jobs at Exult.
April 2000	Nortel Networks, PricewaterhouseCoopers	PricewaterhouseCoopers manages payroll, human resources, accounts payable, employee training and other operations in a five-year deal for an undisclosed amount. About 1,000 Nortel Networks' employees were transferred to PricewaterhouseCoopers' BPO service centres.
November 1999	General Motors, Arthur Andersen	Arthur Andersen was awarded a \$250 million deal to manage administrative accounting duties and help GM upgrade its legacy payroll systems to PeopleSoft Human Resources. Four hundred GM employees were given the option of working at an Arthur Andersen service centre.
November 1999	BP Amoco, PriceWaterhouseCoopers	BP and PricewaterhouseCoopers signed a \$1.1 billion, 10-year deal to outsource accounting and SAP financials; the consulting firm also acquired BP's application systems group. About 1,200 BP employees joined PricewaterhouseCoopers.

Source: Adler, 2002

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little like cutting off pieces of one's own body. They point to the IT disaster in the mid and late 90s, which proved to be a costly move for many multinationals; as IT costs fell, technology improved and they were left with long-term, non-negotiable contracts with outsourcers.

Today's corporate business world is a network of alliances, partners, distributors, suppliers and customers. A company's intellectual capital and performance capability is the sum of this network. As human resource outsourcing began to include more functions, leading service providers moved to the next level, called 'process integration', by linking more and more of the many discreet human resource sub-processes in ways that provide better control and cost effectiveness. Current human resource offerings by outsourcing companies are becoming standardized and increasingly effective, and are characterised by:

- A transparent process that allows both human resource system managers and employee-users facile access to required information, usually e-enabled.
- Processes that are linked across the human resource programme spectrum through creating the ability to use an 'event-based' approach where all relevant human resource responses are provided to the employee in a comprehensive and non-friendly manner.
- An integrated method of service delivery for human resource programmes so that employees will see all human resource-related responses to a work/life event.
- A 'single platform' concept of integrated technologies, resulting in end-to-end administration and processing of data from a variety of sources.

Why Human Resource Outsourcing ?

It is perceived, from the literatures on HR outsourcing, that companies use HR outsourcing for both operational and strategic reasons that can enhance the HR value chain as well as support the development of human resources as a business partner and strategic contributor to the organisation's goal. The literatures also suggest the five competitive forces that are driving more companies to outsource some or all of their HR activities. These forces are downsizing, rapid growth (or decline), globalisation, increased competition, and restructuring. Over the past decades, these forces have significantly altered the strategy and structure of many firms. During this time, firms have attempted to refocus their businesses, lower their costs while increasing services, and improve capabilities to respond to future business challenges. By refocusing the

HR function, executives hope to achieve a closer alignment of HR practices with business strategy. HR managers, in turn, acknowledge collaborating with line managers to deliver more value-added services at a lower cost and to re-examine if, in fact, some HR activities are needed, and if so, who can be able to deliver the best.

Increased competition, both domestic and international, emphasises the value-added role of products and services. Firms that subscribe to the Balanced Scorecard approach of measuring the effectiveness not only look at financial measures of the firms' success but also customer and employee measure of service quality. If HR departments are to be responsive to both internal and external customers, they must look for ways to improve the quality and responsiveness of their services. Outsourcing offers HR an option to satisfy competing demands for improved services and responsiveness at a reasonable cost.

Benefits of Human Resource Outsourcing

The essential logic behind human resource outsourcing lies in the fact that the company can focus on its "core business", delegating specific areas to external experts and thus freeing up resources that can be dedicated to core aspects of its business.

Accessing top-level capabilities

The major service suppliers are making important investments in technology, methodologies and people. They are gaining experience working with many clients that are confronting common problems. This combination of specialisation and experience provides the clients with a competitive advantage and

helps them to avoid the cost of continually keeping abreast of developments in technology and training. There are also better professional opportunities for professionals that join up with an outsourcing supplier.

Freeing up resources for other purposes

Every organisation faces limited resources. HR outsourcing allows an organisation to redirect its resources, particularly people, from lateral activities to those with superior 'added value'. People whose energy is focused internally can shift to a more external focus on the client.

Commitment to the technological evolution

In order to be successful, an outsourcing agreement should be based on a relationship of deep trust, between the service supplier and one's own staff. This closeness, linked to contractual conditions that demand technological updating, ensures the ongoing satisfactory development of all technological infrastructure.

Improving the company's focus

Outsourcing allows the company to focus on its core business, in delegating operational tasks to a third party. HR outsourcing implies there is an exclusive contact point for operational questions regarding the starting point, whereby numerous supervisors are involved who are dedicated to managing the relationship with suppliers and internal staff, planning, etc. These supervisors can now concentrate on increasing the business.

Reducing operating costs

Companies that try to do everything themselves often incur substantial costs for research, development, marketing and implementation, which they end up passing on to their clients. The external supplier's smaller cost structure resulting

from economies of scale, along with the efficiency derived from specialisation, reduce the company's operational costs and thus provide a clear competitive advantage.

Accessing resources not available internally

Companies resort to outsourcing because they do not have the resources they need internally. HR outsourcing provides a viable alternative to build up the capacities they need from scratch.

Freeing up financial resources

HR outsourcing can reduce the need to invest capital funds in non-core business operations. Instead of acquiring the resources by using capital funds, these can be contracted whereby they are paid per service. HR outsourcing can also improve certain financial ratios for the company in eliminating the need to demonstrate a return on capital investments in non-strategic areas.

Risk reduction

The investments made by any business entity also reflect the risks due to the constantly changing markets, competition, standards, financial circumstances or its own technology. Staying up to date is very risky in the face of all these changes, particularly those that necessitate a sudden transition requiring substantial investments. The outsourcing suppliers make investments on behalf of various clients simultaneously. In sharing the investment, the risk is apportioned, thus significantly reducing the risk to each of the companies involved.

Improving management of operations that are complex or difficult to control

HR outsourcing does not imply the withdrawal of final responsibility for the processes or operations subject to the service agreement. When there are confrontations with

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an operation that proves difficult to manage or that is out of control, the organisation should carefully analyse what is causing the problem.

The Costs and Disadvantages of HR Outsourcing

For every study of HR outsourcing showing its advantages, there are studies pointing to its failure or actually increasing costs. Studies have led to some instances in the way outsourcing is conducted. Some outsourcing consultants now promote 'co-sourcing', where the client company keeps responsibility for the management of the outsourced activity, but the outside provider supplies consultancy services and experienced personnel on a 'needs' or 'projects' basis. While traditional outsourcing may be suitable for low risk peripheral activities like cleaning or car fleet management, companies want to retain more with higher risk strategic functions. However, the problems and disadvantages associated with HR outsourcing include:

- ❖ Co-ordination costs relate to the increased costs and difficulties of coordinating production and exchange with several external service providers rather than in-house control;
- ❖ Quality and service issues arise when there is an incentive for the contractor providing the service to renege on quality, especially where quality is difficult to verify;
- ❖ Costs of transacting refer to search and selection costs to find out an appropriate contractor. Contractors can often extract post-contractual revenue in the event of unforeseen circumstances due to bargaining advantages. The

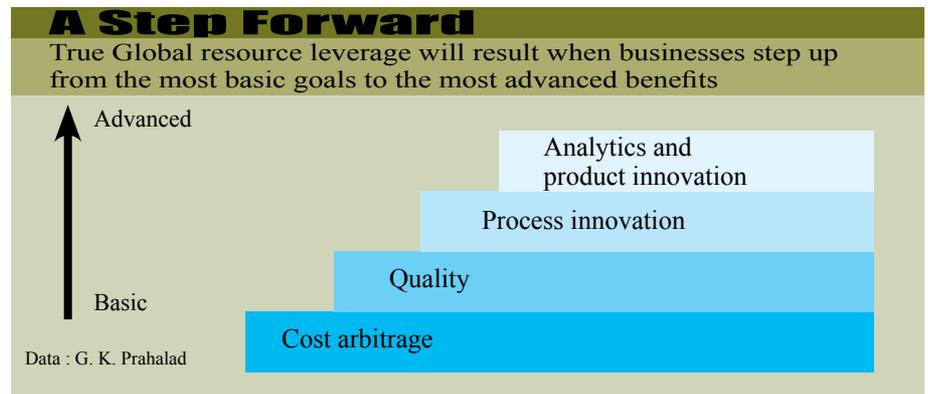
whole premise of transactions cost theory is that internal transactions are less costly than external ones, which is why firms arise in the first place, to internalise and coordinate market transactions;

- ❖ Costs of monitoring are an important issue as, with all contractual relationships, the client firm may need to intensify the monitoring of the contracting firm's performance in order to minimise the latter's incentive to shirk or cut-back on quality and service;

of HR functions. Changes in the broader business environment are altering how firms are managing their human resources and affecting nearly every aspect of HRM.

Labour markets: Over the past decade, conflicting pressures in the labour market have brought the role of HR to the fore. Intensifying competitive pressure has also forced firms to be more aggressive in cutting costs and headcount. HR functions have learned to become "world class" in managing downsizing. At the same time they become more innovative in attracting and retain-

Figure: 2



Source: Prahalad and Hamel, 1990

- ❖ Loss of Control is another worry factor that may hit a client firm over key areas, including the employment relationship and the management of employees.

A Changing Environment for HRM and its Functionality

In most companies, the human resource function has little strategic importance. The HR staffs spend 70%-80% of its time in administration and clerical activities – activities that are not seen as very critical, and certainly not as core. Nevertheless, there are signs of a shift in the role

ing scarce talents.

Costs pressures: As the domestic and global competitive pressures intensify, firms pay increasing attention to their costs --- operating, overheads and capital costs. In many firms, HR departments are regarded as a target for efficiency improvement efforts. A growing number of firms are discovering that HR-BPO providers are more efficient in providing specialised services to stay ahead in the present competitive environment.

Legal and regulatory environment: The legal environment of HR has grown increasingly complex. HR man-

agers have been struggling to stay abreast of these regulatory changes. An increasingly complex regulatory environment drives demand for outsourced employee services. Many HR specialists feel that an outsourcing vendor can perform the more heavily regulated functions better, cheaper and faster than in-house staff can.

Mergers and acquisitions: Recent years also saw increasingly frequent mergers and acquisitions. These created huge challenges for the HR function. Globalisation represents a comparable need for employees in, and moving between, different countries. Companies confronted with the challenge of merging heterogeneous HR technology and infrastructures into one cohesive programme often find outsourcing appealing.

Technology: Of the various forces affecting HR, the development of technology

is perhaps the most important. On the “demand” side, many employees today are accustomed to working with PCs on their desks that allow self-service information access. On the “supply” side, the Internet and new generations of software systems have revolutionized human resource information systems (HRISs) and significantly improved HR productivity and cost-effectiveness. GE estimated annual savings of \$ 2 million when 25,000 calls per month were diverted from HR staff to their HR portal. Microsoft saved about \$ 1 million in labour costs using portals. These various environmental changes have led to different HR activities. Under conflicting pressures, companies have abandoned promises of career employment and shifted to more market-oriented employment practices. HR functions are looking for ways to

provide more value at lower cost. The key, many argue, is to focus on activities that are “truly strategic” and outsource the rest. Study shows that there are significant changes in the activities performed by HR professionals during the last decade. Reflecting both technology-enabled internal efficiency gains and outsourcing, the amount of time spent in maintaining employee records and ensuring compliance with internal policies and government regulations has decreased, while there has been a significant increase in the amount of time spent designing HR systems and practices. The trend (Fig: 3) in HR during the 1990s seems to have been a move towards increased involvement with the organisation’s management team – developing human resource strategy, designing organisational structure, and implementing strategic changes.

Studies show that there are significant changes in the activities performed by HR professionals during the last decade.

Figure: 3

Recent Trends in Human Resource Management Practices
TRENDS IN THE BUSINESS ENVIRONMENT

		Labour	Technology	Globalisation
EFFECTS ON HRM ACTIVITIES	Compensation	Increased complexity of pay systems (options, individual and group incentives, etc.)	HRISs have increased control of benefits, streamlined compliance, and enabled employee self-service.	HR must coordinate activities across countries to insure consistency with present company as well as local values and practices. Compensation of expatriates require special attention.
	Organisation and People Development	Employees have higher expectations due to mobility and tight labour market	Employees self-service and distance Education. online job search.	Increased diversity in local workforce presents challenge.
	Workforce Planning	Scarcity of talent encourages succession planning	Online job posting, resume matching, candidate tracking increase efficiency.	HR must carefully select, train and evaluate experiences.
	Workforce Services		Increasing demand by employee for more user-friendly service delivery	New opportunities for outsourcing as emerging economies participate in markets for IT enabled services
	Employee Data Management		Automated collection of regulatory compliance information	

Source : Adler, 2002

Operational rationales for HR outsourcing

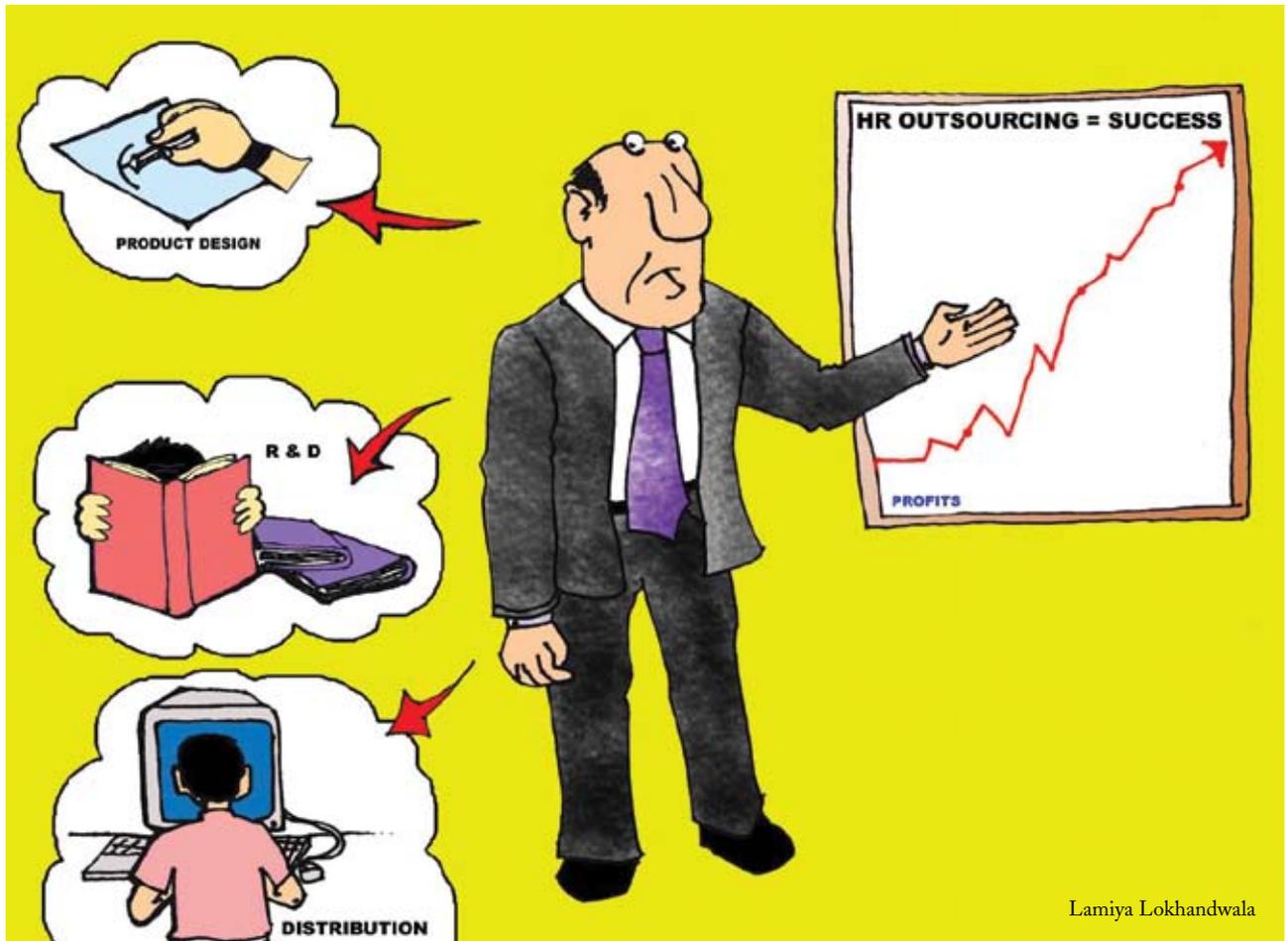
HR outsourcing is sometimes driven by the evolution of the HR function within the organisation. Small companies pursue outsourcing where the HR function is relatively undeveloped. Extensive outsourcing is used to quickly fill voids in critical HR companies by purchasing services from outside the organisation. In such circumstances, outsourcing has the critical advantage of providing HR capabilities while not adding to HR headcount.

Need for Specialised Expertise: As one highly respected senior HR executive stated: "You outsource when someone else can perform the activity better than you." Another said that companies should make outsourcing decisions by ask-

ing, "What is it we will never be experts at or shouldn't spend time doing?" These questions are to be regarded as the most frequently cited rationales for outsourcing HR activities. As companies require more specialised HR, their next best alternative is to hire external HR vendors to perform activities that were formerly performed in-house. In addition to expertise, outside vendors can also be more objective than internal staff members. For example, companies hire outsourcing firms to conduct training program evaluations. Furthermore, when the HR function lacks credibility with the company's senior management, evaluations or research performed by outside vendors provides needed credibility because of perceived expertise and objectivity.

HR Information Technology: Innovations in HR information technology are another rationale driving outsourcing practices. Many outside vendors are installing integrated or enterprise software with human resource information system (HRIS) components. These systems provide the capability for HR executives to make informed business decisions on both operational and strategic issues. HRIS implementation is one of the driving forces for restructuring jobs, processes, and entire departments, including the HR department.

Time Pressures: HR outsourcing enables HR executives to cope with time sensitive and competing demands. The training function provides another example in which time pressures often do not allow



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internal development of trainers or program design. Vendors can supply generic programs that can be customized and delivered quickly, such as diversity training.

Cost Savings: It is argued that expected cost savings was an initial rationale for outsourcing. Such cost reduction rationales are consistent with the strategic management view of competitive resource allocation. Hence, all activities, except for those related to strategic core competencies, should be outsourced if vendors can perform them more economically. It was observed in a survey that because of the magnitude of their internal HR operations, specialised vendors were unable to achieve greater economies of scale and cost savings. One interviewee observed that outsourcing produces no cost savings when only two or three vendors dominate a specialized market. As noted, cost savings are often an important rationale for outsourcing, but as another interviewee warned, "Don't let cost be the absolute driver!"

Vendor Efficiencies and Service: For some activities, the decision to outsource is straightforward. For example, large mutual fund or financial services companies can administer retirement plans competently and at very low cost. Decisions are similarly straightforward. For specialised vendors these activities are their core business and comprise their strategic focus. On the other hand, for other HR functions some executives hold a very different opinion about the level of service available through outsourcing. They claim that better service could not be obtained with most outsourced services. Moreover, these executives also argued that the pursuit of cost savings often resulted in the loss of service quality.

Firm's HR Capacity: HR activities are occasionally outsourced because of extraordinary circumstances, such as when the activity level is too overwhelming for in-house personnel to perform. In addition to extraordinary circumstances, outsourcing is used when companies are simply operating at full capacity and do not have additional staff to handle increased activity. Because such levels of business are expected to decline at some point in the future, companies may prefer to outsource some HR activities or part of their current load rather than hire more staff. The basis for this outsourcing approach is similar to the rationale for using overtime to handle peak workloads instead of hiring new permanent employees.

Reduction of Liability or Risk: In some instances risk reduction is a partial rationale for outsourcing an HR activity. Liability and risk reduction is critical for smaller companies that do not have the resources to employ staff specialists who are fully informed on all aspects of, say, the legal requirements of HR programs.

Strategic rationale for competitive advantage

The most significant shift in attitudes to outsourcing is the fact that most companies no longer see it merely as a cost-cutting exercise, rather than a strategic tool. While cost-cutting is still the prime motivator for outsourcing, six other highly strategic reasons are: (i) to improve the overall business performance; (ii) to sharpen business focus; (iii) for accessing external skills; (iv) for improving quality and efficiency of outsourced process; (v) to achieve competitive advantage; and (vi) to create new revenue sources.

With efficient HR outsourcing, corporate entities can move away from rigid self-sufficient organisation structures to an open entity with the flexibility to respond rapidly to new markets and new technologies and to take pleasure in competitive advantage through clear strategic focus, decentralised structure and reduction of bureaucracy and cultural change.

Strategic Focus: HR departments often lack a clear strategic focus because they are preoccupied with operational activities. In essence, it is believed that HR departments should outsource many of their non-strategic activities. Outsourcing permits HR departments to move away from these routine administrative elements toward a more strategic role. Although outsourcing can be used to sharpen the strategic focus of HR, it is but one component of the strategic transformation process. One Senior Vice President for HR provided perspective by advising that, "It is difficult to change your role to strategic by dumping activities via outsourcing. It is easier if you are already in the strategic role." Numerous executives noted how their goals were to shift more of the HR responsibilities to the line managers and to transform the HR staff to an internal consultant role. By considering any aspect of the "old" HR function as a candidate for outsourcing, the executives were explicitly redefining the roles of their HR staffs. As another HR executive stated, HR departments are more likely to "stick to their knitting" when they perform only those activities related to the implementation of their companies' strategies rather than less essential functions.

Decentralised Structure: HR outsourcing is associated with decentralised or matrix

structures and extensive internal networking. The company, which relies heavily on internal networking and departmental barriers, has a very informal culture with a heavy emphasis on flexibility. The combination of a decentralised structure, lean staffing, and an informal, fast-paced culture appears to be consistent with its outsourcing arrangements. It is opined that, except for benefits and compensation outsourcing, one does not sign contracts with the HR outsourcing vendors but instead, relies on trust in established relationships. In addition to heavy reliance on outsourcing, the company uses vendors that operate internationally to supply the same service to its operations throughout the world.

Decentralisation of the HR function through redeployment of some of its assets to operating units is another strategic rationale for outsourcing. By outsourcing specialised services, the HR function can redeploy HR expertise from the corporate level to provide HR services at the operational level.

Reduction of Bureaucracy and Culture Change: HR departments are often criticised for their bureaucratic processes and the constraints they impose on operational flexibility. Thus, an important rationale for outsourcing is to develop a less bureaucratic HR function. As it is stated, successful outsourcing vendors emphasise a customer-service orientation that, in turn, permits the HR executive to address, with reduced HR headcount, only the most extreme cases that need his or her attention. In addition, outsourcing replaces bureaucracy with market forces. As one senior vice president stated, outsourcing allows us to "harness the power of the

bidding process." Similarly, because of their size and focus, outsourcing firms are often more nimble and agile. As a result, they can often deliver services more quickly than in-house HR staff.

Conclusion

Several firms in the HR outsourcing industry are now able to provide service offerings that manage an increasingly larger number of processes and sub-processes within global corporations with increasing speed, accuracy, and cost reduction. However, new vistas of need are emerging. Corporations are looking beyond the traditional process management service offerings and are seeking answers to larger, strategic-level questions — in particular, how to manage human capital in light of the need for flexibility, accuracy, and predictability. With the ever-increasing speed of business activity and market changes throughout the world, the ability of a company to adjust continually its staff functions in the light of business exigencies is a primary focus, and, not incidentally, is redefining the human resources function. Thus, larger companies are looking for HR outsourcing offerings that combine proven expertise in process and systems with the ability to serve as service integrators, linking process management with strategic human capital. In doing so, global corporations are discovering both the desire and the need to outsource their entire HR function. The companies they turn to in order to do so will be those that are creating the service-integrating strategies of the future, and who also understand the role of human resources as it is changing and taking a new place at the centre of corporate management. □

In doing so, global corporations are discovering both the desire and the need to outsource their entire HR function.