

HR outsourcing... here to stay?

While some believe HR outsourcing is a practical necessity, others maintain that it's still a far-fetched idea!

■ BY SANNITA CHAKRABORTY SAHA

Makes for heightened efficiency

Whether organizations like it or not, HR outsourcing is here to stay. Increasingly business leaders expect HR leaders to focus on core activities and evolve from being an operational partner to a thought leader-cum-strategic partner. However, the HR organization still needs to ensure that operations are executed in an efficient and timely manner. There is always the danger of the outsourced partner not performing these functions in a satisfactory manner, and this can become a source of demotivation. Employees will not be able to perform or deliver when personnel issues are not addressed.

HR outsourcing has paved the way for making HR processes and systems more efficient, enabling organizations to build for scale. Outsourcing works very well in areas such as recruitment processes, payroll & benefits administration, onboarding, etc. Since the outsourced organization is focused on these activities, they have the bandwidth and time to build on their expertise, which can greatly help the partner organization. However, outsourcing can prove to be a bane if organizations jump the bandwagon to be competitive without understanding whether it is right for them or not. Cost is again a big implication. Organizations have to be at the right inflection point if they have to leverage the benefits of outsourcing.

The outsourced service provider is an extension of the organization and its employees should feel the same level of loyalty to the partner organization as regular employees, for the partnership to really work.

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Maclean Raphael has been with 3M India since April 2009. He has close to 21 years of experience in the area of Human Resources and Industrial Relations. In this role, he was responsible for conceptualizing and driving strategy in all areas of Human Capital Planning, Talent Sourcing and Organizational Development.



May become a threat if not evaluated well

HR processes have grown and matured over a period of time. As time passed, certain routine HR processes have been outsourced based on criteria such as how they relate to core processes, extent of complexity, business risk involved, etc.

People are key assets of the organization. Management and employees look at HR as the custodian of people processes - those influencing their deliverables, benefits and policies. With this criticality, should one go for a across outsourcing of all HR processes as a block is a strategic question. Those relating to people functions, affecting the business performance and long-term strategy may have to be handled differently. Clear responsibility to deliver in future, linkage to core competence of the business, meeting of strategic objectives would decide who will operate and manage the processes.

With this premise, one needs to look at key HR processes which the organization wants to manage directly. Key HR processes such as leadership development, driving of culture agenda in the organization, HR cost management, brand building of employer have to be seen differently. Without being prescriptive, outsourcing such critical parts of HR, could affect not only the HR function but also the long-term sustainability of the business. So any outsourcing decision has to pass the tests of criteria as mentioned. Any outsourcing of HR processes without understanding the importance and implications may become a threat to HR and business.

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Ravi Kulkarni has 16 years of experience in Industrial Engineering, Manpower Planning and Human Resources. He has successfully set up HR processes for three green field projects. In his current role, Ravi Kulkarni is Heading Human Resources at Tata Motors Ltd Dharwad plant since Dec'11.

