

Literature review about training outsourcing essay sample



**ASSIGN
BUSTER**

Training Outsourcing has become a very popular amongst the training cycles during the last decade. A recent study appearing in Fortune Magazine (May, 2004) showed that outsourcing among U. S. companies is up 50% from four years ago and growing 15%-20% annually. Top functions for outsourcing include payroll, HR management, customer service, call centres, technology, and now corporate training. In a 2003 survey conducted by research firm IDC training emerged as the number one candidate for outsourcing. 1

Outsourcing is defined as the assignment of a business process to an external provider. Thus outsourcing providers have been called Business Process Outsourcing (BPO). However outsourcing should be differentiated from outtasking where the latter means assignment of certain tasks only to outside providers.

It is worth at this point analysing the advantages and disadvantages of outsourcing. Outsourcing providers and academic writers seem to agree on the fact that the major advantages of outsourcing are short term, i. e. cost cutting and long term i. e. freeing up time for strategic decisions.

Nearly 48% of outsourcing decisions are made to reduce operational costs. The reason why outsourcing providers offer services at a reduced cost is that the outsourcing firm performs the same function on a much larger scale and therefore has more efficiencies and experience in a particular function. Furthermore outsourcing firms use lower cost labour, they can afford to purchase software technology and leverage it across a larger pool of workers, and they have lower costs because they are further down the “experience curve.” Therefore, the purchasing of services is at a low cost.

However when considering utilising outsourcing for training the cost before and after using the services should be considered and compared before reaching a decision.

The uppermost advantage of outsourcing though is enabling the organisation to devote time to strategic work and its core business activities achieving by this way competitive advantage. This view is embraced by academics and outsourcing vendors (

In addition to cost cutting and focus on strategic work outsourcing can also provide comprehensive services, achieve continuous improvement by keeping up with the latest developments and access to expertise.

Elements of the learning and development department that are usually outsourced are training delivery using traditional methods or e-learning and training administration. The advantage of e-learning technology is that it scales to larger audiences at a fixed cost, decreasing the cost of delivery and improving core product adoption rates.

When considering outsourcing training, it is important to look at the business case first. It is worth examining whether outsourcing suits the business requirements by getting clarification across the board. It is estimated that 70%- 80% of the budget goes to administration, which is low value added. Collecting data about the cost of training before outsourcing will be useful to compare against the cost after outsourcing. The next step is the screening process where a number of questions should be made.

The aim here is to examine the previous experience of the training provider, the approach to learning used location, additional services offered and customer support. Once the screening process is completed it is recommended to align the values of the provider with the company's values. A decision must be made on the basis that this is going to be a long-term commitment for at least five years. The correct model should be determined here by defining lines of responsibility as well as making sure that all parties are happy with the detailed arrangements. There should also be a contingency plan should the contract come to an end earlier for any reason. Lastly it is important to take the human factor into account when outsourcing and work out the details of what the new roles of staff would be with the outsourcing provider.

De Rose and McLaughlin(1995) are emphasising that a strong partnership should be formed with the outsourcing provider. In order to manage the relationship service level agreements are also recommended. Corning managed to have a successful partnership by enhancing communication with the outsourcing provider. They included each other in meetings and shared professional development opportunities, holiday events, and birthday celebrations. In order to maintain high -quality performance the partnership was reviewed regularly. 3

One successful example of outsourcing not only the training function but the whole HR is BP. BP struck a deal with exult in 1999 which was in charge of most of BP's HR processes leaving only strategic decisions to BP. The key ingredients of the success are maintenance of control by BP and a relationship based on trust between BP and Exult. 4

<https://assignbuster.com/literature-review-about-training-outsourcing-essay-sample/>

Apart from private organisations outsourcing has been adopted by many public sector organisations. Countries like the United Kingdom and Australia already have gained considerable experience and reaped many benefits. Outsourcing has its special advantages for public sector organisations can bring in advantages. Specialised software that could not be developed internally due to high cost provides employees with a more convenient service and frees up time for focusing on the learning and development strategy. It can also provide with data that was unavailable before which informs HR decisions. However, it is suggested that they should not blindly follow the paradigm of private sector when choosing to outsource some of their services. Many elements must be taken into consideration, including political climate, unions, local economies, employment situation, and the investments required and available.

In conclusion training outsourcing if it is managed well can bring many benefits to the organisation including cost cutting, access to expertise and enabling focus on strategic work. In this report the author examines how outsourcing is applied on Children, Families Court Advisory, and Support Service and give some recommendations for more successful utilisation.

Methodology

This study is using qualitative data collected through interviews with the Learning and Development Manager of CAFCASS and personal work experience of the author within the organisation.

The objectives are formed as follows:

> Exploration of the business drivers for outsourcing. What are the particular characteristics of CAFCASS that led to training outsourcing.

> Analysis of the services used for outsourcing

> Exploration of the management of the relationship with the outsourcing provider

> Proposal of new ways of outsourcing if it is deemed necessary

Results

Introduction to CAFCASS

Mention that it is going through change management process at its early stages.

Training and Development can have a huge impact during through this process.

Training and Development manager involved during the consultation process.

Answer to questions from the introduction

CAFCASS is a non-departmental public body, which operates in England and Wales and is comprised by social workers that work in the interests of children that are involved in legal proceedings. The organisation was formed in 2001 encompassing probation service and children's guardian's. At the moment after the arrival of a new CEO in September 2004 the whole

organisation is going through a major re-organisation process. The driving force is to empower the regions and decentralise services. Therefore the business support services found at the headquarters

Apart from the social workers that form the 70% of the organisation there is also the business support staff, which forms the 30%. The differentiation between practitioners (social workers) and business support staff is reflected on the training and development which is managed and delivered by two units: The Organisational and Development unit which comes under the Human Resources Department and The Professional Development unit. The Organisational Development unit's aim is to oversee the training and development of the organisation however it focuses on the training provided to professional staff. However the Professional Development unit focuses on training for practitioners.

Although there is a common access database used by both units there does not seem to be sharing of information and common strategy and the two units operate independently without having full awareness of each other's breadth of activities. Furthermore, due to the geographical spread of the organisation it is difficult to manage the whole training administration centrally.

Consequently, the regions have become independent in choosing and booking courses. The training cycle cannot be completed as there is no training needs analysis carried out through performance appraisals for example and no evaluation of training. Presently practitioners are receiving performance appraisals while business support staff have just commenced on the process.

Outsourcing at CAF/CASS is utilised through making partnerships with external training providers to deliver training. The need for access to experts was realised after hiring four internal trainers who were unable to deliver training especially at the practitioners at the level required. It should be noted that most of the practitioners have extended experience. Furthermore the diverse needs for training of staff could not be covered by those four trainers only. It has been decided therefore to utilise external training providers. The Learning and Development Department has put a tender to a number of training providers and has ended with a preferred supplier list with which special rates have been agreed for different types of courses. The Professional Development Unit has its own preferred supplier list. Access to expertise then was the main driver for outsourcing.

Refer to literature review

Discussion

Recommendations

Outsourcing can be utilised more smartly to free up time for strategic decisions. Work closely with managers to train them on appraisals and training needs analysis. Create a learning organisation.

Organisation going through major restructuring. Training and Development Manager primarily involved. Opportunity to devote more time if outsourcing works well.

Administration use of a more sophisticated information database that enables staff to book courses online, fill in training needs questionnaire and generally be responsible for their own learning.

Conclusion

1 Outsourced Learning makes its Mark Development and Learning Organisations. Vol. 18, No 4, 2004, pp. 28-31

2 Outsourcing Training is 'in' Will It Work for You? Managing Training and Development Jan 04 Vol 4 Issue 1, p. 4

3 Garry De Rose & Janet McLaughlin Outsourcing Through Partnerships Training & Development , October 1995

4 BP's HR Outsourcing success: can it work for you? Human Resource Management Vol 12 No 3 2004, pp. 5-7