

Outsourcing

Business



Running Head: Outsourcing Human Resource Outsourcing Human Resource
Inserts His/her Introduction Globalization has forced businesses to devote all their energies on core competence. Specialization is the mantra of today's corporate world and companies are focusing on outsourcing their non-core operations to specialist people. The outsourcing of human resource is another trend that is increasing. HR firms have increased in number in recent years showing that business strategy is changing. In this essay costs and benefits associated to outsourcing of HR will be discussed and best practices of some companies will also be discussed.

Costs and Benefits of HR Outsourcing

The major benefit of HR outsourcing is that companies can focus on their most important activity. Human resource department is usually not the basic area of operations of a company therefore costs associated to this department are usually high. All companies are not able to operate their HR departments efficiently. Outsourcing gives the HR department in specialist hands.

Employment associated risk like employee law suits are reduced as a result of HR outsourcing (Benefits of Outsourcing, 2011). Lawsuits can cause financial problems for the firm and can also tarnish the reputation of the company. HR outsourcing to a specialist firm can also enhance the performance of hired employees. HR firms provide training for employees and this is the reason of increased performance.

There are also problems associated with HR outsourcing. By outsourcing an important division of the company like human resource a divide between firm's objectives and employees may happen. Employees should be hired keeping in mind the overall goals of the company and organizational culture.

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HR outsourcing may also be a problem because it may involve risking inside information to outside people. Company will have to inform the HR firm about its future plan in order to tell them what kind of employees they want to hire. This will involve risking inside information to other companies.

Companies Outsourcing HR

United Parcel Services is a well known example of outsourcing HR. The company has outsourced its human resources to eight different Human Resource Outsourcing companies (Alderton, 2005). The company is a great example as it is using many HR companies at once. UPS has also started communication portals between HR companies and employees so that their concerns are duly noted.

PepsiCo is another large name that has outsourced its HR department (HRO Today 2009). The company thinks that HR outsourcing blends well with its operations. PepsiCo has outsourced benefit administration and contact center support to a HRO firm. This shows that a firm with global operations can also outsource its HR division.

Motorola is another company that has used HR outsourcing. This shows that a technology firm can also use HR outsourcing. Through outsourcing Motorola is able to focus on its core business. Motorola actually used its own HR department to start a joint venture with another company to provide outsourcing solutions to other firms.

Conclusion

Many companies are using HR outsourcing to reduce their costs and increase their focus on their main business operation. Human resource is a separate department in many countries therefore companies can afford to outsource <https://assignbuster.com/outsourcing/>

it. Large companies like PepsiCo, UPS and Motorola have also outsourced their HR division. This shows the viability of the concept.

References

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