

HR OUTSOURCING AND ITS IMPACT ON BUSINESS HOUSES

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ABSTRACT: Business process outsourcing (BPO) is a subset of outsourcing that involves contracting of the operations and responsibilities of a specific business process to a third party service provider. The present article throws light on outsourcing of human resource and its impact on the business houses. The parent firms are in a very beneficial position as they are able to save a lot of time, energy and resources. They are able to devote this time in a much more productive issue. Even the third party service provider takes up the task seriously as they want to succeed in this cut throat competitive world. Thus both the parties are in a win-win situation under this business model.

INTRODUCTION

Business process outsourcing (BPO) is a subset of outsourcing that involves the contracting of the operations and responsibilities of a specific business process to a third-party service provider. Originally, this was associated with manufacturing firms, such as Coca Cola that outsourced large segments of its supply chain BPO is typically categorized into back office outsourcing, which includes internal business functions such as human resources or finance and accounting, and front office outsourcing, which includes customer-related services such as contact centre services. BPO that is contracted outside a company's country is called offshore outsourcing. BPO that is contracted to a company's neighboring (or nearby) country is called nearshore outsourcing.

business models such as Remote In-sourcing of similar software development and outsourcing model. This can help a company to become more flexible by transforming fixed into variable costs. A variable cost structure helps a company responding to changes in required capacity and does not require a company to invest in assets, thereby making the company more flexible. A company may be able to grow at a faster pace as it will be less constrained by large capital expenditures for people or equipment that may take years to amortize, may become outdated or turn out to be a poor match for the company over time.

ADVANTAGES OF BPO

Flexibility: The main advantage of a BPO is the way in which it helps increase a company's flexibility. However, several sources have different ways in which they perceive organizational flexibility. In early 2000s BPO was all about cost efficiency, which allowed a certain level of flexibility at the time. Due to technological advances and changes in the industry (specifically the move to more service-based rather than product-based contracts), companies that choose to outsource their back-office increasingly look for time flexibility and direct quality control.

Focus: Another way in which BPO contributes to a company's flexibility is that a company is able to focus on its core competencies, without being hindered by the demands of bureaucratic restraints. Key employees are released from performing non-core or administrative processes and can invest more time and energy in building the firm's core businesses. The key lies in knowing which of the main value drivers to focus on – customer intimacy, product leadership, or operational excellence. Focusing more on one of these drivers may help a company create a competitive edge.

Speed: A third way in which BPO increases organizational flexibility is by increasing the speed of business processes. Supply chain management with the effective use of supply chain partners and business process outsourcing increases the speed of several business processes, such as the throughput in the case of a manufacturing company.

Stage: Finally, flexibility is seen as a stage in the organizational life cycle. A company can maintain growth goals while avoiding standard business bottlenecks. BPO therefore allows firms to retain their entrepreneurial speed and agility, which they would otherwise sacrifice in order to become efficient as they expanded. It avoids a premature internal transition from its informal entrepreneurial phase to a more bureaucratic mode of operation.

Risk: Risk is the major drawback with BPO. For example, American or European company data is more difficult to be accessed or controlled in the Indian Sub-Continent. From a perspective, a changing attitude in employees, underestimating costs and the major risk of losing independence, outsourcing leads to a relationship between an organization and its contractor. Risks of outsourcing must therefore be managed, to achieve any benefits. To manage outsourcing in a structured way, maximising positive and minimising risks and avoiding any threats, a Business continuity management (BCM) model is set up. BCM consists of a set of steps, to successfully manage and control the business processes that are, or can be outsourced.

Technological pressures: Industry analysts have identified Robotic Process Automation (RPA) software as a potential threat to the industry and as to the likely long term impact. In the short term, however, there will be little impact as existing contracts run their course: it is only when we expect demand for cost efficiency and innovation to result in transitional changes at the point of contract renewals. With the average length of contract being 5 years or more - and many contracts being longer - this hypothesis will take some time to play out.

Industry size: India has revenues of US\$10.9 billion from offshore BPO and \$30 billion from IT and total BPO (expected in FY 2008). India thus has a 6% share of the total BPO Industry, but a commanding 63% share of the offshore component. This 63% is a drop from the 70% offshore share that India enjoyed last year: despite the industry growing 38% in India last year, other locations like Philippines, and South Africa have emerged to take a share of the market. By the year 2016, the BPO Industry in the Philippines will employ 1.2 million workers with \$25 billion in revenues. The South African call centre industry has grown by approximately 8% per year since 2003 and it currently employs about 54,000 people, contributing 0.92% to South Africa's gross domestic product (GDP). China is also trying to grow from a very small base in this industry. However, while the BPO industry is expected to continue to grow in India, its market share of the offshore piece is expected to decline. Important centres in India are Bangalore, Gurgaon, Chennai, Kolkata, Mumbai, Pune, and New Delhi. The Association of Southeast Asian Nations (ASEAN) countries, along with the People's Republic of China and India - known collectively as ACI countries - are likely to see services like BPO figure strongly in their economies over the medium term. Services trade among ACI countries has been growing at a very rapid rate over recent years, despite starting from a relatively low baseline.

ing, organizing, directing and controlling human resources to the end that individual, organizational and societal objectives are accomplished.

SCOPE OF HUMAN RESOURCE

Personnel aspect: This aspect is concerned with the manpower planning, recruitment, selection, placement, induction, transfer, promotion, demotion, job rotation, training and development, layoff and retrenchment, wage and salary administration, incentives and productivity, etc.

Welfare aspect: This aspect is concerned with working conditions and facilities such as canteen, creches, rest rooms, lunch rooms, housing, transport, education, medical help, health and safety, washing facilities, recreation and cultural activities.

Industrial relations aspect: This aspect is concerned with the company's relations with the employees. It includes union management relations, joint consultation, negotiating, collective bargaining, grievance handling, disciplinary action, settlement of industrial disputes, etc.

GROWTH RATE OF OUTSOURCING FIRMS IN INDIA

Any part of the business may be outsourced by the giants whatsoever they are. It is a time consuming affair for them. In the present article outsourcing of human resource and its impact is being discussed. Human resources of late have taken a wide shape diversifying into various branches inculcating varied skills and activities in it. All the activities classified under human resource activities cannot be outsourced. Only a few of the tasks like recruitment, selection, placement, induction, training and development can be outsourced. In the era of modernization, globalization and liberalization where we see the advent of many micro enterprises raising heads on one hand, then on the other hand we find the free entry and exit of giants. This process of liberalization and globalization has given scope for the ancillary services to grow up. One amongst those is the business process outsourcing (BPO). It is a buzzword in the modernization era where companies go global with many branches spread all over the world.

The giants survive in such a big manner only due to the existence of many small outsourcing firms which are parasites on big firms. Outsourcing as known, is the process of giving away a company's few major activities to some other small firm so as to accomplish the work qualitatively. The employees

these small works consumes unnecessary time. Thus, it is important to manage this set of women then the main features will be giving their work life and giving them a good mentor.

outsourced will not affect the firms operations. But it is important to run the business. Thus, the companies are taking decisions regarding their outsourced firm. If the output is not possess quality manpower than the output which comes is very low and the parent company's reputation is at stake. The importance of outsourcing any part of work of a giant firm is to follow the rules and regulations regarding streamlining BPO's activities. But stringent steps are yet to show face. Moreover the already newly implemented rules are not uniform for all the parts of the world. It has many objectionable elements in it. The business firm owners have their concern over the issue and have brought the thing under public notice, but results are yet to be out.

The present business scenario is very competitive and the available manpower is also huge but out of these selecting the best is the greatest challenge for the outsourced firms. Undoubtedly the giants have got a sigh of relief as they are able to outsource the task of hiring human resource. As the hiring is very cumbersome job. Hiring involves inviting applications for a particular post, selecting through various tests and interviews, recruitment, training, etc. All of these activities involve a lot of investment. The process is not worth if the manpower hired turns out to be a suitable one. So much time, energy, and resources were being invested to make a person ready for a particular position. But when it turns out to be a unpleasant gift for the parent firm by the outsourced firm. Then the repo of the outsourced firm is also at stake.

The outsourced firms work on some terms and conditions and all the terms stand void when they are not able to do the work for which they are being paid. Nobody can guarantee human behavior but the outsourcing firms must possess an eagle's eye to choose the best out of the lot. The work force available in the present day is a composition of women, younger age people and older age people. This composition is very hard to match with. The reasons are unique to each segment. Few are as follows:

Women: Increasing women folk in the workforce has become a common feature now-a-days. Due to the change in our society's outlook we can witness more number of females in the work field. The women folk is again divided into varied segments and each segment has its own features. The age group of (18-25) years is the most creative but no experience. They need ample security and has time to devote for the firm. They work diligently when they receive proper guidance and care. Mentoring them becomes a major hurdle. As what they will sow now it will be reaped afterwards. It is easy to make

womenfolk of more than 25 years of age have a different ideology towards life. Their needs and priorities change. Thus dealing with them the firm has to take up a different approach. Many of the females by this age are married and working, few have kids and still work, again a part have grown children who seeks less parent attention. These different stages of women have to be segregated and dealt with properly if they are to be retained in the firm. Some will seek less work time, few will demand for crèche facilities, another set will demand for flexible work hours or work from home. All these things have to be taken care of when the firm needs qualitative output.

Men: The composition of male workforce also possesses interesting features. The outsourced firm has to be very vigilant while selecting and dealing with this set of population. The workforce of less than 25 years of age can give ample time to their work as they have no family burden in this stage, they can become a qualitative workforce if they receive proper guidance. They need some time to relax and enjoy between their works. This helps to increase the quality of output. They need occasional hangouts everything being organized from the office itself. These not only act as an energy booster but the firm is able to supply qualitative output to the parent firm.

The middle aged male workforce is an asset for the firm as they are matured, experienced and responsible towards their work and do not need much attention. But the aged workforce who are more than 60 years are a very sophisticated set. The life expectancy of people has increased due to the improved quality of life, proper availability of medical help. This set of workforce possesses ample resources to be explored provided they receive a conducive work environment. This set possesses experience, mental ability, problem solving skills, communication skills, motivational ability, etc. They are a complete package for any firm. But retaining them is a very difficult task. As they possess their own way of thinking and doing things.

The outsourced firms have to take care of such issues diligently because their business would run only if they possess the best of talents. In the world of competition all the outsourced firm will like to grow bigger and make business. So in this cut throat competition retaining manpower is a major threat to the firms.

Human resource outsourcing has proved very beneficial for the parent firms as they are now able to concentrate on many other important tasks like

strategic planning and decision making. The number of jobs has increased. Outsourcing firms have given the opportunity to curb the unemployment problem. A whole new path is discovered with the emergence of BPO's in India. The entrepreneurial skills received a boost in several parts of the country. The relaxation of government rules in some cases and implementation of stringent rules in a few can boost this sector's growth in the upcoming years.

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