

THE IMPACT OF HUMAN RESOURCE OUTSOURCING FOR AN ORGANIZATION

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Abstract

Human Resource (HR) outsourcing is seen as an opportunity for the HR function by some and as a threat by others. HR outsourcing is an instrument creating time for HR to become strategic partner. Though HR outsourcing as a cost cutting instrument, progressively reducing HR staff. Outsourcing activities or services to external organizations is not a new phenomenon. Outsourcing grew rapidly in the 1980s and 1990s Kakabadse (2002). Human Resource Management is one of the functional fields affected most by outsourcing. According to Jeroen (2008), nearly half of all organizations are reporting an increasing in the use of service providers over the last three years. Other empirical studies found that, HR outsourcing is not restricted to mere transactional HR activities (e.g. payroll administration, benefit management and employee personal details management) Greer (1999). More transactional and strategic HR activities also being outsourced (e.g. training courses, recruitment and selection of core professional, manpower planning) Klaas (2003).

The purpose this research is to observe whether HR outsourcing is an indicator of a strategic HR emphasis, a cost-cutting HR emphasis or both. The sample for this research will obtained from the Sri Lankan private companies. The objective of this research is to find out contemporary trends in Human Resource Management (HRM) and the organization of work.

Key words: Human Resource Management, Outsourcing, Human Resource Outsourcing