

Decisions to Outsource HR Functions

Name

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Organizations opt to outsource their human resource (HR) functions for numerous reasons in the present business world. Some of the motives to do so include cost savings and reducing the pressure on the HR professionals to allow them to focus on strategic efforts. A typical example of this practice is evident in the shoe industry, where key stakeholders such as Nike and Adidas opted to move their productions out of their parent countries of operation. Although there might be conflicting views regarding it, outsourcing HR functions is necessary because of its numerous advantages.

Decisions to subcontract HR functions are made based on various considerations. According to Woodall et al. (2009), most large organizations choose to outsource due to cost concerns and saving time. Besides, complying with the law and influence by senior managers from outside the HR functions are other reasons that are important to consider when outsourcing. Indeed, the key stakeholders make decisions to subcontract through deliberations.

Outsourcing HR functions has positive and negative consequences. One advantage of the process is that it allows small business owners to channel their attention to core operations. According to Krell (2011), the HR functions get the additional time necessary to handle high-priority strategic duties. Another benefit of the procedure is that it can aid enterprises in operating more efficiently. Comparatively, the primary setback associated with the development is the risk of losing control over the outsourced functions. Moreover, it could become difficult for companies to respond speedily to the employee's inquiries, which risks derailing some industry functions. Thus, the resolution to subcontract is made after weighing both the pros and the cons.

Further, various stakeholders are involved in making decisions to outsource. Some of them include investors, HR executives, and business owners. Besides, when making

subcontracting choices, the HR executives are responsible for performing various roles. For example, the latter is supposed to execute analysis to determine the availability and quality of contract services, analyze the cost-effectiveness, make time estimations, and assess the possible risks. Hence, inputs from all stakeholders are vital when deciding to outsource.

To summarize, many companies are opting to subcontract their HR functions for various reasons. Notable motives include costs, saving time, complying with the law, and influence from executives. Besides, the process has its positive and negatives consequences. Therefore, companies should consider all aspects relating to the course before deciding to outsource their HR functions.

References

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