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## **The Role of HR Service Providers in delivery of quality service with special reference to Software sector in Hyderabad .**

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### **ABSTRACT**

*To have a competitive edge in the competitive global market and to achieve long term growth, organizations need to develop and focus on their core competencies. Organizations need meticulous planning and strategy implementation to increase productivity levels and to change the beliefs, attitudes and values of employees .This is important as employees be in a better position to adapt to new technologies and future challenges. Practice in business and economic activities are ever changing. Most industries have transformed completely from manual processes to, automated and computerized technologies .*

#### **Need of the study:**

*The overall purpose of the study is to explore and explain the process of service delivery by the third party service provider in the select organizations.The primary purpose of this research is to test this concept in the organizational environment.The research hypothesis and the objectives were made to study the over all reasons,benefits ,performance and achievement of individual and organizational objectives.*

### **Familiarity of HR outsourcing:**

Outsourcing is the process by which an organisation gives a contract to another organisation to provide particular services. The organisations have expertise to carry out these out in-house, by the company's own employees.As the organisations are time pressed and desire to focus on the core competencies,they want to hire the services of the outside service provider to get the things done,which are associated with certain cost.

Human resources outsourcing (HRO) is a process in which a company utilizes the services of a third party service provider to take care of its HR Functions. An organization can outsource a few or all its HR related activities to a single or combination of service providers.

These are basically people and effort intensive activities but very routine in nature. Such repetitive work can be easily handed over to a third party specialist –who can deliver excellent results leading to significant savings in cost and effort. Through systematic process the service provider can give excellent results as well in correct frame of time.

### **HR Functions Vs Outsourcing:**

#### **Introduction to HR functions in an organization and outsourcing**

**Recruitment:** Recruitment is the process of locating and encouraging potential applicants to apply for Existing or anticipated job openings. Recruitment's main objective is

- a) Attracting a large no.of potential applicants who are ready to do the job.
- b) Create a very positive image of the organization
- c) Recruitment is a two way function and it's a linking function which joins together those with jobs to fill and those seeking the jobs.

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### Significance of the study

In the era of Globalisation, organisations try to be ahead in the era of global hyper competition. For this, the organizations need to concentrate on their core competencies and strategic business rather on wasting the time on the routine, repetitive administrative burden hampering the productivity. The study attempts to find out the facet of various dimensions behind human resources outsourcing process. The present study takes into account intrinsic and extrinsic factors affecting the HR outsourcing parameters of the selected organizations

**Introduction to outsourcing:** Outsourcing is simply getting work from the external sources, which is done previously inside the organization. If external organizations or business entities have specialized in an activity which is not strategically important to business-and is able to do it cost effectively, it is recommended to get it done outside specialists. Organizations get benefitted from excellent quality, reliable supply and cost effectiveness. Organizations can focus exclusively on the core competencies which can enhance their competitive advantage. Sourcing is the procurement of resources –whether from internal or external sources to accomplish business objectives.

Human Resource outsourcing functions are categorized into three aspects:

1. Professional Employers Organization (PEO)
2. Application Service Provider (ASP)
3. Business Process Outsourcing (BPO)

Core Functions of human resources management which are Outsourced by the organizations.

- ) Recruitment & Selection
- ) Background checks
- ) Training and development
- ) Performance Appraisal
- ) Executive development and coaching
- ) Compensation Management
- ) Employee relocation process
- ) Union and labor relations process
- ) Employee grievances
- ) Expatriate administration
- ) Health care benefits administration
- ) Human resources information system
- ) Strategic Business planning
- ) Risk Management process
- ) Retirement planning
- ) Pension and benefits administration.

### Research Methodology

This is also qualitative research, which is carried out in unstructured methodology based on small samples that provides insights and preliminary understanding of the problem setting.

The research consists of the following steps

Formulating the research problem to find out that after a prolonged study observation, discussion and interaction with experts, the researcher has identified “HR Outsourcing “has become very important phenomenon in the corporate environment. Defining the problem is the consequence of the efforts of made by the researcher in a systematic manner. Further, the selection of the broader problem of the research problem is formulated into: IT Industry-IT HR managers and employees .

### Sample size

Employees and HR Managers IT industries located in Hyderabad and Secunderabad are taken as sample size.

## SAMPLE DESCRIPTION

Type	Frequency	Percent
IT Employees	170	53
IT HR Managers	16	38

### Sources of Data:-

Primary data was collected from IT employees and managers, through structured questionnaire method, followed by interviews and interactions with employees and HR Managers in both the selected industries.

### Sampling Technique:

Simple Random Sample is the most effective method used to collect data from the respondents of the select industries.

**Use of statistical tools:** The nature of the study is descriptive where the universe and population is workforce of software industry from Hyderabad city. The samples are collected from both employees and human resources managers. The sampling technique used is convenient sampling. The instrument used for obtaining the data is a structured questionnaire. The sample size of employees for IT industry are 150 respondents. The sample size of managers of IT are 26 in number. The scaling technique used for the sample variables is likert scale ranging from 1 to 5 points.

### Objectives of the study

To understand the important areas of human resources outsourcing functions in the select industry of Information Technology in Hyderabad.

### Objective of the study

1. To gauge the the level of familiarity of Human resources outsourcing in the Select Software organizations in Hyderabad.

Table 1: Showing familiarity of HR outsourcing in IT industry

Variable		t-test for Equality of Means			
		t	df	p-value	Mean Diff
Familiarity with HR Outsourcing	Equal variances assumed	13.149	318	0	1.4102

Source: Calculations using IBM SPSS20

H0: There is no significant difference in the opinion about familiarity of HR outsourcing in IT Industry

H1: There is a significant difference in the opinion about familiarity of HR outsourcing in the IT Industry

For testing hypotheses independent t- test is employed and the test results are furnished in the table 1.

It is clear from the table 1 that the opinion of employees about familiarity of HR outsourcing between two select industries is interpreted with statistical values. The t test results shows t-statistic of 13.149 with 318 degree of freedom. The corresponding two-tailed p-value is 0.000, which is less than 0.05. Therefore, it can be reject the null hypotheses at 5% level of significance, which means that the familiarity of outsourcing is more in the select industry. Therefore, it has been inferred that there is a significant level of familiarity about HR outsourcing in the IT Industry. By seeing at the mean difference, it can be understood that the employees of IT industry are more familiar about the HR outsourcing process.

Table :Opinion of HR managers about the importance of HR outsourcing in the select industry

Variable	Company	N	Mean	SD
HR outsourcing is important				
	IT	16	3.5	1.1547

Source: Calculations from data using SPSSv.20

From the table it has been noticed that the mean and SD values of the importance of HR outsourcing for IT are; 4.000 and 0.56569 and 3.5 and 1.1547. Thus it is inferred that there is a less intensity of HR outsourcing in the software industry. Further, the intensity of HR outsourcing is investigated through t-test. While investigating, the following hypothesis is formulated;

$H_0$ : There is no significant difference in the managers' opinion with respect to the importance of HR outsourcing in the organization of the select industry.

$H_a$ : There is a significant difference in the managers' opinion with respect to the importance of HR outsourcing in the organization in the select industry.

To test the above hypothesis t-test is applied and the results are furnished in the table

Table value t and p-value of importance of HR outsourcing

Variable		t-test for Equality of Means			
		t	df	p-value	MD
HR outsourcing is important	Equal variances assumed	1.881	40	0.067	0.5

Source: Calculations from data using SPSSv.20

From the table it has been examined that there is a difference in the opinion of managers about the importance of HR outsourcing in the select industries. The computed t-value at 40 degrees of freedom and the corresponding p-value of the opinion of managers about the importance of HR outsource are; 1.881 and 0.067. Here the p-value is more than 0.05. Therefore, it can safely reject the alternate hypotheses ( $H_a$ ) which means that the null hypothesis ( $H_0$ ) has been accepted. Hence, it is inferred that opinion of HR managers about the importance of HR outsourcing in the select industries. In other words, outsourcing is equally important in the software industry of Hyderabad .

### Scope of the study

The scope of the study is confined to the Pharma and IT industries and within these sectors sixteen important identified human resources functions are covered.

### Limitations of the study:

1. The research is confined to Hyderabad and secunderabad only.
2. The sample size is employees (IT=170) Managers= 16 (IT)
3. Direct access with the respondents was restricted and possible Interview method was not possible.
4. Access to the complete information was not possible because of the confidentiality maintained by the respondents in disclosing the information.
5. Respondents biased attitude and prejudices hindered the quality of research to a certain extent.

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## Review of Literature

1. Vaniessa Robinson<sup>5</sup> (2009), reports on research by Leeds university business school for the Chartered Institute of Personnel and Development (CIPD) on outsourcing opportunities for human resources (HR). 315 organizations were surveyed, 29% were outsourcing HR, with 7% opinion was human resources functions outsourcing is a success.
2. Chandrakant Ghabak<sup>6</sup> (2012) revealed with this study that globalization to the Indian industry is both a threat and opportunity. unique human resources practices has great influence the growth of the IT and ITES sector, Retaining talented work force is the need of the hour. A model of 3C, viz, cost effective training, conducive working environment and continuous skill improvement was proposed. The Indian IT success story has made India's attractiveness as an investment destination.
3. Sheigren, Diane<sup>7</sup> (2004) human resources outsourcing is the world's fastest growing field. The research proved that there is high level of satisfaction in the executives, whose organizations have outsourced their HR Functions.
4. KVS Jawahar Babu; G Githanjali Jain<sup>8</sup> (2012) opined human resource management is a process of bringing people and organizations together so that their mutual goals are met. To combat competition, Human Resource (HR) department should evolve itself with the transformation. The companies human resources activities should ensure in overcoming this type of crisis. To tackle this situation new human resources issues and initiatives should be practiced in the organization. human resources outsourcing is one such activity.

## Conclusion

Employing the services of the third party service provider has become the driving force for the virtual organizational movement. Technology, goods, services, people, processes and good HR practices facilitate the organizational development. Due to Globalisation, the world has become small and interconnected in all major respects. People, goods, information technology and capital are exchanged around the globe at a rapid pace. The barriers among the nations have disappeared and the world has become a borderless market place because of the advent of multinational enterprises. Falling in line with the global markets, the human resources managers in the organizations have more complicated roles to play that is, to align with changes in the domestic as well as global economies-keeping in track of the global changes and competition. In the era of hyper global competition the human resources managers of the organizations has to play challenging roles and create a competitive advantage for the organization through HR good practices.

1. Vaniessa Robinson of CIPD (2009). "HR should wake up to outsourcing opportunities." People management. 7/2/2009, vol. 15 issue 14, p9-9. 1/6p.
2. Chandra Kant Ghabak (2012), "Human resource management practices in IT and ITES sector in Mumbai" Journal of commerce and management thought ; vol 3 No 2, Apr2012; pp: 177.
3. Sheigren, Diane (2004), "Why HR Outsourcing Continues to Expand". Employment Relations Today (Wiley). Summer2004, vol. 31 issue 2, p47-53. 7p.
4. K V S n Jawahar Babu, G Githanjali Jain (2012), "Recent trends in human resource management practices academia". : An international multidisciplinary research Journal ; vol 2 no 12, Dec 2012 pp: 234-24.
5. Weatherly, Leslie A (2005), "HR outsourcing: Reaping strategic value for your organization". Sep 2005, vol. 50 issue 9, special section p1-11. 11p.
6. Herbertson, Iain (2000), "Outsourcing HR for The Dome" Manager: British Journal of Administrative Management. May/Jun2000, issue 20, p18. 3p