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## Management Skills

### Introduction

In order to respond to economic pressures, the waves of rationalisation and new forms of work organisation, companies consider improving their efficiency by outsourcing certain business functions to suppliers in order to reduce their costs, have access to the expert services and skills to linger which are a value-added to the organisation. Based on a survey of 90 companies, our research aims to study the phenomenon of outsourcing in the human resources (HR) function. The results of our study identify HR referred activities such as outsourcing, patterns and organisational variables that affect the magnitude of appeal outsourcing, and finally the implications of this trend on the effectiveness of function.

Outsourcing is a growing phenomenon (Lacity and Hirschheim 2010; Harkins, Brown and Sullivan 2007, 2006; Laabs 2010a; McIntyre 2006; Spee 2007, Duff 1997). Often equated with the subcontracting, outsourcing seems yet to reach a different reality. Poitevin (1999) defines outsourcing as more complete than outsourcing as has a larger dimension managerial phenomenon. To Sunrise (1997) and Aubert (2002), outsourcing represents a change in the organisational design that involves changes in the nature and the control mechanisms work. In addition, outsourcing involves a replacement, substitution of skills, knowledge and organisational activities traditionally carried out internally now provided through the services of a provider (Aubert 2002, Harrison 2006, Lever 1997).

This paper examines outsourcing in the human resources function and deals with issues that may be this new form of work organisation that assigns to external resources of the company has traditional responsibilities internally. In order to identify this phenomenon, this empirical study presents the rationale behind the appeal of outsourcing within the HR function. The management activities of the most frequently targeted human resources are then identified. Finally, the effectiveness of such a measure and its impact on professionals who lose operational control over certain aspects of their work are brought to light.

## Discussion

### Theoretical Foundations A Base of Outsourcing

To better understand the phenomenon of outsourcing human resource management, it is essential to present the more general theories that are the basis of organisational outsourcing. However, a review of writings identifies two common theoretical underpinning outsourcing, namely the need to reduce costs and the importance of paying for skills. To these two currents is added a third perspective is that of resorting to outsourcing in order to enlist the services of experts.

The search for cost reduction remains a fundamental theoretical basis in explaining outsourcing and was introduced by the theory of transaction costs which studied the various mechanisms used by the parties to decide on the exchange of property or service (Williamson 2009, 1981). This theory is based on the principle that when the implicit cost - cost structure to produce a good or a internal services - are higher than the explicit costs - costs to obtain a good or service external -, outsourcing becomes an attractive strategy since it allows to obtain on the market a good or service that is both more economical and quality comparable (Williamson 2009). Understand that production costs are reduced providers thanks to an economy of scale (Lacity and Hirschheim 2010; Spee 2007, Klein 1990). Also, the product or service is transferred better quality since it becomes a key competence for the provider to which it provides full time, resources and investment (Aubert, Rivard and Patry 2010). The transfer provider with the ability to produce a better product or service offers organisations the opportunity to substantially reduce their production costs (Quinn and Hilmer 1994). In search of flexibility, organisations opt for outsourcing to no longer have to be concerned variations in the demand for the good or service in question (Quinn and Hilmer 1994; Laabs 2010a; Jacobs 1994 Aubert, Rivard and Patry 2010, Welch and Nayak 2002, Quinn and Paquette Dorley 1990 Boyer and Moreaux 1999). In short, as stated by Welch and Nayak (2002), Outsourcing converts fixed costs into variable costs while stabilizing operations, allowing some flexibility in resource allocation and freeing funds for strategic investments (Jacobs 1994).

A second theoretical aspect, as important as the search for cost reduction, precise that outsourcing offers the organisation the opportunity to focus its resources and energies on skills for the organisation (score competencies) (Winkleman et al 2010; Aubert, Rivard and Patry 2010). The skills are defined as being those with value added (Welch and Nayak 2002, Prahalad

and Hamel 2005). However, the decision to outsource frequently raised the problem of the identification of these skills (Rumelt 1974) and, therefore, that the determination of activities can best be performed externally. When the organisation succeeds in determining its skills, the appeal of outsourcing makes maximum use of its resources and internal energies, and therefore, to devote itself to what she does best (Quinn and Hilmer 1994, Quinn and Paquette Dorley 1990 Lacity and Hirschheim 2010). In the opinion of Quinn and Hilmer (1994), the well-developed competencies enable organisations to better cope with competition. Also in the same vein, Brenner (2006) and Spencer (2007) justify the use of outsourcing to the management of human resources by the new wave of re-engineering that encourages professionals in human resources management to rethink their process work. Would impart to entrust external consultants most administrative and operational functions to enable professionals in human resource management to better participate in decision-making process in business and become strategic partners (Davidson 1998).

Another perspective enunciated that outsourcing offers the opportunity to enter the expertise available in the market (Harrison 2006, Quinn and Hilmer 1994; Spee 1994, 2007, McIntyre 2006, Welch and Nayak 2002). Indeed, partially or completely outsourcing the activities of a function, organisations beneficent of various expert services. Technology and know-how providers regarding the service that would be too expensive or impossible to reproduce in-house then become accessible to them (DeRose and McLaughlin 2007 Sunrise 1997). Outsourcing allows you to use the services of specialised suppliers at competitive prices enabling them to increase their efficiency (Lever 1997 Harrison 2006; Quinn and Hilmer 1994; Jacobs 1994; Winkleman et al 2010.).

### **The Outsourcing Constraints Associates**

Despite some very beneficial aspects for organisations, outsourcing does not remain safe. Some authors, including Eckerson (2002) and Bettis, Bradley and Hamel (2002) explain that improper use of outsourcing can undermine the future of an organisation. They will even up to present outsourcing as an important factor in the decline in competitiveness of American organisations. In fact, outsourcing is accompanied by various types of constraints, including some organisational in nature and related to other employees in the positions that are being outsourced.

Regarding organisational constraints, it is estimated that it is sometimes difficult to accurately plan the costs, the quantity and quality of existing and future services that will be required. The comparison between the benefits of the development of skills in-house and those of recourse to external services is, in some respects, very difficult (Spee 2007). To evaluate the pecuniary benefits of outsourcing, analysis of production costs is not enough. Some longer-term implications, such as the associated costs to the alienation of the activities of research and development, or a loss of control over certain organisational activities should also be taken into consideration (Welch and Nayak 2002). Quite frequently, the financial analyzes encourage outsourcing has misused (Davis 2002; Aubert, Rivard and Patry 2010). To this we can add that outsourcing exposes the organisation to risk losing necessary to its development (Quinn and Hilmer 1994; Kaeter 2007) skills. Outsourcing may then cause or increase organisational decline, leaving the poor organisation of the necessary skills to maintain a competitive edge (Bettis, Bradley and Hamel 2002). In addition, outsourcing leads necessarily a decay of managerial control over some aspects of the work (Laabs 2010b). We must not forget that outsourcing can also be compromised by Pietre supplier performance. By using a provider outside its direct control the organisation runs the risk that they do not meet their commitments. Indeed, suppliers cannot meet the requirements, fail to maintain their knowledge and technology to date (Harrison 2006), or increase the price of their service (Williamson 2009). It is difficult to repatriate outsourced activities since the organisation is devoid of internal expertise (Lasserre 1999 Laabs 2010b). Such a situation would deprive the organisation of certain essential to its development (Winkleman et al. 2010) activities.

Particular attention must be accorded to the impact of outsourcing on human resources. Insecurity confront issues jobs outsourcing creates an adverse attitude of the workers and unions (Bettis, Bradley and Hamel 2002; Winkleman et al 2010; Harrison 2006; Laabs 2010a). The employees saw their jobs threatened by outsourcing naturally exhibit a resistance to change, a decrease in productivity and demotivation at work (Kiely 2002). This reflection is however disputed by proponents of outsourcing which Winkleman et al. (2010) and Seeley (2002) argue, on the contrary, the workers affected by this practice will have the chance to work for the provider or they will be recognised as a critical competence for the organisation (Spencer 2007).

### **The Outsourcing Of Activities From HRM**

If outsourcing production activities is a widely studied phenomenon, the writings that examine the outsourcing activities of human resource management are not legion. It should be noted that the articles on the subject illustrate the growing interest in outsourcing activities of human resource management while putting in evidence the limited number of theoretical and empirical studies on the subject (Spee 1994 St- Germain 1997). From this finding, this article attempts to fill a gap and strives to explain the phenomenon of outsourcing activities of human resource management using the conceptual framework generally used to explain the phenomenon of corporate outsourcing.

### **Model Analysis**

To better illustrate the situation of outsourcing at the Human Resources function, our model analysis has four components. First, the dependent variable is constituted from outsourcing percentages that respondents attributed to each of the activities of human resource management that have been studied. The second component includes the independent variables that are outsourcing patterns grouped into three dimensions, namely the reduction of costs, the desire to focus on the skills and access to expert services. Intervening variables, the third component, are comprised of organisational variables including the characteristics of the human resources department (size and role) and the general nature of organisational characteristics (size of the organisation, activities and sector union presence). As for the fourth component, it referred to consequences caused. There outsourcing, or the effectiveness of the activities of human resources, customer satisfaction, the general satisfaction of human resource management in relation to outsourced activities and the fate of resource professionals human.

After having identified the activities of human resource management commonly targeted by outsourcing, this article attempts to answer the following three research questions:

1. What are the reasons given for use at the sole or partial outsourcing of certain activities of human resource management?
2. Among the identified patterns, which are those that explain the intensity or magnitude of appeal outsourcing? In other words, what are the reasons that seem to encourage companies to resort to a greater extent has the outsourcing activities of human resources?

3. What are the implications of a greater use of outsourcing has on the quality and effectiveness of services for managing human resources in organisations?

### **Data Collection**

The collection was performed by a survey routes in January 1998, directors or managers of human resources in the 750 largest companies in London in terms of number of employees. The seven-page questionnaire is composed mainly of closed questions. A pre-test, conducted with six professional in human resources management, helped improve the wording of some questions and to reduce the problems of interpretation.

One hundred and seventy companies have responded to the survey, a rate of 23%. Of these, 90 companies outsource the activities of human resource management and therefore are subject to our study. Among the responding companies that outsource activities of human resource management, 61.4% have 400 employees or less. SMEs are strongly represented in our population. These companies belong to the sectors of finance (11.1%), trade (14.4%), and manufacturing (34.4%). Organisations that outsource have a human resources department, which in the vast majority of cases (55.8%) used three or fewer people. The unions are present in 56.7% of cases.

### **Measurement of Variables**

The extent of the action has the impartion, our dependent variable is measured by index calculated from the percentages of outsourcing activities of five human resource management mentioned in writings as being the most frequently outsourced, namely staffing , training, compensation, labour relations and the management of health and safety at work.

The three independent variables that explain the decision to outsource is measured from the tests prepared scales and in the writings of outsourcing. The cost reduction is measured by five indicators that reflect the pecuniary economy, manpower, time and flexibility in workload (Lever 1997, Harrison 2006). The second determinant, or the desire to dwell on the skills, is measured by two indirect indicators. The first indicator is a reference concentration on skills Rings (Winkleman et al. 2010) and the second indicator relates to the use of a process reengineering (Brenner 2006). The use of expert services, third determinant is measured using

five indicators, two of which measure the availability of expert services on the market, two others who measure their effectiveness and an indicator that reflects the quality of services (Laabs 2010a; Harrison 2006 Sunrise 1997). Respondents were asked to indicate on a Likert scale of 5 points, to what extent they were in agreement that each of the indicators can be an outsourcing pattern.

Intervening variables are divided into two groups. First, the characteristics of the human resources department are measured by the size of the service and its role. To measure the role of the service, the four dimensions identified by Ulrich (1997) have been used. Respondents have indicated that one of the roles of strategic partner, change agent, the defender of employees and administrative expert is regarded as being primarily assumes the role of their human resources department. Service size was measured by the number of employees who work there. With respect to characteristics of the organisation, company size was measured by the number of employees, its activity and union presence sector were measured by closed direct questions.

The consequences of outsourcing are measured through seven variables and their respective indicators. The effectiveness of service human resources management, customer satisfaction, the satisfaction of the responsible human resources function are measured by direct questions with a Likert scale of 5 points (Lever 1997, Harrison 2006). Participants also responded to direct questions with a Likert scale of 5 points that relate to their intention to resume their dependents of activities outsourced, the outsourcing trend in the future and the number of resource professionals Human to recruit in the coming years. Finally, respondents have indicated what happens to human resource professionals whose positions were abolished.

The statistical analysis is performed in three stages. Initially, descriptive analyzes were used to identify the characteristics of the outsourced activities, the overall percentage of outsourcing human resources activities, the activities of management of human resources affected by outsourcing and the reasons given by respondents for justify outsourcing. Second, a multivariate hierarchical regression analysis type has examined the reasons that explain the intensity of appeal before and after outsourcing control by organisational variables. Finally, bivariate analyzes examined the relationship between outsourcing and efficiency of services provided by the human resource management function.

### **Outsourcing Of Activities From HRM**

Among the outsourced activities, training is by far the activity that seems to be most often provided to the external (in 43.6% of cases). It is followed by activities concerning the remuneration was in a much lower proportion (17.1%). Outsourcing activities staffing and management of health and safety is about 15% and the activities concerning its management of labour relations has 12.4%.

### **Conclusion**

In an organisational or doing more with less has become the standard context, it is reasonable to assume that the use of outsourcing will only grow. However, if outsourcing is a practice commonly used in management, the use of the latter was in the context of human resources management still remains a field to explore. This study attempts to identify the reasons for outsourcing and to examine the influence of a number of variables on the extent of the action has outsourced management of human resources. It is important to note that this research acknowledges some limitations to stress. First, data collection is effected by questionnaire and therefore reflects the perceptions of managers and professionals in human resources having regard to the phenomenon of outsourcing, its determinants, its magnitude and its effects. However, respondents are both decision-makers and those who are to be affected by the outsourcing measures, which can taint the results of some bias. The size of the sample significantly restricts the possibility to generalize the results. The fact remains that, given the paucity of empirical studies in the field, this study is a first attempt to elucidate the phenomenon of outsourcing within the HR function. In order to contribute to the knowledge currently has a theoretical stage and more general, other qualitative and quantitative empirical research on outsourcing activities of the human resource management is needed. Thus, the factors of success or failure of outsourcing would probably be interesting to examine. It is also important to study whether the reasons outsourcing different depending on outsourced activities and organisational strategies. Thus, the mechanism of decision-making at the base of outsourcing is equally important to study. From the findings presented in this research, can we pretend that HR professionals provide services from outside the company and find fewer jobs in organisations? A

striking fact that emerges from this research notes that the phenomenon of outsourcing is committed or will tend to grow in the coming years. Peuton assume that the waves of rationalisation of recent years have drains skills in human resource management organisations and requiring companies to get them on the market means a higher cost? One thing is certain, the expertise of professionals in human resources is recognised, rest in what form organisations in the coming years, decide to use it.

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