

Outsourcing Human Resource Functions: An Analysis Based on Literature Review

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Abstract: The papers aims to explore and present the scope of Human resource outsourcing functions in Indian corporates. It begins with bringing together different scholarly definitions of Human Resource Outsourcing to develop an understanding on Human Resource Outsourcing and understanding its need and importance in the current corporate arrangements. It will attempt to survey the various available literary work done by researcher to understand the different HR functions being outsourced by Indian organization, the major reasons behind outsourcing any HR functions and its impacts on organization performance.

Key Words: Outsourcing, Human Resource Outsourcing, Multi Process HR Outsourcing, HR Functions etc.

1 Introduction.

Outsourcing is not new to world, in India also we can see the roots of outsourcing from the periods of Vedas, there are stories where kings used to outsource manpower from different parts of the country based on their skills and expertise. Mahabharata is an perfect example of Outsourcing Manpower and their expertise , the kaurava's has completely outsource Vasudev's army for winning the battle, where in The Pandav's has appointed Krishna for consulting and strategic purpose. Ramayana where Lord Rama has expertise has been used to kill Bali and the vanar army has been used in exchanged to fight battle against Ravana. There are number of stories which clearly indicates that outsourcing is not a new practice in India. But with time and technology it has impacted almost all the areas of business and society. Human Resource Management is one such area, where due to global diversity, information technology intervention, pressure on HR's to become strategic partners has changed the game.

Globalization has accelerated the pace of international migration of workers creating skill shortage around the globe in developed countries, which has opened the plethora of opportunities for Outsourcing industry in service sector, for example many American companies and European companies had started recruiting IT professionals from India in contract basis or on project requirement for temporary period of time because they are more skilled and in comparison to local workforce they are much more affordable. But recruiting and managing this temporary staff as per labor laws of other nation is difficult task and the local HR team lacks expertise for the same. Recruiting, Onboarding and training such employees was costly affair and which has

set the stage for Human Resource Outsourcing industry. The companies started outsourcing this HR functions to third party who has expertise in this areas and which has helped this organization to cut down the cost of entire process and gives HR an opportunity to focus on more strategic decision.

Apart from globalization the changing role of HR professionals in organizations is also the key reason for growth in HR Outsourcing industry in India. Keeping the same theme in view this paper discuss the concepts of Outsourcing and how it has been evolve in Human resource management. The purpose of this paper is to review the existing literature on the relevant themes of outsourcing and human resource management to understand the evolution of Human Resource Outsourcing in India.

2 Human Resource Outsourcing Overview.

HRO in simple words can be defined as process of hiring a experts from outside the organization to perform HR task for the organization. **Michel Patry et al (1999)** described Human resources outsourcing (HRO) as the contracting out of part or all of an organization's HR functions to an outside provider, as opposed to internal procurement, in which the activity is conducted by the organization's personnel. **Reed (2001)** defined HR outsourcing as a process of transferring the components of Human Resource functions from the internal HR team to the third party administrator for gaining expertise in the domain along with cost cutting. **Adler,(2003); Cooke et.al.,(2005)** has defined HR outsourcing as process of delegating all or few of the HR activities to external vendors instead of getting done by the internal HR team. The basic idea behind doing so is to facilitate a organization in spending more time, money and manpower into essential activities and formulating strategies and executing them for organization's growth. **CIPD (2009)** in their study defined HR outsourcing as a third party suppliers for the procurement of HR services. **Bakanauskiene & Brasaitė, (2015)** says HR outsourcing is process of transferring internal HR functions partially or completely to someone outside the organization who has the expertise to do so.

The analysis of various definitions given by the different scholars can be summarized in following points:

- HR outsourcing involves procuring one or more HR functions to third party or external vendors where in the organizations has to pay the price.
- The objective of outsourcing is to cut down the cost and focus on core business functions of the organization.
- HR functions can be outsourced on recurring basis or for one time based on organization's decision.
- Decision

Over the last three decades, human resources has experienced a significant shift (Gubman, 2004). According to HR outsourcing literature, organizations utilize HR outsourcing for both operational and strategic objectives in order to improve the HR value chain and promote the growth of human resources as a business partner and strategic contributor to the organization's goals. (Cook, 1999; Seth & Sethi, 2011) Modern HR

departments have merged the functional with the strategic components because the freedom to develop the strategic component is often conditioned upon the successful execution of the functional aspect, which grants legitimacy to the department. Future challenges appear to lie in sustaining a balance between strategic and technical roles in HRM, particularly in facilitating organizational change from being a provider to an enabler. Most likely, this can be accomplished by using core HR staff, outsourced activities, and concurrently delegating responsibilities to employees and line managers. (Brewster, Mayhofer, and Morley, 2004).

3. Major HR Functions Being Outsourced

The popularity of HR outsourcing among organizations in the USA and Western Europe has increased since the 1990s (William M Mercer and Cranfield School of Management, 2000; Banham, 2003; Cook, 1999). The first Indian company was Chennai based **Secova eSrvices** established by **Mr. V Chandrasekharan** and **Mr. Venkat Tadanki** and were pioneer in exploring the potential of HR BPO space in Indian market. Back then in 2005 total spend on BPO industry was \$234 billion where in global Human Resource Outsourcing (a new concept) has been estimated to reach \$67 billion which was 29% of total BPO market. and he says that the major HR functions which can be outsourced are **payroll management, training, recruitment, welfares administration, travel and expenditures management, retirement and remunerations planning, risk management, payment consulting**. Chief Executive Officer of Caliber Point, a wholly owned subsidiary of Hexaware Technologies, **R. U. Srinivas**,(Corporate Leader Meet on Evolution of HRO Sector,2009) acknowledged that the HRO industry in India is still in its early stages. Due to the ability to deliver work globally with the offshore component, customers have grown in selected areas such as **payroll (a few countries), benefits administration, recruitment, and workforce management**, but not in other parts of Human Resources. At the moment, India has just a handful of providers capable of offering a full suite of HRO services, while there are a large number of standalone companies," said Srinivas.

Gilley, Greer and Rasheed (2004), conducted a study on the organization's use of outsourcing and its influence on performance of the firm. Their study identified that Payroll and the Training were the two functions which were mostly outsourced by the organization. And the same idea is supported in the study of Billah, and Chowdhury (2012), Elaine .E etal (2014) Uttamkumar M. Kinange & Murugaiah.V (2011) and many more.

Chiang, Chow, and Birtch (2010) explored the state of HRO in the Asian context particularly in Hongkong about what is the current extent of HRO and what are the various HR functions which are widely outsourced in the region. In their studied they stated the HR functions like Job analysis , Human Resource Planning, Compensation Management, Reward & Employee relations are least outsourced HR functions due to the technicality and strategic handling of the process. Most of the organization prefer to outsource HR functions which are more routine can be done in the exact manner as said with help of certain benchmarking. Further they added functions like Training and development, Human Resource Information system, Payroll Management and Staffing are the HR functions which are preferred to outsource by the different organizations in Asia pacific region.

David Clevenger (2020), says since Since firms have gained experience with outsourcing HR departments, HR outsourcing has accelerated in the past few years. He says there is no rule book for organizations to outsource HR functions. Depending on the size, type, and strategic priorities of a business, and how HR plays a role in reaching those goals, certain functions are outsourced to an outside provider by organizations. Based on his research he has categorized the HR functions in two categories functions which are most commonly outsourced and one which can stay in house. Table-1 illustrates the same.

Among companies of all sizes, outsourcing some or all HR functions is a proven and widely practiced concept. In addition to saving money and gaining access to outside firms' specialized expertise, outsourcing allows companies to focus on HR activities that have the most strategic value.

TABLE 1

Commonly Outsource HR functions	HR functions tend to stay In-House
Volume Hiring	Employee Relations
Temp Staffing	Compensation design and delivery
Employee Referrals, Background Check & Medical Screening.	Talent Development
Employee Relocation	Capital Strategy Planning
Payroll Management	Succession Planning
Employee Benefit Administrations	HR Strategy
Grooming & Cross Cultural Training	Performance Management
Employee Data Base Management	Organization development
Compensation Management	Talent Acquisition Strategic Decision.
Writing and updating affirmative action plans	HR Department Management.
Training On various Non-Functional Issues like employee harassment, communication , personality development etc.	Functional Training.
Independent Contractor Compliance	Job Analysis & Human Resource Planning

Table 1 : Commonly Outsource HR Functions

Source: Human Resource Outsourcing- How HR Departments Can Do More by Doing Less In-House.(thebalancecareer.com)

4. HR Outsourcing Industry Classification

Paul S. Adler (2007) in his study on “Making the HR Outsourcing Decision” publish in MIT Sloan Review has stated that the HRO industry can be categorized in to three categories based on the types of functions and services provided by them.

- First category is of HR Consultant they specialize in delivering HR functions like Compensation Management, Stock-Option-Plan design, Benefit Administration and workplace diversity management. This categories has bigger player in market like Tower Perrin, Hewitt Associates, Mercer Human Resource Consulting, and Watson and companies along with many small and midsize players.
- Second category is of Administrative service provider, they usually handles the administrative HR functions like Payroll management and Benefit processing. Few bigger players also deals in Compensation and COBRA. This segment can be divided into two categories first one is Back-end – Processing vendors like Automatic Data Processing Inc. popularly known as ADP vendors. The other one is Front –end Processing or Web –centric firm like e-Benefits Inc. Top players like ADP, Ceridian Corp., Paychex Inc. and Pro Business Services Inc.
- Third category is of Technology Enablers this companies helps the organizations in keeping their back –office process in house by providing customized HR software’s and delivering the technical assistance required to run so. PeopleSoft Softwares, CorioInc., USInternetworking Inc.,are feow of the popular vendors in this segment.

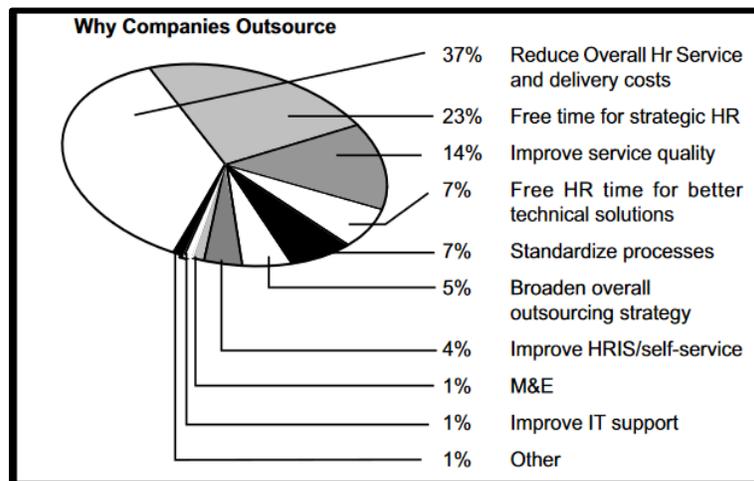
PEOcompare.com is an US based company. And there job is to connect the business house with best suited Professional employee organizations. They are like a one stop shop for buyers where the corporates can search about specific PEO’s in the specific region or they can use PEO Matching tool provided by the company. They also provide PEO Buyer’s Guide and PEO Companies search tool to their clients for quick comparison of services offered by them in different industries. They had identified 3 Major types of HR outsourcing companies and major HR functions outsourced by them.

- Human Resource Organization (HRO) :** In most cases, Human Resources Organizations (HROs) allow large businesses (1000+ employees) to select which HR services they would like to outsource. HROs and businesses typically develop a co-management relationship or a shared HR relationship when only a few functions are handled by the HRO (this is usually the conventional approach used in outsourcing HR).
- Professional Employer Organization (PEO) :** Generally, PEOs serve small and mid-sized businesses (under 200 employees) fairly well, handling all HR tasks. Businesses who outsource HR to Professional Employer Organizations enter a co-employment relationship where the PEO becomes the record employer and the business becomes the on-site employer. It is the PEO's responsibility to pay taxes and workers' compensation as the employer-of-record
- Administrative Services Organization (ASO):** As the name suggest ASO provides administrative services to their clients. Usual functions like Payroll management, performing direct deposits, and filing payroll taxes are outsourced. Similarly to outsourced payroll, the filings are made under your federal employer ID number (FEIN). In contrast to HRO, the ASO has the capability to assist employees with compliance and legal concerns, as well as access to benefits including insurance, workers' compensation, and medical/dental coverage

Above all three categories provides assistance in outsourcing different HR functions to their clients the differences relies on size of firm they deals with and type of services they are specialized along with type of agreements they have with their clients.

5. Drivers & Benefits of HR Outsourcing

There has been much literature available on outsourcing in general that examines the rationale behind such decisions. The need for increased focus on core business, cost savings, increased business flexibility, and specialized expertise are HRO's primary considerations (Jennings 1996, Bettis et.al. 1992, Quinn et.al. 1990). Cost reduction has been the predominant motive for outsourcing (Hoek, 1999). As per one of the survey conducted in 2005, around 37% of the respondents accepted that cost reduction is one of the prime factors as compared to 32 % in 2004 (www.towersperrin.com). Outsourcing decisions commonly target a minimum of 15 per cent cost saving and sometimes in the range of 20-25 per cent (Jennings, 2002; Bounfour, 1999). Among the third most important reasons cited in the survey (Fig 2.2) is improving the quality of the services. For successful business operations, it is not only important to satisfy external customers, but it is equally important to satisfy internal customers too, since they play a vital role in the success of a business. It is possible for HR professionals to improve service quality while also reducing overall HR service and delivery costs by 23%, freeing up time for strategic HR by 14%, standardizing processes by 5%, expanding the outsourcing strategy by 1%, and improving IT support and other functions by 1%. Other reasons are also cited in the survey. While none of the remaining issues exceeded 10%, they will definitely be important issues in the future. They include freeing up human resources time for better technical solutions (7%), standardizing processes (7%), improving HRIS (4%), etc.((2005 HR Outsourcing Effectiveness Survey Report,



www.towersperrin.com).

Fig: 1 Drivers for Outsourcing HR Functions
Source: 2005 HR Outsourcing Effectiveness Survey Report, www.towersperrin.com

Abdulhalim and Cheha, (2015) in their research, found that organizations looking at outsourcing do so in light of operational efficiency, which corresponds to plans for either "[providing] the service internally or [buying] it from the market. Similarly Greer, Youngblood, and Gray (1999) in their study has described that majority of organizations opt for outsourcing just to reduce the costs of HR services. There are a number of perceived (overlapping) benefits related to outsourcing that employers tend to consider. (Shen, Cooke, & McBride, 2004)

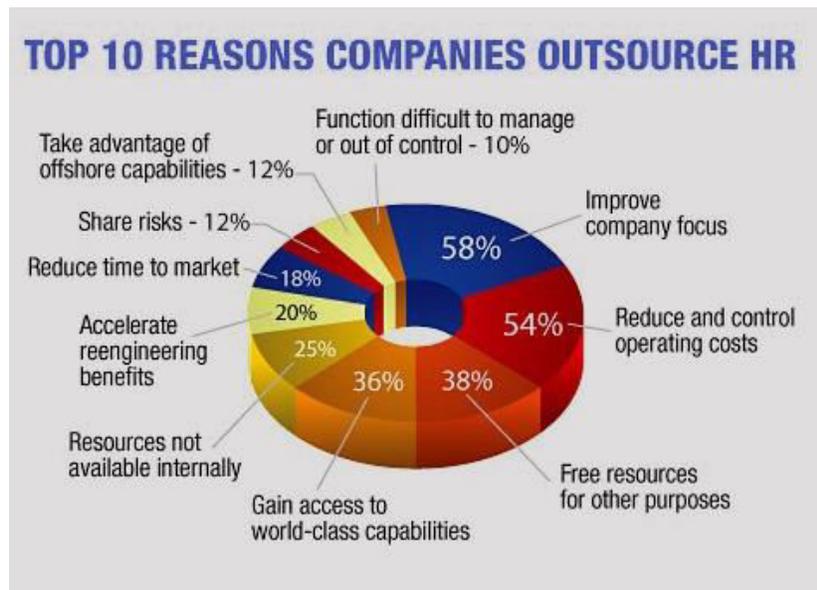


Fig 2.3 Perceived Benefits from HR Outsourcing,
Source: Adapted from Shen et al. (2004).

Cook et al. (1999 & 2000) agree with the proposition that by outsourcing HR activities, managers are able to focus on their core business rather than reading about HR activities that are increasingly complex and advanced. **Kern et al. (2002)**, has identified five types of benefits from outsourcing: financial, business, strategic, technical, and political. In most situations, saving money and controlling costs are the most sought after benefits. As **Weatherly A. (2005)** describes it in her research published by SHRM, outsourcing is considered a management tool that is accepted by many organizations for reorienting the way they conduct business. It went on to explain the three main financial drivers behind HRO, which is to control the ongoing expenditure, avoid the capital outlay, and finally to turn a fixed cost into a variable one, i.e., by decreasing the workforce, the human resources costs can be reduced accordingly. **Miller (2006)** reported in a survey that 86 percent of respondents, including top executives, believe that outsourcing their businesses can improve their overall performance. The research found that 59 percent of respondents wanted to concentrate on their core business activities; 36 percent wanted to increase the speed of achieving goals; 32 percent wanted to work on their product innovations; 28 percent desired to focus on the changing market; and 22 percent hoped to increase revenues and profits. **Bhosle Sarita (2015)** studied India's Human Resource Industry, determining its

scope and pattern. Findings from the paper suggest that organizations must consider several factors when deciding whether to outsource HR functions. There are several factors that can influence the decision in this regard: flexibility, availability of adequate resources, affordability, and acceptability, which is the willingness to share business information with other vendors.

E-Bridge is an Ahmedabad based HR service provider companies who have clients in India, UK and Singapore. In 2015 they had conducted a study amongst their clients identified top 10 reasons for outsourcing



HR functions.

Fig : 3 Drivers for Outsourcing HR Functions, (Source e-bridgeonline.com)

They summed in their study that Human Resource has witness some remarkable changes in last decade. In the last decade the Human Resources landscape witnessed some important changes. Several companies soon discovered that using human resources outsourcing would increase their productivity and help them to endure the stiff competition which prevailed in the marketplace.

6. Organizations & Human Resource Outsourcing

The McKinsey Global Institute (MGI), & Forrester and Gartner Inc. (Strategic Review 2006) have ranked India as one of the top outsourcing destinations in the world. The selection of outsourcing countries is based on three determinants: cost, people, and environment. Among several other desirable nations, India ranks first in terms of cost (employee costs, infrastructure costs, management costs, and tax structure). India is the most competitive country in the world on human resources factors also (e.g., Job market, employee education

levels, employee retention, past outsourcing experience and language). Citehr.com (2008) has stated when we evaluate India in terms of environmental factors (cultural compatibility, country risk, infrastructure etc.) it loses the race with countries like Australia, Ireland, & Canada. Still India remains the first choice for approximately 82% of companies who decide to outsource.

Sanjib Dutta (2002) in his study “HR Outsourcing –The Emerging Trends “ has described the experiences of various organizations that opted for HR outsourcing, in the line first is the Case of British Petroleum (BP). BP started outsourcing their HR functions in 1999 to Exult Inc. in USA and UK. Initially, the company started with payroll and moved on to other HR functions like recruiting, expatriation, records management, and vendor management and relocation services for almost sixty three thousand employees. The only function that remained in-house was BP's Training and development program in USA. Over the years, the company has gained many benefits from this decision. This improved the timeliness and accuracy of payroll processing. Employees received faster answers to their questions about benefits. A company-wide standardization of HR processes has been implemented. It has now been able to measure which HR activities are effective for the first time. This led to a 65 percent reduction in HR staff--from 100 to 35.

His study indicates that there are companies such as American Express, AT&T, and Sony to outsource HR functions who are next in line to repeat the success stories of HR outsourcing like BP. Companies often cite that HR outsourcing helps them to dispense with routine HR transactional work as one of the primary reasons for outsourcing. Cisco, GE, Honeywell, Sun, and I2 are some companies that have initiated or are currently implementing manpower outsourcing practices. His research indicates that a majority of the companies who opted for HR outsourcing have positive experiences and gained benefits from the entire outsourcing arrangement.

Dr. Y.V. Verma, (2002), was the Vice President-HR & MS- LG Electronics India Pvt. Ltd in 2002 has contributed in the HR outsourcing study conducted by Human Capital in year 2002 says that LG India outsources only administrative HR functions, rest stays with internal team only. He says outsourcing can never replace HR in the organization it is only for value addition. Rather LG takes the responsibility for maintaining vendor services level, they clearly narrate the benchmark and review their performances on a frequent basis.

Ganesh Dwivedi (2002) head HR of **Agrani Convergence Ltd** says they outsource their HR functions but sometimes its escalates cost. The service agreement may be contingent on the quantity of personnel to be managed in some circumstances. In such instances, the costs rise dramatically. However, on the plus side, manpower is reduced, and organizations save money on workspace, infrastructure, and welfare benefits.

P.Dwarkanath, Director-HR & Administration of **Glaxo Smithkline Consumer Healthcare (Human Capital 2002)** says HR automation is a superior option. In HR outsourcing service delivery and human connections are difficult to manage. Furthermore, what works for one company may not work for another. Outsourcing is often viewed as a solution for all problems but that is absolutely wrong. He further adds that core organisational development initiatives cannot be outsourced. Behavioural Training and soft skills training should be managed by internal HR team as it represents what as an organization we stands and the same should be presented to customers as well, external vendor cannot impart in house value systems in employees. It is possible to outsource technical and functional training. External agencies might be used to for recruitment process. Payroll and benefits administration are the other HR functions which organization usually outsource.

Leo Fernandes (2003), Vice President of India Life Hewitt states, "states that it is difficult for large organizations to manage their huge payroll on their own. It is estimated that outsourcing this one activity alone would result in a 20-40 percent cost savings for large sized Organizations." The major benefits of HR outsourcing are as follows:

- Imparts Innovation at Workplace
- Allows Organization to gain Competitive Edge
- Enhances Quality of operations
- Focus on core competence
- Cost Reduction
- Enhance customer service.

In India Company is offering HR services like Retirement Benefits, Payroll Management, and Cloud HR database management etc. They have list of happy clients in India like Siemens, Pfizer, Hewlett Packard, Oracle, Dr Reddys Lab, Fabmart and many more.

Seth & Sethi (2011) in their work has talked about the different Indian organizations outsourcing their HR functions. The first case is of **Bharti cellular Services**. Their VP HR says they outsource HR functions like,

360 performance appraisal system to third party wherein the third party takes the feedback and gives us the analysis, which helps us in quick decision making and the internal team doesn't have to waste their time in administrative task. It has allowed the organization to improve the efficiency of the performance appraisal system and save time. The other case is of Spectramind which is one of the global consulting organization. They outsource majority of HR functions like training & development, performance management, employee benefit management, PF, Superannuation, retirement procedure handling, employee exit procedure along with entry level hiring, the objective behind outsourcing this function is to improve the overall efficiency of the organization.

Abilasha Ojha (2014) in his article "The Right Fit" has discussed about the Century Plywood HR outsourcing story. Century Plywood started outsourcing their HR function from 2012. When they were aggressively expanding their business, they needed the aggressive sales person team in short span of time for pan India locations. The decision to outsource the recruitment process to third party but the final decision will be of Internal HR only. By outsourcing their single HR function company was able to reduce the recruitment cost by 20% and achieved their hiring targets within 6 month of time.

Liffy Thomas (2019) in her article "The Outsourcing Conundrum" published in The Hindu. Has presented the experience of organizations with HR Outsourcing. She says most of the organization outsource or automatized their HR functions to gain functional efficiency, however organizations needs to be very careful while choosing which HR functions need to be outsourced and why, as there are certain HR functions which needs to personalized for employees so should be kept in-house. Organizations like Mynd Solutions, SohoHouse & Co. & TomeTag has outsourced their HR functions to gain expertise in their core business functions.

6. HR Outsourcing & Employee Perspective

According to several scholars, the viewpoints of employees, including their behavior and attitude, play an important role in the decision of whether or not an organization should embrace outsourcing **Kessler, G (1999)** reports this. **Ivan and James (2017)** argue that to determine if it is good to outsource Human resource functions, the decision will be informed by employees' attitudes, and they stress it must be taken into consideration. According to the authors, human resource outsourcing can easily negatively affect the morale of a firm's remaining in-house employees, which can adversely affect the culture of the organization. Other scholars such as **Kakabadse A and Kakabadse N, (2000)** hold the same views as expressed in their article, Critical review—Outsourcing: a paradigm shift. Their research suggest that in-house employee may suffer from job insecurity, decreased productivity, decreased employee morale, decreased employee loyalty, increased absenteeism, and increased turnover if outsourcing is not accepted by the employees in the organization in a positive manner. (**Labib & Abbelbaum, Pearce (1993) & Kessler, Shapiro & Purcell (1999) Adler, 2003** in his study says when an organization decides to outsource any HR functions because of any of the reason behind it the decision is always going to change the employee perspective. The outsourcing decisions brings the qualitative changes in employment and psychological contract of a worker with the organization. It can be positive for some employees as it provides skill upgrading opportunities, placements to higher level roles where they need to focus on more value added activities, substituting mundane and

monotonous work. Wherein for some employees its an negative experience as it can result in loss of employment. The study says outsourcing has significant impact on employees and may result in perceived alteration of the psychological contract, possibly leading to negative organizational outcomes such as apparent betrayal job insecurity, depression and low self-esteem supported by **Leverett, Megley&Kamery (2004)**.

The study showed in majority of cases this employees have negative attitude towards outsourcing arrangements , as they have minimal job security and they do not have same benefits from the organization as the regular worker thought they do similar jobs.(**Conklin's (2005) Belcourt ,Walsh and Deery (2006). Elmuti, Grunewald, Abebe (2010)** has conducted the research on Outsourcing strategies and their effects on employee quality of work life, attitudes, and performance. According to the study's attitudes, outsourcing strategies negatively impacted the perceived quality of work-life. (**Andersen & Ankerstjerne 2010**)

Ndubisi, (2011) has carried the research on the typologies of conflict handling in B2B outsourcing he says it rely on trust and commitment to succeed. Culture also has a moderating effect on the relationship. A survey of Chinese and Indian companies offering HR outsourcing services was conducted. Cultural differences in trust and commitment moderate the impact of compromising conflict handling - significantly more for the Chinese (Business culture includes elements associated with long-term business relationships, personal connections, and interpersonal harmony that are derived from Confucianism.) service providers compared to the Indians (The Notion of 'Karma' and spirituality). The result showed that culture do have a direct impact on the commitment but not on trust.

Chopra (2018) has conducted the study on impact of HR outsourcing on functioning of organization says the reason why an organizations outsource their HR functions is they want to utilize the internal HR personnel to focus on core activities of business which adds value at the strategic level in the organization. Many of the time organization's fails to communicate the same to the internal team which creates an environment of mistrust in the organization and can affect the personnel's adversely.

Farhat & Siddiqui (2020) has carried out an study on human resource outsourcing, turnover intention's and performances in a mediatory, moderated framework. Their research was aimed to examine the impact of HR outsourcing on employee turnover and performance, they have considered various variables like employee motivation, employee relation, trust, organizational commitment and job satisfaction for the study. The analysis showed that human resource outsourcing do have an impact on employee turnover and it increases the attrition rate in the organization.

Edvardsson & Óskarsson(2021) has conducted the study on Outsourcing of Human Resources: The Case of Small- and Medium-Sized Enterprises, where in they surveyed 802 small mid-size organizations in different verticals and figured that majority of companies who outsourced their HR functions are from retail , wholesale , trade & repair sector along with financial institutions . The result indicated that in mid-size & small

organization outsourcing HR functions doesn't have negative impact on employees in terms of their behavior, performance or attitude as they don't have fear of layoff like in bigger organizations.

7 Conclusion

While summing it can be said though Human Resource outsourcing has completed more than decades around the world but it is still in developing phase in India. Companies has started outsourcing HR functions but there is dilemma amongst the corporates in which HR functions they would like to outsources and which HR functions needs to be kept for in House team. Though literature has clearly mentioned the benefits of HR Outsourcing it helps the organization to focus on core business function and enhance their overall performance.(Bounfour, Cook. Et al. 1999). The literature review has also provided immense positive effects of outsourcing HR functions like improving service quality, reducing operation cost, enhancing internal functioning, gaining technical expertise (Davies, 2005; Moore, 2002; Palm, 2001; Wood, 2000). There is in debate in literature when its comes to employee perspective towards Human resource outsourcing, many studies has shown that employee don't consider human resource outsourcing as positive experience and majority of time it happens because they have a fear of losing job and organization fails to communicate the same. (Kessler, Shapiro & Purcell 1999, Labib & Abbelbaum, Pearce 1993, Grunewald, Abebe 2010, Ivan and James (2017). At the end it can be said every organization needs to decide their own priorities when they decide to outsource HR functions, they cannot use the rule book of others for outsourcing the HR functions they should have their own reasons for outsourcing or not outsourcing any HR functions and gain benefits from the same. The HRO industry in India is in developing stage and will evolve in coming decades.

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