

Analysis of Human Resource Outsourcing Services in Sri Lanka

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Human Resource Outsourcing is a process in which the human resource activities of an organization are outsourced so as to concentrate on the organization's core competencies. Also HR functions are complex and time consuming that it will create difficulty in managing other important areas. By HR outsourcing, this problem can be reduced which will improve effectiveness by focusing on what the organization is best at. It will also improve the flexibility of the organization to the fast changing business needs. The purpose of this study is to examine current and prospective HR outsourcing trends in Sri Lanka considering the factors underlined by an organization, in taking the decision of using HR outsourcing services from a third-party company. Data were collected from HR staff through a questionnaire-based survey using convenient sampling with random selection. Descriptive statistics were used to analyze the data. Findings revealed that there is an increasing demand in outsourcing Payroll function in present context. Further, there is a prospective trend in outsourcing Human Resource Information Systems (HRIS) and foreign workers management and expatriate management. Confidentiality and customer service are the most influential factors on HR outsourcing decision. Firm size and sector had negligible on the degree of HRO. More than half of the firms surveyed intended to do more outsourcing in the near future.

Keywords: Human Resource Management (HRM), Human Resource Outsourcing (HRO), HR functions