

## HR Outsourcing Today - A Key Strategy for Enhanced Performance and Competitiveness

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## **OUTSOURCING.....another Buzzword ???**

### **Subcontracting**

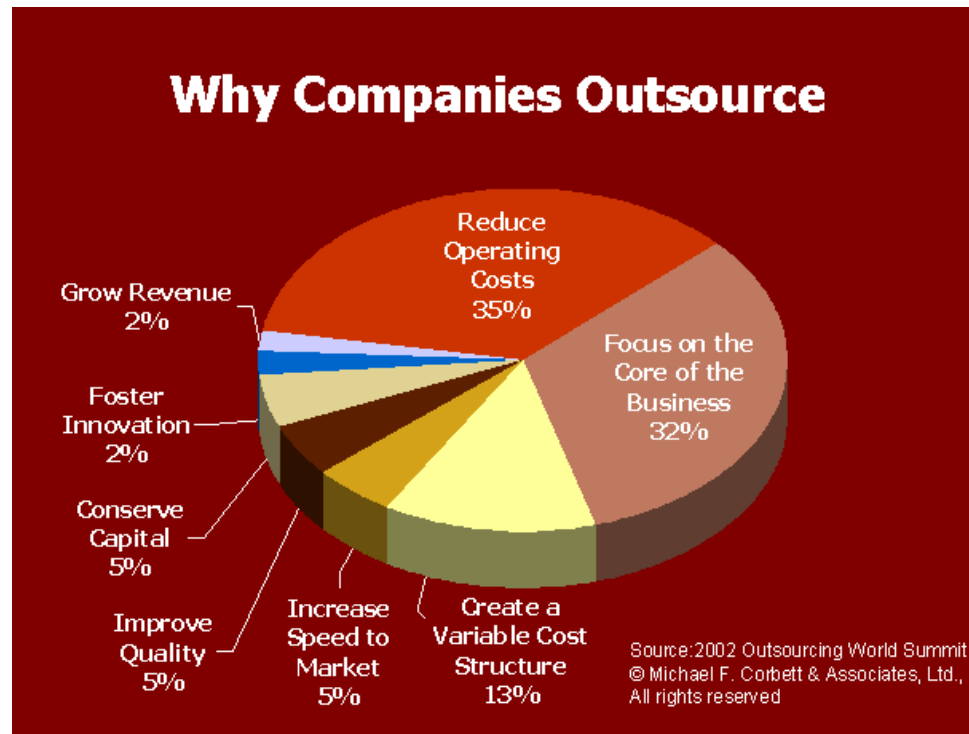
Hiring of subcontractors for work that is not done by your own staff as a core task, usually short-term relationship

### **Outsourcing**

Planned transfer of business process to a third party provider in order to allow an organization to achieve measurable benefits, long-term relationship



## Top Reasons For Outsourcing





## **Outsourcing – What’s The Value Proposition**

### **CEO’s Perspective**

- Free Investment Dollars
- Improve Management Focus.
- Sharing risks

### **Employer’s Perspective**

- Emerge as an Employer of Choice
- Strategic use of resources
- Cost effectiveness
- Reducing costs and improving employee productivity

### **The HR Professional’s Perspective**

- Avoid time-consuming administrative functions
- Enable HR to serve as management consultants
- Accurate, Reliable and Consistent.

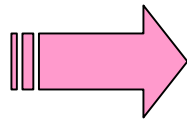


## Outsourcing In Malaysia

### In the 80s'

Bookkeeping  
Auditing  
Taxation

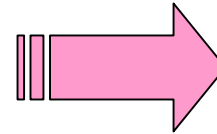
- Subcontract
- Best Price
- Trusted
- Reliable



### In the 90s'

Security  
Transport  
Line Operators  
Postal Service  
Cash Management

- Administrative
- Expertise
- Time Tested



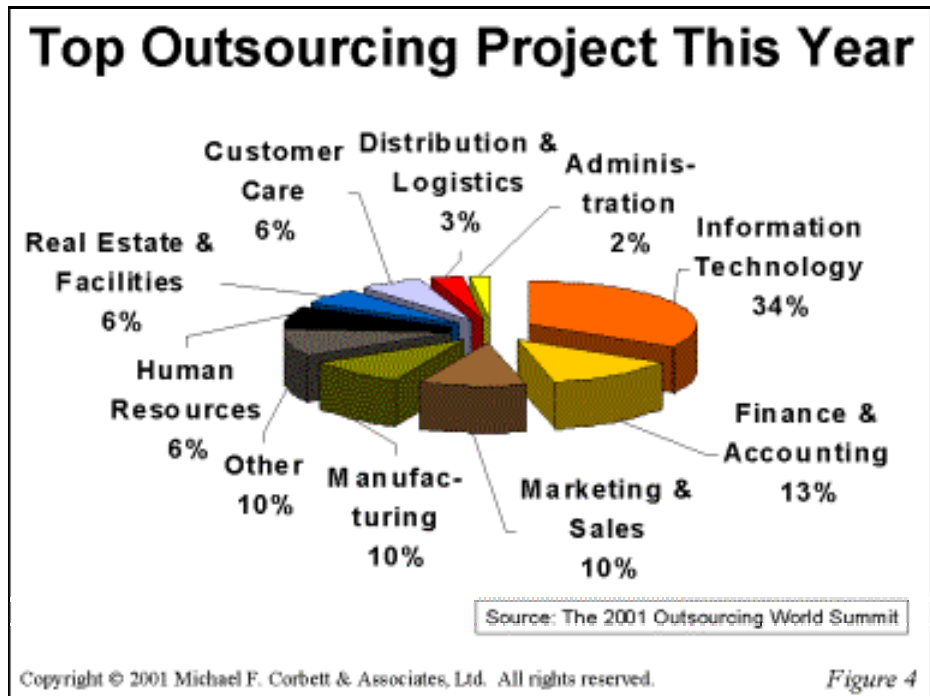
### Present

IT  
Payroll  
Medical Care  
Benefits Management  
e-HR  
Accounting  
Real Estate  
Procurement...

- Targets to meet
- Performance
- SLA
- Disaster Recovery
- Info. Security
- Scalability
- Joint Review...



# Types of Outsourcing





## **Types of HR Outsourcing**

### **Recruitment**

Long-term executive placement contract with one expert service provider

### **Payroll**

Efficient handling of timely salary payment and statutory contribution

### **Benefits administration**

Medical care, loan administration, insurance coverage

### **Leave Administration**

Record management of annual, medical and other leaves

### **Training Administration**

Training Needs Analysis

Evaluate and recommend trainers

Effective implementation of a training plan

### **Staffing**

Interviews, hiring and placement



## Outsourcing Roadmap

### Preparation Phase

- Step 1: **Define Your Requirements**
- Step 2: **Develop Your Cost Baseline**
- Step 3: **Set Your Vendor Selection Criteria**

### The Analysis Phase

- Step 4: **Identify Potential Vendors**
- Step 5: **Distribute the Request for Proposal**
- Step 6: **Evaluate Vendors' Proposal Responses**
- Step 7: **Select Finalists**

### The Decision-Making Phase

- Step 8: **Perform Site Visits**
- Step 9: **Negotiate Refinements to Proposals**
- Step 10: **Develop Recommendation to Management**



## Selecting a Service Provider – Best Practice

- Evaluation of total capabilities
- Experienced and skilled employees
- Investment capabilities
- Clearly crafted Service Level Agreement and other pertinent document
- Technology – past performance, tested and proven
- Scalability – focus into expansion and continuous improvement
- Disaster Recovery Plan
- Past Performance – any similar projects undertaken
- Information Security and Back-up
- Other HR discrete functions
- Flexibility – quick response to client's change requests



## Service Level Agreements

The Service Level Agreement allows the Client to maintain control of services that are no longer managed internally and that had been outsourced to the Service Provider

### Contents of a SLA

1. Overview
2. Client-HR Foundation
3. Client Organization and HR Operating Practices
4. Customer Support Strategy
5. Service Offerings
6. Pricing Policy
7. Standard Legal Clauses
8. Signatures

#### Customer Support Strategy

**Performance Measurement & Reporting**  
**Service Review**  
**Customer Feedback**  
**Help Desk & Query Management**  
**Continuous Improvement Process**  
**Non-conformance Management**



## Managing The People Impact

### Myth-Fear

Job Security is Guaranteed  
Position Displaced  
Pay and Benefits Affected  
New Co. Less Competent  
Management & Style Changes  
Env. And Culture in New Co.  
Inferior Technology and tools

### Fact - Positive Outcome

Create Focus Group  
Involve New Co. and Focus Group  
closely  
Present market condition – job security  
to be earned  
Follow or loose sight of future  
Educate on creating competency



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## **Q&A Session**

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