Should Human Resources Consider Outsourcing Human Resource Development Competencies Based on Past Performance?

Bob Barrett*
American Public University, Charles Town, West Virginia, United States
*Corresponding author

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Abstract. Historically, the role and function of Human Resource Management (HRM) professionals has focused on the internal management of employees in their workforce from the point of recruitment to hiring and eventual placement of qualified personnel. However, with the onset of multiple technological advancements, as well as economic, political, cultural, and managerial trends changing and impact every organization’s workforce—today’s HRM professionals have to be more versed and specialized to deal with not only internal placement of employees, but sometimes have to deal with the outsourcing of work functions and assignments in order to best meet the ever-changing needs of a global organization. Consequently, organizations in today’s global environment demand more return on their investment and have increasingly been outsourcing work to other professions to accomplish their organizational needs and goals, especially some of the functions of the HRM department.

Introduction

Human Resource Management’s role and function in past decades has changed dramatically since the Hawthorne studies with a focus on the management of human resources in organizations, as well as performance and productivity in general. While the works of Peter Senge tried to united the Human Resource Management (HRM) profession with the Human Resource Development (HRD) to show a link between both disciplines in term of learning in the workplace, as Dr. Leonard Nadler founded the HRD discipline to demonstrate a need for organizations to focus on three key areas; namely 1) education; 2) training and development; and 3) career development. [1] Further, Nadler (1984) noted “Education focuses on learning new skills, knowledge, and attitudes that will equip an individual to assume a new job or to do a different task at some predetermined future time.” However, he continues and defines training as “learning that is provided in order to improve performance on the present job.” [2]

While the literature has grown in both the HRD and HRM genres, the commonality found between the two areas has been lacking, and to a degree many in the HRM profession still believe that the training and development segment for most organizations should reside and be controlled by HRM professionals, despite the growing accounts of literature produced in both the HRM and HRD genres that support their own disciplinary should be in control and management of both the training components for the workforce. Some have argued that there may be a growing support by practitioners in today’s workforce that have observed a deficiency in the areas of proper education and training in today’s workplace. In a survey done by Adecco Staffing USA, they found that 44 percent of executives said a lack of soft skills was the biggest proficiency gap they saw in the U.S. workforce. And in a report from the International Association of Administrative Professionals, OfficeTeam and HR.com, 67 percent of HR managers said they’d hire a candidate with strong soft skills even if his or her technical abilities were lacking, while just 9 percent would hire someone with strong technical credentials but weak soft skills. [3]

Nonetheless, many have argued that some of the auxiliary functions of the HRM profession could and should be outsourced, especially in the area of the HRD taskings, to other resources to better enable more time and resources for the HRM professionals to properly manage a workforce.
Human Resource Development and the Workplace

While it has been argued that the area of training and development has changed over the years, it should be noted that the interest in training development help to bring forth a new disciplinary area and business known as Human Resource Development (HRD). Also, training and development has enabled more efficiently with the emergence of the HRD profession with a full focus on three key areas of: 1) training and development; 2) education; and 3) career development. Heathfield [4] described HRD “as the framework for helping employees develops their personal and organizational skills, knowledge and abilities”. Thus, it should be noted that field of HRD has not always been accepted by all members of business, especially in the field of Human Resource Management (HRM).

Francis and Auter (2017) noted that “While 96% of chief academic officers of colleges and universities believe that their institutions are very or somewhat effective at preparing students for the workforce, only 11% of business leaders strongly agree.” (para. 3). This reflects a big divide between the perspectives of educational institutions and the workforce. However, a larger question may be needed to be examined in terms of whether these two vastly different organizations share the same definitions and understanding as to what is education versus training in theory and practice? [5] Training and development is used for the reinforcement of current skills and knowledge, but education is the teaching of new skills and content knowledge for the adult learner in the workplace.

Consequently, underlying the determination of the organization’s workforce needs or wants, there is still somewhat of a struggle between the HR and training units of some organizations. In particular, in some of the larger organizations, there may both an HRD and HRM set of professionals and/or separate departments, which may either work together in harmony or be at a chaotic state, depending on the organization’s structure, culture, and communication/managerial skills sets associated with these professionals.

While these two disciplines have been engaged with a disconnect over the past years, now it is even more critical than ever before for them to recognize their own separate, but equally important strengths that can be brought to the table, rather than looking at the weaknesses of each other. One of the current arguments over the years between HRM and HRD is centered on the premise of “who should be in charge?”. Nonetheless, one of the key reasons why many organizations have considered or have taken action to outsource their training and development or to terminate current training and development activities may be due to the rising cost of this type of activity in the workplace. [6] Basically, the return on investment is a critical issue in today’s workplace; however, it should be noted that how one perceives a return on investment with one organization may vary from one organization to another. Thus, this paper will focus on the perceived return on investment by some organizations and how they can justify the spending of their budget nor to achieve but was an increase in human performance, as well as showing value to their human capital. [7] According to the” 2018 State of the Industry” report, which is supplement to previous studies sponsored by the American Management Association International and LinkedIn Learning, they collected data from 399 diverse organizations with a focus on their learning programs. It should be noted that this is the sixth year that they have conducted this data collection and found that there has been an increasing level of expenditures given to direct learning, even though in previous decades training budgets in many organizations were either drastically reduced or eliminated. They found that “Organizations spent $1,296 per employee on learning in 2017. This represents a 1.7 percent increase from 2016, when the average spend per employee was $1,273. The number of learning hours per employee remained healthy as well; it was 34.1 hours (slightly more than four eight-hour workdays) in 2017, which was the same as 2016” [8] Nonetheless, whether some organizations report an increase in learning costs and/or return on their investments, there is still a growing number of organizations over the past decade or two which have outsourced their training component.

The Choice of Outsourcing Services – Decision or Dilemma?

According to mbasKooL.com (2019), they defined HR outsource as the “process in which the human
Resource activities of an organization are outsourced so as to focus on the organization’s core competencies. Before we can focus on just one key area, namely training, let us examine the types of common outsourced HR functions/activities which have been turned over by some organizations. The following are a few of these functions/services sent out to external HR outsourcing organizations: (1) Recruiting, training, and development; (2) Overseeing organizational structure and staffing requirements; (3) Tracking department objectives, goals, and strategies; (4) Employee orientation programs. The key underlying question for outsourcing lies with the perceived and realized costs for such activities to external sources in which the contracting organization views this as a cost-saving measure, as well as a potential manpower reduction movement in some cases. Equally important, Reddy (2019) provided several cons or “demerits for such HR outsourcing, as noted below. (1) Morale; (2) Lack of In-House Expertise; (3) Confidentiality; and (4) Loss of Human Factor. Consequently, it should be noted that also the opportunities given to potential candidates are important, such as training development, career development, and overall professional development in the workplace. However, not all employers feel that career development is important – if there is a chance that the employee will move onward to another organization. The traditional employee is no longer in the workforce, however, a new type of employee such as noted by key authors in the literature has now populated the marketplace. According to a Burson report in 2017, they discovered that.

Only 42 percent of Americans with a high school education or less say they have the right skills to succeed in the 21st century, while 71 percent with a college education or more say they do. When asked what emotion best describes their feeling about the future of the U.S. economy, Americans with high school or less are 25 percent less likely to say they are optimistic than those with a college education or more. And they are 50 percent more likely to feel scared about the future of the U.S. economy than those with a college education or more. Considering this report in terms of the lack of proper training and education of the American workforce, can American business truly trust others with preparing their current and future workforce? Or the larger question may be whether or not if companies can fully trust others in terms of outsourcing this important HR training benefit or not? In order to better understand this problem contextually, one needs to look at the reasons for the shrinking workforce and the need for a re-examination of the current and future training needs of today’s current and future workforce. In retrospect to the challenges and issues of a shrinking workforce and the associated growing training and development costs, which may not be properly managed in terms of potential return-on-investment, organizations today need to reevaluate their core competencies and properly align the departmental taskings, rather than re-investing them when they do not fit the total “expected” organizational picture. The key focus here should be on what are the core competencies, as well as the goals and objectives, needs by organization in today’s marketplace.

One of the key problems faced in the 1990s by Corporate America has been in the area of reengineering, in which a number of organizations failed in this new approach to leadership and managerial style. Champy and Hammer (1993) noted in the “Reengineering the Corporation” that one of the key downfalls of this movement was the “lack of corporate or upper-management buy-in” and, in turn, this resulted in the downfall of many attempts by various organizational stakeholders trying to reengineer various segments of the entity’s overall structure, culture, and workforce. Consequently, if we look at the management of the training and development management in organizations, whether they specifically have organizational learning or declare themselves to be a learning organization, one can see that there might be an element of disconnect between upper-management’s “buy in” and support of this function of the organization which may weaken the HRM’s ability to properly fund and manage in this area. Nonetheless, in order to better understand the mismatch or conflict between HR, one might need to look at some of the internal stakeholders, such as the HRM and HRD professionals and/or respective departmental controls.
Current Struggles and Issues with a Shrinking Workforce

While the internal elements and factors, as well as both internal and external stakeholders may control some areas of the workforce and overall workplace, the external counterparts also play a critical role in how HRM and HRD professionals interact, operate, and evaluate elements in their daily taskings and assignments. The use of stakeholder theory can help to understand whether or not internal or external stakeholders can help with the maintenance of training in the workplace or perhaps assist with the outsource of training with specific/matched subject-matter experts, training consultants, trainers or training organizations. [14-16] Contextually, this theory can help one to understand how internal and external stakeholders connected to both the HRM and HRD segments of an organization can help to management key areas of their departmental endeavors or understand the need to outsource one or more of these functions to appropriate providers. While there may be a variety of theories that could be used in literary writings when discussing or debating certain case studies and actual workplace dilemmas or situations, the overall influence of the stakeholders has been historically critical, as well as the impact of its associated gatekeepers who have helped to control the various functions of both organizational and departmental duties.

Conclusion

While there has been competition between the traditional HRM department and the newly formed HRD, combined in most businesses, some have argued that a marriage or merger between the two departments or components could be more beneficial to the overall organization, rather than a separation of the two. [30] It should be noted, whether the training and and development component is housed in one or two departments-or outsourced to another entity, the need for quality training development, education, career development, and/or professional development is equally needed by many members of an organization’s workforce.

- First, what if the HRM department took complete control of the training and development component, but soon realized that they were not fully equipped with the personnel they could develop and design, as well as implement quality training for the workforce?
- Second, what is the training and development component were given to professionals in a HRD department with specialized subject-matter experts equipped with experience and education and instructional systems design (ISD)?
- Finally, what is the training and development component were outsourced to a third party, with this make any difference in terms of how the training was developed and implemented, as well as perceived by the workforce?

References


