

## OUTSOURCING AS AN ACTOR IN HUMAN RESOURCES MANAGEMENT

**Jemal Mamaiashvili**

Professor, Samtskhe-Javakheti State University, Georgia

mamaiashvilimamaia@mail.ru

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### Abstract

Among all other resources, Human Resources are the most relevant in increasing the efficiency of companies' operations. Currently, the attitude towards the role and importance of Human Resources has changed significantly. As the issue of using modern information technologies and thinking in global categories becomes more active, special emphasis is placed on relationships with that personnel who can offer innovations to company leaders. In fact, they constitute the main core of the intellectual capital of production. The purpose of the article is to analyze the role and place of information technologies in the management (including strategy) of Human Resources. The subject of the research is outsourcing in personnel management. When does a company turn to outsourcing? This is the main issue around which many discussions and scientific disputes have been and are being conducted today in the scientific space. Research on Human Resources outsourcing in Georgia is still scarce. This article is a modest attempt to fill this gap. As a result of the study, both general and case-specific factors of Human Resources management that are currently relevant for Georgia were identified.

**INTRODUCTION.** In general, outsourcing can be defined as the purchase of value-generating assets from external suppliers that were either previously made or could have been carried out (Ferner, 1997). Consequently, outsourcing Human Resources (HR) activities is the practice of transferring all or part of an organization's HR function to external providers (Adler, 2003). Another explanation (e.g. Harkins, Brown, & Sullivan 1995). Human Resources Management is defined as the philosophy, policies, procedures, and practices

related to the management of people in an organization. It is also seen as the totality of the organization's efforts to use people's skills/talents and creativity to achieve corporate goals. The effort to use available Human Resources is not the responsibility of only one department's managers. All managers, regardless of their profile, are involved in activities designed to ensure the effective use of employees to achieve organizational goals.

Human Resources managers are interested in human management in the organization, to achieve the enterprise goals and objectives. All other resources (such as monetary, materials, technology, and methods) are equally important, but the importance of Human Resources is of paramount importance because this factor gives life and dynamics to other factors of production. Organizational people provide the talents, skills, and efforts on which the successful performance of any organization critically depends. Currently, it is considerably evident that those organizations where people / Human Resources form the central focus of management are more successful. It is widely recognized in literature and practice that Human Resources are the most important asset of every organization. Effective management of these dynamic people contributes to the success of the organization (Inegbenebor, and Agbadudu, 1995).

HR outsourcing became popular in the early 1990s in Western Europe and the USA, where up to 90 percent of organizations used to outsource

HR functions (Brewster, Sparrow & Harris, 2005). However, in Georgia, the use of HR outsourcing has been and still is quite far behind this penetration rate. In addition, still fewer are both empirical and theoretical studies of Human Resources outsourcing in Georgia. The presented article aims to analyze the role of information technologies in Human Resources Management. The latter includes strategic HRM activities, Human Capital Management, Knowledge Management, Corporate Social Responsibility, organizational development, retrieval of Resources (workforce planning, selection/recruitment, and talent management), learning and development, job performance, and incentive management. Also Labor Relations, the welfare of employees, and the provision of services.

In today's ever-changing and innovative business environment, it is no longer enough to remain just competitive in the industry. Experienced executives aspire to achieve the goal of establishing a competitive advantage over competitors and continuing, to post increased profits every year. A separate variable that will help the CEO achieve this goal is adequate training, which strengthens authority and effective management of the workforce (Cole, 2002)

#### METHODS OF DATA ACQUISITION.

The issues of outsourcing Human Resources activities (HR) attracted the attention of many scientists (Becker, & Huselid (2006); (Elmuti, 2003); (Ferner, 1997); (Greer, Youngblood & Gray 1999); Harkins, Brown, & Sullivan, 1995), while the strategic management of Human Resources was formed, based on the synthesis of Human Resources management and strategic management (Wright & McMahan 1992); (Becker, & Huselid (2006); (Boxall, 1996) etc.

Popular search engines (<http://www.google.com>; <http://www.msn.com>; <http://www.search.aol.com>, etc.) as well as electronic scientific databases (Elsevier SCOPUS, Elsevier Science Direct, JSTOR, EBSCO, etc.) are used online. Various word-key

combinations were applied to collect data.

**EXPOSURE OF THE MAIN PART.** As mentioned above, among all other resources in improving the efficiency of the company functioning, Human Resources have great importance. Therefore, the views on Human Resources have significantly changed. Today, communication with new generation staff requires special attention, taking into account their potential. They have mastered the basics of information technologies, thinking in global categories. The new generation of staff can offer new proposals to production leadership. Staff production is the intellectual capital of an enterprise/institution. Production management should value employees with dignity and take into account their potential.

The organization's personnel policy can only be effective if the manager is properly trained. Any supervisor, including the **Information System Manager**, should be guided by the overall regularity of the employee's behavior in the organization. In the manager's professional training, serious attention should be paid to this aspect of qualifications working with people.

The training program for training managers of any profile reflects such special discipline as **Organizational Behavior**, as a special universal discipline (Maghradze, 2017).

If necessary, the manager himself/herself will provide information about his/her requirements. Under his/her instructions, assistants and referents regularly find information from various sources and provide it to their supervisor.

At the request of specialists involved in informatization, special courses are organized in companies. According to the current practice in Georgia, the knowledge gained can be deepened in the form of short seminars that are organized by the company to an external institution. The effect obtained from the training is possible to reimburse the costs incurred. The training program can be considered successful if experts are invited from outside and specialists of the firm can perform at these seminars.

Mid-level managers are responsible for

introducing new information technologies with the practice established in Georgia. Especially when distributed information processing systems are being introduced into the information system and structures of enterprises. Even technically and technologically quite successful systems are doomed to failure if humans do not use them. Personnel Management is essential in any company (Maghradze, 2017).

People represent the main value of the company. Its potential is almost inexhaustible. Among the resources available in the enterprise (material, financial, informational, human), the most relevant is Human Resources. Since they ensure the fulfillment of planned work and the implementation of the developed goals. HR management should take into account all the trifles of human life.

United Nations Human Resources Management Programs (Human Resources Management..., 2013) allow not only to effectively manage labor resources and capital but also to obtain individual and corporate information. In many cases, automation of Personnel Management is associated with the task of calculating labor and wages. The success of any company depends on how efficiently the Personnel Management Department works, the main purpose of which is to attract, fasten, correctly distribute and use the necessary specialists for the enterprise. Therefore, when developing an automated company management system, special attention should be paid to the development of Labor Resources Management software, which should provide:

- \* Obtaining operational analytical information about personnel and making reasoned decisions;
- \* Planning and analysis of costs incurred in staff maintenance;
- \* Organization of business processes of Personnel Management and Prevention of duplication of the same data in the system;
- \* Maintenance of staff accounting, following the law and avoiding financial sanctions from fiscal institutions.

The classification of software products for the automation of Personnel Management in the information technology market is, as follows:

- \* Specialized systems for accounting of personnel.
- \* Multi-Functional Expert Systems;
- \* Personnel Management Complex;
- \* Prospects for the development of the world market for automated Personnel Management (Maghradze, 2017).

As a separate issue, we should highlight the social effect of using the HR system. The latter is even manifested in:

- \* Personal accounting of the pension fund of the enterprise's employees;
- \* Production of the labor history of each employee of an enterprise;
- \* Preparation of reserves of leadership personnel and promotion of prospective employees.

#### **DISCUSSION AND CONCLUSIONS.**

Although outsourcing as an alternative has long gained a foothold in the market, often this term still leaves uncertainty. In this article, I have tried to explain the importance of outsourcing in HR management and its purpose. Simply put, outsourcing is the receipt of the necessary services for a company from an external source. For example, when a company needs advertising to increase sales, it chooses one of two main alternatives:

- 1) Hiring an internal specialist who, using the resources available in the company and his knowledge, will try to create quality and effective advertising; or
- 2) Hiring an external advertising company that advertises the company for a certain fee. Likewise, in accounting when a company needs an accountant, for example, to file tax returns and record the company's transactions, it chooses between the same two alternatives:
  - a) Hire an internal accountant; or
  - b) Hire an accounting company to obtain accounting services.

Over time, outsourcing becomes an increasingly popular alternative compared to attracting internal specialists. The main reason for this is that, no matter how paradoxical it may sound, in

the case of outsourcing, the company receives a higher quality of service, at a lower price. This has two main reasons:

- a) In the case of hiring an internal specialist, the company receives limited resources, and the resources obtained from hiring an external company are much larger since the external company specializes in this particular service and has more staff who ensure the correct management and delivery of each element of this service. Moreover, this is expressed in higher quality service.
- b) The outsourcing company has access to modern software and other technologies developed and refined over the years, which allows the staff working in the outsourcing company to use their time more efficiently and saves time. This results in less cost and subsequently less price. For example, professionals working in an accounting company have access to computer programs of the same accounting company, quality control mechanisms, and templates of defined procedures.

Outsourcing can free up cash, personnel, facilities, and time resources for the company. In addition to costs, the company can also implement an outsourcing strategy to focus on its core business competencies. This allows the company to dedicate more resources to what works well, which can improve efficiency and increase its competitiveness. Production can be simplified and production time and operating costs can be reduced.

Companies are driven to outsourcing primarily by the desire not to waste time on the accompanying directions of the main activity (software, accounting, and technical services). Outsourcing allows us to entrust the management of these areas to professionals and concentrate all our efforts on solving key strategic and production problems. Due to the advantages described above, outsourcing as an alternative to hiring an in-house specialist will gradually become more popular. In addition, it should be noted that outsourcing is not only advantageous for client companies but also

allows accountants and other service professionals to develop and advance their careers.

In particular:

- 1) From an economic point of view, attracting an outsourcer allows the company to significantly reduce costs. The company will not have to select an additional structure and inflate personnel. Transaction costs can also be reduced. Some fixed costs can be converted into variables depending on the needs of the firm in a specific period;
- 2) In terms of implementing strategic tasks, outsourcing makes it possible to concentrate resources on the main production. Also, improve operational control. In addition, facilitates the process of introducing new technological or managerial operations;
- 3) Outsourcing opens access to higher technologies. In the case of attracting an outsourcer, the quality of service increases significantly, since a third Party Company undertakes to monitor the quality of the work performed under the contract.

In addition, the following conclusion should be made: the training of personnel will be an important factor for the success of new technologies implemented in the enterprise.

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