ABSTRACT

This thesis discusses the findings of a detailed study of the practice of outsourcing human resources (HR) functions or tasks in large and medium sized Information Technology (IT) Companies in the state of Karnataka. The study included 114 senior-level HR professionals representing large and medium sized IT companies located in the state of Karnataka.

Ninety of the companies in the sample (79% of respondents) are currently outsourcing at least one HR function or task. Data suggests that company size does not impact the decisions related to outsourcing of HR functions in this sector.

Functions that require specialized knowledge or technical expertise and functions identified as non-core HR activities (i.e., Human Resource Accounting, 360 Degree Appraisal, Evaluation of Training Effectiveness, E-learning, Assessment Centers, Outbound Training, Attitude Surveys, Psychometric Testing, Salary Administration and Compensation Surveys) appear to be the most suitable for outsourcing.
Functions that involve a high degree of corporate decision (i.e., Core HR functions like Talent Acquisition, Knowledge Management, Competency Mapping, Culture Building Activities, Employee Empowerment, Performance Management System, Measuring HR Performance, Leadership Development, OD Interventions and Multi-skilling) appear to be less suitable for outsourcing.

Data also indicates that for the majority of the companies sampled, HR outsourcing has increased the firms’ satisfaction with the quality of HR services. Findings of this research are important for HR managers and HR providers (vendors) as they increase the knowledge of HR outsourcing practices in large and medium sized IT companies located in the state of Karnataka.