

Outsourcing HR Functions: Set of Things That You Need to Keep Note of



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The most confusing department in the entire business is the HR department. It manages payroll, handles employees, recruits new employees, and wears many other hats. However, it is still unclear what these people do? What are the HR functions?

Hence, in this article, we have discussed the key functions of HR employees. Along with this, we have also explored how outsourcing HR can help you mitigate issues and challenges related to key HR functions.

So, from 'what are HR functions' to 'why to use HR outsourcing services', we have answered all your queries in this discussion.

Key HR Responsibilities and Functions

An HR manager wears a dozen hats in a single day. At one point, they are resolving employee queries, and at another point, they are managing records. Check key HR roles and responsibilities.

1. Payroll

Payroll is the topmost concern for every organization and its HR department. You need to calculate daily taxes, salaries, and deductions of employees. Once this is done, HR managers need to take note of monthly bonuses, raises, and reimbursements as well. Another yearly responsibility is the taxes, which the HR needs to deduct every month according to the salary of the employee. This section is alone the biggest one of the HR responsibilities.

2. Recruitment

Another major function of the [HR](#) manager is the look after the recruitment needs of the company. For instance, one employee is leaving, and we can't keep that position vacant. What will you do?

The HR manager will research, use job postings, ensure correct descriptions, shortlist resumes, and then finalize a few members for final scrutinizing, such as interviews. A lot of time and effort is put into this activity, as one wrong hiring can cost a lot to the company.

3. Discipline

Maintaining discipline within the organization is a critical task. If you end up enforcing a wrong disciplinary action, it can even lead to the loss of a few valuable employees. Hence, the HR department needs to carefully plan the disciplinary action of the office.

For instance, if an employee is continuously delaying work, you need to first understand their issues before taking an action. You can't jump to the disciplinary action straightaway.

4. Record Management

Even according to the law, you need to maintain and manage HR documents. These records contain personal information of employees, such as their account details, emergency contact number, etc. You need to keep them safe from hackers and unauthorized use.

5. Policy Making

Every HR department needs to consistently change, discard, and update policies. Five years back, you may have decided that your employees can't work from home, so you never enabled WFH. But, today, you can't go on the same rules. You need to work from home, as that is the need of the hour.

HR Policies in India

Here are the HR policies in India that are worth noting if you are considering outsourcing the HR functions of the business.

1. Code of Conduct

The code of conduct policy of the office defines the rightful pay of employees. It says that you need to offer competitive pay to the people working for you according to the industry standards and various laws, such as the minimum wages act, payment of wages, etc.

2. Employment Contract

While it is not necessary to create an employment contract for every employee in India, you need to have this document. This document will mention all the employee agreements, contracts, and terms. We have a diverse set of laws, and having a contract helps you stay compliant with these laws.

A few laws to look after are employment law, wages law, labour law, etc.

3. Gratuity Policy

Through gratuity, the organization appreciates employees' services, provided that the employee has worked with the employer for 5 years or more.

This amount is offered to the employee when they retire, resign, or laid off.

4. EPF

The employee provident fund act, 1947 has been set to offer security to the employee after retirement. It is a type of social security fund that helps the employee in case of retirement, housing care, medical insurance, etc.

Any organization that has more than 10 employees needs to deduct and submit EPF.

Do You Need To Outsource HR Functions?

When you are facing issues in managing HR functions internally, it is natural to ask do you need to **outsource HR** functions? We have answered this question. Here are the reasons why the best HR outsourcing services can help you.

1. Cost-Effectiveness

Outsourcing HR is synonymous to cost savings. You can focus on reducing the total cost of management, hiring, [payroll processing](#), errors, etc. In-house functions come with a lot of hassle and costly procedures, such as managing the

HR department. You don't need to do all this when you outsource, which reduces the costs of HR functions automatically.

2. No Compliance Issues

A lot of your employees may not know how HR rules work. In fact, you may not know how exactly HR rules and regulations work. When you don't have people in your HR department with full knowledge of rules and regulations, compliance mistakes are common.

HR outsourcing companies eliminate the scope of errors and legal risks. They are well-acquainted with new laws and regulations and they have the experience to follow these laws and regulations. This helps in maintaining compliance and avoiding repercussions, such as fines and penalties. Every function from payroll to recruitment is achieved according to the law.

3. Advanced Technology

With the **best HR outsourcing services**, you also get the best technology too. Every HR specialist understands that an optimum technology helps you automate a few tasks, maintain laws and regulations, and complete payroll with ease. You even get an employee portal to help employees evaluate their leaves, pay, deductions, bonuses, etc.

4. Better Productivity

Outsourcing your HR functions mean better productivity too. When your company faces issues with payroll calculations, recruitment, and budget allocation, you cease to focus on important tasks. For example, employee training, a happy environment, etc. With HR outsourcing services, you get a chance to focus on your people. You can encourage them, motivate them, and increase their productivity.

Warning Signs That It Is Time For Outsourcing HR

There are a range of warning signs that indicate there's something wrong with our [HR processing](#). We have explored these signs below. Read on.

1. Poor Time Management

The top sign to look for is time management. If you are spending too much time on training, agreements, recruitment, etc., then you need support. If you keep spending too much time on each activity, even which turns out to be erroneous, then you should consider options for HR outsourcing companies. This will help you streamline your HR activities and reduce time spent on management.

2. Compliance Risks

In-house HR management comes with a series of compliance issues. You can miscalculate employee salaries, deduct the wrong TDS, or fail to follow labour laws. When that happens, you face penalties and fines. If you are already on the verge of or have faced fines, then you need to consider giving this responsibility to a skilled, learned team – outsourcing HR.

3. Cost Overheads

Along with poor time management, poor money management is another reason to shift to outsourcing HR.

Here are two factors that impact money management:

- You want to save money, so you shift your outsourcing HR.
- Your HR activities are causing too many unavoidable overheads, so you move to HR outsourcing companies.

Sometimes, since in-house teams have other tasks, they end up stretching payroll and HR activities too much. This increase in time, mismanagement, and improper execution cost money. For instance, hiring someone in a hurry and then paying for the wrong hire. To avoid this, HR outsourcing services can help you.

4. No Accountability

If your HR functions are too mismanaged, but no one in the team is ready to take accountability, then you have to re-think your decisions. Your team may be not ready to take up crucial HR activities, or they just don't have enough time. To mitigate these issues, HR outsourcing companies are the best options. Your HR heads would get appropriate support and guidance from the outsourcing HR provider. They may be able to learn and manage the people of the company in a way they should always have.

Conclusion

Outsourcing HR helps you streamline workflows that can be hard to manage in-house. For instance, accurate payroll, timely dispatch of salaries, and quick hiring. Outsourcing HR allows management of these activities, which leaves room for your HR manager to focus on what's important – your people. Your HR manager can become the people's person, while other tasks are completed by the HR outsourcing service provider.

If you are already eager to outsource HR functions, then connect with us. [Paysquare](#) has 20+ of experience, which drives our motivation and enthusiasm towards error-free and feasible HR functions. We can help you improve productivity, manage costs, and ensure accuracy in the business!