The perspective of Malaysian Manufacturing Organizations on Strategy, HR Outsourcing and HR Costs

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Abstract: The paper discusses the relationship between different types of human resource management (HRM) strategy and the human resource outsourcing, and impact on the size of human resource (HR) department. Three HRM strategies are considered: Facilitation, accumulation and utilization. The data for the study were obtained from survey responses from 232 organizations, of which 113 were engaged in HR outsourcing. The findings suggest that organizations tend to rely on outsourcing of HR functions when they espouse facilitation and utilization HRM strategy. Concurrently, by relying on HR outsourcing, the organizations manage to experience a reduction in the size of HR department. The results show that it is important for the organizations to better understand the implications of an increased reliance on outsourcing within HR. This allows them to focus on how HR functions are delivered within organizations with the interaction of HRM strategy and the size of HR department will tend to be smaller resulting from outsourcing activities.

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