



Committed to outsourcing in South Africa...

South Africa's human resource outsourcing industry has grown as rapidly as it has in other parts of the world. The greatest reason why companies choose to outsource business activities is to draw professionalism into their business (Jeffries and Co. 1998). In SA there are in the region of 200 000 companies registered each year, we also have eight new labour acts, a new income tax act (Nits), a BEE Act, and a country business drive towards entrepreneurship.

Many HRO companies supply services to these emerging markets. These business's are able to draw on the HRO companies skills and variety of specialised services offered including contracts of employment, general HR documentation and efficient payroll management. It makes sense that with professionally managed outsourcing services, entrepreneurial companies will have a greater chance of success in their respective markets.

HRO companies are playing a greater roll in larger employer companies too, offering services including staff training, payroll services, "joint and several liability" audits within supplier companies, medical aid administration, 3rd party payment coordination and processing and contract employee management services amongst others. Outsourcing provides a solid foundation for business owners, and allows them to focus on their core product or service, however, developing a sound "partner-shiping" relationship is key to the success of both.

A world survey in 2002, showed that 3 out of 4 outsourcing relationships had failed. Professional outsourcing companies have since become more sophisticated with unique processing functions, and support programs. Referral marketing and networking have become more scientific in approaching the marketing and sales of products and services, and terms such as "vertical markets" and "supplier networks" have become standard in boardroom discussions. The outsourcing industry worldwide has been through a face lift, and with the entrance of many corporates (along with their high level of attached skill), the industry is now able to market a more professional and reliable service.

Outsourcing in SA makes good sense to small, medium and corporate clients. They are able to draw in HRO companies to guide documentation submission and management of employer responsibilities such as Skills Development Plans, Equity Plans, Safety Inspection Programs, and other process functions within a company. Outsourcing companies may assume the employment relationship in some circumstances, but more often they provide processing support, and assist businesses to manage their employees better within the regulated business structures.

Business owners are preferring to choose branded suppliers when outsourcing business activities, and as long as the relationship intention and service level agreements are agreed on and managed, outsourcing relationships between clients and suppliers can last for decades.

The best outsourcing relationships begin when the business owner identifies the need for skilled resources within his business or requires routine processing support, and then seeks his preferred supplier. The less successful relationships are where the business owner thinks that by outsourcing to a third party, he need not be involved or aware of these activities within his business.

Successful business owners have their finger on the pulse within every activity of their business, when this approach is combined with a equally committed and involved outsourcing partner, the relationship and its resultant synergy ultimately lead to even greater success.

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