



Information Overload

Issue 40, December 2005

Welcome:

This is it, the end of another year of Information Overload. As always we have tried to cover a range of topics relating to Records & Information Management, as well as a host of business management issues that face all organisations, regardless of size, complexity, structure or business. And we hope that 2006 will offer some topics for discussion across the various communities, not only in Australia but worldwide. As a matter of interest, thanks to word of mouth and issues being passed around, we now have regular readers from a dozen countries and over 700 people subscribed. So thank you for forwarding this onto friends, colleagues and other interested readers. This month's edition of Information Overload looks at the contentious subject of outsourcing jobs and functions.

Please note that all back issues of this edition, as well as our registrant resources edition can be read and/or downloaded from our web site – <http://www.iea.com.au> should any of the topics be of interest and use. If you have any suggestions or would like to see us cover any other topics, we would love to hear from you. Just send an e-mail to training@iea.com.au;

We would also like to wish our readers a very safe and happy festive season, and look forward to speaking with many more of you in the New Year.

Lorraine Bradshaw
Marketing & Training Coordinator

In this Issue we will be looking at:

- Outsourcing Job Placements;
- Getting the best out of your temp;
- Placement Fees: Why should you have to pay them?
- The benefits or not of outsourcing job placements;
- Outsourcing Job Functions;
- A final note;
- A Thought to ponder.

Outsourcing Job Placements:

There are as many reasons to outsource job placements as there are employment agencies. There are specific agencies designed to deal with the specialised skills and knowledge for a certain group of functions. And there are a number of generalist agencies who are able to supply a broader base of people, for a wider range of industries. However, there are some similarities.

Versatile and well-qualified temps are invaluable in a wide range of situations including:

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- Providing specialist skills and competencies for a specified period. For example project based work.
- Covering critical roles at very short notice, such as sick leave;
- Catering for longer-term absences, including higher duty assignments;
- Fulfilling key roles during periods of permanent head count restrictions;
- Carrying companies over prolonged skills gaps (eg., whilst recruiting permanent candidates or waiting for internal transfers to take effect);
- Supporting start up operations or new product / service launches until permanent head count needs are established; as well as the
- Times of overload and special projects that cannot be handled by the current workforce.

Whilst an organisation can source its own short list of candidates for any position they have on offer. If the reason for the vacancy is for a short period of time, it simply may not be cost effective to do so.

Getting the best out of your “temp”!!

In order to get the best out of the arrangement, you need to make sure that you:

Are ready for them; You are paying by the hour for these people, so make sure that the temp has all the right tools needed to do the job – before they arrive – this includes a computer logon (if using the computer is required as part of the temps role);

Arrange both a site specific as well as job specific induction – speak to your HR department if you are not sure what you should be including for the site specific induction, but it should cover such things as – work hours, dress code, breaks, location of kitchens and toilets; emergency exits, lunchroom, stationary supplies, how to answer the telephone and who the person should report to, and who to speak to if there is a problem. If you are expecting the “temp” to work at more than one location, then you must ensure that additional inductions are provided.

A job specific induction is equally important. Whilst most contract employees will have a good understanding of the duties and responsibilities related to the position (assuming you have briefed the agency that is); every workplace is different and allowances should be made for people who are new to the job. For example, if there are specific pieces of machinery that need to be operated it is essential that adequate training be given on the first day as this is the time that accidents are most likely to happen.

Placement Fees: Why should you have to pay them?

You’ve contracted a person for a period of time, you decide the person would be a positive addition to your organisation so you approach the Labour Hire firm and inform them that you would like to “take them on”, only to be informed that there will be a placement fee.

Why? After all they’re already working for you, the labour hire firm doesn’t have to interview them, or do any of the other HR functions. Why should you be expected to pay a placement fee?

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Labour Hire can be defined as an arrangement between a labour-hire company or recruitment agency to provide workers to a client or host employer, with the labour hire company being responsible for the worker's remuneration. (ACTU 2000:2). However, it is more than just paying the worker's wages. The on-hire labour firm also has to ensure that it pays the payroll tax, workers compensation and public liabilities insurance, all of which the host employer do not have to pay whilst the person is working on contract to them. Add the administrative costs regarding the worker's tax and superannuation, and the loss of likely earnings if the person were to stay working through the employment agency and you may begin to understand why a placement fee is necessary. But that's not all an employment agency does.

Whilst the day to day supervision of the on-hire worker rests with the host employer, the employment agency has already interviewed the person, took the time to ensure that the person understands the safety and health implications of working on contract to another organisation, sat through an induction and conducted reference checks.

Ref: ACTU (2000) Submission to the Labour Hire Task Force, New South Wales Department of Industrial Relations. Australian Council of Trade Unions, September. In. Hall. Dr. Richard, Labour Hire in Australia: Motivation, Dynamics and Prospects Working Paper 76, University of Sydney, April 2002. p4

The Benefits or Not of Outsourcing Job Placements:

The Organisation:

The benefits to the organisation wishing to take on a "contractor" are considerable. The organisation has been able to "try before they buy". This means that if they think the person does not fit in with the organisational culture, or is not able to do the job (for whatever reason), then they can ask for a replacement. The on-hired worker has already undergone their trial period, knows their colleagues and the work involved and can slot into the position without additional expense from the host employer with regards to inductions and training.

The Individual:

The benefits to the person being "taken on" should also be taken into consideration. An employment agency is unable to offer continuation of work, or guaranteed work to the on-hire worker. Therefore the associated stability with being offered full time work, or a fixed-term contract with the host employer can be extremely tempting.

The Agency:

So where does this leave the employment agency? Believe it or not, most employment agencies feel that despite losing one of their own, the new skills gained by the "contractor" far outweighs the downside. And should the person decide to move onwards and sideways, the agency door is always open.

Outsourcing Job Functions:

As we have previously discussed, some organisations choose to outsource specific job placements in order to remove some of the administrative work with regards to hiring personnel. This includes reducing the costs associated with payroll tax and workers

compensation insurance, which is based on the organisations total payroll. If certain positions are outsourced, then these costs can be reduced.

In addition, some organisations may also choose to create a formal contract arrangement with an employment agency with the use of common use contracts or preferred supplier lists. This can be cost effective for the organisation as this process usually involves tender submissions, and those deemed to offer the best value for money as well as the best people for the many and varied roles on offer winning the process.

However, there are some organisations who choose to take this to the next level. And that is to outsource entire departments and/or specific job functions. For example, HR, payroll, IT and travel. And then of course there are the call centres. Whilst the reasons for outsourcing job functions will vary from organisation to organisation, notwithstanding the previous discussions regarding the reduced payroll tax burden etc. The organisations undertaking the outsourced rolls are representing the organisation that you work for. Therefore the question one has to ask is – are these people representing you and your organisation in the best possible light? Or like the call centres and in particular the telecommunications industry suffering because of it? And what could your organisation do to ensure that the standards you uphold are not diminished because of the decision to outsource?

Obviously our intention as always is to open up some discussion. If you have a comment, or would like to pose a question, please email me at training@iea.com.au and we will endeavour to answer as many as we can. And of course, we will share those comments with you in the new year.

A final note: From everyone at Information Enterprises Australia, we would like to wish everyone a safe, happy and festive Christmas and New Year. For those of you who celebrate this time of year, we hope Santa is kind to you. For those of you who do not celebrate – we hope you enjoy a few additional days from work, and we look forward to speaking with you again in the New Year.

A T hought to Ponder:

“We are prone to judge success by the index of our salaries or the size of our automobiles, rather than by the quality of our service and our relationship to humanity”

Martin Luther King, Jnr (1929-1969)

American Civil rights leader and minister

Your comments and suggestions on the subject of this newsletter are most welcome. Or if you would like to see other issues covered in future editions, please email me at training@iea.com.au. Please feel free to pass on this newsletter to your colleagues' friends and associates. To subscribe they should send an e-mail to training@iea.com.au with “subscribe newsletter” in the subject line.

If you have any suggestions as to what should be included in future editions, then please send an email to training@iea.com.au.

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