

Outsourcing: The Main Thing Is Identifying Risks

By [Ludmila Kuzenkova](#)

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Ludmila Kuzenkova

Head of Human Leasing and Industrial Projects Department
Ventra Employment

The outsourcing of a company's non-core functions has a number of advantages. With that in mind, providing or leasing staff is a widespread practice nowadays.

All one needs to do is to consider carefully which business activities could be handed over to vendors, as well as to draw up a contract, taking in consideration all possible risks.

More often than not companies engage outside agencies for personnel leasing.

This service is often called outstaffing.

The popularity of outstaffing stems from a labor-consuming recruiting of staff for unqualified positions (especially for temporary projects), turnover of staff and complicated administrative procedures that are rooted in Russian labor legislation.

For example, sometimes companies find it extremely difficult to hire an employee on a fixed-term employment agreement.

Accounting and reporting require an enormous amount of documents if the company wants to hire a foreign specialist who also falls under the quota system, so the company needs to make a request beforehand to be eligible to hire foreign staff. Examples of this abound.

The use of outstaffing allows the company to transfer duties for administration management into the provider's hands.

It turns out that de facto the person works in the particular company, and de jure is the provider's employee.

It's a provider who pays salaries and taxes, along with being legally responsible for the

employee.

But along with this, aims and goals are set by the business customer.

If one needs temporary staff, the outstaffing company will hire employees, although the right of salary calculation will be left to the business customer.

The company doesn't need to waste time and other resources on recruiting.

Furthermore, the business customer doesn't need to deal with financial and administrative issues of this category of staff, which allows the company to devote more attention to core activity.

Companies providing outstaffing services could also assist with additional temporary staff.

This could be a situation when a company needs to replace a secretary who has fallen ill, or if taken commercially, the company may require 100 of additional workers for the packaging of an urgent order.

Outsourcing allows the company to transfer into a third party's hands the particular branch of activity; sometimes it could be much more effective or even lower in cost.

But at the same time, the business customer doesn't interfere in the process, they pay the vendor for the required final result.

To decide whether your company requires outstaffing or outsourcing services, you need to analyze which part of your business needs additional resources from outside and decide how far you are ready to push the budget over its limits for this support.

Then you need to define the amount of business you are ready to delegate to provider.

Only when all these components are measured can one clarify what kind of service should be ordered.

For instance, if cleaning, marketing or logistics are subsidiary processes in your company, you can entirely transfer these processes to outsourcing providers.

However, if the above-mentioned processes are your main business areas, only outstaffing or personnel leasing are possible.

Unfortunately, there are plenty of dishonest providers on the market and in order to protect your business from any kinds of risks you need to check your future vendor.

First of all, you need to check its financial stability.

If the vendor delays a wage payment your corporate identity may suffer, not to mention the quality of workflow. Your employees will make a clean getaway and as we know the turnover brings no success to business.

Secondly, you need to check if the provider pays all taxes. The easiest way is to ask the vendor to explain the price for one employee.

Usually an extremely low price indicates that the provider doesn't pay all taxes and compulsory payments. It's desirable to set forth in the Agreement the providing of reports on a monthly basis. If the provider refuses to give clear financial reports, this is a cause for concern.

Third, you need to check the previous experience of the provider in recruiting and provision of staff on similar projects. It's necessary to ask whether the vendor recruits such employees and has headhunters, who specialize in particular area of labor-market.

There are different ways of collecting information about your future business partner. You can ask the provider to gather tender documentation, letters of recommendation or contact details of previous and present clients.

There is nothing more helpful in identifying a skilled provider than pre-project communication.

This should be done with a meeting on the production site, where you as a client will ask questions and listen to the answers of the provider's representative, and according to these answers you'll understand if the vendor is an industry leader and renders a professional service.

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