

Invest in Africa - Investor Readiness Training

Human Resources and Organisational
Planning

July 2021





Welcome!

Introductory exercise

State your:

- Name
- Name of your company
- Sector in which your company is in
- So assuming that anyone who has ever been employed or employs is familiar with HR policies, which policy do you like the least and why?*

Your Expectations for today: Go to www.menti.com and use the code **9327 4892**

What you told us

84% Of the survey respondents do not have a formal HR function

And for those who have a formal HR function:

17% Do not have a HR policy manual

83% Have job descriptions prepared for each job

100% Lack comprehensive job descriptions that are used for effective HR management, i.e. recruitment, training, performance appraisal, job evaluation

100% Indicated that their HR policies provided fair and consistent treatment of staff in compliance with labour legislation

17% Lack job descriptions for each job and have an action plan to address the skill shortfalls

100% Have not outsourced HR functions from another company

Today's Agenda

	First Session	Time
01	<ul style="list-style-type: none">➤ Introduction to HR➤ HR Policy Manual and the HR Function➤ HR Data & Personnel➤ Staff Performance Management➤ Salaries & Benefits Structure➤ Legal Compliance	<ul style="list-style-type: none">➤ 9.30am - 10:05 a.m.10 mins break
02	Second Session <ul style="list-style-type: none">➤ Organisation Planning➤ Vision & Mission Statement, Core Values➤ Strategic Plan➤ Operational Plan	<ul style="list-style-type: none">➤ 10.15 a.m. - 10.50 a.m.10 mins break
03	Third Session <ul style="list-style-type: none">➤ Introduction to Outsourcing➤ Barriers to Outsourcing➤ Outsourcing Framework	<ul style="list-style-type: none">➤ 11.00 a.m. - 11.45 a.m.The End

A group of people are seated around a wooden table in a meeting room, looking at documents. A single glowing lightbulb hangs from the ceiling. The background is a brick wall. The scene is overlaid with a semi-transparent white box containing the number '1' and the text 'Human Resources'. On the right side, there are grey geometric shapes and a vertical yellow bar.

1

Human Resources

Importance of a properly functioning HR department

- ▶ The HR capacity has evolved from the typical 'hire and fire' to an in depth and strategic function which handles the following company aspects:

Strategic Management



HR improves the company's bottom line with its knowledge of how human capital affects organisational success.

Recruitment and Onboarding



HR determines the most effective methods for recruiting applicants, including assessing which applicant tracking systems are best suited for the organisation's needs

Training and Development



HR provides training that supports the company's fair employment practices and employee development to prepare aspiring leaders for supervisory and management roles.

Remuneration and benefits



HR develops realistic compensation structures that set company wages competitive with other businesses in the same industry or companies competing for employees with similar skills

Maintaining Compliance and Risk Management



Employers have the obligation to provide safe working conditions. HR ensures safety is provided and that there is adherence to labour laws and other laws.

Employee Engagement



HR help the organisation achieve high performance, morale and satisfaction levels throughout the workforce, by creating ways to strengthen the employer-employee relationship.

Top challenges facing HR Function today



A woman in a white shirt is shown in profile, looking at a laptop. She is in a server room with glass doors and colorful lights (green, red, blue) visible in the background. A large yellow and grey diagonal graphic is overlaid on the top right of the image.

HR Policy Manual and the HR Function

Human Resource Policy Manual

What is it?

An accessible document containing a set of control procedures regarding all aspects of employee relations.

Why should we have it?

- ✓ Provide structure, control and transparency among employees
- ✓ Ensures compliance with labour laws

► Facets of a good HR policy manual

Employment affairs

Performance management

Reward management system

Training and development

HR Function governance

Employment terms of reference

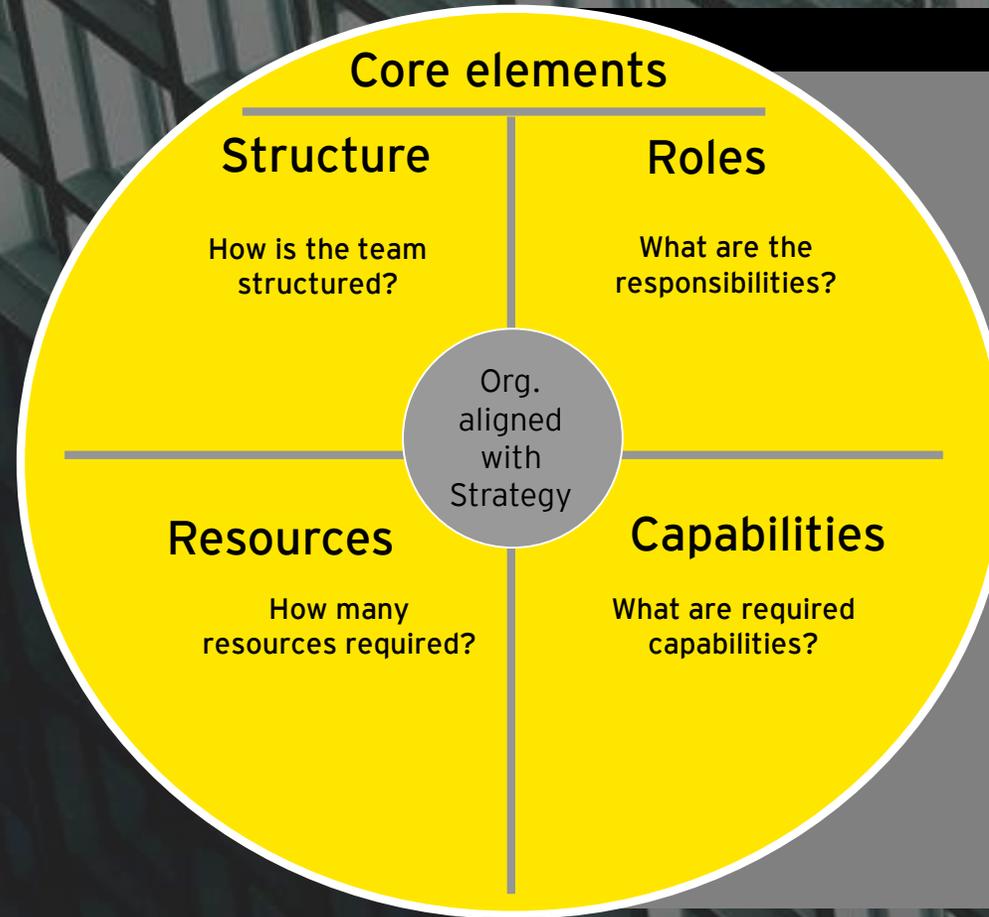
Labour law application

Staff separation

What is Organisational Design (OD)?

The process of purposefully configuring elements of an organisation to effectively and efficiently achieve its strategy and deliver on intended business, customer, and employee outcomes

Organisation Design framework



Supporting elements

Governance

Review and creation of governing teams that allow the SME to enable effective mechanisms for critical decision-making

Infrastructure

The underlying framework or foundation for the organization, such as systems or location

Performance

Measures to drive behaviors that are aligned to the business strategy and vision

Culture

Ensuring the characteristics of an organization are consistent and aligned to the core values

Talent

Anticipation of the required human capital the organizational needs and setting a plan to meet those needs

Processes

Definition of the operational processes, linkages and communications between functions

Evolution of Organisation Variables



Pros and Cons of organisation types

Functional Organisation



- ❑ Cost efficiencies
- ❑ Inhibits cross-functional processes (e.g. product development)
- ❑ Slow in responding to market changes

Geographic Organisation



- ❑ Market penetration
- ❑ Product proliferation
- ❑ Inconsistencies and redundancies

Product Organisation



- ❑ Product innovation
- ❑ Duplication - inefficiencies
- ❑ Difficult to serve customers with products that cut across product lines

Market/ Customer Organisation



- ❑ Customised products and cross-selling
- ❑ Customer share of wallet
- ❑ Duplication - inefficiencies
- ❑ Proliferation of products

HR Function and Capacity

Strategic and Functional

- ▶ A formal arm of the company's administration
- ▶ Represented in the board of directors

Proactive and Pre-emptive

- ▶ Anticipation and prevention of crises
- ▶ Solves emerging people issues



Management of Human Capital is critical to the success of the organisation

Properly funded

- ▶ A necessary part of the company's annual budget as it deals with the entire life-cycle of an employee

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HR Data & Personnel

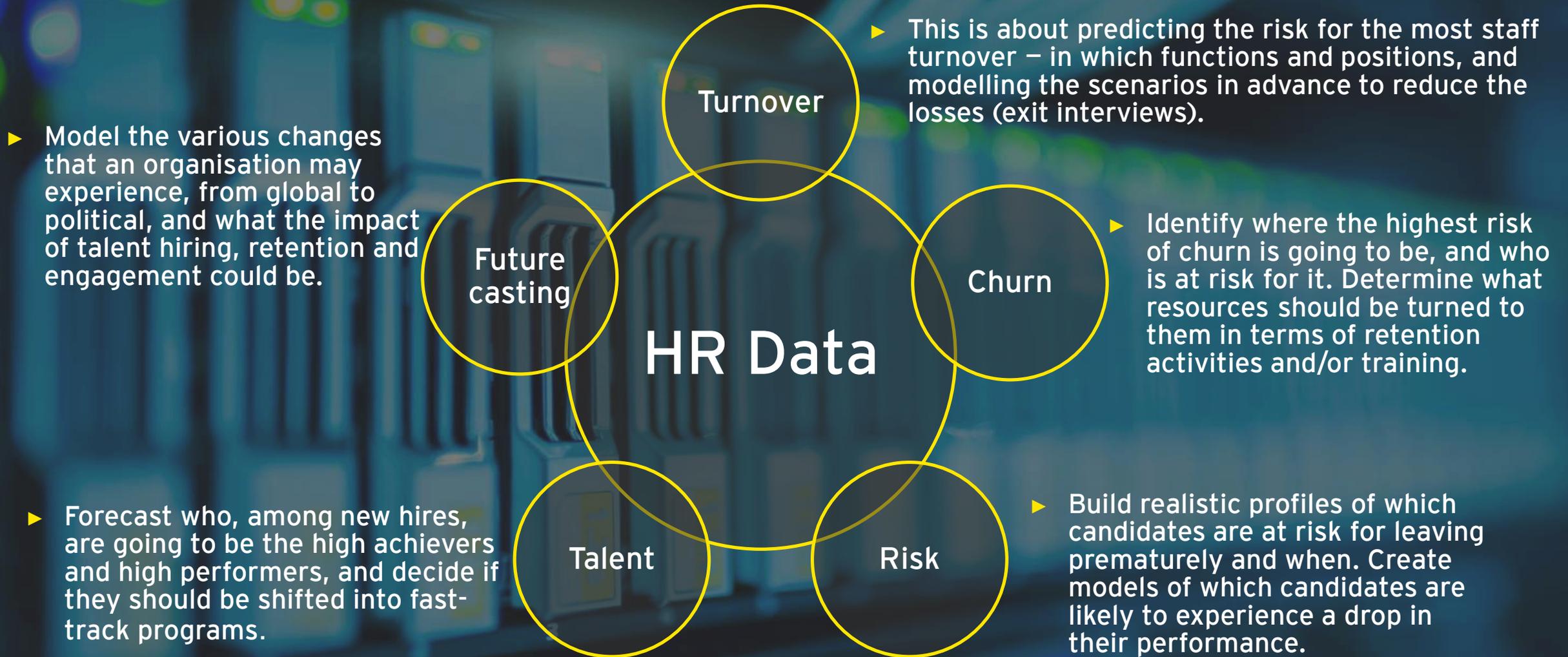
What kind of HR data can an organisation have?

- ▶ Recruitment data
- ▶ Career Progression data
- ▶ Training data
- ▶ Absenteeism figures
- ▶ Productivity data
- ▶ Personal development reviews
- ▶ Competency profiles
- ▶ Staff satisfaction data



Intelligent HR is data-driven
HR

Insights that can be taken from HR data





Staff Performance Management

Staff training and development

“Developing inhouse talent is the fastest and cheapest way to staff”

This is an important HR function that aims to improve the skills and performance of its employees.

Benefits of training already existing employees

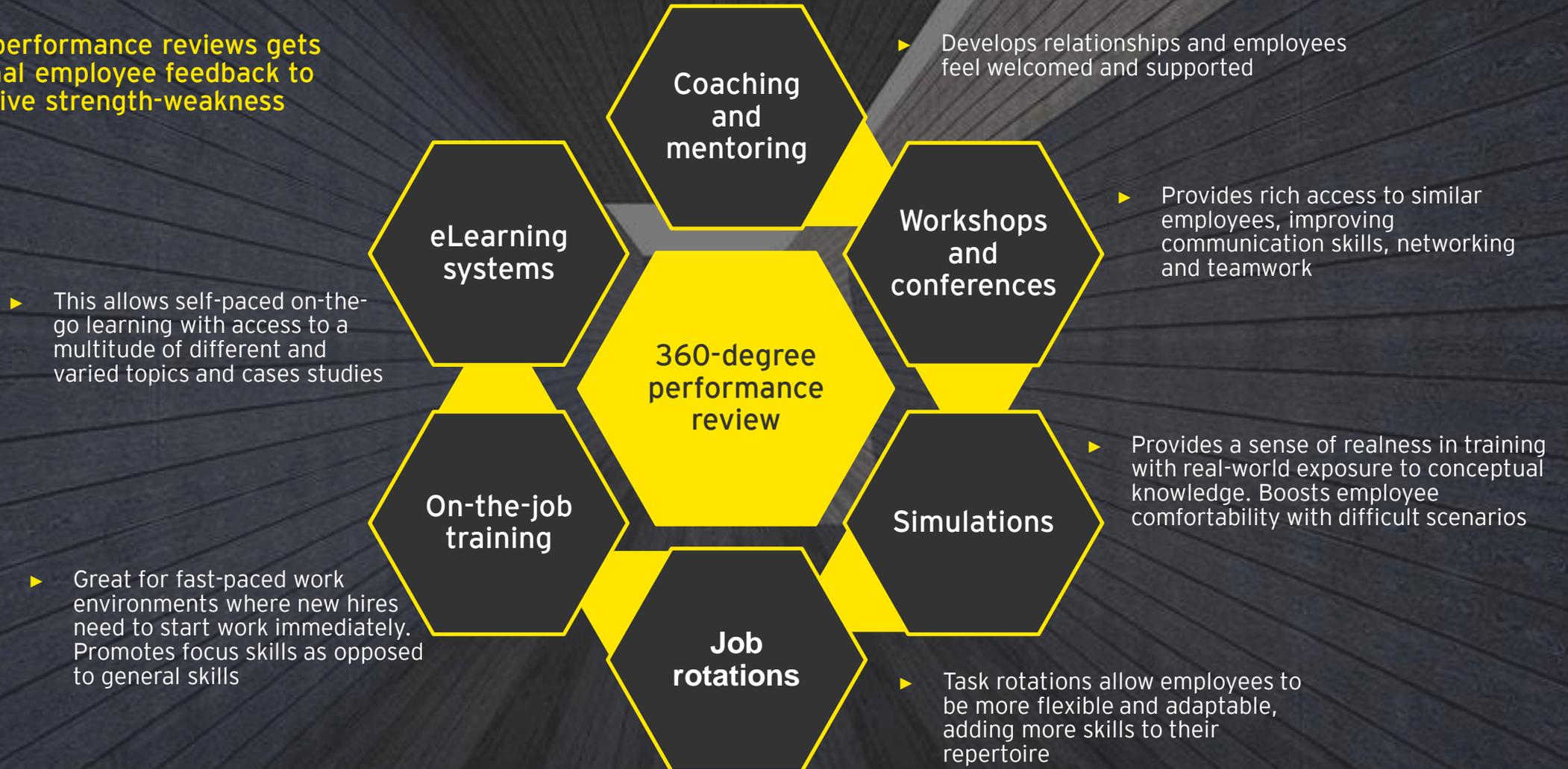
- ▶ To build more robust skill profiles for employees in the HR database
- ▶ To improve performance and productivity
- ▶ To boost company profile and reputation
- ▶ To nurture in-house innovation and creativity

Training strategy:



Staff training and development methods

360-degree performance reviews gets cross-sectional employee feedback to build conclusive strength-weakness profiles



Staff performance management and supervision

- ▶ Pre-cursor to efficient performance management for new joiners



- ▶ Performance points to consider



Individual

Measures independence and reliability as one works in an individual setting



Group/teamwork

Measures teamwork and collaboration skills as one works in a group setting



Work place adaptability

Measures employee long-term suitability for the role with flexibility to company-specific methodologies

Processes of performance management

Performance management needs to be a collaborative effort between management and employees. This promotes goal ownership and higher motivation among employees

Planning

- ▶ Goal definition: Management sets goals using the **SMART** format (**S**pecific, **M**easurable, **A**ttainable, **R**elevant, **T**ime-based, with clear performance standards)
- ▶ Feedback: Employees should have an opportunity to give input on defined goals
- ▶ Approval: management and employees agree on goals

Coaching

- ▶ Organise regular meetings
- ▶ Provide necessary training and coaching
- ▶ Solicit feedback on both sides
- ▶ Revisit goals as necessary

Reviewing

- ▶ Reviewing employee performance
- ▶ Reviewing the performance management process
- ▶ Reviewing overall goal completion
- ▶ Giving actionable feedback

Action

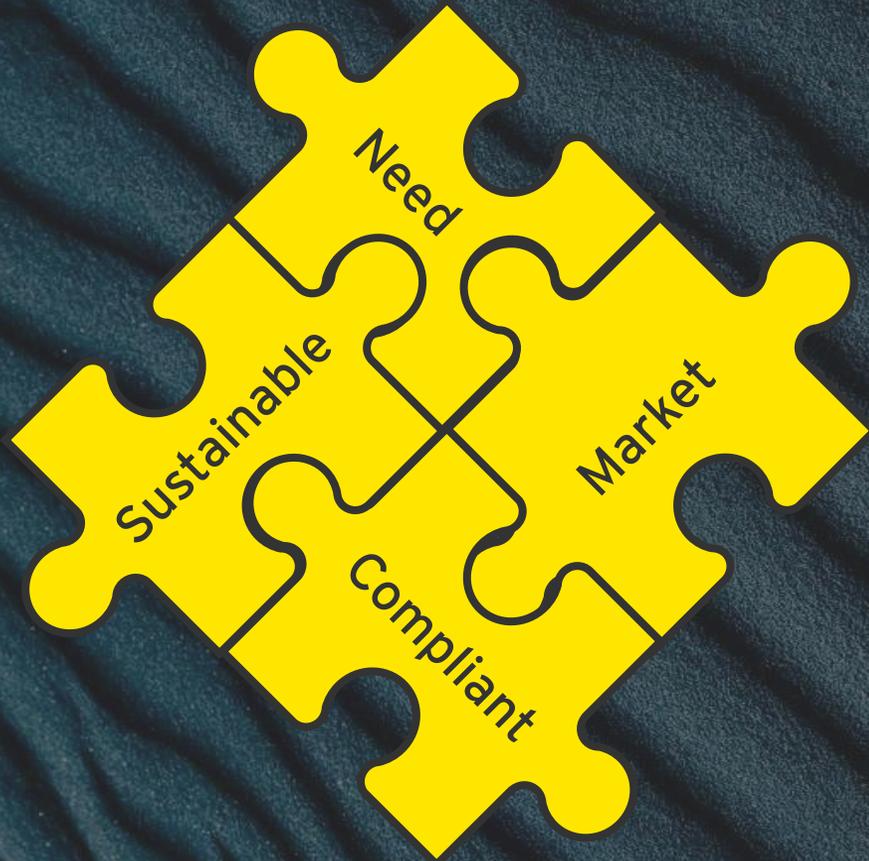
- ▶ Reward and recognition - promotes motivation
- ▶ Setting the stage for the next cycle

Meetings should be focused on solutions. If accountability is made into a negative, employees are less likely to be honest about their struggles



Salaries and Benefits Structure

Considerations and Terms for a salary structure



Considerations for selection of a salary structure

- ▶ **Need** - Should meet the demand and supply skills required by the organisation
- ▶ **Sustainable** - Should be financially sustainable by the organisation while still motivating staff
- ▶ **Market** - consider external relativities such as labour market conditions and specific industry practices
- ▶ **Compliant** - Should be compliant with legal guidance on remuneration e.g. minimum wage guidelines

Terms of a salary structure

- ▶ Minimum vs Maximum salary
- ▶ Range Penetration
- ▶ Band range
- ▶ Steps/notches
- ▶ Overlaps/premiums
- ▶ Salary on recruitment
- ▶ Experienced hires vs inexperienced hires
- ▶ Salary freeze
- ▶ Salary scale



Legal Compliance

Kenya Labour Laws are founded on 3 Sources, the *Constitution (2010)*, *statute* and *contract*.

1. Employment Act, 2007 (No. 11 of 2007)

This Act is the primary law on employment in Kenya. It replaced the previous Employment Act (Cap. 226).

2. Employment and Labour Relations Court Act, 2011 (No. 20 of 2011)

This Act establishes the ELRC and sets out its objectives, composition, jurisdiction and procedure. It was previously referred to as the Industrial Court Act renamed the ELRC pursuant to the *Statute Law (Miscellaneous Amendments Act, 2014 published in the Special Gazette Supplement No. 160 (Acts No. 18 of 2014))*.

3. Labour Relations Act (No. 14 of 2007)

This Act provides for the registration, regulation, management of trade unions, employers and organizations or federations. It replaced the Trade Unions Act, (Cap.233) and the Trade Disputes Act, (Cap. 234).

The Bill of Rights includes “Labour Relations” under Article 41 of the Constitution. It provides that every person has “the right to fair labour practices” as well as the right to:

- a) fair remuneration
- b) reasonable working conditions
- c) joining and participating in trade unions;
- d) to go on strike.

Further, Article 162 (2)(a) provides for the establishment of the ELRC with exclusive jurisdiction to determine and settle all labour disputes in Kenya.

4. Labour Institutions Act (No. 12 of 2007)

This Act establishes the various labour institutions - The National Labour Board, Committee of Inquiry, Wages Council, and Employment Agencies etc. It replaced the Regulation of Wages and Conditions of Employment Act, (Cap. 229).

5. Occupational Safety and Health Act, (No.15 of 2007)

This Act provides for the safety and welfare of employees and all persons lawfully present at work places. It also establishes the National Council for Occupational Safety and Health. It replaced the Factories and Other Places of Work Act, (Cap. 514).

6. The Fair Administrative Action Act, No 4 of 2015 (the Act)

opened the remedy of judicial review to those aggrieved by the actions of private persons so long as they were exercising administrative power.

Triggers of Employment Disputes

Termination/ Summary Dismissal	Termination is unfair if an employer fails to prove validity, fairness of the termination or use of fair procedure in termination	Sexual Harassment	Every employer is required to have sexual harassment policy setting out the procedure that an employee who has been subjected to sexual harassment should follow in filing the complaint and pursuing a remedy.
Breach of Employment Contract Terms	e.g. failure to pay/ increase salary or bonuses	Service Pay	Upon the issuance of a termination notice is entitled to service pay for every year worked "at such rate as shall be fixed" with some exceptions.
Conflicts with Trade Unions	For unionised workers	Termination for Cause: Reason or No Reasons?	The law does not specifically require the employer to give reasons for termination in every case.
Work Injury	The Occupational Safety and Health Act, 2007 (OSHA)	Suspension	The law does not provide for suspension of employees.
Discrimination	When discrimination has been alleged by an employee, the burden of proof shifts to the employer who must show that it did not take place.	Waiver of Claims	It is legal provided it is not achieved through intimidation, coercion, inducement or other factor that would vitiate an ordinary contract,

Checklist for minimum legal HR requirements

What is required of you by the law as a minimum to be compliant?

1. Probation

Probationary period shall **not be more than six (6) months**, but it may be extended for a period of no more than six (6) months with agreement of the employee.

A party to a contract for a probationary period may terminate the contract by giving not less than seven days' notice of termination of the contract, or by payment, by the employer to the employee, of seven days' wages in lieu of notice.

2. Annual leave

An employee shall be entitled after every twelve consecutive months of service to **not less than 21 working days of leave with full pay** in each year.

Where employment is terminated after the completion of more than 2 consecutive months of service, he/she is entitled to not less than one and three-quarter days of leave for each completed month of service.

There is no provision on leave allowance hence leave allowance is at employer discretion or as may be agreed between the parties.

However, employee is entitled to full pay during the leave period.

Checklist for minimum legal HR requirements

What is required of you as a minimum to be compliant?

3. Sick Leave

After 2 months of continuous service, an employee shall be entitled to sick leave.

Duration

The duration of sick leave is a **maximum of 30 days with full pay** and thereafter to a maximum of 15 days sick leave with half pay in each period of 12 consecutive months of service.

Thereafter after, the employer has the right to terminate employee services on medical ground upon receipt of a medical report by a registered medical practitioner.

Procedure for getting sick leave

The employee must provide a **certificate of incapacity** to work signed by a duly qualified medical practitioner. The certificate should be produced at the earliest possible opportunity

Compensation during sick leave

After 2 months of continuous service with an employer, an employee shall be entitled to a maximum of 30 days sick leave with full pay and thereafter to a maximum of 15 days sick leave with half pay in each period of 12 consecutive months of service.

Checklist for minimum legal HR requirements

What is required of you as a minimum to be compliant?

4. Maternity leave

A female employee shall be entitled to **3 months maternity leave** with full pay. On expiry of a female employee's maternity leave, the female employee shall have the **right to return** to the job which she held immediately prior to her maternity leave or to a reasonably suitable job on terms and conditions not less favourable than those which would have applied had she not been on maternity leave.

The employee must give a **minimum 7 days' notice** in writing of her intention to proceed on maternity leave on a specific date and to return to work thereafter. The employee may be required to produce a certificate from a medical practitioner to proof delivery.

Compensation during leave

A female employee shall be entitled to **full pay** during maternity leave. Additionally the employee shall not lose her annual leave entitlement.

Checklist for minimum legal HR requirements

What is required of you as a minimum to be compliant?

4. Paternity leave

A male employee whose official wife has delivered a baby shall be entitled to paternity leave with full pay.

Duration

The employee shall be entitled to **fourteen (14) calendar** days as paternity leave yearly.

Checklist for minimum legal HR requirements

What is required of you as a minimum to be compliant?

5. Public Holidays

Public holidays in Kenya

New Year's Day - 01 January

Good Friday - (exact day Varies)

Easter Monday - (exact day varies)

Labour Day - 01 May

Madaraka Day - 01 June

Idd ul- Fitr (end of Ramadan, exact day varies)

Idd-ul-Azha (exact day varies)

Huduma Day, formerly Moi Day- 10 October

Mashujaa Day, formerly Kenyatta Day - 20 October

Diwali (exact day varies)

Jamhuri Day - December 12

Christmas Day - 25 December

Boxing Day - 26 December

Employees shall be entitled to **paid rest** during public holidays

Compensation on public holidays

An employee shall be entitled to a day's holiday with full pay on every public holiday during his or her employment.

An employee who works on a public holiday receives, in respect of such work, pay at **not less than double the rate payable for work on a day that is not a public holiday**, that employee shall not be entitled to a day's holiday with full pay in lieu of the public holiday

Checklist for minimum legal HR requirements

What is required of you as a minimum to be compliant?

6. Working hours and overtime

Working hours

The maximum working hours for employees shall be **forty eight (48) hours** per week.

Overtime

Working hours shall not exceed forty eight hours per week and any extra hours shall be deemed to be overtime

Compensation for overtime

Where hours in excess of eight hours per day or forty eight hours per week are worked, they shall, in the absence of a written agreement to the contrary, be remunerated at the minimum rate of **one and a half (1.5) times** of the normal hourly rate if the overtime is on the normal working days, and at **two (2) times the hourly rate** where the overtime is worked on gazetted public holidays.

Checklist for minimum legal HR requirements

What is required of you as a minimum to be compliant?

7. Training and skills development

There is no Law Regulating occupational or on job training in Kenya. The only training mandatory in Law in Kenya is **Occupational Safety Training**.

In accordance with the Occupational Safety and Health Act, it is the responsibility of an employer to provide instruction, training and supervision as is necessary to **ensure health and safety at work** of his/her workers.

Checklist for minimum legal HR requirements

What is required of you as a minimum to be compliant?

8. Remuneration

Minimum wage in Kenya

Kenya's minimum wage is KES 13572.90 per month for a general labourer in Nairobi, Mombasa and Kisumu cities, and KES 7240.95 3 in other areas, according to LEGAL NOTICE No. 2, THE LABOUR INSTITUTIONS ACT (No. 12 of 2007).

PAYE

Filing by the employer is on a monthly basis by the **15th day of the month** subsequent to the month in which payment was made.

Statutory benefits in Kenya

1. Social Security/Pension

A worker contributes 5% of his gross monthly earnings while an employer contributes 10% of a worker's gross monthly earnings.

2. Medical

There is no mandatory medical arrangement in Kenya

Checklist for minimum legal HR requirements

What is required of you as a minimum to be compliant?

9. Harassment at the work place

Discrimination

Discrimination in employment shall be unlawful and for the purposes of this Act, discrimination includes any distinction, exclusion or preference made on the basis of **race, color, sex, religion, political opinion, national extraction or social origin, the HIV status or disability** which has the effect of nullifying or impairing the treatment of a person in employment or occupation, or of preventing an employee from obtaining any benefit under a contract of service.

It shall be the duty of all parties, including the minister, labour officers and the Industrial Court to seek to promote equality of opportunity, with a view to eliminating any discrimination in employment

Sexual harassment

Sexual harassment at workplace is prohibited by law. Any person who commits any act of sexual harassment is liable to imprisonment for one year.

Every employer who employs more than twenty five employees is **required to have in place measures to prevent sexual harassment** occurring at their work place.

Checklist for minimum legal HR requirements

What is required of you as a minimum to be compliant?

9. Termination

Period of notice for termination

Not less than 2 weeks where employment is of more than 6 months but less than 1 year

Not less than 1 month where employment is of more than 12 months but less than 5 years

Not less than 2 months where employment is of 5 years but less than 10 years

Not less than 3 months where employment is of more than 10 years.

Dismissal

An employer is entitled to dismiss summarily, and the dismissal is justified, where the employee has, by his or her conduct fundamentally broken his or her obligations arising under the contract of service. The law does not list those grounds therefore, it must be established that the offence was committed **beyond any reasonable doubt.**

Retirement

Official age of normal retirement in Kenya is 55 years which is a policy rather than a Legal matter as it is not provided in Law. There is no early retirement age in Law or by practice in Kenya

Note: Employment Act 2006 does not specifically define lay off and redundancy and therefore seem to classify it as termination. Hence, **criteria and procedure for layoffs follows that of termination.**

Checklist for minimum legal HR requirements

What is required of you as a minimum to be compliant?

10. Health and safety

Death and disability compensation in Kenya

The Compensation for Injury death or disability in Kenya is regulated by the Workman Compensation Act of 2006. Under this Act **employers are responsible for full compensation for injuries**, incapacity or death resulting from accidents or occupational disease. Employers are required to take out a suitable Insurance.

Safe work procedures

Equip workers with knowledge and skills on procedures which promote safety and health in work environment.

Safety plant and equipment

Fire fighting equipment, warning signs, safety procedures

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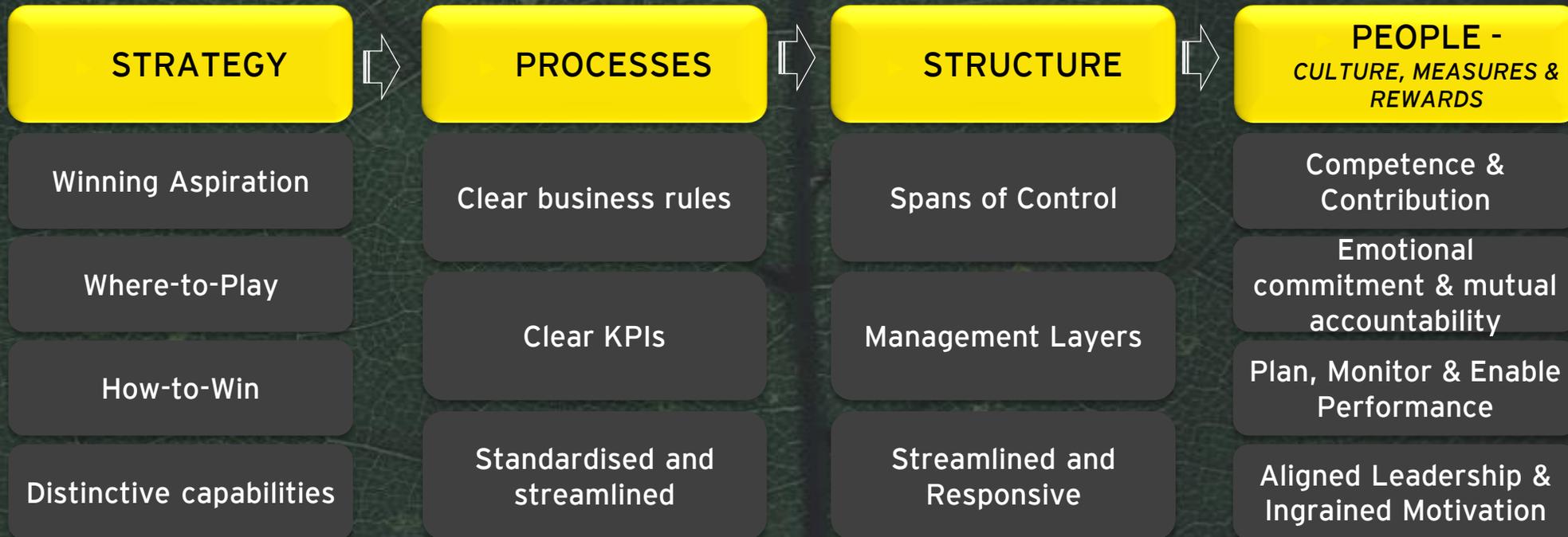
2 Organisational Planning

How to build a high-performing business

PURPOSE & VISION

Is there an aspirational reason for being? Are people inspired by the purpose and the vision?

Is the purpose and/or vision lived out?



Mission & Vision

Start with the WHY

Mission is an aspirational reason for being, that is grounded in humanity and which inspires and calls to action



To make people happy



A better working world



We build for a better society



We deliver landmark projects that create long-term progress and economic growth

- ▶ An organisation's fundamental 'reason for being' or 'why it exists', creates the greatest opportunity for growth! *Simon Sinek*

Mission & Vision

Start with the WHY



Aspirational & long term

Outwardly-focused &
humanistic

Broader than companies
activities and products

Captivates stakeholders

A clear, compelling description of the
long-term ambition of the
organisation that is linked to the
core purpose

The 'where-to-play' and
'how-to-win' choices

From aspiration

To action

Core Values

“The core of the company’s success is the most difficult thing for a competitor to imitate...They can buy all the physical things... The things you can’t buy are dedication, devotion, loyalty.”

Herb Kelleher, Co-Founder, Southwest Airline

“Future-mindedness, integrity, respect, and teamwork.”

-EY Core Values

Visionary companies work with equal fervor to “**preserve the core**” and “**stimulate progress**”

Preserve the Core

- **Purpose** - Reason for being
- **Principles** - what are the deeply held values

Enduring basic beliefs that inform all policies and pursuits of an organisation



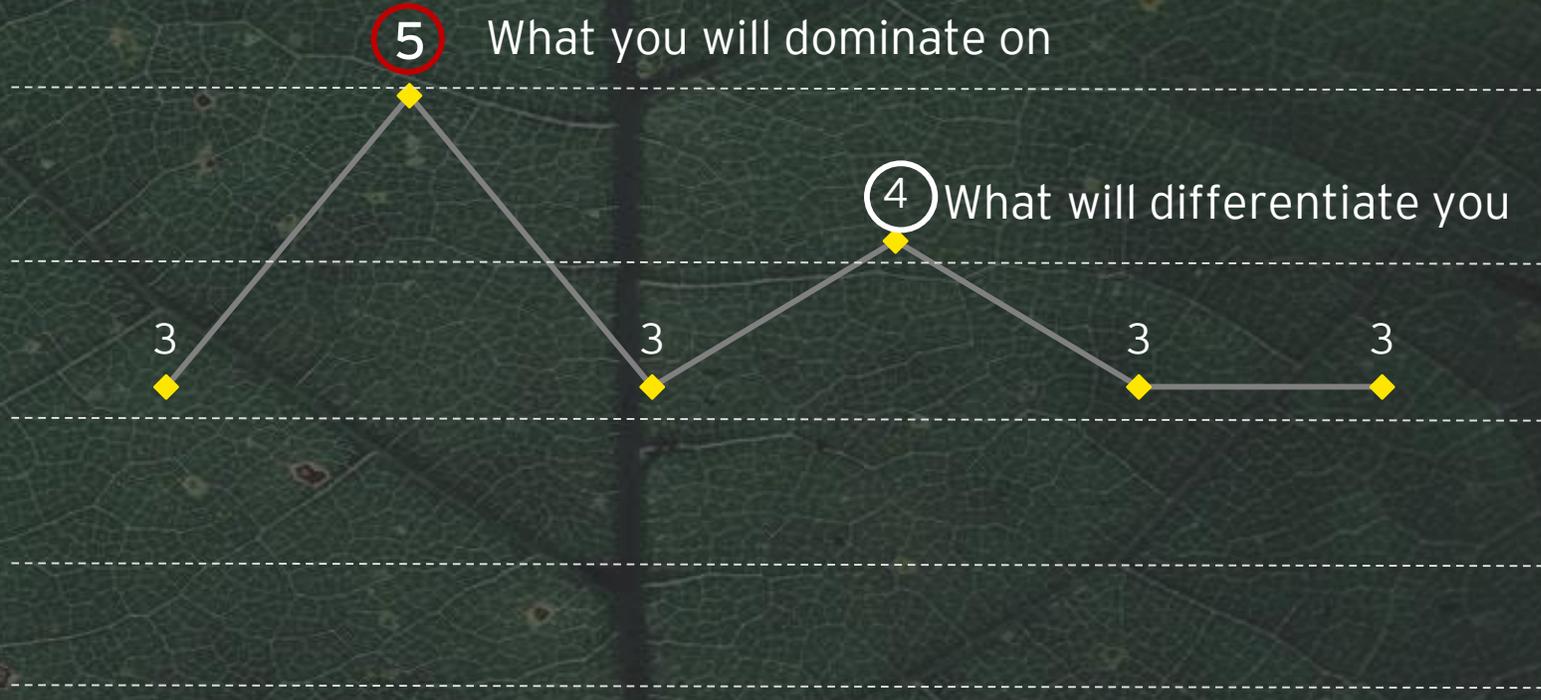
Stimulate Progress

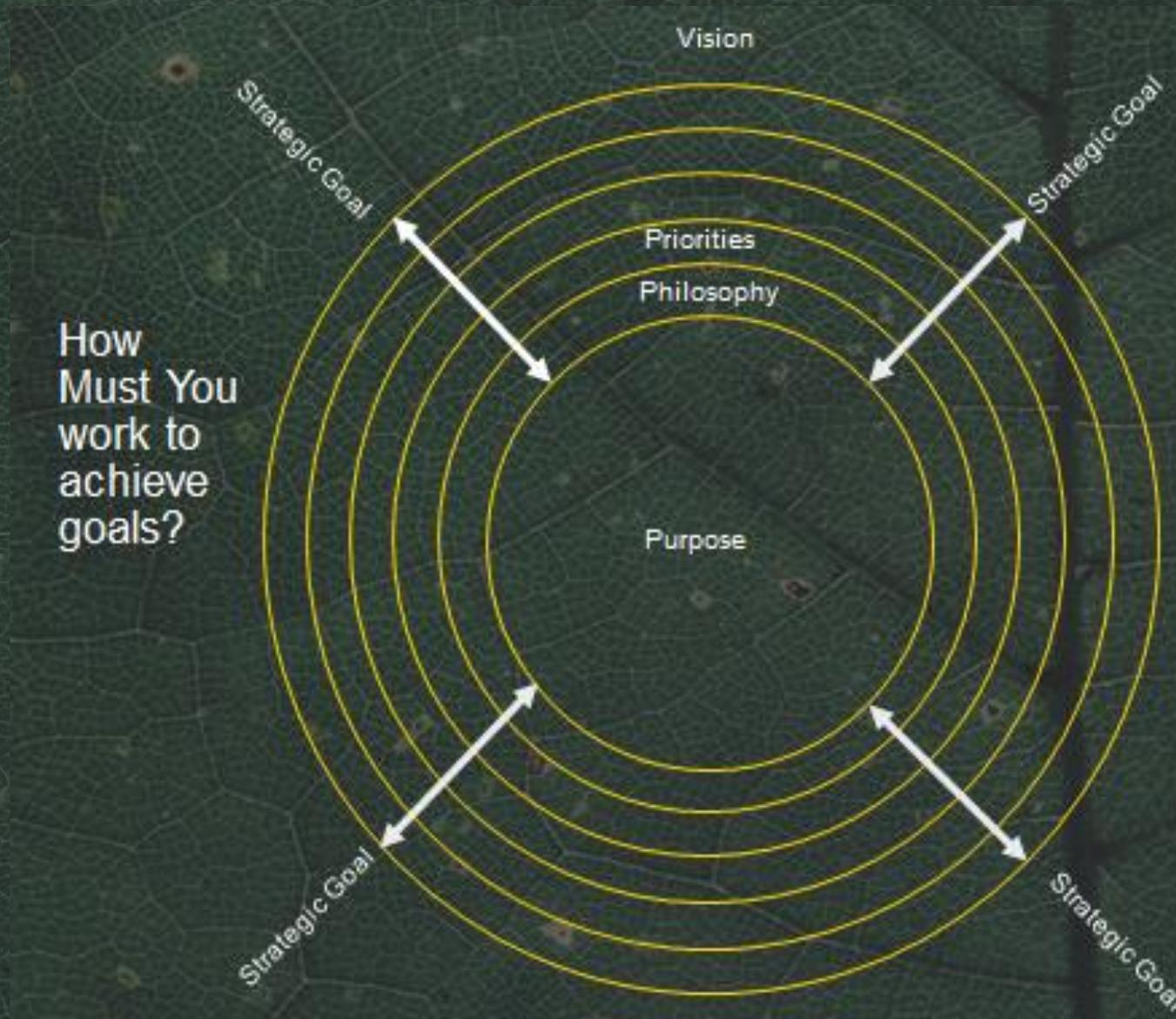
- Strategic focus and priorities
- Cultural and Operating Practices

Evolutionary progress

Purpose, when well crafted, will guide a company for generations to come and coupled with compelling, honest value statements will provide a compass by which an organisation can navigate the future

- World class
- Competitive
- Industry Average
- Below par
- Uncompetitive





How Must You work to achieve goals?

Operational Plan

Place the **Strategic Plan** under a microscope
The “**how**” to an organisations long term vision

- ❖ Breakdown business operations from top to bottom.
- ❖ Plan must be future oriented and focus on budgets and goals
- ❖ Include Team based activities to ensure entire department contribution

Communication is key – staff work plans must align
with the operational plan

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3 Outsourcing

Outsourcing

- Outsourcing refers to the technique in which businesses entrust the processes of their company functions to external vendors
- If someone has specialized in an activity which is not strategically critical to your business - and is able to do that cost effectively, it is better to get it from outside.
- Your business can, therefore, focus exclusively on doing what it is good at - thereby enhancing its own competitive advantage.
- We will focus majorly on outsourcing functions functions like HR, IT, and Internal Audit

In-House Vs. Outsourcing

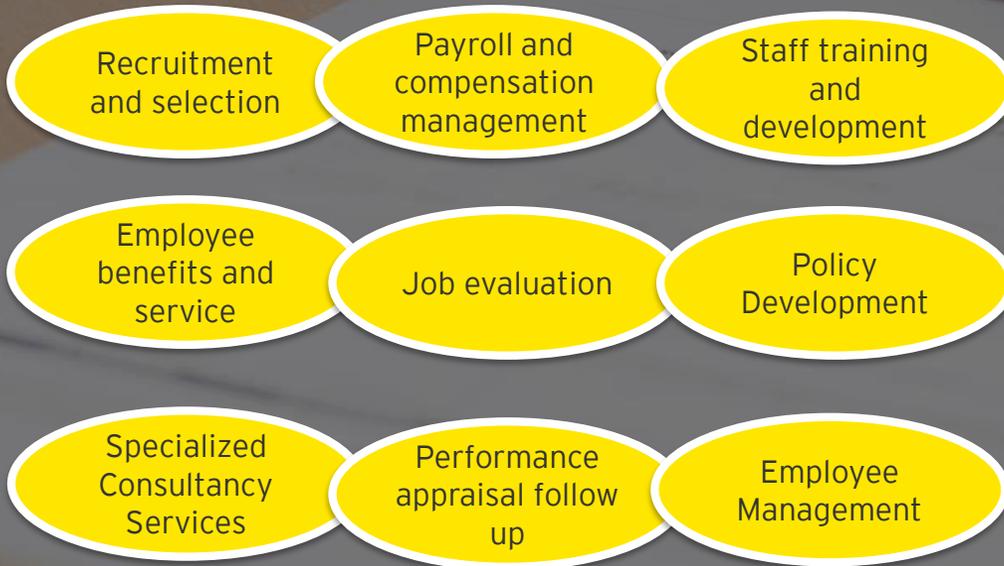
Feature	In-House	Outsourcing
Cost	Expensive	Inexpensive
Technology and resources	Limited resources, tools, and technology	Extensive resources, all types of experts and technology available from a wide pool
Flexibility	Strict procedures, less flexible	Adaptive and more flexible
Security	High level of confidentiality and data security	Low-security level
Management	Take resources from core business	Enables firms to focus on core operations
Quality	Limited but high quality of product/work	Variable quality
Expertise	Narrow and exact to an organisation	Wider range

Human Resource Outsourcing | Meaning and Advantages

Meaning

Human Resource Outsourcing is a process in which a company utilizes the services of the third party to take care of its HR functions.

Some of HR functions that organisations can outsource include:



Advantages



HR Outsourcing | Types of HR Outsourcing

1 Application Service Provider (ASP)

- Companies like PeopleSoft, Oracle, etc. specialise in providing companies with hardware and software applications to support the HR functions of other organisations, using developed application packages such as PeopleSoft HRMS and Oracle HRMS.
- They install, customise and provide support for running these applications.
- The major disadvantage with ASP is that it is costly and the implementation of the application software is doubtful.

2 Business Process Outsourcing (BPO)

- BPO, as opposed to ASP, provides the client organisation with direct contact with the employees through support centres or call centres.
- Companies that operate in many countries, with a huge number of employees, opt for BPOs.
- BPO provides companies with the ability to retain the power to control human resources, instead of handing over the power to the service providers.

3 Total HR Outsourcing

- In total HR outsourcing, all HR activities are conducted by the service provider.
- This type of outsourcing is applicable to an organisation with no specific HR Department.
- The client organisation only has senior HR professionals who are also HR-strategists. A host of non-strategic functions and employee contact is done by the service provider.

IT Outsourcing

What functions of IT can be outsourced?



Types of IT outsourcing

1

Offshore outsourcing

Involves acquiring IT-related Services from a company in a foreign country that offers political stability, lower labour costs and tax savings; India, China and the Philippines are popular offshore outsourcing countries.

2

Nearshore Outsourcing

Outsourcing IT-related work to a company from a neighbouring country; presumably, it would be easier to travel and communicate if any clarifications are required.

3

Onshore Or Domestic Outsourcing

An outsourcing arrangement within your own country – either remotely or on-site. It's an excellent method to avoid communication issues due to language barriers and time zone differences that could crop up when you outsource to a foreign country.

4

Cloud Computing Based Outsourcing

Cloud computing based outsourcing is when you purchase IT related services online. It includes Platform-as-a-Service, Infrastructure-as-a-Service and Software-as-a-Service models

5

Managed Service Outsourcing

creating outsourcing contracts with a third-party company for network management functions. The managed service provider offers facilities like firewalls and virtual private networks (VPNs).

Internal Audit Outsourcing

Internal auditing outsourcing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes

Types of Internal Audit Outsourcing

Partial Outsourcing: It is a type of arrangement where the external service provider and the core team in the internal audit section of the firm shares the working plan of the internal auditing function

Full Outsourcing: In this type, the entire function of internal audit is carried and conducted by the outsourcer that is actually an accounting firm different from the external auditor of the business entity

Co-sourcing: Used by a firm that needs temporary services in the Internal Auditing section or when the firm is facing difficulty in recruiting suitable, skilful and qualified auditors for conducting internal audit.

Subcontracting: In this, usually, a third party undertakes a part of an engagement or specific engagement for a limited period of time

Barriers to Outsourcing

Intellectual property may have the risk of being exposed

Managing the service level agreements and the contracts effectively with an external service provider can be very challenging

The outsourcer will be on a disadvantage of lack of internal knowledge about the organisations culture and working environment

The employees of an organisation can be a bit non-cooperative and non-receptive to some external outsourcer

Human Capital Reporting - HR Metrics that Investors are looking for

- ▶ HR Policy - implementation and its effect on financial performance
- ▶ HR Strategy - define the resultant possible tangible gains (*remember HR being strategic as opposed to administrative in a company*)
- ▶ Training data - employee training data, annual training expenditure and its effect on performance and employee/customer satisfaction
- ▶ Employee diversity data - local workforce percentage is a metric for some industries
- ▶ Market Benchmarking Reports

How do we measure these metrics?

- ▶ Internal employee surveys - inform employee satisfaction reports
- ▶ Customer feedback forms e.g. before and after training employees
- ▶ HR Market & Trends Reports

About EY

EY is a global leader in assurance, tax, strategy and transaction and consulting services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY better-connected consultants help EY clients thrive in the Transformative Age. We ask better questions to help find answers to some of the world's toughest challenges by connecting with each other, EY clients, market influencers and strategic alliances globally to help build a better working world. The better the question. The better the answer. The better the world works.

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