



OFFSHORE OUTSOURCING • MANAGED STAFF LEASING • PROJECT-BASED

# Future-Proof Your Human Resources and Payroll by Outsourcing

# Executive Overview

Outsourcing has always been a practical and wise option for companies, whether it's a Fortune 500 company or a startup from Silicon Valley. Around a decade ago, corporations began to look into relocating their human resources functions from outside resources—primarily offshore service providers located in the Philippines or India, where locals have a high proficiency in English. These businesses recognized the strategic value of using an outsourced company or service (from a professional employer organization) to execute duties that would otherwise be done by an internal individual or team. As a result of that experience, these organizations have grown, located, and trained new people, and entered new markets more efficiently.



One of the most compelling reasons for considering outsourcing is cost savings, but strategic concerns are becoming increasingly significant in decision-making. This necessitates the formation of partnerships between enterprises that outsource certain procedures and businesses that provide these services. Both parties are putting effort into building strong bonds with one another.

Because of today's business and workplace concerns, better efficiency and cost reductions are more crucial than ever for businesses around the world. The shifting landscape of Human Resources will be tackled in this study, as well as the ways in which firms might boost efficiency and competitiveness in the marketplace via outsourcing.

# Definition

**"Contract out," "farm out,"** and, in the international setting, **"off shoring"** are other terminology and phrases used interchangeably when referring to outsourcing. A simple definition of outsourcing is a procedure in which a company outsources some of its essential operations or processes to a team of experts. When a company decides to outsource, it often enters into a contract with an outside vendor to acquire services while maintaining ownership and primary responsibility for the core business. Outsourcing HR processes is a strategic choice that aims to make operations more efficient and competitive.



## Professional employer organization

(PEO) is a term used to describe a company that employs professionals.

According to the National Association of Professional Employer Organizations (NAPEO) in the United States, PEOs "allow clients to cost-effectively outsource the management of human resources, employee benefits, payroll, and workers' compensation." To maintain and improve their bottom line, PEO clients concentrate on their core strengths. "

## SME

Small and medium enterprise" or "small and medium-sized enterprise" is an acronym for "small and medium enterprise" or "small and medium-sized enterprise."

SMEs are defined as businesses with fewer than 500 employees, according to Public Works and Government Services Canada. Companies range in size from one-person consulting shops to publicly listed corporations. Furthermore, SMEs can be found in practically every industry.

Small enterprises are defined as producers of goods with fewer than 100 employees or providers of services with fewer than 50 employees (according to the same source).



# Current Global Economic Situation:

Companies want to outsource their HR operations for two main reasons: to standardize processes and cut costs. While these are important considerations, they just scratch the surface of why relocating a company's HR offshore is so important for enhancing productivity, efficiency, and growth in small- to medium-sized businesses and even huge organizations.

In recent years, the HR outsourcing industry has matured. The primary focus of first-generation contracts was on cost-cutting initiatives. The major purpose of external services was to handle administrative responsibilities more efficiently than internal departments could. The HR provider's expertise was also supposed to ensure that laws and regulations were being followed correctly, such as labor law, which is incredibly complicated and always changing. Payroll administration is a prime example of external HR service outsourcing. Almost no company, regardless of size, is doing this anymore.



As more businesses embrace globalization, their HR demands become more complicated and demanding, resulting in more expenses and more time spent on employee care. Many businesses have turned to PEOs to meet these demands, taking advantage of their diverse experience and entire toolkit geared to provide results with less complexity and cost to the client. Many large firms, as well as SMEs, have found this to be an appealing alternative, and the results, according to Deloitte's 2011 Global Shared Services Survey, speak for themselves. An excerpt from the poll states, "Cost reduction, controls, and process efficiency are the top three outcomes internationally—and these results have been consistent over the last few years." "Many companies are still working toward comparable goals that are congruent with the future state that they've been envisioning for years."

However, this trend toward seeking outside assistance is not limited to North America and Europe. According to one survey, the majority of HR executives at organizations polled in Australia, Hong Kong, China, and Singapore believe HR outsourcing is a solution to significant challenges—in fact, more than 80% agreed with this assertion. Half of those polled even claimed that these ostensibly "insiders" helped with employee retention.



This white paper examines some of the reasons why firms that want to maximize employee performance and make the most of their top personnel turn to outsourcing. It will look into some of the reasons why the same is true for increasing labor cost control and removing performance barriers. Modern firms require assistance with recruiting, hiring, and benefits management due to the fast-rising complexity of operating an HR department and the problems that come with competing on a global (or at least industry) stage. The good news is that there are numerous other advantages to using a PEO.

This paper provides an overview of the most compelling reasons to consider outsourcing your HR function, as well as how others have benefited from doing so. The paper will also cover the most common concerns regarding outsourcing as well as the three most common HR support models: professional employer organizations, business process outsourcing, and application service providers. With these tools, firm executives and managers should be able to analyze the demands of their own teams with confidence and may discover instances wherein outsourcing a task (or department) might be beneficial to everyone.

# Top Reasons To Outsource your Human Resources

When you consider all of the tasks that a normal HR department has, the expense of HR management can add up quickly. The greater the number of employees, the more HR personnel are required. This can be a problem, especially since you don't want your HR people to be in charge of more than one function. Forcing a single HR staffer to focus on recruitment, compliance, and payroll, for example, will be difficult. In California, HR is so complicated that it takes a multi-skilled staff to ensure that your firm is well-protected. Hiring a full team entails not only paying their salary but also covering their benefits, taxes, and workers' compensation, as well as providing a large enough workplace to accommodate them.

## Cost Savings & Efficiency

Maintaining an HR team in-house needs a large amount of resources for a department that does not generate money. At the end of the day, outsourcing many of your HR operations can save you a significant amount of cash. In today's society, cost reductions are a more compelling argument to outsource these services.

By automating operations like payroll, training, and data collection, technology is altering the function of an HR professional. Handwritten notes and binders have long been superseded by databases and spreadsheets.vast experience.

According to a recent survey conducted by Towers Watson, nearly 30% of the organizations polled considerably boosted spending on HR technologies in the previous year, showing a shift away from human data handlers and toward machines. Companies (especially SMEs) can benefit from a technology that they might not have been able to buy on their own if they choose an HR specialty business that has already made that initial investment. Big businesses, too, see the benefit of this.

Air Canada demonstrated this in early October 2011, when it announced an \$80-million deal with IBM to outsource the majority of its HR needs. The inclusion of IBM also brings to light a less-noticed benefit of outsourcing: increased efficiency. HR departments are excellent data collectors. They can typically execute that task faster and possibly better than traditional HR professionals thanks to sophisticated data management and analytics systems, and because they generally handle multiple clients, they will be able to provide vast experience.



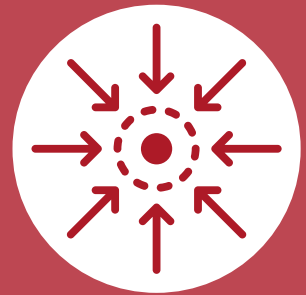
## Time Savings



With all of the many functions that HR management is in charge of, it's easy to imagine all of the paperwork and administrative responsibilities that come with keeping those HR operations running smoothly within the organization. These duties can take a long time for your current HR team to complete. When you outsource some of your HR functions, you free up time for your in-house HR team to focus on other vital tasks. Then your business may dedicate more time to expanding its operations—and its bottom line.

## Improved Focus in Your Business

Growth and decline are common in the business world. During times of expansion, this volatility demands a certain amount of flexibility to prevent much-needed resources (in the form of people or cash) from being swallowed up by back-office activity. Similarly, having employees who aren't performing isn't productive when the company is slowing down.



In both of these cases, it is not in the company's best interest to divert resources away from the core business by investing in divisions that can be readily outsourced (and have that expansion and contraction absorbed by someone else). This includes expertise outside of HR as well. Purchasing, accounting, and consulting are just a few examples of corporate tasks that could be outsourced.

Outsourcing will aid efficiency and allow you to concentrate on the tasks that offer actual, demonstrable value. On the other hand, outsourcing doesn't just address the value of employee time; businesses with uncontrollable expenditures should also consider seeking aid from outside sources. Many departments, even in small businesses, have outsourced poorly managed areas. Outsourcing poorly-managed areas should be identified and outsourced to other experts who may be able to provide the skills and new perspectives that have been missed within the organization.

## Experienced HR Talent & Streamlined HR Processes

Even though you don't really want your internal HR employees to be managing too many jobs, you can't always prevent it, especially if you don't have the resources for a large HR department. You may only have a small HR team that is in charge of all HR operations. When you outsource your HR, you can be certain that each HR function will be handled by highly qualified HR professionals who specialize in those activities. Outsourcing HR essentially enhances the quality of your HR.

Organizations that are completely focused on delivering HR services will have far more advanced technology and processes in place to do so. Outsourcing your HR activities to a company like ADDMORE Outsourcing will help you streamline your HR procedures, making HR management and administration more effective and efficient.

## Risk Management and Compliance

Businesses must comply with a plethora of federal and state requirements. Keeping up with these requirements to be compliant may be difficult for smaller businesses, especially when old standards are continuously changing and new regulations are being adopted on a regular basis. Failure to keep up can lead to a lack of compliance, which can result in major financial penalties. Regular audits by a PEO may assist guarantee that your firm keeps on top of all relevant legislation.



You not only avoid potentially severe financial penalties by abiding by federal and state standards, but you also safeguard your employees. There are several requirements regarding employment, insurance, and perks that you must follow. An experienced offshore provider like ADDMORE Outsourcing can help you stay in compliance and safeguard your employees.

## Increase Employee Focus & Flexibility

One aspect of HR outsourcing that we've previously discussed in terms of time and cost savings is the concept that you won't be wasting your company's expertise on mundane chores like filling out paperwork. However, removing this problem has the added benefit of providing more personnel flexibility. Many aspects of a company's operations are seasonal, periodic, or cyclical in nature, requiring only infrequent, intermittent, or short-term attention. Rather than recruiting a jack-of-all-trades employee or a temp to accomplish these chores (much less unloading them on existing employees), it's far easier to hire a business to handle these tasks and then leave without a trace when the job is done. A corporation's recruiting a new department, which then requires onboarding, or transferring an existing department to a foreign office are both examples of this.

Although you can expect your managers to monitor their workers' performance and growth, you can alternatively assign this responsibility to HR. An HR business may provide your management with information on how your staff is performing and if they are adhering to your company's regulations. This will reduce your managers' administrative workload, allowing them to focus on more critical issues.





## Better Benefits for Existing Employees



Working with ADDMORE Outsourcing can give you significantly better health benefits for your existing employees in the long run. It is common knowledge that larger organizations with more employees have easier access to more comprehensive insurance at lower costs. A PEO can give coverage alternatives to smaller firms that are often only available to bigger enterprises.

## Focus on Your Passion.

HR plays a critical part in your company's success. Don't scrimp on your HR management, considering all of the functions HR is accountable for. On the other hand, creating an HR department and growing it as your business expands can put a huge demand on your resources. Most firms will ultimately begin to outsource part, if not all, of their HR operations as they develop. It's more cost-effective, and it'll lead to more efficient and effective HR management in general. You may spend more of your time and resources on topics that directly pertain to the success of your business by outsourcing many of the functions that HR is responsible for.



# Conclusion

The theoretical foundation for strategic HRM and the advice presented herein will prove helpful as a part of the decision-making process ahead of you, whether you are considering outsourcing your HR functions or are about to extend your contract. This white paper highlights the need for aligning strategic HRM with your company's goals. Your company's competitive edge must be reinforced through strategic HRM. Your HR policies serve as the framework for forming a strategic partnership to outsource the parts of your HRM that you don't want to do yourself.

---

# Redefine your Human Resource Processes with ADDMORE Outsourcing

As a leading offshore HR services provider, ADDMORE Outsourcing can deliver all of the benefits: HR compliance, payroll, talent management, benefit design, and other professionally managed and bespoke programs for your organization. It's time that you invest in trained professionals to manage your HR services.

We can help you reap the benefits of having a full staff of experienced HR professionals on standby to grow your business. We offer an extensive range of cost-efficient offshoring and outsourcing solutions for clients in the USA, the Republic of Ireland, the UK, New Zealand, Australia, the Middle East, and other regions worldwide.

*Connect with us to learn more about our extensive range of BPO services.  
Take advantage of the limitless benefits of outsourcing to the Philippines.  
Contact us today to schedule a free consultation.*

Schedule for a free consult and get a quotation by contacting us at:  
(702) 751-3916, ext. 3916  
outsource@addmoreservices.com

---

**BOOK A FREE CONSULTATION**