



5 Things You Should Know Before Outsourcing Your HR

A growing number of U.S. businesses are making the decision to outsource, as more companies offer high-quality domestic contracting services at affordable rates. There are outsourcing companies that specialize in a wide variety of business services, including human resources.

Modern HR outsourcing firms offer far more than temporary staffing solutions. In fact, businesses are outsourcing nearly all of the functions performed by a traditional HR department. Outsourcing your HR, either partially or entirely, can save your company time and money while easing the administrative burden for your staff.

What should you know about outsourcing HR? Here are five things to consider.

HR outsourcing strengthens your hiring process

Hiring new employees is often an exercise in frustration. The process is long and stressful, with challenges at every step—from attracting qualified candidates to scheduling interviews to navigating the lengthy, form-laden new hire onboarding and orientation. There's also the additional problem of turnover. Losing an employee unexpectedly means not only more paperwork, but a loss of productivity and the need to start the hiring process all over again.

Staffing solutions are often the primary service offered by HR outsourcing firms. These companies handle the entire hiring process, from recruitment through new hire forms. Some HR outsourcing companies also provide orientation for new employees.

Outsourcing firms have several advantages over in-house HR departments. Because staffing is their main function, they often have better connections with local candidate pools and can attract more talented and suitable applicants for a given job position. Many HR outsourcing companies specialize in an industry or multiple related industries, such as IT, medical, or administrative.

With outsourcing services, employers also have a wider range of staffing alternatives. Your company can choose to hire temporary, temp-to-perm (temporary with the option to hire permanently) or permanent employees through a staffing agency.

You can outsource part (or all) of your HR administrative tasks

Administration is a necessary function for any company. Unfortunately, it's also one of the most time-consuming tasks. HR outsourcing firms are staffed by employment specialists who are equipped to handle the specialized tasks of human resource administration.

Some of the administrative functions your business can offload by outsourcing HR include:

- Payroll processing and distribution
- Tax filing, including payroll records, IRS form distribution, and year-end taxes
- Insurance and disability benefit administration
- Worker's compensation
- Employee handbook and policy creation and distribution

In addition to these core administrative tasks, some HR outsourcing companies offer specialized services like training and orientation, goal and strategy tracking, affirmative action plans, and performance appraisal systems.

Outsourcing HR saves you money

Most modern businesses are looking for ways to reduce costs without sacrificing quality. Implementing HR outsourcing can save your company money in many ways. For example, with staffing solutions from an outsourcing firm, you bypass all the administrative costs of the hiring process, such as advertising your open positions.

The majority of cost savings, however, come from the HR positions themselves. When outsourcing, you don't have to hire a human resources staff, or develop and maintain an in-house HR department. You save the cost of the salaries, the space, and the operational budget attached to traditional in-house staffing support services.

Outsourcing HR saves you time

There never seems to be enough hours in a day. Business owners and employees are always looking for ways to save time—because in business, time is money.

HR outsourcing can save your company countless hours. With the reduction in administrative tasks, the vastly shortened hiring process, and the elimination of payroll processing and tax preparation, you and your staff can focus on the productivity of your core business instead of getting bogged down in paperwork.

Any company can outsource HR

If your business has employees, you can reap the benefits of outsourcing. The flexibility and range of options available from HR outsourcing firms means that every company can leverage these services—whether it has four employees or four hundred.

For small businesses, outsourcing HR can allow them to create a bigger and more professional image for the company. Many small business owners are also able to offer their employees better salary and benefits, as HR outsourcing companies have access to group insurance plans with more favorable rates.

Every business is different, and the services you outsource will ultimately depend on your company's unique needs. You may only need help with payroll processing and tax filing, or you might turn to an outsourcing firm to fill your staffing needs, handle administration, or even function as a third-party HR department. With so many benefits associated with HR outsourcing, it makes sense for any business to incorporate this valuable service into day-to-day staffing functions.

