

EXPERTS' FORUM | Human Resources

Why Companies Choose to Outsource HR

Successful CEOs, CFOs, Presidents and Owners all share one secret – they outsource. Whether it be their payroll, benefits administration or workers' compensation, outsourcing can be extremely efficient from a cost perspective. By utilizing a company that provides Human Resource Outsourcing Services (HRO), any organization can receive the benefit of expertise from a variety of professionals who are knowledgeable and completely current on the latest regulatory laws, federal requirements and ever-changing issues that directly affect the bottom line. Other benefits include:

Government Compliance: With federal, state and local officials paying ever-closer attention to business hiring practices, an HRO can help a company make sure it's staying on the right side of the law — and usually at a much lower cost than having an on-site compliance manager.

HRIS Systems with Self-Service Access: Few HR managers would argue that employee self-service is a bad idea. Web-driven self-service technology can slash costs by giving employees the ability to view and make changes to routine personal, payroll and benefits information online. Self-service's big drawback lies in its development and management costs. An HRO can lower upfront and ongoing self-service cash outlays by giving employees access to a predesigned system that's hosted and managed on a shared IT infrastructure.

Recruitment: Any business can find and hire new employees, but some HROs with wide-ranging expertise and geographic scope can handle sourcing, screening, testing, interviewing, background checking and drug testing far more

professionally and efficiently than most in-house staffs.

Training: A full-time in-house training department is a luxury few businesses have. On the other hand, ad hoc training has its drawbacks, too. An HRO can provide training on a continuing or as-needed basis using professional instructors and high-quality coursework.

Surveys: What are workers thinking? Knowing the answer to this question can help a company create a more productive and efficient workplace. But few businesses have the resources on hand to create surveys, query employees and then tabulate and analyze results. An HRO can manage an entire survey project without pulling internal employees away from important tasks.

Benefits: By choosing an HRO, a company can offer the same breadth and depth of benefits to its employees that are provided by the large firms including short-term and long-term disability, life insurance, access to a 401(k) plan, 529 college savings plan, Flexible Spending Accounts, etc. In the wake of our current economic conditions, businesses often overlook the importance of retaining their key employees. One of the added benefits of an HRO is that it allows businesses to provide benefits and services typically found at larger companies, thereby making it a competitive employer and maximizing its employee retention. For more information on HROs, visit the following websites:

- National Association of Professional Employer Organizations - NAPEO (www.napeo.org)
- Employer Services Assurance Corporation – ESAC (www.esacorp.org)



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