

Ceridian Survey Tackles HR-Related Outsourcing

BY CLINT HALE

Ceridian—a global business services company that offers a range of solutions, including HR and benefits, recently conducted an APA-sponsored Trendline Survey to gauge opinions and perspectives on outsourcing and its impact on HR. What follows is an analysis of the results, as taken from more than 1,500 survey respondents.



OUTSOURCING DEFINED

To gauge opinions on outsourcing, Ceridian first wanted to know how respondents defined the term “HR outsourcing.” Just over half (51%) defined it as “payroll processing, tax filing, and benefits administration,” while another 22.8% said “HR outsourcing can constitute the full range of a company’s HR activities overseas.”

OUTSOURCING—NOW, AND IN THE FUTURE

Ceridian was also curious as to how companies were outsourcing today, as compared to in the past, as well as their plans for the future. When asked whether their companies were outsourcing more now than five years ago, 39.5% said the number was “about the same.” Meanwhile, 27.7% of respondents don’t outsource at all, while another 24% said their organizations were outsourcing more now than in the past.

“It makes economic sense for companies to outsource key HR-related activities,” said Keith Strodman, Senior Vice President and General Manager, Ceridian HRO & Multinational Solutions. “In many cases, outsourcing means companies don’t have to add IT or HR staff to support the technology and expertise required to support these key activities.”

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As for which activities these respondents’ organizations outsource the most, tax filing (30.1%), payroll (21.9%), and benefits (16.5%) were the leading vote-getters.

Regarding expectations, 49% of respondents said their company will likely not outsource any HR functions in the next 12 months. Of those who do expect their organizations to outsource in the next year, tax filing (15.4%) and payroll (12%) were the lone responses to garner more than 10% of responses.

WHY SOME COMPANIES DON’T OUTSOURCE

Of those survey respondents whose companies don’t outsource any HR-related functions, 38.2% said their organizations prefer managing all activities in-house. Other choices garnering responses were high costs (8.8%), not wanting to lose control (8%), and jeopardizing information security and/or employee confidentiality (4.8%).

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OUTSOURCING BENEFITS AND DECISION-MAKING

Respondents were split when it came to detailing the primary benefits of outsourcing HR-related functions; 20.4% said it minimizes risk, 18.5% cited an increase in productivity, 14.8% said outsourcing saves money, 14.2% chose “leverages integrated solutions,” 13.7% said outsourcing provides access to global solutions, and another 11.7% cited improved service and employee satisfaction.

Neither too were legislative changes, such as the American Recovery and Reinvestment Act (ARRA), likely to impact the outsourcing-related decision, as a staggering 83.3% of respondents said legislative changes did not impact whether their companies were more or less likely to outsource. Only 11.7% said legislative changes made their companies more likely to outsource, while even fewer (5%) said their companies



were less likely to outsource because of legislative changes.

Strodtman, however, said those statistics may change given the magnitude of the effect of new regulations.

“When the survey went out, the full impact of ARRA hadn’t yet been felt, so we suspect that number will decrease,” he said of the 83.3% response rate regarding legislative impact on outsourcing. “With regards to payroll as a whole, that number surprised me, but with ARRA—as well as pending legislation certain to be enacted in 2009 and beyond—

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