

BPO

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LLP share some key
insights on outsourcing
HR compliance

Outsourcing HR compliance



An experienced outsourcing provider will have their finger on the regulatory pulse worldwide and can deal with all regulatory and legal requirements on a suppliers behalf.

Keeping abreast of new employment-related legislation can be a difficult task for any company. It is an enormous burden for multi-national companies trying to operate consistent HR policies and procedures across many different jurisdictions. In addition, smaller companies (particularly those with rapid growth) often lack the expertise required to remain up-to-date.

Many companies are turning to HRO providers to leverage their broad and deep knowledge of compliance issues across the globe, realising that this frees up more time to focus on core HR functions. Data gathered by Everest Research in 2008 showed that 50% of all HRO transactions involve the provision of regulatory and compliance services.

Drawbacks?

Buyers are frequently concerned about outsourcing something which is perceived to be so "risky", especially as they will have ultimate liability, as the employer. For example, buyers are generally reluctant to outsource privacy and data protection compliance, as a result of concerns from staff

about the transmission of their personal data to third parties and across the globe.

Furthermore, buyers who think that outsourcing their HR compliance will completely relieve them of the need to keep up to date, or the responsibility of ensuring that obligations are met, should think again: the buyer still needs to know and understand its obligations, in order to ensure that the services being provided are appropriate and that service levels are being met. In any event, ultimately, responsibility still lies with the buyer, as employer.

Points to consider

Responsibility should not prevent buyers from considering the outsourcing of HR compliance, although any HRO requires careful implementation.

Buyers and service providers should ensure regular discussion and liaison and have agreement on the scope of compliance responsibilities, authority and the acceptance of risk in the contract, stipulating which laws will be allocated to whom. Procedures for internal auditing and performance and compliance reporting should be established.

As service providers become more sophisticated, buyers become more comfortable with HRO and global regulation continues apace, we are bound to see an increase in the outsourcing of HR compliance functions in the future.