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2025 HR OUTSOURCING TRENDS

How Nearshoring & AI are Reshaping Service Delivery

HR Outsourcing: What You Need to Know in 2025

The Human Resources function is facing immense challenges as talent shortages, hybrid work models, accelerating digital transformation, and economic uncertainties change the nature of work faster than teams can adapt. As the burden on short-staffed HR teams continues to increase, less than 10% of HR leaders believe their department is achieving “functional excellence,” a Gartner survey found.¹

At the same time, a high-performing HR department is more important than ever – going above and beyond administrative tasks to boost retention rates by driving engagement and satisfaction.

HR outsourcing is an ideal way to take over the burden of back-office HR duties with experienced HR talent, AI-powered automation, and process improvements – freeing up HR professionals to focus on strategic employee matters. Companies are increasingly turning to the benefits of HR outsourcing, with 44% of the growth projected to come from North America over the next six years.²

In this climate, interest in nearshoring is increasing dramatically as HR leaders look for outsourcing partners who can manage more complex, high-touch processes.

HR services are offered by 80% of Latin American shared service organizations (SSOs), but less than half of global organizations, according to a new report by SSON Research & Analytics and Auxis, “2024 State of the GBS and Outsourcing Industry in Latin America.”³

This is because Latin America offers significant capability and experience across HR processes that require a level of judgment, communication, and collaboration that is typically lacking in the task-oriented processes commonly associated with outsourcing to Asia. As outsourcing demand moves from purely cost-based models to partnerships based on value-add capabilities like talent and technology, nearshoring has emerged as a viable solution to help ease the burdens of HR leaders and their teams.

In this guide, we take a look at the biggest current and future HR trends shaping the market in 2025 – exploring what you need to know to choose the best path forward for your organization.



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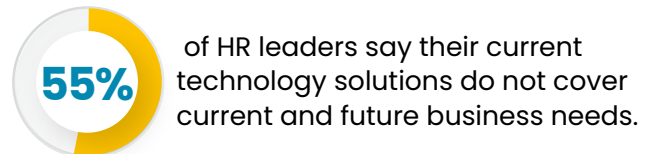
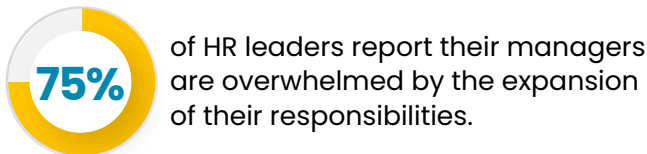
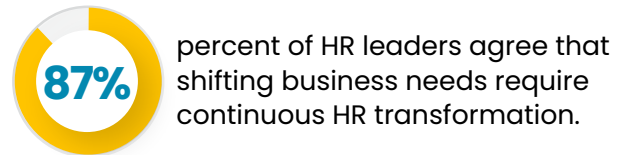
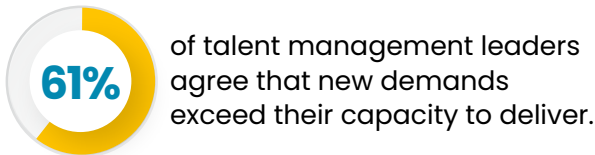
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2025 HR Trends in Outsourcing



1. HR outsourcing is on the rise – but for reasons beyond cost savings

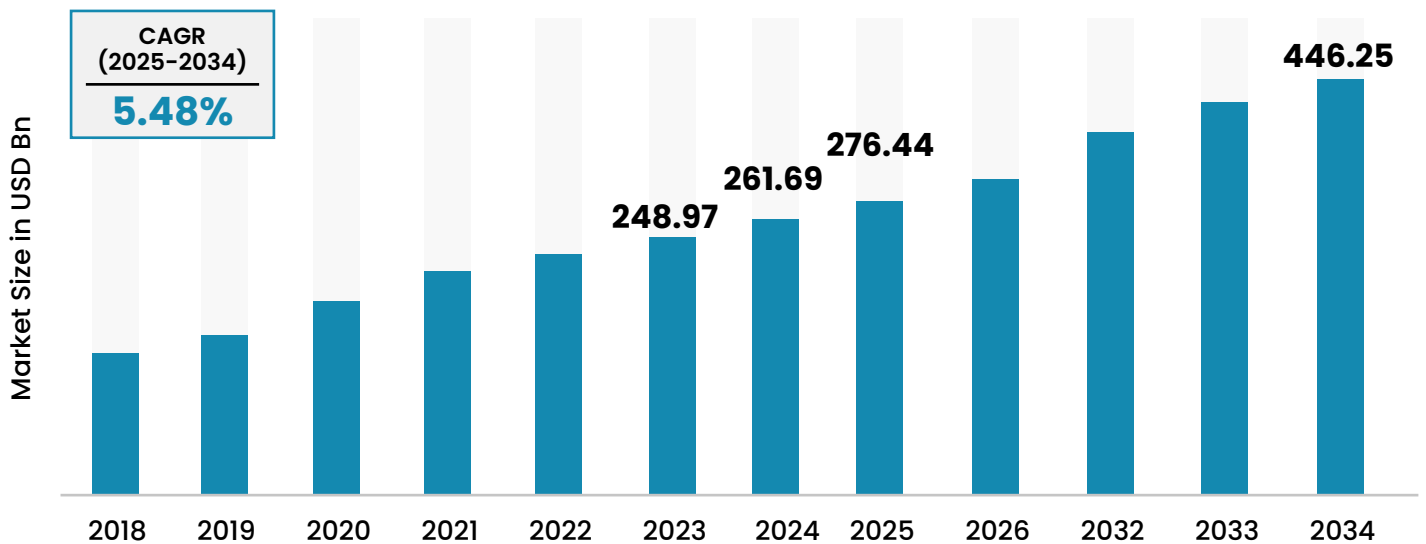
Many HR teams in the U.S. are overworked and stretched thin. Consider these statistics from Gartner’s report, “Top 5 Priorities for HR Leaders in 2025:”⁴



But even as HR workloads increase, only 19% of HR executives expect to add new staff – triggering a high risk of burnout and turnover, according to the Society of Human Resource Management’s (SHRM) latest State of the Workplace report.⁵

Demand for HR outsourcing is on the rise as HR leaders look for ways to alleviate the overwhelming amount of work their internal teams confront, with the market projected to expand from \$276 billion in 2025 to \$446 billion by 2034.⁶

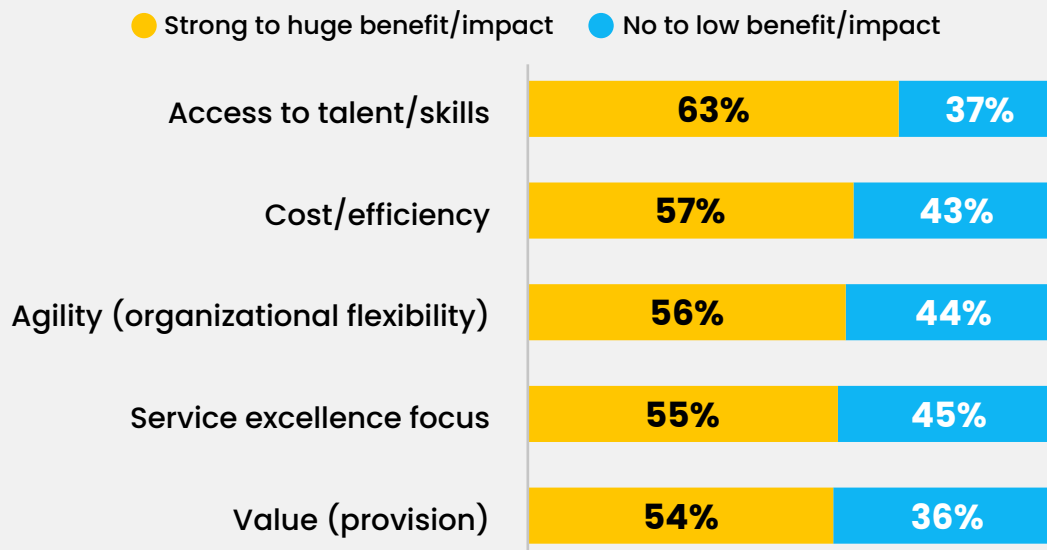
Human Resource Outsourcing Market



Source: Market Research Future

However, the drivers for outsourcing are changing. “Access to talent” ranked ahead of “cost/efficiency” for the first time since the pandemic as the biggest benefit on the SSON State of the Shared Services & Outsourcing Industry Global Market Report 2025.⁷

If You Outsource, How Would You Rank The Following Benefits?



Source: SSON State of the Shared Services & Outsourcing Industry Global Market Report 2025

In addition, “spend optimization” dropped to third place on the list of top outsourcing drivers on Deloitte’s Global Outsourcing Survey 2024, trailing “access to talent” and “increasing customer demands.” Only 34% of enterprises ranked cost reduction as a primary factor, down from 70% in 2020.⁸

While cost savings are always important, one of the main benefits of outsourcing HR services is direct access to a deep pool of top HR professionals who can keep transactional work running smoothly – allowing internal teams to focus on higher-value activities.

Traditionally, companies often hesitated to outsource HR, concerned about losing control

over employee experiences, sensitive data, and compliance matters. However, the rise of remote work post-pandemic has made organizations more open to managing high-touch functions like HR remotely – under the right circumstances.

Quality providers are optimizing processes and improving employee experiences through best practices and AI-powered automation, reducing costs without sacrificing quality. Advanced security and compliance measures, customized solutions, and nearshore advantages further contribute to a seamless extension of internal teams – prompting HR leaders to view outsourcing as a strategic advantage instead of a pure cost savings tactic.

2. Latin America emerges as the leading HR destination for North America

Amid inflation and labor shortages, HR salaries in the U.S. reached their highest level in 20 years in 2023 – and HR stood as the second-highest area of increased compensation investment in 2024, according to a SHRM salary report.⁹

Top nearshore locations like Costa Rica, Colombia, and Mexico offer significant savings: delivering average labor arbitrage of 30–50% compared to similar roles in the U.S. while also absorbing costs associated with recruitment, training, overhead, and administrative burdens. Productivity gains drive additional cost reductions: 42% of organizations with LATAM SSOs report improvements of 20% or more from automation and process optimization, according to the SSON/Auxis State of Latin America report.

But while cost savings are important, they are not the biggest HR outsourcing driver. And as North American HR leaders increasingly look for outsourcing partners who combine savings with the white-glove HR service that drives employee engagement and satisfaction, Latin America is emerging as the #1 destination for U.S. teams.

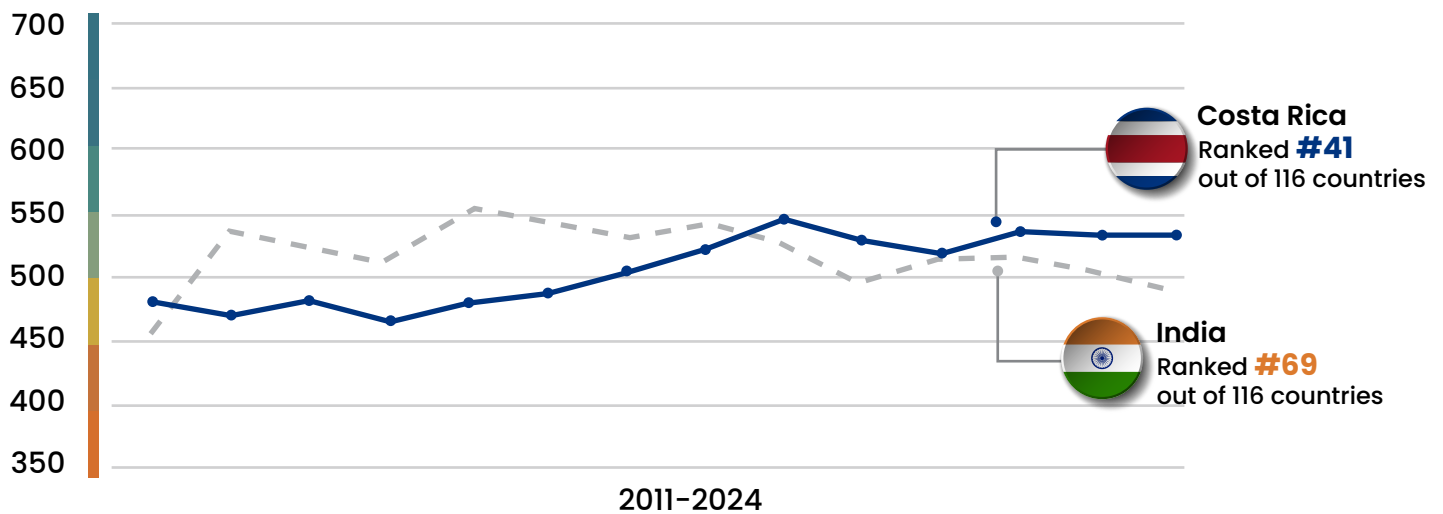
Nearshoring offers the cultural alignment, strong English proficiency, real-time communication, and deep familiarity with U.S.

HR practices and regulations that are non-negotiable for keeping employees engaged and retained in a tough job market.

Latin America is a hotbed for HR outsourcing: HR is the second-largest business function supported at LATAM shared services, with the U.S. the largest country supported, according to the SSON/Auxis State of Latin America report. Leading Fortune 500 companies in the U.S. have operated captive HR shared services in Costa Rica for more than a decade, creating a deep pool of HR talent with the same knowledge and experience you can find in the U.S. – but at a fraction of the cost.

Costa Rica also supports seamless service delivery with more neutral accents and significantly higher English proficiency scores than Asian markets like India, ranking 41st vs. 69th out of 116 countries respectively on the 2024 EF English Proficiency Index, the world’s largest ranking of countries and regions by English skills.¹⁰ Many U.S. HR organizations view Latin America’s strong multilingual capabilities, including Spanish-speaking, as a valuable asset.

English Proficiency Trends: Costa Rica vs. India



Source: EF English Proficiency Index

By comparison, North American HR processes are not a main processing service in Asia's top outsourcing destinations, including India, which can impact performance. A leading Fortune 50 retailer recently shifted HR functions to Auxis' Costa Rica delivery center after it struggled to find talent familiar with the nuances and complexities of U.S. HR practices in India.

In addition, the retailer struggled with common offshore challenges, such as faraway time zones, thick accents, and high turnover affecting communication and service quality. [Read our case study](#) to learn more about how Auxis' nearshore HR outsourcing solution solved the Fortune 50 retailer's Asia-based challenges with seamless delivery of a Level 1 HR Help Desk, advanced operational support, and end-to-end bilingual recruiting.

A growing trend toward multi-location nearshore models is further helping HR organizations take advantage of hybrid outsourcing solutions that combine Costa Rica's HR expertise with opportunities for even greater cost savings in other top Latin American markets. For instance, companies are retaining more complex HR work in Costa Rica and sending more entry-level tasks to Colombia, where skilled talent combines with the largest labor arbitrage in Latin America.

3. HR service models expand to include self-service and complex processes

HR outsourcing service models are also changing. As comfort levels with remote work continue to increase – and nearshore advantages like cultural and time zone affinity support successful execution of high-touch processes – HR outsourcing is expanding beyond traditional transactional support like payroll to support services that require judgment and analysis across recruiting, onboarding, terminations, benefits, and more.

While low-cost transactional outsourcing will always have a role, HR leaders are increasingly looking to providers who act not just as service executors but as advisors and collaborators. These partners can drive process excellence, design and execute digital strategies, provide actionable insights, and deliver advanced tiers of work.

With technology changing faster than possible adoption timelines, enterprises are also realizing that the traditional approach of outsourcing a single, fragmented slice of a process often fails to create the right impact. Instead, HR leaders are increasingly choosing partners with the sophistication to own, transform, and drive excellence across end-to-end processes.

Nearly 70% of enterprise leaders are increasing budgets for next-gen, strategic outsourcing partnerships, while only a third



plan to increase their budget for traditional, transactional solutions solely focused on cost. (Deloitte Global Outsourcing Survey)¹²

Self-service capabilities are another HR delivery trend gaining traction in 2025. For instance, quality outsourcers are speeding issue resolution at HR help desks by taking advantage of advancements in AI and automation to offer self-service support.



self-service, continuously identifying frequently asked questions and automatically drafting high-quality, informative knowledge articles from existing data sources.

This self-reliance not only streamlines HR processes but also enhances employee satisfaction, as it eliminates time waiting for assistance from busy HR staff and gives employees greater control over their work-related affairs. Consequently, self-service options foster a more proactive and engaged workforce, contributing to a more dynamic and responsive organizational environment.

But while American Productivity & Quality Center (APQC) benchmarks indicate that 70% of employees supported by HR organizations at the median performance level now have access to a self-service system, many organizations struggle to implement self-service effectively.¹² While interest in AI is high among help desk leaders, 62% said they find integration challenging, according to a 2024 Service Desk Institute survey.¹³

Quality HR outsourcers are stepping up to fill the gap, offering direct access to cutting-edge self-service tools and processes without implementation headaches or costs.

AI chatbots can function as virtual agents, providing human-like responses to common inquiries that help users immediately manage simple transactions on their own, such as changes to payroll withholdings. AI-assisted knowledge management bases also support

4. Outsourcing helps HR catch up to the AI/automation revolution

The intersection of HR and technology trends may be the biggest market mover in 2025. Some 76% of HR leaders believe if their function does not adopt and implement AI solutions like Generative AI (GenAI) in the next 12 to 24 months, they will be lagging in organizational success, according to Gartner research.¹⁴

But while HR leaders are prioritizing tech to help alleviate the burden of transactional work, many are struggling to incorporate it on their own due to lack of time or skilled personnel.

Only 25% of HR leaders believe their staff thinks about how tech can change HR for the future, Gartner's HR priorities report states.

The cost of digital transformation is also a concern: At many businesses, investment in HR is prioritized last because the function is seen as a cost center and not a revenue driver.

As a result, many HR leaders are looking to outsourcing to kickstart digital transformation in 2025, with more than 87% saying they plan to adopt AI as part of their outsourced services this year (Deloitte Global Outsourcing Survey 2024). Quality HR outsourcers deliver instant access to the latest technology and skilled tech talent needed to infuse business processes with AI and automation without a big upfront investment.



Outsourcing also leads to savings which can then be used to help fund the cost of transformation.

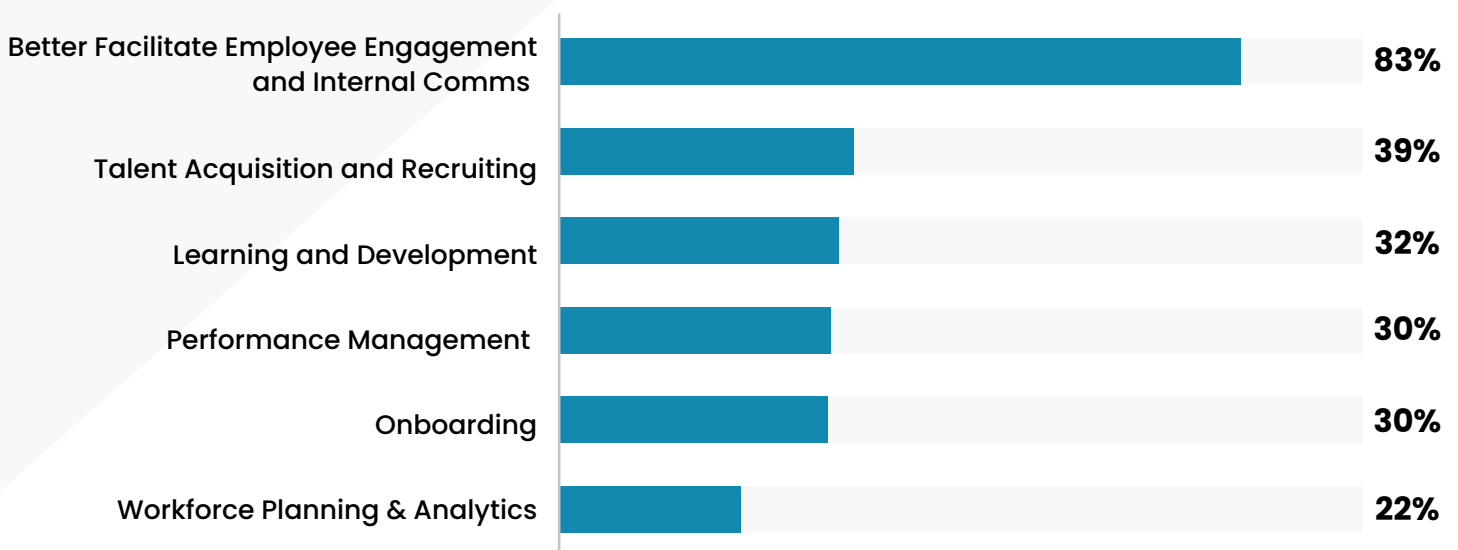
More than half of organizations (53%) rank “tech-enabling capabilities and technology solutions” as a top benefit of outsourcing in 2025, according to the SSON Global Market Report. Quality HR teams are also used to working with in-demand technology like AI and automation for clients across industries and don’t require additional training or skills.

Through AI-powered tools and automated systems, routine tasks such as payroll processing, benefits management, and candidate screening can now be completed with unprecedented efficiency and precision. HR help desks are particularly ripe for AI-powered automation, speeding resolution and response by routing tickets to the right agents, prioritizing requests, helping to personalize interactions, surfacing relevant knowledge base information in real-time for help desk staff based on user inquiries, and offering self-service chatbots as mentioned above.

This shift allows outsourced teams to increase productivity without a corresponding increase to headcount or costs. It also gives internal teams bandwidth to focus on higher-value activities like strategic planning and employee development.

A survey by *HR Brew* found that nearly 90% of HR professionals surveyed were either using or interested in adopting AI for their work. The key areas for AI usage in HR were:¹⁵

AI Tech Usage in the HR Space



Source: HR Brew

Shared services organizations stand at the forefront of this trend, with the top three technology investment priorities this year focused on infusing AI and automation into their customers' business functions, states SSON's Global Market Report 2025.

What Are Your Top Technology Investment Priorities This Year?



Source: SSON State of the Shared Services & Outsourcing Industry Global Market Report 2025



5. More advanced data and talent-related analytics inform critical decisions

Improving analytics capabilities is a top priority for HR leaders in 2025 – transforming the immense amount of information collected today into actionable insights that can inform critical decisions about talent acquisition, retention, development, employee experience, and more. By leveraging robust data and talent-related analytics, HR teams can gain a deeper understanding of workforce trends, identify areas for improvement, and develop targeted interventions to boost employee engagement and productivity.

However, organizations often find themselves challenged with limited data science skills and technology to leverage data analytics effectively.

Not surprisingly, HR Analytics and Reporting has become one of the top HR processes performed by shared services and outsourcing providers, according to Deloitte’s latest Global Shared Services and Outsourcing Survey, coming in second to payroll.

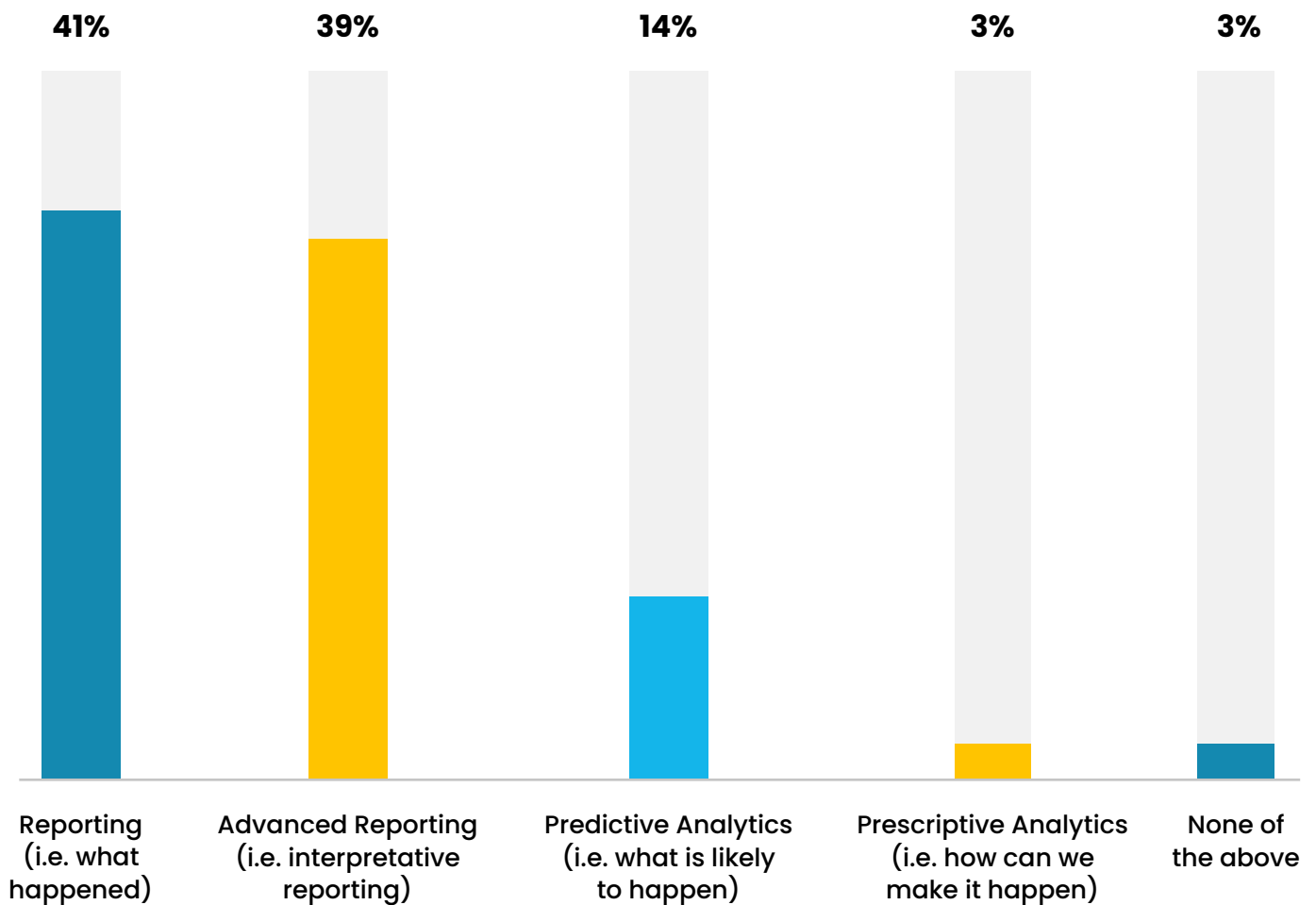
Top HR Processes Performed by Shared Service Centers by Function



Source: Deloitte Global Shared Services and Outsourcing Survey

Analytics tools stood as the biggest investment priority for shared services organizations in 2024 and remain a top five priority in 2025, according to the SSON Global Market Report. More than half (56%) have now reached advanced stages of analytics, moving beyond the ability to report on historic data to interpret, predict, and prescribe what could or should be done to improve decision-making and performance.

What Best Describes The Analytics Maturity of Your SSO/GBS?



Source: SSON State of the Shared Services & Outsourcing Industry Global Market Report 2025

Talent-related analytics, such as identifying and upskilling, are delivering some of the biggest wins, the report states. In addition, providers are using analytics to drive continuous improvement of outsourced HR operations, tracking metrics that are not often measured internally.

A best-in-class shared services provider will have robust capabilities spanning detailed analytics and data built into the solution. You don't just get people - you get an HR Center of Excellence focused on recruitment, training, Quality Assurance (QA), and continuous performance enhancements.

HR Outsourcing

A proven solution to the pain points of modern HR functions

HR teams are finding relief from today's challenges of talent shortages, increased workloads, and the rapid pace of technological innovation through outsourcing. Quality providers stand at the forefront of today's HR technology trends - providing instant access to cutting-edge AI and automation technology that helps HR leaders reap the benefits of streamlined processes, improved accuracy, and enhanced decision-making without a big upfront investment. These advancements are further cutting costs by significantly reducing the time and resources required for labor-intensive activities.

Nearshoring is also significantly influencing the HR outsourcing market by offering a better, cost-effective alternative for high-touch, judgment-intensive HR processes. HR leaders increasingly favor nearshoring as it allows them to collaborate with experienced HR talent in nearby regions, reducing time zone challenges and improving communication.





This approach further mitigates cultural and language barriers, which is critical for delivering effective HR services that boost employee engagement, compliance, and talent management.

Modern challenges have led to a surge in HR outsourcing. Partnering with a **quality nearshore HR provider** like Auxis brings the people, processes, and technology to successfully take the inordinate number of administrative duties off your plate - letting you concentrate on what matters most to business success: your people.



Want to learn more about HR outsourcing through nearshoring and automation? **Schedule a consultation** today! Or, **visit our resource center** for more HR outsourcing tips, strategies, and success stories.

About Auxis

Trusted by large enterprise and mid-market organizations across industries for nearly 30 years, Auxis is a management consulting firm and nearshore outsourcing pioneer that helps organizations modernize and scale their back-office operations through innovative processes, technologies, and organizational structures.

Bringing a unique perspective as experienced advisors, industry veterans, and shared services operators, Auxis ensures clients obtain real benefits and ROI from every engagement. With core solutions spanning HR, Finance, IT, Customer Service and Industry-specific Nearshore Outsourcing; Intelligent Automation; Cloud; and Business Intelligence, Auxis consistently delivers rapid paybacks, significant cost savings, access to top talent, improved controls, enhanced operational visibility, and greater organizational focus on higher value-creating activities.

A Latin America outsourcing pioneer, Auxis is recognized annually as a top provider globally on IAOP's elite Outsourcing Global 100 list. It also has been recognized by multiple leading research firms as a top outsourcing company, including Everest Group and ISG. To learn more, visit www.auxis.com



External Source Footnotes

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