

# Downsizing HR Department Could Have Negative Impact

Human Resources Journal

There are many companies that take their structural system seriously. At the same time, they are using outsourcing options that could be preventing them from having a human resources department that connects with the rest of the company, according to Employee Benefit News.

There are companies who have been able to benefit from outsourcing, and that is nothing to debate over, but some companies are missing out completely. There is some information showing that those who have downsized their HR department or have turned completely to outsourcing are causing less growth and expansion for their company, along with exposing themselves to more risks.

One of the main risk for any company is lawsuits. Having a good understanding of laws surrounding the company is essential, otherwise there are thousands of people who could file a lawsuit, causing the company to lose out on millions. The [HR department](#) is the department that typically handles things within the company that keep everything running smoothly and prevent lawsuits. Without that protection, regardless of outsourced help, companies could end up in major trouble if they make one minor mistake.

Many companies have recently admitted that they have downsized the HR department in hopes of saving money while their business continues to grow. Some of the companies have even stated that they are relying heavily on software instead of actual human beings who can take on the HR leadership roles. The companies that produce the software are thrilled. They want the company owners to believe that their software can do nearly anything for them, but that is not exactly the case.

The vice president of human resources at the [Society of Human Resource Management](#) said that it is the employees who hurt the most from the lack of human resources. Employees depend on someone from the HR department to answer questions and concerns that they have about things going on in the workplace and revolving around the job itself. When they go to the HR department, they know they have someone who wants to help them. Software simply cannot measure up to what an actual human being can do for others.

While some companies sincerely want to save and may mean well, they could be doing more harm to their company than good by eliminating the HR department. It may seem like a money-saving option at first, but the cost in the long run could be much higher if things are not going correctly and employees are unhappy. Outsourcing doesn't solve all the issues that a company faces throughout the years.