

## **Payroll Calculation Outsourcing Market in Japan: Key Research Findings 2014**

### ◆ **Research Outline**

**Yano Research Institute has conducted a research on the domestic payroll calculation outsourcing market with the following conditions:**

1. Research period: December 2014 to March 2015
2. Research target: Leading providers of payroll/salary calculation services
3. Research methodologies: Face-to-face interviews by the expert researchers, surveys via telephone and email, and literature research.

#### **<What is the Payroll Calculation Outsourcing Market? >**

The payroll calculation outsourcing services in this research indicate the services to calculate overall payroll and salary on behalf of HR and General Affairs departments of a company. The payroll calculation outsourcing market in this research include BPO (Business Process Outsourcing) services that calculate monthly payroll but also other peripheral tasks that link with calculation of labor & social insurance and premium, year-end adjustments, and overtime calculation systems (such as late-night work and holiday work), and ASP (Application Service Provider) services/SaaS provided in combination with the outsourced payroll calculation tasks. Note that those services provided through a standalone system that do not accompany with outsourced tasks are not included in this research.

### ◆ **Key Findings**

#### ■ **Domestic Payroll Calculation Outsourcing Market in FY2013 Rose by 5.8% from Preceding Year to Achieve 246.5 Billion Yen**

As demands for payroll calculation outsourcing services at domestic, middle-sized companies have become obvious, prospective customers are expected to be found from wider range of industries, boosting the domestic payroll calculation outsourcing market in FY2013 by 5.8% from the previous fiscal year to achieve 246.5 billion yen, based on the turnover of service providers. Because the implementation rate of payroll calculation outsourcing services accounts only for 20% in Japan, the market seems to have potential for additional expansion to acquire more customers.

#### ■ **Service Demands Expected to Grow Larger as More Payroll Calculation Employees Retire, and as Launch of Social Security and Tax Number System Closing in**

Further expansion can be expected for demands of payroll calculation services because increasing number of employees in charge of payroll calculation is likely to reach their respective retirement age in Japan-based companies, and also because HR/general affairs divisions are required to enhance information security to prepare for My Number System (a system of social security and tax number) scheduled to be launched in 2016, which will increase routine work at these divisions. These factors are likely to encourage companies to outsource their internal tasks including HR and general affairs, so that outsourcing services are foreseen to

expand further.

■ **Domestic Payroll Calculation Outsourcing Market in FY2014 Expected to Rise by 6.0% of Preceding Year to Achieve 261.3 Billion Yen**

The domestic payroll calculation outsourcing market is likely to continue its high growth due to the following factors: Expansion of the services to Japanese companies; Evolution of the services from a simple payroll calculation service to a total HR BPO service; Increase of mid-size companies adopting outsourcing services due to cloud computing becoming available to do HR tasks regardless of company size. The market in FY2014 is likely to increase by 6.0% to attain 261.3 billion yen, based on the turnover of service providers.

◆ **Report format:**

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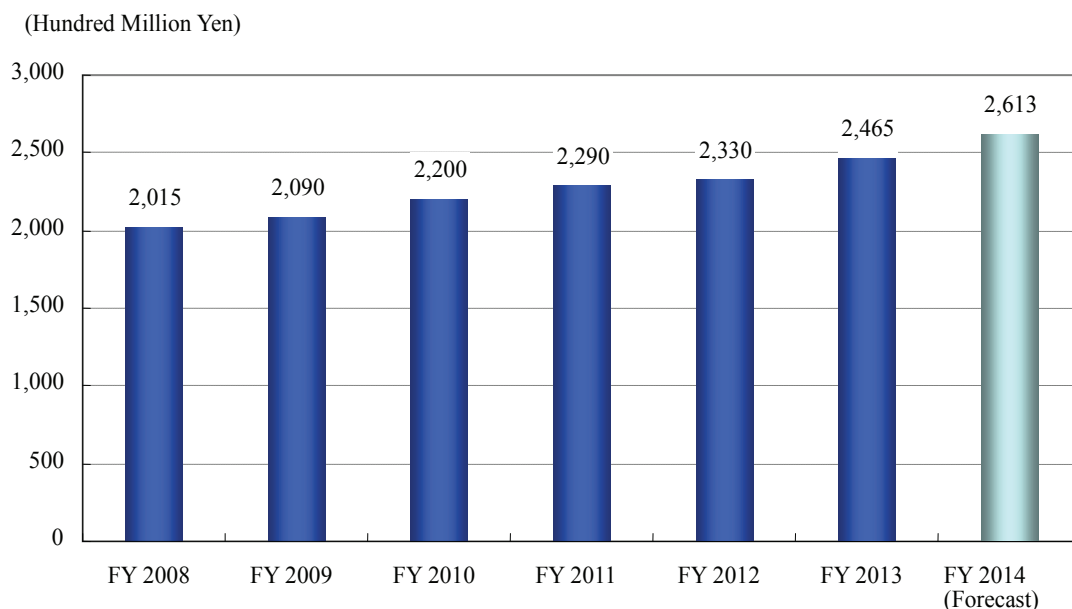
**Contacts:** Public Relations

**Yano Research Institute Ltd. (URL: <http://www.yanoresearch.com>)**

Phone: +81-3-5371-6912

E-mail: [press@yano.co.jp](mailto:press@yano.co.jp)

■ **Figure 1: Transition of Payroll Calculation Outsourcing Market Size**



Notes:

1. The figures are based on the turnover of service providers
2. The payroll calculation outsourcing services in this research indicate the services to calculate overall payroll and salary on behalf of HR and General Affairs departments of a company. The payroll calculation outsourcing market in this research include BPO (Business Process Outsourcing) services that calculate monthly payroll but also other peripheral tasks that link with calculation of labor & social insurance and premium, year-end adjustments, and overtime calculation systems (such as late-night work and holiday work), and ASP (Application Service Provider) services/SaaS provided in combination with the outsourced payroll calculation tasks. Note that those services provided through a standalone system that do not accompany with outsourced tasks are not included in this research.