Globalization of HR and How Digital Transformation can Help
New expectations driven by globalization

Digital communication and social media have created a surge in knowledge networks which have made global collaborative business practices possible. Everyone now has the technology in their hands, laps, or even on their wrists to be visible and connected, making the world even smaller and more collaborative. Businesses can benefit from team diversity, global partnerships, geographically distributed project teams, and competition for global talent. But according to the ADP Research Institute, “Half of multinational companies say talent management challenges still hamper their ability to expand into new markets.”

Donna Fielding, DVP HR at ADP, explains, “The appeal of globalization and the pressure to get there fast has put pressure on all functions including HR. The first step towards an effective HR strategy is to define value and to understand how business value is created. This requires a deep insight into the global business environment as well as a clear understanding of the organization’s overall business strategy.”

The HR function must play a central role in delivering Human Capital Management (HCM) services solutions to the organization, says Fielding. “It all starts by being able to identify and build the advanced skills, competencies and capabilities required to support the international business strategy.”

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There are significant risks when Human Capital Management capabilities are not aligned with global business goals. Companies that fail to leverage global talent markets while keeping their HR strategies at the local level will be weak performance, and will be eclipsed by competitors.

The ADP Research Institute found that multinational companies continue to grapple with ageing legacy HCM systems and processes where companies manage on average 33 payroll systems and 31 HR systems. The situation is even harder for multinational organizations with headquarters in Asia-Pacific and Latin America, which manage an average of 40 to 50 different systems for payroll and HR. There is an urgent need for consolidation, with more than two-thirds of survey respondents saying they want a more unified HCM system to simplify workforce management and help them unlock insights to support global expansion and business performance.

In our highly globally-connected and interdependent world, employing people in various locations is not enough. They must also be effectively integrated into the infrastructure of the organization in order to remain competitive.
Globalization and How Digital Transformation can Help

By building an integrated global-to-local HR model, companies will be able to get flexibility and accelerating global growth while optimizing talent management in all of its markets.

THE CHALLENGE FOR HR LEADERS

Before a company can enter a new region or country or make an acquisition, business leaders must ask themselves: “Do we have the right people and strategy in place to make this successful?” In fact, while 93% of CEOs around the globe say they need to change their talent strategy, only a third plan to actually do so. For global companies, managing cultural differences and trying to build a unified business culture is an ongoing concern that will only increase with the objectives of new market expansion. The ability to manipulate data into organizational insight and understanding is therefore becoming ever more desirable.

HR leaders have a complex task and must deal with many aspects such as, culture, environment, and reward in a highly competitive business setting, while developing the employer value proposition and building talent pools. HR must actively promote the business in the same way marketing does, and use social networking, talent communities, and peer outreach to attract and engage the talent they need.

Recent research by Deloitte has also found that building global leadership is HR’s most urgent issue, followed by retention and engagement and reskilling of HR, suggesting that the HR and talent functions are in the midst of a transformation. An essential part of this change is the upskilling, reorganization, and transformation of HRs relationship with business leaders and the issues of the business. Globalization, technology, social media and changing workforce expectations are also driving the need for change.

INSUFFICIENT INFRASTRUCTURE UNDERMINES THE SUCCESS OF BUSINESS STRATEGIES

The digital revolution, which has transformed the global workplace, has seen global companies move top talent around the globe more frequently, often overseeing short-term, strategic projects. These brief assignments usually last months rather than years, reducing the need for traditional relocation packages and allowing mobile employees to remain on their home country’s payroll. However, this requires employers to become much better at tracking and monitoring such moves, not to mention calculating local tax requirements.

Automating and outsourcing administrative processes alone is not the answer. HR leaders also need to work out the likely financial return on these investments. By building an integrated global-to-local HR model, companies will be able to get flexibility and accelerating global growth while optimizing talent management in all of its markets.

To devise an effective global strategy, business leaders need to understand how much they are currently spending on HR processes infrastructure – known as their ‘total cost of ownership’ (TCO). Data collected by ADP from thousands of TCO studies from companies across the world show that HR transformation needs to be approached holistically. This data has shown that companies that have succeeded in transforming their HR functions did not look at technological solutions in isolation, but instead considered how people would use those solutions, what functions they would perform, how processes could be improved and what services they require (e.g. compliance) to make best use of new systems.

93% of CEOs around the globe say they need to change their talent strategy

A new way forward – cloud-based solutions aligned with business priorities

To seamlessly offer HR tools and services to a global workforce, HR leaders rely on integrated HCM platforms. Using cloud-based systems allow for scalability to meet the HR needs of employees from a company’s largest office to its smallest outpost. HCM platforms, when combined with IT, financial and client relationship management within a “Center of Excellence” or in regional shared services centers, offer a new way of working that empowers HR leaders to deliver more efficient, standardized services to their employees worldwide.

"With cloud-based solutions information can now be transmitted and shared across continents, time zones, and cultures in a matter of seconds, and business meetings from one continent to another in a matter of hours.”

Donna Fielding, DVP HR, ADP
HR must look at what are the most relevant aspects to drive the business strategy; measuring core HR processes are relevant but not very strategic. Key Performance Indicators (KPI) should be aligned to the relevant business drivers and seamlessly deliver core HR processes while demonstrating a clear business impact. HR KPIs should include business priorities such as:

- HR systems designed to monitor or manage organizations that are increasing their part-time, contingent, or contractor workforces.
- Creating a new impetus on employee wellness and happiness as a Retention and Engagement HR strategy.
- Employee engagement programs using new tools for employee feedback, sentiment measurement, and communications.
- Targeted talent solutions which drive talent and business outcomes. This means developing a set of clear strategies to use as guideposts to help to redesign, implement, or buy solutions in each area.
- Improved speed and quality of hire through improved employment brand and strategic sourcing.
- Building a leading L&D function to drive performance and improve employee engagement, through a blend centralized programs and infrastructure with local learning teams in the business.
- Training managers in recruitment and assessment.

KPIs linked to business strategy combined with a unified system means cleaner, more consistent data that is much easier to access.

HR can compare compensation structures across different organizational entities and can even advise the distribution of resources to focus on investment for a more appropriately engaged workforce aligned with organizational decisions.

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Significant drivers of change is the evolution of HR technology such as cloud, where data is no longer restricted to a single location but accessible anywhere, anytime. This empowers organizations and teams to share, collaborate, increase knowledge, and productivity. Cloud is improving integration and providing greater visibility and workforce alignment, enabling employers to better align their workforce and teams.
Donna Fielding, DVP HR at ADP describes the exciting solutions that are now driving high performance in HR functions:

“The need for HR harmonization across geographies combined with the benefits of advanced digital technology are clear opportunities for companies and HR professionals to revisit their ageing architectures, and look to modernize and replace these with highly flexible, cloud-based systems and mobile applications. Core Human Resources Management Systems (HRMS) should provide the critical payroll and talent management features (e.g. performance management, recruiting, learning management, succession management) along with mobile HR applications that greatly improve user experience and user engagement.”

“The time has come,” urges Fielding, “to make the most of the latest advances in digital technology and Human Capital Management systems to deliver a true and engaging talent management strategy that embraces and engages your entire workforce.”

In this way, HCM initiatives and resources can be strategically applied to facilitate business success. HR can take on a stronger leadership role as well as boosting both its and the organization’s value. As more large enterprises consolidate their HCM systems, they will move beyond basic metrics (for example employee headcount and hours worked) to more meaningful analytics that help solve complex business issues such as identifying turnover risk for high-potential employees in critical functions and countries.

Bersin by Deloitte strongly recommends that companies invest in the following:

- The time to analyze and rationalize their vast arrays of content
- Big Data analytics to provide learning recommendations and smart learning paths for employees
- Mobile learning tools for on-the-job performance support
- Modernize the digital learning experience
- Career development programs, job rotations, competency-based assessments, and simulations
- Tools that tap into social sourcing networks, mobile recruitment tools and referral networking tools

HUMAN CAPITAL MANAGEMENT SYSTEMS AND PROCESSES THAT DELIVER EVIDENCE-BASED GLOBAL HR

HCM systems provide the tools to support today’s global, flexible workforce. This means reducing the number of HR and payroll systems and replacing them with centralized, integrated systems, supported by expert providers. By doing so, this will:

- Reduce the need for maintaining and understanding the idiosyncrasies of separate systems
- Reduce resources needed to consolidate data for the purposes of reporting and analyzing
- Reduce the complexity so that you can manage the coming challenges and expectations as the company pursues the global expansion needed for growth and success

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