Global Human Capital Management Best Practices
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Global Business

Since the recession, the Global business environment continues a slow but steady pace of growth in the range of 2 to 3\%.\(^1\) The International Monetary Fund cited in its most recent World Economic Outlook report that even with some slight dips in year to year growth, global economic prospects remain positive. They attribute this to the underlying drivers for acceleration such as wage growth, labor market conditions, improved financial conditions, and lower fuel prices.\(^2\) Emerging markets fuel much of the long term global growth expectations. As world economies progress, businesses are looking to growth beyond their own borders as a strategic imperative. Yesterday’s emerging markets are quickly turning into today’s most critical business opportunities with the largest global buying communities around the world in emerging economies.

Organizations specifically looking to increase market share across borders find themselves not only competing for business, but for talent and sustainable labor costs as well. Globalization is no longer just the domain of very large organizations in developed countries. Today many organizations in every country compete in a global environment.

Our world is more distributed and consumer oriented than ever before, and mobile technology is a bridge to higher expectations for the ever expanding middle class. Customers and workforces are merging into single entities, creating solutions and experiences that suit their individual needs. Innovation and a sense of connection is the currency of this global generation, and they expect all of their technology interactions to leverage those expectations. The relationship between an organization and their workforce is more complex than ever, technology plays a major role in allowing organizations to engage an ever growing pool of global talent.

Human Resources (HR) is at the center of this global revolution—involved in both acquiring and deploying talent necessary to achieve global expansion goals. Running a successful HR organization is hard enough, but running a successful global HR organization adds multiple levels of complexities. Key concerns to address include the following:

- Keeping up with regional workforce management requirements, especially during rapid growth or from mergers and acquisitions
- Managing regional and local workforce relationships, each with governing bodies
- Retaining and developing a talented workforce with global awareness
- Acquiring a workforce with skillsets required for the future in all global operations
- Managing a global talent pool that expands into customers, communities of brand followers, and influencers
- Dealing with inconsistent internal and external processes across multiple locations
- Managing multiple un-integrated workforce systems and tools

All of these issues are compounded by the fact that globally we are seeing a massive shift in the demographics of available workers. The talent pool of workers with critical skills is shrinking. Mature markets are experiencing lower birth rates and increases in baby boomers retiring. Emerging markets are frantically working to develop educational infrastructures that will prepare their potential workforce for future opportunities. Meanwhile, the last several years of economic depression have created a whole generation of young workers with less experience

\(^2\) http://www.imf.org/external/pubs/ft/weo/2015/update/02/
and opportunities than their predecessors. Over the last several years we’ve seen annually over 70 million next-generation workers between the ages of 15 and 24 were unemployed.\(^3\) By missing out on those early job opportunities, the new generation is simply not able to acquire the critical skills once achieved by prior generations of workers on their first forays into the working world.

Enterprise technologies—from administrative and service delivery solutions, to talent management, and business intelligence tools—increasingly matter. They provide the resources necessary to connect the workforce in real time across borders with their organization and with job opportunities. Further, the way in which employees work together and with technology is changing. Teams work virtually across the globe, leveraging technology to erase the miles and increase opportunities for collaboration. Once simply the domain of information technology (IT) leaders, today’s HR organizations are being pulled into social and collaboration technology discussions more frequently. These technologies also can have a major impact on the workforce’s ability to work creatively and produce timely outcomes.

Adopting global HR best practices can help organizations manage their global human capital management transition, their changing workforce demographics, and contribute to organizational success.

**Approaches to “Going Global”**

Sierra-Cedar has, for several years, published research on the best practices of “going global” with HR technologies.\(^4\) The research summarizes the state of practices around going global of four organizational models that differ in structure, strategy focus, decision making, and process standardization:

- **Multinational** – focused on flexibility and local responsiveness, highly decentralized with multiple independent locations, united primarily through financial reporting to corporate headquarters
- **Global** – focused on efficiency, highly centralized/standardized, with major decisions made at corporate and rolled out to local operations engaged in local markets
- **International** – focused on learning and sharing, moderately centralized, leveraging competencies and sharing learning from both corporate and local operations
- **Transnational** – focused on efficiency, flexibility, and learning, combining aspects of all the above; leveraging efficiencies, maintaining flexibilities, and sharing learnings and innovations worldwide

Over the years of our analysis, we have found that two model types—the Global and Transnational—are more successful than others at mitigating the challenges of global operations as they “go global” with HR technologies. Just as organizations mature as they move from an organization type of Multi-national to Global to International to Transnational—in terms of their structure, strategy focus, decision making, and level of process standardization—we see a path of maturity associated with the adoption of HR technologies resulting in higher levels of efficiency and innovation. Efficiency yields organizational cost savings; innovation often leads to revenue improvements. Summarizing from Sierra-Cedars Going Global research, we find the Global type of organization more frequently adopts efficiency practices while the Transnational type of organization more frequently adopts both efficiency and innovation practices. In our global research, we suggest the following practices for consideration.

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Efficiency and Innovation Factors

- Standardize both administrative and talent management processes. Understand the variations and strive for standardization, allowing variations only when mandatory for a country or region.
- Consolidate multiple HR management systems in countries or regions to a single global system, managed centrally but governed with global representation.
- Reduce customizations of the single global solution. If processes have been standardized, this is easy to accomplish.
- Strive to serve more or all of the workforce from the single HR management system (HRMS).
- Consolidate talent management onto your HRMS platform.
- Expand the percent of workforce using self service. Adopt regional shared service centers managed centrally.
- Adopt a Cloud HRMS with the latest global best practices.
- Adopt integrated talent management on your new Cloud HRMS platform.
- Adopt business intelligence/analytics tools and roll out solutions directly to managers.
- Adopt social tools and use them strategically for branding, recruiting, service delivery, communications, and learning.

Pulling from the previous research and adding from other researchers, we propose the following 10 global HR best practices:

| 1. Transform service delivery |
| 2. Standardize complex global processes while providing flexibility |
| 3. Manage the workforce in multiple countries efficiently |
| 4. Move technology solutions to the Cloud |
| 5. Engage in meaningful global talent management |
| 6. Create an engaging global workplace |
| 7. Invest in reporting/analytics |
| 8. Make knowledge and people easily accessible |
| 9. Leverage diversity as a business tool |
| 10. Include change management as a critical success factor |

Global HR Best Practices

1. Transform service delivery

A sound HR services delivery model provides a common understanding between HR and their clients on how and to what level HR requirements will be met. It is often the misunderstandings over service delivery expectations that can cause the biggest challenges for global HR organizations. Before pointing fingers at all the business areas that can cause HR a challenge in providing efficient and effective services, HR should make sure their own service delivery model is optimized. A shared services model managed centrally but delivered locally can quickly become the framework for reducing redundant process work and increasing levels of HR efficiency. Investments in service delivery systems such as self service and call center technologies enables HR to increase service levels while reducing its overall cost of providing services, particularly with HR labor costs. Since tracking the ratio of employees served by HR administrative staff, the annual *Sierra-Cedar HR Systems Survey White Paper*
has continuously reported that the service delivery model delivering the greatest benefit is one that combines employee and manager self service, HR shared services, and an automated HR help desk facility—in 2013 and 2014 we found that organizations were able to serve 30 to 40% more employees with this approach to HR service delivery than those without technologies.  

The *Sierra-Cedar HR Systems Survey White Paper* has, for the several years, highlighted an emerging trend towards replicating shared service centers that initially were only operating in the headquarters country. Organizations are now expanding the service delivery model to multiple shared service centers operating during global work hours to avoid the need for overtime payments and to also provide services in native languages or services unique to a region. Among global organizations with shared service centers, the average number of centers in 2012 was 1.9; this average number has continued to rise since then year over year.  

Finally, get self service into the “literal” hands of the employees. One of the fastest growing trends in HR technology is mobile delivery models that embrace the need to reach employees where they spend a growing amount of time: their mobile devices. Mobile technology adoption in our personal lives is almost universal and a large part of how individuals interact and communicate with the world around them. The most recent research in mobile technology trends shows that people now spend more time on their mobile devices than on any other form of technology today. Mobile goes beyond phones in a world where tablets, phablets, headsets, and wearables are all part of the Mobile conversation, organizations need to thin less about any one device and more about how to optimize HR services across multiple wireless delivery devices through responsive web designs, automatics detection, and mobile optimization capabilities.

### 2. Standardize complex global processes while providing flexibility

This approach is called providing “freedom within a framework.” As much as possible, processes should be similar globally, with only processes specifically unique to a location and its unique workforce varied. Organizations should evaluate which processes can bring the greatest benefit to the organization by being performed globally and which ones need to be kept local. For example, recruiting white collar workers in major metropolitan cities in developed countries is much different from recruiting and onboarding high-volume manufacturing positions in emerging economies.

Creating an enterprise-wide framework for process management that provides for reasonable flexibility across multiple regions, requires an organization to establish a governing model with a collaborative governing body. A governance model first works to instill the value of a common set of processes to reduce overall costs, but also creates an environment that gathers regional or local requirements, and respects their need for flexibility. The governing body needs to keep current on global requirements and recognize the expertise of local constituents. Collaboration between corporate and regional entities is the key to a successful “freedom within a framework” model.

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6 Ibid. Figure 16.
Process standardization improves the efficiency of an HR Function. Over the last several years, the annual Sierra-Cedar HR Systems Survey research has found that high levels of process standardization are associated with more profitable organizations as well as data driven HR functions that we call Quantified organizations. This is a valuable first step in effectively managing a global HR environment.

3. Manage the workforce in multiple countries efficiently

Many multinational organizations have multiple HRMS in countries and/or regions, we’ve seen organizations range from several HRMS’s to over 100 HRMS and Payroll environments tracking critical workforce data. A major effort for many large global organizations are plans to consolidate their HR infrastructure, usually starting with their core HRMS and payroll applications. The percentage of organizations that have a major initiative to consolidate a core HRMS and payroll application in the coming twelve months have increased for global organizations over 20% for the last few years, These consolidation efforts are being driven in part by the desire to obtain global workforce data that can be leveraged for effective workforce planning efforts.

For payroll solutions—although many solution providers still depend on partnerships with regional payroll management services—an HR function that works through a single vendor can reduce the risk of growing compliance concerns over payroll and workforce management regulations. Organizations are moving to a single global payroll system less for cost reduction and more for risk mitigation through enabling consistent global reporting.

4. Move technology solutions to the Cloud

Global organizations are rapidly escalating this move, although they are currently behind organizations operating in a single country. A Cloud HRMS deployment model has distinct cost efficiencies when looking at the number of employees needed to deploy, manage, and support such a solution. Over the last several years, the Sierra-Cedar HR Systems Survey has consistently found that organizations with a Cloud (Software-as-a-Service – SaaS) HRMS requires one-third the staff of those with a licensed on-premise HRMS. A further benefit comes from the faster implementation times with a Cloud HRMS vs. a licensed on-premise solution, allowing organizations to reduce overall implementation costs and time to achieved outcomes. The average length of time for a Cloud HRMS implementation ranges from 7–14 months depending on size compared to the 11–19 month average for a licensed on-premise HRMS.

Speedier Cloud adoption enables organizations to achieve real value from their new HR system innovations faster, such as improved user experience and best practice functionality. We continuously see that the number one reason organizations choose to move to a SaaS HRMS solution is an expectation of improved user experience—not only for HR, but also for employees and managers. The Sierra-Cedar HR systems Survey is finally able to definitively show that newer Cloud HRMSs solutions receive the highest user experience scores over their licensed on-premise solutions. As user experience improves for solutions, we also see overall levels of user adoption increase as well. Higher levels of user adoption simply increases the value achieved from the investment of any technology environment.

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A second reason for moving to Cloud solutions is to achieve best-practice functionality. SaaS HRMS vendors continuously incorporate client feedback and requests into their regular system updates, allowing organizations to stay current and relevant. Some organizations are concerned with the cycle of constant updates, but our research finds that organizations quickly become accustomed to the cycle of updates and benefit from consistent maintenance model in multiple ways. As more global organizations move to adopt Cloud solutions, we expect to see more global best practices moving to the Cloud HRMS solutions. Currently, over 30% of the organizations that were identified as having a Transnational organizational model embrace a Cloud HRMS environment. They have the highest average SaaS HRMS adoption level of any other global organizational model that we cover in our research.

5. Engage in meaningful global talent management.

Software, whether residing in the Cloud or on premise, is no longer bought just for its support of organizational efficiency. According to industry thought leader Josh Bersin, that role is shifting. “Today companies buy these systems to help transform their talent strategies and directly improve employee engagement and the ability to hire.”

Many organizations begin and end their talent management initiatives by painting a broad brush across their entire workforce, labeling everyone as “talent.” Processes are then generalized and front line managers are often left with little support in fulfilling on the enterprise talent management promise. These types of broad talent management approaches can be costly and very ineffective, especially for highly dispersed global organizations.

Engaging in meaningful talent management requires organizations to start with identifying the talent required to achieve enterprise level and regional business goals. Goal requirements then drive enterprise level talent strategies, as well as those unique to specific business units and regions. This business-driven approach enables talent management efforts to drive outcomes. Managers then need the tools, resources, and time to implement these strategies locally.

Aberdeen’s Human Capital Management Trends 2013 Report found that today’s business pressures drive organizations to reevaluate existing talent strategies; key talent management process areas of talent acquisition, performance management, and learning and development top the list of priorities for change. Over 50% of organizations ranked by Aberdeen as “Best in Class” strive to make their talent strategies align with their business strategies—considerably higher than the industry average or laggards.

These are examples of how global organizations are addressing these critical business drivers with business-aligned talent strategies:

- Widening talent acquisition processes to include social and brand management efforts based on a need for greater talent diversity
- Implementing enterprise-wide skill assessments that match skill development efforts to the greatest enterprise skill gaps to increase global capabilities.
- Employing agile performance management processes that increase cycles for individual and team-based goal alignment discussions to improve employee output and engagement

HR plays a key role in facilitating the strategic processes and enabling local implementations. Without effective systems and tools providing aggregate data for planning processes, insights into regional requirements, and a single source for gathering talent data, organizations are simply unable to manage these multiple-talent strategies at a meaningful level. Those organizations identified as Top Performer participants of the Sierra-Cedar HR Systems Survey have consistently shown that they are more likely to adopt more talent management applications, leverage increased talent management system roles, and have implemented more effective talent management best practices. Not only are these organizations top financial performers, but we have also found that they are more likely to have seen improvements year over year in their ability to attract, develop, and retain top talent within their organizations.\(^\text{12}\)

### 6. Create an engaging global workplace.

As organizations continue to expand globally, they often struggle to find the balance between meeting enterprise business goals while developing global leaders and engaging local employees. Globalizing a workforce requires an organization to not only benchmark regional compensation and development plans, but also approaches to regional employee engagement approaches.

Over the last several years the definition of an engaged employee has shifted dramatically from someone who is “happy and content” with his or her work environment, to an employee that is “involved and vested” in an organization’s business goals. Engagement scores are now top of mind for most senior executives concerned with business growth and talent retention. In a recent survey by Bersin and Associates, over 70% of organizations stated that Employee Engagement was one of the top HR measurements reported in executive scorecards, beating out critical data such as performance ratings, retention ratings, and HR operating costs.\(^\text{13}\)

Employee engagement metrics mean very little as standalone data, but when combined with regional insights and data concerning employees’ plans or actions they can paint a very important global picture. Blessing White’s 2013 Employee Engagement Research found that comparing regional global engagement data to employees’ intent to stay responses created a counter-intuitive insight; China had relatively low levels of engagement, but high levels of employees with the intent to stay. Conversely, in South America, where the economy was growing quickly, even engaged employees were looking at new opportunities.\(^\text{14}\) Employee engagement therefore needs to be addressed differently for each region.

Today organizations deploy multi-faceted strategies for gathering engagement data including: annual engagement surveys, regular pulse-surveys, management 360 assessments, social listening programs, and traditional employee roundtables. When compared to solid HR and operations data while still keeping employee anonymity, organizations can institute engagement strategies with real impact.

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7. **Invest in reporting/analytics.**

Organizations need to have a global view of the workforce and provide managers with access to workforce data for improved decision making. Organizations operating in multiple geographies face the challenge of gaining visibility to their global talent. With multiple systems likely in place, gaining a global view of existing talent and applicant pools is difficult. Yet a unified view of worldwide talent is important for building an effective workforce management strategy, as is giving managers direct access to this data for improved global business decisions. The Sierra-Cedar HR Systems Survey has found that Top Performing organizations are able to put decision support tools directly into the hands of managers more frequently. These organizations not only achieve competitive advantage, as shown by a value chain statistical analysis, but their revenue per employee is 26% higher than those not able to support managers with direct access to business intelligence and workforce analytics solutions.¹⁵

Organizations often choose to replace technology due to a lack of effective reporting and analytics capabilities. Within the first year of most system implementations, reporting features become a critical issue. Global organizations often face unique reporting and analytics challenges due to regional data sharing restrictions and management of unique data bases that lack similar data structures. This should not discourage organizations from moving down the path towards improved reporting and analytics capabilities. Many organizations start simply by identifying the top 20 or 30 HR system fields that need to be mapped across multiple systems. These begin to create a common language that can be used as a foundation for reporting. Global organizations then often spend time circulating reports, even if the data is not perfect, as a tool to encourage line managers and regional HR professionals to quickly clean up data. Eventually organizations look to more permanently integrate critical fields across their various technologies or push to adopt full enterprise resource planning (ERP)/HRMs suites that work from a single data structure.

8. **Make knowledge and people easily accessible.**

Organizations need to leverage the full potential and knowledge of their global workforce despite the fact it can be tough to do so across geographically diverse operations. When employees can collaborate and share knowledge, they build organizational creativity and innovation. They must easily be able to find expertise and build their own individual network to be more successful in their jobs. Peer-to-peer communication across borders is essential and further builds a global mindset when such communication is facilitated.

Previously, employees acquired the bulk of information to perform their job mostly from their direct managers and peers, but flattened leadership models and expanded performance expectations leads to a heightened need to access a broader community. A recent Brandon Hall Group research report on next-generation learning trends found that over 50% of organizations felt their employees need to access learning information on a daily or weekly basis to just perform their job effectively.¹⁶

Making knowledge and people more accessible requires first that organizations have a location to track the knowledge and people profiles across the organization. This can be difficult for many global organizations that have multiple systems across regions—but a single business-sponsored location for employee profiles and enterprise knowledge not only increases the accessibility of that information, but also the security. If people and

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¹⁵ Ibid.
knowledge are considered a competitive advantage, data access and security should be a business priority. In Information Week’s 2013 Mobile Security Survey, over 45% of respondent organizations said they had a data loss within the past 12 months and 11% of them were required to publicly disclose the loss as well. In the same survey, over 36% of organizations also felt that users forwarding corporate information to non-supported Cloud-based storage services such as DropBox or iCloud to save for reuse or sharing purposes was their top concern. In other words, if your organization doesn’t get into the business of providing easy-to-use-but-secure knowledge sharing and collaboration tools, your employees will simply leverage the tools they know best to get the job done.

Further, many core HR management systems available today provide collaborative support tools that can be embedded into many traditional HR processes, taking collaboration to a new level and changing the way employees interact with information and systems. For example, with time and labor, workers now use social tools to engage in shift swapping and bidding; for performance and goal management, performance appraisal support includes supporting shared goals by enabling individuals to find experts on these goals and work updates on these goals. Socially enabled processes give organizations new ways to capture knowledge and give employees access to tools that use concepts they already use and love.

9. Leverage diversity as a business tool.

Many organizations still view diversity initiatives as a simple program to be managed and monitored, but for highly effective global organizations it has become a critical business tool. Forbes’ Global Diversity and Inclusion: Fostering Innovation Through a Diverse Workforce report found that over 56% of organizations with more than $10 billion in annual revenues strongly agree that diversity helps drive innovation in their organizations.

A best practice for these global organizations is to focus the diversity dialogue on an inclusion model, one that looks at creating enterprise-wide behaviors that make people of all walks of life feel welcome and included in the corporate culture. Inclusive behaviors can provide many benefits for a global organization internally, including increased productivity, more opportunities for creativity, and a highly sought-after corporate culture that pulls talent from around the globe. Externally, an inclusive culture can improve business relationships and create a stronger bond with brand followers. Global organizations competing locally can benefit a great deal from ensuring local employees feel welcome and empowered. Local employees can be the most important ambassadors an organization has in a region.

Processes and systems that help organizations embrace and acknowledge diversity can enhance an inclusive work environment greatly. Offering tools and content in an employee’s native language go a long way in enhancing engagement. Acknowledging regional and ethnic traditions can help employees feel comfortable sharing their personal experiences with peers and leadership. Providing multiple ways for employees to access and share knowledge acknowledges that people learn and acquire information in different ways.

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10. Include change management as a critical success factor.

Change management is critical when deploying global HCM solutions or when deploying any global initiative for that matter. It requires more than a simple communication plan or push of information. It requires an interactive dialogue, which involves the regional stakeholders from the beginning of the process and throughout the initiative. As soon as an organization is considering a global HCM deployment, they should begin to identify their global stakeholders and gather as much information as possible about their regional requirements. They should also confirm that a clear directive has been set from senior leadership concerning the importance of a solution that is centrally managed, but driven by business requirements.

The Sierra-Cedar HR Systems Survey research has found that successful deployments of global technology initiatives almost always invest substantially in specific change management processes. In personal interviews, several Survey respondents report that as much as half of their budget is spent on change management with the remainder on the technology itself. Regardless of spending levels though, the level of sophistication of change management practices has evolved over the years from simple communications and training programs to embracing full Six Sigma, lean manufacturing approaches, and dedicated change management experts in each region. We’ve also seen an increase in non-traditional change management practices such as user experience labs with people capable of demoing and testing for different regions and cultures, and even courses in change management for the entire global HR technology team so each of them become qualified ambassadors for positive change. ProSci, a world leader in change management research, has conducted a benchmark study on the effectiveness of change management since 1998. A consistent finding is that organizations using change management are 1.6 times more likely to stay on budget with their projects, 4.4 times more likely to stay on schedule, and 6 times more likely to meet project objectives. Among the Sierra-Cedar HR Systems Survey respondents, those organizations indicating they spend at least 25% of their time on a change management initiative outperform those that do not by 12% higher revenue per employee—certainly a key project objective of any organization.

Conclusion

We have identified ten best practices that can help an organization not only improve its overall efficiency, but also increase its ability to compete in today’s rapidly changing global market. More importantly for most HR leaders, these practices can help them manage their function more strategically, ensuring they are viewed as valued business leaders who support business growth and expansion.

About Sierra-Cedar

Sierra-Cedar helps clients navigate their application and technology roadmap, whether to modernize their existing portfolio or move to emerging technologies by integrating industry knowledge, deep technology capabilities, breadth of service offerings, and global delivery model into best-value solutions. Our services are categorized into industry-based consulting services and industry-agnostic shared services.