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## **Beyond Technology, How are Global Organizations Simplifying Their HR Processes and What are the Processes That Most Organizations Choose to Centralize?**

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# Beyond Technology, How are Global Organizations Simplifying Their HR Processes and What are the Processes That Most Organizations Choose to Centralize?

## Abstract

A growing realization was that with global changes in the labor force, HR Professionals are being asked to do more with less, to do different work and to do it better, which puts them under greater pressure to redefine their roles and reevaluate their structure. The HR function must not only be focused on the workplace but also the marketplace and linked directly to the core business strategy. In order to achieve this, the HR department should be an integrated unit within the business and therefore centralized. A centralized human resources department streamlines all the functions of the department within a complex system. The essential aspect of this style of human resources management is the centralized location of all the individuals within the human resources department. According to Wendell French, author of "Human Resources Management," the physical proximity of centralized human resources personnel not only improves communication, but also helps ensure that everyone works toward the same company goals. The article will introduce the technology and process companies use to better manage and operate the Human Resources Management Centralization.

## Keywords

human resources, globalization, human resource process

## Comments

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## **EXECUTIVE SUMMARY**

### **RESEARCH QUESTION**

We have heard a lot about companies using technology to simplify their HR processes in order to reduce costs and increase efficiency for managers and HR. Beyond technology, how are global organizations simplifying their HR processes and what are the processes that most organizations choose to centralize?

### **INTRODUCTION**

A growing realization was that with global changes in the labor force, HR Professionals are being asked to do more with less, to do different work and to do it better, which puts them under greater pressure to redefine their roles and reevaluate their structure. The HR function must not only be focused on the workplace but also the marketplace and linked directly to the core business strategy. In order to achieve this, the HR department should be an integrated unit within the business and therefore centralized. A centralized human resources department streamlines all the functions of the department within a complex system. The essential aspect of this style of human resources management is the centralized location of all the individuals within the human resources department. According to Wendell French, author of "Human Resources Management," the physical proximity of centralized human resources personnel not only improves communication, but also helps ensure that everyone works toward the same company goals. The article will introduce the technology and process companies use to better manage and operate the Human Resources Management Centralization.

### **CASE STUDIES**

#### **1. IBM and the Workforce Management Initiative (Boudreau, 2009)**

Between 2002 and 2009, IBM had created a unique workforce management initiative (WMI) that reflected the increasing need for global organizations to have a transparent and comprehensive view of their talent supply, requirements and implications for business strategy. The system was successful, being used by more than 80% of all IBMers as a natural way for individuals to track and plan their development and performance, for managers to estimate talent requirements and availability, and for IBM's strategic planners to gather data from this "living market" to forecast future opportunities and challenges. Implementing the WMI system required creating or incorporating specific "technologies" into every stage of the employment life cycle, from planning through deployment. It involved tools for HR, IBM managers and IBM employees. Figure 1 shows the technologies and the areas of the employment process WMI supported.

WMI addresses the labor-based business issue of managing resources effectively and seamlessly across business units and geographic borders. This is accomplished through an integrated set of processes and supporting tools designed and deployed to make IBM's workforce management effective, efficient, and competitive.

#### **2. Centralization Plus Flexibility at GM**

##### **- Global Vision, Local Implementation (HR Focus, 2013)**

In an interview with General Motors' vice president Melissa Howell, she asserts that GM's HR department is trying to centralize policies worldwide while allowing flexibility at the national level. That means the HR department needs to have global

vision and local implementation, as in the marketing plans, employee engagement strategies, employee training, etc., must “translate in Thailand, Colombia, and Mexico.” “There are lots of micro-cultures at GM, which are very much driven by the country you're in and the function you're part of,” Howell said. But at the same time, she said GM's HR department has been analyzing its “service delivery model” with a view to taking “repeated, factory-like functions and centralizing them.” The department is coordinating HR generalists at the company with centers of expertise in compensation, global benefits, and talent acquisition in this effort, while still respecting the micro-cultures, she said. GM's HR team completed the first full-scale employee engagement survey using a new survey tool last fall, Howell said, and plans to conduct future surveys at 18-month intervals, meaning the next one is scheduled for the spring of 2014. The September 2013 survey revealed that “some overriding positives were that people have a lot of pride in working for GM, and pride in the products we make. They understand our business plan and where we're heading,” Howell said. What employees are still seeking, she added, is “to be recognized for what they do. They want their ideas listened to, they want to know they have a career path and a development path. They want feedback from their leaders, and they want to understand how what they do every day impacts the company.”

### **3. Chevron and the drawbacks of Multiple HR Platforms**

During an interview with Chevron's HR professional William Lyons, he told me that while Chevron manages HR in a centralized manner, the effort is complicated by their use of two HRM platforms based upon the geographic region. They have JD Edwards for the business in the US, and SAP for all other regions. They use the systems to keep track of payroll, manage biometric and demographic data, job titles, and job functions/sub-functions. They also incorporate master data and cost centers. They run a strategic staffing program, and have an in-house built application to forecast hiring based on attrition and demand. Chevron recently adopted paperless performance management system, a software based workflow for performance feedback and supervisor and employee comments. Currently they are planning to implement succession planning software; they will probably bolt on to SAP from a third party vendor. All of these efforts are somewhat hampered by the different HR platforms used geographically. The organization has been forced to create “work arounds” and user developed technology in an attempt to facilitate communication and data sharing between the two systems. Mr. Lyons thinks that in terms of centralization, Chevron should move toward a single platform solution. However, many feel that the cost of upgrading to a fully integrated system does not justify the benefits at this time. Although a consultant recently estimated the cost at \$2 million with savings of \$3-4 million, there are always political issues when it comes to changes. He suggests that multinational companies must analyze their individual situations and then decide on one platform that will fit for purposes.

### **CONCLUSION**

The findings from this article indicate that during centralization, companies should conduct a thorough analysis on the HR role for the company's both workplace and market place; the final solution should include the centralization of location of the HR process; try to document all the streamlined HR policies and procedures to help with the situation like losing institutional knowledge coming with the lost of staff; and lastly, the team should go with a single platform solution.

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### Suggested Reading

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<http://search.proquest.com/abicomplete/docview/204582696/82E743BF54B840B1PQ/3?accountid=10267>
3. L'Oréal USA experiences the beauty of cost savings with an IBM solution (Case study-USEN)  
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4. Proposal for the Major Reorganization of Countrywide Human Resource Services:  
<http://www.calnewsroom.com/wp-content/uploads/2014/02/OC-HR-Reorganization-Proposal.pdf>

Figure 1

