

Facing the global opportunity

Insights from the 2007 Human Resources Summit

The 2007 IBM Human Resources (HR) Summit assembled senior executives from around the world to evaluate globalization's impact on today's HR function. Roundtable discussions uncovered two important themes that organizations cannot afford to overlook: the need for globally standardized, yet flexible, HR processes, and the importance of stronger global workforce integration. Addressing these challenges effectively on a worldwide basis can result in lower costs through economies of scale, as well as enable the HR organization to make a larger strategic contribution to the business.

Historically, the human resources (HR) function has been viewed as a provider of local services – addressing individual employee questions, distributing payroll and dealing with employee relations at a particular location, plant or branch. As organizations have grown (both domestically and internationally), HR headcount and the number of localized HR regulations have proliferated as well. As a result, HR processes in many companies have begun to resemble tax codes – fragmented, poorly documented, and subject to the various interpretations of individuals located around the globe.

However, organizations are recognizing that they no longer can simply think, and act, at a local level. The war for talent is now being played out on a global scale, as companies are looking to tap into the best and brightest, regardless of their location. As a result, companies are now taking a harder look at how they are hiring, connecting and developing their employees on a worldwide basis. In addition, companies need to take advantage of economies of scale in managing costs and leveraging information technology to increase HR's efficiency and effectiveness.

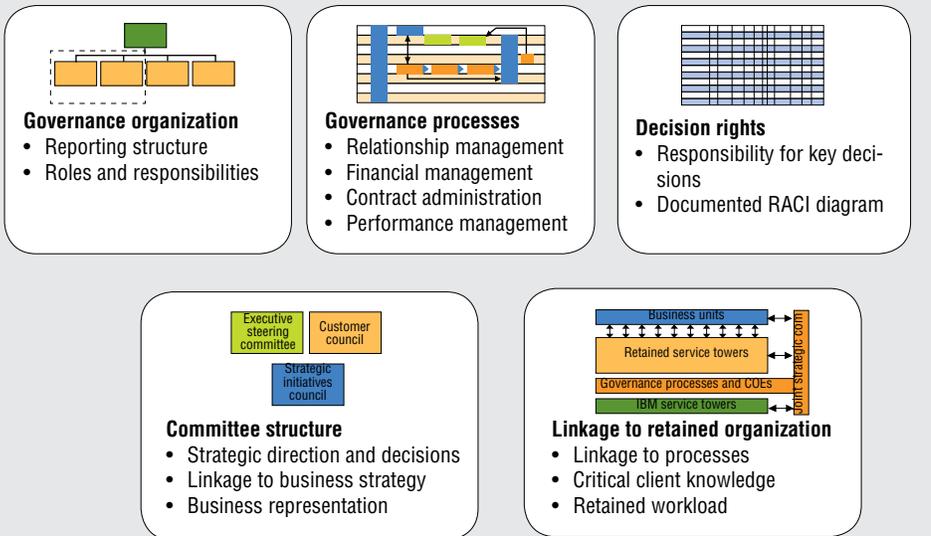
Therefore, we see a central question facing today's HR leaders: What does HR need to change to succeed in a globally integrated world?

It is with this question in mind that over 20 senior HR executives from the U.S., Canada, Latin America and Europe came together for the 2007 Human Resources Summit, a series of roundtable discussions. The 2007 HR Summit participants represented a range of both information-based and capital-intensive industries including financial services, oil and gas, professional services, consumer products and information technology.

Standardization of HR processes: An albatross or looming opportunity?

For many companies, processes such as performance management, competency management and recruitment are often developed and executed at a local level, with different sets of guidelines, performance standards and expectations. Not only does this cause confusion within the HR community, but it can lead to the perception among internal stakeholders that HR is unwilling, or unable, to maintain the same level of discipline expected from other parts of the business.

FIGURE 1.
Components of a global process governance model.



Source: IBM Corporation.

Given the benefits that are driving companies to re-evaluate the level of standardization across their HR functions, 2007 HR Summit participants identified a number of practices that enabled them to more effectively consolidate global HR activities (see Figure):

- Focus on processes offering the greatest benefits
- Recognize that not all locations are created equal
- Develop appropriate and flexible governance mechanisms
- Cede budget control to global process owners.

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How can IBM help?

IBM's Human Capital Management practice can provide assistance in addressing a range of leadership development, collaboration and talent management issues:

- **HR Strategy and Transformation** – applying innovations in HR technology and processes to create more efficient HR organization, enhancing employee access and service, and creating a strategic HR capability that addresses more strategic talent management issues.
- **Workforce Transformation** – enabling organizations to have the right people, with the right skills and information, in the right place, at the right time with the right motivation and at the right cost.
- **Integrated Talent Management** – leveraging IBM's Lotus collaboration software and Cognos analytics with selected talent management software providers and drawing upon HCM's consulting capabilities to rapidly design and implement effective talent management solutions.

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