

Opening Doors Around the World...



Thought Leadership Paper from
Jeitosa Group International

2011-2012 Going Global Report HCM Trends in Globalization By Karen V. Beaman



...Solutions for Global and Local Success!

*“It has been said that arguing
against globalization is like arguing
against the laws of gravity.”*

Kofi Annan

Ghanaian diplomat, seventh
secretary-general of the United
Nations, 2001 Nobel Peace Prize.

With many thanks to



HUMANCONCEPTS™



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2011-2012 Going Global Report: *Trends in HCM Globalization*

By Karen Beaman, Jeitosa Group International

Introduction

Just how global are we really? This is the question that Jeitosa Group International's annual *Going Global Survey* seeks to answer. In this year's results, we can see the effects of the lingering economic downturn in the U.S. and Europe on HR strategy and technology deployment. With unemployment figures hovering under 10% in the U.S., organizations are placing stronger focus on administrative efficiency and cost control over activities that enhance strategic value. While the globalization process is clearly continuing, there has been a distinct slowdown this year. It seems that 2010 was a year of optimism, while 2011 looks to be a year of correction and return to caution.

For four years now Jeitosa has been surveying and analyzing the globalization process of Human Capital Management (HCM) along six key business dimensions:

Strategy – the global HR/HRIT strategy and the alignment of that strategy with the overall business strategy.

Organization – the global organization design and service delivery model and how well aligned the organization is with the overall strategy and goals.

People – the global talent acquisition and development approaches and the skills and competencies needed to achieve the business objectives.

Process – the global business processes to ensure that the right structures are in place for effective, efficient and quality operations.

Technology – the global tools and systems to support the organization's strategy, people, processes, and measurement requirements.



Figure 1. Jeitosa's Global Enterprise Model (GEM)

The truth of the matter is: “the more things change, the more they stay the same” (*“plus ça change, plus c’est la même chose”*, Jean-Baptiste Alphonse Karr).¹ While globalization dates back to the 4th millennium B.C., the modern wave of globalization heralds from the 19th century and the industrialization movement.² The first steps towards truly “global” HR products started a couple of decades ago – in the 1990’s – with the globalization of HR products by vendors such as Oracle, PeopleSoft, and SAP. So if global HR applications have been in existence for 20 years, why are organizations making so little progress in globalizing their HR systems and processes? The answer: because it’s a tough thing to do and perhaps the value proposition is not clear.

This year’s “HCM Trends in Globalization” from Jeitosa’s *Going Global Survey* addresses these two issues: what challenges are organizations facing in going global with HR and HR technology and what successes are they finding in their journey that demonstrate the benefits of all their hard work.



¹ Jean-Baptiste Alphonse Karr, *Les Guêpes*, January 1849.

² “History of Globalization,” *Wikipedia*, http://en.wikipedia.org/wiki/History_of_globalization

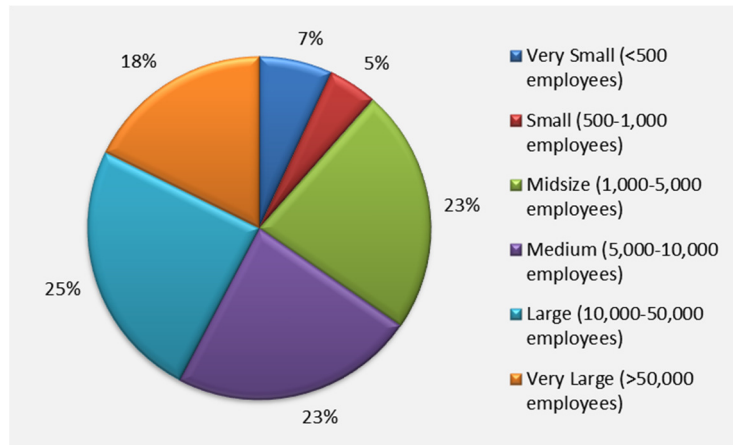


Figure 2. Global Organization Size

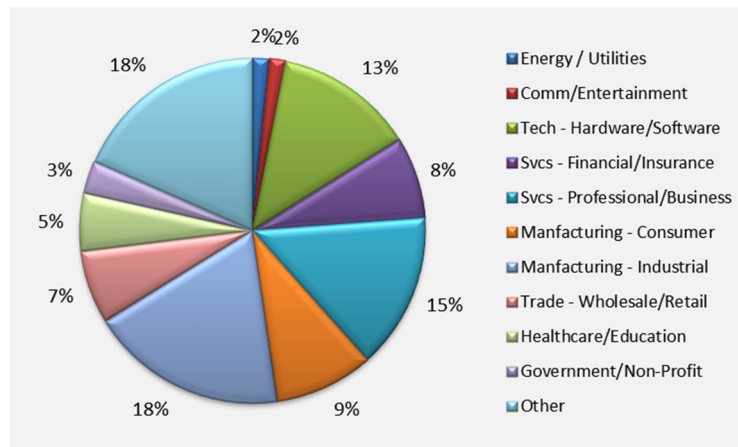


Figure 3. Industries Represented

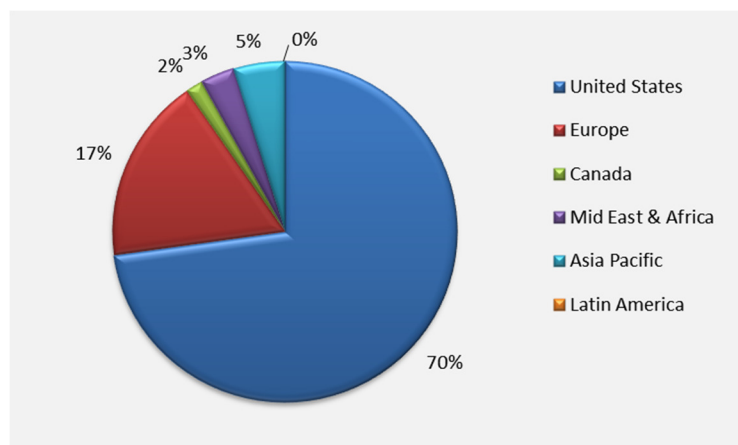


Figure 4. World Regions Represented

Survey Demographics

Data collection for this year's survey was conducted from August to November in collaboration with ADP, Human Concepts, IHRIM, Patersons, Safeguard World, Webster-Buchanan, and many social networking sites, particularly various LinkedIn groups. Over 500 initial responses were culled down to 130 "qualified" global organizations. For organizations to "qualify" they needed to be present in more than one country and they needed to have completed more than half of the questions in the survey.

The sample represents a balanced cross-section of global organizations, ranging from very small (less than 500 employees) to very large (more than 50,000). Two-thirds (65%) of the respondents have more than 5,000 employees globally, and 72% have more than 1,000 international employees. The respondents cover a broad range of industries, ranging from technology, manufacturing, services, and trade to healthcare, government, and non-profits. The majority of respondents come from middle management (55%), with another sizable group represented by executive management (20%). Of the respondents, 40% come from the HR/Payroll field and 47% from the HRIT field.

Seventy percent of responding organizations are multinationals with headquarters based in the United States and 16% in Europe. The majority of organizations (54%) have operations in more than 20 countries with 15% located in more than 50 countries.



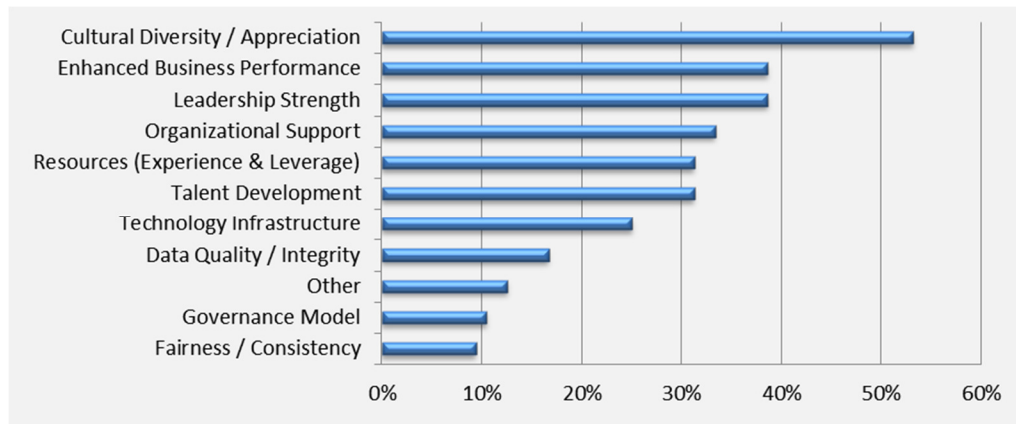


Figure 5. Top Successes in Working Globally

Logistical issues, cultural differences, and lack of resources are consistently seen as the top challenges organizations face.

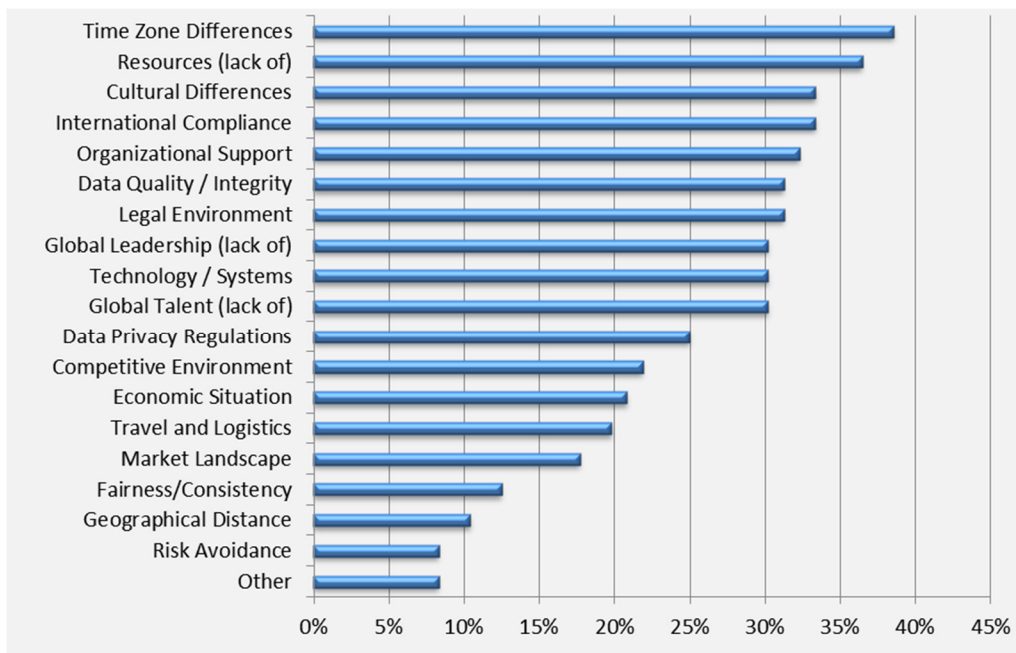


Figure 6. Top Challenges in Working Globally

Challenges and Successes in Going Global

While there are many challenges in working globally, there are also many successes. One distinct challenge when working globally is dealing with cultural differences. For the last four years, this has been cited as the top challenge by respondents to the *Going Global Survey*, even though this year it has fallen into third place (33%) behind the logistics of working across time zones (39%) and a general lack of resources (36%). While cultural differences are clearly a challenge, cultural diversity and appreciation has also been cited by more than half of survey respondents year-over-year as one of the top successes in working globally, indicating that global organizations are making progress in integrating cultural differences into the workplace and shifting away from the previously held ethnocentric views that dominated global organizations in the past.

Year-over-year, international compliance and the legal environment are cited as a challenge by close to a third of respondents, along with technology/systems and data quality/integrity. Building experienced global resources is diminishing as a success, declining from 47% of participants citing this in 2008 to less than a third (31%) this year. Year-over-year, roughly thirty percent of respondents see technology and systems as a challenge and only a quarter (25%) are experiencing success, demonstrating that there is significant room for improvement in this area.

The best news is that in going global, organizations are finding success: 30% more are citing greater success with talent development and 10% more are seeing success in enhanced business performance over the last four years. So while there may be many challenges, the results are paying off!

“In going global, organizations are seeing results in improved talent development and enhanced business performance.”

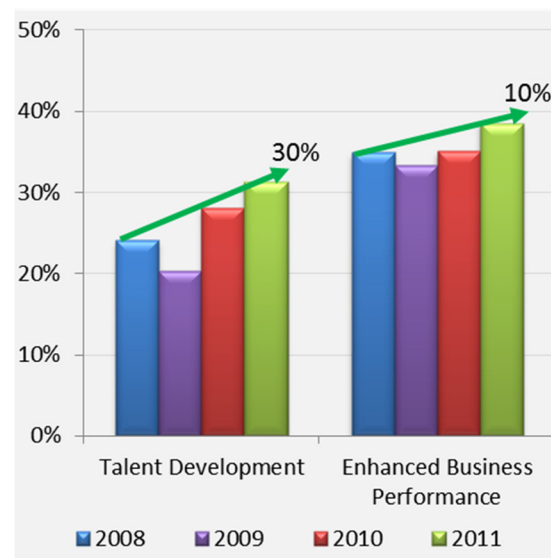


Figure 7. Year-Over-Year Successes

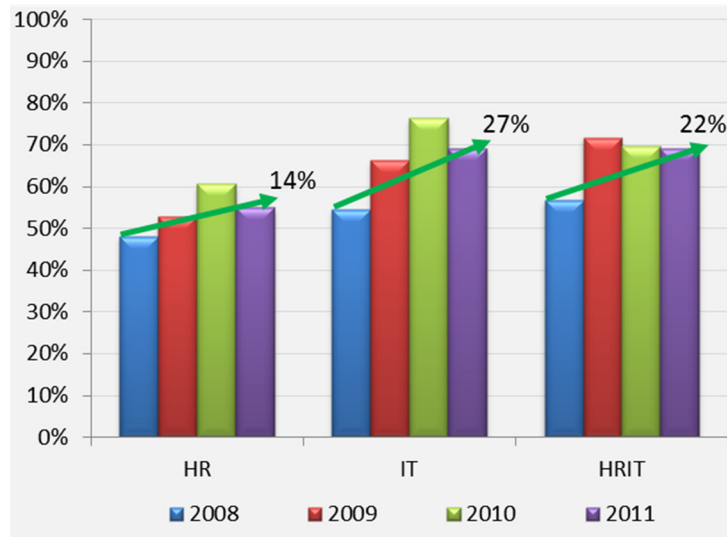


Figure 8. Management of Strategies and Plans Globally

“Previous Jeitosa research has shown that those organizations who involve local HR and HRIT staff in the business planning effort achieve greater financial performance.”

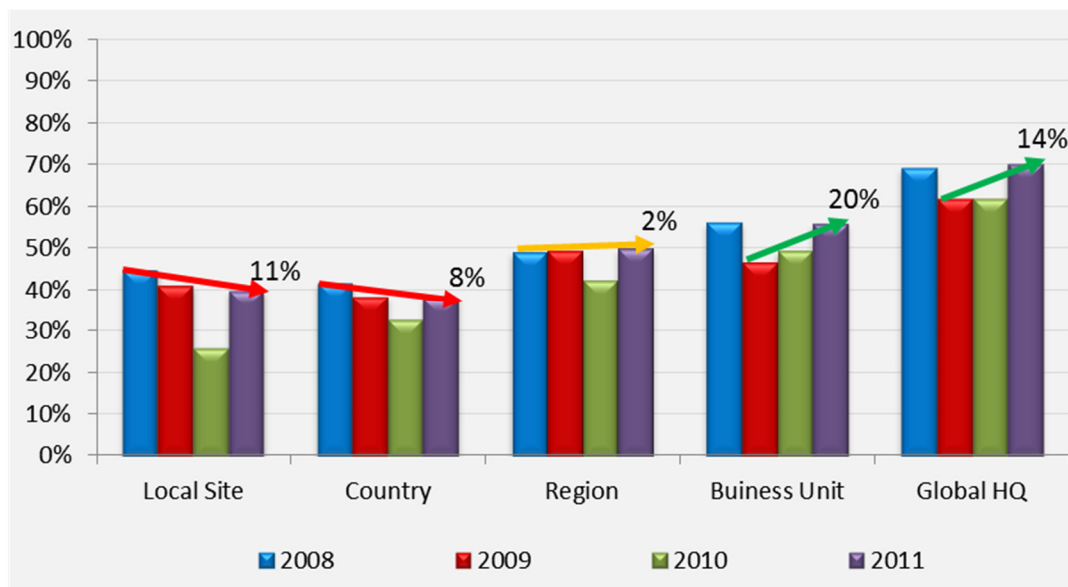


Figure 9. Involvement of HR/HRIT Staff in Development of Strategies and Plans

Strategy: Globalizing and Aligning HR Strategy and Plans

One of the questions we ask the global survey participants is how they develop and manage their business strategies and plans for HR, IT, and HRIT. Here we see a very clear trend in that more organizations are developing and managing these processes at the global level. Management of global HR strategy has increased 14%, from 48% in 2008 to 55% of organizations in our study in 2011. Similarly, management of global IT strategy and plans is becoming pervasive, growing 27% from 55% in 2008 to 69% in 2011. And while global HRIT strategy and plans has stayed fairly constant around 69% over the last three years, it has grown 22% from 57% in 2008. Clearly these numbers show a growing trend toward globalization of HR/HRIT strategy and business planning.

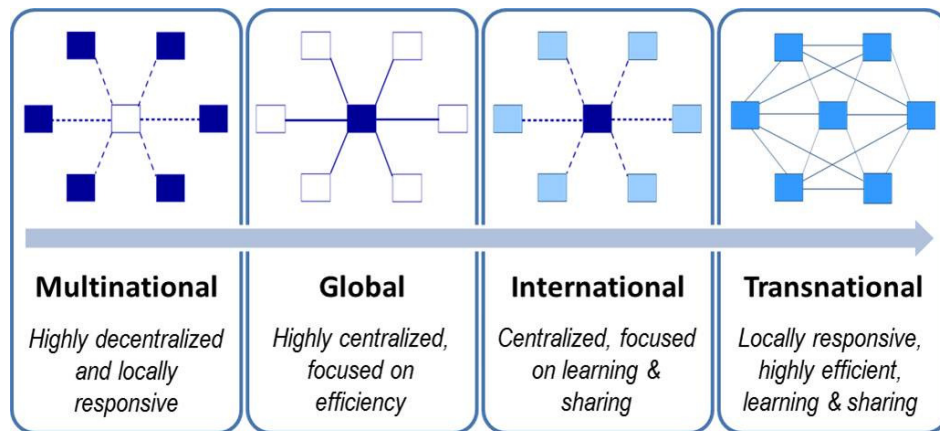
Involvement of HR and HRIT staff from all levels of the organization – business sites, countries, regions, business units, and global headquarters – appears to be in flux over the four years of our study. Local staff is involved about 40% of the time, regional and business unit staff a little more than half of the time, and global staff about 70% of the time. But it appears that organizations are missing an important opportunity here. Previous Jeitosa research has shown that those organizations who involve local staff in the business planning effort achieve greater financial performance:

“Top-performing organizations involve HR from the local business sites, countries, and business units in the strategic planning efforts ... a third more often than the bottom-performing organizations... Clearly, leveraging the collective know-how and local knowledge of the organization’s local and regional HR teams adds value to the strategic planning process and to any broad-based business initiatives.”³

In spite of these findings on the value of including local HR in the strategic planning process, we are seeing a decline in local involvement and a movement towards a more top-down strategic planning process. We project that this may be due to a stronger focus being placed on administrative efficiency and cost reduction as a result of the current economic situation. Additionally, recent research from the McKinsey Global Institute has found that “high-performing global companies consistently score lower than more locally focused ones on several critical dimensions – direction setting, coordination and control, innovation, and external orientation.” While there are many successes with globalization, it does not come without penalties. McKinsey goes on to suggest that there is an important relationship between “balancing local adaption against global scale, scope, and coordination.”⁴

³ “Going Global Readiness Report,” Jeitosa Group International. 2009-2010.

⁴ “Understanding your ‘globalization penalty,’” McKinsey Global Institute. July 2011.



Source: Adapted from Bartlett & Ghoshal

Figure 10. Global Organizational Models

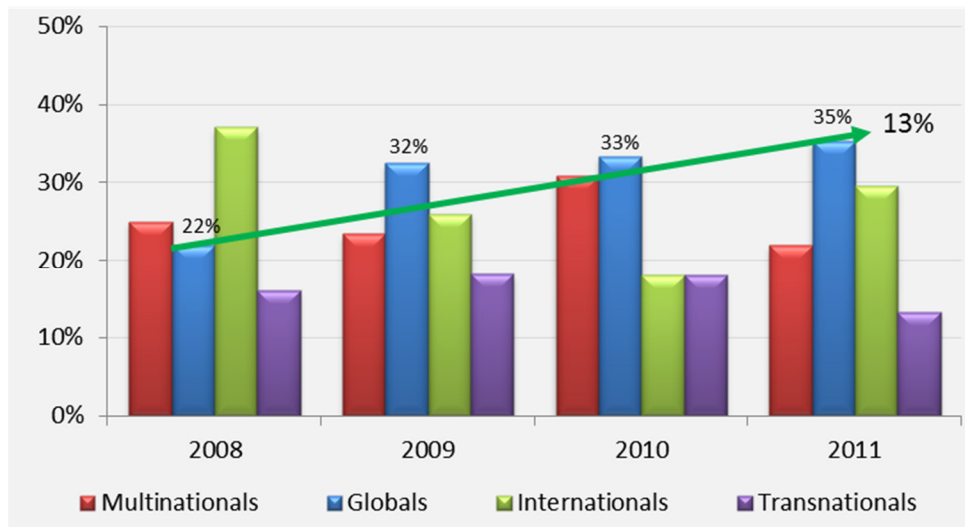


Figure 11. Growth of Global Organizational Model

“The Global Organizational Model continues to increase year-over-year, bringing more standardized processes and greater cost efficiencies.”

Organization: Rising Global Organizational Model

One pervasive trend that we continue to see is a movement towards a more centralized, standardized, and global organizational model. Following the global organizational structure typology of Bartlett and Ghoshal⁵, the *Going Global Survey* asks respondents to classify their organizational structure according to one of the four following models

- **Multinational:** focused on flexibility and local responsiveness; highly decentralized with multiple, independent locations, united primarily through financial reporting.
- **Global:** focused on centralization and efficiency; highly centralized and standardized, with major decisions made at corporate and then rolled out to local operations.
- **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; combines leveraging efficiencies, maintaining flexibilities, and sharing learning and innovations worldwide.

Clearly each of these models has its strengths and weaknesses. In Jeitosa's 2009 study with CedarCrestone, we concluded that "Multinationals support local operations, Internationals develop talent, Globals save money, and Transnationals make money."⁶

Over the last four years, we have seen a steady rise in the "Global" organizational model with more and more organizations reporting that they are following the "Global" structure, undoubtedly in search of standards, efficiencies, and cost savings. In 2008, just 22% of organizations reported that they followed the "Global" model, while in 2011 35% of organizations reported the same. This transition is at the expense of the "Multinational" and "Transnational" models, and we contend that it is a direct outcome of the global economic slowdown we have been experiencing since 2008.

CedarCrestone's HR Technology Survey has also begun tracking global organizational models, and as with the *Going Global Survey*, they report 38% of their respondents this year to be "Global". They have also found that "the Global type consistently outperforms [the other three], achieving the highest benefits at the lowest costs."⁷

⁵ Bartlett, Christopher and Sumantra Ghoshal. *Managing Across Borders: The Transnational Solution*. Harvard Business School Press. Second Edition. 1998.

⁶ Karen Beaman and Alexia Martin. 2009. "Leveraging HR Technology: From Global Savings to Transnational Value." Jeitosa Group International and CedarCrestone.

⁷ "CedarCrestone's Going Global with HR Technologies: One Organizational Model Consistently Outperforms!" 2011-2012.

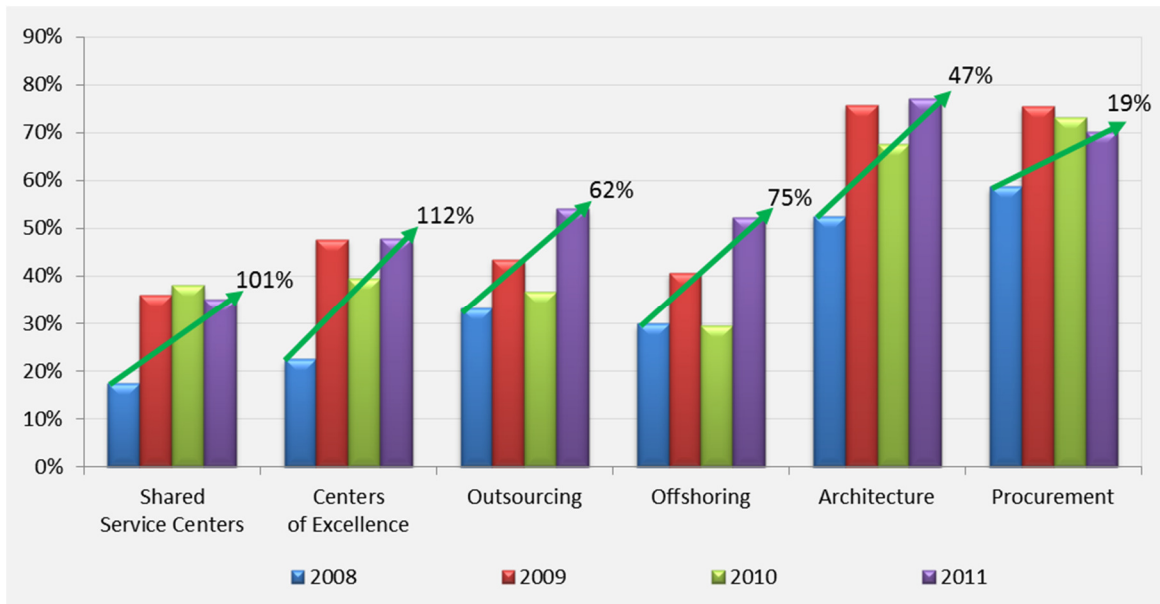


Figure 12. Globalization of Service Delivery Strategies

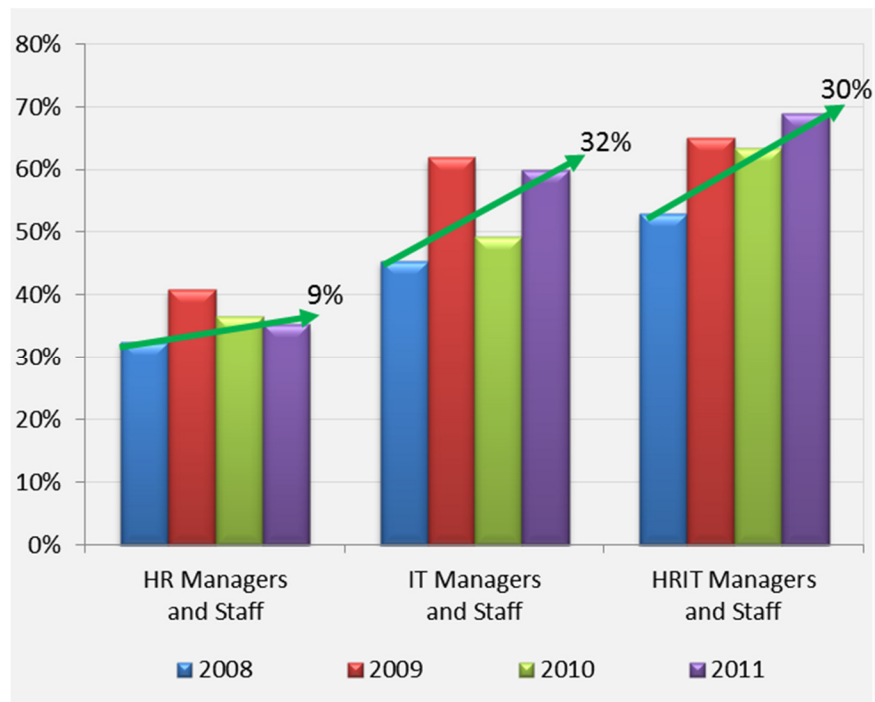


Figure 13. Globalization of Reporting Relationships

Organization: Globalizing Organizational Structures

Over the last four years of the *Going Global Survey*, we have seen considerable globalization in HR organizational design strategies, from HR shared services and outsourcing to HR systems architecture and procurement. The survey shows a strong trend in going global with shared service centers and centers of excellence, more than doubling over the last four years. Outsourcing and offshoring strategies are also becoming more global by 62% and 75%, respectively. Globalization of HR systems architecture and procurement processes is also following the same trend – moving toward a more global approach, increasing by 47% and 19% respectively.

Previous Jeitosa research has shown a distinct difference in the services delivery strategies taken by different organizational models. In particular Transnationals, more than the other three models, are two and a half times more likely to outsource key HR functions and 30% more likely to leverage shared service delivery models in order to better support their worldwide organization.⁸ To be effective, global organizations realize that they must have a global service delivery strategy that is aligned with the organizational structure.

We are also seeing a growing trend toward globalizing the reporting relationships for managers and staff in the HR, IT, and HRIT organizations. While HR remains the most localized organization at 33%, it has become more global by 9% over the last four years. Both IT and HRIT have become more global, with the HRIT team being the most globalized organization at 69%. As a senior HR executive once said, “you can’t have a global organization without direct lines of reporting to the global VP of HR.” The solid line is always stronger than the dotted line when it comes to accountability.

A global organization structure supports development of a global strategy, deployment of a global service delivery model, and alignment of global business processes. Aligning organization, people, process, and technology along global reporting lines facilitates cross-functional collaboration and commitment to the global strategy.

“Global organizational structure supports global strategy, global service delivery, and global business process alignment.”

⁸ Karen Beaman and Gregory Guy. 2004. “Sourcing Strategies for the Transnational Organization.” *IHRIM Journal*. Vol. VIII, No. 3.

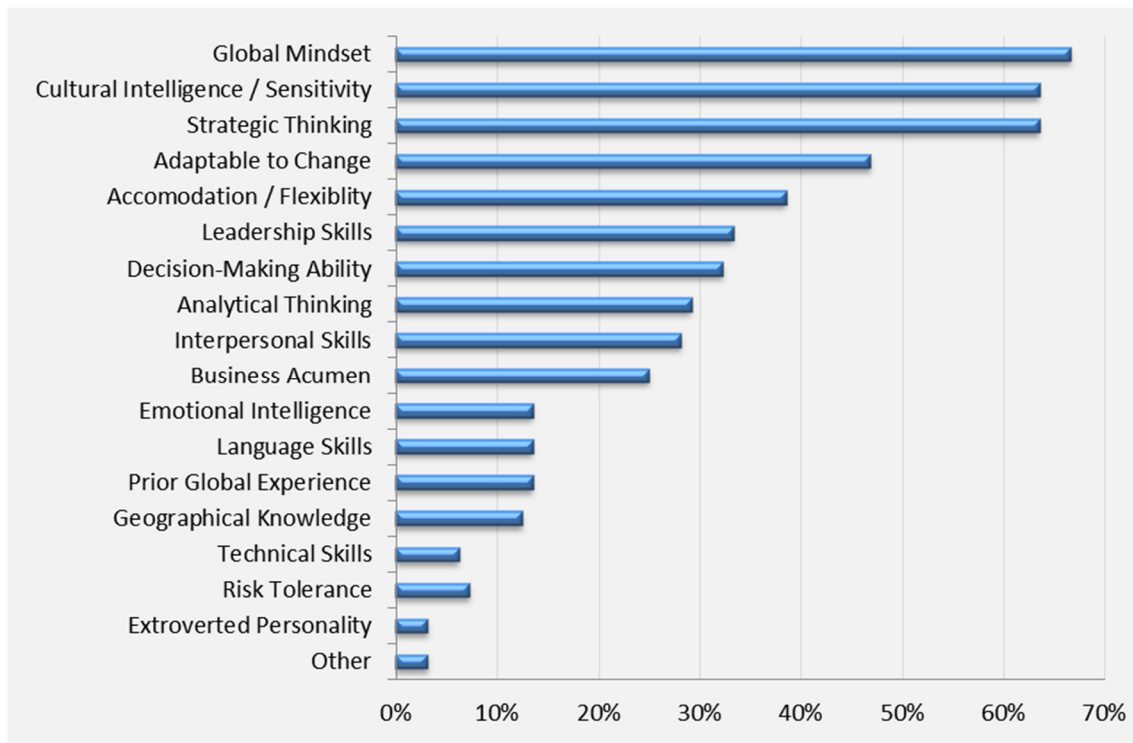


Figure 14. Key Competencies for Successful Global Work

“On-the-job training – through job rotations and special projects – is on the rise over formal classroom training as the preferred method for developing global talent.”

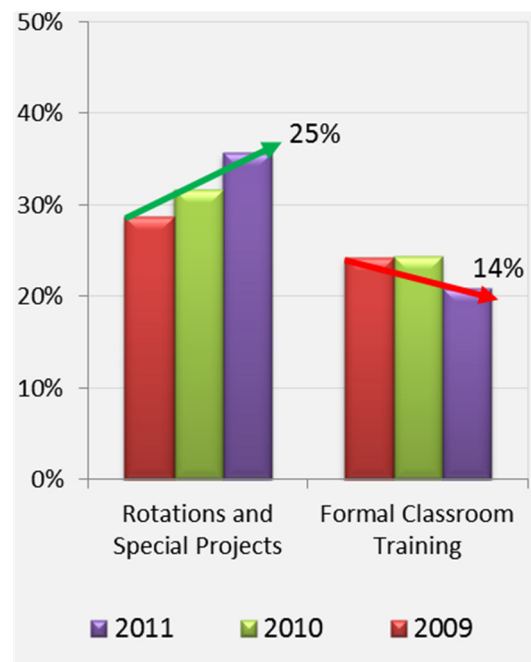


Figure 15. Classroom versus On-the-Job Training

People: Developing Global Competencies

The key competencies needed for working successfully in a global environment have not changed substantially over the four years of the *Going Global Survey*. Critical to successful global work is a set of four key competencies: Global Mindset (67%), Cultural Intelligence (64%), Strategic Thinking (64%), and Adaptable Change (47%).

While these four competencies may be the main ones that individuals need in order to work effectively in an international environment, other key skills cited by respondents are accommodation/flexibility (39%), leadership (33%), decision-making ability (32%), analytical thinking (29%), interpersonal skills (28%), and business acumen (25%).

The importance of having local language skills has grown from 5% in 2008 to 7% in 2009, 10% in 2010, and 14% in the current survey. While English is the language of international business, it is not sufficient when conducting business in non-English speaking countries. The deep cultural influences, long-standing customs, and local business practices are impossible to fully understand without an ability to converse in the local language.

On-the-job training – through job rotations and special projects – is on the rise over classroom training as the preferred method for developing global talent. Cuts in formal training programs due to the economic slowdown are pervasive, however, this may have a silver lining, since mentoring and hands-on experience are far better approaches to learning. While only 15% to 20% of respondents cite prior global experience to be important, other Jeitosa research has shown that “mindsets are malleable,” and people do learn and change over time when it comes to working successfully internationally.⁹

While having the right fundamental skills for international work is critical, Jeitosa has conducted related research that shows the importance of defining a comprehensive set of criteria for selecting individuals for international work, including understanding the type of job to be performed and the personal and familial situation of the individual. A multi-dimensional model that evaluates cultural, individual, contextual, and situational factors is necessary for developing a complete understanding of the global situation, thereby ensuring successful international work.¹⁰

⁹ Gregory Guy and Karen Beaman. 2003. “Global Orientation and Sociolinguistic Accommodation as Factors in Cultural Assimilation.” *International Journal of the Humanities*.

¹⁰ Karen Beaman. 2004. “Myths, Mystiques, and Mistakes in Overseas Assignments: The Role of Global Mindset in International Work.” *IHRIM Journal*. November/December.

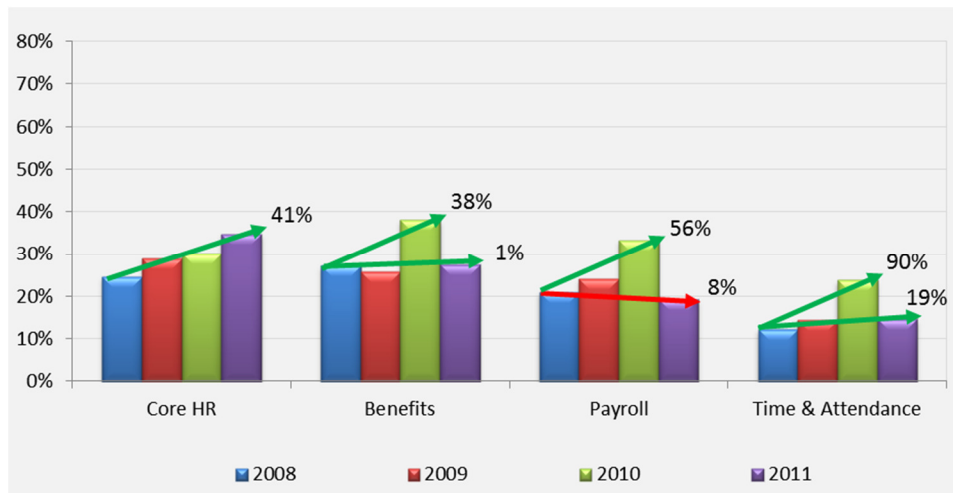


Figure 16. Globalization of Business Processes – Core HR, Benefits, Payroll

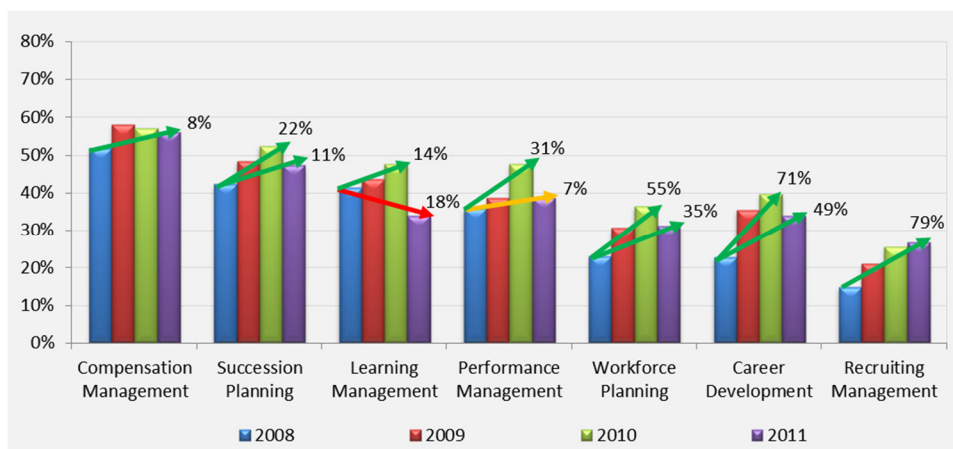


Figure 17. Globalization of Business Processes – Talent Management

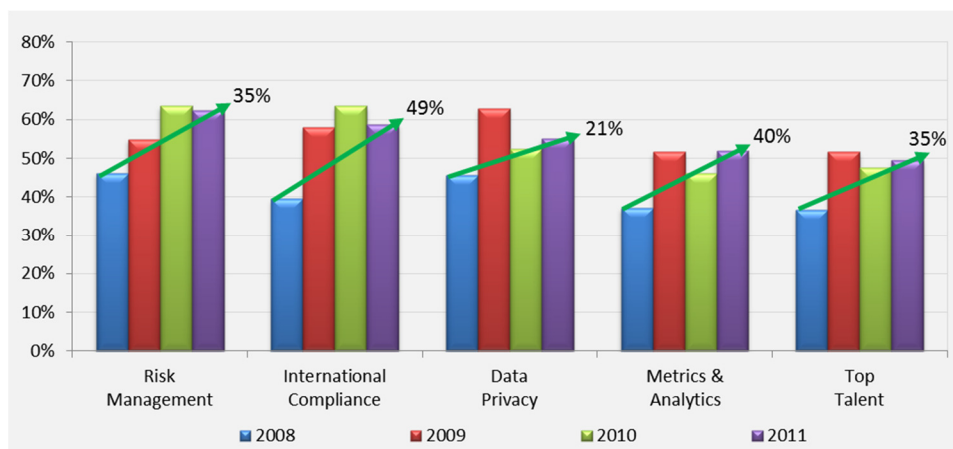


Figure 18. Globalization of Business Processes – Risk and Compliance Management

Process: Globalizing HR Business Processes

Standardized global business processes are fundamental to running an effective and efficient global HR operation. Looking across all four years, the *Going Global Survey* shows continued movement in the globalization of HR business processes. Core HR processes (including Benefits, Payroll, and Time & Attendance) have increased 13% since 2008, with Core HR alone increasing 41%, from 25% in 2008 to 35% in 2011. Benefits and Payroll processes took a big global jump in 2010, increasing 38% and 56% respectively, but have leveled off again this year. It seems that 2010 was a year of optimism after the 2008 downturn, and that 2011 is a year of caution resulting from the worsening U.S. and European financial crises. However, it is interesting to note that even the highly local processes of benefits and payroll, are also finding opportunities, and presumably advantages, in globalization.

Talent management business processes show a significantly greater degree of globalization than core HR and payroll processes, with Compensation Management (56%) and Succession Planning (47%) being the most globalized talent management processes. They are followed by Performance Management (39%), Learning Management (34%), Career Development (34%), Workforce Planning (31%), and Recruiting (27%). Overall, talent management processes show a 25% increase in becoming more global over the four years of our study.

The most globalized business processes are those concerning Risk Management (62%), International Compliance (59%), Data Privacy (55%), Metrics and Analytics (52%), and Top Talent programs (50%). Each of these processes show significant movement toward a more globalized approach, becoming more global by 36% over the last four years. International Compliance shows the greatest four-year increase in globalization (49%), followed by an increase in the globalization of metrics and analytics (40%).

Slowly and steadily, organizations are globalizing their HR business processes to build standards, improve processing, provide transparency, and achieve efficiencies.

***“After risk and compliance processes,
Compensation, Succession Planning, and
Performance Management are the most
globalized business processes.”***

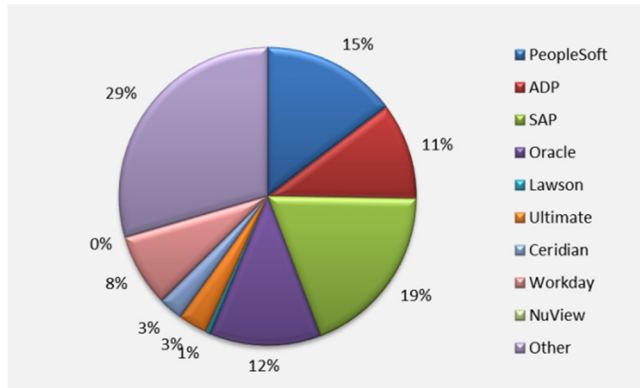


Figure 19. HR Vendors in Use

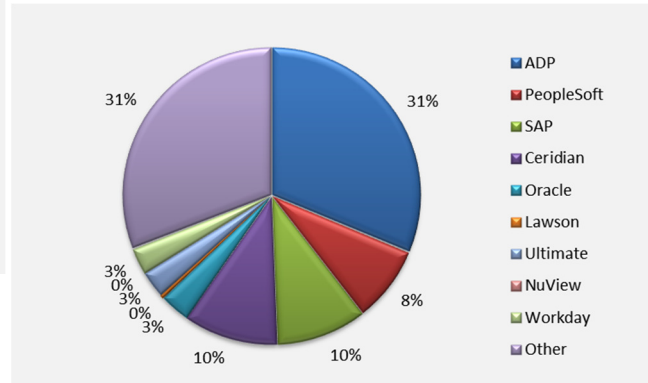


Figure 20. Payroll Vendors In Use.

“SaaS solutions are moving into mainstream HR and Payroll deployments, as legacy software shows a steady decline.”

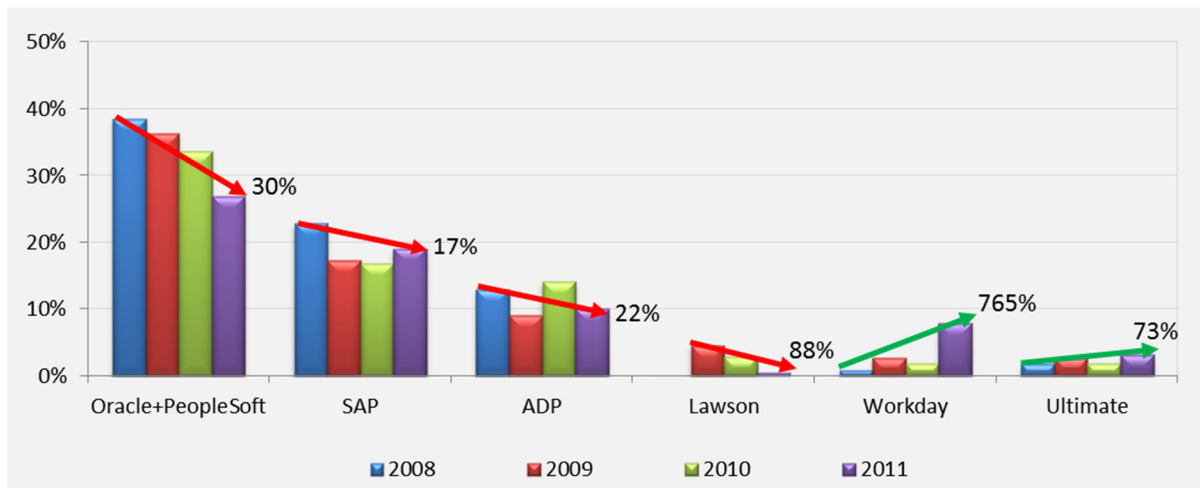


Figure 21. Changing Vendor Landscape

Technology: Shifting Technology Landscape

Corroborating many other studies, the *Going Global Survey* also shows a shift in the technology landscape for both core HR and payroll systems vendors. Not surprisingly, over the last four years, we have seen a stark decline in the previous HR system leader, PeopleSoft, which has dropped from representing 28% of the organizations in the survey in 2008 (39% when combined Oracle) to 20% in 2010 and down to 15% this year (27% when combined with Oracle). SAP has declined somewhat from 23% in 2008 to 17% in 2010, with a slight increase to 19% this year. Since the acquisition of PeopleSoft by Oracle, the winner in the HR technology space has been Workday. Workday has now become a significant player in the field growing from just 1% in last year's survey to 8% this year. ADP and Ultimate have maintained their market share over the last four years, 11% and 3%, respectively.

We see a similar trend with payroll system vendors. ADP Payroll users make up about a third of the market, with only a slight decline year over year (34% in 2008 to 31% this year). PeopleSoft Payroll users are also on the decline, down from 14% in 2008 to 10% in 2009 and 9% in 2010 to 8% this year. SAP Payroll users have stayed consistently around 10% of the market. Workday Payroll users have grown from no payroll clients in the 2008 survey to 3% in this year's survey. Clearly a shifting technology landscape.

As seen in other industry studies, the *Going Global Survey* shows that the big three legacy, on-premise vendors (Oracle, PeopleSoft, and SAP) have been gradually declining over the years, from 61% of survey respondents in 2008 to 46% in 2011. In contrast, we see a distinct growth in the top three Software-as-a-Service (SaaS) vendors (SuccessFactors, Ultimate, Workday) from 3% in 2008 to 13% this year, clearly demonstrating that SaaS has become part of the mainstream for global HR systems of record. This changing technology landscape for HR is a reflection of the global paradigm shift that is occurring in the technology industry towards the more modern cloud-based, multi-tenant, subscription-based service model.

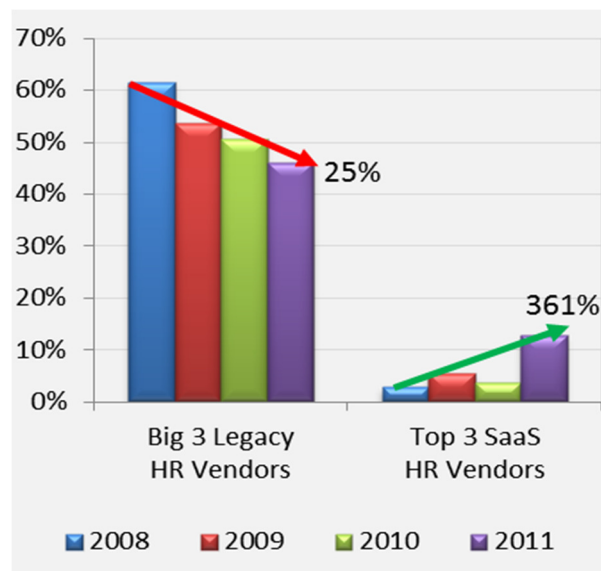


Figure 22. Decline of Legacy and Growth of SaaS Vendors

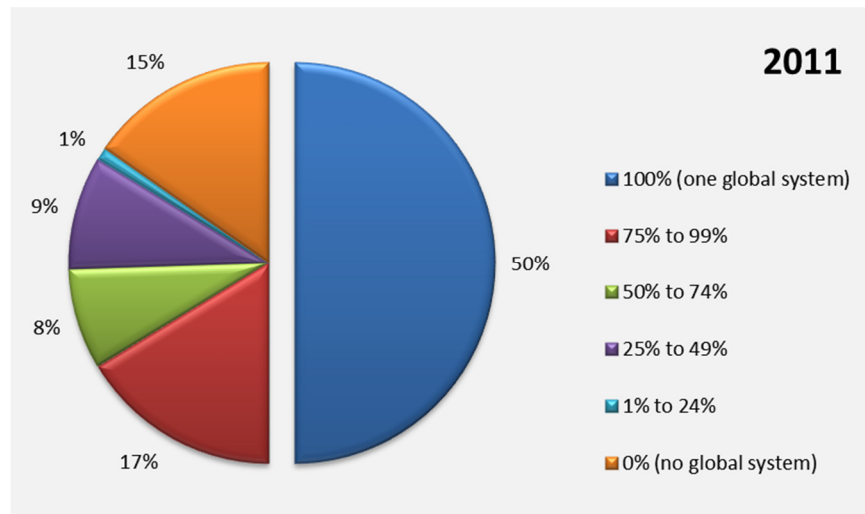


Figure 23. Percent of Global Population on Single Database

“Organizations are making headway in moving to one single global system of record, but progress is slow, prohibiting the ability to provide global workforce analytics to support strategic decision-making.”

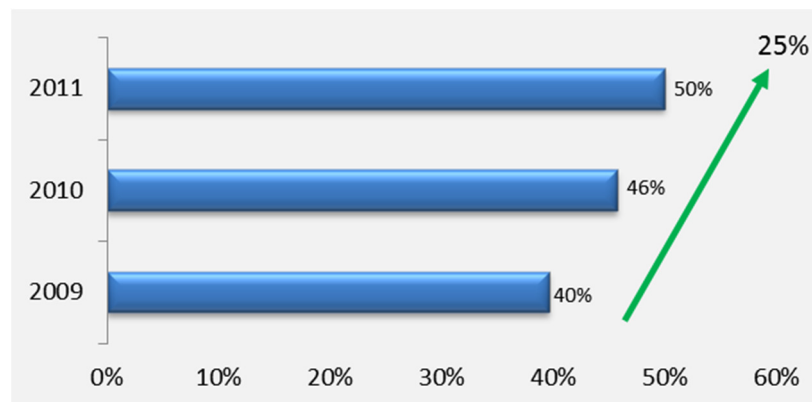
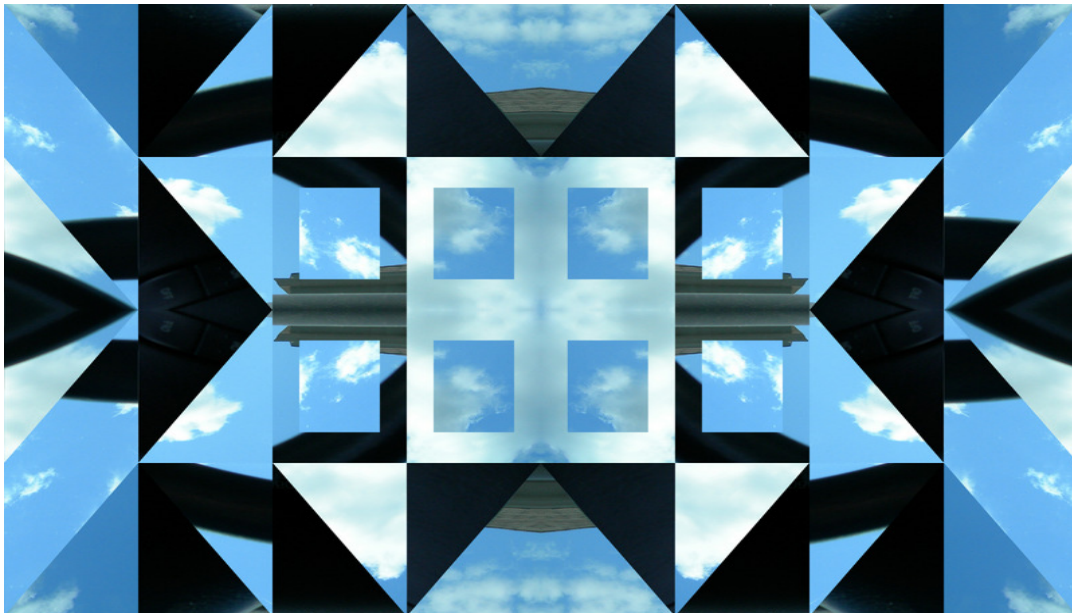


Figure 24. Growth of Single Global Database for Core HR

Technology: Expanding Single Global Database

The “holy grail” of a global HR system is to have 100% of the organization’s global employee population in one single system. While we are seeing a steady increase in organizations moving to one single global database – from 40% in 2009 to 47% in 2010 and 50% in 2011, the fact that just half of respondents report that they are there does not speak well for the HR technology industry. There are clearly challenges in working across borders, with diverse cultures and with ongoing mergers and divestitures that do not make this an easy accomplishment. However, HR vendors have not helped the situation either. Some simply lack the global data structures and functionality required for managing HR information on a global basis. Others lack the tools and integration approaches to easily migrate and connect disparate systems into a single system of record. And almost all lack a global compliance framework to meet the demands of international legislation and regulations. This is a call to vendors to step up to the plate!

Recently, there has been a lot of talk that the era of “big data” is upon us. Academic research suggests that companies that use data and business analytics to guide decision making are more productive and experience higher returns on equity than competitors that don’t.”¹¹ How is HR to meet this challenge and compete effectively, when only 50% of the data on the organization’s “greatest asset” is accessible for analytics and reporting through a single system of record? There is clearly an opportunity here!



¹¹ “Are you ready for the era of ‘big data’?” McKinsey Global Institute. October 2011.

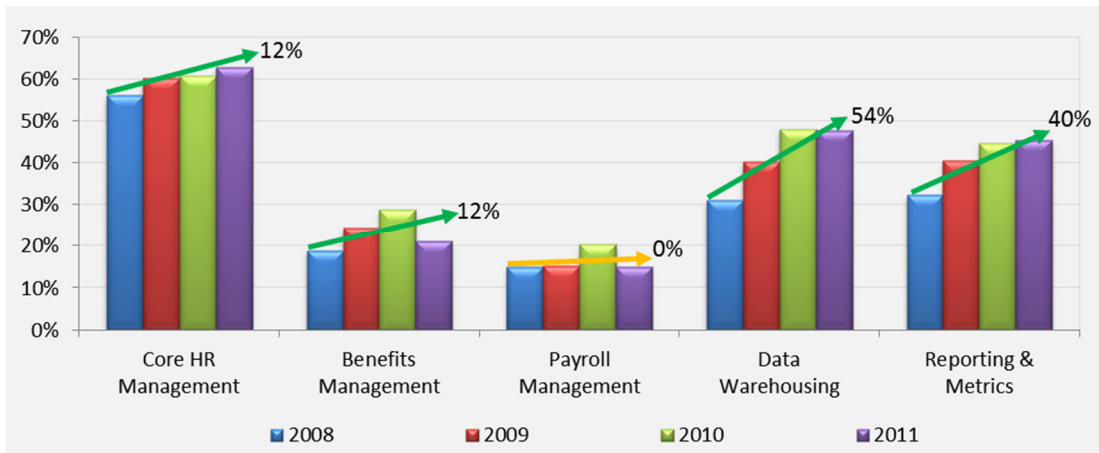


Figure 25. Global Technology – Core HR and Payroll

“All HR technologies show a steady increase in globalization; however, there is a significant gap between global technology capability and global business processes – pointing to a considerable opportunity for improved business performance.”

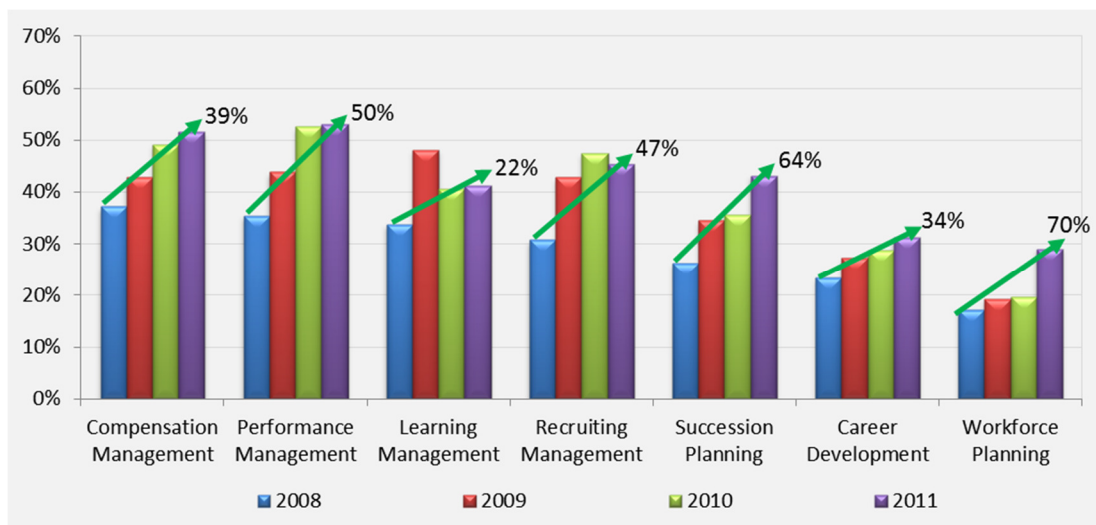


Figure 26. Global Technology – Talent Management

Technology: Globalizing HR Applications

The globalization of HR technology continues a steady progression with an average increase over the last four years of 37% across all global technologies tracked in the Jeitosa's *Going Global Survey*. Talent management technologies are globalizing at the fastest rate, 46% over the last four years, whereas Core HR and Payroll technologies are going global more slowly, at the rate of 23%. The fact that Talent Management software is more readily adopted globally can be attributed to the "low impact" legislative requirements with talent management functionality than are typically found with Core HR and Payroll processes.¹²

The most globalized technology is Core HR Management (63%), followed by Performance (53%) and Compensation Management (52%). Globalization of Data Warehousing (48%) and Reporting and Metrics (45%) is also on the increase, both with an average 47% increase over the last four years. Globalization of Learning, Recruiting, Succession, and Career Development technologies are also on the rise, averaging only between 30% and 40% globalized – leaving considerable room for growth.

As we saw with business processes, global Benefits and Payroll technologies showed a slight spike in 2010 and have now settled down into 6% growth in globalization over four years. We surmise that this short spike was due to a number of organizations that purchased global payroll software/services in 2008 before the economic slowdown got really started and have now completed their deployments. The degree of globalization for Benefits and Payroll in 2011 looks very much like it did in 2008 and 2009.

Does global technology facilitate global processes or do global processes enable global technology? At Jeitosa we maintain that technology and process go hand-in-hand: you can't be effective unless you have both. So while 63% of organizations have global HR technology in place, and half of the respondents have 100% of their global workforce on one single system of record, only 35% have implemented global HR processes. This gap between technology capability and process alignment points to a considerable opportunity for improved business performance. As anyone who has worked globally knows, the challenges in globalizing business processes are difficult, particularly for those organizations that have rigid organizational structures, are highly decentralized without solid communications strategies, and/or lack global leadership.

¹² Felipe Carneiro, "HRIS and Global Compliance Framework", *IHRIM Workforce Solutions Review*. October/November 2011

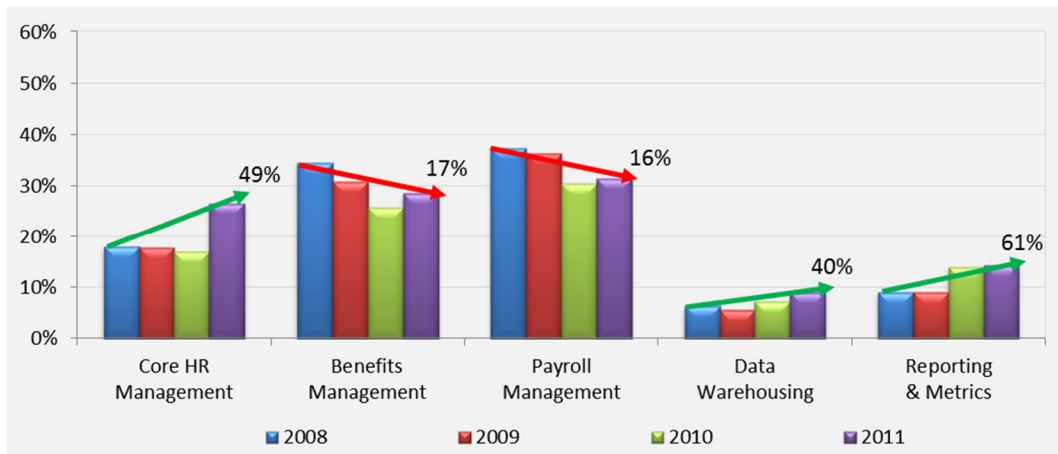


Figure 27. SaaS/Hosted Applications – Core HR, Benefits, Payroll

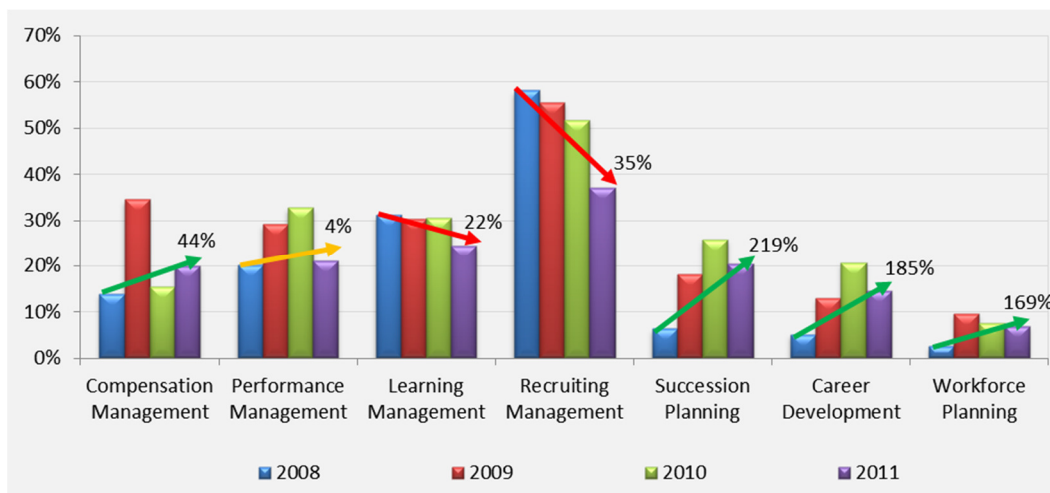


Figure 28. SaaS/Hosted Applications – Talent Management

“While SaaS technology has long been a strong alternative for talent management solutions, SaaS solutions are now moving into the mainstream for global Core HR.”

Technology: Accelerating Software-as-a-Service

While Software-as-a-Service (SaaS) technology¹³ has been a favored deployment option for talent management solutions for almost a decade, and even longer for U.S. domestic payroll services if you consider ADP's Autopay solution, we are seeing an increase of SaaS adoption in global HR – 49% over the last four years – and a decrease in licensed, on-premise solutions – 18% decrease over the same period. This growth can, in part, be attributed to Workday's burst onto the global HR stage.

SaaS deployments for talent management functions show steady growth, particularly in the areas of Compensation (44%), Succession (219%), and Career Development (185%), which can also be attributed to the “unified talent management” approach of vendors, such as SuccessFactors and Workday. There are a couple of exceptions: recruiting applications are on the decline (35%) – clearly a result of the current economic situation and the lack of hiring. SaaS-based Learning systems have also declined over the last four years (22%), also most likely due to cuts in training budgets.

We project that the SaaS deployment model will continue to grow globally as SaaS vendors move up market and as organizations begin to realize the benefits of “configurability” over “customization”, regular “updates” over annual “upgrades”, and lower total cost of ownership over perpetual licenses with rising maintenance fees.



¹³ It is important to point out that there appears to be considerable confusion in the market over the definition of SaaS versus ASP (Application Service Provider). Some vendors use the words interchangeably, and so, for purposes of this study, we have combined the two for our analysis.

Globalization's Innovative and Best Practices

The *Going Global Survey* asked organizations to offer some examples of innovative or “best practices” that they have implemented in their organizations. Here is a sampling of some of the most noteworthy responses:

Strategy

“Development of new global strategy. Implementation of Six Sigma type processes”

Organization

“World class governance model”

“Affinity groups / Leadership Roundtables at managerial and non-management levels”

“Decentralizing operations by putting support personnel in each major geography”

“Globally disbursed centrally managed business functions”

People

“Global partnering, one-team, flexibility and teaming”

“Building relationships with international colleagues and learning about local practices”

“International MBA program; management pipeline, local and regional training centres”

“Sense of humor. Staying calm to help others relax. Guiding and training with respect”

Process

“Seamless attitude to distance/time-zones, enabling a true 24x7, follow-the-sun group”

“Applying both top-down and bottom-up approaches when implementing programmes”

“Requirement for global processes unless there is a bona fide reason not to”

Technology

“Data quality project in core HR system”

“Single source of the truth for global employee data”

“Standard templates with rules and explanations to ease communication”

“Speed of connectivity and changing old work habits”

“One common HR Information System and one Global Payroll process for all countries”

“A global payroll system consistent in 54 countries”

“Virtual meetings (WebEx/Live Meeting) and trainings, with video conferencing.”

“Global user adoption of our systems”

“Deployment of a Global Talent Management System, for common practices on Talent Review, Succession Planning, and Talent Profiles”

Management

“Streamlining C-level dashboard has increased decision-making ability”

Globalization's Challenges in the Coming Years

The *Going Global Survey* asked respondents what is the biggest global challenge their organization will be facing in the coming three to five years. Here are some of the most significant responses:

Strategy

"Current economic climate and determining where/how to invest for continued growth"
"Establishing strategic direction on Global HR processes and programs"

Organization

"Migrating to more consistent practices when the reporting lines still remain somewhat regionalized"

People

"Unwilling to add headcount and those doing the work are becoming burned-out and disengaged because of the strain"
"Retaining global staff given increasing global market competition in the workforce."
"Global growth using local management"
"Cultural competence and qualified resources"
"Understanding and motivating the global Gen Y with our company's leadership of 50+ year olds... changing the landscape in Asia and the MidEast"
"How to effectively utilise diversified language and multicultural staff"

Process

"Finding a common ground between local office creativity and business needs AND common practice and metrics"
"Integrating operations for global consistency"
"Market conditions, emphasis on compliance, and government intrusion"
"International compliance and governance"

Technology

"Lack of integrated HR Information Systems: Talent Management, Time recording, Compensation, Benefits, Payroll"
"Struggling to get data from the local regions"
"Being in transition, moving all countries to common HR technologies"

Management

"Development of predictive tools with economic and market data for planning ahead better than competition"

Recommendations for Going Global

Based on decades of experience in working globally and by seeing first-hand the strategies and approaches that work, Jeitosa makes the following recommendations to support organizations in their global HR journey.

First, follow the GEM – the Global Enterprise Model – to ensure that all aspects of the organization are being developed and managed holistically. Focusing just in one area – such as technology – and not considering the other areas of the enterprise is a recipe for failure. Additionally, consider the following recommendations:



Strategy

- Involve local and regional HR teams in the global strategic planning process (rather than dictate from the top) to gain knowledge, garner buy-in, identify strategies, set goals and metrics, and ensure alignment across disparate units.
- Beware the “globalization penalty” and seek to effectively balance global efficiencies with local needs: “be as global as possible, as local as necessary.”

Organization

- Move toward the “Global” organizational model and implement standards and seek efficiencies to enhance overall financial performance.
- Globalize Shared Service Centers and Centers of Excellence to find economies of scale and to better leverage scarce resources across the organization.

People

- Build global mindset and cross-cultural competence and develop workforce skills, such as strategic thinking and business acumen.
- Implement international job rotation programs and set up cross-functional, cross-geographical special projects to develop global talent.

Process

- Standardize and globalize business processes to eliminate complexity, improve communications, and reduce costs.
- Focus not only on global talent management processes, but in particular Core HR to streamline on-boarding and global mobility processes.

Technology

- Migrate to one single global database to better support analytics and reporting and get ready for the “big data” movement and improved decision-making.
- Evaluate technology vendors for global capabilities and ensure they meet the globalization requirements of your business

Going Global with HR and HR technology is challenging, but can be rewarding too. While the industry is making progress, there is clearly more work to do. Jeitosa hopes that our annual report on trends in HCM globalization will help organizations in understanding the state of the industry so they can make sound choices along their own globalization journey.

“Be as global as possible, as local as necessary.”

Be sure to look for our next report in this series, *Leading Practices of Top Performing Global Organizations*, due out in January 2012. To stay up-to-date with Jeitosa’s *Going Global* research, subscribe to Jeitosa’s blog at www.jeitosa.com/blog. For more information on Jeitosa’s *Going Global* research and global service offerings, please email contact@jeitosa.com.



About the Author



Karen Beaman is the Founder and Chief Executive of Jeitosa Group International and is an internationally recognized speaker and author, having published works in such areas as global human resources technology, global organizational design, global mindset, cultural diversity, and global leadership. In 2002, Karen received the Summit Award, IHRIM's highest award honoring her lifetime achievements in the field of HR technology. She is fluent in English, German, and French. She can be reached at karen.beaman@jeitosa.com.

About Jeitosa

Our Company

Jeitosa Group International (www.jeitosa.com) was founded in 2004 as a global advisory and systems deployment firm servicing companies across the world in the areas of human resources, finance, and information technology. Jeitosa is a global organization with 50+ global business advisers covering 20+ countries focusing on the mission critical challenges and issues companies face as they grow — challenges and issues that are local, global, regional, and transnational.

Our Name

The name Jeitosa (pronounced zhay-taw-za) comes from the Brazilian Portuguese word “*jeitosa*” [from *jeito* + *-osa*], an adjective meaning able to find astute or ingenious solutions; skillful, adroit, clever, innovative, solution-oriented, problem-solving; making the impossible happen (Dicionário Aurélio). Working in the global, digital, virtual world demands a creative approach in finding elegant solutions to complex business problems, which is why this name aptly describes the kinds of solutions we provide for our clients.

Our Services

Our expertise centers around three global areas. In our *Strategy* practice we help global HR organizations create and achieve their vision by supporting effective strategic planning, business case development, shared services deployment, change management, and other strategic business services. Our *Deployment* practice supports organizations with the implementation of best-in-class global HR and Payroll solutions. Our *Communities* practice fosters research, learning, and networking opportunities for global HR organizations and professionals.

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