

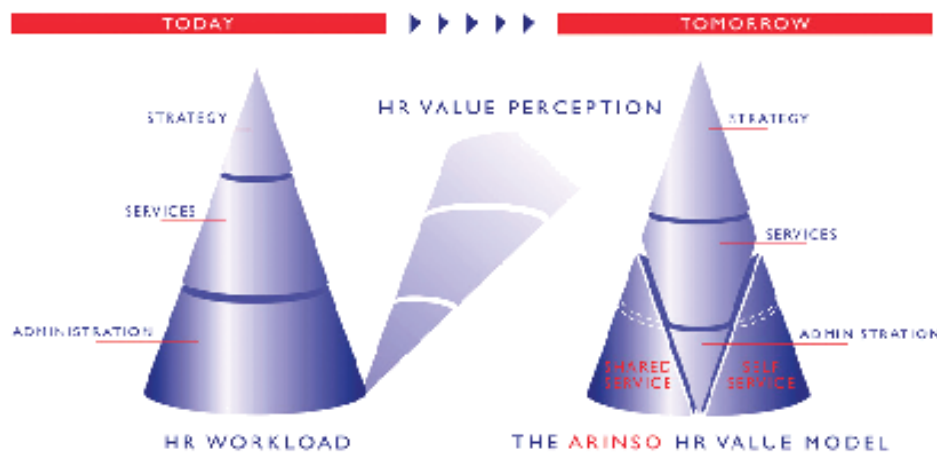


## Aligning HR with corporate strategy: Trends

Over the past years, ARINSO International has observed a rising trend among customers to carry out benchmark studies before undertaking projects in the field of Human Resources. These benchmarks give companies qualitative and quantitative insight on the role and activities of HR. One key finding is that all companies want Human Resources to play a more pro-active, strategic role and spend less time on administrative issues. It is therefore adamant that the HR department evaluates the way they deliver services to both employers and employees. Two other important issues are Return on Investment (ROI) and connectivity. For the first time, the HR department is asked to show their added value to the bottom line of the company in hard numbers. HR must develop programs that are in line with corporate strategy and demonstrate the value of these programs. To achieve this, they need to connect all their systems to be able to assemble comprehensive information and numbers. Finally, all customers express the need for “employee empowerment”, giving employees everything they need in order to become more knowledgeable, serve their customers better and in doing so gain competitive advantage: HR evolves to Employee Relationship Management (ERM). As a general trend, our experience with large multinational customers who carried out benchmarks and HR projects shows these important findings:

**Employers feel the pressure to participate:** In this highly competitive labor market, where the “war for talent” is an important issue regardless of an economic downturn, employers feel the need to become “employer of choice” and therefore invest in establishing a corporate image. This includes making employees self-sufficient, using web technologies to give them real-time, personalized access through an enterprise portal to all the information, applications and services necessary to carry out their duties any time, any place. Employees get a larger say in what they receive in benefits, and are offered individualized employee benefits (e.g. exchange vacation days for money, etc.) instead of having to accept the traditional “one size fits all” benefits model.

**Focus on Human Capital Performance:** In all organizations, but especially in the services industry, company results are directly related to the performance of their human capital: the intellectual abilities of employees determine the success of a company and allow it to create wealth. To achieve this, individual and departmental objectives must be aligned with overall business strategy and workforce performance must be maximized. HR must focus on developing employees with the right motivation, competencies and skills that enable the company to achieve the desired results more quickly than the competition and prosper in a highly competitive environment. Mechanisms for continuous measurement of Human Capital Performance must be introduced.





**Business intelligence plays an important role:** Employers want to analyze services beforehand, decide on key performance indicators, and evaluate those later, based on more current figures. During the decision making process, benchmarking of business processes serves to agree on a base line that can be evaluated at regular intervals, making it possible to adjust processes if necessary. Benchmarking is also used to compare the results of the HR department to HR departments from comparable companies or the industry. This comparison results in an overview of most important processes or services to improve.

**HR Business Transformation:** HR departments are struggling to fulfill their many tasks. Traditionally, they have spent a lot of time on administration, like updating the HRIS (Human Resources Information System). However, their added value is perceived to be involved in company strategy, and manager and employee support. HR must become a true Business Partner. New demands are placed on them, like introducing new methodologies that will further collaboration between employees within the company, supported by technology, e.g. knowledge management and collaboration systems. This means that HR professionals must spend their time defining new strategies that will make employees more knowledgeable and improve a company's baseline: instead of performing HR processes, they must start managing HR processes.

**Introducing a new Service Delivery Model:** In order to fulfill their new role, HR departments must change the way they deliver their services. This can be accomplished with the help of employee self-service and shared service centers. HR processes must be evaluated and streamlined, ensuring that employees can carry out tasks and transactions in a self-service portal that is connected to the backoffice. HR call centers are established to screen and handle employee calls through a first and second line help desk. As a last step, specialists give personal advice to employees on high level issues that require specialized HR knowledge. Removing repetitive tasks from their duties will free up time for HR professionals, so they can get involved on strategic and consulting issues as demanded by their new role.

**Anytime, anyplace, anywhere is key:** Employers are moving services to the web for ubiquitous access. Employees now have the freedom to e.g. research career opportunities, fill out expense sheets, and write evaluations, from the privacy of their own home. The introduction of internet-enabling technologies to enhance traditional applications and make them web-enabled continues at high speed.

**Integration and connectivity:** Until now, most companies use various systems for employee information. This complicates getting overall insight on HR issues, not to mention reports. Many companies are exchanging their old HRMS for one comprehensive system, or are upgrading to new versions that can be connected, so all information can be viewed in an integrated way. In the meantime, middleware solutions are used to establish connectivity between disparate systems and allow integration and exchange of data between various systems, usually based on XML. This also includes connectivity to external third party systems, like pension funds and other benefit vendors, allowing companies to offer their employees a comprehensive overview of their benefits through the corporate portal. Also web services will likely play an important role to offer third party services within a portal.

**HR-XML is here to stay:** Most companies express the will to invest only in solutions that adhere to the HR-XML standard, and will enable them to connect various applications. Adherence to HR-XML will ensure that similar information can be exchanged between separate systems. Many providers of HR solutions have become member of the HR-XML consortium.



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