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Diploma Thesis

ALIGNMENT OF HR STRATEGY TO THE BUSINESS STRATEGY

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Affirmation

I hereby declare that I have worked on my Diploma thesis titled '**Alignment of HR strategy to the Business strategy**' solely and completely on my own and that I have marked all quotations in the text. The literature and other material I have used are mentioned in the References section of the Thesis.

Prague, 4th of March 2011

.....
Ondřej Lauko

Acknowledgement to the supervisor:

I would like to thank Mr. Selby for his supervision and an effort he made to make sure that this thesis fulfils its objectives and most of all is a contribution in practice

NAPASOVÁNÍ HR STRATEGIE NA BUSINESS STRATEGII

ALIGNMENT OF HR STRATEGY TO THE BUSINESS STRATEGY

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Souhrn

Tato diplomová práce pojednává o důležitosti napasování HR strategie na business strategii. Obě tyto strategie jsou do detailu přiblížené v teoretické části práce. Praktická část se potom věnuje praktickému příkladu napasování HR na business strategii, tzv. HR transformaci v jedné z významných globálních společností. V této části je jednak popsán postup v rámci napasování těchto dvou strategií, dále potom vliv HR transformace na regionální HR a business organizaci a jeho potenciální přínos.

Klíčová slova: Business strategie, HR strategie, HC strategie, sourcing a recruitment, vzdělávání a rozvoj, hodnocení výkonnosti, plánování lidských zdrojů, kompenzace a benefity.

ALIGNMENT OF HR STRATEGY TO THE BUSINESS STRATEGY

Summary

This diploma thesis draws its attention to the importance of aligning HR strategy to the business strategy. Both of these strategies are in detail described in the theoretical part of the thesis. The practical part is then devoted to a practical case of aligning the strategies. The case is HR transformation in one of the global leading companies where the process of the alignment is depicted and the impact of the HR transformation on the regional business and HR organization is observed.

Keywords: Business strategy, HR strategy, HC strategy, sourcing and recruitment, learning and development, performance management, resource planning, talent supply, compensation and benefits.

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1 Introduction:

Looking at the market for the past 2 decades, it has been continually saturated with many businesses of different sizes operating in various areas and sectors of economy. On one hand, there are many of them having success, on the other hand, quite a big portion of new start ups or even well established and prestigious companies are forced to wind up their operations. One may argue what could be the cause of this. No doubt that there are many good business plans as well as organizations in the market place, but their strategy is most of the time short sighted and affected by the need to meet short term goals rather than bringing a balance and contemplate about a business in a long term bearing in mind a complex perspective as well. It may also be sometimes that organizations are capable of identifying opportunities and the market gaps, but their poor operational decisions or execution slows down, sometimes even stop, the journey to success. This diploma thesis aims to shed light on two key strategies which play a tremendous role in every business and ultimately decide about its success or failure.

The two are the business strategy and the HR strategy. This thesis will focus on explaining the significance of these two strategies and the impact they have on business in terms of setting up the right company identity, vision, purpose and its subsequent execution ensuring that the right measures are taken, operational efficiency achieved and the right approach and strategy towards firm's employees chosen so that a business is able to continually and sustainably meet its short as well as long term objectives. It is also going to underscore the necessity of alignment of these two strategies as opposed to executing them individually. The business and HR strategy are also quite often used interchangeably with corporate strategy and human capital strategy. However, there are nuances there which are worth being addressed. In practice, many businesses don't differentiate between business/corporate strategy and HR/human capital strategy, but the differences will also be explained.

2 Objectives of diploma thesis and methodology

2.1 Objectives

This thesis is meant to demonstrate that HR strategy and its correct integration into a business strategy plays a dramatic part in success of a business. The HR strategy as well as a business strategy will be assessed in a great detail and its individual parts will be explained.

The practical part of the thesis will look under scrutiny at one of the leading global companies providing its clients with services in management consulting, IT services and outsourcing. The company currently undertakes HR transformation and realignment of the HR strategy to the overall business strategy.

The first objective of the practical part will be devoted to explaining the background and reasons for HR transformation. After that, the process of assessment of HR organization will be introduced. This process is a key to be able to reach the alignment of HR and business strategy. The new HR model will be introduced together with its benefits.

The second objective is to evaluate the impact of the HR transformation on the local HR organization. This will be achieved by liaising with the HR leadership to get a feedback on the current HR organization and their ideas on the possible changes.

The third objective will be to liaise with the main business stakeholders to share their insights on how they assess the current HR organization and where and they see the room for improvement.

The conclusion of the practical part will be concerned with the output from the local HR and business leadership. Propositions will be made as to where the new global initiatives ought to be implemented locally and where the current model suits better the needs of the business.

2.2 Methodology

The company where the HR transformation takes place has 3 main divisions which involve consulting, technology solutions and outsourcing. This fact is very important for the HR transformation since the company can afford to use its own management consulting division for this particular project.

Therefore, the company uses approaches and methodology which it developed based on its long worldwide experience and a deep knowledge of the global markets. The author of the thesis has been granted permission by the HR Lead for CEE & Czech Republic to work with all the methodology used as well as the data acquired for this project. This will enable to go in depth of this particular project to be able to explain and critically assess its parts.

Part of the practical thesis will utilize the methodology acquired by the company (this will be noted in the methodology). The second part of methodology was created by the author (this will also be noted in the methodology)

The company insists that only some parts of the strategy as well as methodology are presented since it is considered to be highly confidential and only meant for internal use. This fact will have no impact on the result of the diploma thesis, but only parts of the methodology will be presented to keep this agreement.

The methodology used for the diploma thesis:

- **Benchmarking** (survey conducted by the company on the global level) – this is a **quantitative** as well as **qualitative** (workshops) assessment of cost and performance. The HR organisation will be compared against a database comprising companies across all industries, geographies, and sizes, in terms of cost and performance.

The assessment covers process-level metrics across 16 areas of measurement. The areas covered are described below:

Diagram 2.1

▪ Organization Management	▪ Employee Services
▪ Recruiting & Deployment	▪ Employee Administration
▪ Performance & Development	▪ Payroll
▪ Learning	▪ Pension & Benefit Administration
▪ Learning Administration	▪ Mobility Services
▪ Compensation Administration	▪ HR Customer Management
▪ Rewards	▪ HR Information Management
▪ Knowledge Management	▪ HR Operations

The data are gathered in the form of quantitative research, but they have to be explained and justified also in the qualitative research.

- **HR time distribution survey** (survey conducted by the company on the global level) – quantitative analysis which provides an evidence of where HR practitioners are spending their time & on what type of activities (strategic, planning, program design, management or administrative)
- **Executive assessment survey (survey conducted by the author)** – qualitative analysis of the main HR functions by the main business stakeholders. This analysis is conducted in a form of semi structured interviews with the business stakeholders. The length of each interview: 1 – 2 hours.

The main hypothesis: HR strategy and its correct integration into the business strategy play a dramatic part in success of a business

3 Literature overview

3.1 Business/corporate strategy

3.1.1 What is a business/corporate strategy

When speaking of the firm strategy, we can distinguish between two strategies which are used interchangeably, but there are several differences between the two of them.

The first strategy is *the corporate strategy*

According to Oxford University press (1997), corporate strategy is the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and noneconomic contribution it intends to make to its shareholders, employees, customers, and communities. In an organization of any size or diversity, ‘corporate strategy’ usually applies to the whole enterprise.

The second one is **the business strategy**

Oxford university press (1997) suggests that ‘business strategy’ defines the choice of product or service and market of individual businesses within the firm. Business strategy, that is, is the determination of how a company will compete in a given business and position itself among its competitors.*

Based on these statements, one can argue that **the corporate strategy** deals with more general, broader intentions of a company in terms of where it wants to profile itself, in which way, how it aims to be perceived internally as well as externally. It also underscores its goals and the way there are to be achieved.

On the other, **the business strategy** is more concerned with the company products or services it offers. It is a set of measures, goals and policies based on the market analysis focused on its competitors as well as the overall situation. The aim of this strategy is to have a clear picture and a sense of direction where and how we want to compete on the market to ensure continual success and the competitive advantage of a company.

* [10]Oxford: RESOURCES FIRMS AND STRATEGIES, Oxford University Press Inc., New York, 1997, p. 52

3.1.2 What is vision and mission/ its components

An essential part of determining the corporate as well as the business strategy is to take into account the vision and mission a company is looking to have.

According to **Accenture**, the ‘**Vision** aligns the organization around a common view of future opportunities. It is built on an understanding of how current strengths can be leveraged to achieve success and is cognizant of weaknesses which need to be overcome

Vision is based on deep insights into trends in technology, demographics, regulation and lifestyle, which can be harnessed to rewrite industry rules and create new competitive space.

In short, vision describes the desired future position of the company. Only when we are clear about the vision a company is looking to have we can go to the next steps which you in the diagram below.

Diagram 3.1

Vision → strategy → processes → organization structure

Accenture stresses that vision is often accompanied by many components:

1. Mission = what we need to do
2. Shared values and stakeholder values = what values we need to keep in mind
3. Competencies = which competencies need to be developed
4. Strategic objectives/imperatives = what the burning imperatives are
5. Management principles = what governance framework we should be cognizant of
6. Target outcomes = what we deem to be our successes
7. Performance measures = how we measure these *

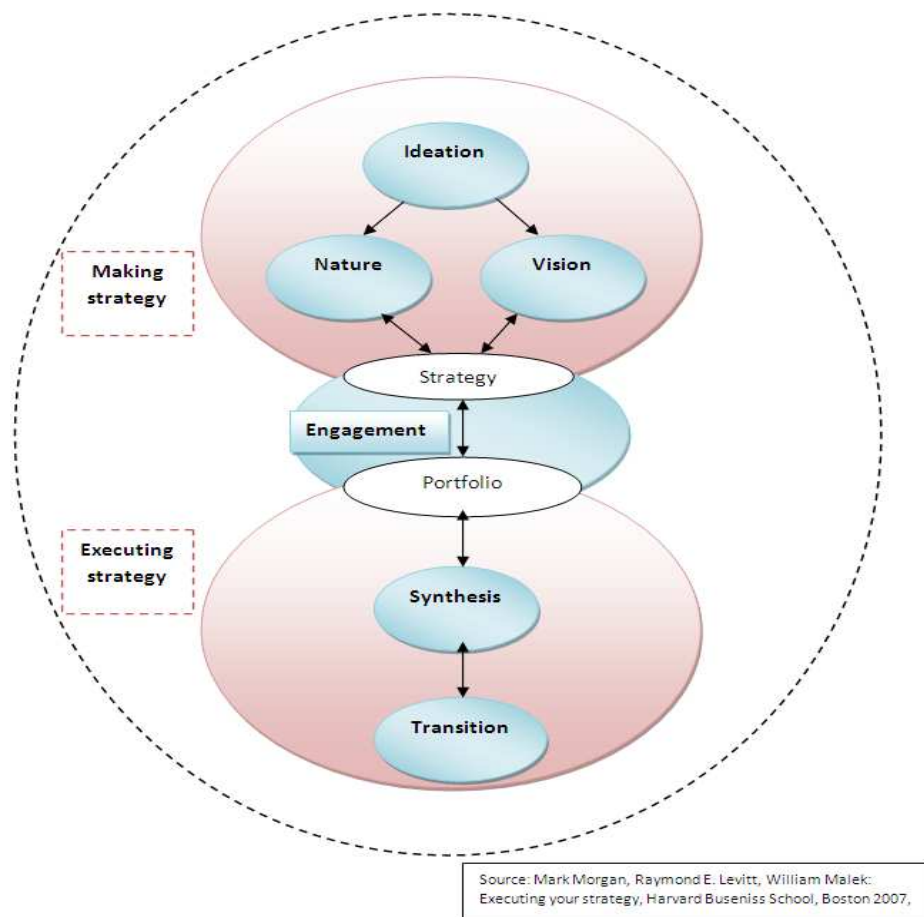
3.1.3 Steps to formulate a methodology of the corporate/business strategy

Accenture correctly emphasizes the fact that mission, which is an undividable part of the overall corporate/business strategy, is accompanied by many components.

* [1] Accenture copyright 2011

Mark Morgan, Raymond E. Levitt and William Malek consider setting up and subsequently executing the right business strategy as the key to continual and long term success. In fact, they came up with a model proposing the steps of executing a corporate/business strategy. The model is called **the strategic execution framework (SEF)** and its individual parts are depicted below in the diagram. *

Diagram 3.2



*[8] Morgan M, Raymond E. Levitt and William Malek, Executing your strategy: How to break it down and get it done, Harvard Business School, Boston 2007, p 17

This thesis specifically focuses on its 3 first parts (domains) which are the ideation, nature and vision imperatives. I believe this framework can be considered as a best practice to correctly formulate individual steps of corporate/business strategy. The list of imperatives is mentioned below in its whole complexity, however, the execution part is not the main topic of the thesis and so the primary focus stays on the first 3 imperatives and their alignment to HC/HR strategy.

The imperatives:

1. Ideation - clarifies and communicates identity , purpose and long range intention
2. Nature - aligns the organization´s strategy, culture and structure
3. Vision – translates long-range intention into clear goals, metrics, and strategy
4. Engagement – Engage the strategy via the project investment stream
5. Synthesis – monitors and continuously aligns the project work with strategy
6. Transition – transfers projects crisply to operations to reap the benefits *

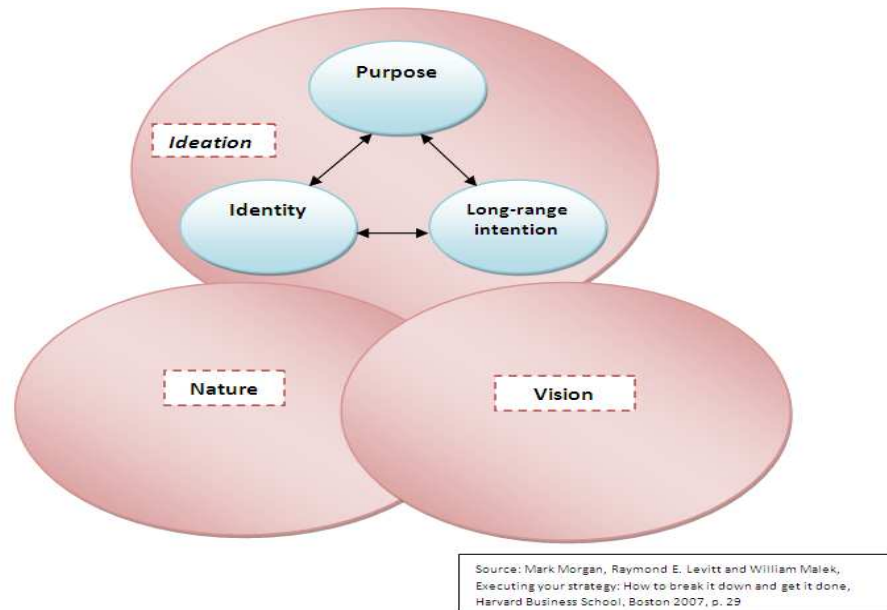
3.1.3.1 Ideation (Identity, purpose and long term intentions)

“Ideation imperative requires identifying and aligning the organization’s identity, its purpose and its intentions – the collective who, why and where that guide all its decisions, drive all its investments, and give its entire people a reason to participate every day. Ideation imperative asks us to clarify and communicate **identity, purpose, and long-range intention** – the current situation and the desired future of the strategy equation.” *

* [8] Morgan M, Raymond E. Levitt and William Malek, Executing your strategy: How to break it down and get it done, Harvard Business School, Boston 2007, p 17

* [8] Morgan M, Raymond E. Levitt and William Malek, Executing your strategy: How to break it down and get it done, Harvard Business School, Boston 2007, p 28

Diagram 3.3



3.1.3.1.1 Identity

When we talk about the identity we are referring to how we want a company to be perceived and where it wants orient itself.

Michael Porter describes two fundamental kinds of strategic identities:

- Become a **cost leader** by charging the same prices as competitors (or less) but operating with lower costs.
- Become a **differentiated value provider** by operating with about the same costs as competitors but earning higher revenues by being able to charge higher prices than competitors for customers who value their particular form of differentiation *

Geoffrey Moore has chosen 4 categories to define a company's identity:

- **Operational excellence** - charging the same prices as competitors (or less) but operating with lower costs (identical to Michael Porter's cost leader)
- **Customer intimacy** – customer experience and customer relationship are the most relevant aspects of decision making about a product or service

*[11] Porter M E, Competitive Strategy. Techniques for Analyzing Industries and Competitors, Free Press, New York 1998, p.36

- **Product leadership** – strives to create best in class products, with an unbeatable combination of feature, form and function
- **Disruptive innovation** – creates a new category of business or attracts a new category of customers, thereby changing the game to a new playing field *

3.1.3.1.2 **Purpose**

Every company should think about its purpose of existence. What is it that made it enter the market? How and what does a company want to do? Who will benefit from it? These are the questions that need to be answered when starting the business to ensure its success.

It is essential that the company purpose is well communicated throughout the whole company so that its employees can identify it and embrace it. Understanding what a company does is an essential component in people’s motivation. If an employee realizes a sense of purpose in what he/she does they will try their best to do it right as opposed to a job that no one has idea what impact or contribution it has for the business or a society.

Therefore the board and the executives should take their time to discuss and agree on the company purpose and its place in the market and make sure that it is continuously spread out among all the employees as well as stakeholders.

3.1.3.1.3 **Long range intentions**

“Long/range intention is the seed of the desired future strategy. It provides both direction and a destination for the organization and is the first step in identifying strategic goals and the project investments that will be necessary to attain them. The only way to know about the validity of a short/term purchase or investment is to understand whether it will help or hinder the long/range intention. Without a sense of long range intention, individuals have no support for making good short/term decisions. In some cases, this means they will invest their energy in immediate goals that may hurt the organization in the long term.” *

3.1.3.1.4 **Summary (identity, purpose, long- term intentions)**

All in all, the three components which are discussed in here play a major role for just about any company operating in any field. Every business ought to have a crystal clear idea about its **identity** which has to with who we are, how we want to approach our

* [7] Moore G A, Living on the Fault line: Managing for Shareholder Value in Any Economy, Harper Business , New York, 2002

* [8] Morgan M, Raymond E. Levitt and William Malek, Executing your strategy: How to break it down and get it done, Harvard Business School, Boston 2007, p 45

customers, what kind of services or products we want to offer them. The **purpose** as well as **long-term intentions** also plays a key role in running a business. Thoroughly expressed and communicated purpose and long-term intentions have not only a positive impact externally (customers, investors, suppliers, etc.), but also internally since a triggering a sense of a purpose in employees contributes to an overall motivation and better performance and understanding throughout an entire company

“Identity, purpose and long-term intentions are also vital for a company’s brand. A strong brand is one of the most valuable assets a corporation can build. In addition to differentiating it from the competition, the brand helps customers and other stakeholders bond with the company and its product offerings. It crates loyalty. It contributes to the sustainability of any organization.”¹⁵

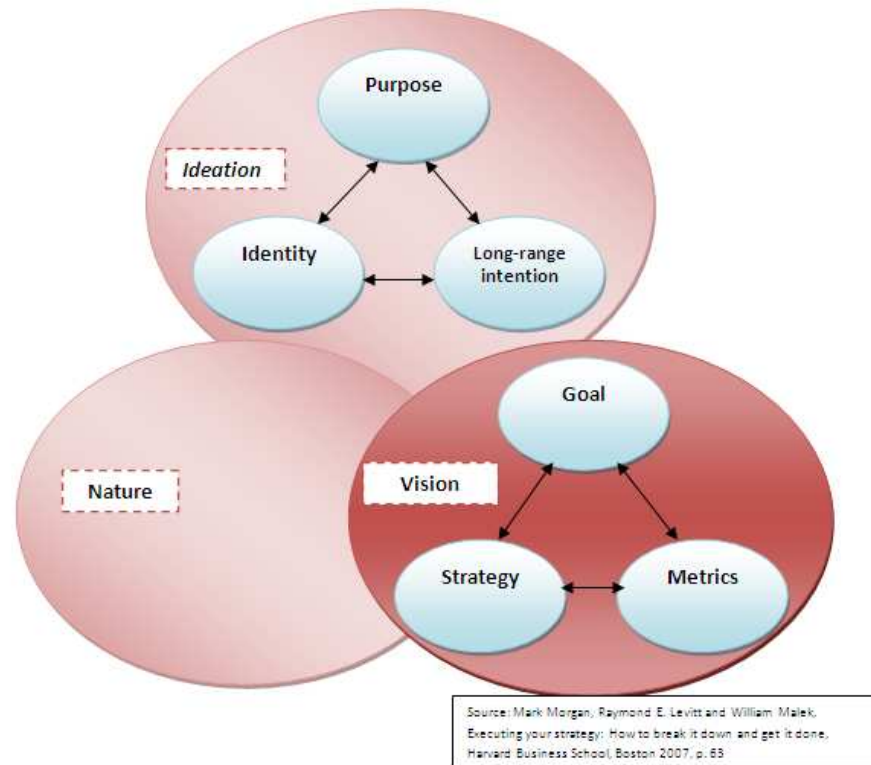
3.1.3.2 Vision imperative (goal, strategy, metrics)

„Vision imperative translates intention into strategy, goals, and metrics. The very process of defining goals and metrics both clarifies and refines the strategy, making it far easier to communicate throughout the organization. Addressing the vision imperative creates goal clarity and ensures the integrity of investment choices to serve the chosen goal. This means that organization must set clear, well-communicated goals and then chose the best way to apply available resources to reaching those goals. Setting goals, setting standards for meeting them (metrics), and devising ways to get to the goals (strategy) are all part of the creative process.”^{*}

[15] Webster, K K: “What’s the benefit of branding anyway”?, Marketing Profs, October 15, 2002, http://www.marketingprofs.com/homepage/premium_preview.asp?file=/2/webster8.asp.

* [8] Morgan M, Raymond E. Levitt and William Malek, Executing your strategy: How to break it down and get it done, Harvard Business School, Boston 2007, p 62,63

Diagram 3.4



3.1.3.2.1 Goals/objectives

Goals can be defined as an outcome which an organization sets to achieve based on the long term intentions it has. Therefore, it is apparent that any organization must be clear and should have a sense of comprehension as to what it intends to do in the long run so that the goals can be designed to adhere to it and thus, can be really effective.

Presumably, there exists quite a lot of ways how to determine organizational goals/objectives. One of the most profound methods is defined as “SMART” goals.

“SMART” goals stand for:

- **Specific** - the goals should be specific enough so that they are recognizable and comprehensive
- **Measureable** - it shouldn't be just words which aren't justified in any way, but rather goals which we are able to measure so that one can say whether they were achieved or not.

- **Achievable** – employees should look at the goals at something which is realistic, but at the same time not too easy. There must be a balance when setting the goals so that employees are motivated by them.
- **Relevant** – the goals ought to be well thought so that they meet company’s criteria in terms of the strategy as well as the current resources the company has
- **Time bound** – every goal, project, or a minor task must have its defined time for accomplishment

“Defining the right goals and metrics require creative and integrative thinking, which differs from problem solving: it is forward-looking and positive rather than backward-looking and negative. Focusing on the past is a critical failure in leading strategic execution. What is preferred is finite and focused” *

3.1.3.2.2 *Metrics*

Once a company is clear about the goals/objectives it can start concentrating on measuring them. It is crucial to come up with the right things to measure. If a company is able to do that, the process of measuring the goals is easier and more transparent. Moreover, it is more comprehensive for employees to tackle, they are well aware what is expected of them and as a result of that they are better motivated and their performance increases.

“To better qualify Goals and Metrics, **Victor R. Basili, Gianluigi Caldiera, and H. Dieter Rombach** came up with a simple categorization of the goal into several components – purpose, issue, object and viewpoint.

A practical example:

- **Purpose:** increase
- **Issue:** the volume of
- **Object:** purchased products
- **Viewpoint:** through the e-shop

* [8] Morgan, M, Raymond E. Levitt and William Malek, Executing your strategy: How to break it down and get it done, Harvard Business School, Boston 2007, p 65

The next step is to identify a question related to the goal. “³At this stage, it is important to realize how we want to approach the goal that we have set. For instance, we can ask:

- What is the percentage of products sold through the websites compared to overall generated sales?
- How do we motivate consumers to buy products through our e-shop?

Each question leads to looking at the goal a bit different way and so we need to be clear what we expect of the goal.

“**Morgan et al.** suggests that selecting goal, question and metric, the strategy becomes more clearly defined in order to meet the metric, answer the question, and achieve the goal.

For instance:

Goal: increase the volume of business referrals

Question: what is the advantage of a business referral?

Metrics: sales cycle time, conversion rate, total value of referral sale

Strategy: act on referrals that create the most value to the business

Investment: data mining system to analyze booked revenue “ *

3.1.3.2.3 Summary (goal, strategy, metrics)

Based on this section, it can be concluded that it is worth thinking about our goal in the context.

First, we have to bear in mind what organization we are in terms of identity, purpose and long term intentions so that the actual goals align with these 3 categories.

Second, when determining the goals they should be as specific as possible. It is not enough to aim at customer satisfaction. We have to also specify steps how we want to achieve it. This has to do with measuring the customer satisfaction, what indicators do we intend to focus on? Once we have that we need to think about the strategy. Do we want to satisfy all the customers, or do we want to concentrate on a specific segment? Only when we have all these points thought out we can direct the right investments towards meeting these goals and strategy.

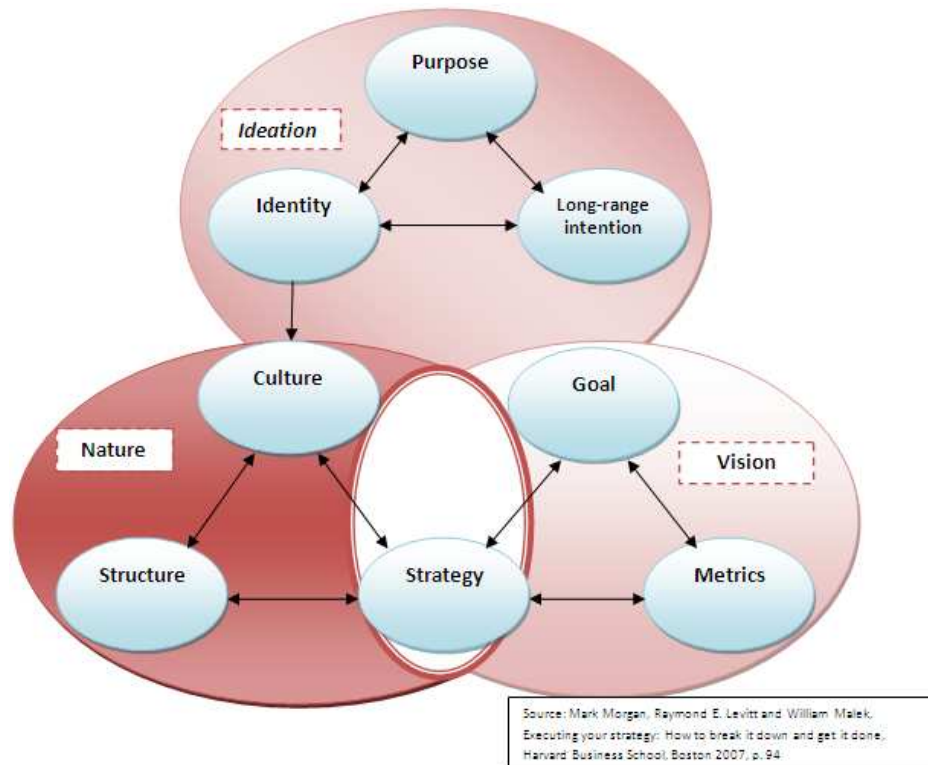
[3] Victor R. Basili, Gianluigi Caldiera, and H. Dieter Rombach: “the Goal Question Metric approach”, Encyclopedia of Software Engineering, Wiley 1994, New York

* [8] Mark Morgan, Raymond E. Levitt and William Malek, Executing your strategy: How to break it down and get it done, Harvard Business School, Boston 2007, p 70

3.1.3.3 Nature imperative

“As Morgan et al. suggest, nature imperative links strategy, structure, and culture, all of which are essential aspects of an organization’s internal environment.”*

Diagram 3.5



3.1.3.3.1 Culture

“According to **Geoffrey Moore**, an organization’s culture can be defined by the kinds of values it cherishes and the kinds of people, activities, and achievements it celebrates. Culture determines how an organization sets its priorities, the kinds of questions it asks, and the type of leadership it adopts. It encompasses the prevailing way of organizing work, and the type of people the organization attracts.”*

“**Schneider** suggests four fundamental types of culture which we can encounter in organizations:

* [8] Mark Morgan, Raymond E. Levitt and William Malek, Executing your strategy: How to break it down and get it done, Harvard Business School, Boston 2007, p 93

* [7] Geoffrey A. Moore, Living on the Fault line: Managing for Shareholder Value in any economy, Harper Business, New York, 2002

- **Competence culture** – makes great products, it values technical excellence above all else.
- **Collaboration culture** – places a great value on understanding the unique needs of each customer. The businesses with the collaborative culture are typically the service oriented businesses which provide customized solutions for their clients.
- **Cultivation culture** – underscores the need to recruit, retain and nurture highly creative employees to produce unique products. For example, these can be advertising agencies, Media companies, etc.
- **Control culture** – places a great importance on low costs since these business usually face a perfect competition and they have quite low profit margins (accounting or utilities)”*

It is very important to emphasize that culture should go hand in hand with the identity a company has. It ought to be, therefore, a common place that culture, attitudes as well as behavior come from the company’s identity.

To demonstrate that let us go back to the Geoffrey Moore’s 4 categories of a company’s identity. If a culture is aligned in a way that reflects the identity it would most probably look like this:

Operational excellence (identity) —————→ **control culture** – in this case, identity places a great emphasis on low costs and so the culture must copy it as well in the form of a control culture which focuses on highly effective and efficient processes and low operational costs.

Customer intimacy (identity) —————→ **collaboration culture** – the essence of customer intimacy is to make sure that a company is in a direct contact with its clients and understands their needs. This reflects the collaboration culture where different teams work together to provide the customers with the best possible service that is customized and reflects their requirements.

Product leadership (identity) —————→ **competence culture** – the company’s identity is to produce the best products on the market and competence culture contributes to that by nurturing the potential of technical people and scientists which play a key part in these types of companies.

* [13] William E. Schneider, The Reengineering Alternative: A plan for making your current culture work, Irwin Professional Publishing, Burr Ridge, IL, 1994

Disruptive innovation – (identity) → **cultivation culture** – disruptive innovation is all about changing the game on the market by creating new products and attracting new customers. Cultivation culture supports that by recruiting and retaining highly creative individuals that work in the environment maximizing their potential.

3.1.3.3.2 *Structure*

„ If culture encompasses the implicit and explicit informal norms about appropriate behavior in an organization, *structure* constitutes the more formal definitions of authority, reporting relationships, individual jobs, patterns of interaction, information flows, employee performance evaluation and incentive systems. An aligned structure links and allocates scarce resources to the strategy and supports the appropriate culture. It places decision-making authority and accountability at the level where fast-changing information about customers, competitors, and market lies. It also measures and rewards behaviors that contribute to strategic objectives.

All these elements of structure, if properly aligned, direct the organization’s energy toward its goals.”⁵

One can come across many organizational structures in practice which can be either steep, flat, division oriented, product oriented, etc. Choosing the right structure means to take into consideration the kind of company we are (identity) as well as what attitudes, behavior we celebrate (culture).

Morgan et al. coin the term of matrix strength with regards to the organizational structure:

- **Strong matrix** – exists when the product or service line managers (customer facing managers) have a strong, primary influence on decisions and actions of workers, and the functional manager’s control is weaker – this typically reflects the *customer intimacy* identity and *collaboration culture*
- **Weak matrix** – exists when an organization groups workers primarily by function but also has a product managers – typically reflects *product leadership* identity and *competence culture*
- **Balanced matrix** – accords relatively equal influence to each dimension and requires employees to negotiate continuous trade-offs in daily decision making – *disruptive innovation* identity and *cultivation culture*”^{*}

[5] Larry E. Greiner: Evolution and Revolution as companies grow, Harvard Business review, July-August 1972, p. 37

* [8] Mark Morgan, Raymond E. Levitt and William Malek, Executing your strategy: How to break it down and get it done, Harvard Business School, Boston 2007, p 114

3.1.3.3.3 Summary (culture, structure, strategy)

Based on the conventional wisdom, the companies that have managed to surpass others and excel on the market have usually one thing in common. Besides other factors, they managed to determine a well thought out strategy and align it with their organizational culture as well as their structure. No doubt that there is rarely something more powerful than the awareness of employees of what is expected of them. Given the right conditions so that employees not only know what they ought to do, but being rewarded for that brings a competitive advantage for the company as a whole.

3.1.4 Business/corporate strategy - summary

Having mentioned the 3 cornerstones of the business strategy (Ideation, vision, nature), one may think of them as a rather superficial additional set of rules that needs to be adhered to. However, author suggests that this is a major part that every company has to cover first when starting up a business.

These three imperatives are the clear 3 strategic pillars which entail a lot of subcategories that direct the business in a transparent way not only for its employees, but also for its stakeholders.

Companies ought to think through the strategic part of the business rather than move quickly to the operational part and come back to their strategy later.

When setting up the business strategy, it is useful to go step by step to ensure that its complexity is respected. Depending on a product or service that a company offers, it also needs to take into account what segment it approaches in what quality it should be delivered on what the company wants to place a major focus (operational excellence, product leadership, etc.)

Based on that, the right Human capital/HR strategy needs to be integrated. What it means and what parts it covers will be discussed in the next part that is focused solely on the topic of Human capital/HR strategy.

3.2 HR/Human capital strategy

3.2.1 Human capital strategy and its components

As Michael Armstrong suggests, **Human capital strategy** identifies those aspects of people management that demonstrably have the greatest bearing on business performance. It also points the way to achieving human capital advantage by highlighting where and how investments in people generate the highest returns. It ensures that HR strategy policies and practices are developed to attain this end. These

Diagram 3.6



policies include knowledge management, resourcing, talent management, learning and development programs and reward and recognition process.”*

Business strategy, Human capital strategy and HR strategy are very closely linked together. Most of the time, human capital strategy is used interchangeably with HR strategy. However, we can see the difference on the picture.

“Human capital strategy covers 4 main areas:

1. Leadership:

- What will be the demands for leadership capabilities in the future?
- How will this be developed or sourced?

2. Talent:

- What will be needed to compete and grow the business – skills areas, key capabilities?
- Where the gaps are and what are the talent sourcing options?

* [2] Michael Armstrong: Human resource management practice, Cambridge University press, UK 2007, p. 37

3. Culture

- What are the key cultural attributes today?
- What needs to change – across the business or within the different areas of the business?

4. Operating model

- What are the options for an operating model to optimize strategy execution and use of resources?
- How different is it from today and what are the implications of change?''*

What can be claimed based on the diagram is that the HC and HR strategy complement each other. Human capital strategy is in fact a mediator between the business and the HR strategy. The business and HC strategy are being created together. Business, based on the 3 main imperatives: Ideation, Nature, Vision, determines what the demands for leadership and talent will be. Alongside, the culture and form of operating model is proposed. This is when the HRM/HR strategy comes in place. It analyzes the input from the business and HC strategy and creates conditions in which Human resources will be managed in a way that is aligned to both business as well as HC strategy.

This is the way these 3 strategies function together. It is important to say that none of these 3 is static; all of them have to react to ever-changing conditions on the market to keep the competitive edge.

3.2.2 HR Strategy and its components

“Strategic HRM/HR strategy is an approach to making decisions on the intentions and plans of the organization in the shape of the policies, programs and practices concerning the employment relationship, resourcing, learning and development, performance management, reward, and employee relations.”*

As Armstrong suggests, the purpose of HR strategies is to guide HRM development and implementation programs. They provide a means of communicating to all concerned the

* [1]Copyright © 2010 Accenture All Rights Reserved

* [2] Michael Armstrong: Human resource management practice, Cambridge University press, UK 2007, p. 115

intentions of the organization about how its human resources will be managed. They provide the basis for strategic plans and enable the organizations to measure progress and evaluate outcomes against objectives. They can be also considered as vehicles that define the actions required and how the vision should be realized.

Specific HR strategies set out what the organization intends to do in areas such as:

- Talent management - how the organization intends to ‘win the war for talent’
- Continuous improvement - providing for focused and continuous incremental innovation sustained over a period of time
- Knowledge management - creating, acquiring, capturing, sharing and using knowledge to enhance learning and performance
- Resourcing - attracting and retaining high quality people
- Reward - defining what the organization wants to do in the longer term to develop and implement reward policies, practices and processes that will further the achievement of its business goals and meet the needs of its stakeholders
- Employee relations - defining the intentions of the organization about what needs to be done and what needs to be changed in the ways in which the organization manages its relationships with employees and their trade unions”*

In the next part of the thesis several HR strategies and practices will be scrutinized in a more detail to further explain their importance and the need of their alignment to the business objectives.

3.2.2.1 Talent management

“Talent management is the use of an integrated set of activities to ensure that the organization attracts, retains, motivates and develops the talented people it needs now and in the future”*

* [2] Michael Armstrong: Human resource management practice, Cambridge University press, UK 2007, p. 127

* [2] Armstrong, M.: Human resource management practice (10th edition), Cambridge University press, Great Britain, 2007, p. 390

The term talent management has become very popular and is used quite heavily. What is needed to add with respect to the definition is that talent management is not only concerned with key/talented people, but with all the employees in an organization.

Resourcing: This part of the talent management has to do with finding and retaining internal and external resources. In the HR jargon, the word *resourcing* is used. The resourcing strategy ought to be closely linked to the business needs.

It fulfills the demand for resources determined by the business. If managed efficiently organization is able to source and estimate the supply of internal resources with 100% accuracy. A good example of that is a special section within the HR department called *scheduling* which keeps the track of all the employees and their dedication to different projects. It also holds the data about employees' skills and experience. Thus, this department is able to exactly determine when and which resources are available.

Attraction and retention: Attraction means to look for human resources externally. Recruitment is the department which is responsible for these activities. Business and recruitment need to closely cooperate with one another so that there is a clear idea about the human capital requirements. Recruitment's task is to assess the demand of the business, provide a business with know-how regarding the current situation on the market in terms of human resources availability and financial expectations and, if needed, adjust the requirements so that they reflect a reality.

Recruitment is at the same time making sure that future employees are the right fit for an organization in terms of its values, culture, attitudes and qualification.

As **Armstrong** suggests the overall attraction strategy should be to become an employer of choice, and to target recruitment and selection to obtain the sort of people the organization needs.”*

To achieve this goal is most of the time a very difficult task and only a few companies are able to meet this resolution. To be able to become an employer of choice, **Sears** coins the idea of 'Employee value proposition' which communicates what the organization can offer its employees as a great place to work.”¹⁴ The picture below demonstrates the content of an employee value proposition.

* [2] Armstrong, M.: Human resource management practice (10th edition), Cambridge University press, Great Britain, 2007, p. 395

[14] Sears, D.: Successful Talent Strategies, American management association, New York, 2003

Diagram 3.7



All the parts of an employee value proposition make employees feel valuable and contribute to an overall satisfaction, performance and ultimately to employees retention.

Retention strategy follows up the attraction strategy. The objective is to have a control over the turnover of the employees. What it means is that every company has a natural rate of turnover which is healthy for the organization (the turnover rates differ according to sectors of economy). The company needs to be able to stick to this figure and ensure that it is sustained in the long term. This is realized primarily by the value proposition and other policies which are employee oriented. The value proposition and its individual parts are brought into practice in the form of departments as for example Compensation and benefits, training, etc. as well as by the line managers who take an ultimate part in developing and motivating their subordinates.

3.2.2.2 Performance management/continuous improvement

“Performance management can be defined as a systematic process for improving organizational performance by developing the performance of individuals and teams.

The overall aim of performance management is to establish a high performance culture in which individuals and teams take responsibility for the continuous improvement of

business processes and for their own skills and contributions within a framework by effective leadership. Specifically, performance management is about *aligning individual objectives to organizational objectives and ensuring that individuals uphold corporate core values*.

It is a planned process of which the primary elements are agreement, measurement, feedback, positive reinforcement and dialogue. It is based on the agreement of role requirements, objectives and performance improvement and personal development plans”*

Fletcher suggests and underlines the concept of performance management which, in his opinion, is associated with an approach to creating a shared vision of the purpose and aims of the organization, helping each employee understand and recognize their part in contributing to them and in so doing, manage and enhance the performance of both individuals and the organization.”*

In practice, we can very well assess the maturity of a business based on its approach toward a performance management.

Key points of the right performance management approach:

- Defining key role responsibilities
- Targets are discussed and determined against these responsibilities
- The fulfillment of the targets is discussed after a certain period
- Promotion and assessment is made based on the stakeholders and superior evaluation and fulfillment of the determined goals
- Development plan is consulted with a career counselor/manager and recorded in the software for the next period
- New key responsibilities and targets are determined

* [2] Armstrong, M.: Human resource management practice (10th edition), Cambridge University press, Great Britain, 2007, p. 495, 496

* [4] Fletcher, C.: Appraisal: Routes to improved performance, Institute of Personnel Management, London, 1993

3.2.2.3 Strategic reward/Reward management

“Strategic reward management is about the development and implementation of reward strategies and the philosophies and guiding principles that underpin them. It provides answers to two basic questions: 1) where do we want our reward practices to be in a few years’ time? And 2) how do we intend to get there? It therefore deals with both ends and means. As an end it describes a vision of what reward processes will look like in a few years’ time. As a means, it shows how it is expected that the vision will be realized.

Reward strategy is a declaration of intent that defines what the organization wants to do in the longer term to develop and implement reward policies, practices and processes that will further the achievement of its business goals and meet the need of its stakeholders

It is based on an understanding of the needs of the organization and its employees and how they can best be satisfied. It is also concerned with developing the values of the organization on how people should be rewarded and formulating guiding principle that will ensure that these values are enacted.”*

Given the definitions above, it is obvious that the strategic reward is not only concerned with the finance. Instead, it embraces many HR and business issues across the organization such as performance management, employee value proposition, assessment of the business goals, culture, etc.

That is why the term total rewards comes in place to cover all these areas

Total rewards

As defined by **Manus and Graham** (2003), total reward includes all types of rewards- indirect as well as direct, and intrinsic as well as extrinsic.

Each aspect of reward (base pay, contingent pay, employee benefits and non-financial rewards) which includes intrinsic rewards from the work itself, are linked together and treated as a coherent whole.”*

Two major categories of rewards by Armstrong (2007):

- Transactional rewards – tangible rewards – (pay, benefits)
- Relational rewards – intangible rewards – (learning, development, work experience)

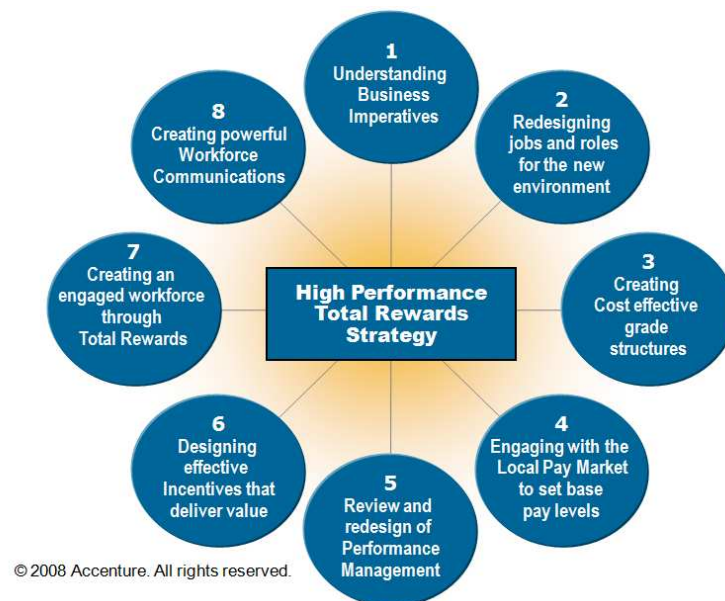
* [2] Armstrong, M.: Human resource management practice (10th edition), Cambridge University press, Great Britain, 2007, p. 643, 644

* [6] Manus, T M and Graham: Creating a Total Rewards Strategy, American management association, New York, 2003

The aim of the total reward scheme is to maximize the combined impact of a wide range of reward initiatives on motivation, commitment and job engagement. “Total reward embraces everything that employee’s value in the employment relationship.”⁹

See the diagram below where all the main parts of total rewards are depicted:

Diagram 3.8



One of the purposes of the reward management is to:

- Reward people for the value they create
- Reward the right things to convey the right message about what is important
- Develop a performance culture
- Motivate people
- Help to attract and retain high quality people
- Align reward practices with both business goals and employee values
- Operate fairly and equitably
- Operate transparently^{9,*}

[9] O’Neal, S: The phenomenon of total rewards, ACA Journal, 1998

* [2] Armstrong, M.: Human resource management practice (10th edition), Cambridge University press, Great Britain, 2007, p. 624

3.2.2.4 Learning and development

The Aim of the learning and development is to provide employees with knowledge, capabilities and knowhow that are beneficial for them as well as for the organization.

However, learning and development is a very costly discipline and so there has to be a clear link as to where the investment will meet the business needs.

As **Armstrong** underlines, the areas of the business strategy that depend on talented people should be analyzed. The organization's strategic plans and their impact on knowledge and skill requirements should also be noted. Any proposed learning and training interventions should specify how they would contribute to the achievement of these strategic goals.

The potential benefits of learning and development are:

- Improve operational flexibility by extending the range of skills possessed by employees
- Help to develop a positive culture in the organization: the one oriented towards performance improvement
- Increase the commitment of employees by encouraging them to identify with the mission and objectives of the organization
- Attract high-quality employees by offering them learning and development opportunities, increasing their levels of competence and enhancing their skills
- Provide higher levels of service to customers”*

It is fair to say that a company which is people oriented (e.g. operates in the services sphere) may strive to achieve the competitive advantage by investing in its people. In these kinds of companies, a learning culture is a prevalent aspect which plays an important part in the overall business strategy.

Reynolds explains that to create a learning culture it is necessary to develop organizational practices that raise commitment amongst employees and give employees a sense of purpose in the workplace, grant employees opportunities to act upon their commitment, and offer practical support to learning.

The following steps to achieve this are proposed:

- Develop and share the vision – belief in a desired and emerging future

* [2] Armstrong, M.: Human resource management practice (10th edition), Cambridge University press, Great Britain, 2007, p. 608

- Empower employees – provide ‘supported autonomy’ ; freedom for employees to manage their work within certain boundaries (policies and expected behaviors) but with support available as required
- Adopt a facilitative style of management in which responsibility for decision making is ceded as far as possible to employees
- Provide employees with a supportive learning environment where learning capabilities can be discovered and applied, e.g. peer networks, supportive policies and systems, protected time for learning.
- Use coaching techniques to draw out the talents of other by encouraging employees to identify options and seek their own solutions to problems
- Recognize the importance of managers acting a role models
- Encourage networks – communities of practice
- Align systems to vision – get rid of bureaucratic systems that produce problems rather that facilitate work”^{*}

3.2.3 HC/HR strategy - summary

It is now noticeable and obvious that when someone discusses HR department functions, it really needs to be considered and looked in its whole complexity. HC and HR strategies are not strategies which would be out of context, but they are the ground for their corporate and business strategies in which they are integrated.

Business strategy wouldn’t be able to maximize its potential without a clear HC strategy which shapes its intentions and provide solutions as to which capabilities, behaviors and organization design/operating model is essential for the right business strategy execution. It also explores the relevance and availability of requirements in terms of Human resources hard and soft skills on individual markets and balances the company’s expectations with reality.

HR strategy is an undisputable part of the business and HC strategy. It is there to manage the human resources in a way which reflects the business and HC strategy. It is

* [12] Reynolds, J, Helping people learn, CIPD, London, 2004

responsible for the proper functioning of the employee life cycle whose individual parts in terms of HR functions are the following:

- Attraction and retention
- Development
- Performance management
- Reward

HR professionals together with the business leaders develop the HR strategies to ensure that the Human capital is approached and developed in accordance with the business imperatives and rewarded for what business finds important to meet its short and long term goals.

An organization managed in this way is a great place to work since people in the organization have clearly defined expectations and they are aware what actions are rewarded where they can grow and when, etc. These properly managed organizations are called “high performing organizations”, they are considered to be an employer of choice and they continuously achieve higher results than others.

4 Case study – HR transformation in one of the leading global companies

4.1 Overview and objectives

The practical part of the diploma thesis deals with the HR transformation in one of the leading global companies hereinafter referred to as “the company”. The company operates in the following fields:

- **BPO** (business process outsourcing) growth platform - has to do with outsourcing of the clients processes such as Finance, customer services, etc. to the company
- **MC** (management consulting) growth platform - The main objective of this platform is to provide service with a high level of added value for the clients. The services provided have to do with consulting on client’s strategy, customer relationship management, talent and organization performance, supply chain management, etc.

- **TGP** (technology growth platform) platform – this platform provides services in the technology consulting, technology solutions (implementation) and infrastructure and application outsourcing. The idea of this platform is to provide client with a high level IT architecture design, implementation and also an ability to outsource some of its departments to the company.

The company has more than 200,000 employees, offices in more than 50 countries and it is serving clients in more than 120 countries.

Over the last decade, the company has grown by more than 130 000 employees. Moreover, it has diversified its portfolio of services adding outsourcing and making it a very significant part in its offering. Therefore, the realignment of the business and HR strategy was necessary to ensure the continual success of the organization with regards to Human capital.

The main objectives of the practical part are mentioned below. They are summarized rather briefly since they are described in detail at the beginning of the diploma thesis.

- The background and reasons for HR transformation
- Introduction of the assessment process of HR organization.
- New HR model proposition together with its benefits.
- Evaluation of the impact of the HR transformation on the local HR organization
- Business assessment of the local HR

The conclusion of the practical part will be concerned with the output from the local HR and business leadership. Propositions will be made as to where the new global initiatives ought to be implemented locally and where the current model suits better the needs of the business.

4.2 HR transformation

As mentioned at the beginning of the practical part, HR transformation in the company which is a subject of the discussion is the main topic to be covered. HR transformation refers to realignment of the HR strategy to the business strategy. It is not only concerned with the HR organization itself, but it also takes into consideration the business strategy as well as Human capital strategy from which the set up of HR organization originates. In the next paragraphs, HR transformation will be clarified in a

great detail and individual steps will be explained to get a perspective as to why it takes place in the first place and what the process of the HR transformation looks like.

4.2.1 Reasons for global HR transformation

Every company should bear in mind the continual integration of HR strategy into the business strategy. The “company” has experienced an immense growth in the last decade growing by more than 130 000 employees, penetrating to several new geographies and broadening its portfolio of offerings to its clients.

As a result of that, there are several reasons for HR transformation:

- ***The need to be able to differentiate*** – the company operates in 55 countries as of today and this results being in the middle of mature as well as growing economies which require different approach
- ***The ability to capture the right talent*** – as the clients’ needs are changing; they require greater specialization and superior execution, there is a great need to be able to capture the people who will be able to deliver on these requirements.
- ***The need to redesign Employee value proposition*** – to be able to attract and retain the talent within the company it is essential to have in place compelling proposition for its employees. More specifically, there is a need for more propositions to be competitive in different markets
- ***The need to drive profitable growth*** – things have to be done more effectively, the processes the making decision process have to be simplified to be able to do more for less.
- ***The need to equip the HR professionals with the right skills and career development*** – to be able to bring value to business HR professionals need to acquire particular skills as well as an opportunity to advance in their career paths.

These are the main reasons which made the HR as well as business leaders feel that the HR organization ought to undergo a realignment to ensure its competitiveness and added value it brings to the business

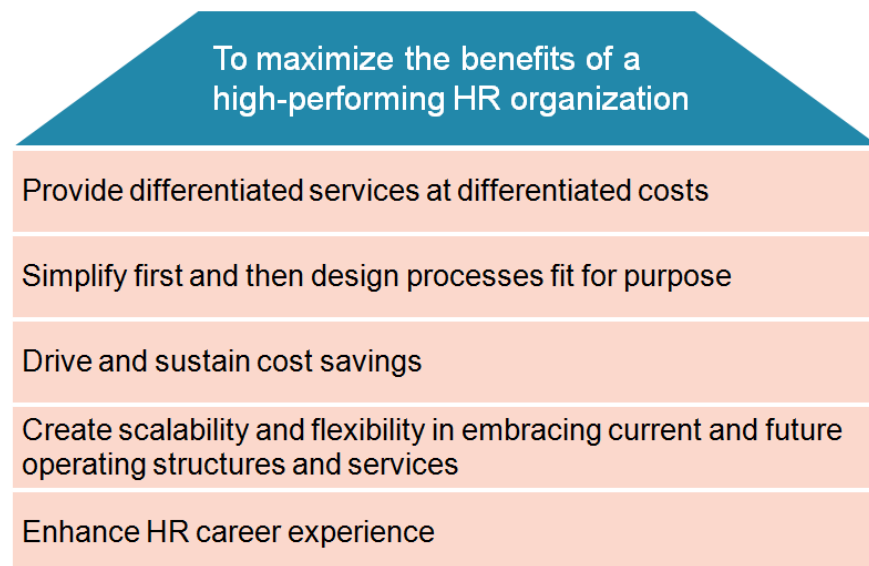
4.2.2 Vision and mission of the new HR organization is the following:

Vision: To be a truly global HR organization delivering extraordinary value to the company's people, clients and communities.

Mission: to attract, develop, deploy and retain a highly engaged workforce with differentiated capabilities enabling Accenture and its clients to achieve high performance

The individual areas which ensure meeting HR vision are outlined in the diagram below:

Diagram 4.1



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Provide differentiated services at differentiated costs to meet the different needs of the business. This has to do with determining a standard suite (catalog) of HR services with the option for additional services at additional costs. What it suggests is that HR services will be categorized according to various SLA (service level agreements) as well as the approach and quality. Different workforces will be able to choose different level of service for different costs depending on their needs. This is a completely new trend which can bring flexibility and cost transparency for HR organization.

Simplify first, and then design the processes “fit for purpose” by better balancing customization with standardization—while maintaining quality client service. What is important is that complexity is something that needs to be eliminated. Simplicity reduces operational costs, administration and time. Processes that can be standardized and those that cannot be standardized need to be distinguished. Some processes ought to be made “*fit for[a] purpose.*”

Drive and sustain cost savings Cost is an outcome of the efficiencies and improvements inherent in the HR Transformation journey.

Create scalability and flexibility in embracing current and future operating structures and services by being more nimble and agile— these changes enable faster decision making and better adaptability to changes in the company’s own operating model and to the business. This will be achieved by creating an organization which will work shoulder-to-shoulder with the business instead of either reacting or running alongside.

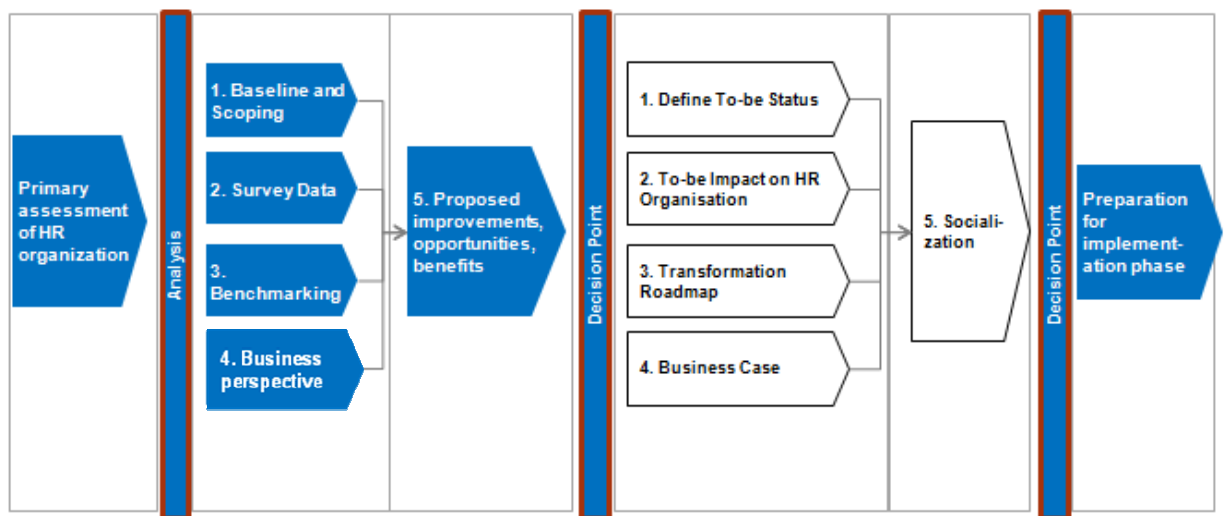
Enhance Human Resources career experience by building deep skills in Human Resources professionals which are market relevant and aimed at providing a deep and meaningful career experience. Human Resources professionals need to be provided with greater clarity about career progression and their reporting relationships.

4.2.3 Analysis/assessment of the current state of HR organization

This particular part of the thesis demonstrates an approach to correctly analyze the current state of HR organization to be able to reach the alignment with the business. The organization under scrutiny undergone its assessment adhering to the phases outlined below. The primary assessment was first done on the global level assessing the current global HR organization structure and its relevance for the business. This was realized by the organization consulting division together with the Business and HR executives.

On the diagram below, the individual phases of the HR transformation/alignment project are depicted. The phases will be introduced in more detail in the next parts of the thesis.

Diagram 4.2



4.2.3.1 Primary assessment of HR organization

The key to sustainable improvement of HR organization is to analyze and optimize the five critical HR components:

1. HR strategy

The HR strategy consists of **Value proposition, strategic business requirements and key HR initiatives**. When analyzing the HR strategy, one has to look at it from 3 different perspectives:

Form and function – this perspective is concerned with the questions as: Is there an HR strategy in place, how customer centric is it, how is it documented and brought into action? It is also important to figure out if there is a process in place, supporting creation and update of the HR strategy and how its execution is organized and sustained.

Internal alignment and performance – this view on HR strategy is concerned with the questions as: is there one HR strategy in place for all HR entities within the company? If not, are all HR strategies aligned with each other? Are all HR key stakeholders aligned to each other and to the HR strategy? How proactively is the HR strategy communicated and therefore, known to the broader HR community, Is there a regular tracking and performance management process in place ensuring successful implementation of the HR strategy?

Business alignment – the last perspective is concerned with questions as: Is the business aware of the HR Strategy, does the business support the creation as well as the final version of the HR Strategy? Does the business feel its workforce issues are understood by HR and answered through the HR Strategy, does each HR key stakeholder understand the key issues of the business, is the business proactively asking for HR services and receiving workforce services only through HR? How satisfied is the business with the delivery of HR Services – kind and quality?

2. HR organization

HR organization comprises **operating and delivery model, roles and responsibilities and sizing**. These 3 pillars of the HR organization are analyzed as well.

Operating and delivery model – the following questions are asked during the assessment: How well aligned is the current HR delivery model to the demands of the business unit(s), what are expectations of the HR delivery model from HR and its customers, to what extent does HR contribute to all major decisions that affect the company's people? How is the HR governance organised, implemented and followed

within HR as well as in business interfaces, what are governance tools and instruments to effectively operate the HR organisation (e.g. KPIs)?

Roles and responsibilities – the analyzed areas: are the HR roles clearly defined and differentiated of each other, are detailed job descriptions in place for all HR roles, does the content of the job descriptions match the operating model, does the content of the job descriptions reflect leading practices? Do the current HR roles match the requirements mentioned by HR's customers? To what extent are line managers involved in people management responsibilities?

Sizing of the HR organization – the assessed areas: Does the current sizing match the requirements of the HR Organisation; does the current sizing actively support the Operating/ Service Delivery Model? Are there any obvious or hidden redundancies in the current sizing, are there any legal requirements or internal policies in place that limit the sizing flexibility? Is the sizing of the organisation aligned to the strategic imperatives of HR, is the current sizing competitive with benchmarks?

3. HR people

The following areas are taken into consideration when assessing HR people: **Employee engagement & talent management, workforce adaptability and change ability and finally leadership & culture alignment**

Employee engagement & talent management – within this first area, the following questions and topics are covered: Does a formal approach exist to measure employee engagement? Does a proper two way communication exist between HR Management and HR employees? Are talents sourced using several internal and external channels? Is hiring based on formal, multi-focused hiring variables? Is employee retention tracked, measured and followed up? Does an outspoken HR Talent Strategy exist?

Workforce adaptability and change ability – the following questions and areas are covered: Are future changes within the business identified early and adapted to transform the HR workforce? Are employees involved in systematic workforce planning? Are efforts made to adjust the current HR workforce to meet future needs? Is the workforce and organisation structure living or more static? Is change driven by a common employee involved effort? Is change relying on several pre-defined mechanisms like performance measures, employee competencies, etc. – or more of a single person pushing action?

Leadership & culture alignment – the following questions and areas are covered: How is leadership identification and development treated within HR? Are regular leadership

trainings and formal development actions utilized? Are leaders evaluated on different criteria and from different perspectives (i.e., 360 degree feedback)? Do leaders actively promote the vision and mission of the HR organisation as well as the broader company? Is there a common culture and is it aligned within the HR organisation? Does the HR environment encourage innovation and teamwork? Is continuous improvement a common theme? Is diversity promoted within the HR environment?

Workforce performance – the following areas are covered: **Competency management** (do Job Profiles / Descriptions exist for all HR Roles including skill requirements? does a Competency Model (competency profiles, ratings) exist for HR and is it in regular use? Does a regular skill assessment and alignment for all HR roles and employees take place? Does the HR workforce have the necessary skills and competencies to meet the expectations?), **Knowledge management** (Are employees encouraged to share their skills and knowledge?), **Learning Management** (is a role-based training plan/ curricula in place to develop the necessary skills? Are the role based curricula personalized? Are company trainings regularly updated in accordance with organisation needs? **Performance criteria** (Is there an adequate, formal performance measurement system in place? Are Managers enabled to provide constructive evaluations? Do individual performance goals exist?), **Rewards & Recognition** (Does a formal recognition system exist and is it linked to both individual and organisation goals?)

4. HR processes

The following areas are taken into consideration to get a right overview of the HR processes: **Standardization & harmonization, operative effectiveness and technical solution.**

Standardization & harmonization – the following areas and questions are covered in this section: Are the processes designed in the same way for all Business Units (BU)? Are there any shadow processes in place (willingly or by accident)? Are all processes clearly linked to roles and responsibilities? Are the processes „alive “and undergoing continuous reviewing/ improvement?

Operative effectiveness – the following areas and questions are covered in this section: Are the processes aligned to the HR and overall Business strategy? Do the processes in place cover all HR requirements and the requirements mentioned by HR customers? Are the processes designed with a clear focus on operative and functional effectiveness? Is the process efficiency effectively measured by using KPIs/ SLAs? Are the processes cost effective and how is the cost effectiveness measured? Are the vendor/ third party management actively governed and measured with KPIs/ SLAs?

Technical solution – the following areas are covered in this section: Are there any supporting tools like ESS/MSS scenarios in place? If so, which ESS/MSS scenarios are implemented? Are the ESS/MSS scenarios available for all employees or for limited user groups only? Are standardized templates/ forms used for all BU's? Are all HR processes clearly described and documented? If so, in which way?

5. HR applications

The following areas are taken into consideration to get a right overview of the HR applications: **HR IT strategy, process & service delivery support, application integration.**

HR IT strategy - the following areas are covered in this section: Does an HR IT Strategy exist? Does a specialized HR IT Department exist? Is the HR IT Strategy aligned with the overall HR Strategy? Does the HR IT Strategy enable the business strategy? Can applications be used for reporting and do they make performance measurable and controllable? How is the support of the HR system(s) organised?

Process & service delivery support - Are all processes/ process areas technology enabled? Do applications effectively support processes? Does the HR IT landscape enable the Service Delivery Model (e.g., Shared Services with Knowledge Management, Ticketing). Do applications ensure data quality and consistency of data? Can the system measure volume and performance?

Application integration - Is a global ERP implemented? Is there an integrated solution across all areas of HR and across all regions? Are local systems in place? (e.g., HR, Payroll) Are single systems integrated with each other?

These components were assessed in 3 dimensions:

- **Quantitative Benchmarking** – the quantitative benchmarking measures the core HR benchmarks which create defensible assessment of the current state and enables cost-value estimation of HR
- **Qualitative Benchmarking** – assessing the core quality areas of each dimension, identifies the weak spots of HR, integrates in the overall HR assessment.
- **Maturity Assessment** – maturity assessment of all HR areas, assessment against a proven scale of maturity, enablement to define to-be state for HR

To ensure the success of the transformation HR and business leadership need to agree on the following questions which resonate throughout the primary assessment and the first phases of alignment:

- **Where do we want HR to be?** – Critical when setting up expectations of the alignment, the same expectations need to be on both sides
- **What needs to change?** – Early feedback on issues and challenges facing the capability area. This has to do with confirming key issues and priorities as well as key areas for change
- **How will we get there?** – Agreement on the key investment required, review the action plan, agree on design principles, and review benefits case
- **Are we prepared to proceed?** – obtain formal approval for investment, agreement on delegation of responsibilities and commit to action

4.2.3.1.1 Baseline and scoping

The Activities connected with this phase are primarily:

- Explanation & planning of data collection approach and scope
- Definition of data request with templates and questionnaires
- Check of document availability at client side
- Definition of interview and workshop participants (HR and Business) and set-up of interviews
- Settings of data collection plan and timeline

The main objectives of this phase are to:

- Define the scope of the HR assessment based on data/ interview partner availability
- Set and manage expectations on HR assessment outcomes and timeline
- Set expectations on client involvement for data gathering and data discussion
- Define data collection scope & requirements
- Develop data collection questionnaire
- Agreement on scope of HR assessment
- Data collection started

4.2.3.1.2 *Survey data*

Right after the phase of baseline and scoping, the next step towards assessing the HR organizations it to collect the data. The data is collected across the 5 main HR components mentioned above (HR organization, HR strategy, HR people, etc.)

The data for collection is the following:

Diagram 4.3

▪ Organisation Management	▪ Employee Services
▪ Recruiting & Deployment	▪ Employee Administration
▪ Performance & Development	▪ Payroll
▪ Learning	▪ Pension & Benefit Administration
▪ Learning Administration	▪ Mobility Services
▪ Compensation Administration	▪ HR Customer Management
▪ Rewards	▪ HR Information Management
▪ Knowledge Management	▪ HR Operations

The activities connected with this phase:

- Conduct Data collection
- Support incoming questions regarding data collection
- Consolidate data for benchmarking phase
- Re-check and re-evaluate scope based on incoming data

The main objectives of this phase are to:

- Collect all data agreed on in Baseline and Scoping Phase
- Ensure proper data quality by actively supporting client in data gathering
- Get a foot into the Business with the business interviews

The main outcomes of this phase are to have all the data collected and in place ready for analysis and benchmarking.

4.2.3.1.3 *Benchmarking*

To be able to evaluate and make sense of the collected data in the context of the whole market, average and leading practice, the data need to be benchmarked.

The main activities connected with benchmarking:

- Quantitative data are collected and benchmarked
- Qualitative data are used for quality and maturity indexing
- Data are checked against leading practice
- 2nd interviews and workshops are conducted to analyze the results and identify gaps

The main objectives of this phase are the following:

- HR department benchmarked in quality, quantity and maturity across all 5 components
- Discrepancies of as-is vs. to-be state as well as industry index are evaluated
- Workshop and interview results analyzed in comparison with the goals

The core HR benchmarks are the following:

Diagram 4.4

Strategy:	Organization:
% HR time spent on Strategic activities	Total HR Cost: % Labor
% HR time spent on Planning, Program Design & Management activities	Total HR Cost: % Professional Services
HR Cost as % of Revenue (E/R)	Total HR Cost: % Other
Processes:	HR FTEs per \$B of Revenue
% HR time spent on admin & transactional activities	People:
Employees Served per HR FTE	Total HR Cost per HR FTE
Applications:	Salary & Benefits Cost per HR FTE
Total HR Cost: % Technology	HR Cost per Employee Served

Source: Accenture 2011

4.2.3.1.4 *Business perspective*

This part has to do with analyzing the results as well as working with the business to understand their needs and ideas as to where HR could be useful, what the business considers crucial, etc.

The main activities connected with benchmarking:

- Preparation of business interviews
- Confirmation of key business stakeholders and interview appointments

- Conduction of interviews
- Analyzing of interviews

The main objectives of this phase are the following:

- Comprehensive understanding of business opinion of HR
- Identification of weak spots and strong spots of HR in business eyes
- Understanding of business' importance rating on HR areas
- Quality opinion of business on HR service

4.2.3.2 Proposed improvements, opportunities and benefits

When the primary assessment is finished the next part is to put together all the data, consolidate them and proposes results in line with the findings. The main activities to proceed in these steps include:

- Develop an initial results report to be able to discuss direction
- Shape results report to enable a decision about the next steps, results report should be cost and quality driven
- Compare business perspective with HR internal view to make prioritization recommendations
- The outcome of this phase is to have a finished results report including SWOT, the benchmarking results, value proposition, road map with the next steps.

4.2.3.3 Priority areas agreement in order to foster change

After assessment of the current HR model is finished, the next steps are to be undertaken to ensure the correct alignment of the HR and business strategy.

To-be status Definition: this status serves to define the future state and vision of the HR organization and describes at a high level the process, systems, and organization required to deliver this vision. This part also deals with key metrics and consequently the gap analysis of the current and future state of the HR organization.

The Pareto principle 80-20 rule is a very effective tool to prioritize and focus on the key 20 percent of key HR processes which influence 80 percent of the overall HR activity.

Objectives are the following:

- Present a vision for the future HR function

- Interpret the impact of the proposed improvement opportunities on the existing organization
- Set out implications and interdependencies of any changes to the process, systems and organization

To be impact on the HR organization:

Review impact of proposed improvement opportunities on the HR function, including consideration of the following: strategic alignment, organization & people, business process & operating model, location & facilities, IT applications & infrastructure.

The next step after reviewing the impact is to design the for each area impacted by the proposed changes. This design will be showed in the next chapters when talking about the future model of the company assessed.

Transformation roadmap and business case:

Transformation roadmap is in place for the purpose of the realization of the project goals. It includes final recommendations (e.g., target list of projects to be pursued within 1 year, 3 years and 5 years).

Therefore, the objectives of this step are the following:

- The development of a single group view of all ongoing and future initiatives
- The provision of sufficient information to enable informed decisions to proceed
- The establishment of indicative timelines for transformation, and interaction between the major transformational initiatives
- Clear value proposition of moving from current to future state

4.2.4 Findings of the HR global current state assessment, new global HR model proposition

4.2.4.1 Findings

As mentioned above the current HR organization model was assessed across the five main HR functions. The qualitative, quantitative and maturity assessment was made across these functions. For more specific details regarding the methodology and tools used for this assessment, please, see the supplements section.

The findings for global HR model presented were acquired and analyzed by consulting, business and HR team dedicated for this project. Their output is presented below.

Strategy – the former HR strategy was rather narrow and focused in a great extent on consulting which is just one of the services that the company offers to its clients. Thus, it wasn't able to cover all the business entities which are Consulting, Technology solutions, BPO (business process outsourcing) and enterprise (marketing, HR, finance, etc.) The strategy focused on attracting and retaining the best people needed to be revised and adjusted so that the new HR strategy consists of the programs and initiatives justifying the statements. At the same time, there is a need for redefining the needs of the business and incorporating them into the HR strategy to make it relevant.

Organization – the global structure of the HR organization needs to focus more on the needs of the business. Even though the organization has now more than 200 000 employees and offices in more than 54 countries, the HR leadership doesn't reflect the diversity and the HR operating model is deprived of the model which comprises the offshore and near shore activities together with the process owners. This has the most essential impact on the current effectiveness of the HR organization. More detailed explanation will be demonstrated on the new HR model proposition.

People – One of the key things in this section regarding the monitoring of various indicators about people, are the key metrics for measuring engagement, formalized career development system, internal and external sourcing channels in place, retention statistics, etc. These key metrics are all very well formally incorporated into HR tools. Another thing which was found to be very encouraging is the culture and the core values that employees are well aware of. Global leaders also share on regular basis the vision and mission, thus engaging the HR workforce. Speaking of global leaders and metrics for measuring main people KPIs, this is managed well.

Processes: All HR processes are very well written and documented in an accessible form on the HR site. They keep the same structure for different business units within one entity; they adjust for other entities. The main issue is the fact that they are not delivered efficiently and cost effectively. This has been given by the HR model which doesn't allow for efficient task distribution worldwide utilizing offshore, near shore and model.

Applications: HR module is integrated into the global ERP system so that various HR outputs can be utilized for reporting, different metrics. There are also HR applications on the global portal which are being utilized on regular basis. What was found as insufficient is primarily the process and service delivery support which doesn't utilize the standard escalation model comprising self-service, service desk, business process team resolution and eventually centers of expertise.

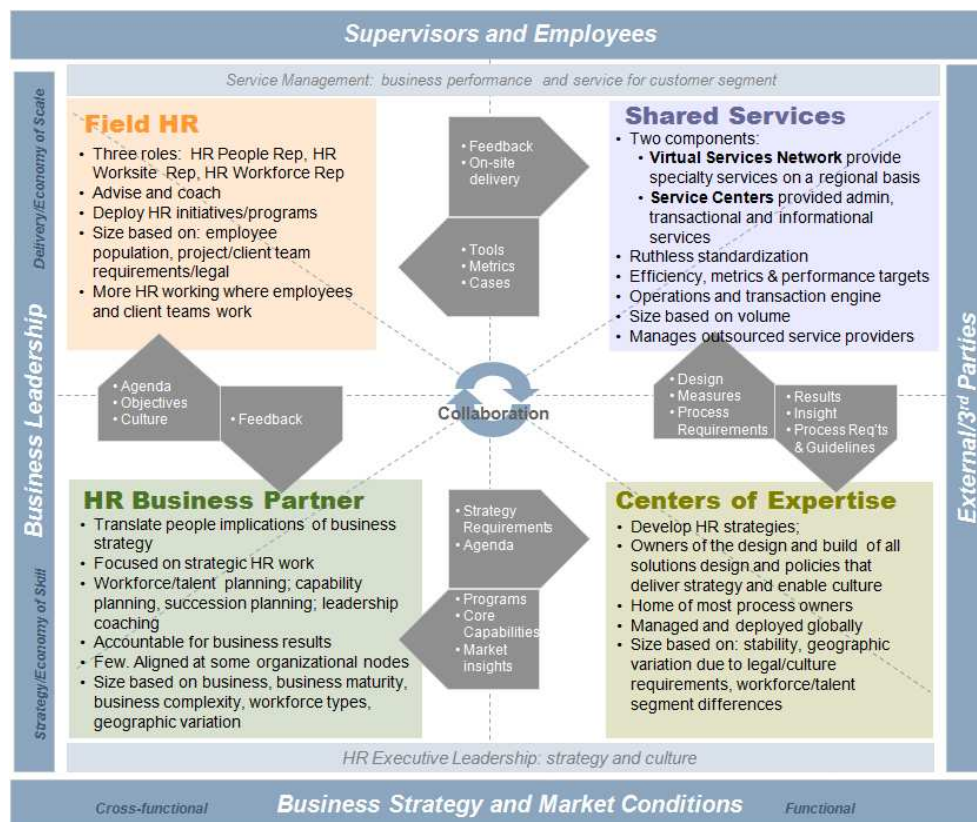
4.2.4.2 New HR model proposition

Based on the findings discovered, HR and business leadership decided to come up with a new HR model proposition that will meet the criteria which will eventually lead to achieving the HR vision. The criteria are the following:

- Differentiated services at differentiated costs
- Process fit for purpose and decision making process simplification
- Cost efficiency
- Scalability and flexibility in embracing current and future operating structures and services
- HR career experience enhancement

The model is depicted below. It comprises 4 main pillars that together form the human capital operating model. The function of all the pillars will be explained below the model.

Diagram 4.5



Field HR – this block within the new HR model is situated locally supporting the regional business entities. This block comprises recruitment, training, HR representatives and HR operations. The objective of the local HR is to deploy the HR strategy, programs and initiatives proposed by the HR business partners. One of their tasks is to also provide the feedback about the effectiveness of the deployment.

HR business partners – the HR professionals in this block are the employees who are the closest to the business leaders and play a proactive part in translating business strategy into HR strategies. There is a global leadership in which there are HR business partners leaders specialized on the services that the company offers (consulting, technology solutions and BPO). Besides that, there are local geographical unit business partner leads who are assuming the role of the HR lead for the region, thus being the main partners to the business.

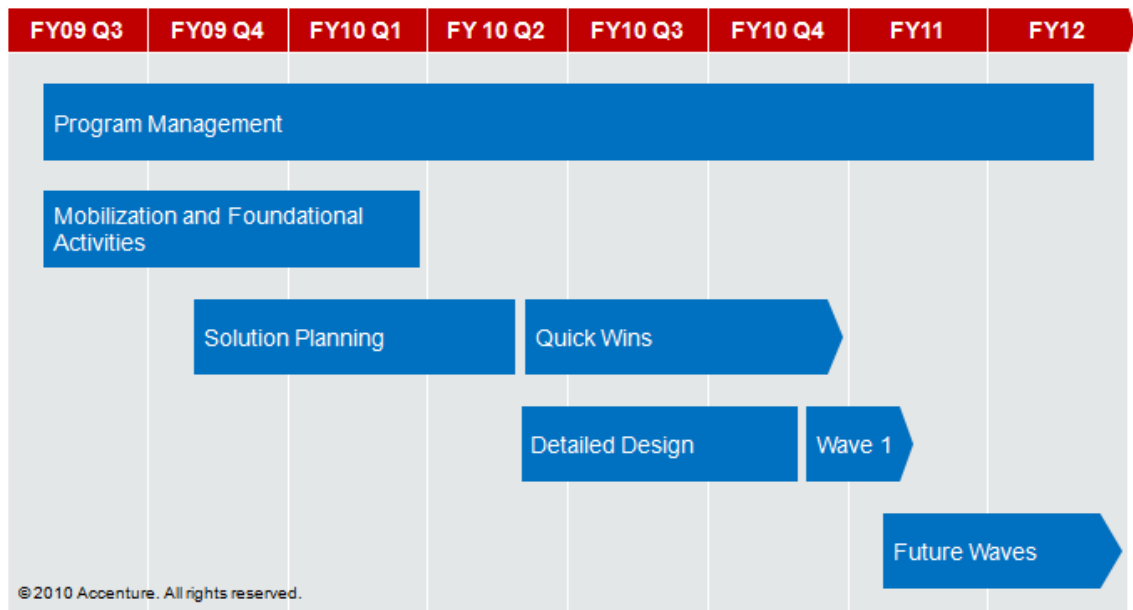
Centers of expertise – this block is a new part of the HR organization. It will assume the role of a virtual team which will have representatives appointed and selected from different regions to ensure the needed diversity. The role of this team will be to develop, design and build HR strategies, provide expertise on different HR issues and make sure that they are managed and deployed globally. This new block within the HR organization is crucial for delivering value added services to provide an expert view on different matters. This virtual team will have regional representative to have a continuous link with regional HR to be relevant also for local HR teams.

Shared services – Shared service center is an offshore virtual team which is also new to the model. Its main task is to provide services which mainly have to do with transactional, administrative and informational activities which have been up to now operated by HR local teams, but could have been done from elsewhere. The main idea of this team is to take off the burden of these activities from the local HR team so that they can concentrate and have more time to provide to spend on their core activities and thus, provide greater value added to the local business.

4.2.5 Impact of the new global HR model on the local HR

The diagram below depicts the HR transformation time line. One can see that the HR transformation has already been in progress for roughly 2 years.

Diagram 4.6



The detailed designed was completed at the end of the fiscal year 2010. Now the HR transformation is being implemented across the world. The local HR which belongs to the IGEM region (Italy, Greece, Eastern Europe and Middle East) is in the section Future waves, specifically in the wave 2. The HR transformation will start being implemented at the beginning of fiscal year 2012 (November 2011). The impact that the HR transformation will have on particular regions will differ based on the current state of the particular HR organizations.

As far as the local HR is concerned, there is certain level of autonomy in adjusting the local HR model since the current model has proved to be quite efficient already.

Yet, one can already see the benefits of the new HR model and its impact on local HR:

Recruitment, HR operations and team of HR representatives have already started to offshore some of its activities. As already mentioned, these are primarily the transactional activities and administration activities which will lead to significant time savings. According to the capacity planning survey, the saved time on these activities will account for nearly 15-20%. This will play a crucial decision for the local HR as to where to allocate this 15-20 percent of time savings. As suggested by the global HR leadership, the future HR organization needs to be proactive and more aligned to the business and so this will be one of the tasks for local HR as well.

Another significant impact of the new HR model is the role of centers of expertise in the HR. these teams will provide the local HR teams with the expertise on different HR strategies. Therefore, the business partners will have a possibility to liaise with the

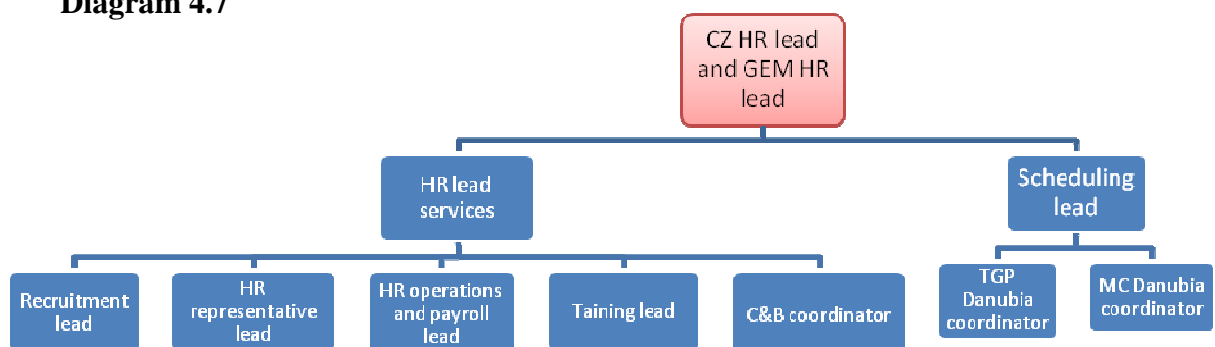
centers of expertise on regular basis and provide business more expertise and added value than before. Since the centers of expertise will take over some of the HR business partner activities connected with the in depth expertise and process design, it is expected that business partners will have more time to spend on HR strategic activities with the business leaders. This will also have a positive a positive impact and enable a better alignment of HR and business.

At the moment, it is up to the local HR leadership to decide where the change in HR is needed to achieve higher flexibility, pro-activity and efficiency. Before any changes are to be implemented, local HR also needs to undertake the analysis of its current state. The first part called capacity planning has already been done. Capacity planning is an activity which was partly realized by HR and also by Operational excellence division. This survey exactly mapped all the activities of the HR and broke them down into 3 main tasks: HR strategy, HR transactions & administration and HR planning, program design and management. As the results of the survey suggests, majority of HR tasks are transactional based (see the supplements for the more detailed results). This is now being solved by off-shoring some of these activities.

The other thing survey that was done globally and now needs to be also conducted locally is the executive assessment survey. The objective of this survey is to get a feedback from the main business stakeholders on the HR organization in terms of the relevance and quality of the service that it provides. This activity is crucial in determining the future state of the local HR. More information about the survey is provided in the next section of the thesis.

4.2.6 Local HR organization

Diagram 4.7



The local HR organization comprises around 40 employees. There are 4 main departments which support the business across all its entities. The majority of employees work for BPO since the headcount is much higher than in MC and TGP platforms. Thus, the part of HR organization focuses on BPO, the other one on MC and

TGP. The HR departments are mentioned below:

Sourcing and Recruitment: this department is responsible for sourcing and attracting of talent to all business entities. Its responsibility is to locate the right sourcing channels, attract the right people, interview them, recommend the right candidates to the team leads, be in touch with team leads and managers in order to inform them on the talent supply and condition on the market.

HR representatives' team: this department is a front office of HR; it is in daily touch with employees, business team leads and managers. It also cooperates with other HR teams; it is in charge of objective settings and performance management, coaching of team leads, administration of various personnel activities, etc.

Training: this department is responsible of liaising with business and preparing and updating the training curriculum for the employees, training the employees and procuring the external lecturers.

HR operations team: this is the back office of the HR that is in charge of majority of administrative and transactional tasks and payroll activities.

The head of the HR department is also responsible for GEM region (Greece, Middle and Eastern Europe)

4.2.7 Business assessment of the local HR

As already mentioned, the executive assessment survey is about getting feedback on current state of local HR organization from the main business stakeholders who have the ultimate responsibility for the business. Their output is essential to determine the direction of HR with regards to the ongoing HR transformation.

The executive interviews are being conducted during February 2011.

The participants of this survey from HR organization: the GEM HR lead that will have the ultimate responsibility to decide about the possible changes within local HR organization based on the output of the meetings. The other participant is the author of the thesis who will conduct the interviews with the business stakeholders and present the results to the GEM HR lead as well as the local BPO HR lead. Proposals will also be included as to how the current local HR organization should restructure and where is the room for more value added from the HR perspective.

The output of the interviews will be divided into 2 sections characterizing the business that the company operates in:

- BPO (business process outsourcing) growth platform

BPO platform has to do with outsourcing of the clients processes to the company. The headcount for BPO in the Czech Republic is around 1400 employees. The business is divided into 3 main capabilities (customer service projects, finance projects and HR projects) these services are being outsourced from the whole Europe and the main asset of the employees is the knowledge of different languages together with the skills or potential to work in the particular capability.

- MC, TGP (management consulting growth platform, technology growth platform)

MC stands for management consulting. The main objective of this platform is to provide service with a high level of added value for the clients. The services provided have to do with consulting on client's strategy, customer relationship management, talent and organization performance, supply chain management, etc.

TGP stands for technology platform that provide services in the IT consulting, technology solutions (implementation) and infrastructure and application outsourcing. The idea of this platform is to provide client with a high level IT architecture design, implementation and also an ability to outsource some of its departments to the company.

Both MC and TGP platforms share the operating groups (industries) which they have a specialty in such as financial services, communications and high tech, products, resources, etc. The senior executives for both MC and TGP platforms control the Danubia region (Czech Republic, Slovak Republic, Poland and Romania)

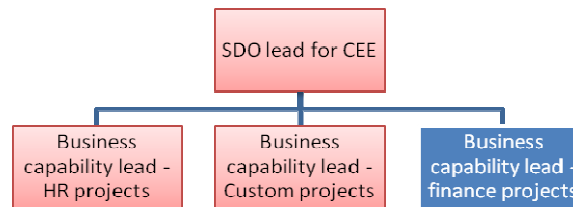
Characteristics of the executive interviews:

The interviews were conducted with each executive individually. The time duration of each was 1–2 hours. The first part of the interview was dedicated to explaining the HR transformation and the objectives of the meeting. The second part was devoted to the business leaders ideas as to what HR functions they are satisfied with, where HR can do better and eventually they have been also asked about the ideas that they would like to share with regards to HR functioning. The interviews were semi-structured. First the executives were asked to evaluate the relevance of each HR function and then there was a more detailed discussion on particular HR functions. Each HR function was described to them based on the activities it involves for a better orientation as one can see in the supplements.

4.2.7.1 BPO (business process outsourcing) executive assessment

BPO top management organizational structure:

Diagram 4.8



There is one person who bears an ultimate responsibility for BPO centers within a region. The next in the hierarchy are the business capability leads responsible for their capability (3 capabilities within the company)

The participants of the HR assessment from the business are the leaders who are depicted in red in the org. chart: SDO lead for CEE, Business capability lead – HR projects, Business capability lead – Custom projects

The business assessment of the HR functions:

Sourcing and recruitment:

All business leaders agreed that this is one of the most relevant HR functions having a great impact on the business.

Areas for improvement:

- More transparency to the whole process
- More frequent communication between recruitment and business
- Better communication between HR reps, recruitment and business
- Pro-activity – recruitment is perceived to be in a reactive mode
- Broadening of channel management
- More effective processing of referrals and transfers
- Attrition analysis

Ideas for improvement:

- Transparency – regular reporting on the pipeline (CVs, relevant candidates, interviews, feedback on the talent supply, situation on the market, etc.)

- Communication – recruitment needs to be more visible, liaise with the business. HR representatives (generalists) and recruitment should communicate together on regular basis for the recruitment to get more insights on the situation at projects
- Pro-activity – connected with the more frequent communication and being able to foresee the talent demand. As one of the capability leads mentioned, control room (weekly meeting of business leaders and HR) is not about business asking what the situation looks like at this or that position, but rather already discussing with recruitment what we can do with the situation.
- Broadening of channel management – initiate cooperation with other countries crucial for the business in terms of recruitment
- Attrition analysis – recruitment needs to be more concerned about this, are there any trends even across countries

Resource planning, talent supply management, scheduling:

3 out of 4 business stakeholders don't consider this function to be relevant for BPO. However, one capability lead stressed this function to be crucial for the business. Therefore, it is also included in the executive feedback overview

Areas for improvement:

- There is a need for resource planning
- The following should be monitored (Exact number of full time employees for deals, Resource planning according to the volume of work, numbers on average fluctuation)

Ideas for improvement:

- Business capability lead admits that this task is primarily a responsibility of the business. He wants the business to get more precise in that to be able to share with HR more exact information on resource planning. He underlines the fact that HR should require this information from the business to be more effective in sourcing and recruitment.

Training and development:

Areas for improvement:

- Communication among training, HR reps and business needs to be more effective
- Training ought to be better interconnected with performance management
- The assessment of training courses attendance and the their relevance for the business
- Measure the impact of training on performance
- Reconsideration of the content of the training portfolio

Ideas for improvement:

- Communication – training should communicate more often with HR representatives and service delivery leads (project managers) who communicate the training needs. Capability leads are the ones who then set priorities which are approved by SDO for CEE lead
- Interconnection of Training with Performance management - Training should be linked to the performance management cycle instead of coming up with the plan at the beginning of the fiscal year
- Training courses assessment, training impact on performance – HR and business could monitor to what extent people attend the courses relevant for the business and observe whether the undertaken training has any impact on the performance
- Training portfolio reconsideration - more stress on coaching and also on the training to be more specific. One capability lead considers the courses to be rather general. The other lead thinks the courses are set primarily on F&A capability

Objective setting, performance management:

All 4 business leaders agreed that this is one of the most relevant HR functions for the business. All of them also consider the process to be very good. However, there execution of the process needs to be improved.

Areas for improvement:

- Data quality improvement
- SDLs awareness of the importance of this process
- Rating assessment

Ideas for improvement:

- Data quality – HR needs to explain the importance of data quality and challenge business in the form of audits during performance reviews. HR and business need to emphasize that objectives need to be SMART

- SDLs awareness of the process – HR needs to be more persistent in educating SDLs on the data quality importance as well as on rating their employees
- Rating levels - It is position based, the peer comparison is not necessary, this is rather suited for consulting

CompenBen:

There were neither objections nor any special ideas regarding this HR function. The notion is that it works very well.

Employee relations, communications:

This is the HR function where the opinions of the business leads on the importance differed quite dramatically. Some of them considered communications as very important, others not that much. Since this is the function which is not thoroughly tackled neither by business nor HR, there are only ideas to be depicted here.

Ideas for improvement:

- Greater engagement of HR in business meetings, based on which communication strategy plan could be proposed (what to communicate, how to motivate employees, engage them, etc.)

HR management:

Areas for improvement:

- More effective communication, sharing information across HR
- Time capacity, pro-activity

Ideas for improvement:

- Effective communication – HR representatives should communicate across the whole HR (recruitment training) to have a better picture about the business
- Time capacity, pro-activity – 2 business leads mentioned the fact that there should be 3 senior HR representatives for each capability. This would lead to time savings and a better concentration on the business.

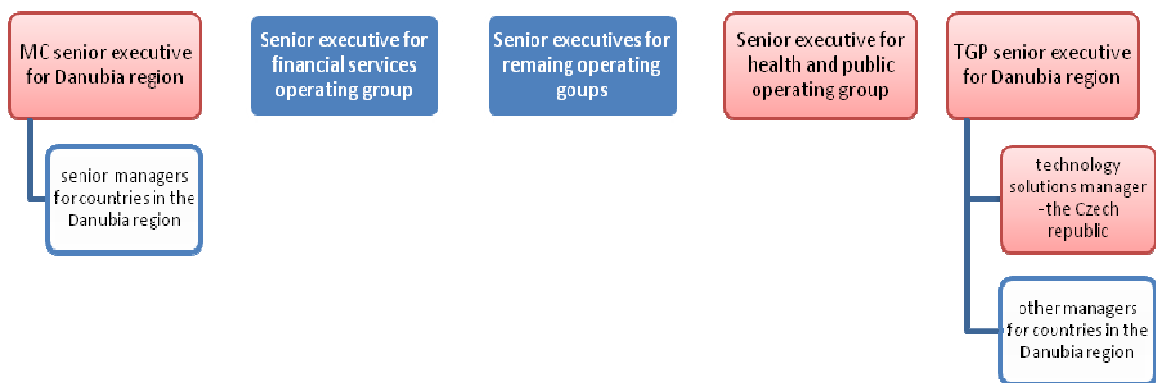
HR information systems, reporting:

The business leaders don't consider this function to be highly relevant for the business. However the ones who are in charge of more countries ask for consolidation of HR reports.

4.2.7.2 MC, TGP platform

MC and TGP top management organizational structure

Diagram 4.9



On the organizational structure, we have senior executives (partners) who are responsible for operating groups (industries) where company operates. In addition to that the company has 2 senior executives (partners) who are responsible for MC and TGP platform and directly supervise around 350 employees across Danubia region. Within the two platforms, there are senior managers and managers leading the projects.

The participants of the HR assessment from the business are the leaders who are in red in the org chart: MC senior executive for Danubia region, senior executive for health and public operating group, TGP senior executive for Danubia region and technology solutions manger for the Czech Republic

General feedback on HR from both AMC and TGP business leaders:

- The feeling is that MC and TGP is worse off at the expense of BPO
- There used to be a greater alignment before BPO center was established in the Czech Republic
- HR organization starts to be perceived as a transactional activity
- There is not enough dedicated time from HR to strategic activities as it should be
- MC and TGP requires a differentiated approach, segmentation

- Executives are coming up with the HR initiatives and HR is in a role of legislation and process approver.
- Individual HR functions are separated across workforces as well as countries
- The HR people in these functions appear to be in isolation.
- The HR processes, data and reporting are not standardized.
- The HR model doesn't copy the business model in terms of the platforms, regions, e.g. 3 HR representatives for TGP platform only in the Czech Republic, the same applies to other HR departments.
- At this moment, there is a TGP coordinator whose role is to unify the process so that the outputs are relevant and universal.

Business assessment of the HR functions

Sourcing and recruitment:

As suggested by 2 out of 4 leaders with the third one having no objections the recruitment process works without problems. However, there are several areas for improvement.

Areas for improvement:

- Clear brand and positioning of MC on the market
- More creativity from sourcing and recruitment in order to attract the best people
- Clear borders as to when it is possible to cooperate with agencies for Technology solutions positions
- Web application for currently open positions

Ideas for improvement:

- Brand and positioning of MC – we need to do better to promote the fact that the company stands also for MC and that this is the conventional wisdom on the market (the job of business, HR and marketing)
- Creativity – sourcing and recruitment needs to be more creative in attracting the best people. Job fairs are not enough, for example, student clubs need to be established at universities to which our people would be linked

Resource planning, talent supply management, scheduling:

All of the 4 business leaders are satisfied with the process, they like the way it is set up, they have no objections to that. They consider it to be a great success.

Ideas for extending of the scheduling:

- The senior executive for MC would like to see his people to participate on the projects not just in the Danubia region, but also in other countries in Europe or worldwide. This is the value proposition that he would like to offer to them. The need for mechanism to keep track of the projects in English.

Training and development:

Globally driven, the way it works is satisfying.

Objective setting, performance management:

3 leaders out of 4 agreed that the process is fine, but the execution from the HR is rather transactional, administrative. 2 leaders consider this function as one of the most important ones.

Areas for improvement:

- Data quality assessment
- Personification of the process
- More pro-activity

Ideas for improvement:

- Data quality assessment – there is a need to really follow the data quality
- Personification, pro-activity – business leaders really stressed that HR representatives should spend more time on the project with the people to bring personification into the process, take time to talk with the managers about the objectives, performance management

CompenBen:

No specific ideas or objections to this function, it works fine.

MC senior executive likes the fact that there is a SPOC for the region which is the standardization that they would like to have in other HR functions as well

Ideas for improvement:

- MC senior executive would like HR to cooperate and be more engaged in initiatives and programs regarding Compenben, especially in terms of motivation, behavior with regards to the rewards model (base pay, variable pay for sales, etc.)

- The division of the platform should be also considered with regards to compenben. MC should be better compensated based on MC positioning of strategic salary comparisons.
- TRP (total rewards plan) should be concerned with balancing e.g. for the next 2 years (what will be the market prices, what will be our forecasted sales, which cost rate will we be able to put up with)

Employee relations, communications:

2 business leaders placed an emphasis on this HR function

Ideas for improvement:

- Senior executive for MC sees this role at the HR business partner level. Based on the 3D meetings that HR business partner attends, a communication plan ought to be proposed (HR should be the owner of the communication plan)

HR management:

3 senior executives see the role of HR management in TGP/MC coordinator who they see as a very important person, SPOC, lead of the platform for the Danubia region.

Areas for improvement:

- Coordinator need to spend more time with the business, advise managers and people on HR activities
- HR structure needs to be more aligned to the business one

Ideas for improvement:

- More time spent with managers, people – to give coordinator more time, it is necessary to align HR structure to the business so that TGP/MC coordinator has only a few SPOCs for each HR function across the region
- HR structure alignment – one senior executive specifically suggested to have senior HR representative for TGP platform either locally or cross countries for more efficient for more efficient communication. He would like to see this also for other HR functions. The other leaders also call for a restructuring of HR so that the communication gets more efficient.

HR information systems, reporting:

This is not considered as a main function, yet, it causes difficulties and therefore it was mentioned especially by 3 senior executives who work across countries.

Ideas for improvement:

- Unification, standardization of HR reports across region

4.2.8 Assessment of HR transformation and its relevance for local HR organization

The initiation of the global HR transformation project certainly has its justifications. Given the fact that the company has changed rapidly in terms its headcount, portfolio of services as well as numbers of geographies it was necessary to think about the HR and its alignment to the currents business strategy.

As an unbiased observer, the new global HR model and its application in local HR organization has definitely something to offer. Unlike before, the utilization of the “global HR knowledge database” will now be possible to share through the centers of expertise covering all regions worldwide. This is the positive change which will bring more expertise into local HR organization. It will also enable to deliver the service in a higher quality. Another positive thing is the delegation of transactional and administration activities. This change will bring positive implications since the local HR will be able to focus on more important activities. These are the two main global initiatives which are relevant and which will be implemented regionally.

What needs to be drawn attention to is the fact that the *HR transformation is not only about the introduction of a new HR model. It is also a new philosophy of the HR organization, the change of mindset of HR people.* It has to do with pro-activity, bringing more value added to business and last but not the least, enabling HR people to have an interesting career in HR organization. The new philosophy is promoted quite extensively on the global level, but the consideration and its consequent deployment on the regional level is up to the local HR leaders. Therefore, it is up to them to really embrace this new initiative and make sure that it gets done. Since the HR transformation is not finished yet, the success of its implementation cannot be really assessed, but there can be justified doubts that global HR transformation will take place only globally with only a small impact on regions especially in terms of the pro-activity and true partnering of HR professionals with business.

4.2.9 Assessment of local HR, proposals for improvements

There are two angles from which one can look at the local HR organization. It is HR perspective and business perspective.

Business perspective has already been addressed in the previous sections of the thesis. The most profound word that the business kept repeating even across the business entities is the pro-activity, value added, better alignment. Despite the fact that there is a room for improvement, business attitude toward local HR is overall positive. Business leaders encourage HR to work mutually more closely, they are ready to be challenged by HR on different matters regarding people and most importantly the business recognizes the importance of HR and its tremendous impact on the business results.

HR perspective of local senior professionals is surprisingly very similar to the feedback that has been provided by business leaders. They are in most of the cases aware of the problem which hinders them from doing the real HR work with the people. Most of the HR professionals agree that the problem causing this is the overload of transactional and administrative activities. The practice is that even senior HR professional spend most of their time on these activities. This is true especially for HR representatives who are meant to be the ones who spend most of their time with managers and other employees. Due to this overload, the real HR activities mentioned by the business have been suppressed and mindset of HR people was switched to activities which they need to get done. These activities have little value added for the business and are mainly focused on administrative tasks.

The positive thing is definitely the fact that HR and its processes are in most cases set up very well and thus, the only thing is to reorganize the HR structure in a way that allows HR professionals to focus on not only supervising the processes, but also challenging business to pay attention to the quality and importance of the HR processes.

The second positive thing is the fact that HR feels that there is a need for continuous change and so the CZ and GEM HR lead initiates further discussions with the leads of individual HR departments to bring about more value added for the business. The executive assessment played an important part in this initiative and it will also serve as a ground for HR discussion as to what internal changes to make to meet the needs of the business.

5 Conclusion

Alignment of HR strategy to the business strategy truly is a very demanding task which takes a continuous effort as this is a never ending process. One has to really take time to get to know the business, its strategies, and its leaders to understand what the company is about. Therefore, a significant part of the thesis is devoted to a business strategy and its components. The complexity of the business strategy is brazen. The ideation (purpose, identity, long-range intention), nature (culture, structure, strategy) and vision (goal, strategy, metrics) are the 3 main pillars on which the business strategy is built upon. For a better imagination of these main pillars serves the diagram depicted in the section business strategy. Coming back to these pillars and their individual components one can start observing the patterns which are undoubtedly linked to the Human capital strategy from which HR strategy is established. To be more specific, let's take into consideration identity. This has to do with how a company wants to be perceived on the market as well as by its employees. It determines whether the company is customer oriented focusing on customer experience and relationship, or if it is concerned with operational excellence charging really low costs. Each identity requires a different mindset, different value proposition, different personnel marketing. For instance, what talent to attract, how and where to source the talent is one of the HR activities in this pillar. Therefore, it is crucial to contemplate about the right alignment in this area.

The second pillar is about nature of the company. Nature reflects what culture the company promotes, how the organizational structure is built and what the strategy is. The HR pattern is undisputable here as well. Culture is one of the main components of the Human capital strategy and plays a crucial part in the employees' engagement. Based on the identity of the business and its business strategy, culture is being promoted. It is important due to the fact that it underscores the behavior and qualities that a company wants to nurture and enables transparency in terms of what behavior, attitude, etc. is right and which is wrong. It also underlines the organizational structure which is built primarily on the culture as well as the company's identity.

The last pillar which is concerned with the vision is mainly about the strategy, goals and metrics. All these 3 elements of the vision need to be carefully thought through since they also have a great impact on HR strategy. Specifically, this whole pillar is linked with the motivation, objective setting and most of all performance management cycle which need to be aligned with the overall business strategy and vision. The vision needs to be cascaded the organizational structures to ensure that the whole company has a right direction. Such misalignment of inappropriately chosen objectives and employees' hesitation about their role in meeting the overall vision can have a very serious impact on the company's performance.

As a result, Human capital and HR strategy need to be really taken seriously since both of these strategies are very interlinked with the business one, as mentioned above. The main functions which are hidden behind the HR strategy are primarily *sourcing and recruitment, resource planning, talent supply management, learning and development, performance management, compensation and benefits, employee and labor relations*. This is what every company has to be concerned about. In what extent it has to draw attention to which function depends on the character of the business which is determined by the 3 pillars.

The complexity of the alignment can be also proved on the HR transformation in one of the leading global companies which the practical part is devoted to. The company has recognized the need to transform on the global level to be able to better serve its employees as well as clients and most of all to be able to ensure the sustainable growth.

The lesson learned from this transformation is the reassurance of the fact that HR organization needs to go hand in hand with business and be proactive in change management and in communication with business management since the change from outside the company comes always faster than from inside. Therefore, it is crucial for HR to get immersed in the business strategy to be able to react and keep aligning the HR strategy. The company under scrutiny is a very successful company that managed to grow significantly over the past decade in employee numbers as well as in the number of geographies where it now has offices. This tremendous growth and diversification of services it offers caused that HR, for whichever reason, wasn't able to adapt fast enough and therefore a need for HR transformation arose. The process of aligning as one can see in the practical part is very complex and in the case of the particular company, it only covers the global HR model. It certainly has a regional impact as well, but that differs throughout the geographies which correctly have certain room for decentralization.

Therefore, the need for local alignment which has a direct impact on the business functioning is of the same importance. The rules are very simple again. Regardless of a global or local level, HR and business need to liaise to come up with an HR service which contributes to the company's operating model. The process of assessing of HR organization depicted in the practical part has a wide application on companies of different sizes, different geographical scale. If the global multinational companies are taken into account, the trend they currently take after assessing their organization is the offshore and near-shore model where there are virtual teams dedicated to transactional and administrative activities as well as virtual team with a deep expertise on different HR functions that assume the role of process and design owners. The near-shore solution lies on the HR professionals who are in daily touch with the business coming up with the strategies and deploying continuously. The model can prove very effective

in one company; on the other hand, it can also badly fail in the other. The answer as to why this can occur lies in the effective communication and most of all employees' engagement. The companies who have a high engagement index tend to outperform the ones with lower engagement index. These companies excel at communicating their vision to its employees creating a transparent environment to work at with a mutual objective that everyone is aware of.

The conclusion of this last paragraph as well as the whole thesis lies in the idea that the alignment of business and HR strategies is tremendously important for the whole business which 100 percent confirms the hypothesis stated in the methodology. To make this alignment really efficient, though, one needs to look at it from different dimensions. The first thing is to get right the HR model which meets the demand of the business. the other things which are equally vital is the continuous change management necessary in the turbulent markets and the last but not the least the effective communication to ensure engagement of all parties as high performing organizations manage to do. If a company is able to cope with these attributes its place on the market should be undisputable.

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7 Diagrams

Diagram 2.1: Created by the author

Diagram 3.1: Created by the author

Diagram 3.2 – 3.5: Morgan M, Raymond E. Levitt and William Malek, Executing your strategy: How to break it down and get it done, Harvard Business School, Boston 2007

Diagram 3.6 – 3.8.: Accenture

Diagram 4.1: Accenture

Diagram 4.2 – 4.3: Created by the author

Diagram 4.4 – 4.6: Accenture

Diagram 4.7 – 4.9: Created by the Author

8 Supplements

8.1 Benchmarking

Total HR Function			
HR Cost as % of Revenue (E/R)	HR Cost	%	Total HR Cost / Annual Company Revenue
HR FTEs per B of Revenue	HR Size & Structure	#	Total HR FTEs / B of Revenue
Total HR Cost per HR FTE	HR Cost	\$\$	Total HR Cost / Total HR FTEs
Salary & Benefits Cost per HR FTE	HR Cost	\$\$	Total HR Salary & Benefits Cost / HR FTEs
HR Cost per Company Employee	HR Cost	\$\$	Total HR Cost / Total Company Employees
Company Employees per HR FTE	HR Size & Structure	#	Total Company Employees / Total HR FTEs
Total HR FTEs: % Leaders	HR Size & Structure	%	Total HR Leaders / Total HR FTEs
Total HR FTEs: % Business Partners	HR Size & Structure	%	Total HR Business Partners / Total HR FTEs
Total HR FTEs: % Specialists	HR Size & Structure	%	Total HR Specialists / Total HR FTEs
Total HR FTEs: % Managers	HR Size & Structure	%	Total HR Managers / Total HR FTEs
Total HR FTEs: % Administrators	HR Size & Structure	%	Total HR Administrators / Total HR FTEs
Percentage of HR Time Spent of Strategic Activities	Other	%	% of HR Time Spent of Strategic Activities
Percentage of HR Time Spent on Planning, Program Design, and Management	Other	%	% of HR Time Spent on Planning, Program Design, and Management
Percentage of HR Time Spent on Administrative and Transactional Activities	Other	%	% of HR Time Spent on Administrative and Transactional Activities
Total HR Cost: % Labor	HR Cost	%	Total HR Labor Cost / Total HR Cost
Total HR Cost: % Professional Services	HR Cost	%	Total HR Professional Services Cost / Total HR Cost
Total HR Cost: % Technology	HR Cost	%	Total HR Technology Cost / Total HR Cost
Total HR Cost: % Other	HR Cost	%	Total HR Other Cost / Total HR Cost
Recruiting & Deployment (Recruiting)			
Recruiting Process Cost as % of Revenue	HR Cost	%	Process Cost / Annual Company Revenue
Recruiting Process FTEs per B of Revenue	HR Size & Structure	#	Process FTEs / B of Revenue
Recruiting Process Cost per Process FTE	HR Cost	\$\$	Process Cost / Process FTEs
Salary & Benefits Cost per Recruiting Process FTE	HR Cost	\$\$	Salary & Benefits Cost / Process FTEs
Recruiting Process Cost per Company Employee	HR Cost	\$\$	Process Cost / Total Company Employees
Company Employees per Recruiting Process FTE	HR Size & Structure	#	Total Company Employees / Process FTEs

Recruiting Process FTEs: % HR Leaders	HR Size & Structure	%	Process Leaders / Total Process FTEs
Recruiting Process FTEs: % HR Business Partners	HR Size & Structure	%	Process Business Partners / Total Process FTEs
Recruiting Process FTEs: % HR Specialists	HR Size & Structure	%	Process Specialists / Total Process FTEs
Recruiting Process FTEs: % HR Managers/Supervisors	HR Size & Structure	%	Process Managers / Total Process FTEs
Recruiting Process FTEs: % HR Administrators	HR Size & Structure	%	Process Administrators / Total Process FTEs
Mgmt/Professional External Recruitment Rate	Organisation Growth	%	Total No. Mgmt & Professional External Hires / Total Company Employees
Non Mgmt External Recruitment Rate	Organisation Growth	%	Total No. Non Mgmt External Hires / Total Company Employees
Graduate Recruitment Rate	Organisation Growth	%	Total No. Graduate Hires / Total No. Company Employees
Internal Appointment Rate	Internal Resource Utilisation	%	No. Internal Appointments / Total No. Company employees
Internal Promotion Rate	Internal Resource Utilisation	%	No. Internal Promotions / Total No. Company employees
Open Positions as a % of employees (estimated)	Internal Resource Utilisation	%	No. Open Positions/ Total No. Company employees (or estimated %)
Career Path Ratio	Internal Resource Utilisation	%	No. Internal Promotions/ Internal Appointments
Cost per Hire	Process Effectiveness	\$\$	Total Recruitment Costs for External Hires/ Total No. External Hires
Cost per Hire - Mgmt/Professional (estimated)	Process Effectiveness	\$\$	Total Recruitment Costs for Mgmt/Prof Hires/ Total No. External Mgmt/Prof Hires (estimate % split across all hire groupings)
Cost per Hire - Non Mgmt (estimated)	Process Effectiveness	\$\$	Total Recruitment Costs for External Non Mgmt Hires/ Total No. External Non Mgmt Hires (estimate % split across all hire groupings)
Cost per Hire - Graduate (estimated)	Process Effectiveness	\$\$	Total Recruitment Costs for Graduate Hires/ Total No. Graduate Hires (estimate % split across all hire groupings)
Cost per Hire - Internal Hire	Process Effectiveness	\$\$	Total Recruitment Costs for Internal Hires/ Total No. Internal Hires (estimate % split across all hire groupings)
External Offer Acceptance Rate	Process Effectiveness	%	Total No. External Offers Accepted/ Total No. External Offers Extended
Time to Start – Mgmt/Prof External Hire (estimated)	Process Effectiveness	# Days	Total Time to Start/ Total No. Mgmt/Prof External Hires (estimated figure)
Time to Start – Non Mgmt External Hire (estimated)	Process Effectiveness	# Days	Total Time to Start/ Total No. Non Mgmt External Hires (estimated figure)

Average Days to Issue Employment Contracts (estimated)	Process Effectiveness	# Days	Total No. Days to Issue Employment Contracts/Total No. Employment Contracts Issued (estimated figure)
% Contracts Issued Right First Time (estimated)	Process Effectiveness	%	Total No. Contracts issued right 1st time/ Total No. Contracts Issued (estimated figure)
Performance & Development (P&D)			
P&D Process Cost as % of Revenue	HR Cost	%	Process Cost / Annual Company Revenue
P&D Process FTEs per B of Revenue	HR Size & Structure	#	Process FTEs / B of Revenue
P&D Process Cost per Process FTE	HR Cost	\$\$	Process Cost / Process FTEs
Salary & Benefits Cost per P&D Process FTE	HR Cost	\$\$	Salary & Benefits Cost / Process FTEs
P&D Process Cost per Company Employee	HR Cost	\$\$	Process Cost / Total Company Employees
Company Employees per P&D Process FTE	HR Size & Structure	#	Total Company Employees / Process FTEs
P&D Process FTEs: % HR Leaders	HR Size & Structure	%	Process Leaders / Total Process FTEs
P&D Process FTEs: % HR Business Partners	HR Size & Structure	%	Process Business Partners / Total Process FTEs
P&D Process FTEs: % HR Specialists	HR Size & Structure	%	Process Specialists / Total Process FTEs
P&D Process FTEs: % HR Managers/Supervisors	HR Size & Structure	%	Process Managers / Total Process FTEs
P&D Process FTEs: % HR Administrators	HR Size & Structure	%	Process Administrators / Total Process FTEs
% Employee Included in Performance Management Process (estimated)	Employee Opportunity	%	Employees Part of Performance Mgmt Process / Total Company Employees (estimated %)
% Appraisals/ Reviews Completed in Agreed Timescales (estimated)	Employee Opportunity	%	Appraisals Completed in Agreed Timescales / Appraisals Performed (estimated %)
% Company Employees Performance Measured via Standard Policy (estimated)	Process Effectiveness	%	Company Employees Performance Measured via Standard Global Policy / Total Company Employees (estimated %)
% Company Employees Whose Performance is monitored on-line (estimated)	Process Effectiveness	%	Company Employees Performance Monitored via an e-performance tool / Total No. Company Employees (estimated %)
Employee Engagement	Employee Incentive	%	No. employees who understand how their individual performance contributes to business goals/ total no. employees (estimated %)
Learning			
Learning Process Cost as % of Revenue	HR Cost	%	Process Cost / Annual Company Revenue
Learning Process FTEs per B of Revenue	HR Size & Structure	#	Process FTEs / B of Revenue
Learning Process Cost per Process FTE	HR Cost	\$\$	Process Cost / Process FTEs
Salary & Benefits Cost per Learning Process FTE	HR Cost	\$\$	Salary & Benefits Cost / Process FTEs
Learning Process Cost per Company Employee	HR Cost	\$\$	Process Cost / Total Company Employees

Company Employees per Learning Process FTE	HR Size & Structure	#	Total Company Employees / Process FTEs
Learning Process FTEs: % HR Leaders	HR Size & Structure	%	Process Leaders / Total Process FTEs
Learning Process FTEs: % HR Business Partners	HR Size & Structure	%	Process Business Partners / Total Process FTEs
Learning Process FTEs: % HR Specialists	HR Size & Structure	%	Process Specialists / Total Process FTEs
Learning Process FTEs: % HR Managers/Supervisors	HR Size & Structure	%	Process Managers / Total Process FTEs
Learning Process FTEs: % HR Administrators	HR Size & Structure	%	Process Administrators / Total Process FTEs
Internal Learning Investment per Company Employee (estimated)	Commitment to Learning	\$\$	Total Internal Learning Costs / Total Company Employee (estimated % split across internal & external costs)
External Learning Investment per Company Employee (estimated)	Commitment to Learning	\$\$	Total External (Professional Services) Learning Costs / Total Company Employees (estimated % split across internal & external costs)
Learning Hours per Company Employee (estimated)	Commitment to Learning	# Hours	Total No. Learning Hours / Total Company Employees (estimated figure)
E-learning Delivery Rate	Cost Driver	%	Total No. Courses delivered via e-learning / Total No. Courses Delivered
Learning Investment as % of Compensation	Commitment to Learning	%	Process Cost / Total Compensation

8.2 Time distribution survey

This is the Section 1 template which is about demographics and overall time spent.

Directions:

1. Add additional choices or edit the question in the "edit box" of each question.
2. If you do not want a certain question asked, please indicate that in the "edit box" with the word "delete"
3. You may add additional demographic questions. Please add at the bottom of this worksheet.

NOTE: If you are planning on extracting demographic information from the client's HR system; you do not need to indicate that on this document. Please use the "background" variables worksheet to export the data. Use this worksheet for any questions that the respondents will be asked, not what will be uploaded behind the scenes. These questions can be samples of what you should be capturing on your "background" worksheet.

Edit

1	Are you a member of your organization's HR function?	
	Yes, I am part of HR.	
	No, I am not part of HR.	

2	What is your HR functional area?	
---	---	--

HR Operations/Admin (e.g., Benefits, Payroll)
Generalist
Recruiting
Training/OD
HR Legal
Workers Comp
HR Finance

--

3 What is your job title?

Senior Vice President
Vice President
Senior Director
Director
Executive Director
Senior Manager
Manager
Product Manager
Project Manager
Associate Manager
HR Supervisor
Benefits Associate/Analyst/Representative
Compensation Analyst
Executive Assistant
Public Relations Coordinator
Office Manager
HR Assistant
Project Coordinator
File Clerk
Receptionist
Coordinator
Senior HR Admin Analyst
HR Administrator
HR Assistant
HRIS Analyst
Fair Employment Counselor

--

4 What is your level/grade?

Management

--

	Individual Contributor	
5	What is your Employment Status? Full-time Part-time Contractor/Temp/Consultant	
6	What is your Salary/Benefits? Number range Number range Number range	
7	Your Typical Work Week How many actual hours, on average, (including time outside of the office) do you work during a typical work week?	Project team: Respondents will enter in a value
8	On average, what percentage of time worked do you spend performing HR-related Activities (e.g. recruiting, staffing, employee relations, and payroll etc.)? Please do not include the time you spend on non-HR related Activities (e.g. facilities, operations, finance and accounting).	Project Team: If the respondent spends less than 100% on HR-related Activities, he/she will be prompted to respond to the following question. If the respondent spends 100% of time on HR-related Activities, this question will be skipped.>
9	You previously indicated that you spend [Non-HR%]% of your time working in non-HR related Activities. Please indicate where you spend all (100%) of your non-HR time among the following non-HR related Activities. The total percentage of time you enter for non-HR related Activities should equal 100.	
	Non-HR related Activities, example: Finance & Accounting Executive secretarial support and management Operations Receptionist support and management Facility management activities Non-HR continuous improvement projects	Project Team: If you want to include the option for distributed time across non-HR Activities you may list them here:

	Other (please specify)	
	Amount	
	Your Organization	
10	What organization do you belong to?	
	Centralized HR	
	Retail	

11	What is your geographic location?	
	United States	
	Europe	
	Asia	
	Latin America	

12	Which Business Unit or Organization do you provide HR Services to? (Note: if you spend time performing HR Activities supporting several Business Units or organizations, please select all that apply).	
	Consumer	
	Commercial	
	Supply Chain	
	Corporate - Finance	
	Corporate - IT	
	Corporate - RQI	
	Center of Excellence - Organization Development	
	Center of Excellence - HR Service Center	
	Diversity and Inclusion	

13	How do you allocate your time amongst the business units and/or organizations you support?	<i>Note: List should match those in question 11 as in this question, the respondent will actually assign time.</i>
	Consumer	
	Commercial	
	Supply Chain	
	Corporate - Finance	
	Corporate - IT	
	Corporate - RQI	
	Center of Excellence - Organization Development	
	Center of Excellence - HR Service Center	
	Diversity and Inclusion	

14	How long have you worked at <Client>?	
	0-5 years	

	6-10 years	
	11-15 years	
	16-20 years	
	20+ years	
15	What represents your highest level of education	
	High school graduation	
	Some college/university	
	Associates degree from a college/university	
	Bachelors degree from a college/university	
	Masters or other advanced degree	
16	Extra Demo Question	<i>If you need additional questions, please add beginning with question 16</i>
	A	
	B	
	C	
	D	
	E	

Directions:

1. Provide any edits to the activities and or categorizations (e.g., S/P/T). Note: The categorizations are behind the scenes and are only displayed via the output of the survey.

HR Strategy (s): Maximize the performance of the workforce

HR Planning, Program Design, and Management (p): Develop and deliver programs that enhance the organization's ability to attract, develop and retain superior performers.

HR Transactions & Administration (t): Handle employee transactions and inquiries; manage vendors, suppliers, budgets, and HR systems

HR Services & Admin	Capability/HR Process Area	Activity Questions	S/P/T	Edit (Activity Questions)	Edit (Categorizations)
Organization Mgmt	Strategy	Provide input on business strategy and align HR strategy to it	S		
Organization Mgmt	Strategy	Define and execute a plan to implement HR strategy	S		
Organization Mgmt	Strategy	Participate in HR governance, including decision making and escalation processes	P		
Organization Mgmt	Strategy	Design the HR scorecard and formulas to measure	P		
Organization Mgmt	Strategy	Track/monitor performance against the scorecard	T		
Organization Mgmt	Strategy	Assess HR structure and define HR operating vision and strategy	S		
Organization Mgmt	Strategy	Design HR organization operating model	P		
Organization Mgmt	Strategy	Define strategies the organization will use to drive change - organization design, leadership development, performance management, cascade vision and goals	P		

Organization Mgmt	Strategy	Provide change leadership to initiatives in the business	P		
Organization Mgmt	Strategy	Related to this Activity area in general, what percentage of your time is spent responding to: Employee Inquiries/Questions Manager Inquiries/Questions Total.	NA		
Organization Mgmt	Strategy	Do you have additional comments related to the work you perform in these tasks?	NA		
Talent Mgmt	Recruiting	Create recruiting profiles and define job requirements (education, experiences, etc.)	P		
Talent Mgmt	Recruiting	Identify and develop sources from which to draw potential resources for the organization, manage external recruiting channels (e.g., headhunters, university/college recruiters, internship programs)	P		
Talent Mgmt	Recruiting	Gather and maintain applicant information, process CV/resumes/applications, maintain information in the applicant database, and communicate with candidates	T		
Talent Mgmt	Recruiting	Evaluate and select suppliers who support non-temporary staffing, including sourcing, screening, advertising,	P		
Talent Mgmt	Recruiting	Create and post job requisitions	T		
Talent Mgmt	Recruiting	Create interview questions and selection criteria, provide interview questions and interview training to interviewers	P		
Talent Mgmt	Recruiting	Filter candidates based on selection criteria and conduct initial interviews	T		
Talent Mgmt	Recruiting	Coordinate pre-employment testing and reference and background checks	T		
Talent Mgmt	Recruiting	Process job offers and rejections	T		
Talent Mgmt	Recruiting	Facilitate the on boarding process, providing orientation programs to new hires, internal transfers, and temporary staff as needed	T		
Talent Mgmt	Recruiting	Assess effectiveness of hiring process and selection criteria	P		
Talent Mgmt	Recruiting	Facilitate internal transfers	T		
Talent Mgmt	Recruiting	Record hires and internal transfers	T		
Talent Mgmt	Recruiting	Create and post temporary staffing requisitions	T		
Talent Mgmt	Recruiting	Confirm candidates and finalize contracts with temporary workers	T		
Talent Mgmt	Recruiting	Confirm and monitor the performance of temporary staffing vendors and assess the effectiveness of the temporary staffing process	P		
Talent Mgmt	Recruiting	Monitor providers of recruiting services	P		

Talent Mgmt	Recruiting	Related to this Activity area in general, what percentage of your time is spent responding to: Employee Inquiries/Questions Manager Inquiries/Questions Total.	NA		
Talent Mgmt	Recruiting	Do you have additional comments related to the work you perform in these tasks?	NA		
Talent Mgmt	Performance	Define relevant job competencies and proficiency requirements	P		
Talent Mgmt	Performance	Administer and manage competency management process	P		
Talent Mgmt	Performance	Evaluate and improve effectiveness of competency management programs	P		
Talent Mgmt	Performance	Document performance issues	T		
Talent Mgmt	Performance	Administer employee performance management programs, conduct skill and promotion assessment processes	T		
Talent Mgmt	Performance	Related to this Activity area in general, what percentage of your time is spent responding to: Employee Inquiries/Questions Manager Inquiries/Questions Total.	NA		
Talent Mgmt	Performance	Do you have additional comments related to the work you perform in these tasks?	NA		
Talent Mgmt	Rewards	Design and develop compensation programs for base salary, short-term incentives, and long-term incentives	P		
Talent Mgmt	Rewards	Monitor compensation and rewards program compliance with legislative and other regulations	P		
Talent Mgmt	Rewards	Design compensation plan communications for the organization	P		
Talent Mgmt	Rewards	Evaluate effectiveness and cost/benefit of compensation and rewards plans	P		
Talent Mgmt	Rewards	Design and develop benefit, retirement, pension, and other non-cash compensation programs (e.g., paid time off, perquisites, supplemental insurance)	P		
Talent Mgmt	Rewards	Monitor benefit and retirement program compliance with legislative and other regulations	T		
Talent Mgmt	Rewards	Evaluate and select vendors who administer benefit and retirement programs	P		
Talent Mgmt	Rewards	Related to this Activity area in general, what percentage of your time is spent responding to: Employee Inquiries/Questions Manager Inquiries/Questions Total.	NA		
Talent Mgmt	Rewards	Do you have additional comments related to the work you perform in these tasks?	NA		

8.3 Executive assessment survey

	Importance 1=Not Important, 5=Very Important					Satisfaction 1=Not Satisfied 5=Very Satisfied				
	1	2	3	4	5	1	2	3	4	5
HR understands the business and acts as a true business partner	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
HR links its operations and initiatives to your current and evolving business strategies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
HR works with your organization to develop a talent plan which will enable you to achieve your business objectives	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The activities HR performs bring measurable results to overall business operations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
HR manages specific changes in your part of the organization	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
HR builds the organization's ongoing capacity for change	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
HR strategic initiatives are given similar attention and priority as other strategic business initiatives in my organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
HR leverages technology to perform HR processes	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

HR function	importance	quality
Sourcing, recruitment		
resource planning		
training, development		
performance management		
Compensation		
Employee relations, communications		
HR management		
HR reporting		



Business shares HR ideas

Agenda:

- HR vision, mission
- A short intro about HR transformation (concept, main objectives, new model)
- Objectives of the meeting
- Discussion about the following HR functions:
 - Sourcing, recruitment
 - Resource planning, talent supply management, scheduling
 - Training and development
 - Performance management
 - Compensation and benefits
 - Employee and labor relations
 - HR management
 - HR information systems and reporting
- Consideration of the global HR transformation initiatives such as HR service catalogue (differentiation of HR services to better react to business needs)
- Summary of the discussion

Vision, mission of the new HR organization

Vision: To be a truly global HR organization delivering extraordinary value to the company's people, clients and communities

Mission: to attract, develop, deploy and retain a highly engaged workforce with differentiated capabilities enabling Accenture and its clients to achieve high performance

How to achieve this:

- Proactive and flexible (differentiated) services
- Consistent, relevant and simplified processes
- Cost efficiency, time efficiency

Accenture HR transformation

Global initiative

Why?

Current global HR model is not sufficient

How did it happen:

- Immense employee growth
- Portfolio diversification
- Entering new geographies

New HR operating model



Centers of expertise



Sourcing, Recruitment

Key competencies identification

Market factors analysis

Tailor recruitment campaigns

Sourcing candidates

Interviewing candidates

On boarding candidates

Selection process definition

Monitor sourcing effectiveness

Recruitment process

Managing transfers

Agency staffing

Screening candidates

Resource planning, talent supply management, scheduling

Business strategic direction / workforce impact

Strategic job evaluation

Workforce supply projection

To-be roles definition

Workforce scheduling

Workforce demand projection

Resource/competency gap analysis

Demand workforce maintenance

WORKFORCE SUPPLY OPTION IDENTIFICATION

Resources deployment

Objective setting/performance management

Organizational objectives awareness

Cascaded organizational objectives determination

Continuous objectives refinement

Multi rater assessment conduction

Performance review conduction

Talent comparison

Learning and development

Learning strategy development

learning objectives determination

costing approach development

target group learning needs assessment

learning results measurement

Learning program delivery

Compensation and benefits

Reward strategy assessment target state definition
external market analysis conduction
Compensation options development Cost modeling
benefits option development
Benefits strategy
Recognition programs awards and presentation strategy

Employee and labor relations, communications

LABOR RELATIONS STRATEGY labor situation analysis
Exit management Policy and procedures management
Leave and absenteeism management
Employee communication strategy definition
EMPLOYEE COMMUNICATION CHANNELS DEVELOPMENT
Communications effectiveness monitoring Communications design

HR management

HR mgt understands the business, acts as a true business partner
HR links its operations and initiatives to evolving business strategies
HR works with your organization to develop a talent plan to meet the business objectives
HR strategic initiatives are given similar attention and priority as business initiatives

HR information systems and reporting

HR analytics Organizational performance analysis
HR applications HR self service
Reporting and analytics Standard report management
Ad-hoc reports development