



IN THE BUSINESS OF YOUR SUCCESS®

Looking Forward: Global Growth with an Eye on Talent

*2014 Global Human Capital Management
Decision Makers Survey*



HR. Payroll. Benefits.

Executive Overview

In an effort to better understand the challenges multinational organizations face along with their focus areas for 2014, the ADP Research Institute® conducted our second annual survey of Global Human Capital Management (HCM) Decision Makers. This survey targeted senior leadership and in particular CHROs of multinational organizations in the regions of APAC, EMEA, and the Americas with more than 5,000 global employees.

The survey asked a number of key questions about a wide range of human capital management (HCM) topics in an effort to understand the impact they have on organizational business strategy. Essentially, the survey attempted to discern the following for large multinational businesses:

- **What are your top business goals?**
- **What are the challenges in achieving those goals?**
- **Which areas of human capital management are most likely to help you in achieving those goals?**

Poised for Growth

This executive brief is a summary of some preliminary findings from the study as well as some recommendations for global organizations that have or plan to embark on the journey of global HCM transformation.

One thing came through loud and clear – for 2014 global leaders are clearly focused on their people strategies. From acquisition through retirement, talent not only showed up in your goals, but was also identified as areas that pose particular challenges to achieving those goals.

Similarly, when asked what areas of HCM were most likely to help them achieve their objectives in spite of the challenges they are facing, again areas of talent management were identified as key levers that could be pulled to effectively execute their 2014 strategic plans.

With the right people, processes and technologies in place to build and maintain global agility, it will be much easier for organizations to take advantage of improving economic conditions worldwide to realize their growth strategies and compete effectively for top talent.



- 1 Expand into new markets
- 2 Leadership pipeline
- 3 Increased business agility
- 4 Risk mitigation
- 5 Workforce development

Agility's the Name of the Game

During the economic downturn; many organizations were stretched thin, had flat headcount and buckled down to ride it out. Now with the economy slowly continuing recover, agility is going to be paramount in attaining a competitive edge.

Rich Talent Pools Needed to Fuel Multinationals Appetite for Expansion

According to the 2014 Global HCM Decision Makers Survey, expansion into new markets was cited as the number one business objective by respondents. As the global economic recovery continues, multinational firms will have to evaluate where their best opportunities for growth lie and develop risk management strategies for entering new markets.

Executives working in North America and APAC-based companies were more positive about their global growth opportunities than those working in Continental European based companies, but all are focused on leadership and workforce development.

Bench Strength is Essential Growth Plans

Similar to the Decision Maker's study, over 50% of respondents in a Worldwide ERC® survey revealed their company's U.S. and global workforce had increased over the previous 12 months – yet nearly all were facing shortages in the qualified talent they need for critical jobs or roles.

As growth strategies become more defined, business leaders will be looking for HR to deliver the talent to make that growth possible. It will be imperative for HR to have a well developed acquisition, development and retention strategy to meet these needs in the face of talent shortages.

61% of global executives predict a **significant growth of employees outside their headquartered countries** in the next two years



- 1 Recruiting and talent acquisition
- 2 Training and development
- 3 Retention
- 4 Cultural difference
- 5 Regulation and compliance

Talent Top of Mind

Whether considering business goals or roadblocks to success, talent was a resounding theme throughout the survey. It is interesting that two of the five business objectives, three out of the top five business challenges and four out of five HCM levers for success identified by executives were talent focused.

While the “war for talent” is a well worn expression, the shortage of skilled global talent that can be deployed globally is a serious, ongoing challenge. Recruiting and acquisition are only the first steps in a well rounded people strategy. As globalization continues and companies look to expand, organizations will need strategic talent plans and policies in place to acclimate and retain their employees, and sometimes their families, to new cultures, languages and policies.

Compliance Becomes More Challenging Across Borders

Large U.S. organizations are challenged with federal, state and local regulations that can make compliance difficult. Multinationals have added layers of complexity due to country, culture and language differences. Without a focused effort on compliance and oversight, multinationals will have a difficult time anticipating and mitigating risk. Agility, the ability to act decisively in this area can make all the difference in mitigating risk across international borders.

THE AVERAGE NUMBER OF HR/PAYROLL SYSTEMS USED BY MULTINATIONAL FIRMS



The Compliance Conundrum

The Global HCM Decision Makers Survey found that 54% of global HR executives view compliance as a “must have.” The same study found that 43% of executives identified the need for additional tax and compliance support. So if global executives understand the importance of compliance and recognize the need for help, what is standing in their way when it comes to appropriately managing oversight and compliance risk across the global enterprise?

**Worldwide,
Averages Rising:
Payroll Vendors 24
HR Vendors 21**

Multiple Systems Impede Risk Mitigation

Maintaining compliance across multiple diverse geographies can quickly become a management challenge as different jurisdictions amend legislation and pass new laws affecting HR policies.

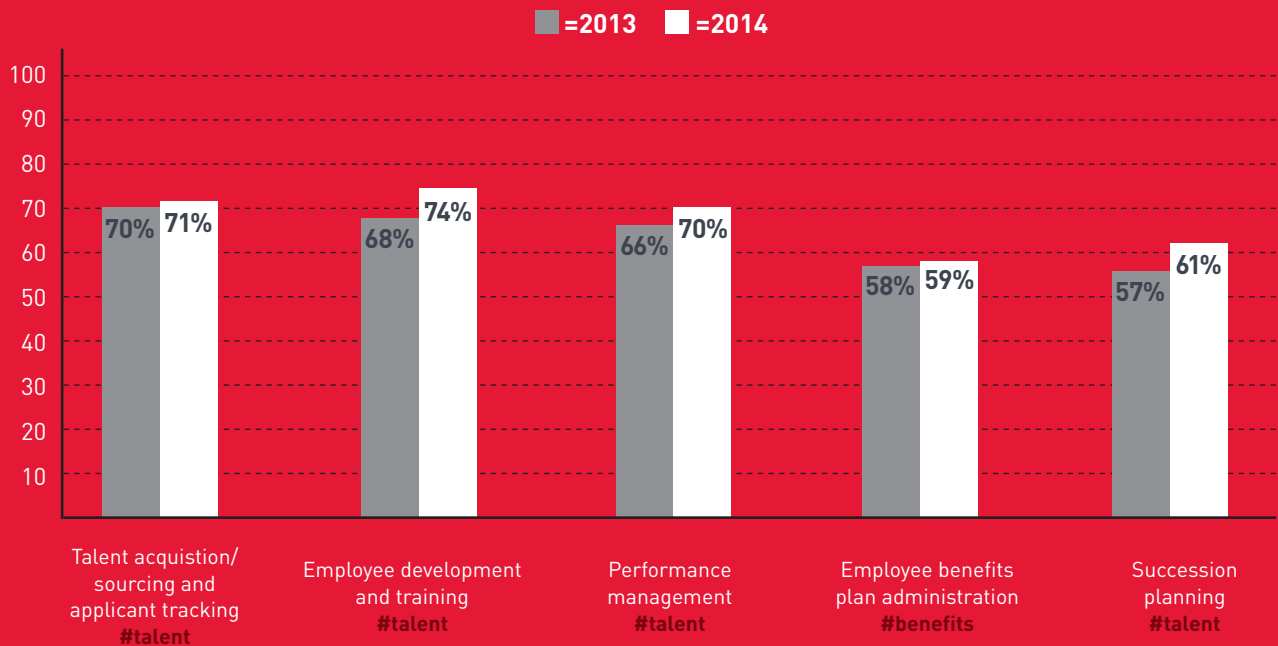
This is made more difficult by the fact that the average number of payroll systems and vendors is 24. Add to that 21 average HR systems and vendors and it is easy to see how that could have a domino effect on tasks like:

- **Managing compensation plans globally across multiple currencies**
- **Tracking employee performance on a worldwide basis**
- **Managing payroll in compliance with local employment practices and privacy rules**
- **Generating management reports that include payroll and HR data on employees worldwide**

Integration between various HR and payroll systems is necessary to provide the oversight and controls necessary to effectively mitigate risk or provide the analytics necessary to make informed business decisions. Unless businesses tackle this challenge of multiple, siloed systems agility and risk mitigation will be extremely difficult for large global organizations.

4 OUT OF 5 ENABLERS TO SUCCESS ARE TALENT FOCUSED

What areas of HCM will have the greatest impact on achieving your business outcomes?



Base: Total Respondents (2013: n=461; 2014: n=566)

Getting Down to the Tactics

When asked what areas of human capital management are likely to have greatest impact on achieving their business outcomes, four of the top five business challenges identified were talent related. From identifying and hiring global talent through on-boarding and retention, talent management is clearly an area that presents challenges for large multinationals. It is also an area that is rich with opportunities to help drive results that will deliver against business objectives.

Virtually every phase of the employee life cycle provides an opportunity to gain a competitive advantage. Recruiting and acquisition help build and sustain a rich talent pool. Performance management data can identify key talent, knowledge and skill gaps and leadership candidates for succession planning. Training and development can strengthen the individual contributors and leadership bench. And compensation and benefits can help recruiting and retention strategies.

Looking Forward

Competitive positioning, future growth and needs, along with an organization's ability to deliver on their goals are intricately tied to overall people strategies. But without simultaneously looking at and improving HCM processes and technologies, success may be hampered.

Recommendations

Nothing is more important to your organization than how well you manage your biggest investment — your people. And it is clear that global executives are making talent management a top priority in their goals and tactical strategies for success.

If you're still approaching HCM the same way you were five years ago, your company is at risk of missing out on major operational efficiencies and productivity gains. By streamlining your HR technology, reducing time-draining repetitive tasks, and creating a performance-based culture, everyone on your team has the power to succeed.

No matter where you are on your path to global HCM transformation — whether you are looking for low hanging fruit or you are ready to tackle bigger challenges, here are a few closing thoughts to consider:

1. Are all the pillars of your talent management strategy (acquisition, compensation, performance, learning, succession) effective in an increasingly global and mobile world?
‣ **Evaluate your talent strategies top to bottom. Your people strategy must align and support your organizational objectives.**
 2. How confident are you that the data you rely on to make critical decisions is accurate and compliant?
‣ **Integrate human capital management data across functions. Silos between payroll, HR, talent, time & attendance and benefits increase costs and risk and decrease productivity and oversight controls.**
 3. Do you have access to accurate data and analytics that make it possible to recognize trends, predict potential outcomes, and anticipate unforeseen risks?
‣ **Harness analytics; data driven decision making is the future of HR.**
- Could an outsourcer do this cheaper or better with less of a drain on my internal resources?
- **Evaluate everything and identify processes that consume a large portion of your time, resources or focus.**

ADP helps global organizations of all sizes blend the right technology with the right people and focus on the right process improvements to drive business results. When you are ready to take your HCM journey to the next level, consider partnering with a leader in the field. Whatever your business goals, we can help you get there faster.



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For more information about ADP, call 1.800.225.5237 or visit the company's website at: www.adp.com.

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