

10 BEST HUMAN RESOURCES BUSINESS PRACTICES



As organizations refocus on growth after some difficult years, HR services are once again being scrutinized for the value they deliver. Is your HR function continuing to grow – both in terms of sophistication and in terms of meeting critical business requirements? And what steps can you take to help ensure optimal performance? A recent survey assessed levels of HR satisfaction around the globe and identified 10 Best HR Business Practices.



10 BEST HR BUSINESS PRACTICES

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Make sure your HR team has “a seat at the executive table”

- “Linked” organizations, where HR executives play an active role in the business, enjoy 15% higher levels of satisfaction with the HR function
 - An active link between HR and the organization benefits both HR and business executives
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Make sure HR is a component of your organization’s strategic plan

- Organizations where HR is a component of the strategic plan enjoy 15% higher levels of HR satisfaction
 - Research findings suggest that the ability of a strategic plan to align business goals with HR at a process level in medium and large organizations is consistent with higher levels of HR process maturity
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Increase the percentage of HR processes that you formally manage

- Comparing organizations where fewer than 25% of HR processes are formally managed to businesses at 100%, organizations that formally manage all HR processes enjoy 45% higher levels of HR satisfaction
 - The specific mechanism you use, whether automated software applications or manual tools, is less important than the commitment to formally managing HR processes
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Maintain a flexible HR services philosophy

- Organizations with a flexible approach to HR services are twice as satisfied with their service providers as organizations that use either highly customized or standardized services
 - Beware of vendors with a prescriptive approach to your needs; begin by determining where inefficiencies and gaps exist in your HR operation and select a vendor with a range of offerings that can meet your current requirements and scale to meet evolving needs
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Consider reducing the number of HR service providers you work with or sole-sourcing

- Significantly more HR executives want to sole-source than are actually doing it
- Sole-sourced organizations enjoy 50% higher levels of HR satisfaction with their service providers than multi-sourced organizations
- These dynamics suggest that organizations are having problems finding vendors that can meet sole-sourcing requirements; organizations interested in sole-sourcing should determine their needs, desired goals and metrics and then use them to evaluate potential service providers (while understanding that only a limited number will be able to provide sole-sourcing)



Recommendations for medium and large companies in North America, based on a recent global survey

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Embrace HR cloud services

- Organizations that use HR cloud services enjoy 20% higher levels of HR satisfaction compared to those that don't
 - Executives interested in HR cloud services should expect vendors to deliver these services through web-based technologies that are simple to integrate and use, and via a flexible contract that emphasizes transactional pricing models
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Consider HR outsourcing (HRO) or expanding your portfolio of HRO services

- Organizations that use HRO services experience 25% higher levels of HR satisfaction versus those that use no HRO services; use of payroll, benefits administration, recruiting and training HRO services is consistent with businesses that have achieved high levels of HR satisfaction
 - Consider payroll and benefits administration HRO to address organizational inefficiencies; consider recruiting and training HRO to support efficient scale as your business returns to growth
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If you use HRO services, make sure your vendor can deliver cost savings and support scale

- The top four sources of HRO vendor dissatisfaction are: "a need to allocate internal resources" and "not cost competitive," which speak to an inability to deliver cost savings; and "difficult to scale" and "inflexible," which speak to problems supporting scale
 - Make sure you have a contract that reflects a clear understanding of cost-saving goals and the metrics required to evaluate HRO vendor performance
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Consider HR consulting to augment staff and evaluate risk

- For organizations that have achieved a high level of HR satisfaction, the most popular consulting services are those that mitigate HR risk (increasingly important as businesses return to scale), implement HR applications and processes, and augment staff
 - Consider HR consulting services to augment staff in situations where an extra set of hands helps fill short-term resource gaps, and to help evaluate risk as your organization transitions from resource conservation to growth
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Look to growing nations for best practices associated with maturing organizations

- Nations in growth mode demonstrate how an HR approach that combines discipline with a range of HR best practices and the strategic use of HR services is consistent with high levels of HR satisfaction
- Take a proactive approach to understanding any sources of HR dissatisfaction in your organization and develop a remediation plan that makes the best use of your internal resources combined with the broad range of HRO expertise available externally

About ADP

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About the Study

In the Spring of 2010, ADP conducted a survey via the internet of 800 Heads of HR, senior HR executives, and other senior executives in the U.S., Canada, Western Europe, China, and Australia.



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