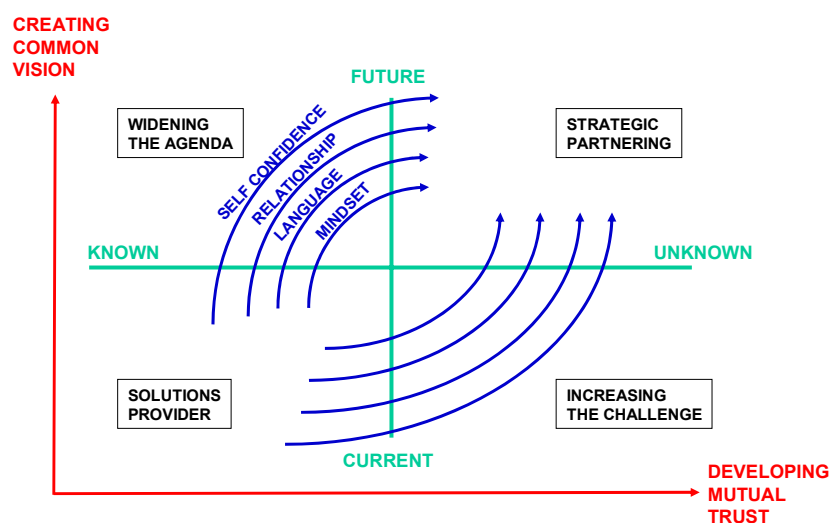


# The Role of HR in a Multinational Organisation

## Making a Strategic Contribution

### HR Transformation Model



Bath Consultancy Group has developed the HR Transformation model to help understand the kinds of contribution, which HR is making to the business. To be a Strategic Partner, HR leaders need to be engaging others on the future issues and opportunities, which face the business. They need to be facilitating the process and raising the challenge of how to deal with these.

Historically the function has been in the solutions box, managing the provision of core people services such as payroll, recruitment administration etc. The need for such services is still essential but these can now be provided in multiple ways, with e-enablement, shared services etc. They should not be the focus of the daily discussions between an HR Business partner and the line managers.

To shift the contribution of the function the HR Leaders need to be broadening the conversation around the future ways of meeting the core needs which are in line with the brand proposition of the business unit. How will the provision of people services contribute to and extend the employer brand in the future? How is the business changing in a global context and what are the future implications for resourcing, retention, talent development etc?

In addition the quality of contribution might be shifted by the way in which the HR team challenge the business. Do they point to the patterns in the culture and management styles which are helping and hindering current business performance? Are they helping their management teams to raise their own leadership contribution?

# The Group HR Role

In a multi business company, the Group HR and Business HR teams need to be clear on the way they work together, and how they can best support the organisation.

All corporate central support functions, including HR, need to define their value-add to the organisation in one of three ways.

## 1. Core Compliance

There is a need to satisfy the basic requirements of governance and reporting that are a consequence of, not a reason for, being a multi-business company. These are about meeting the reporting needs of relevant stock exchanges and other bodies concerned with the whole corporation. They are also about meeting the needs for good governance established by the Group Board, for instance regarding succession management into senior roles, contracts and remuneration for the executive team etc.

## 2. Shared Services

This is where the Group provides services to multiple business units in order to gain advantages over alternative internal or external providers. In HR this might be the provision of a single eHR system or a centralised shared services for transactional support across the group. It might be the management of specialist services at a more advantageous rate than any one business unit might achieve on its own e.g. for learning and development programmes. The challenge is: will it meet the needs of all business units; can they opt out?

## 3. Value Added Parenting

This area provides the logic for the composition and structure of the parent organization and the businesses/units in the group. There are 3 ways in which the central unit might add value:

- **Linking influence** – where the centre is able to co-ordinate the different business units to achieve something collectively that benefits all but would not happen if the centre did not become involved. An HR example might be the creation of centres of excellence to avoid duplication and wasted effort. Possibly working together on a talent framework/process that meets the needs of the businesses but also aligns with the Group level process. This might include facilitation of developmental job swaps between companies.
- **Stand alone influence** – where the Centre is able to add value to a specific BU e.g. by providing some specialist resource to help the local HR team manage a one-off, major change activity. It might be helping to raise the performance of a local HR team through mentoring and development.
- **Corporate development** - this is about helping with the implementation of the strategic agenda of the business e.g. HR support through a new acquisition which is being added to the Group portfolio. Possibly identifying some of the long term people management trends and their implications across businesses and countries.

For a corporate HR group to add value to individual business units there must be the following conditions:

- A “parenting” opportunity - an improvement opportunity that the business management could not easily realise by itself e.g. where the parent has data/knowledge that might not easily be brought in from outside.
- Distinctive parenting characteristics - the skills in the parent to help realise the opportunity unusually well e.g. having the relevant global reward or OD expertise.
- The parent must avoid misfit with the critical success factors of the business - the parental action should not simultaneously destroy significant value in other respects in the business unit(s) e.g. introducing an overly bureaucratic group-wide performance process, which slows down a fast-changing and innovative business unit.

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