

HR SHARED SERVICES STUDY

# Driving a Customer-Centric Employee Experience Through HR Shared Services

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Research highlights from the Kincentric Study  
on the Evolution of HR Shared Services

**KINCENTRIC** A Spencer Stuart Company

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# Executive Summary

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As organizations set their sights on profitable growth, there has been a seismic shift in what executive leadership expects from the human resources (HR) function regarding business strategy support. At the same time, employees increasingly expect HR to deliver a consumer-grade experience similar to what they receive from leading brands.

As a result, HR leaders are doubling down on shared services to help them refocus their resources and put greater emphasis on delivering enhanced customer service and better talent strategies, initiatives, and programs. Kincentrics's 2017 HR Shared Services Study was conducted in order to gain a better understanding of the growth of HR shared services in today's complex business environment. Questions centered on topics such as:

- Why is your organization considering a move to shared services?
- What scope of services will be delivered via this model?
- Are you bundling other business functions with HR?
- How will your employees access and interact with HR shared services?

Key insights uncovered and discussed in more detail throughout the rest of the report include:

- Delivering a better customer experience—rather than cost reduction—is the main driver behind implementing an HR shared services model.
- Organizations are placing greater trust in HR shared services to handle complex administrative processes.
- Despite the growth in global business services, the majority of organizations continue to maintain HR shared services as a stand-alone function.
- Organizations are deploying shared services centers in multiple regions and languages to provide a more customer-centric experience.

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*“...employees increasingly expect HR to deliver a consumer-grade experience...”*

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EXPERIENCE THROUGH HR SHARED SERVICES**

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# Business Priorities Driving Adoption of HR Shared Services

# Business Priorities Driving Adoption of HR Shared Services

Regardless of whether they are selling a product or a service, organizations rely on their employees to deliver a positive experience for their customers. Since the workforce plays a pivotal role in driving the success of the company, it logically follows that services should be delivered to employees in a similar fashion. Increasingly, organizations are recognizing the need to innovate and deliver enhanced service to both their internal and external customers.

HR is seeking to deliver a consumer-grade experience in every interaction throughout the employee life cycle. Yet many HR models are decentralized and siloed, leading to problems with scale, integration, and lack of consistency in delivery, process, and supporting infrastructure. These barriers hinder organizations in their effort to deliver a frictionless experience. As a result, HR leaders often find themselves engaged in low-value activities, preventing them from serving as strategic advisors and drivers of growth and innovation.

## COMMON CHALLENGES WITH HR MODELS



### Employee Frustration

- Broken processes
- Multi-page job aids for basic tasks
- Tactical verses holistic HR customer service
- Not knowing where to go for what
- Multiple systems that don't talk to one another



### Fragmentation and Silos

- Functional silos
- Lack of alignment with business needs
- Inability to mobilize resources
- Lack of integration
- Misaligned HR leadership team



### Inability to Meet Business Needs

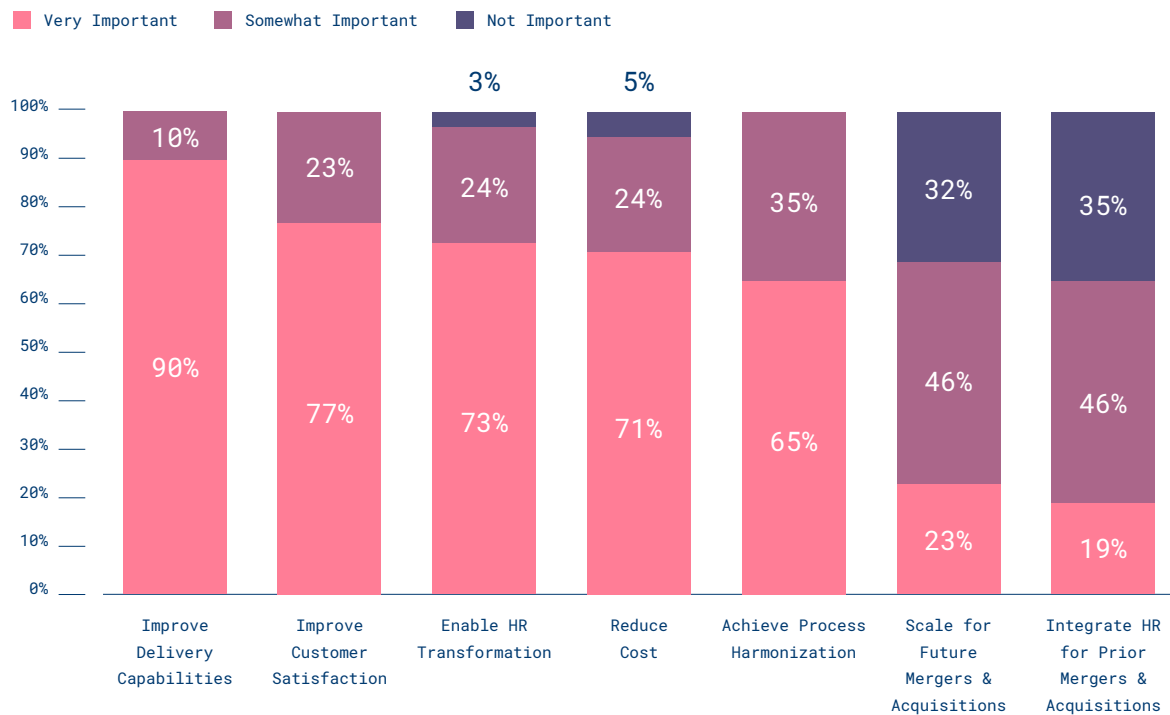
- Lack of understanding of what strategic HR means
- Program focus vs. outcome focus
- Mismatch of capabilities
- Reactive vs. proactive
- Lack of meaningful measurement

# Customer Experience is Driving the Move to Shared Services

In order to reduce employee frustration, eliminate fragmentation, and free up time to focus on more strategic activities, HR leaders are rethinking their HR service delivery models. As a result, HR leaders are turning to a shared services model. While cost reduction remains a key objective

behind the deployment of shared services—cited by 71% of respondents as “very important”—it is eclipsed by the desire to improve delivery capabilities (90%), improve customer satisfaction (77%), and enable HR transformation (73%).

## OBJECTIVES DRIVING HR SHARED SERVICES DEPLOYMENTS



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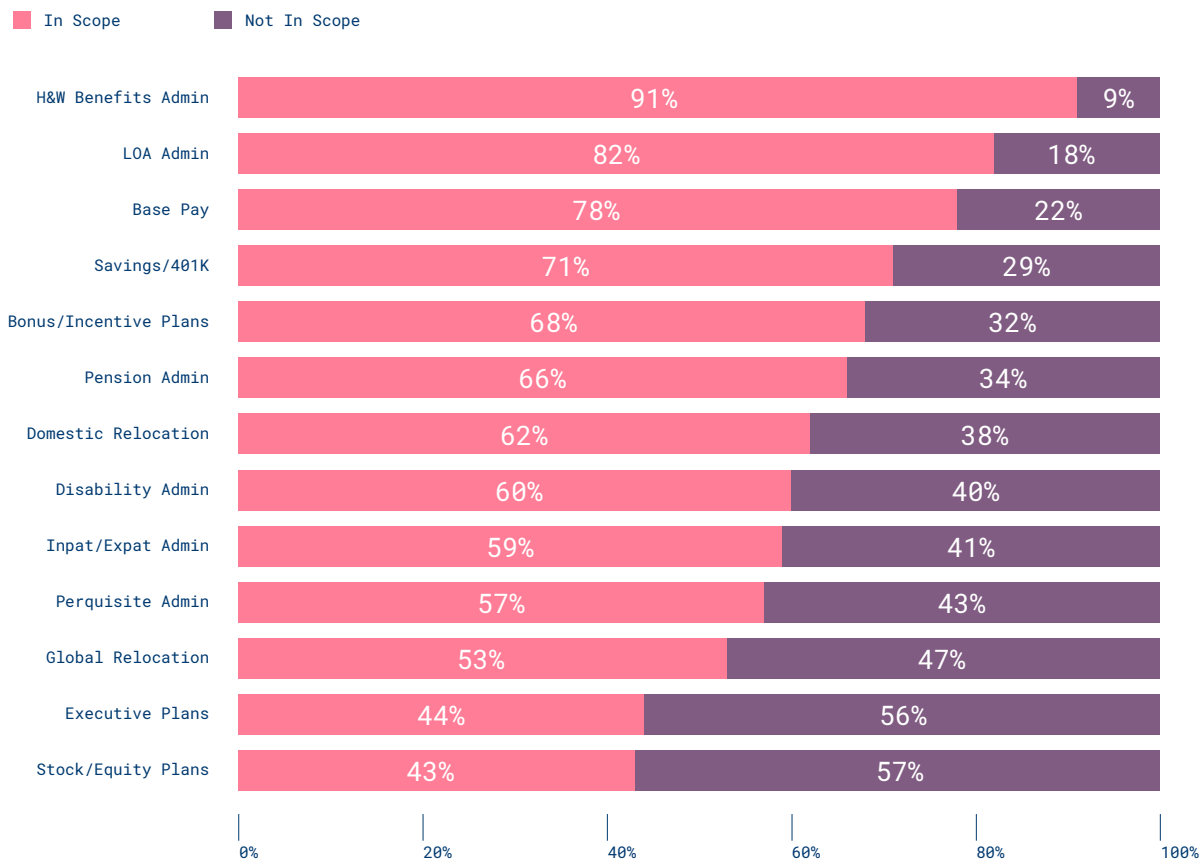
# Expanding Scope of Services

# Support for Complex Total Rewards Work Activities is on the Rise

The top processes in scope for total rewards are health and welfare benefits (91%), leaves of absence (82%), and base pay services, such as managing merit and other base pay changes (78%). Notably, more than 40% of organizations surveyed said they deliver highly complex HR transactions—

including global relocation (53%), executive compensation (44%), and stock/equity plans (43%)—via a shared services model. This points to a promising trend toward greater trust in shared services’ ability to handle complex administrative processes.

## PROCESSES IN SCOPE—TOTAL REWARDS





# HRIS Support and HR Reporting and Analytics are Increasingly Supported by Shared Services

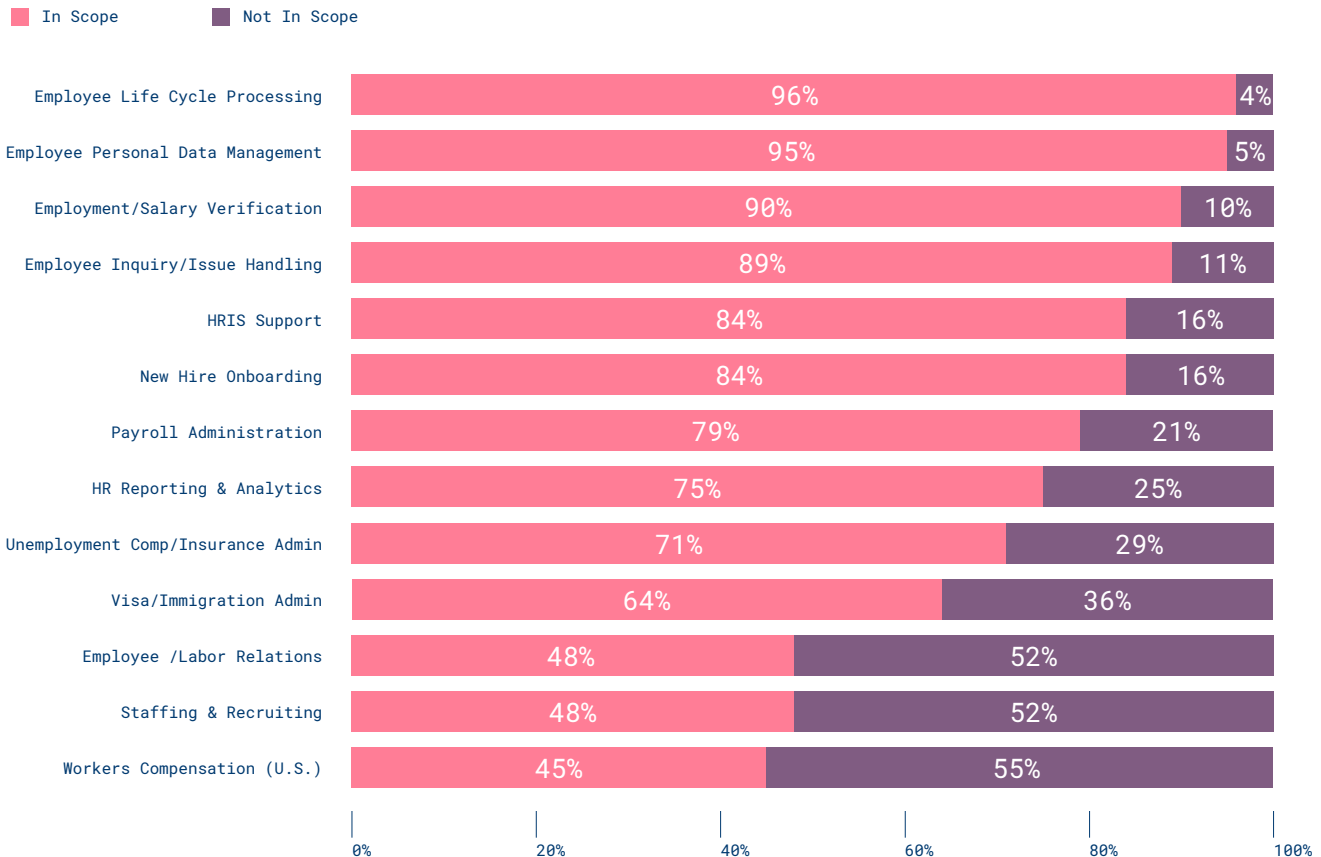
Routine transactions top the list of processes in scope for personnel administration and compliance, with nearly all respondents using a shared services model to deliver employee life cycle processing (96%), employee personal data maintenance (95%), and employment/salary verification (90%).

A significant percentage (84%) of companies are employing shared services to handle new hire onboarding (coordination of the entire onboarding process across support functions from HR, to IT, to facilities, etc.). Many organizations struggle in this area—resulting in a poor new hire experience. Organizations that combine a shared services model with

effective case management technology to coordinate across business support functions are finding that employees are able to get productive sooner.

A high percentage (84%) of companies are also employing shared services to handle human resources information system (HRIS) support. This is likely being driven by the growth in SaaS human capital management (HCM) system adoption, as traditional IT roles and alignment for HRIS systems shift into HR. Also notable is that three-quarters of the surveyed firms have HR reporting and analytics supported by the shared services organization.

## PROCESSES IN SCOPE—PERSONNEL ADMINISTRATION AND COMPLIANCE

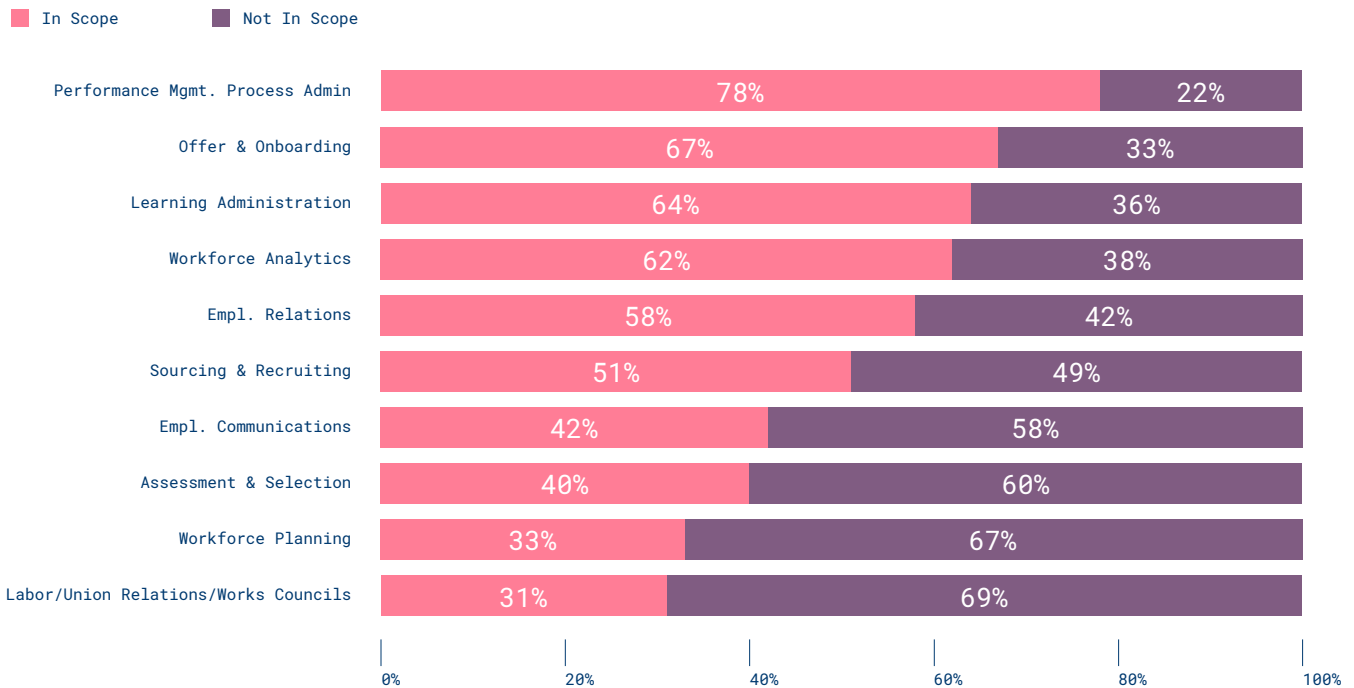


# Performance Management and Onboarding Delivered via Shared Services

As employers seek to shape the employee experience, they are increasingly relying on HR shared services to support performance management process administration (78%) and offer and onboarding (67%), (which includes preparing the offer letter and performing pre-hire onboarding activities). These two areas are both widely considered

“make or break” elements in this service grouping that are most frequently delivered via shared services. The number of employers delivering employee relations (EEO, investigations, compliance, etc.) via a centralized shared services model is significant at 58%, and remains high regardless of industry for both unionized and non-unionized populations.

## PROCESSES IN SCOPE—WORKFORCE MANAGEMENT AND RELATIONS



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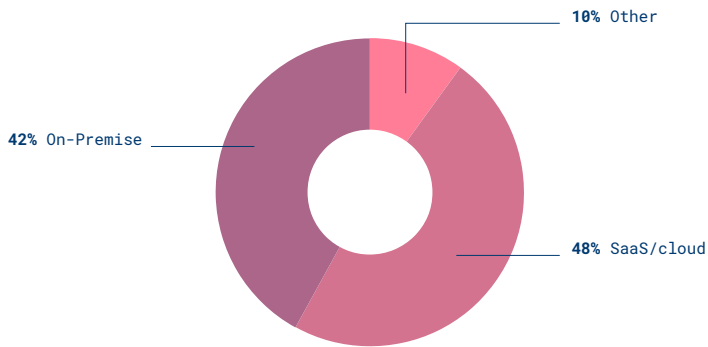
# Deploying the Right Supporting Technology

# SaaS/Cloud Solutions Continue to Show Strong Adoption

As HRIS solutions continue to evolve in terms of both technological innovations and specific offerings, it should come as no surprise that SaaS/cloud solutions continue to show strong adoption. Of our respondents, 48% have deployed a SaaS/cloud HCM system, while 42% maintain an on-premise system.

Workday accounts for the largest share of SaaS/cloud HCM deployments, followed by SAP Success Factors Employee Central and Ultimate Software UltiPro. When it comes to the on-premise solutions, there was a fairly even split between SAP HCM and Oracle products such as PeopleSoft and Oracle HCM On-Premise.

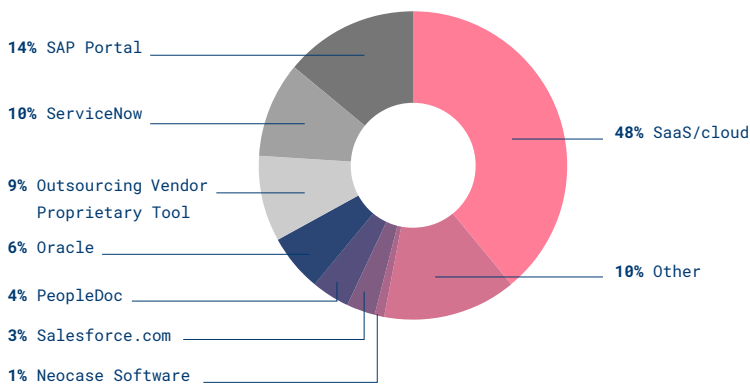
## ADOPTION OF HCM TECHNOLOGY PLATFORMS



# Specialized Portals Noteworthy, Reliance on In-House Portals Remains Significant

While specialized portals for delivering online HR content are used by nearly half of the respondents (47%), a significant portion (39%) still use in-house developed solutions. The number of organizations that rely on such sub-optimal, in-house developed employee portal platforms remains high, but we are encouraged by the growing trend toward the use of proprietary portal solutions and expect to see continued investments in tools that deliver rich, easily searchable and personalized HR content.

## ADOPTION OF HCM TECHNOLOGY PLATFORMS

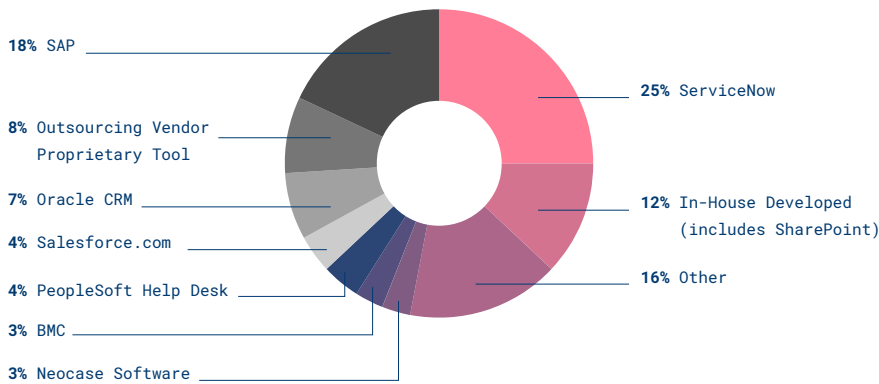


# Specialized Case Management Software is Growing

Survey results indicate a growing demand for full-function HR-specific case management systems to effectively track issue resolution and measure effectiveness of an HR shared services function. In fact, nearly three-quarters (72%) of respondents have deployed such a solution.

Organizations that have not implemented rich portals and case management systems are more likely to report that they have failed to achieve the results they expected from deploying HR shared services (see page 22 for more on these results). This is a clear indication that in-house-developed applications cannot provide the same level of functionality as leading case management solutions, resulting in difficulties in meeting delivery capability goals and cost objectives.

## IMPLEMENTING CASE MANAGEMENT SOFTWARE



# Channels of Communication Changing with Technology Advancements

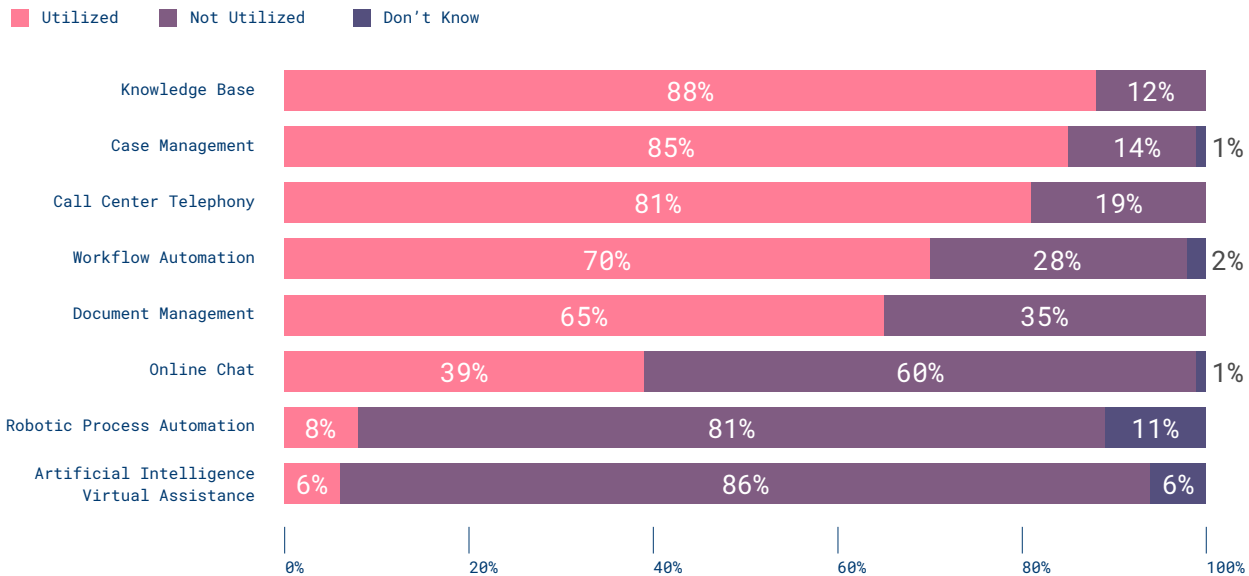
Not long ago, employees had little choice in how they could access HR services. An employee could walk into the local HR office or contact HR shared services via an email address and phone number, often with a rudimentary phone menu.

Fast-forward to today and we see the available channels of communication are evolving to keep pace with how employees prefer to access information. While call center telephony remains a key channel (81%), nearly 40% of respondents now interact with employees via online chat, which was considered merely an emerging channel just a few years ago. Other technologies such as virtual assistants and robotic process automation are still in

their developmental and adoption infancy. While they are becoming increasingly common in areas such as finance and retail, their utilization in HR is still low, at just 6% and 8%, respectively.

Further, while the need to reach employees “where they live” is often touted, mobile deployment remains quite low. Just 34% of respondents provide mobile access to the knowledge base, and less than 20% provide access via a mobile application to the other service channels. However, as organizations continue to invest in offering services that meet customer needs and preferences, this is likely to change.

## ACCESSING HR SERVICES ACROSS MULTIPLE CHANNELS



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# Choosing the Right Location

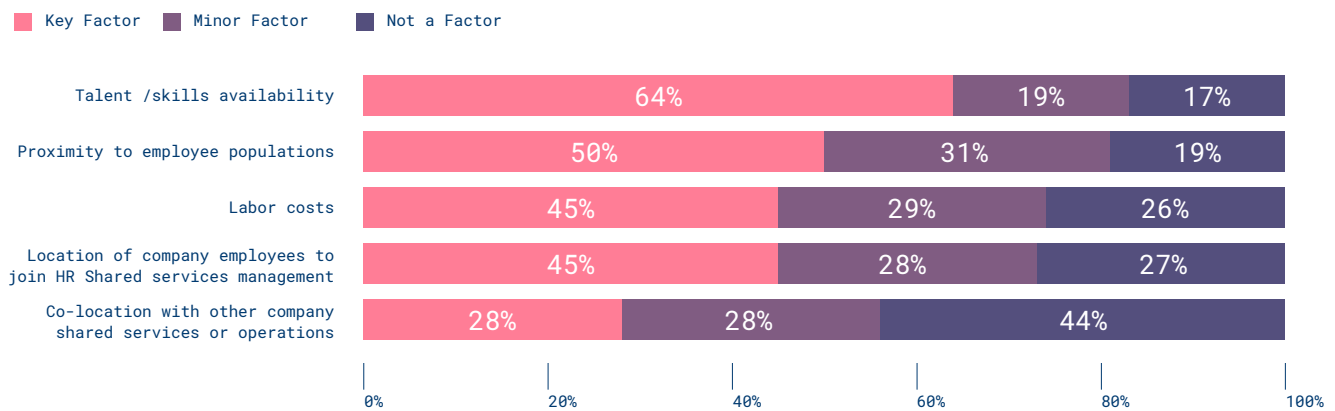


# Talent Availability is the Top Factor in Selection of Shared Services Location

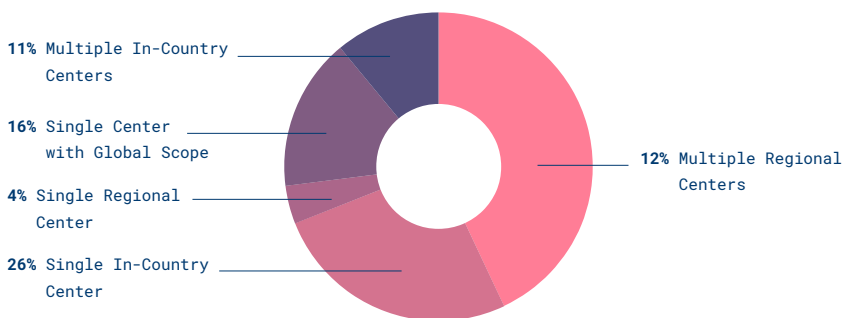
As companies strive to identify the most suitable locations for their shared services centers, they overwhelmingly cite talent and skills availability (64%) and proximity to employee populations (50%) as key factors—outpacing labor costs, which are considered key by just 45% of respondents.

In a related finding, a significant number of organizations (43%) have established multiple regional centers. This likely reflects the desire to provide regionally and locally adapted services to employees across the globe during normal operating hours, thus increasing customer satisfaction.

## FACTORS INFLUENCING THE CHOICE OF HR SHARED SERVICES LOCATIONS



## GEOGRAPHIC DEPLOYMENT OF HR SHARED SERVICES

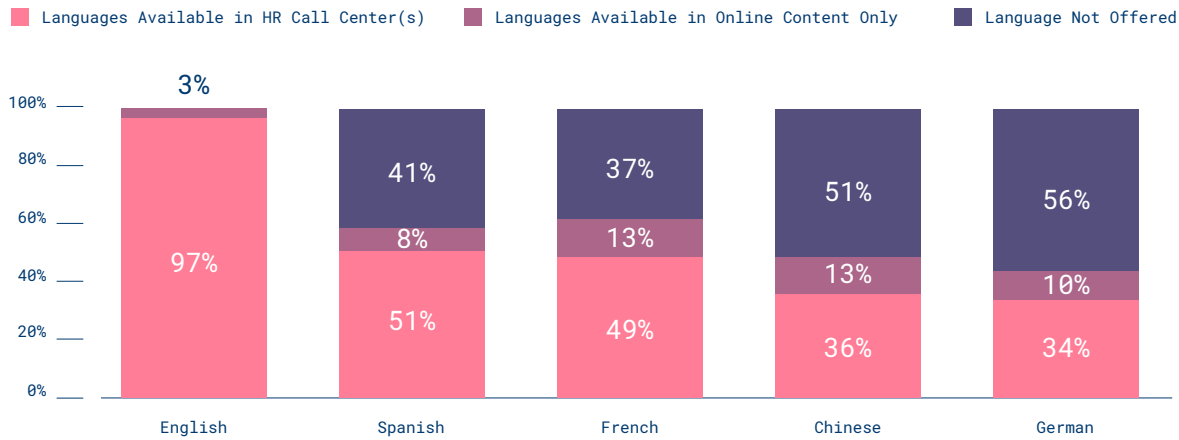


# Organizations Serve Employees in Native Language

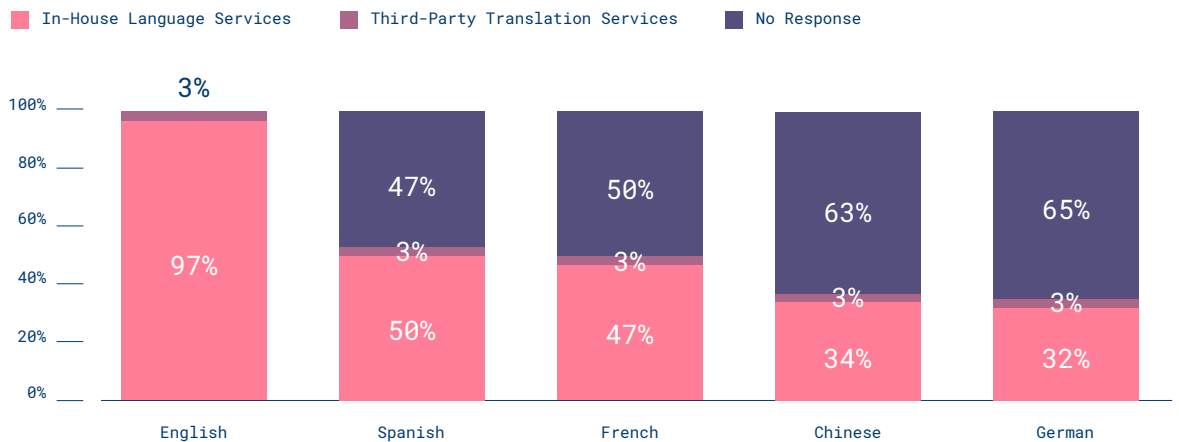
Delivering customer-centric services requires a thoughtful approach that facilitates ease of communication for employees and managers. Accordingly, organizations should strongly consider providing native language support for both voice service and online content. Survey respondents report multiple languages supported by their service centers, with English, French, Spanish, Chinese (most frequently

Mandarin), and German the most commonly supported. English is the only language almost solely supported through in-house agents (vs. third-party translation services), because many organizations have designated English as their language of business. Additionally, approximately 50% of organizations support Spanish and French via in-house agents.

## SERVICE CENTER LANGUAGE SUPPORT



## IN-HOUSE LANGUAGE SUPPORT



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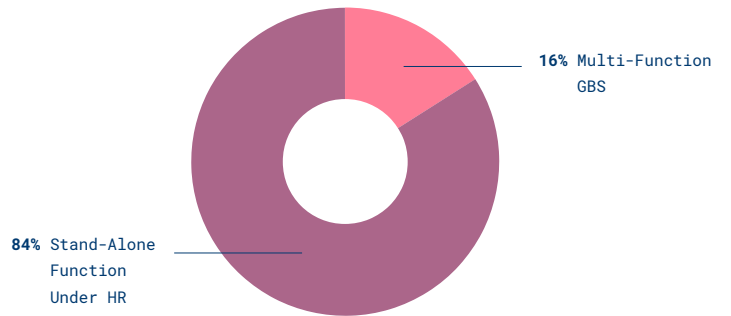
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# Aligning HR Shared Services in the Organization

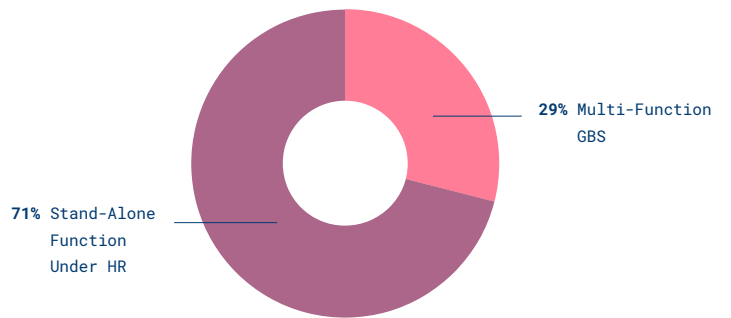
# Shared Services Aligns to HR Organizations vs. a Global Business Services Model

Most organizations using HR shared services are opting to operate it as a stand-alone function aligned to the HR organization rather than as a part of a global business services (GBS) organization (84% vs. 16%), which typically houses a number of supporting functions (finance, IT, procurement, etc.) under one umbrella. Regional and single-country organizations are slightly more likely to align HR shared services under a GBS model than companies with multi-country operations (29% vs. 14%). This is most likely a function of complexity and scale. As the scale and complexity of HR delivery increase, there appears to be a propensity to leave shared services in a stand-alone model, acknowledging the need for a specialized approach with strong local and regional subject matter expertise.

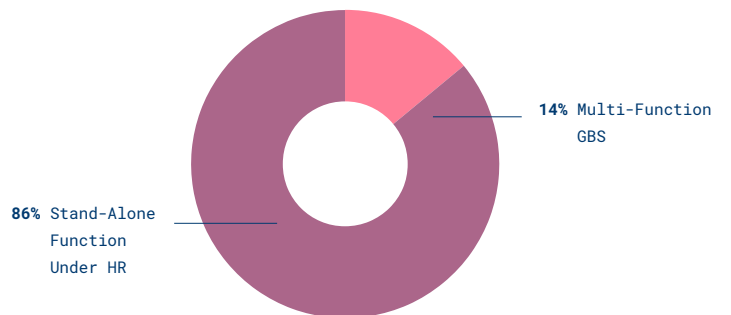
HR SHARED SERVICES ALIGNMENT—GBS OR STANDALONE



COMPANIES WITH OPERATIONS IN ONLY ONE COUNTRY



COMPANIES WITH OPERATIONS IN MORE THAN ONE COUNTRY

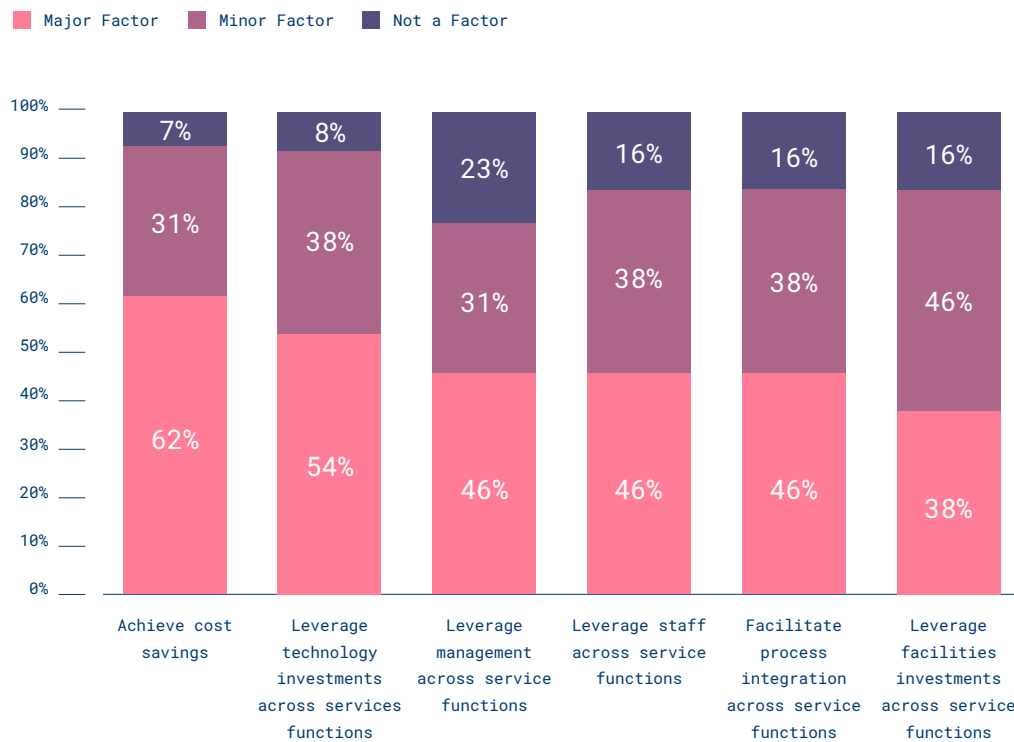


# Reasons for Moving to a GBS Model

Organizations that have moved to a GBS model overwhelmingly cite cost reduction (62%) as a major factor in their decision to move to a multi-function model for HR shared services delivery. Other commonly cited reasons

include the desire to leverage technology investments across service functions (54%), leverage management across service functions (46%), and leverage staff across service functions (46%).

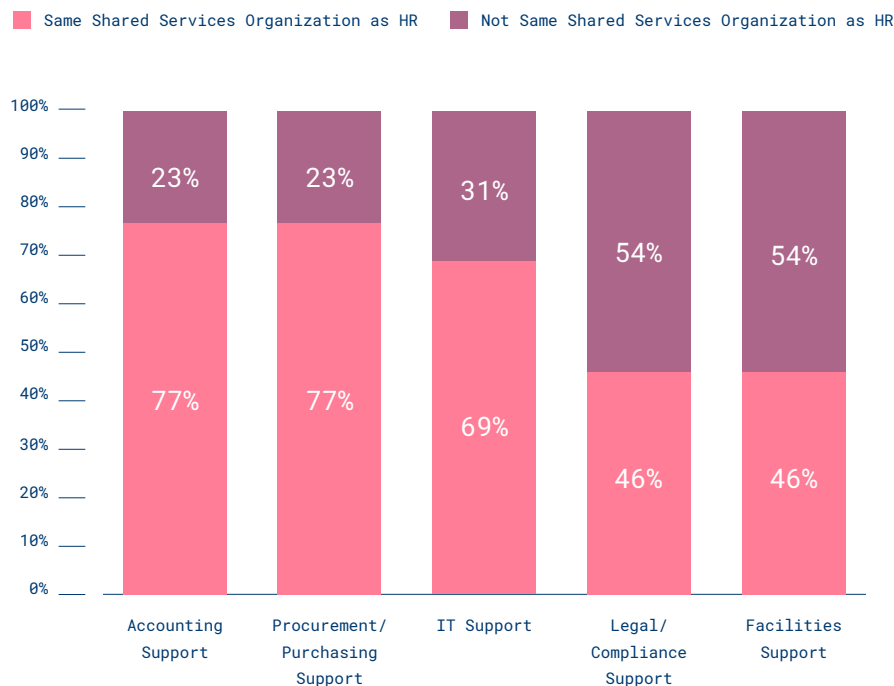
## REASON FOR MOVE TO GBS MODEL



# Services Bundled Together in GBS

Among those companies employing a GBS model, accounting (77%) and procurement (77%) are most commonly paired with HR, followed by IT support (69%), legal/compliance support (46%), and facilities support (46%).

## SERVICES BUNDLED TOGETHER IN GBS



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# Achievement of Objectives Through HR Shared Services

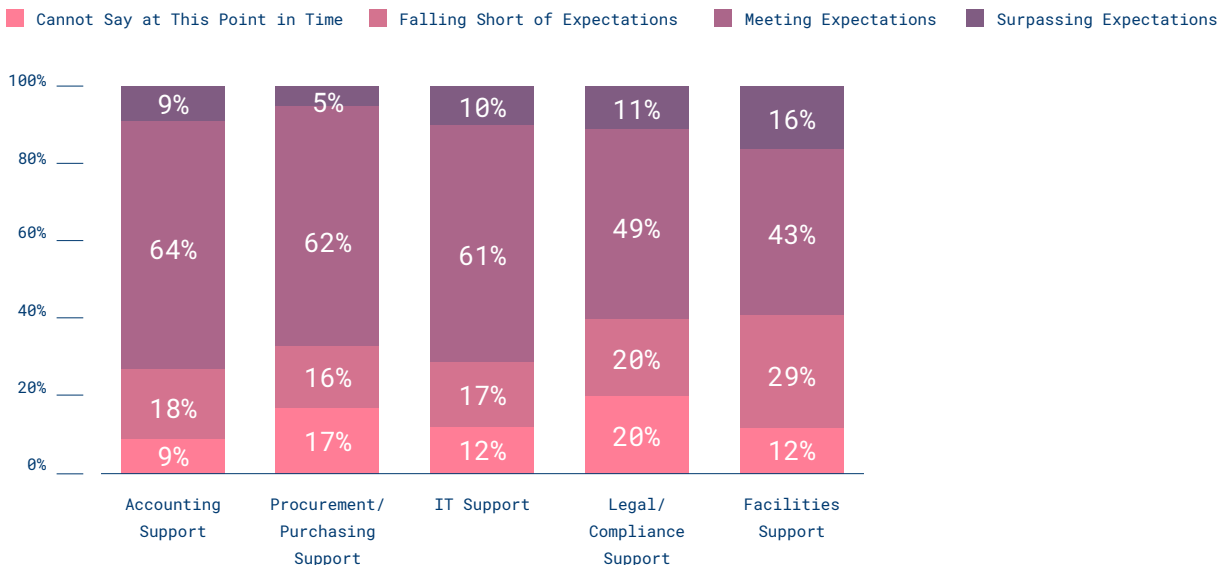
# Cost Reductions, HR Transformation and Delivery Capabilities Achieved Through HR Shared Services

Organizations that have deployed HR shared services reported strong success in achieving many of their stated goals. When it comes to their top objective of improving delivery capabilities, respondents say they are either meeting (61%) or exceeding (10%) expectations. Similarly, they reported either meeting (62%) or exceeding (5%) expectations in enabling HR transformation. While reduction of cost was not the top stated objective, organizations are racking up gains in that area as well, with 64% reporting expectations met and 9% reporting expectations exceeded.

Organizations fell short of achieving their objectives in two key areas: improving customer satisfaction and achieving process harmonization. When we look deeper at the data, a few findings emerge that could explain the apparent disconnect in improving customer satisfaction. Of those that responded, nearly half reported using something other than a leading HR portal solution and case management tool. We continue to emphasize with our clients that they must make these critical investments to support a customer-centric experience when deploying shared services.

Similarly, in relation to the struggle to achieve process harmonization, we observed an even split in organizations that have deployed an on-premise HCM system vs. those that have deployed a SaaS HCM platform. We are seeing organizations that have recently implemented new HCM systems struggle to improve service delivery and customer satisfaction because they opted for a “lift-and-shift” approach to processes and supporting roles. As a result, these organizations are missing the opportunity to step back and determine how HR processes can be better configured for a shared services model. Therefore, while designing new shared services processes, it is crucial to understand the technology that is being implemented and how the customer will interact with it in the organization’s service delivery model. Ignoring this can lead to broken processes and customer frustration.

## OBJECTIVE ACHIEVEMENT—HR SHARED SERVICES



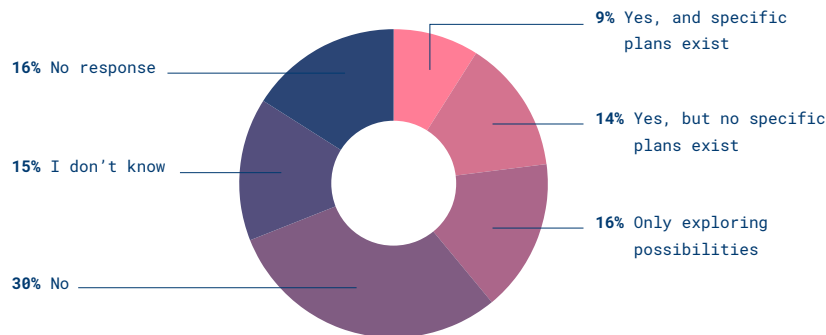


# Future Plans for HR Shared Services in a GBS model

Of those in a GBS model, only a small number responded to our question about achieving expected results. They reported the most success in achieving cost savings and leveraging staff and technology. However, over 50% didn't respond to this question, which could indicate a lack of measurement or knowledge of the actual achievement of those objectives.

Looking ahead, there appears to be no strong trend toward moving to a multi-function GBS model for HR shared services. While 39% are thinking about moving to a GBS model, just 9% have a specific plan for doing so. We believe that organizations should prioritize customer-centric delivery over cost reduction when changing their HR shared services delivery model.

## FUTURE PLANS FOR HR SHARED SERVICES ALIGNMENT—GBS OR STANDALONE

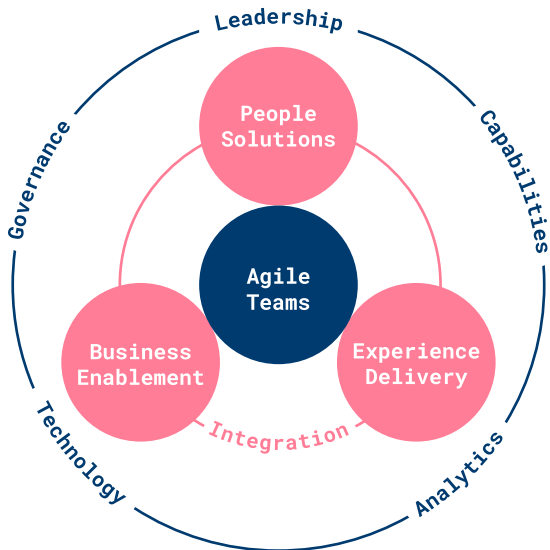


# Conclusion

Savvy leaders understand that patents, property, and products will take them only so far in achieving their growth goals. It's their people who are the true determinants of organizations' success—or failure. Increasingly, these critically important people are coming to expect an employment experience that matches what they encounter when interacting as consumers in their lives outside work.

At the same time, leading organizations recognize the need to transform HR in order to focus their resources on the most value-added activities (e.g., attracting and retaining top talent and developing effective leaders). Introducing a leading practice HR service delivery model supports these objectives.

## KINCENTRIC BEST PRACTICE MODEL FOR HR



### Center of Expertise (COEs)

- Understand business needs and produce competitive HR solutions
- Maintain awareness of market trends, best practices and leading edge programs
- Tailor HR, rewards and talent management programs, policies, processes, and practices

# Conclusion (Continued)

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## HR Business Partners

- Partner with business leaders to develop and drive human capital strategies
- Provide ongoing strategic advisory support to leaders
- Translate business needs into HR requirements and evaluate services delivered to the business

## Model-Specific HR Roles

- Depending on the need, provide “delivery” of HR including face to- face support for employees and managers
- Depending on the need, provide local, high-touch services where an on-site presence is necessary

## HR Operations

- Provide employee-facing support and administration of HR programs and processes via HR shared services teams
- Rationalize and manage HRIS infrastructure
- Integrate and optimize processes
- Drive efficiencies through standardization of transaction processing

We see the adoption of HR shared services as a clear strategic imperative that will continue to play a critical role in enabling and driving transformation.

Delivering consumer-grade services and tools to employees not only reduces frustration, but also improves employee engagement. Moreover, effective delivery of shared services has the potential to enhance the attraction and retention of top talent by allowing HR to focus on talent and leadership development, which ultimately creates an environment and culture where employees are fully engaged to do their best work.

# Survey Demographics

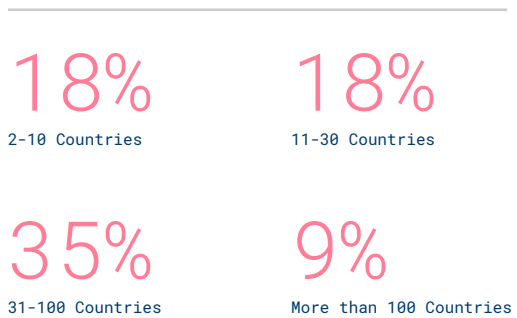
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## Stages of Implementation

Of the 80 companies that responded to the survey, nearly three-quarters (70% of all respondents) have rolled out shared services, with 30% reporting their solutions are fully deployed and mature and 40% saying theirs are fully deployed, but not yet mature. The other 30% of respondents indicated that they are still rolling out their solutions.

## Countries of Operation

The vast majority of those surveyed (80% of all respondents) report having operations in more than one country, with the following distribution:



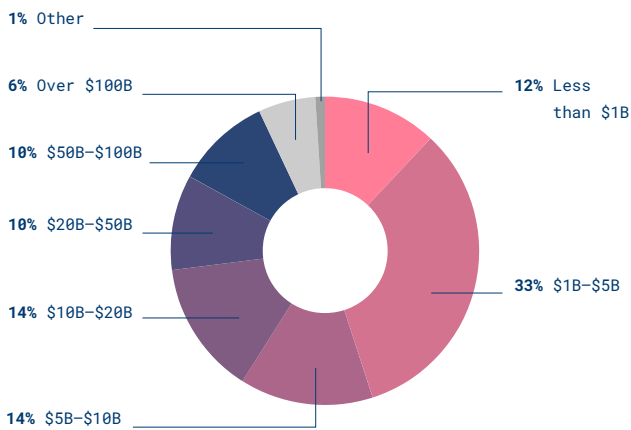
## Geographic Distribution

Our survey respondents come from a diverse group of organizations with employees in all global regions and industries. Half of all represented workers are located in North America, while 21% are in Asia, 18% in Europe, 5% in South America, 3% in Australia, and 2% in Africa.

# Survey Demographics (Continued)

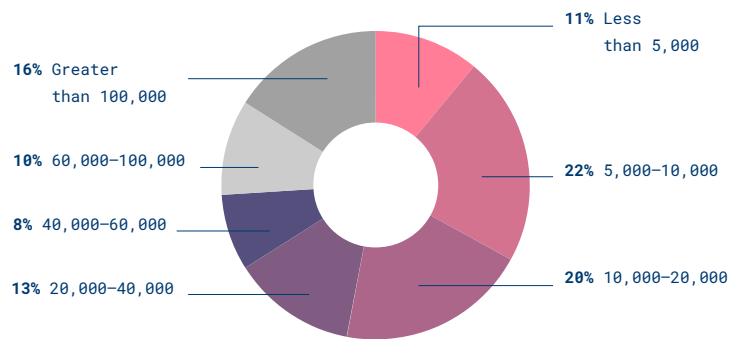
## REVENUE

Participants from the entire spectrum of revenue sizes took part in this study. Revenue amounts ranged from under \$1 Billion (12%) to more than \$100 Billion (6%)



## NUMBER OF EMPLOYEES

Organizations of all sizes participated in this study with participants evenly distributed among the different employee count categories



## INDUSTRIES

Manufacturing	25%
Finance/Insurance	16%
Health Care/Pharmaceuticals/Hospitals	12%
Other	10%
Professional Services	9%
Mining, Oil, and Gas	8%
Technology-Software	5%
Telecommunications	5%
Consumer Products	4%
Retail	3%
Technology Hardware	2%
Education	1%

Respondents came from every major industry with Manufacturing being the most highly represented industry at 25%, followed by Finance/Insurance (16%) and Health Care (12%).

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**Contact us** to talk about how we can help.

## About Kincentric

Kincentric, a Spencer Stuart company, approaches human capital differently – we help you identify what drives your people, so they can drive your business. Our decades of expertise in culture and engagement, leadership assessment and development, and HR and talent advisory services enable us to help organizations change from the inside. Our global network, proven insights and intuitive technologies give us new ways to help organizations unlock the power of people and teams. For more information, visit [kincentric.com](https://kincentric.com).

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