

The Paradox of “GLOCAL” HR Management

In a multinational company or an organization with international scope, the Human Resources Manager must constantly navigate between the recommendations of Headquarters and the realities on the ground, which always differ according to country. Here is an HR structural model suited to a multicultural environment and some advice for its implementation.

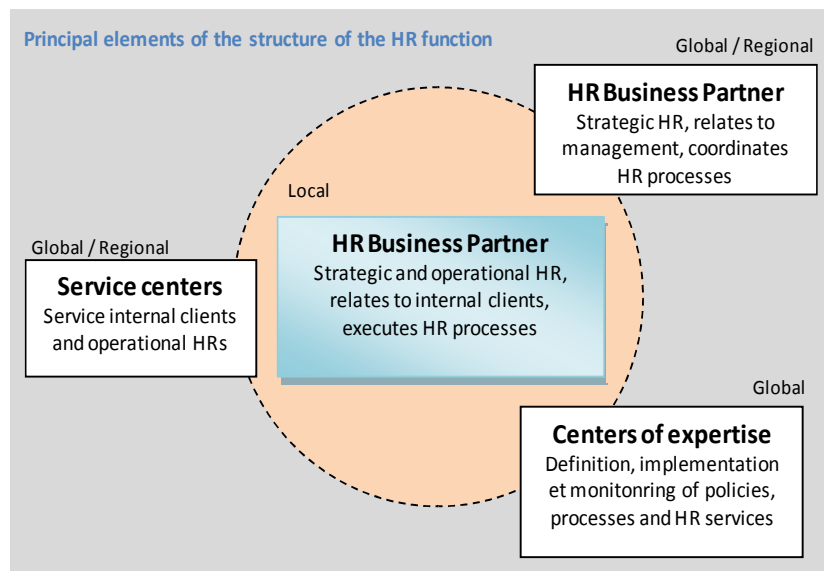
Eliane, a new HR Director of a company with 650 employees in Switzerland, 23,000 globally and its headquarters in Frankfurt, already found herself faced with a dilemma: should she follow the wishes of her General Director (direct supervisor in Switzerland) regarding a bonus policy, or stand her ground and follow the directives of her superiors in Germany? The choice was either to cause conflict with her boss or discredit herself in the eyes of the Vice President of HR at Headquarters..... a “lose-lose” situation?

Eliane, who held a corporate position in a previous job, was used to setting global policies and making sure they would be carried out by the subsidiaries (branches). Sometimes, she was uncompromising with her local HR managers and labeled them incompetent when they didn't follow instructions correctly. Now, she has a better understanding of the difficulties her ex-colleagues were facing.

This type of situation is frequent and



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deals with this paradox, which can become “lose-lose” or “win-win”. Global organizations are constantly reflecting on their service models, their organizational structure and the roles and responsibilities of different players, in particular the function of HR. However, there is no universal “best practice”; the needs of the business, the strategy and the organizational culture are all elements that influence the way HR services must be executed. A good number of organizations have the tendency to “externalize and centralize” and many are already backtracking. It is therefore crucial to perform a deep analysis of how services must be delivered to optimize the performance of HR. Here

are the difficulties of HR corporate and local policy, the challenges that are involved with its execution, as well as some advice for managers who are in a corporate or local HR position.

The “Glocal” model for Human Resources

The paradoxical principal GLOCAL isn't new! For the past two decades, we've recommended: think GLOBALLY, act LOCALLY! The idea is simple and persuasive, but difficult to put into practice. We are faced with uncertain situations or our decision-making as an HR manager is influenced by human elements, like Eliane facing an

authoritarian boss who applies pressure to get what he wants.

The list of services provided by HR is long. The main thing is to know: HOW and WHO is going to perform them best? This fundamental question is at the heart of a realignment of the functions of HR and criteria such as cost cutting, quality improvement, limitation of redundancies, optimization of HR skills are crucial for determining function.

The modes of thought influenced by Dave Ulrich¹ stipulate that the roles of the function of HR are complex and varied and demand specific skills, sometimes virtually incompatible. The HR function must be modeled in accordance with figure one, with professionals who have different skills and can collaborate to produce optimal services.

From this basic structure, organizations then define their own model of identifying which services will be provided by which "actors". Who will manage the personnel data in the global database? The local HR department or a specialist in a service center? Is this center outsourced? What if the data is outdated? Who is responsible if a manager complains?

From the Global Perspective (or Corporate)

The performance objectives above lead to centralization that can be implemented broadly or regionally, depending on the scope of the organization. Let's look at what types of services are typically issued centrally.

A. The Service Centers provide operational services to the subsidiary HR managers, or directly to the staff itself. Their job is to ensure the consistency and performance

of services as a whole. This can include services such as: salary, administrating contracts and HR data, managing expatriates, recruitment, staff training, service hotline...

The required skills in these Centers are mainly operational and administrative.

B. The Centers of Expertise (CoE) are in turn central and provide global expertise to the organization on one or many HR operations. They must define, implement, support and improve strategies, policies, processes and tools for activities such as: *planning, recruitment, development, compensation, performance, career goals, succession, internal mobility, employee satisfaction and involvement, as well as HR information systems (HRIS).*

The CoEs include experienced HR professionals who must have the capacity to analyse the needs of the organization and convince Management of which policies to adopt. The «Process owners» have the authority necessary to take total responsibility for the implementation of an HR process such as Performance Management, for example. They have to collaborate with the subsidiary HR managers to assure a streamlined process on a global scale and strengthen measures to adjust it as needed.

C. Finally, we have HR Business Partners (HRBPs) at the global or regional level who have the responsibility to coordinate HR's subsidiary (branch) activities, as well as to provide strategic HR services for that region (local HRBP services are discussed below, but at a regional or global level.) They report to corporate management (or regional management) and often have a secondary

hierarchical line to local HRBPs (indirect responsibility.)

From the Local perspective

Each subsidiary (branch) has their staff to deal with. A local BPRH is required and their performance is going to depend on centrally provided services. Organizations have created Service Centers for the purpose of lessening the administrative burden of local HRBPs so that they may better concentrate on more "strategic" activities. While the idea is laudable, its implementation is a challenge because the local HRBP must make sure that the policies and processes are implemented in response to the corporate needs laid out by the CoEs, the local demands and those of the regional HRBP, while working with the Service Centers.... hence, Eliane's challenge.

The HRBP must, in theory, focus on activities and value added services such as: organizational development, talent management, conducting meetings to facilitate changes, working with Managers HR plans (workforce planning) and organizing team-building (exercises, workshops) for motivating teams.

The skills required for the HRBPs are, in addition to the functional aspects of HR, an understanding of the business, the interpersonal, of persuasion and informal leadership. Confronted with demands from managers and associates, they must know how to demonstrate their judgment and collaborate with other global HR participants to gain efficiency and satisfy their clients.

The big challenge: coordinating these different service providers

The major challenge is evident: the HR service model is shared by various providers around the world, with different roles and competencies and who must work together to deliver

¹ Ulrich Model: 4 fundamental roles of HR: Strategic Business Partner, Agent of Change, Functional Expert, Champion of Internal Clients

services to the employees. The keys to this model's success are the following:

- **Clearly defined roles and responsibilities** for each person and the necessary leadership to coordinate the execution of services.
- **Specific skills** of the different players to be developed.
- **Clear protocols**: who does what, when and how!
- **Efficient mechanisms** and tools of collaboration.
- **Shared information systems.**

The major difficulty encountered by the majority of multinational companies lies in the profile and skills of the local (sectional) HRBPs. They have the tendency to continue to provide operational services out of habit or sometimes obligation, without taking into account the pressures of the local leaders. We find ourselves trapped in a paradox where the local HRBP must "lead by example" in demonstrating their determination and expertise, so that he or she can fulfill a strategic role based on centralized services.

Sufficient time is necessary to "prime" this model and for each participant to find its place. Once stable, the performance in terms of quality, costs, alignment and efficiency of the function of HR evolves in significant ways. In this matrix, where different participants contribute to service delivery without discussing their interdependent performance objectives, the HR professional must re-learn to collaborate, adapt and convince not only the managers and employees, but also their HR colleagues involved in the services.

Some advice for the HR corporate professional

The HR corporate professional is often isolated from the reality on the ground and risks providing services that are



Photo: Nadine Brigger

at odds with local constraints. This is logical because from the global point of view, the objective will be to move towards normalizing services, whereas local needs vary depending upon context. As always in leadership, the challenge is to vary styles and strike a balance between rigor and flexibility. Here is the advice I give to HR professionals in a corporate role:

- **Listen to the HRBPs and the Line Managers**: too often we find ourselves confronted by managers who don't give enough consideration to the clients and their HR colleagues on the ground. Decisions are therefore made hastily and can result in negative outcomes.
- **Adapt your approach to local cultures**: your success depends on your credibility, which comes directly from the approach you take with your diverse stakeholders. Don't communicate a new remuneration policy the same way in Brazil as in Germany!
- **Balance rigor and flexibility**: recommend principles but don't adopt rules unless they are necessary. Principles are the common denominator (corporate alignment) and permit a certain flexibility of implementation locally that is beneficial to organizations that offer some autonomy to their sub-

sidiaries. Rules, by definition, are limiting and necessitate more control, thus risking to place HR into a policing role.

- **Visit the subsidiaries regularly** to immerse yourself in diverse situations and talk with the managers and local HRBPs to understand their challenges, priorities and degrees of satisfaction, in order to adapt your services.
- **Put yourself in the client's shoes!** Find solutions useful for the clients, not for HR.
- **Establish a network of HRBPs who are your allies**: these local HRBPs are going to contribute to your success by contributing to the development of your solutions.
- **Optimize your services to better serve the local HRBPs AND the final customers.** Keep a global perspective on the roles of each person impacted by HR activity and avoid concentrating solely on « who I have to serve first. »

Measure the performance of HR services in terms of efficacy and satisfaction to be able to justify the changes and improvements you're advocating.

“As in leadership, the challenge of the HR Manager is to adapt styles, and to balance rigor with flexibility”

Laurent Jaquenoud, Optimis

Some advice for the local HRBP manager

As already mentioned, the HRBP must work with diverse service providers to respond to local needs. Their understanding of integration is therefore vital -- they must be convincing and excellent negotiators to satisfy both the local management and the central HR functions. My advice is as follows:

Defend corporate principles in front of your local interlocutors: you can justify proposals based on the proven effectiveness of these principals in other subsidiaries. An HRBP who defends his ideas on the basis of fact and corporate recommendation is more credible than one who says « yes, amen » to management's every wish.

- **Negotiate local adjustments with the global executives based on your needs...** clearly state the reasons and the case at hand.
- **Delegate operational activities to the Service Centers** as much as possible
- **Spend as much time as possible with the managers and the teams** to understand the business and become a real partner in proposing solutions.
- **Ask for help** ... your colleagues in corporate positions are there for that! Too many local HRBPs reinvent the wheel or try to find solutions to problems that have already been solved by colleagues elsewhere in the organization. Furthermore, « asking » allows you to stay in constant contact with corporate functions, which increases your visibility.
- **Proactively inform global employees what you're doing.** Relaying information is crucial for the centers of service and expertise. If you contribute to their success, you gain greater consideration. What's more, your visibility also increases.

- **Get trained** in negotiation and how to argue persuasively by practicing with colleagues you trust.

Facing her dilemma, Eliane has to make a choice: a) defend the interests of her boss by negotiating a compromise with headquarters, b) convince her immediate boss that the corporate recommendations for this new bonus policy may be applicable in Switzerland because they work well in other branches or c) try to find an abridged “win-win” solution by proposing sensible adjustments.

In each case, she must be certain that she's making the right choices for her internal clients and demonstrate persuasively that her recommendations are based on facts, with a clear illustration of the consequences of her propositions. It's this leadership and this credibility that will lead her to success.

Laurent Jaquenoud