

Viewpoint

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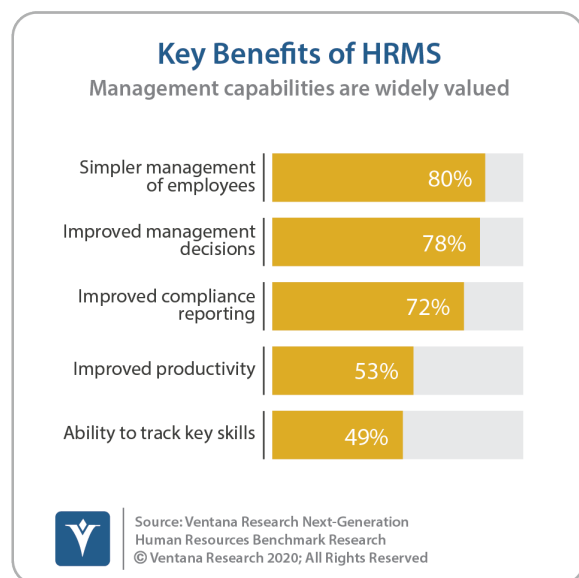
Simplifying Payroll and HCM Across Geographies

Organizations today must continually reassess their human capital management (HCM) strategies and supporting technologies. They must do this both to maximize the value of the workforce but to deliver the best possible employee experience, an objective that has become a top priority across many industries. More specifically, organizations must find an efficient way to utilize all relevant workforce information to uncover new sources of business value and must have the capability to personalize a worker's daily experience on the job and help them in their pursuit of career goals. Organizations that embrace this imperative have the opportunity to be the leaders in their market segments.

One issue that has historically made life more difficult for companies operating across multiple geographies is differing HRMS and payroll data requirements. The most substantial issue has been different data formats for key items such as the unique national identifier (for instance, social security number in the U.S. and national insurance number in Canada). Country-specific HR and payroll-related

compliance requirements, many related to tax or data privacy issues, also require the tracking of other unique data for each population such as, for example, data needed to determine whether someone's job is exempt from overtime compensation in the U.S. Tax issues in particular typically impact how organizations design employee benefits and compensation plans.

All these factors give rise to challenges for HR and business unit managers attempting to efficiently roll-up cross-border worker data to enable both effective and efficient management of the combined workforce. Rolling up data is labor-intensive because data often is inconsistent across multiple systems. Ventana Research's Next-Generation Human Resources Management Systems benchmark research finds the top three reasons organizations value their HRMS are



to simplify the management of employees and employee data, improve management decisions and upgrade compliance reporting capabilities. When organizations use separate databases for employees working in different geographies, they make these three objectives more difficult to attain.

The promising news is that enterprise software providers in HCM continue to invest in relevant product development that addresses this cross-border payroll data management need. When different data formats and standards can be normalized it is easier for multi-geography employers to manage cross-



border employees and even enable them to pursue career opportunities in other geographies; an emphasis on internal mobility is on most CHRO agendas. Managing the total cost of ownership (TCO) of HCM with HRMS and payroll systems is critical and having a unified system is always more economical than two or more for achieving the same business purpose.

Using one common HCM system as the authoritative store for the ever-increasing amount of useful employee information – social media data, competency information, behavioral profile data from personality assessment tools, sensor-captured data and career management data – also makes it much easier to apply best practices and tools consistently across borders. This also means that HR teams in multiple countries working on new programs as well as IT teams working to integrate complementary applications and tools can work collaboratively rather than in the siloes still prevalent today. And it sends a broader message of cross-border collaboration and a “one company” mentality. From a payroll operations perspective, one HCM system for the multiple countries means an organization only has to run one continuous payroll process, considerably lowering costs.

HCM system advances are such that the time is right for organizations to consider the compelling benefits of operating with one system including payroll for both U.S. and Canadian workers. It's a path that also will lead to improved organizational agility, enabling proactive management of workforce-related business opportunities and business risks.



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Steve Goldberg is responsible for the human capital management (HCM) research at Ventana Research. Steve guides HR and business leaders to manage their workforce to gain competitive advantage and value from their investments. He covers the major areas including candidate engagement, employee experience, HRMS, learning management, payroll optimization, talent management, total rewards management and workforce management.