In today’s multinational business environment, successful organizations must view the growth imperative from more than one perspective. For some companies, growth is all about expanding into new geographies. But companies that are already operating in multiple locales may not be seeking geographic expansion so much as they are looking for better ways to realize the benefits of operating as truly global organizations.

Either way, they face complex challenges in making their merger and acquisition (M&A) and globalization strategies succeed, and they must rely heavily on their human resource (HR) functions to rise to the challenge posed by a multiplicity of people processes, policies, and cultural differences.

Thus, it is helpful to view organizations that are typically in a state of expansion as “Going Global.” Their ultimate goal is — or should be — a state of ongoing global alignment and operational excellence, or “Being Global.”

More specifically, Going Global refers to the process of entering new geographies through global expansion and global sourcing, addressing the immediate needs of adding employees, and meeting local HR management requirements. Being Global is the state of business and HR integration that occurs across various parameters, such as strategy, structure, operations, financial and risk management, HR effectiveness, and information flow, which optimizes the performance of the organization as a worldwide entity.

This typically requires the articulation of a clear workforce growth-and-development strategy with underlying HR philosophies, programs, and policies.
For the HR function of an organization, whether its business is Going Global or Being Global, there are three important considerations:

1. Fully understand the business strategy, specifically as it relates to operating across country boundaries, how operating in multiple countries creates value for the organization, and what the core organizational behaviors (culture) need to be in order to drive a successful organization.

2. Recognize that Going Global/Being Global are both processes with three distinguishable phases:
   - **EXPANDING**, whether by acquisition, greenfield development, materially increasing the workforce in an existing location, or outsourcing and offshoring.
   - **ALIGNING** operations around the world to the global business and talent management vision and strategy.
   - **OPERATING** HR efficiently and effectively recognizing the challenges of global diversity of practices, regulations, and cultures.

3. Identify and integrate the work required to ensure consistency in the HR processes of expanding, aligning, and operating a multicountry business. This requires the HR functional experts to gain a broader understanding of Going Global/Being Global and to develop collaborative and coordinated approaches to each of the following workstreams:
   - **GROWTH**: Supporting complex cross-border growth initiatives, such as acquisitions, joint ventures, and new-country startups.
   - **TALENT SYSTEMS**: Developing talent management strategies to secure, retain, and engage the right employees.
   - **REWARD SYSTEMS**: Designing and communicating programs that motivate desired behaviors and are sensitive to local and global needs.
   - **ECONOMICS**: Ensuring effective financial and risk management of all HR programs, policies, and activities.
   - **GOVERNANCE**: Executing practices that drive compliance and alignment with organizational values across diverse environments.
   - **HR OPERATIONS**: Organizing and operating the HR organization to maximize global and local effectiveness.
   - **DATA AND INFORMATION**: Obtaining the people-related information necessary to make informed decisions.

**GROWTH**

HR has a key role to play in supporting international growth through acquisitions (or similar transactions, such as joint ventures), new-site development, or the rapid growth of employee populations in existing locations. In pursuing transactions that enable Going Global, the focus will be heavily on financial and compliance due diligence and gaining understanding of locally competitive talent practices, and considerations will soon turn to the integration of acquired businesses into existing operations.

**HR NEEDS TO BE WELL INFORMED AROUND LOCAL REGULATIONS AND PRACTICES, AND ABLE TO IMPLEMENT PROGRAMS THAT DRIVE THE PERFORMANCE NEEDS OF THE BUSINESS.**

This requires a greater focus on the alignment of HR policies, programs, and practices and, most important, on the challenges of cultural integration from both national and organizational viewpoints. As the transactions become more complex, potentially multicountry in scope, having documented processes and tools — along with a clear vision of roles and responsibilities — should enable a more efficient process and a more rapid assimilation of the acquired talent.

For new-site development or rapid expansion, HR needs to be well informed around local regulations and practices, and able to implement programs that drive the performance needs of the business. In addition, it should be able to form assessments of local current and future labor markets to help leadership determine optimal locations, and to drive execution of hiring and onboarding such that the new operations are up and running as quickly as possible.
TALENT SYSTEMS

When Going Global, the preliminary talent focus will be on ensuring that the appropriate leadership is in place and effective. This will likely involve the development of an expatriate community of leaders together with an assessment of local talent, especially those in more senior positions and depending on the strategic priorities of the business. Many companies are now developing approaches to global job leveling that provide the foundation for the talent management structures needed to align and operate global businesses.

With these foundations in place, HR can focus on more sophisticated talent planning and resource allocation with the long-term view of Being Global, establishing a global workforce that is leveraged to maximize value and manage cost — a workforce that is more focused on talent capability than it is on location. Steps in doing so require aligning the approach to talent and leadership development, diversity training, engagement, adopting global career paths, and implementing a clear vision of employee mobility and its value to the organization.

Recognizing that talent markets are at different stages of evolution, it is not uncommon for organizations to develop different strategies for different markets and regions. Most notably, many companies have addressed needs in emerging markets by developing specific talent-development strategies that reflect the best opportunities for business growth in the coming years.

REWARD SYSTEMS

Whether Going Global, Being Global, or operating in a single location, it is well understood that the talent system needs to support the recruitment and engagement of the workforce and drive the desired behaviors. In a global setting, this becomes more challenging because the complexities of differing cultures, regulatory/tax environments, and history result in a smorgasbord of practices that need to be understood and managed effectively. The key to success is to have a sound understanding of the desirable behaviors of the talent base and make a comprehensive total rewards platform for developing appropriate programs and driving desired behaviors.

The Going Global focus will most likely be on benchmarking and positioning relative to relevant local practices at an affordable level of cost in compliance with the organization’s core rewards values. As greater consideration is given to Being Global and to aligning and operating the global rewards system, emphasis needs to be given to the performance-driving elements of the rewards programs and an understanding of how these need to be adjusted to balance a desire for global program consistency with the preferences of local employees and their cultural differences.

The goal is common outcomes of behavior (performance, engagement, recruitment/retention, etc.) with as much common design as is possible, compromising on consistency where needed. Too often, organizations act contrary to this; they look for consistency of design and then compromise on performance.
**ECONOMICS**

The potential risks, liabilities, and costs of a global workforce are significant. While controllable through the establishment of a thorough due-diligence process for growth, most global organizations have legacy or regulatory commitments they need to manage, future budgets they need to control, and opportunities to manage their expenditures through global economies of scale or approaches to risk mitigation. At a minimum, HR (together with Finance and Risk Management) needs to develop approaches to inventory the global talent financial commitments and to establish a regular reporting, assessment, and planning cadence.

With the basics in place, opportunities for economies of scale and improved risk management are available through vehicles such as the multinational pooling of risk benefits, risk mitigation, and asset/liability management of retirement and similar plans, and the use of captive insurers for both risk benefits and asset management. All can be facilitated through alignment with global advisors who gain a thorough understanding of corporate needs and tap into their local networks to ensure that advice and reporting are appropriately aligned.

**GOVERNANCE**

To a large extent, governance is an extension of economics. Global organizations need to adopt the checks, balances, and decision-making protocols that ensure they remain compliant with ever-evolving global and local regulations, align with corporate policies and values, and enable global alignment and effectiveness. While conceptually straightforward, the sheer volume of work in a global setting is significant, and the execution of global HR governance is challenging.

One common pitfall is that companies have a tendency to export HR policies without considering whether they are locally appropriate or even viable to apply. This is particularly true in sensitive areas such as diversity, discrimination, ethics, and other behavioral policies. As for reward systems, governance policies need to focus on consistency and alignment of outcomes without being overly dogmatic in the wording of the policies themselves. It is beneficial to obtain local legal advice (preferably coordinated globally) on the local application of all global policies to ensure that there will be no unintended consequences.

**HR OPERATIONS**

Technology advances have had a major influence on the globalization of HR operations. While much of the HR service-delivery model remains local, especially when organizations are in initial expansion stages, much can be achieved through consistent alignment and operating of HR, resulting in improved data-analysis capabilities; cost-effective service capabilities (internal or outsourced), such as payroll, HRIS, and related technologies; shared-services centers; and the technical content expertise required to develop global centers of excellence in areas such as rewards and talent management. Centralization of functional expertise not only enhances the professionalism of the function but also enables better-aligned governance processes and decisions better aligned to corporate strategy.

There is a risk of centralized HR becoming distant from the business. HR should operate as a virtual team, staying closely connected with the business locally and globally, learning from and training local leadership and HR resources, and leveraging expert local and global advisors, where appropriate.

**DATA AND INFORMATION**

High-quality HR data and information are core elements of HR governance. In early expansion phases of globalization, local data and knowledge sources are helpful, assuming they are of sufficiently high quality, but when attention turns to alignment there is value in developing a more comprehensive data acquisition strategy that focuses on consistency of data provided through a common platform accessible locally and globally.
Such an approach builds confidence in data analytics and is typically cost-effective. Further, limiting the variation in data sources, already made complex through different platforms (HRIS, payroll, salary surveys, talent acquisition, etc.), enables more comprehensive data analysis to be completed and presented, moving the organization to the use of data to create insights into the organization’s global talent systems, all of which are essential to creating competitive advantage.

CONCLUSION

In today’s global economy, senior leaders understand that talent is a primary source of competitive advantage, more so than ever before. Yet research tells us that leaders cite a lack of adequate talent pipelines among their most critical business challenges. HR must lead the way in addressing this challenge as organizations expand, align, and operate globally. This requires training HR team members on the business and workforce needs of the global organization; developing the tools, processes, and resources necessary to execute on this global journey; implementing the appropriate programs; and supporting infrastructure to ensure success.

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