

Effective deployment of the right HR technology solutions can help midsize organizations overcome challenges and achieve growth.

HR Takes the Lead: Strategies for Growth-Focused Organizations

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Introduction

Business leaders in midsize organizations have been presented with many challenges over the past three to four years, including:

- » Maintaining agility in a dynamic and uncertain business environment
- » Supporting employees where and when they work so that employee productivity remains high
- » Controlling costs while focusing on growth and opportunity

To overcome these challenges and focus on growth, many HR leaders are looking to technology to help support their business objectives.

The "HR Opportunity"

During these unprecedented times, the HR function has taken a larger role in leading organizations toward success. HR has turned to innovative strategies and technologies to navigate uncertainty and support sustainable business growth. Having the right HR systems and technologies in place to support sound decision making helps midsize organizations achieve success as they tackle today's challenges, with benefits such as:

- » The connection between HR and other business operations through HR technology that aligns with the overall technology strategy
- » Consistent, global visibility across the entire organization that leads to having the right decision criteria available whenever needed
- » Assistance for people managers, including support for hybrid working models, agile decision making, and connectivity for all workers, including deskless workers

AT A GLANCE

Midsize organizations are faced with rapidly changing market conditions, the need to keep the workforce productive and engaged, and the race to attract top talent.

WHAT'S IMPORTANT

HR can help organizations navigate these challenging times with well-developed strategies and the technology to support them.

KEY TAKEAWAYS

- » 53% of HR leaders recognize that employee productivity is key to success.
- » 50% of HR leaders plan to continue offering hybrid work options due to the popularity with employees.
- » 45% of HR leaders place a high premium on keeping employees properly skilled. Well-prepared employees beget happy clients.

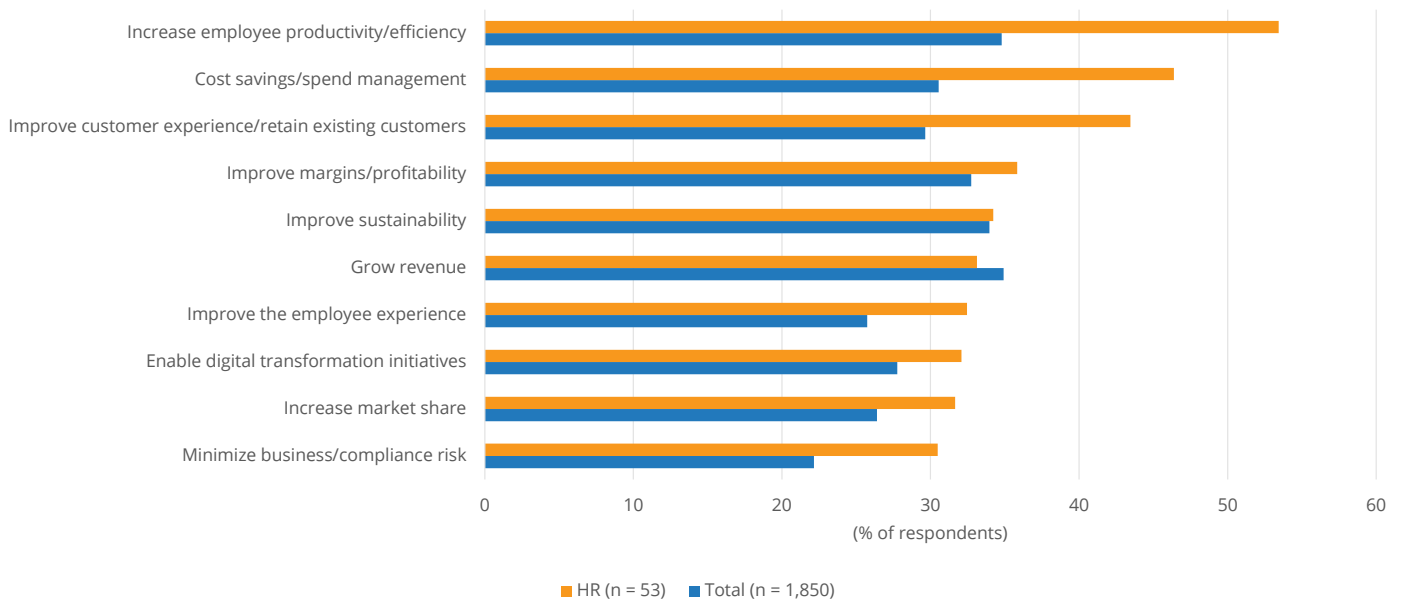
- » Up-to-date and digitally transformed processes along the employee life cycle that help ensure efficiency for the entire workforce
- » Timely and accurate payroll processes backed by well-integrated time and attendance capabilities that help reduce and eliminate costly payroll reruns
- » Comprehensive skills development that empowers organizations to build bench strength to meet future objectives
- » The ability to easily match employees with the right growth opportunities and job roles within their organization

With the help of more effective HR systems and technologies, HR is able to have greater visibility into many business factors. Through this visibility, HR is well positioned to understand employee sentiment and satisfaction, which are primary drivers of customer satisfaction and increased revenue.

A recent IDC survey, sponsored by SAP, of midsize business executives reveals the extent to which HR places a greater premium on most of the business objectives than its line-of-business (LOB) peers (see Figure 1). To be successful, HR professionals and business leaders together must grapple with the many variables that affect the ability of an organization to attain its strategic objectives. It is heartening to see HR recognize the importance of the stated business objectives because HR has first-line oversight for the workforce, the major contributor to goal achievement. Increasing enterprisewide visibility across workforce functions and factors is empowered through modern, cloud-based systems. As modern technology is adopted, visibility will increase, enabling further visibility and leading to more agile decision making.

FIGURE 1: **Top Business Objectives Driving Growth**

Q What are the top business objectives to drive growth for your organization in 2023?



Source: IDC's SAP A Guide to Growth Survey, September 2022

Carrying Successful Programs Forward

Companies have implemented changes over the past several years to overcome the disruptions of the pandemic and post-pandemic eras. A number of these initiatives will continue, according to recent IDC research with midsize companies. Figure 2 shows the various strategies and tactics that were considered worth continuing.

Note that the top initiative for HR leaders is the continuation of hybrid and work-from-home arrangements. The latter have proven to be overwhelmingly popular with employees, and employers have learned that employees are as productive in a hybrid or home office environment as they are when in person on the worksite, according to IDC's research.

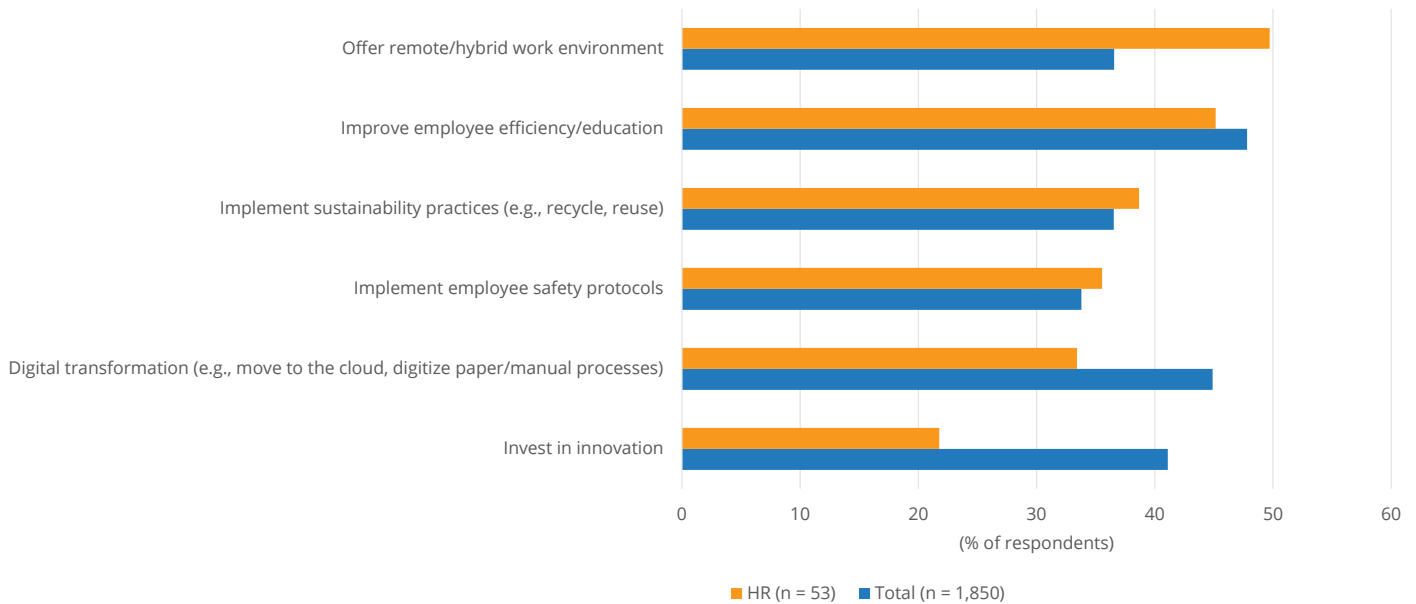
What is your strategy for growth?

"Improving the employee experience to significantly improve retention."

—Survey Respondent,
Manufacturing Company, United States

FIGURE 2: *Lessons Learned*

Q What changes did your organization implement to survive the disruptions of the past two years that will continue to be used moving forward?



Source: IDC's SAP A Guide to Growth Survey, September 2022

HR Challenges and Strategies in Midsize Companies

To achieve operational objectives, such as maintaining high employee productivity, employers need to pay close attention to how they manage, support, and develop their people. This is another area where deployment of modern technology can make a difference in achieving business success.

Midsize companies are facing some specific talent challenges:

- » Although we've seen several high-profile workforce reductions, there remains a very real lack of talent across many job roles and industry sectors.
- » Beyond acquiring talent, retaining talent has become a top priority for HR executives. It is less costly and disruptive to upskill the existing workforce than to hire from the outside.

In the IDC survey, the top challenge for both HR and LOB leaders was competition for talent (see Figure 3). Scarcity in key skills remains an issue across industries.

What is your strategy for growth?

"We are working to increase digital automation and further empowering our employees to respond agilely in executing services for better growth of our organization."

—Survey Respondent,
Telecommunications Company,
Brazil

FIGURE 3: **HR Challenges**

Q What challenges does your organization face in HR management?

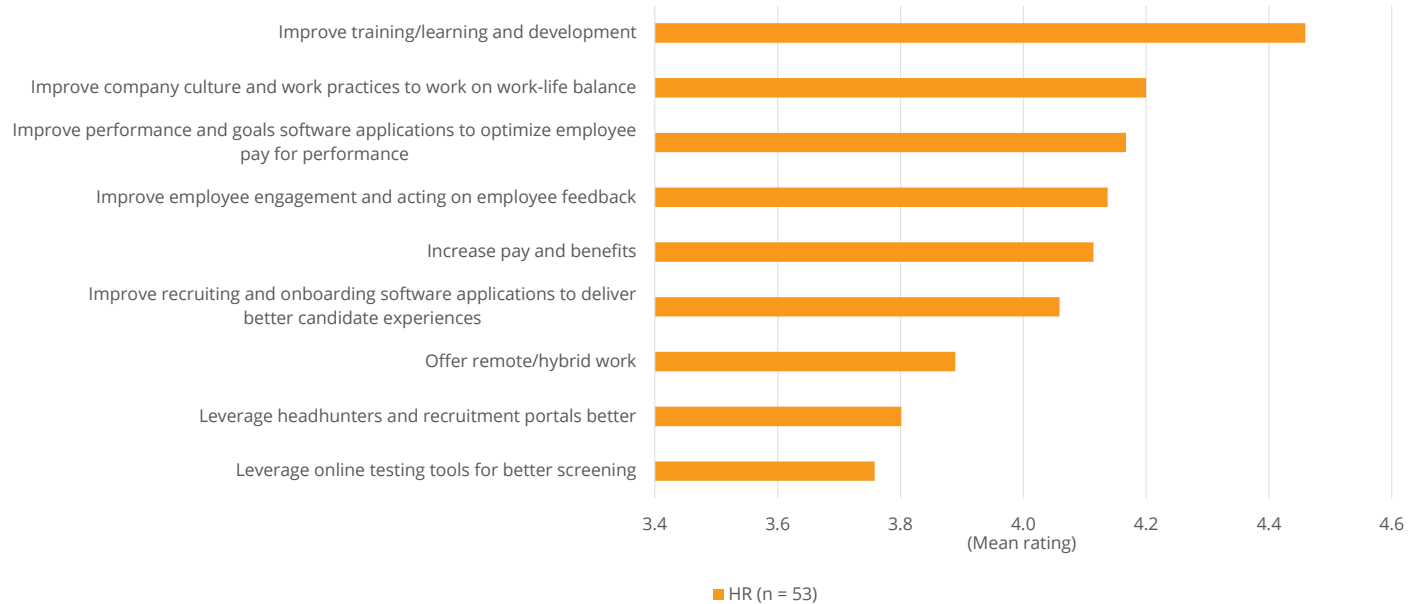


Source: IDC's SAP A Guide to Growth Survey, September 2022

According to the IDC survey, HR teams in midsize companies have identified a number of strategies to help them minimize the effects of talent management challenges. Figure 4 lists the strategies in order of the value attributed to them by HR executives.

FIGURE 4: **HR Strategies to Overcome Challenges**

Q How important has each of the following strategies been in helping your organization manage HR?



Note: Mean rating is based on a scale of 1–5, where 1 is least important and 5 is most important.

Source: IDC's SAP A Guide to Growth Survey, September 2022

Given the difficulties of attracting and retaining talent in general, it makes sense that the top strategy to alleviate the challenge is to provide excellence in learning and development. Investing in the development of the workforce serves dual purposes. First, development helps prepare the existing workforce to handle new and emerging business requirements. It also encourages talent retention by way of the tangible and visible investment being made in the worker.

The IDC survey also highlights the prevalence of support for remote/hybrid work models.

Considerations

There are clear indications that having modern technology and solutions to support human capital management (HCM) helps midsize organizations overcome challenges and achieve sustained growth. But not all midsize companies are able to immediately modernize their processes and adopt new technologies from top to bottom. In some cases, they will need to approach digital transformation and modernization in a phased way. IDC recommends that such companies perform a self-assessment to determine where the greatest points of pain may be. Working with IT, HR can then lay out a plan for modernization based on where those pain points are felt most.

Conclusion

HR faces a variety of challenges — both operational and strategic — as it navigates the post-pandemic era. Successful organizations are positioned well in management of day-to-day HR functions, including time management and payroll, and management of talent-related functions, such as attraction and retention of talent. To achieve success, HR teams should partner with IT to implement modern and digitally transformed technologies in support of the entire employee life cycle — from hire to retire.

According to the IDC survey, top considerations for achieving excellence in midsize companies include:

- » Preparing the workforce to achieve high productivity and delivery of superior customer service by providing meaningful and ongoing employee development
- » Reducing costs through employee productivity as well as streamlined HR operations and accuracy in HR practices
- » Selecting technology that will support future growth
- » Improving customer satisfaction through employee satisfaction
- » Extending remote/flexible work arrangements and other tactics to achieve work/life balance

A retained and happy workforce performs at a higher level, offering a greater degree of service and driving better attainment of the organization's strategic priorities.

What is your strategy for growth?

"Establish clear KPIs for employees and reward performing employees for achieving them to promote a performance-based work culture."

—Survey Respondent, Consumer Products Company, China

About the Analyst



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Lisa Rowan is Research Vice President for IDC responsible for global research on human capital and talent management software and services. Ms. Rowan provides expert analysis focused on both the business services and software used to address HR and talent-related dimensions.

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