

## Human Resources in the New World - Globalization, Technology and Outsourcing

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“Never in the field of human endeavor was so much owed by so many to so few,” was directed to the Royal Air Force as they fought in the skies over the English Channel during WWII. Winston Churchill did not have human resource professionals in mind when he said it. But the quote did pop to mind as I read through another study suggesting an erosion of the HR to employee ratio. This study shows an average of 1 HR professional full-time equivalent (FTE) per 100 employees in 2000 shrinking to 1 per 300 today. While such averages don’t reflect every industry and certainly don’t tell the whole story, there is little to debate that the profession of managing employees in

the United States has experienced dramatic change in recent years. Globalization, technology and outsourcing are the driving forces that define what I call the “New World” of Human Resources.

The world may be much flatter today, but the human capital and organizational development playing fields are not. Globalization has affected every industry in the Northwest from agriculture to healthcare. Though most of the political attention has been focused on manufacturing jobs hopping from one country to another in search of the lowest cost of labor, our employees here at home often feel the anxiety of workforce globalization. Add to this the pressures of the current economy and uncertainty of healthcare reform and the need for leadership from human resource departments has never been greater.

There are five primary elements of human resource management that collectively define an organization’s strategy to attract, motivate and retain employees. These elements are generally categorized as:

- Compensation
- Benefits
- Performance and Recognition
- Development and Career Opportunities

- Work-life balance

Each of these elements of HR management is key to every organization’s success. Properly integrating each element into an organizational strategy is the role of today’s human resource professional. In the New World, each of these elements must be viewed under the light of globalization, cost control and regulatory compliance. HR professionals must use every tactic and tool available to attract and retain a motivated workforce. And, in the process, it would be nice if they themselves were afforded the same work/life balance that they strive to provide their fellow employees.

While globalization and the economy have changed the rules of engagement, recent applications of technology have brought permanent structural change to the field of HR management. What was pieced together across multiple platforms yesterday is now fully integrated. Compensation planning, benefits enrollment, recruiting, training and development, time and attendance, performance management and even succession planning are components of readily available human resource management programs (HRMS) from many different vendors at PEPM fees (per employee per month) that

have fallen dramatically in recent years. Of course, as sophisticated as these HRMS systems are and as simple as they look in the demo, they do not run themselves. ADP, Oracle, Sage, Ascentis, and the hundreds of other vendors all assume that a great deal of technical knowledge, capacity, time and budget are readily available for every prospective client. Rarely is this the case even if the HR department includes highly skilled and motivated professionals.

Technology is a tremendous tool, and as an HR technology consultant and employee benefits advisor, I watch the software and service platforms getting better and less expensive by the month. The results are not quite as awe inspiring as mapping the human genome, but if you are not using a very contemporary HRMS platform yet, you are in for a welcome surprise. A small clinic with no full-time HR professional on staff today can afford very good real-time, web-based payroll, fully integrated HRMS, and a self-service employee portal that was simply not available to them as recently as 2006. Here's an example of a New World HR solution. One of our mid-sized retail clients not only has a fully-integrated payroll/HRMS system, they solved much of their multi-location, multi-language HR management issues by conducting a good portion of their wellness campaign and annual benefit enrollment confirmations in English and Spanish via texts and podcasts delivered to employees' mobile phones!

The same phenomenon that has swept the internet this past year – Web 2.0 – is flowing through the HR profession today. Basically,

the internet used to be strictly a source for information – a one way exchange. That's Web 1.0. Now the internet is used for social interaction. While I still believe Twitter is only for those with short attention spans (or students trying to overthrow an Iranian dictator), the exponential growth in users of MySpace and Facebook have spun off remarkable innovations in human resources as well. Employee

intranets used to be Web 1.0. Post your benefit plans and maybe a few forms and wellness reminders and it would have little to no effect on reducing HR time spent on routine questions from employees. Today, employee web-portals are 2.0. They include self-serve payroll and benefits inquiries, monitored interaction with other employees and HR, life event reminders, built in wellness incentive plans and

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even employer brand reinforcement. These company portals, if done right, often lead to community building within the organization – not much different than what Facebook and MySpace do. For those organizations that select the right vendor and properly train their staff, a substantial competitive edge is gained. Return on investment is typically very quick and very noticeable. But by itself, even New World 2.0 technology can be a drain on HR staff and budgets alike. There is no line item on the Income Statement for it, but we all know the cost of unhealthy and/or under motivated employees is staggering. This is particularly true in healthcare where many employees have hands on patients. Healthy and motivated employees that are actively encouraged to participate in reaching the goals of the organization are very productive in any economy and in any “World.” A well-designed employee portal using Web 2.0 community building technologies is quickly becoming a necessity for many organizations.

As budgets must be balanced and HR departments are asked to do more with less, outsourcing HR management has become much more common. In fact, many in my industry would argue that the New World is an outsourced one. At one extreme are PEOs (professional employer organizations) who enter into “co-employer” agreements with their clients and take over nearly all administrative functions. Though a typical PEO client is an employer with 20 employees, they are quickly going “upscale” and expanding into new markets including healthcare. Online payroll, workers comp management and group health insurance are their biggest draws. BPOs (business process outsourcers) are similar but do not enter into co-employment contracts. These firms integrate payroll, HR and benefits administration for any size organization in any industry. BPOs come in many flavors, though they typically rely on hosted SaaS (Software as a Service) platforms. BPOs have been evolving rapidly to gain a footing in the middle employer market (50

to 2,000) employees) and offer immediate scalable infrastructure and access to capabilities that are usually out of reach for most employers seeking such solutions on their own.

So what does a New World human resource department look like? I believe the common traits are: a staff that embraces the changes of globalization, technology and outsourcing as inevitable, leverages technology and consultant knowledge without giving up control, utilizes Web 2.0 platforms to strengthen relationships with employees and their dependents, and focuses on strategic rather than tactical solutions.

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