
QUESTION

What HR processes, structure, and capabilities are necessary to effectively implement the new HCM (Human Capital Management) System?

INTRODUCTION

By implementing HCM, the organization may optimize the ability of their human resources, increase operational efficiency, enhance employee experiences, and make data-driven decisions that positively impact profitability. However, only 29% of organizations build a technology strategy in applying HCM¹, and only 22% are ready to use technology to elevate work outcomes and team performance.² To avoid a discrepancy between huge investment and outcome, the organization, especially HR, needs to be well-prepared and equip themselves with a holistic strategy for adopting HCM.

HCM SYSTEM STRUCTURE

HCM Systems are central hubs that connect HR and business functions, helping HR adapt to business changes. The platform provides HR solutions such as recruiting, workforce planning, and performance management etc. The recent systems include personalized experience, HR chatbots, and self-service tools.^{3,4} “Workday HCM Suit” and “Oracle Cloud HCM All in One” are systems that many global organizations have adopted. (See Appendix 1, 2⁵) They are characterized by the fact that both systems are based on cloud foundation, linking the platform with other business systems such as ERP, as well as providing global adaptation. Both systems are structured following the employee life cycle from hiring to resignation. It is recommended that companies design the work process first based on their employee life cycles before introducing the system into the organization.⁶

HOW SHOULD HR DEPLOY HCM?

1. Lead change management

HR could create thorough change management strategies to tackle resistance and challenges in implementing HCM systems. This includes creating a communication strategy, assessing leadership skills, aligning business processes with local and global needs, and devising plans for change readiness and post-implementation strategies.⁷

2. Select the effective methods to increase the employees' HCM adoption.

During deployment, securing employee buy-in is crucial. Some organizations acknowledged several methods that effectively elevate the adoption of new technology, like incentives for usage, mobile access, training, gamification, leadership communication, and penalties for non-usage.⁸ (See Appendix 3) Combining those methods might be more powerful in promoting the new HCM.

3. Address security and skill challenges early

The HCM system signifies a significant shift to the cloud in HR. While many HR leaders find it meeting or surpassing expectations, they recognize it as a major challenge due to potential issues and emerging risks. HR can enhance transition success by swiftly addressing cloud skills and cybersecurity, collaborating closely with cybersecurity and privacy teams to ensure robust training, policies, and data protection.⁸

4. Encourage feedback and address concerns.

HR can offer a channel for employees to share feedback about their experience using the new HCM system, which is vital for identifying areas to enhance user experience and HR processes.

HR STRUCTURE

Due to the implementation of HCM, the company may reform the HR structure to adapt and increase its performance. In doing so, the company should consider the following steps: 1) Envision the future HR organization structure; 2) Evaluate the current organization structure; 3) Assess existing HR processes; 4) Rethinking HR roles; and 5) Define a long-term implementation road map.⁹ (*See Appendix 4*)

HR CAPABILITIES TO RUN THE HCM SYSTEM EFFECTIVELY

The success of an HCM cloud solution is heavily influenced by the talent deployed to manage and maintain it. This includes both team members and leadership, and the effectiveness of work teams is particularly crucial for long-term success.¹ The following factors need to be considered to assess the efficacy of the HR team composition: Talent and Skills Mix (Is there a right mix of talent and skills on the team? Identify and address any skill gaps), Complementary Skills (Do team members' skills complement each other? Ensure that the team possesses a diverse skill set), Cross-Pollination of Skills (Are the skill sets cross-pollinated, allowing team members to fill in for each other when necessary? Foster a collaborative and interchangeable skill environment), Technology Integration (Are teams combining their skills with technology to achieve better outcomes at speed and scale? Ensure that technology is leveraged effectively to enhance performance) and Business Awareness (Are team members aware of business challenges that the technology can help solve? Ensure alignment between technical expertise and understanding of organizational needs).¹

Planning for how employees would need to make changes to accept new technologies is as vital as planning for new technologies or new processes.¹⁰ Change agents should:

- Clearly articulate success criteria in advance and assess them at the project's conclusion.
- Identify stakeholders and gauge their initial commitment levels, regularly revisiting commitment throughout the project.
- Examine the disparity between the current organizational state and the desired state post-change. Evaluate whether individuals possess the necessary skills, motivation, and capacity for a successful transition.
- Designate a mediator to make final decisions in case of conflicts.
- Thoughtfully assemble implementation teams, prioritizing individuals suitable for strategic projects with long-term consequences over those with the most available time.
- Develop a robust enterprise-wide communication strategy that extends beyond the initial project launch.¹¹

CONCLUSION

The seamless integration and efficient operation of an HCM System are dependent on a strategic alignment of technology with employee life cycles, proactive change management, appropriate handling of security challenges, and continuous feedback mechanisms. In terms of HR capabilities, a well-balanced team with the right mix of talent and skill is crucial. This comprehensive approach ensures that the HCM System becomes a catalyst for positive organizational change, leading to operational efficiency and improved employee experience.

REFERENCE

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APPENDIX

Appendix 1. Workday HCM Suit Structure and Workflow

- Workday HCM is built from the ground up and delivered in the cloud. It is the only global enterprise application that unifies human resources, benefits, talent management, payroll, time and attendance as well as recruitment.
- Functions
 - Human resource management
 - Benefits
 - Talent management
 - Recruiting
 - Workforce planning and analytics
 - Payroll solution
 - Time tracking
 - Project and work management
 - Workday big data analytics
- Key benefits
 - Gain a more complete picture of your workforce.
 - Understand your entire people cost, including contingent labor.
 - Empower workers and business leaders through self-service.
 - Easily configure the system for your specific business needs.
 - Take action at the point of decision
- Workday HCM Suit Structure and Workflow



- Workday HCM Suit Functions

Human Capital Management Suite	
Human Resource Management <p>Workday Human Resource Management is designed to help you to organise, staff and pay your global workforce.</p> <ul style="list-style-type: none"> • Organisation management • Compensation management • Absence management • Employee self-service • Manager self-service 	Payroll Solutions <p>Workday Payroll addresses a full spectrum of enterprise payroll needs with flexibility, giving you control and insight.</p> <ul style="list-style-type: none"> • Payroll processing for U.S. and Canada • Robust calculation engine • Self-service • Automatic tax updates • Audit and reporting • Cloud Connect for Third-Party Payroll
Benefits <p>Workday Benefits helps you define, manage and adjust benefits plans to meet your unique requirements.</p> <ul style="list-style-type: none"> • Benefits plans, events and eligibility • Open enrolment • Evidence of insurability • Health savings accounts • Cloud Connect for Benefits 	Time Tracking <p>Workday Time Tracking reduces labour costs, minimises compliance risks and increases worker productivity.</p> <ul style="list-style-type: none"> • Global time entry • Mobile and web time clocks • Time approvals • Global time calculation • Reporting and analytics
Talent Management <p>Workday Talent Management lets you align, assess, reward and develop your workforce.</p> <ul style="list-style-type: none"> • Onboarding • Goal management • Performance management • Succession planning • Career and development planning 	Project and Work Management <p>Workday Project and Work Management seamlessly links strategy, people, work and results.</p> <ul style="list-style-type: none"> • Project and non-project work management • Resource pools and labour assessments • Milestones and tasks • Cost and budget tracking • Project analytics
Recruiting <p>Workday Recruiting helps you to find, engage and select the best internal and external candidates for your organisation.</p> <ul style="list-style-type: none"> • Headcount, pipeline and sourcing analytics • Candidate management • Referrals • Social media integration • Candidate selection • Offer management 	Workday Big Data Analytics <p>Workday Big Data Analytics will provide pre-built analytic templates that address key business issues for HR and Finance.</p> <ul style="list-style-type: none"> • Workday and non-Workday data sources combined, including unstructured data and large volumes of data • Single-platform security model and user experience • Built-in HR templates (workforce planning, retention, diversity, pay-for-performance, compensation, payroll cost analysis, etc.)
Workforce Planning and Analytics <p>Workday Workforce Planning and Analytics gives you a complete picture of your talent supply and demand to align your people to your business objectives.</p> <ul style="list-style-type: none"> • Operational Headcount Planning • Supply and Demand Analysis • Workforce analytics 	Additional Workday Applications <ul style="list-style-type: none"> • Workday Financial Management • Workday Expenses • Workday Procurement • Workday Grants Management • Workday Integration Cloud

Source: Workday

Appendix 2. Oracle Human Capital Management Cloud

- A globally recognized end-to-end HR solution that helps enterprises manage every stage of the employee lifecycle, and was named as a leader in the Gartner's 2021 Magic Quadrant™ for Cloud HCM Suites.
- Modules
 - Oracle Me
 - Connection
 - HCM Communicate
 - Touchpoints
 - Celebrate
 - Grow
 - Journeys
 - Digital Assistant
 - HR Help Desk
 - Human Resources
 - Oracle Core HR
 - Oracle Benefits
 - Oracle Strategic Workforce Planning
 - Oracle Work Life
 - Oracle Advanced HCM Controls
 - Oracle Experience Design Studio
 - Talent Management
 - Oracle Recruiting
 - Oracle Learning
 - Oracle Career Development
 - Oracle Opportunity Marketplace
 - Oracle Performance Management
 - Oracle Compensation
 - Oracle Succession Planning
 - Oracle Dynamic Skills
 - Workforce Management
 - Oracle Health and Safety
 - Oracle Workforce Scheduling
 - Oracle Time and Labor, and Absence Management
 - Oracle Payroll
 - Oracle HCM Analytics







- Oracle Cloud HCM All in One



Source: [Oracle](https://www.oracle.com/cloud/hcm/all-in-one/)

Appendix 3: Some Methods to Drive Tech Adoption

Missing opportunities to drive tech adoption

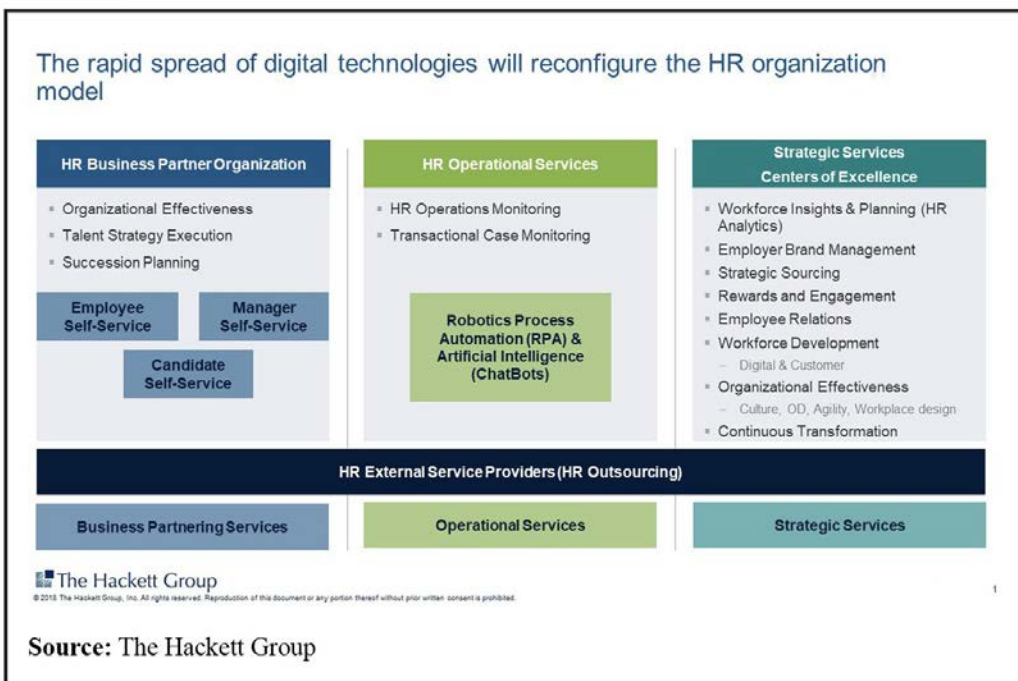
Effectiveness			Method applied
Incentives for usage		85%	44%
Mobile access		85%	51%
Training		85%	54%
Gamification		82%	25%
Leadership communication		82%	54%
Penalties for non-usage		79%	20%

Q: How effective were each of these methods in increasing adoption?
Source: PwC HR Tech Survey 2022: base of 688

Source: [PWC](#)

Appendix 4: Reconfiguration of HR Organizational Structure

Figure 1



Source: [The Hackett Group](#)