

HR Shared Services: Everything you need to know

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The primary dimension of the joint HR service is that a variety of parties are available for the activities involved. They are services which are popular. In addition, the client determines the service level and chooses which services to take up. A model of shared resources presupposes central supply.

In shared resources, a number of tasks may be covered. These include mostly administrative activities (e.g. improvements in payroll, relocation services, administration of recruiting, administration of insurance, provision of company vehicles, administration of pensions, etc.), but can also include the provision of information and guidance, or consulting and high-level technical support.

Shared services are an increasingly common organizational response to the creation of more effective delivery of services. Via economies of scale from the centralisation of resources, prices can be minimized. Increased client emphasis will lead to improved results in terms of quality. Technology can give different pathways to user-friendly distribution (eg call centres, intranets, etc.). However, decisions have to be taken on the nature of the operation of shared resources and the partnership between HR and line managers and employees.

Benefits of shared services

As one would assume, when they launch their new systems, the advantages appear to be those pursued by organizations, namely:

- Lower and more transparent costs
- More successful resourcing, increased job growth for HR workers
- Better facilities of better quality
- Via a better match between consumer demands and operation, higher customer satisfaction ratings
- A more integrated "complete solution" approach to issues
- A more strategic and selective contribution from HR
- Enhanced cross-group learning, partially via a shared database of knowledge, open to all
- Better data on management, more regularly provided across the enterprise as a whole,
- Better specification of the service e.g. via SLAs) and performance tracking
- Facilitation of corporate investment in infrastructure for computing and communications by arguing the case on a collective basis.

Issues creating HR shared services

Short-term or transition issues include:

- Recognizing that HR has a variety of different clients to be persuaded of and in particular, that the idea in theory and practice has to be endorsed by senior management.
- Understanding that large-scale capital investment may be needed to get the right technical infrastructure.
- Take care to assess the best operator style and choice: in-house or outsourced (in whole or in part).
- Careful of IT delivery times, careful if the kit is completely operational on time and to specification.
- Anticipating communication challenges, particularly where there are various discrete operations, each organizationally distinct.
- Protecting against a lack of constructive obligation. HR managers may be responsible for recruitment services, but if it is performed in a joint service centre, they have no influence over the job.

Issues for the longer term include:

- Ensuring HR in deeds as well as words makes a strategic commitment.
- HR aligns with the company, while at the same time fulfilling the 'employee champion' position that gives HR its distinctive meaning.
- Determining whether it is more necessary to use resources efficiently than to meet consumer needs, or vice versa.
- Recognizing career growth problems if lower graded workers do not create the skills that enables them to occupy more senior roles later.
- Ensure that workers are very dependent on being kept well aware of what is going on on the ground.
- Deciding to whom resources particularly in a project organisation, should be allocated.
- Preventing the possibility of project-based workers being ill-tuned to company needs, providing general advice rather than practical advice and not seeing the job through to a real conclusion.
- Recognizing the danger of giving too much focus and little attention to the content to the sale of goods.
- The full lack of face-to-face contact that creates a depersonalized service is prevented.

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