



SmartHR – People Management

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Skilled HR Practices Boost Company Profits

Companies that are highly skilled in core HR practices experience up to **3.5 times the revenue growth** and as much as **2.1 times the profit margins** of less capable companies according to a global study conducted by the Boston Consulting Group (BCG) and the World Federation of People Management Associations (WFPMA).

The study covered over 4,200 HR professionals and non-HR managers in more than 100 countries, and measured companies for proficiency in 22 HR areas and compared this to the companies' economic performance.

HR Topic Area:	Revenue Growth: impact the most capable companies achieve over the least capable companies	Profit Margin: impact the most capable companies achieve over the least capable companies
1. Delivering on recruiting	x3.5	x2.0
2. Onboarding of new hires and retention	x2.5	x1.9
3. Managing talent	x2.2	x2.1
4. Improving employer branding	x2.4	x1.8
5. Performance management and rewards	x2.1	x2.0
6. Developing leadership	x2.1	x1.8
7. Mastering HR processes	x1.8	x1.8
8. Global people management & international expansion	x1.8	x1.7
9. Enhancing employee engagement	x1.8	x1.6
10. Providing shared services and outsourcing HR	x1.6	x1.7
11. Managing diversity and inclusion	x1.6	x1.5
12. Managing change and cultural transformation	x1.5	x1.4
13. Using Web2.0 for HR & managing associated risks	x1.5	x1.4
14. Strategic workforce planning	x1.4	x1.5
15. Delivering critical learning programmes	x1.5	x1.4
16. Managing corporate social responsibility	x1.5	x1.3
17. Transforming HR into a strategic partner	x1.4	x1.4
18. Health and security management	x1.2	x1.5
19. Managing flexibility and labour costs	x1.2	x1.4
20. Restructuring the organisation	x1.2	x1.3
21. Managing work-life balance	x1.1	x1.2
22. Managing an ageing workforce	x0.8	x1.1

Source: 2012 BCG/WFPMA - <http://www.bcgperspectives.com>

There was a strong correlation between economic performance and HR capability, particularly in the following areas: recruiting, onboarding of new hires and employee retention, talent management, employer branding, performance management and reward, and leadership development. *Leadership development, talent management, and performance management and reward were considered pivotal.*

Effective people management practices should be an integral part of a Company's business strategy.

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