

## **Human Resource Management in Future An Obstacle of Champion of Globalization**

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### **ABSTRACT**

Globalization symbolizes the structural making of the world characterized by the free flow of technology and human resources across national boundaries presenting an ever-changing and competitive business environment. A vital aspect of globalization is the way diverse challenges are being faced by nations in an increasingly inter dependent world. No country can meaningfully progress today without efficiently responding to demands and pressures generated by international organizations and processes. World Trade Organization (WTO) for instance is bound to lead in a whole new system of trading relations. This article is an attempt to address two limitations. First the human factor is the key in the new era of globalization, a primary objective of this article is to present a conceptual framework for effective management of human resources as a response to the growing interaction of globalization and business performance. That in order to manage employees for competitive edge in a period of globalization. And the second limitation of article will focus on how training is important for fulfilling strategic goals and especially during times of technological growth and development in the modern world of ever changing information and innovation in order to meet the challenges of globalization.

### **INTRODUCTION**

As we enter a new millennium, the effects of internationalization now known as globalization are everywhere apparent. This has played a major role in sustaining the economic expansion of the global economy in the second half of the 20<sup>th</sup> century. Globalization is seemingly shrinking the planet as barriers to trade are dismantled, transport and communications costs fall, and global production systems are formed and managed by giant multinational corporations. Globalization can be defined as the ongoing economic, technological, social, and political integration of the world that began after the Second World War. There are several dimensions to this dynamic process, including the increased internationalization of economic markets as reflected, for example, in trade and financial capital flows. The primary objective of this article is to present a conceptual framework for strategic management of human resources as a response to the growing interaction of globalization and business performance. The rapid integration of the world economy through increased trade and investment, which has been fueled by new technologies, the spread of information and the growing importance of knowledge-based industries, provides the potential for opening up new avenues for human development.

Three central arguments made in this article are:

1. That a great deal of evidence has accrued to suggest that changes taking place in the global business environment often are not accompanied by complementary changes in human resource management practices leading to a situation whereby the failure of some firms is due to the mismanagement of people rather than to problems with technical systems.
2. This is because organizations have achieved relatively low levels of effectiveness in implementing Strategic Human Resource Management practices.
3. That in order to manage employees for competitive edge in a period of globalization, human resource personnel must possess competencies relevant for effective implementation of such strategic HRM policies and training.

### **Globalization of Business**

A major environmental change that has taken place in the last fifteen years is the globalization of business. The world has become a global village and business has become global in character. Organizations are venturing beyond national boundaries in the pursuit of business opportunities. Toyota Motor Corporation makes cars in USA and India, Mc Donald's sells burgers in India and hamburgers in China, and Marks and Spencer's sells products in India. Every other product sold by Wal-Mart stores Inc. is made in India. This is the time when buildings are conceptualized in the US designed in India and built in China. Very recently, Ford Motor Co. (Ford) announced its plans to invest \$ 1 billion in products and plants in the Asia-Pacific region in the next few years to maintain its presence in the fast-growing markets.

Outsourcing has made India a Manufacturing hub, especially for the automobile sector; with cheap labour providing one of the competitive advantages. Government policy reforms and growth against an appreciating rupee have also facilitated this trend. Large numbers of manufacturing assembly jobs that require low skills have moved from the US and Western Europe to developing countries like China, Thailand, Malaysia, and India. India's manufacturing and services companies invested \$10 billion overseas in 2004. The top 15 Indian IT, software and related companies have invested mostly in developed countries. Like the IT and automobile industries, domestic hospital chains from India, such as Apollo Hospitals Group, Fortis Healthcare and Max Healthcare Institute Private Limited, also have ambitious expansion plans in markets as far away as the US, UK, Mauritius, and South-East Asia.

Multinational corporations require employees who can adapt to different cultures, customs, social practices, values, economic and political systems and management approaches, who can work with other employees from differing backgrounds. This has caused new challenges for HR managers. The HRM function of a company must develop systems that will help individuals from different cultural backgrounds to work together. Human resource managers must ensure that employees with the requisite knowledge, skills, abilities, and cultural adaptability are available so that they may be successful in global assignments. Foreign investment is no longer something that flows only from a developed country to a developing one. Indian companies are on an expansion drive. Indian business houses, like the Tata Group and firms like Ranbaxy

Laboratories Limited (Ranbaxy), Wipro Limited (Wipro), Sun pharmaceutical Industries Limited, Crompton Greaves Limited, Asian Paints, and Cognizant Technology Solutions, have struck merger and acquisition deals world wide to become global players. Acquisitions by Indian companies have now become strategic in nature, by which they have been able to take leadership positions in Asia. The table 1.1 depicts major Human Resource Challenges faced by modern businesses in the present scenario.

**Table 1.1 Globalization Trends and Human Resource Challenges**

Sr. No.	Environmental Trends	Human Resource Challenges
<b>1.</b>	<b>Business Environment</b>	
	Globalization and increased competition	Managing a global workforce. Ensuring availability of employees who have the skills for global assignments. Focusing increasingly on employee productivity to ensure competitiveness. Ensuring legal compliance when conducting business abroad.
	Mergers and Acquisitions	Managing employee insecurity. Ensuring continued employee productivity. Developing HR initiatives to manage employee morale.
	Downsizing	Managing organizational relationship with survivors Managing morale and commitment of survivors Providing outplacement services or relocation for employees who lose jobs. Providing personal and family counseling to employees who lose their jobs.
<b>2.</b>	<b>Changing Nature of Work</b>	
	Industry and Occupational shifts	Managing workforce with flexible working patterns. Focusing on competencies during hiring process. Designing incentive based compensation. Developing proactive employee development programmes.
	Technological Advancements	Managing a virtual workforce. Managing employee alienation. Developing training modules and conducting programmes to provide employees with required skills. Retraining current employees to manage obsolescence. Providing work-life balance initiatives.
	Outsourcing	Manage employee concerns about losing jobs due to outsourcing. Managing employee morale and productivity.
	Flexible Work Arrangements	Managing the loss of organizational control over work. Developing programmes for motivating the flexible workforce. Developing ways of ensuring commitment of the flexible workforce to the firm.

<b>3.</b>	<b>Demographic, Societal, and Workforce Trends</b>	
	Workforce Diversity	
	Workforce Composition	Devising customized HR strategies for hiring, retaining, and motivating employees belonging to different generations. Developing life-style driven perks for the new generation employees. Developing work-life balance programmes.
	Workforce Availability	Ensuring the availability of skilled talent to fulfill organizational needs.
	Ageing population and workforce	Finding replacement for retirees. Managing the demand-supply gap for qualified managerial talent due to a large retiring workforce. Developing mentoring programmes to ensure the skills of experienced managers are passed on to new managers. Obsolescence training and retaining of older employees. Managing retirement policies. Conducting programmes to retain experienced employees.
	Educated and knowledge workforce	Ensuring the continued supply of trained manpower. Training new hires. Partnering with universities and developing academic initiatives to meet projected shortage of skilled manpower. Training employees in computer skills, communication skills, and customer handling skills. Emphasizing re-training and development activities.
	Women in workforce	Strategizing to attract and retain educated and skilled women workers. Conducting programmes for women who opt for career breaks. Providing facilities such as crèches, flexible working hours, etc.
	Changing family structures	Developing work-life balance programmes.
	Global Workforce	Developing diversity training programmes. Developing HR initiatives directed to workforce diversity. Identifying and training expatriate managers for overseas assignments. Developing equitable pay plans for individuals working in different countries.
	Contingent Workforce/workforce flexibility	Developing systems to motivate the temporary workforce and elicit commitment from them Helping the temporary employees to quickly adapt to the organization to reach their full potential
<b>4.</b>	<b>Changing Nature of Employment Relationship</b>	
		Offering challenging jobs to employees. Managing rewards for enhancing employee performance. Providing opportunities for enhancing skills through training, development, and educational programmes. Developing programmes for employee commitment. Understanding value differences across different employee groups and customizing HR programmes.

*Source: Agarwala, Tanuja, "Strategic Human Resource Management", Oxford Publication, 2007.*

## **HRM ISSUES AND CHALLENGES IN GLOBAL MARKETS**

The coming of the 21<sup>ST</sup> century poses distinctive HRM challenges to business especially those operating across national boundaries as multinational or global enterprise. Competing in global markets entail many factors and centralization of its human resource practices is certainly vital to improve global competitiveness and empower employees for global assignments. To achieve success in global marketplace, the challenge of all businesses regardless of their size is to understand global corporate cultural differences and invest in human resources. There are certain human resource management issues that are particular for the global enterprise. The key issues involve staffing policies selecting and retaining talented employee, training and development whilst encouraging employees to be innovative and creative, culture barriers, and legal frame work. Others issues include understanding the challenges of living and working overseas, performance appraisals from a distance, training and management development, compensation packages, and labor relations and organized labor laws.

## **STRATEGIC HRM AS A RESPONSE TO THE CHALLENGES OF GLOBALIZATION**

The world has undergone a dramatic change over the last few decades, the forces of globalization; technological changes have greatly changed the business environment. Organizations were required to respond in a strategic manner to the changes taking place in order to survive and progress. Strategic Human Resource Management (SHRM) involves a set of internally consistent policies and practices designed and implemented to ensure that a firm's human capital contribute to the achievement of its business objectives. Strategic human resources management is largely about integration and adaptation. Its concern is to ensure that:

1. Human Resources (HR) management is fully integrated with the strategy and the strategic needs of the firm.
2. HR policies cohere both across policy areas and across hierarchies.
3. HR practices are adjusted, accepted, and used by line managers and employees as part of their everyday work. SHRM practices are macro-oriented, proactive and long term focused in nature; views human resources as assets or investments not expenses; implementation of SHRM practices bears linkage to organizational performance; and focusing on the alignment of human resources with firm strategy as a means of gaining competitive advantage.

The role of people in the implementation of strategic responses has a significant bearing on the success rate. It is therefore imperative for organization to look at the human issues involved before implementation of any strategic responses. At this connection the question is: How can organizations effectively adopt, implement

and maximize HRM practices for valued firm level outcomes? That is, how can firms increase the probability that they will adopt and then effectively implement appropriate HRM practices? Insuring that members of the HRM personnel have the appropriate human capital or competencies has been suggested as one way to increase the likelihood of effective implementation of HRM practices .The future HR professional will need four basic competencies to become partners in the strategic management process. These include business competence, professional and technical knowledge, integration competence and ability to manage change.

## **IMPLICATIONS FOR HRM PRACTICES**

HR professional competence describes the state-of-the-art HR knowledge, expertise and skill relevant for performing excellently within a traditional HR functional department such as recruitment and selection, training, compensation, etc. This competence insures that technical HR knowledge is both present and used within a firm.

Business-related competence refers to the amount of business experience HR personnel have had outside the functional HR specialty. These capabilities should facilitate the selection and implementation of HRM policies and practices that fit the unique characteristics of a firm including its size, strategy, structure, and culture .In other words, these competencies will enable the HR staff to know the company's business and understand its economic and financial capabilities necessary for making logical decisions that support the company's strategic plan based on the most accurate information possible.

## **FRAMEWORK AND PROPOSITIONS**

The human resource function faces many challenges during the globalization process, including creating global mind-set within the HR group, creating practices that will be consistently applied in different locations/offices while also maintaining the various local cultures and practices, and communicating consistent corporate culture across the entire organization. To meet these challenges, organizations need to consider the HR function not as just an administrative service but as a strategic business.

The following is derived from the framework as mentioned above:

1. Human resource managers may have achieved higher levels of HR professional competencies and lower levels of business related competencies.
2. The incidence of implementing strategic HR practices is lower in organizations especially in the developing countries.
3. Both HR professional competence and knowledge of the business (business related competence) significantly contribute to the extent of implementing SHRM Practices.
4. Managerial competencies are significantly related to organizational performance.

5. The extent of implementing SHRM practices contribute significantly to firm level outcomes.

6. The relationship between SHRM and organizational performance is affected by organizational context variables (firm size, level of technology and union coverage).

It may be pertinent to point out here that the six propositions derived from the framework are particularly relevant for giving insights into the HRM challenges facing organizations in the new era globalization. In other words, these propositions will help us organize thought on the level of readiness (and otherwise) of organizations in response to the challenges of the global business environment. For example, if HR personnel especially in developing countries demonstrates higher levels of HR professional competence relative to the business-related competence (as found in the literature), it would be important to set right this wrong as a stepping stone for succeeding in global business. This is because to succeed in the new era of globalization, the human factor is central. That is why it is necessary for HR personnel to prove themselves beyond reasonable doubt that they are capable of playing key roles in enhancing the status of the HR department (Barney & Wright) must possess a thorough understanding of business and also act as important influences in the level of integration between HR management and organizational strategy (Golden & Ramanujam).

The four major HRM roles in the Knowledge economy are as:-

- Human Capital Steward
- Knowledge Facilitator
- Relationship Builder
- Rapid Deployment Specialist

## **TRAINING FOR GLOBAL BUSINESS**

Firms competing in a global market place, and organizations are to survive and prosper in the modern world of rapid change, they need to be more flexible, faster-moving and faster-learning than before. For that firms are implementing special global training programs, the reason for doing to avoid lost business due to cultural insensitivity, improving job satisfaction and retention of overseas staff and enabling a newly assigned employee to communicate with colleagues abroad. Providing training for employees not only helps them develop their skills and knowledge, but it is also motivational and a building block to organisational success. Global training programs opt for prepackaged programs. (Gary Dessler).

\* **Executive Etiquette for Global Transactions:** This program prepares managers for conducting business globally by training them in business etiquette in other cultures.

\* **Cross Cultural Technology Transfer:** This program shows how cultural values affect perceptions of technology and technical learning.

\* **International Protocol and Presentation:** This program shows the correct way to handle people with tact and diplomacy in countries around the world.

\* **Language Training:** Language training delivered by certified instructors, usually determined by the learner's needs.

## CONCLUSION

This article summarizes the interaction of globalization and business performance especially with a flavor of the challenges from the perspectives of human resources. This article presents a framework for Strategic Human Resource Management as a response to prepare organizations for the challenges of globalization. It has been observed that by and large organizations have achieved relatively low levels of effectiveness in implementing Strategic Human Resource Management (SHRM) practices (Huselid, et al.). The rampant pace of global competition, the speeds of technological developments, rapidly changing demographics, and the incredible increase in information technology have resulted in a business environment that changes day to day, hour to hour. To remain competitive in such a dynamic environment, businesses must continually improve their human resource management systems and organizational changes. If the propositions outlined above are supported, then the real challenge for organizations in the era of globalization is to pay particular emphasis to strengthening their human resources by upgrading the relevant competencies. Addressing these issues is a necessary step towards facing the challenges of globalization in to the next millennium.

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