

Impact of Globalization on Human Resource Management

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Abstract: Globalization is characterized by the free flow of technology and human resources across national boundaries presenting an ever-changing competitive business environment. In the global competition within the flat and connected new world, decision making in organizations has become increasingly intricate and convoluted. The new global world has widened the talent pool for excellent and marginal workers, and for permanent and fluid workers. The pace of globalization is increasing continuously in terms of markets for goods and services, investment and business opportunities within one or more organizations. This transformation caused by globalization affects all the department in an organization in which human resource management is not left out in this transformation crusade as it has obligation to move along with the changing demands of the globalization process. The roles and responsibilities of Human Resources departments are transforming as the modern business faces pressures of globalization. The global supply of talent is short of its long-term demand, and the gap is a challenge for employers everywhere. Now organizations need to place greater emphasis on attracting human capital rather than financial capital. Global staffing and management of a workforce diverse in culture and language skills, and dispersed in different nations are the key goals of global human resources. This paper examines the impact of the workforce on Human Resource Management either locally or internationally also it revealed the various factors driving globalization in the workforce and the issues and challenges that confront the Human Resource Management in the global markets, and also the benefits of globalization Human Resource Information System (HRIS) to the Human Resource (HR) department.

Keywords: Globalization, Investment, Human Resource Management, Business, and Human Resources Information System.

INTRODUCTION

The concept of globalization refers to an increasing flow of goods and resources across national borders and the emergence of a complementary set of organizational structures to manage the expanding network of international economic activity and transactions. Globalization is expected to accelerate growth in developing countries. Globalization involves technological, economic, political and cultural exchanges made possible largely by advances in communication, transportation, and infrastructure. Armstrong (2004) defined Human Resource Management (HRM) as the function within an organization that focuses on recruitment of management of, and providing direction for the people who work in the organization. Also, Human Resources Management is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration and training. Human Resource Management is also a strategic and comprehensive approach to managing people and the workplace culture and environment. Effective HRM enables employees to contribute effectively and productively to the overall company direction and the accomplishment of the Management is moving away from traditional personnel, administration, and transactional roles, which are increasingly outsourced.

Human Resource Management is moving away from traditional personnel, administration, and transactional roles, which are increasingly outsourced. HRM is now expected to add value to the strategic utilization of employees and that employee programs impact the business in measurable ways through globalization, therefore Human Resources department are transforming as the modern business faces numerous and complex challenges, and exploit opportunities. The transformation of human resources today is a direct call of the rapid changes within business due to factors such as globalization. In the global competition within the flat and connected new world, decision making in organizations has become increasingly intricate and convoluted. The system will help to analyze the data to provide business insights, predict future needs and develop strategies to fill those needs. The global supply of talent is short of its long-term demand and the gap is a challenge for employers everywhere. The shortage between the demand and supply of talent is likely to continue to increase, notably for highly skilled workers and for the next generation of multi-national organization. Now, more than ever, organizations need to place greater emphasis on attracting human capital rather than financial capital. Because capital is broadly available from investors and lenders, and innovations can be duplicated relatively easily and quickly, effective human resource management is the best way to differentiate one company from another.

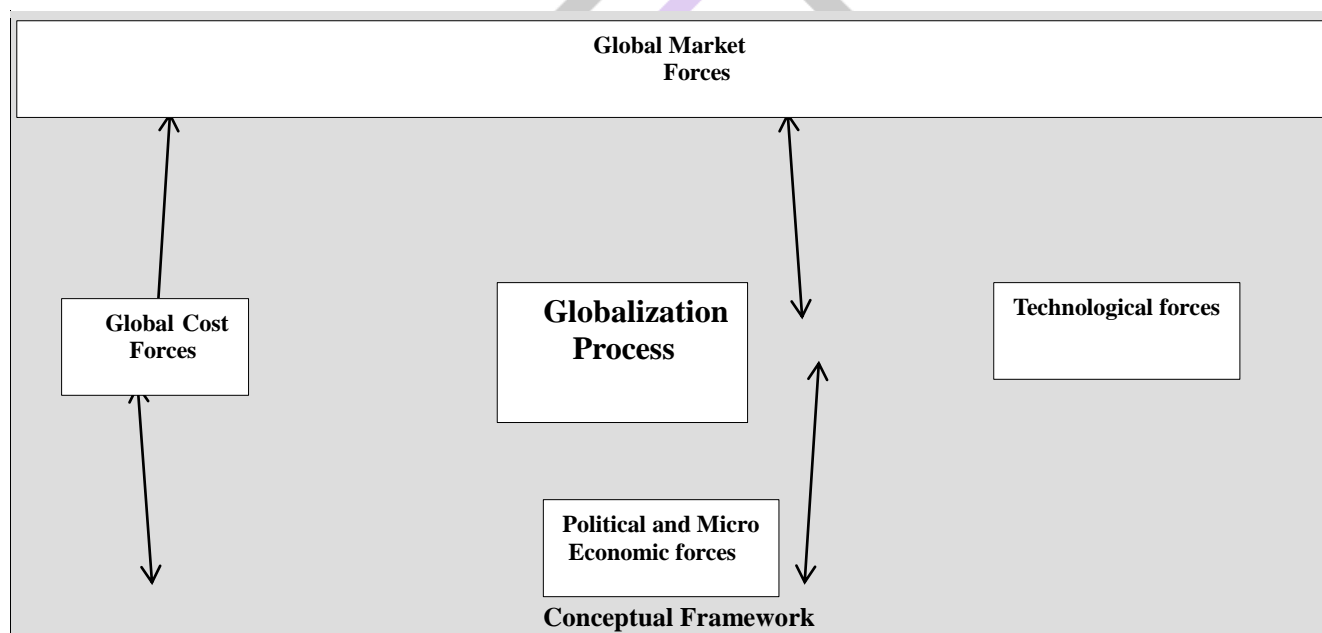
Trending Concepts in HRM due to Globalization

• Specialized Application	• Use of Information technology
• Reducing Manual Efforts	• Diversity in Work Force
• Work Life Balance	

Global staffing and global leadership development are the two components of global human resources with the greatest potential for powerful leverage for global firms. Only the multinationals that will be willing to adapt their human resource practices to the changing global labour market conditions will be able to attract, develop and retain the right talent, and will likely succeed in the global competition. Most emerging nations with large populations, including Brazil, Russia, India, and China, may not be able to sustain a net surplus workforce with the right skills for much longer. Now, more than ever, organizations need to place greater emphasis on attracting human capital rather than financial capital. Because capital is broadly available from investors and lenders, and innovations can be duplicated relatively easily and quickly, effective human resource management is the best way to differentiate one company from another.

DRIVING FACTORS OF GLOBALIZATION

Over the years, the relative success of globalisation is evident in terms of increased foreign trade and capital flows, acceleration of growth rates and rising real per capital GDP in the those countries that have opened up their economies more to the rest of the world than those that have preferred to follow a close economy model. It is a known fact that countries such as China, Korea, Mexico, Malaysia and Thailand have experienced faster growth in per capital real increase owing to their expanding external sector and liberalised approach towards globalisation than slowly global sing developing countries such as Ghana, India, Pakistan, and Sri Lanka among several others. Globalisation essentially implies much closer integration of the world economy that has assured many hopes as well as fears. The policy makers of a developing economy have to take an account of both credit and debit side of the phenomenon. The last two decades have seen the evolution of the global manufacturing environment, majority of the manufacturers have global presence through exports, strategic alliances, joint ventures or as a part of a committed strategy to sell and produce in foreign markets.



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Globalisation is not a novel phenomenon. Yet, in the contemporary era, its approach tends to be fresh, new, mote friendly and warming. Globalisation essentially implies much closer integration of the world economy that has assured many hopes as well as fears. The policy makers of a developing economy have to take an account of both credit and debit side of the phenomenon.

• Global Market forces	• Global Cost Forces
• Technological Forces	• Political and Macroeconomic Forces

Global Market forces

There is tremendous growth potential in the global markets which resulted in intensified foreign competition in local markets which forces the small-and-medium-sized companies to upgrade their operations and even consider expanding internationally. There has also been growth in demand which necessitates the development of a global network of manufacturing bases and markets when the markets are global, the production - planning task of the manager becomes difficult on one hand and allows more efficient utilization of resources on the others.

Technological Forces

A peculiar trend which was prevalent in the last decade, besides globalization, was a limited number of producers which emerged due to diversity among products and uniformity across national markets. Product diversity has increased as products have grown more complex and differentiated and product life cycles have shortened. These have been diffusion of technological knowledge and global low-cost manufacturing locations have emerged. In response to this diffusion of technological capability, multinational firms need to improve their ability to tap multiple sources of technology located in various countries. They also must be able to absorb quickly and commercialize effectively, new technologies that, in many, cases, were invented outside the firm thus overcoming the destructive and pervasive 'not - invented-here attitude and resulting inertia.

Global Cost Forces

New competitive priorities in manufacturing industries, that is product and process conformance quality, delivery reliability and speed, customization and responsiveness to customers, have forced companies to re-prioritize the cost factors that drive their global operations strategies. The Total Quality Management (TQM) revolution brought with it a focus on total quality costs, rather than just direct labor cost. Companies realized that early activities such as product design and worker training substantially impact production costs. They began to emphasize prevention rather than inspection. In addition, they quantified the cost of poor design, low input quality and poor workmanship by calculating internal and external failure costs. All these realizations placed access to skilled workers and quality suppliers high on the priority list for firms competing on quality. Similarly, Just-in-Time (JIT) manufacturing methods, which companies widely adopted for the management of mass production systems, emphasized the importance of frequent deliveries by nearby suppliers. A number of high technology industries have experienced dramatic growth in the capital intensity of production facilities.

Political and Macroeconomic Forces

Getting hit with unexpected or unreasonable currency devaluations in the foreign countries in which they operate is a nightmare for global operations managers. Managing exposure to changes in normal and real exchange rates is a task which the global operations manager must master. If the economics are favorable, the firm may even go so far as to establish a supplier in a foreign country where one does not yet exist. For example, if the local currency is chronically undervalued, it is to the firm's advantage to shift most of its sourcing to local vendors.

ISSUES AND CHALLENGES OF GLOBALIZATION

Human Resource Management challenges to business especially those operating across the national boundaries as multinational or global enterprise competing in global markets entails many factors and centralization of its human resource practices is certainly vital to improve global competitiveness and empower employees for global assignment. To achieve success in global market place, the challenge of all businesses regardless of their size is to understand global corporate cultural differences and invest in human resources. Vernon (2004) 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 framework. Others issues include understanding the challenges of living and working conditions, performance appraisals from a distance, training and management development, compensation packages and labor relations and organized labor laws.

ROLES AND RESPONSIBILITIES OF HUMAN RESOURCE

Human resource is a department which leads the development and upgrade of the corporate culture. The common corporate culture is crucial for the global organization. The organization cannot act the same way around the globe when the corporate culture is different. On the other hand, the development of the common corporate culture is difficult. The nations are different. The HR role is to set up the international team, which develops the unified corporate culture and corporate values. The role of Human Resources is setting the essential training courses for managers. HR has to push managers to apply for the courses. They have to understand roots of the common corporate culture and how they are expected to behave globally. The employees and managers have to communicate globally with colleagues around the Globe. The unified way of communication, the approach to problem solving and identification with the organization make global decisions easier. Human Resources should be the first global function. It has to introduce the globally managed, HR processes focused on the development of the global talents and bringing the unified approach. The performance management and the talent management are usually the first globally managed HR processes.

The unified and globally managed performance management process helps to manage the performance of individual businesses in countries and helps to identify the future global leaders for the organization. The role of modern human resource departments is to focus on organizations' long-term objectives. Instead of focusing exclusively on internal human resource issues, modern human resource department takes a balanced and broader approach. The global Human Resources is able to identify best talents in the organization, and more talents of different countries. It is not easy to introduce the global mobility, but the global organization needs global managers, who are able to run different projects over continents. The identification of global leaders needs a strong global Human Resources. The HR professionals have to be trained in global policies, and they have to be managed from different centers of excellence around the globe.

IMPACT OF GLOBALIZATION ON HRM

Globalization symbolizes free flow of technology and human resources across national boundaries presenting an ever-changing and competitive business environment. Globalization is a process that is drawing people together from all nations of the world into a single community linked by the vast network of communication technologies. This aspect of globalization has also affected the HRM in the business world of today. HR managers today not need to rely in a small limited market to find the right employees needed to meet the global challenge, but today they can recruit the employees from around the world. The future success of any organizations relies on the ability to manage a diverse body of talent that can bring innovative ideas, perspectives and views to their work. Thus, a HR manager needs to be mindful and may employ a 'Think Global, Act Local' approach in most circumstances. Many local HR managers have to undergo cultural-based Human Resource Management training to further their abilities to motivate a group of professional that are highly qualified but culturally diverse. Furthermore, the HR professional must assure the local professionals that these foreign talents are not a threat to their career advancement. In many ways, the effectiveness of workplace diversity management is dependent on the skillful balancing act of the HR manager.

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IMPACT OF GLOBALIZATION ON HRM	
<ul style="list-style-type: none"> Managing Cultural Diversity Managing Expatriates Difference in the Employment Laws Managing Outsourcing of employees Managing virtual employees Corporate Social Responsibility Coping with flexible working hour 	<ul style="list-style-type: none"> Evolution of more part-time and temporary work(especially among women, the elderly and students). Coping up with emerging technologies & quality measured. Changing perspective from subordinates to business partners

To cope up with the intensity of competition brought by globalization, knowledge-based economy has emerged to replace the previous domain. As globalization emphasizes more on diversity, it has a great impact on the way companies manage their employees.

Various new technologies have emerged that are helpful for human resource professionals to manage the processes involved in globalization but there are also certain challenges that are faced by the organizations. The human resource department must learn to recruit and retain talented employees at a global level. As the company has to deal with changing demands, professionals will have a need to predict and manage culture-fit policies.

Companies are focusing on people with the right profiles as also those who are more capable. With the great impact of globalization, demand for people has increased for highly skilled jobs or positions that require specialized knowledge. It becomes difficult for human resource professionals to locate such people in the nearby areas, they have looked for them globally. HR experts progressively are entrusted with working new computer system frameworks required to deal with a worldwide workforce. Human resource professionals have to spend a considerable time and effort to learn new platforms when their companies rely on the latest software to manage a worldwide workforce.

The most important thing that needs to be considered by the organizations and a company is to understand and apply the laws of different jurisdictions to a particular organization or company. There are not only tax and labor laws to be considered but also regional and local laws that apply to companies that operate in different states or different countries. Hiring employees at branch locations in different locations might change the requirements on minimum wage, tax allowances or working hours. Understanding and following these laws are vital as it has a great impact on the reputation and working of the company or organization.

GLOBAL HUMAN RESOURCE INFORMATION SYSTEM

A global Human Resource Information System can put vast amount of multinational employee data to strategic use. Ideally, the global database is automatically updated by the local databases ensuring data is not only inputted correctly, but only once. By applying consistent standards for data management, global HRIS reporting becomes more accurate and streamlined as all of the decision makers receive and have access to the same information. This information can then be used for in-depth analyzes to help HR and the organization make better, more informed decision. By applying a consistent process for capturing and maintaining employee specific data (job, position and qualifications), the global HRIS can be used to identify, plan and budget for employee training, succession planning and expatriate assignments. As the "war on talent" continues to loom, a multinational organization with a global HRIS can very quickly and easily discover the right person to fill a specific position. Having the ability to locate the best qualified employee regardless of his/her location is a competitive advantage. Additionally, designing the system to identify with employees are interested in overseas assignments will also make the expensive and time consuming expatriate process quicker and easier. Using the Human Resource Information System (HRIS) to think locally, but compensate globally - compensation can be applied fairly across the globe while still being aware of and understanding differences in compensation for similar jobs in various countries. Compensation users are able to review plans in local and additional currencies and languages. A global HRIS can also provide compensation guidelines and help documentation either on or off-line to assist employees in understanding their compensation package and to assist the manager with award decisions and policies .

SUMMARY AND CONCLUSION

The increasing prevalence of globalization is driven by a number of factors, including shortage of talent in developed countries, availability of low cost labor and growing consumers in developing countries, and technological progress. Despite the current economic down turn and unemployment, most developed countries, including United States, Germany and Japan will face long term talent shortages mainly due to ageing and retirement of baby boomers. There are more workers retiring than entering the labor force in these countries. By 2020, for every five retiring workers, only four new workers will join the labor force in most developed countries. The shrinkage of talent will be more than compensated by growing number of professional talent produced in emerging nations, yet the global supply of talent is short of its long-term demand, and the gap is a challenge for employers everywhere. The shortage between the demand and supply of talents is likely to continue to increase, notably for highly skilled professionals. The demand for talented people is increasing from developed and developing countries alike. Only the multinational enterprises that will be willing to adapt their human resource practices to the changing global labor market conditions will be able to attract, develop and retain high performing employees, and will likely survive, and succeed in the global competition. Management of culturally diverse and geographically dispersed workforce is a key goal of global human resources. It is also critical that the businesses not only familiarize with local ways of doing business, and understand needs of the local consumers, but also develop a global mindset among their employees. Human resources must play roles and responsibilities in leading the organization towards openness to cultural diversity. The increasing prevalence of globalization is driven by a number of factors, including shortage of talent in developing countries, global market forces, technological forces, global cost forces. Also, this paper examines the various issues in Human Resources Management and challenges in the global market also this paper look into the roles and responsibilities of Human Resources in this globalization era, and finally examines the benefits of global HIRS to the growth and development of HRM in an organization. The human resources need to focus on organizations' long-term objectives and on future-oriented plans. Instead of focusing exclusively on internal human resource issues, human resource departments need to take a balanced and broader approach. HR departments of global companies must assemble data on factors, such as employees, attrition and hiring, compensation and benefits, ethnic, gender, cultural, and nationality distributions, and load into data warehouses and data marts. By applying advanced analytical techniques on the data, human resource professional will get business insight, predict changes, and make informed decisions at operational and strategic levels. The human resource professional accesses current and anticipates future skills shortages through strategic skills planning. Global organizations not only need to a networked, collaborative and open to culturally diverse workforce, but also consists of high talent.

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