

EFFECT OF PROLIFERATION ON STRATEGIC HUMAN RESOURCES

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ABSTRACT

When a business expands its operation into other countries, the impact of globalization on human resource development and management is significant. Companies need to consider a diverse range of practical adjustments to be able to hire, train, retain and support a workforce that's often spread throughout several countries, which often have varying cultural identities. Human Resources departments must adapt their thinking and practices to include cultural differences, foreign regulations and technological developments. Today more than ever, organizations must capitalize on a changing business environment, improve profitability and overall productivity, formulate and implement a planning process and make better strategic decisions. Perhaps the most striking change in Human Resource Management today is its increased involvement in human resource planning, while developing and implementing the company's strategy (the company's long-term plan for how it will balance its internal strengths and weaknesses with its external opportunities and threats to maintain a competitive advantage). The concept of human resource planning takes added significance, therefore, in firms that build their competitive advantage around their people. However, there are several basic trends, which pose a threat to the accuracy and validity of human resource planning predictions, and which prove to be important factors in determining the strategic direction of most firms today. The most obvious of these trends is the globalization of markets. Firms in days gone by, that competed only with local firms, now face competition from foreign firms. As one expert puts it, "The bottom line is that the growing integration of the world economy into a single, huge market place is increasing the intensity of competition in a wide range of manufacturing and service industries." Deregulation has reinforced this trend, as nations eliminate the legal barriers that protected industries from unbridled competition.

Keywords: Strategic Human Resources, International Human Resources, Global Human Resources, Human Resources Effectiveness, Global Leadership, Hr Strategic Partner

INTRODUCTION:

As demands are made on organizations to expand their global markets, having an effective global human resources function becomes imperative. Based on interviews with global human resource executives in sixty of the largest US-based multinational organizations, this study first identifies ten factors, or guiding principles, that facilitate such effectiveness. Using data from surveys of these HR executives as well as of managers of non-HR areas and the CEOs/business unit executives of these companies, the paper then analyses how the members of these various groups rated the effectiveness of the global HR function. The survey findings demonstrate that the global HR executives and the CEO/business unit executives rated the global HR function relatively high, while the executives in the other functional areas rated its effectiveness somewhat low. The relationship

between the effectiveness of the global HR function and firm performance was also examined and revealed that three of the ten factors identified by the HR executives were related to bottom-line organizational performance measures. These findings suggest that, in successful organizations, global HR is perceived to be making a contribution and actually is making a contribution to the overall financial performance of the organization.

More globalization means more competition and more competition means more pressures to improve the quality of the business sector – that is; lowering costs to make employers more productive, and to find new ways of achieving cost-effectiveness while creating an avenue for doing things in better and more dynamic ways. Similarly, the Internet and Information Technology have been forcing and enabling firms to become more competitive. Technology is doing more than merely reducing costs and opening up new ways to compete; it also changes the nature of work and creates brand new kinds of jobs. Technology, however, is not the only trend driving the changes in the business environment, as workforce demographics are also changing. Of note, the workforce is becoming more diverse, as women, minority group members and older workers enter the workforce. Today, it is the firm's workforce – that is, its knowledge, commitment, skills and training, that provides the competitive advantage, for World Class Companies, like Microsoft, Sony, AOL, and General Electrics (GE). For this purpose, increased attention has been given to the Human Resource Planning process: from the input stage, through analysis, forecasting, and implementation to evaluation and redesign of the Human Resource Plan.”

OBJECTIVES:

Factors Driving Globalization

- Challenges for globalization on Human resources
- Roles and Responsibilities of Human Resources
- Pros and Cons of the growth on HR department

FACTORS DRIVING GLOBALIZATION

Globalization of Human Capital

Perhaps the greatest resource available to any company is the workforce it acquires and retains. As a company extends its base to a foreign shore, the impact of that globalization on HR procedures will extend to current workers and also to new employees. The HR department will need to increase support of its current staff, as they transfer overseas to new positions. Assistance with visas, work permits, and housing will be required, as well as training in cultural issues and perhaps language acquisition. New local talent must be acquired and developed, as well. A company's ability to move into new markets, will depend on its ability to fill needs with skilled workers. In some situations, local workers may meet the criteria, but in other situations, they may be more looking for skilled and already-trained employees to be transferred to positions in the new overseas location. In this case, the willingness of workers to become mobile could be a key factor to productivity.

Corporate and Cultural Differences

Another significant impact of globalization on human resource development is the necessity to consider cultural differences, both in and out of the workplace. Businesses tend to have their own corporate cultures or ways of operating, but there are societal and cultural differences between people as well. Cultural norms within a society affect the workforce and how workers view their jobs, especially in relation to time spent with their family and ideas about employment expectations. Some cultures may also have varying mores about gender roles, particularly concerning the role of women in leadership. While a female in a managerial position is not uncommon in American culture, the same may not hold true elsewhere.

Employment and Tax Laws

Global expansion is also affected by varying tax and labor laws. HR departments need to be prepared to deal with different tax rates, benefit requirements or labor and environmental regulations. These requirements may be in addition to or even in conflict with current corporate policies, so adjustments to maintain compliance with local governments are necessary. HR managers must become experts in issues that not only pertain to their industry, but keep current with issues and government policies within the countries in which their company now operates.

Long-Distance Communication Challenges

In a small, local business, the HR manager can ask an employee to stop by the HR office to sign a form, discuss an issue with their paycheck or to handle a policy-related issue. When managing employees over great distances and perhaps in several sites spread around the globe, HR departments face a bigger challenge in communicating with their employees. Often, they must rely on technology such as email or conference calling to relay information, thereby eliminating some of the more direct human elements of interaction. Offices are also open during different points in the 24-hour work day, so that even simple issues may take more time to resolve.

Although forms and HR management software should be standardized throughout the company, accommodations may have to be made for language differences, as well.

CHALLENGES FOR GLOBALIZATION ON HUMAN RESOURCES

Supply and Demand

When viewed from a global perspective, the demand for employees exceeds the supply. This can be especially true for highly skilled jobs, or positions that require specialized knowledge. HR must not only find qualified candidates; it must find them in locales across the globe. If your company has a need for a specific type of employee that you are used to finding locally, you may be surprised that such employees don't exist in remote locations where you need them. Your HR department must devise strategies to relocate or train employees to suit company needs.

Expatriation

HR may have to persuade employees to work abroad for extended periods. That means HR must provide for housing, orientation to new customs and even new language skills. HR also must be prepared to provide such services to entire families, because employees with families cannot be expected to spend extensive time abroad without their spouses and children.

Communication

Though the Internet has made global communication simpler, time zones have not. HR must devise ways to communicate vital information in a timely manner, without expecting remote employees to be available at odd times, such as midnight or the early morning hours. HR departments can meet this challenge by limiting same-time communication to emergencies only, and setting up email alerts that arrive at the beginning of the remote employee's work day.

Training

HR must devise ways to deliver training to employees abroad who cannot attend live sessions in the company's home country. Solutions may include self-paced training, virtual training that is live but conducted through Internet connections, and teleconferences. If the nature of the training is such that personal contact is essential, HR must find ways to either send trainers abroad or bring remote employees to the home country temporarily.

ROLES AND RESPONSIBILITIES OF HUMAN RESOURCES

The work of human resources specialists begins when a position with the organization needs to be filled. These HR specialists, at this time, may do every from creating and placing job posts to visiting job fairs to find the right candidate. Once a pool of potential candidates has been assembled, HR specialists then sort through them, scheduling and conducting interviews. In larger organizations, senior HR members may be responsible for the interviewing process, although HR specialists in smaller companies are often responsible for this step in the hiring process.

When not hiring, placing, and orienting new employees, HR specialists often oversee current employee satisfaction and productivity, ensuring that the workplace is always running efficiently.

Human resources specialists work under HR directors and managers. During the hiring process, they generally consult with members of the management team to ensure that the right candidates are being placed into the right position. Thus, their job duties frequently involve consulting with the appropriate HR managers.

Daily job duties of human resources specialists include:

- Preparing or updating employment records related to hiring, transferring, promoting, and terminating

- Explaining human resources policies, procedures, laws, and standards to new and existing employees

Ensuring new hire paperwork is completed and processed

- Informing job applicants of job duties, responsibilities, benefits, schedules, working conditions, promotion opportunities, etc.

- Addressing any employment relations issues, such as work complaints and harassment allegations

Processing all personnel action forms and ensuring proper approval

- Overseeing hiring process, which includes coordinating job posts, reviewing resumes, and performing reference checks

HR specialists may also be called upon to focus their efforts on one of the following areas of HR:

Workforce Planning and Employment

- Implementing the organization's recruiting strategy
- Interviewing applicants
- Administering pre-employment tests
- Assisting with completing background investigations
- Processing transfers, promotions, and terminations

HR Development

- Conducting training sessions
- Administering on-the-job training programs
- Evaluating the effectiveness of training programs
- Maintaining records of employee participation in all training and development programs

Total Rewards

- Analyzing job duties
- Writing job descriptions
- Performing job evaluations and job analyses
- Conducting and analyzing compensation surveys

Employee and Labor Relations (union environments)

- Interpreting union contracts
- Helping to negotiate collective bargaining agreements
- Resolving grievances
- Advising supervisors on union contract interpretation

Employee and Labor Relations (non-union environments)

- Assisting with processing employee grievances
- Overseeing engagement programs and other employee relations work

Risk Management

- Developing and administering health and safety programs
- Conducting safety inspections
- Maintaining accident records
- Preparing government reports as to remain in compliance

PROS AND CONS OF GLOBAL COMPETITIVE ENVIRONMENT AND HUMAN RESOURCES:

As globalization continues to expand, the functions within transnational companies all are impacted. Employees fear being replaced by a cheaper workforce overseas and executives are required to learn the various cultural differences and regulatory environments in which they operate. But none of the departments are affected as much as human resources that must manage the workforce at home and abroad. Technology is available that can help HR professionals manage the processes involved in globalization, but there are downsides for the managers who must deal with languages, time differences and employment rules around the world.

Job Functions Redefined

One of the positive aspects of globalization on human resources is redefining the role of the HR professional within multinational organizations. Instead of managing the minutia involved with the administration of employee benefits and payroll, which is increasingly being outsourced, HR professionals play a larger role in the company by being involved with strategic planning and developing programs to train and improve the workforce, according to the Science Journal of Management.

Recruitment Potential Grows Substantially

Human resource professionals are no longer bound by the physical boundaries of their local area when their company moves into the global playing field. As a result, HR's recruitment efforts become easier and more diverse. They have a wider pool of talent from which to draw. The larger employee pool is especially notable in the higher-skilled categories where there often is a gap between supply and demand. Businesses may thrive with competitive products and services, but cannot survive globally without the right mix of talented employees.

Essential Technology Changes Occur

For companies that retain benefits, compensation, payroll deductions, employee training and performance evaluations in-house, HR professionals increasingly are tasked with operating new computer systems required to manage a global workforce. Hundreds of vendors can provide global companies with the appropriate software programs to deal with the numerous HR tasks, but someone still has to operate the systems. Human resource professionals have to expend considerable time and effort to learn new platforms when their companies rely on the latest software to manage a worldwide workforce.

Challenging Cultural Differences

One of the most challenging aspects of globalization on human resource professionals is the need to discover and learn the cultural differences at play with their new global workforce. They need to learn how best to communicate company goals and missions, integrate diverse value systems into their companies and coordinate the activities of all their employees to achieve their goals. HR in the home office must build working relationships with frontline managers to communicate company policies, ensure new hires understand the parameters of their employment and translate company directives for workers. They need to develop an understanding of the living conditions and training processes in other countries and follow foreign employment regulations, labor relations laws and organized labor issues, as well as figure out how to create effective performance appraisals from afar. More than ever, human resources must rely on the supervisors on the ground to communicate vital HR information, rather than relying on their own training and abilities.

SUMMARY AND CONCLUSION:

It can be inferred from the above discussion that recognition of the value of the human capital is essential for the business organizations to approach their operations in the global marketplace. HR managers have to lay emphasis on the integration and alignment of the diverse workforce on the basis of the consideration of their needs and cultural differences. Strategic approach to HRM is beneficial for the managers in valuing the growth prospects of the organizations and sustaining competitive workforce to increase the competence level of the organization at global level.

The extent of implementing Society for Human Resource Management (SHRM) practices contribute significantly to firm level outcomes. The relationship between SHRM and organizational performance is affected by organizational context variables (firm size, level of technology and union coverage). As governments and corporate bodies brace up for the new millennium characterized by an ever-increasing global challenge, developing countries have no choice but to develop and continuously upgrade the human resource and business competencies of their workforce. In the case of developing countries, distinct competencies are important to deal with not only the HR issues but also others including partnerships in economic recovery especially in South East Asia, dealing with the “big boys”, the fund managers, concerns over possibility of fraud in E-commerce with fast spread of Information Technology and last but not least, implementing prescriptions for recovery and growth taking in to consideration the development agenda and unique circumstances of individual countries. Addressing these issues is a necessary step towards facing the challenges of globalization in to the next millennium.

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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