

Impacts of Globalization on Human Resource Management

Jayashree Prabhu

Alumni, U.K.

DR VN BRIMS

Jayashree_227@yahoo.co.in

Abstract : Globalization is the process of interaction and integration between people, companies, and governments worldwide. As increased interaction between various nations, there comes the growth of international trade, ideas, and culture. Because of its emphasis on diversity, globalization also has a deep impact on the way companies manage their workforce. Likewise, globalization has many positive and negative effects on Human Resource Management. The key result areas of Human Resource professional are transforming as we face the effects of globalization. The role of HR has become more challenging due to a shortage in the supply of staff. Nowadays attracting human capital is as important as managing 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. Only those companies, who can continuously upgrade themselves and adapt to changing global market scenario will be able to attract and retain high performing talent. Companies who are proactive who can foresee their business needs and their workforce needs can gain a competitive advantage, and thus can sustain in the global world.

Keywords: *Globalization, Human resource, Diversity, Human capital.*

Introduction

Human resource department is continuously experimenting and changing in its functioning as they face numerous complex challenges of globalization. In the global competition, which involves constant connection and integration between other nations, decision making in the organization has become increasingly intricate and convoluted. An organization's workforce can prove to be a crucial source to sustain competition and can affect important organizational outputs like profitability, survival, customer satisfaction and employee performance. Also, there is a shortage between demand and supply of talent which is likely to increase more in future, especially for highly skilled employees and for the next generation of middle and senior level. Many developing nations can take examples of developed nations of effectively manage human resource management in the best possible way. Global staffing and global leadership are two components of global human resources with the greatest potential for powerful leverage for global firms. Due to advancement in technology, the human resource department now can develop a Human Resource Information Management System that collects and stores data from various sources. This system will help to analyze the data to provide business insights, predict future needs and develop strategies to fill them. Only those companies which are willing to adapt and predict future business and workforce needs will likely to succeed in this global competition.

Factors Driving Globalization and Challenges Of Globalization

Shortage of skilled staff

Due to factors like economic turnover, rapid urbanization, ageing populations, and technology changes, many companies will face talent crunch in long run. This shortage of workers is predicated across different industries,

including manufacturing, construction, transport and communications, trade, hotel and restaurants, financial services, IT and business services, health care, public administration, and education. According to the World Economic Forum, the number of US workers in full-time permanent employment will drop at a considerable level which would be an all-time low. There would be vast talent gaps between the supply and demand of highly skilled workers.

Availability of labor from developing countries

Many MNC's follow the strategy to attract talent from outside the country as labor is available in bulk and at low cost. In the developed countries, USA, EU, and Japan, the current annual rate of growth is less than 0.3 per cent, while in the rest of the world the population is increasing almost six times as fast. According to the McKinsey Global Institute, there are approximately 33 million potential professionals in emerging markets and they are growing very quickly. The stock of suitable, young professional talent in emerging markets is growing at 5.5 per cent annually, while the number in developed countries is growing at just 1 per cent annually. Furthermore, the migration of workers and outsourcing of work would not be limited to unidirectional flow from emerging countries to developed countries.

Technology Advancement

Gone are the days of file management, now due to technology advancement, various software applications like the informative system, data analytics, warehouse management, etc are available in the market at low cost. This has created a global platform that allows people to plug and play, collaborate and compete, share knowledge and share work, on a bigger scale. Cloud computing online videos or teleconferences and new advances in remote access and support technologies also seem to fuel globalization. This gives an edge to the HR department to

train their manpower and develop strategies to meet up the future business needs. The other challenge for the companies is if they want to send an employee abroad for work purposes, they must make suitable arrangements for him/her which might even include asking him to develop new language skills. This requires a considerable amount of time and effort to make the employees learn new platforms. Even the employee retention is of top concern for both international and domestic companies.

Roles and Responsibilities of Human Resources

In order to meet the dynamic business needs, the role of the human resource department is constantly changing. Earlier human resources were restricted to administrative work meeting short term gains and savings, but nowadays the role of modern human resource departments is to focus on organizations long-term objectives. Ulrich (1996) defines the roles of human resource based on the following four functions – Strategic business partner, Change Agent, Employee champion, and Administration Expert. They are also champions of globalization and technology savvy.

Human resource should function as a strategic business partner and change agent who should devise their HR strategy in alignment with overall business strategy. Talent planning should be linked with strategic planning. Companies need to create leaders capable of generating growth and profits. The human resource professional should be skilled in acquiring business insight in order to predict changes and make informed decisions at operational and strategic levels. Human resource professionals should be constantly upgrading themselves in order to create a work environment in which people will choose to be motivated, happily contributing towards betterment. In short, if all policies, procedures, systems, best practices are placed properly, then employees are motivated to do their best which help them to grow professionally and personally both. Work flexibility is expected to be on the rise in the future workplace increasing the connectivity so interaction between HR manager and line managers will be virtual without face to face meetings.

Conclusion

The increasing prevalence of globalization is driven by a number of factors, including a shortage of talent in developed countries, the availability of low-cost labor and growing consumers in developing countries, and technological progress. By 2020, for every five retiring workers, only four new workers will join the labor force in most developed countries. The shortage between the demand and supply of talents is likely to continue to increase, specifically for highly skilled professionals. Only the multinational companies which are 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. 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 talent hiring, compensation and benefits, ethnic, gender, cultural, and nationality distributions etc. Only companies who can upgrade themselves in such dynamic environment would able to survive in the global world.

References

- Evans, P. (2010). *The global challenge: International human resource management*. McGraw-Hill Higher Education.
- Friedman, B. A. (2007). Globalization implications for human resource management roles. *Employee Responsibilities and Rights Journal*, 19(3), 157-171.
- Kapoor, B. (2011). Impact of globalization on human resource management.
- Kapoor, B., & Sherif, J. (2012). Human resources in an enriched environment of business intelligence. *Kybernetes*, 41(10), 1625-1637.
- Sathyanarayana, B. K. (2015). *Human Resource Management and Its Changing Dimensions In The Globalised Era – The Strategic Focus Study*. IJAR, 5(1), 75-78.
- Tanno, L. K., Ansotegui, I., & Demoly, P. (2018). Globalization and anaphylaxis. *Current opinion in allergy and clinical immunology*, 18(5), 365-369.