

# THE IMPACT OF GLOBALIZATION ON HUMAN RESOURCE MANAGEMENT

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**Abstract:** The changing business environment fuelled by globalization has forced organizations to make various strategic responses, which presupposes the involvement of people and invariably affects the people. 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. 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.

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.

**Key words:** Globalization, Human Resources, Management.

## INTRODUCTION

Human Resources departments 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 businesses 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 new global world has widened the talent pool for excellent and marginal workers, and for permanent and fluid workers. An organization's talent can be a source for a sustained competitive advantage and can affect important organizational outcomes such as survival, profitability, customer satisfaction level, and employee performance. Human resources need to take advantage of technology and data analytics to build a global human resource information system that collects and stores data from various sources. The system will help to analyze the data to provide business insights, predict future needs and develop strategies to fill those needs.

Globalization has imposed pressures on organizations to have better quality, higher productivity, greater efficiency, more effectiveness in managing technology and high customer orientation. There are several consequences of globalization. A few among them are more attention devoted to diversity and open thinking; a constant need to embrace change; a requirement to use different distribution channel; and stronger global labor organizations. HR

practitioners and general managers have developed more familiarity with cross-national labor laws and international standards. Human resources must be involved from the onset in strategizing, planning and organizing the global effort. Because success is people-dependent, HR must be involved in the process.

### Driving factors of globalization

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.

### 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.

### Technological Forces

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.

### **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 reprioritize the cost factors that drive their global operations strategies.

### **Political and Macroeconomic Forces**

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.

### **Conceptual framework: Roles and responsibilities of human resources**

#### **Roles**

#### **Change Agent Role**

The HRM change agent role helps leadership renew organizations that effectively address changing marketplace demands. The endgame is a more competitive organization. Globalization typically results in doing business across distinct cultures, languages and legal environments, making organizational renewal challenging.

#### **Administrative Expert Role**

The administrative expert role deliverable is an efficient organization. Globalization exerts pressure to become more efficient in several ways. First, increased competition for scarce resources and customers forces organizations to deliver products and services in an effective, fast, and cost efficient manner. Second, increased efficiency often results in faster delivery times.

#### **Employee Champion Role**

The deliverable for the employee champion role is to maximize employees' contributions to the organization and advocate for employees rights. The advent of e-learning and distance learning enables organizations to develop employees on a global scale at low cost.

#### **Responsibilities**

1. To ensure timely recruitment of required level / quality of Management staff, other business lines staff, including non-billable staff with appropriate global approvals, in order to meet business needs, focusing on Employee Retention and key Employee Identification initiatives.

2. Provide active support in the selection of Recruitment agencies which meet the corporate standard. Ensure Corporate Branding in recruitment webs and advertisements.

3. Develop, refine and fine-tune effective methods or tools for selection / or provide external consultants to ensure the right people with the desired level of competence are brought into the organization.

4. Prepare information and input for the salary budgets. Ensure compliance to the approved salary budget; give focus on pay for performance and salary benchmarks where available. Ensure

adherence to corporate guideline on salary adjustments and promotions.

### **Findings and Suggestions**

Globalization has its positive side as well as its negative side. It affects the economic dimensions; that is trade, finance, aid, migration and ideas. Increases in these dimensions of globalization, if managed in a way that supports development in all countries, can help alleviate global poverty under certain conditions. However as much as globalization is said to lead to job creation, the jobs created are not as good as those lost in the formal sectors. Again due to high competition in the informal sector the survival rate of firms is low, making jobs in these sectors insecure.

“Most developing countries throughout the world provide basic services such as data entry. Only a few have been able to improve quality or expertise in order to provide more complex services.” (United Nations Conference on Trade and Development (UNCTAD) Report 2003). This means that on the positive side, jobs are created but on the negative side, it means that skill development shall be minimal in developing countries. This is because the tasks are simple, routine, precise and easily measured and there are no deviations allowed so there is no room for critical thinking. The other effect of globalization on human resources in has to do with the migration patterns.

According to a United Nations Development Programme (UNDP) Report (1999), global markets, global technology, global ideas and global solidarity can enrich the lives of people everywhere, greatly expanding their choices. However, globalization today is being driven by market expansion, opening national borders to trade, capital, information which is in turn outpacing governance of these markets. The report indicates that when the market goes too far in dominating social, political and economic outcomes, the opportunities and rewards of globalization

spread unequally and inequitably concentrating power and wealth in a select group of people.

### CONCLUSION

The increasing prevalence of globalization is driven by a number of factors, including Political and Macroeconomic Forces, global market forces, technological forces, global cost forces. Also, this paper examines the conceptual framework of various roles and responsibilities Human Resources Management in this globalization era.

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. 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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