

NEW DIMENSION OF MANAGEMENT IN THE GLOBALIZED ERA – WITH SPECIAL REFERENCE TO HUMAN RESOURCE MANAGEMENT

Dr.R.Menaka

Assistant Professor, Department Of Management Studies (DDE), Madurai Kamaraj University, Madurai

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ABSTRACT

Globalization is a feature of changing world. It is no more a recent phenomenon in the world and since India is major player of twenty first century we are facing its socio-economic impacts. Initial enthusiasm for globalization as a beneficial set of processes has yielded to an understanding that the phenomenon is largely associated with increasing social inequality within and between countries as well as instability and conflict. Globalization is impacting the institutional framework in both developing and industrial countries. It is changing the way in which governments perceive their role in the society. It has also far reaching implications for socio economic development and educational systems of countries all over the world. With abundance of natural resources India has huge young and skilled man power to excel in every walk of life. HR is one of the domains of management, about which professionals appear to be least aware of. With the advent of globalization and invasion of large number of multinationals in India, the stream of Human Resource management has seen a rapid change. Hence the present study has been conducted to give an overview of Human Resource Management and its New Dimensions in the Globalized era.

Sources: Both Primary (Direct Observation, Interview Schedule) and Secondary (Websites, Magazines, Thesis Report and Reports by Various Organizations) sources.

Key words: Socio-Economic Impacts, Social Inequality, Instability, Conflict, Huge Young and Skilled Man Power, Human Resources and Socio-Economic Development.

1. INTRODUCTION

Globalization is causing businesses to rethink their human resources strategies. Organizations can now recruit employees from all around the world and subsequently are able to sell products and services across geographic and cultural boundaries. The effects of globalization on HR have initiated a number of trends in the workplace. Globalization allows businesses to recruit and hire employees from all around the world. This is particularly attract to smaller businesses who, while may not be able to have more than a few employees, can fill their available positions with the very best talent, even if that talent doesn't live locally. The HR trend of international recruitment and hiring is focused on bringing diversity to the organization and it recognizes that employees from abroad may be able to provide unique perspectives on customer service, marketing and sales, among other areas of the business. Similar to the trend of recruiting abroad from a diverse pool of applicants is a progressive approach to providing benefits and compensation to employees. Federal laws mandate minimum wage and basic employee benefits however globalization has brought new ideas to business owners and managers on how to reward their employees both as a standard policy and as a reward for hard work. Taking their cues from abroad, some U.S.-based businesses are now offering paternity leave, extended holiday time, work-from-home programs and flexible childcare options for their employees. These approaches to compensation allow employees to balance their work with their personal life and are aimed to increase happiness and productivity among the staff.

Social media and mobile technologies are a hot trend in HR globalization. Social and mobile tech enables HR to expand its services by more easily and rapidly communicating with employees. If the office will be closed for

inclement weather, for instance, HR can send social media messages to let employees know as opposed to using a phone tree. Social and mobile tech also helps HR to increase the value of the company by providing the business with employees who are tech savvy and eager to embrace new ways of doing business. Professional development training programs have also arisen as a trend in response to global compensation approaches. Professional development is about providing employees with opportunities for growth outside the day-to-day routine of the organization. For example, HR might send employees to training seminars to sharpen their IT skills for use in global social media campaigns, or customer service personnel might be sent to language courses to enhance their ability to communicate with customers who live abroad. Such professional development programs keep employees motivated and feeling rewarded, and the new skills these employees learn are put to direct use within the company.

OBJECTIVES OF THE STUDY

The present study framed by the Researcher with the following objectives:

1. To know about the dimensions of Human Resource Management in the Globalization
2. To analyse Approaches to Restructuring in Global Recession
3. To study time frame and changing dimensions of HRM in the Globalized Era
4. To give suggestions or some ideas to help organizations adopt a more global mindset

OPERATIONAL DEFINITIONS

Alvin is the Vice President of Human Resources for a large Kitchen Appliance Company headquartered in Colorado. Human resources are people, and **human resource management (HRM)** is *"the process an organization undergoes to manage people in order to achieve its goals"*.

The National Institute of Personnel Management (NIPM) of India has defined human resource/personnel management as "that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organisation of the men and women who make up an enterprise and having regard for the well-being of the individuals and of working groups, to enable them to make their best contribution to its success".

Globalisation describes a process by which national and regional economies, societies, and cultures have become integrated through the global network of trade, communication, immigration and transportation.

DIMENSIONS OF HUMAN RESOURCE MANAGEMENT IN THE GLOBALIZATION

- ☞ Skill development => Awareness and management of skills
- ☞ Communication effectiveness => Interactions and transparency
- ☞ Confidence => In management and the organization
- ☞ Sense of belonging => Values, vision and corporate strategies
- ☞ Efficiency of local management => Departmental comparison and advancement tool
- ☞ Orientation to the customer => Importance of the client in daily activities
- ☞ Alignment => Convergence and coherence of activities
- ☞ Empowerment and accountability => Roles, initiatives, latitude
- ☞ Cultural link => Social fabric and organizational pride

HR Dimensions provides expertise to companies in the areas of Talent Management, Strategy, and HR Services and Outsourcing. Finding, attracting, developing, retaining and transitioning talent are the primary drivers of success in business and since 1996 HR Dimensions has assisted hundreds of companies in meeting these challenges. Whether you want to outsource your entire human resources function or you need proven expertise in leadership development, training, coaching, recruiting, compensation or any of the other areas of talent management, HR Dimensions is the single source for customized solutions. The New Economic Policy, 1991 has, among other things, globalised the Indian economy. There has been a growing tendency among business firms to extend their sales or manufacturing to new markets abroad. The rate of globalization in the past few years in India has been nothing short of phenomenal.

Globalization increases competition in the international business. Firms that formerly competed only with local firms, now have to compete with foreign firms/competitors. Thus, the world has become a global market where competition is a two-way street. Globalization has given genesis to the multinational corporations (MNCs). The MNCs are characterised by their cultural diversities, intensified competition, variations in business practices and so on. As an international business 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. Given these conditions, from tapping the global labour force to formulating selection, training and compensation policies for expatriate employees have posed major challenges for HRM in the next few years. This has underlined the need for studying and understanding HRM of multinational organisations or international organisations separately.

The HR Management has several dimensions in the organization as it supports the organization in its growth and competitiveness. Based on the researches and studying the common HR practices in successful organizations several common HR Management dimensions were identified. The HR Function has to design processes, policies and procedures in all dimensions. The non-presence in any of the dimensions makes the organization weak.

The main dimensions of the HR Management are

- ☞ HR practices and performance
- ☞ Re-engineering of organizations
- ☞ Leadership
- ☞ Workplace Learning
- ☞ Relationship with employees

The **performance and HR practices** are crucial for the competitiveness of the organization on the market. The organization without the focus on the performance improvements does lose its position on the market. It dies slowly. The HR Measurement has to be designed and introduced as the top management (and the corporate layer of the organization) has the exact information of the performance of employees. The performance systems and performance standards should be a priority for Human Resources. HR has to represent the top management in discussions and it should propose solutions with no pressure on adding the additional workforces to the organization.



HR should put the **organizational structures** under a pressure. The managers should change the organizational continuously as the performance improvements are reached. HR has to provide managers with the market benchmarks and the internal trends.

The **organizational design** and the *re-engineering* is the second dimension of the HR Management. HR has to gain the knowledge and expertise in the area of the organizational design as it can serve the organization. Most managers do not understand the organizational design and they solve issues by adding managerial layers and workforces. The modern and competitive organization analyzes processes and introduces improvements by making processes lean. It eliminates process steps and centralizes the control of different processes. It eliminates the double work and introduces clear roles and responsibilities. HR has to be a leader in the organizational design initiatives.

The leadership is highly important **HR Management dimension**. The leadership is focused on the current leadership practices and the leadership development for the future of the organization. The current leadership practices are usually underestimated, but HR has to lead managers to become the true leaders for their functional units. The leadership is a long term dimension of HR. The leaders do not evolve over a night. HR has to co-operate with the top management to identify **successors** and **high potentials** in the organization. The specialized programs have to design for them.

The **workplace learning** is about provoking managers and employees to do their job better every day. The workplace learning is about spreading the knowhow of the organization and improving it. HR has to design programs supporting innovations. HR has to support the introduction of innovations into the daily practice. HR has to show the living examples of successful innovations. HR have to introduce processes, which aim to protect and develop the knowhow of the organization. Many organizations have employees, who have unique know-how and they do not share it. HR has to support managers in spreading know how as the company is not vulnerable.

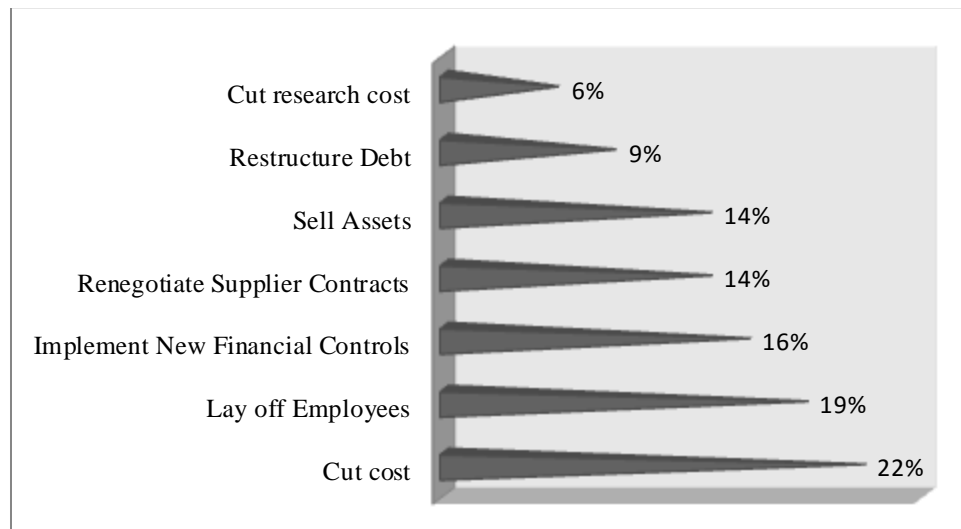
The **relationship with employees** is highly important. HR represents the organization and the management. It has to deal with employees and has to understand the interests of employees. The employees have to trust to HR. It is a difficult role for HR, but it has to be successful. HR has to inform employees about all changes affecting their roles and it has to protect their interests during the strategic meetings. All decisions should consider opinions of employees.

Table 1: Approaches to Restructuring in Global Recession

Cost cutting is also one of the HR opportunity comes in the scenario when company is not earning much. At this time company has to introduce Innovative idea for reduce operating cost without affecting operations. Cost cutting is linked closely to restructuring in today's business lexicon. A recent survey on corporate restructuring documented this relationship: 100 Percent of companies that were at the time restructuring or had recently restructured, did so to cut cost. There are several approaches taken to restructure included the following.

Approaches to Restructuring	% of Respondents
Cut cost	100%
Lay off Employees	85%
Implement New Financial Controls	69%
Renegotiate Supplier Contracts	63%
Sell Assets	61%

Restructure Debt	39%
Cut research cost	27%

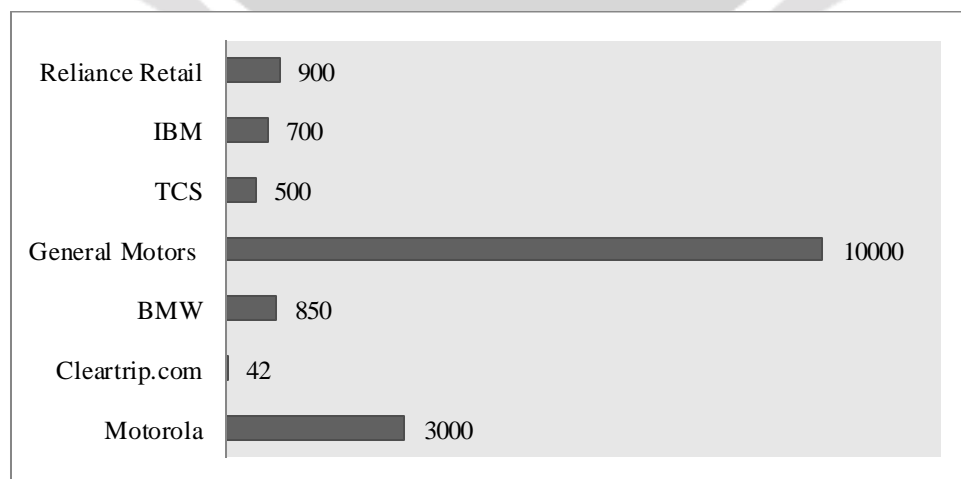


(Source: Strategic Human resource Development Author William J Roth well Pg.No.119-120)

Table 2: Lay off Employees from Different companies

Company	Laid Off Employees	Location	Industry	Date
Motorola	3000	Bangalore	Manufacturing	11/04/2008
Cleartrip.com	42	Mumbai	Web	9/11/2008
BMW	850	-	Automotive	2/16/2009
General Motors	10000	-	Automotive	2/10/2009
TCS	500	India	IT	N/A
IBM	700	India	IT	N/A
Reliance Retail	900	India	Retail	4/12/2008

Source: Magazines and articles from Wall Street, Financial Express)



TIME FRAME AND CHANGING DIMENSIONS OF HRM IN THE GLOBALIZED ERA

Time frame	Personal/Human Resource Primary areas as focus	Time frame	Personal/Human Resource Primary areas as focus
1920s	Miscellaneous employee-related tasks	1950s	<ul style="list-style-type: none"> • Policies and procedure manuals • Employee handbooks
1930s	<ul style="list-style-type: none"> • Recruiting, screening and referring applicants • Record keeping • Compliance with government regulations • Recreational and social programs • Athletic teams • Company picnics and dinners • Collective bargaining negotiations • Arbitration 	1960s and 1970s	<ul style="list-style-type: none"> • Equal employment opportunity • Affirmative action
		1980s	• HRIS
			• Organisational Development
			• Career planning
			• Employee grievances
			• Disciplinary proceedings
World War II	<ul style="list-style-type: none"> • Labour relations • Psychological testing • Training • Compensation • Auditing social legislation • Benefits • Safety 	1990s	<ul style="list-style-type: none"> • Employment and termination at will • Negligent hiring and termination • Work place diversity • Electronic requirement
Post World War II	• Exempting hiring	2000	<ul style="list-style-type: none"> • In addition all the above: • Work/life programs • Diversity • Workplace illiteracy • Telecommuting • Contingent workers • Alignment with business side of an organisation
	• Educational opportunities		
	• Wage and salary administration		
	• Benefit administration		
	• Performance appraisal system		
	• Employer/employee relation programs		

Source: American Marketing Association

The Reactivity of HR in Its Evolution

Period	Business actualities	HR Tag	Concerns
<1900	Small Trade & Unions	Not Exist	Proprietors owned the HR issues
1900	Industrial Revulsion	Labour Relationships	Individuals as identical parts
1920	Civil Services & World War I	Industrial Relationships	Employees privileges and more formal procedures
1940	Scientific Management & WW II	Personnel Administration	Efficiency experts and more highly evolved HR processes
1960	Human Rights & Consent	Personnel	Legal acquiescence and reporting "policy police"
1980	Human Relations, Mergers/Acquisitions, Knowledge/Service Economy	Human Resources People	Relevance in a fast-changing world; inspiration and human relations theories abound
2000	Modern organisations	Human capital, organisational capability, organisational effectiveness	No new authorised names, but lots of "morphing" as the transactional parts get subcontracted and the transformational portions get defined

2010	Global economy and E-Enabled Technologies	To be decided	Still evolving, Focuses on Talent; Capability; Culture; Consulting – Challenged to be an Actual Internal Consulting Organisation
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GLOBAL HR TRENDS FOR 2011

- ☞ **The importance of globalization and integrating markets** Companies will become larger and more global in the next 10 years, handling operations in more countries than they do today. We are living in an increasingly border-less world.
- ☞ **Talent management** Finding and retaining quality talent continues to be essential to business sustainability. Finding and retaining quality talent continues to be essential to business sustainability, though its importance in relation to other challenges differs by location. There are more contingent workers, and the rationale behind work force investment is changing and moving in multiple directions. Most industries and countries are to experience a widening talent gap, notably for highly skilled positions and for next generation of mid and senior leaders.
- ☞ **Working virtually across functions and geographies will intensify:** Working virtually across functions and geographies will intensify with implications for intercultural communication, business ethics and organizational effectiveness. Localizing management of overseas operations is key, but a global outlook is just as important as local knowledge. Businesses need to find new ways to connect people to each other and to information, both internally and externally. The expectation of having an “always-available” employee varies around the world.
- ☞ **Global employee engagement is tentative; companies that have implemented multiple layoffs have eroded a sense of security in the global work force:** There is disconnect between what companies currently have to offer employees and what employees really value. Retaining valued talent is more important, but the drivers to retain that talent are different depending on the type of market (growth opportunity is paramount in growth markets; new or challenging responsibilities is paramount in mature markets). The gap in creative leadership, executing for speed, and managing ‘collective intelligence’ must be addressed. Employee engagement has suffered; companies are now trying to restore pride and trust.
- ☞ **The economic crisis and fewer existing business opportunities create a high demand on the global HR function to demonstrate greater adaptability:** HR will be an important link between corporate headquarters and overseas operations.—HR is conducting too many initiatives, with mediocre outcomes. Companies need to reboot their HR function and boost resources devoted to HR.
- ☞ **Economic uncertainties fundamentally change motivators that attract and retain employees:** There is a disconnect between what companies have to offer employees and what employees really value.
- ☞ **Human capital protectionism may continue to increase in many countries in non-tariff, nationalistic forms.**
- ☞ **Global mobility of high-value workers continues** as multinational companies restrict new hires and relocate talented employees from within their existing work force.
- ☞ **Companies that originate in emerging economies will continue to succeed in the global marketplace.**
- ☞ **Increased demand for HR metrics may bring about a widely accepted set of analytic measures and methods (global standards)** to describe predict and evaluate the quality and impact of HR practices and the productivity of the work force. However, globalization is also driving impetus toward the use of more metrics with greater cultural sensitivity.

SUGGESTIONS

Following are some ideas to help organizations adopt a more global mindset

Global mobility: Deepen your employees’ knowledge pool by offering short-term, focused opportunities for individuals to work in new markets and geographies.

Develop global leadership pipelines: There is a growing expectation for leaders to have work experience outside one’s country of origin; simply having an education that includes global topics is no longer enough. Travel is a strategic management development tool.

Get involved in efforts to create global HR standards.

As there is a higher demand on the global HR function to demonstrate greater adaptability, provide HR managers more exposure to and rotations in global business that they need to be effective internationally. Make HR the link between corporate headquarters and overseas operations.

As far as talent management: Include nationalities and experience in your efforts to diversify talent in other functions and other industries. Increase the span of responsibilities and decision-making of employees.

CONCLUSION

The HR priorities during these “bust” times were not conducive to discussions of talent and hot spots: They were more about survival and cost-cutting efficiencies. HR has reactively dealt with the evolving business issues but has rarely independently implemented “game changing strategies” for the function or for employees. HR too often reacts to a problem or request, and has too rarely anticipated issues and proposed solutions. Organization must take into account cultural differences that shape managerial attitudes, when developing multinational management programs. For e.g., British managers value individual achievement and autonomy, whereas French managers appreciate competent supervision, fringe benefits, security and comfortable conditions, while Indian managers give more importance of their culture and tradition. HR managers must therefore be familiar with and understand other cultural norms to promote organization diversity. An organization that recognizes and promotes cultural diversity will benefit because it will be employing the market that it serves. With increasing globalization and competition within the market, a diverse workforce is conducive to attracting and retaining a strong client base. While competing in an international market, employees from diverse national backgrounds provide language skills and understanding of other cultures. HR professionals will also be responsible for providing cultural sensitivity training for the organizations employees and for managers throughout the entire organization.

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