

THE EFFECT OF GLOBALIZATION ON EMPLOYMENT

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ABSTRACT

This paper seeks to examine the effects of globalisation on Human Resource Management. The management of human resources in any organization is a crucial component of its success. Managing human resources for a multinational company with divisions across various nations entails numerous cultural and socio-economic difficulties. Globalization has various beneficial and detrimental impacts on the human resources management division of any multinational corporation. Globalization is a contentious topic that is difficult to clearly define. Globalization fosters heightened competition, removes entry barriers for developing nations, encourages economic expansion, and aims to integrate the global economies. Yet, this merging of economies brings about interdependence. In other words, negative occurrences in major industrial nations like the United States greatly affect the economies of other countries. Moreover, the economic expansion of a nation can signify the economic decline of another. Globalization expands the available labor pool but also heightens the chances of encountering language and cultural obstacles during recruitment. If the organization fails to tackle these obstacles, it may result in the recruitment process becoming more time-consuming and challenging. Human resource managers need to adjust to the various customs and cultures while recruiting staff in different nations. Language obstacles might also require the hiring of bilingual staff and the modification of employee documents, like training materials and manuals, into various languages.

Keywords: Business faces, Human Resource Management and Globalisation

INTRODUCTION

Human Resources departments are evolving as contemporary businesses encounter various intricate challenges and capitalize on opportunities. The evolution of human resources today is a direct response to the swift shifts occurring in companies because of influences like globalization. In the worldwide rivalry of the interconnected and flat new landscape, organizational decision-making has turned more complex and difficult. The emerging global landscape has expanded the talent pool for both skilled and average workers, as well as for permanent and temporary employees. An organization's talent can provide a lasting competitive edge and influence key organizational results like survival, profitability, customer satisfaction, and employee performance. Human resources must leverage technology and data analytics to create a worldwide human resource information system that gathers and retains data from multiple sources. The system will assist in examining the data to offer business insights, forecast future requirements, and formulate strategies to meet those needs. Organizations that can anticipate and sustainably handle their workforce requirements – particularly for skilled positions – will achieve a significant competitive edge.

The worldwide talent supply falls short of its long-term demand, presenting a challenge for employers globally. The gap between the demand and supply for talent is expected to keep growing, especially for highly-skilled professionals and the upcoming cohort of middle and senior leaders. Many developing countries with substantial populations, such as Brazil, Russia, India, and China, might find it challenging to maintain a skilled surplus workforce for much longer. Today, more than before,

organizations must prioritize attracting human talent over financial resources. Since capital is widely accessible from investors and lenders, and innovations can be replicated fairly easily and swiftly, efficient human resource management is the most effective means of distinguishing one company from another. Global staffing and global leadership development represent the two elements of global human resources that hold significant potential for impactful leverage for international companies. Only those multinationals prepared to adjust their human resource strategies to the evolving global labor market will effectively attract, nurture, and keep the right talent, which will likely lead to success in global competition.

CHALLENGES OF GLOBALIZATION

As mentioned in the earlier section, the number of skilled individuals has been increasing and is anticipated to keep rising in the foreseeable future, primarily due to expanded educational options in developing countries. Furthermore, the need for this type of talent is expected to increase even more rapidly during that time. Using information from 22 nations and 12 sectors, a World Economic Forum report forecasted that significant talent shortages between the availability and need for highly skilled professionals would arise by 2020. The need for skilled individuals is increasing not just in developed nations but also in developing countries as they work on their own nation-building efforts.

Human resource experts at multinational firms in developing nations like China, Hungary, India, and Malaysia indicated in a recent study that applicants for engineering and general management roles show significant differences in appropriateness. The McKinsey Global Institute reports that just 13 to 19 percent of 33 million university graduates in developing nations are qualified for employment in multinational firms, owing to insufficient language abilities, poor educational systems, and cultural mismatches. Additionally, just a small portion of these individuals are prepared or capable of moving abroad for work.

It also remains the biggest challenge for global organizations' human resource departments to manage a workforce diverse in culture and language skills, and distributed in various countries. It is critical that the businesses not only familiarize with local ways of doing business, and understand the needs of local consumers, but also develop a global mindset among their employees. Being at the center of globalization, multinational organizations need to learn to integrate diverse value systems and espouse shared global work values to create an environment, where workers are able to communicate and coordinate their activities to reach common goals. Human resources must play new roles and responsibilities in leading the organization in uncharted waters of globalization.

ROLES AND RESPONSIBILITIES OF HUMAN RESOURCES

In the past, the function of human resources was typically considered a cost center and an administrative overhead. The human resource departments focused on short-term gains and savings. They focused on administrative efficiency and compliance activities. They tended to expense investments in talent intangibles rather than capitalize and tended to raise short-term earnings by cutting discretionary expenditure on people development. Such tendencies achieved short-term successes but encountered long-term problems when the objectives were achieved at the expense of employee productivity.

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. They place emphasis on future-oriented plans and objectives and value adding initiatives. 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.

GLOBAL HUMAN RESOURCE INFORMATION SYSTEM

Global organizations are utilizing the organization's data to making informed decisions instead of relying on their intuitions or gut feelings. Likewise, HR departments of global companies also assemble data such as employee, attrition and hiring, compensation and benefits, ethnic, gender, cultural, and nationality distributions, and load the same into data warehouses and data marts. By analyzing the past and current data, business analyst get business insights, and make fact based decisions. The Global Human Resource Information System consists of a number of component systems that are interdependent. The various components may be broadly classified into the following three main sub-systems: Data Warehousing, Data Analytics, and Information Delivery. These tools and systemic processes are critical to formulate questions or hypothesis, to design data and analytical models, to compute and communicate results to appropriate users, and then for the users to draw business insight from the results to shape business decisions and, ultimately, improve performance.

The information delivery system gives business users the ability to access reports and continuously monitor performance of a project or entire organization at enterprise and lower levels. End users are also able to monitor key activities such as trends, metrics, and Key Performance Indexes (KPI) in easy-to-understand designs, such as configurable information portals, scorecards and dashboards. Depending on an individual's role and responsibility, he or she is presented with the trends, metrics, and KPI at appropriate aggregate levels. Some users can get to the lowest detail that exists in the warehouse.

LABOR FORCE IMPLICATIONS

Globalization has a significant effect on the labor force of a company. It allows for more diversity within the corporation as well as economic growth for the countries in which the company is hiring. However, unless the corporation is creating new jobs in different countries and not simply moving existing jobs from one country to another, job growth for one country equals job losses for another. Human resources manager should be aware of the negative effect downsizing can have on employee morale because decreased morale often leads to decreased production. Human resources should have proactive procedures in place that address such morale issues.

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.

A major aspect of globalization on HR experts is the necessity to determine and understand the cultural and social dissimilarities at play with their new global manpower. They must know 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.

With advancement in technology, change in use of technology is also required. It becomes necessary for the organization to use the latest techniques and software. The organizations are tasked with operating new system software. 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.

No doubt, Internet has made global communication simpler, but time zones have not. HR must devise ways to deliver and communicate vital information in a timely manner. To meet this challenge, Human Resource department must deliver the emergency information through email alerts or telephonically, so that no communication gap occurs.

Certain training programs needed to be devised to deliver training to the employees sitting in distant locations. This can be achieved by the virtual training concept, which can be conducted through online videos or teleconferences. 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 which might even include asking him to develop new language skills.

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.

CONCLUSION

On the basis of above analysis and interpretation it can be concluded that 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 downturn 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 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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