Human Resource Management Strategies in a Global Environment

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Abstract

This paper is about the impact of globalization on organizations and the human resource management strategies in addressing the various effects of globalization.

Globalization simply means the free exchange of goods and services. It involves seeking vast markets for products and services. The phenomenon was brought about by the rapid developments in transportation, information and communication technologies. These changes facilitated the movement of natural resources, financial resources, manpower, and information across natural boundaries. The improvements in technology and communication facilitated the globalization of production and marketing of goods and services. Organizations not only have to respond to these changes to be globally competitive but sustain their performance and productivity to survive.

This paper uses the social systems model as a framework for the recommended human resource strategies in responding to the changes in the global environment.

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Introduction

The last decades of the 20th century were characterized by rapid scientific and technological developments. Mass transportation, particularly air travel, facilitated travel and allowed people greater mobility at work. Discoveries and inventions in telecommunication and information technology such as the use of mobile telephones, satellite technology, and internet, facilitated access to information. With these developments people achieved free movement across boundaries for investments, knowledge and information, giving rise to the so-called "global village." These changes reduced time and space, and thus, reduced the world into a global community. Indeed, globalization is a fact of life and part of the technological landscape that affects a wide range of human activities. The impact of communication and information technology is pervasive as it has taken place in production, distribution, consumption, and control of goods and services.

Globalization and its Impact

Globalization has made business processes more efficient and effective in view of advances in technology and communication. Cheap labor, acquisition of multiple skills, flexible working hours, and more effective manpower utilization made outsourcing a global phenomenon. Outsourcing can increase profits which can be used in the purchase of new and additional equipment, better facilities or improved physical plant. Offshoring has become popular ·because companies save money by hiring "specialists" so that organizations can better utilize their core competencies and resources in other more productive ventures and activities.

The far advanced and well-entrenched technology of the developed countries, in turn, contributed to the fast growth of their economy, increased production and improved standards of living.

There is still growing concern that there is no equality of benefits in the exchange of goods and services between the developed and developing countries. The argument is that those from developing countries are disadvantaged in terms of competing for buyers, and thus, confined to the losing end of the equation. In this regard, there is need to strengthen the talents and capabilities of the citizenry. The developing countries should enhance the

capabilities of their people and the delivery of services, as well as improve the quality of products to become globally competitive.

Although globalization is basically an economic phenomenon, it has also affected the political, sociocultural, educational, moral and ethical aspects of our lives. Human resource organizations, like other institutions will have to adjust and take significant measures in modifying their recruitment, appointment, development, and research strategies in a global community.

In a global environment that is interconnected, there will be sharing of common responsibilities, problems, issues, and aspirations transcending geographic, language, and political barriers. Globalization means international interdependence and, inevitably, international cooperation. Human resource management organizations have to provide workers with competencies, skills, and values for a global society. There are anticipated changes in the delivery systems brought about by changes in communication and information technologies. These changes permeate the daily lives of employees. They should have understanding and appreciation of basic concepts and methods of information technology as these impact on their work and environment. Human resource management officers should have enhanced managerial skills and competencies in a global society. They cannot remain isolated and complacent while their staff continue to acquire new skills and insights in the direction of information technology.

Globalization and information technology, though seen as indicators of progress and development, may exacerbate the problems that besiege employment relations. The learned skills of workers might not fit into the existing technology in the organization lest technology replace workers. This condition may result in a number of people becoming unemployed or jobless. The skillful workers can be pirated by big multinational firms in their locality to the detriment of the local entrepreneurs. There is also the possibility of mass migration of a country's skilled labor force to another country.

Globalization creates opportunities, and presents challenges to business, workers, educators, training providers, and policy makers. Skills development in the local community should be responsive to local needs and priorities. A country must draw from the talent of its people including those who may have been declared redundant and who have been retrenched because of the demands of the 21st century. There is volatility in the labor

market because of the sudden and rapid changes in the economic conditions, technology and industrial structures. These changes can have a devastating effect on certain groups of workers, labor market policies and employment. The safety net should provide a smooth transition from school to work, from work to work, from unemployment to work, and from work to retirement. Similarly, the marketing policy of the labor force should be pro-active. It must respond or answer to the fast changing nature of jobs, structures and work places. A skilled and adaptable labor force is vital for sustaining economic growth (APEC, 2001).

In a global economy, competitiveness will largely be determined by the ability of administrators/managers to organize and develop their staff (Lesseam, 1990). There is a need for continuous learning and willingness by the staff to "reinvent" themselves in order to cope with changes. This means being aware of one's skills, competencies, inclinations, strengths and weaknesses, as well as having a plan for enhancing one's performance and long-term employability.

De Silva (1997) summarizes the impact of globalization, as follows:

- Competitiveness is based on knowledge , innovation, skills and productivity. Success is dependent on the ability to organize information, money, people, and other resources across boundaries.
- Outsourcing enables a company to focus on its core competencies and make work more productive.
- More part-time and temporary work especially among women, elderly, and students
- Introduction of new technology which leads to changes in production systems and work methods
- More emphasis on productivity and quality
- More participation of employees in the design and work operations
- Downsizing
- Flexible working hours
- Multiskilling as a result of training and development
- Better motivation and performance due to communication and information sharing
- Payment that is performance-based

Proposed Human Resource Management Strategies

In view of the impact of a globalizing environment, human resource organizations are expected to respond and provide the competencies, skills and values of a global society. The proposed schema is premised on basic assumptions underlying the social systems model:

- Human resource organizations do not operate in a vacuum: communities, local and international, and societal forces affect human resource management.
- Organizations consist of individuals who act in accordance with their needs, their capabilities, roles and status.
- Human resource organizations can be a) goal-directed and normative, if formal rules, regulations and informal norms prescribe appropriate behavior; b) political, if power relations impinge on social relationships which inevitably affect individual and organizational performance; and c) cultural, if sets of shared values, beliefs and meanings distinguish them from other organizations.

The outputs of organizations are a function of the interaction between and among structures, individuals who have their own cognitions, skills, motivations, and attitudes; as well as that of the cultural system which is a set of shared orientations, values and norms; and of the political system which promotes coordination and compliance, and contributes to the attainment of goals though with some attendant problems such as fast employee turnover and absenteeism. (Please refer to Figure 1.)

Any human resource organization operates in an environment with inputs and resources that could either enhance or constrain it. Knowing the external environment—which is currently characterized by globalization trends—is important because it affects the inputs, internal structures, processes and outputs of organizations. The bigger political, economic, social, cultural and technological changes all influence human resource management. Globalization efforts and trends inevitably affect human resource management and vice versa.

The external environment is a source of information that human resource managers use in maintaining or changing the structure or processes of the organization. It is a place to gain resources for the tasks and requirements of the organization. The identified

general types of environment include stakeholders (e.g., administrators, staff, board members, suppliers, consultants); knowledge and information (i.e., derived from researches and development activities); and finance, products and services.

The task of human resource managers is to identify the extent to which their organizations should adapt to the demands of the external and internal environments and determine their effects on the constituents and on the agency. Human resource management is expected to manage their internal environment as well as the external environment on which they depend for their resources, operations, and stability. The organization needs resources for its sustained growth and development. If unable to generate needed resources, the organization must enter into exchanges with other environmental elements to acquire much needed resources even though in the process it may lose autonomy and compromise some of its policies and requirements.

As human resource managers become dependent on their environment for securing resources, they will exhibit more flexible, adaptive structures and processes that are decentralized and less standardized. They may also resort to joint programs, consortia and cooptation.

The implications of the interrelationships between environment and organizations to human resource management are:

- *Conforming with environmental expectations by following legal, social, political and professional requirements to gain support and acceptance.*

Globalization as a phenomenon has increased the powers of business organizations. With globalization, competition has significantly affected the different phases of work. Corporations have been pressured to comply with standards to improve their competitiveness. They have taken initiatives to improve the quality of their products and services, improve working conditions, and strengthen human resource development efforts as well as their relations with communities. (Sibal, 2006)

Business enterprises are not just concerned with economic profits and considerations but focus on the social, legal, human and ethical impact of their actions on the company and the community where they operate. In globalization

where the world has become a global village, where business enterprises can procure parts of a product through the internet, companies should ensure that their products are produced in legitimate and ethical manner, in accordance with labor standards and human rights principles. Violation of civil service rules (in the case of government agencies), codes of conduct, and labor and environmental laws are likely to result in bad company image, bad publicity and product or service boycotts.

Surveys of corporate managers and owners of firms show that compliance with labor standards is an important reason in choosing destinations for foreign direct investments. Empirical evidence generally supports the argument that the costs of enforcing labor standards are offset by efficiency gains and other macroeconomic effects. (Rodgers & Berik, 2006).

The compliance factor has become important for companies when deciding who to source out. The suppliers have begun to realize that if they decide to stay in business for good, their companies must be compliant in meeting codes of conduct. Throughout Europe and Asia, the pressure groups have demanded that production and services sourced out to different countries should not lead to forced labor, child labor, environmental deterioration, and poor working conditions.

Focusing on strategic planning

In establishing long-term objectives it is necessary to take into consideration the strengths and weaknesses of the unit, as well as opportunities and threats in the external environment. Increased organizational productivity by means of assessing internal and external environments and implementing human resource strategies will contribute to overall benefits to the organization. Those at the helm of the unit should be alert to opportunities and threats in the external environment as these affect their competitiveness and stability in a global environment.

Strategic planning which involves having a vision for the organization and formulating and implementing strategies such as compensation packages, team building efforts, training and development programs, among others, is

preferred over problem-solving and mediation. With the rise of conflicts between management and workers, and even among workers, the operations of the organization may be affected and, in turn, could diminish organizational productivity and performance.

- *Strengthening recruitment processes with emphasis on selecting and appointing those with information and communication technology-based knowledge and skills, and considering global trends and requirements.*

The corporate world is complex and intricate. An employee assumes a significant role so that it is important not only that a person does the job well but that he or she is well-suited for the job. This translates to getting the best person or candidate for the job.

In today's competitive global market, human resource management plays a vital role in hiring qualified workforce. It is important to respond to the needs of customers and the challenges of competitors. It is expected of human resource management to employ quality workforce that will enable the organization to compete on the basis of responsiveness to market needs, technological innovations, and requirements for quality products and services.

- *Retention of personnel through benefit packages and development programs in order to enhance existing capabilities and to keep the staff.*

Human resource management should provide its staff with privileges and benefits so that they are happy and satisfied, and consequently produce quality work. Benefits motivate employees to work harder and remain on the job. With additional knowledge and skills, an attractive compensation package should be able to keep workers who have gained needed competencies in a global environment.

One of the competencies that members of the organization should possess is on the use of information technology. The ability to choose and utilize computer programs in the performance of tasks include the ability to acquire, utilize and use information. The world is now the source of information through the internet. Access to information is vital to both managers and the staff. It is incumbent upon

administrators to support the members of the organization to acquire training and development in the area of information acquisition and utilization. Budget should be allocated for the purpose and time provided for training. With digital technology, companies should realign their budgets for purchasing equipment and training the staff on the use of new materials and technology needed in the maintenance of database and for the easy retrieval of information vital in decision making and establishing linkages. These are essential in internal and external communications.

Human resource development efforts geared towards the acquisition of information and communication technology are important in optimizing the process of globalization. In an era of digital revolution, which has transformed society in all aspects, the leaders have vital roles in providing their staff with opportunities to upgrade their competencies by investing in training and development programs. Among others, there should be training on knowledge management, a technology that has been gaining support from a significant number of organizations. The technology deals with the acquisition, storage, and retrieval of knowledge and information. One of the concomitant effects of globalization is the fast turnover of staff. With the turnover of employees, there is need to manage corporate knowledge and information in a more efficient manner. With knowledge explosion and the boundless potential for learning, knowledge management and maintenance becomes a necessity. Organizations should ensure that stored knowledge and information remain relevant. Active maintenance of knowledge requires knowing the techniques in identifying information that have value and accepting responsibility for being involved in knowledge management.

Instituting a continuing rewards system that is performance-based through promotion, salary increase, job enrichment, and attendance in local and international training programs.

With globalization, the view that training is a cost activity has been replaced by the view that people are both a resource and a social capital that must be developed to contribute to global competitiveness and development (De Silva, 1997).

- *Spanning organizational boundaries through awareness of the demands of a globalizing world and assuming roles and responsibilities that cross organizational and international boundaries; and linking the organization with elements (e.g., people, services, products and facilities) in the international environment.*

Through the identification of new technological developments by specific personnel who are assigned the task of gathering data from the environment, decision makers are able to plan and adjust programs and activities.

- *With globalization, global alliances and networks are evolving rapidly.*

When these occur, culture is seen differently. A global organization needs to be familiar with cross-cultural differences. Researchers show a significant increase in cross-cultural management specifically in communication skills by senior executives and managers who understandably are the ones who enter into negotiations and joint ventures. Hence, there is a need to understand multiple perspectives.
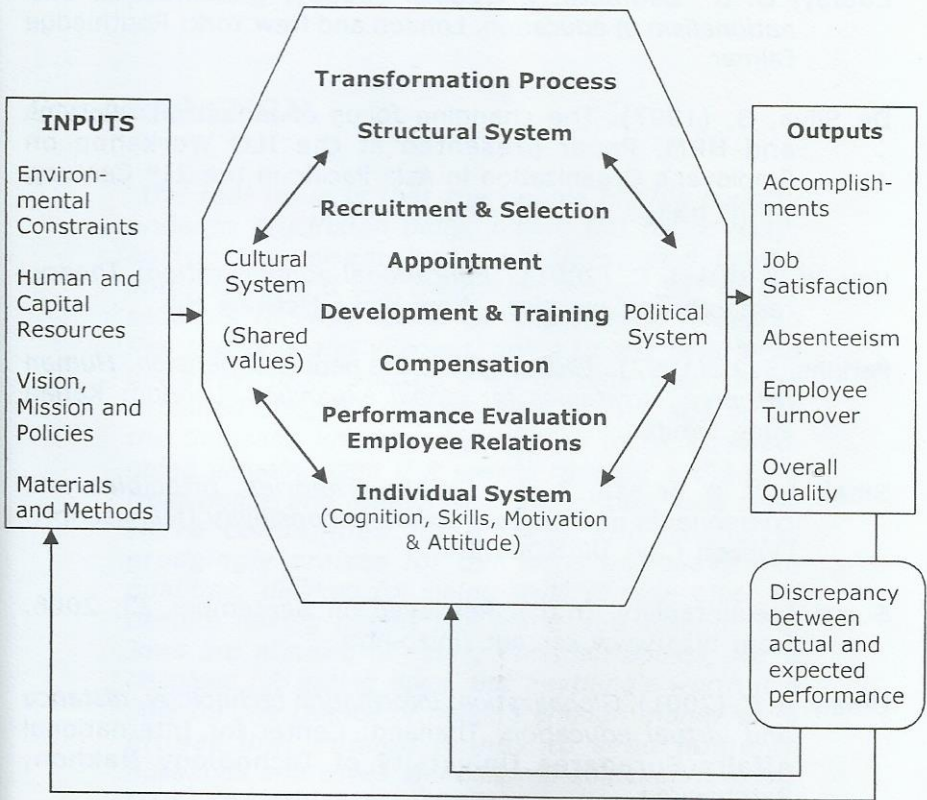
- *Establishing linkages with other government and non-government organizations in view of resource and information dependency on the external environment for the sustenance of its viability.*

With globalization, knowledge and skills have become the determining factors of investments, employment opportunities, and productivity. There is now a saturation of different working arrangements such as part-time, temporary work, and contract work arrangements. There is also a decline in formal sector workers and an increase in informal labor due to job outsourcing. Human resource management has an important role in deciding which work to outsource. They should inform their employees of the importance and advantages of outsourcing so that they are not demoralized and still be able to give their best, become more productive, and contribute to the attainment of organizational goals.

Human resource management can come up with a plan to reassure the staff of their role in the strategic plan envisioned for the organization so they will work to their full potential and optimize development.

Figure 1. Social Systems Model for Human Resource Management

Transformation Process

Structural System

INPUTS

Environmental Constraints

Human and Capital Resources

Vision, Mission and Policies

Materials and Methods

Cultural System

(Shared values)

Recruitment & Selection

Appointment

Development & Training

Compensation

Performance Evaluation
Employee Relations

Individual System
(Cognition, Skills, Motivation & Attitude)

Political System

Outputs

Accomplishments

Job Satisfaction

Absenteeism

Employee Turnover

Overall Quality

Discrepancy between actual and expected performance

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