

IMPACT OF GLOBALIZATION ON MANAGEMENT- EFFECTS IN HRM

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ABSTRACT

The concept of globalization refers to an increasing flow of goods and resources across national borders and the emergence of a complementary set of organizational structures to manage the expanding network of international economic activity and transactions. Globalization is expected to accelerate grow the in developing countries. The role of human resource management cannot be over emphasized. The internationalization process has made it necessary now to consider ways we can effectively manage our human resources.

The aims of the paper are to examine globalization in relation to the management of human resources; it tries to look at the effects of globalization in terms of increased competition.

INTRODUCTION

The concept of globalization refers to an increasing flow of goods and resources across national borders and the emergence of a complementary set of organizational structures to manage the expanding network of international economic activity and transactions. Strictly speaking, a global economy is one where firms and financial institutions operate transnationally, i.e., beyond the confines of national boundaries. In such a world, goods, factors of production and financial assets would be almost perfect substitutes everywhere and would no longer be possible to consider national states as distinct economies. Globalizations are expected to accelerate grow the in developing countries.

Globalization is the trend toward a more integrated global economic system with the four components like, globalization of production, globalization of markers, globalization of investment and globalization of technology.

Global Human Resource Management (GHRM) is also called as International Human Resources Management (IHRM). GHRM refers to the HR policies, functions and practices applied in an international organization with crossing of the borders of the nation. According to peter J Downling, GHRM is the “process of procuring, allocating and utilizing human resources in a multinational organization or a company or a unit”.

Functional wise, there are some similarities between Global HRM and Domestic HRM, but some differences between GHRM and DHRM because of complexity of operations in different countries, having different nationals, cultures, government policies, labor laws, etc.

It should be done by analyzing the major activities of human resource management and how they can be performed. In most of the cases, people appointed to men in human resource department are not trained or qualified to perform the functions. The role of human resource management cannot be over emphasized. The internationalization process has made it necessary now to consider ways we can effectively manage our human resources. The status of human resource management has changed with the enactment of several legal laws backing to human resources management. Let look on the effects of Globalization on management, jobs, wages and salaries, child labor, women work force and Indian experiences.

Globalization and Management

A significant shift has occurred in the area of management practice due to globalization. The skill or the cost advantages that drive globalization efforts also impact the way people managed in corporate. The older personnel managers (Theory - X) approach has given way to the 'Human Resource Management' (Theory - Y) approach. The autocratic style that was fed by 'hierarchical position conscious systems' is being swiftly replaced by flat organization structures, driven by competency and a highly decentralized decision making and problem solving organizational hierarchies. Another land mark change in management methods initiated by globalization happened in the area of organizational leadership. A new generation leadership skills, styles and methods evolved the straight jacketed approach certain defined "good and bad" leadership styles has been replaced with multiple theories supporting a variety of leadership styles. Leadership today is associated with the particular place in the life cycle of an organization, it is industry specific and increasingly, leaders are hired to achieve a very specific objective for MNCs. The new work methods and newer ways of managing people and process are maturely evolving.

Globalization and Jobs

The employment in the manufacturing sector has declined due to globalization. The decline in employment in the organized sector may be due to reasons like economic liberalization, globalization have created an enabling environment for cutting down regular, salaried jobs through VRS, contractual employment, sub-contracting and out sourcing.

Supporters of globalization argue that free trade will resulting countries specializing in the production of those goods and services that they can produce most efficiently, while importing goods that they cannot produce as efficiently. The savings thus gain can be diverted for other more productive jobs. On the other hand, income in developing countries would increase as a result of the outsourced jobs they gain, adding to the demand for more of goods and services produced in the developed countries whereby the economy there flourishes as well.

Globalization and Wages

Globalization has no doubt, resulted in a shifting of jobs to the developing countries. But the shift is accompanied by disparities in wags. For a work that would cost \$ 100 an hour in the US, an Indian is paid about one-fifth of that In other words, an employee in the US gets paid \$ 100 per hour, where as his or her counterpart in India is paid \$ 20 per hour for the same work . This wage differential is an outcome of (a) The availability of skilled labor, (b) The general economic condition prevalent in the country, and (c) The valuation of the country currency is also another key factor impacting pricing of competitive resources.

There is another argument in support of low wages in poor countries, low labor costs constitute a competitive advantage for poor country, attract investments and provide jobs that can lead to greeter development. To demand high wages is to deny competitive advantage for a poor country. To deny competitive advantage is to deny foreign investment, whereby subjecting the country to external poverty.

Globalization and Women at work Place

The most striking thing about women all over the world is the high discrimination method against them. Some data are worth recollecting in support of this assertion. Out of the 1.3 million poor people in the world, 70% are women, the majority of whom off are illiterate, which know access to basics amenities like safe drinking water. The majority of women's earn on an average, about Three – fourth of the pay of males for the same work. Worldwide, women experience some degree of domestic violence during marriage. The primary victims in today's armed conflicts are civilian women and children who are sexually abused by soldiers. The print media carry stories bride burning, dowry harassments and rape of teenaged and minor girls. In different countries discrimination is manifested differently and is redressed, and based on the economic conditions nuances prevalent in the country.

There are some positive developments as well as negative impacts - First, globalization has enhanced employment opportunities for women. Companies every were increasingly feminizing their labor force in the name of promoting gender diversity, women empowerment and as a strategy remain competitive. There is a shift in organizations towards using non regular, flexible employment terms, like part-time, temporary, subcontracted, and home based workers. Second, migration of women when search of employment opportunities has helped ease the burden of poverty in many cases and need the labor needs of a number of countries. Third, globalization has contributed to the creation of new associations of women and strengthening of their networks to offer mutual support and resource. Finally, advanced information and communication technology have improved the access of women to health micro credit, employment and information in general.

Globalization and Child Labour

Child labour is common in almost all countries like rich or poor. As per The ILO eliminates about 120million children in developing countries, between the age of 5 and 14 are working fulltime, with another 130 million working halftime. It goes to the credit of Government of India that it has banned on the employment of children as domestic workers. And as workers

in restaurants, dhabas , hotels, spas and resorts, effective from October 10-2006. This is a welcome move that will benefit many of India's child workers. Many of these children experience physical, psychological and sexual abuse on a regular bases. For instance, the exploitation of children is high in road side eateries, tea shops and dhabas where child labor is rampant.

The illegality of employing children is only one crime against them. There are others too. Children cannot attend school and receive formal education. They lack resistance to disease in unsanitary environments. There are four main approaches to child labour policy. The first stresses the need for eliminating poverty as that is the main cause for child labour. The second approach emphasizes on strategies to get more children to school. The third approach considers child labour inevitable, at least in the short run, and stresses palliative measures such as regulating it to prevent abuse and to provide support services for working children. The fourth approach, advocated by the ILO, favour banning child labour altogether.

Globalization and Indian Experiences

The Indian organizations could not have hoped for more. In addition to being strategically positioned on the corporate world as a low cost destination, the Indian corporate is becoming famous for its employee base of committed , highly skilled , intelligent and by far , more knowledgeable work force. This has been largely achieved with the help of a strong foundation in the rigor of the Indian education systems that breed the best. It is an undebatable fact that graduates from the Indian institutes of technology and other famous engineering colleges and postgraduates from the Indian Institutes of Management and other famous management schools globally on all aspects of quality education and research that is encouraged on these campuses.

SUMMARY AND CONCLUSIONS

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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