



## Impact of Globalisation-Integration And Transformation of HR as A Strategic Partner in Business Operations

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### ABSTRACT

*The increase in the pace of globalization has brought tremendous changes in business opportunities. This transformation caused by globalization has not only had an effect on all the department in an organization but also human resource management (HRM). The main objective of this paper examines the impact of globalization and the issues and challenges that confront the HRM in the global market and also its benefit to HRM. It also focuses on understanding the functions of HR and how it can transform itself and contribute in business operations and become a business partner. A quantitative approach was taken in Twenty-one companies within Karnataka (India) was taken purposively which included manufacturing, IT, and service industry. There were a total of 254 respondents. Results provide insights that globalization has brought a drastic changes in the working system, culture, technology and tools of HR, increased the engagement level of HR professionals provided autonomy in their work and thus the human resource department can transform itself to be a strategic business partner.*

**KEYWORDS :** Globalisation, Human Resource Management, Business Partner.

### Introduction:

Globalization implies the opinion of local and nationalistic perspectives to a broader outlook of an interconnected and interdependent world with free transfer of capital frontiers. However, it does not include unhindered movement of labour and, as suggested by some economists, may hurt smaller or fragile economies if applied indiscriminately. According to Arthur (1994) see globalization in the tendency of businesses, technologies or philosophies that spread throughout the world, or the process of making this happen. Otokiti (2004). Greengard (1995) defined globalization as the system of interaction among the countries of the world in order to develop the global economy. Globalization refers to the integration of economics and societies all over the world. Globalization involves technological, economic, political and cultural exchanges made possible largely by advances in communication, transportation, and infrastructure.

Effective HRM enables employees to contribute effectively and productively to the overall company direction and the accomplishment of the organization's goals and objectives. Human Resource (HR) professionals in the Federal sector workforce are in a state of transition. "Outsourcing of human resource functions is expected to increase in 2008 after remaining relatively flat since 2005," The cumulative total contract value of human resources outsourcing (HRO) transactions reached \$ 21.2 billion in 2006 and is expected to be \$25.4 billion by the end of this year," according to the study by the Everest Research Institute. Accenture, Convergys and IBM have gained significant HRO market share in terms of total contract value while Hewitt remains the market leader in terms of annual contract value, the study notes".

The root of all myths lie in the way, that HR has been perceived by top line executives as 'advocates' and by shop floor workers as 'management's stooge'. It is the prerogative of the HR professionals to remove these misconceptions by acting as a vital link between the strategic and operational functions in an organization. HR professionals should be considered valuable and sought by their peers for their knowledge and solutions, substantial changes in how they work and contribute. As the progression of development in HR field continues from the reputation of administrative managers to strategic consultants, this transition has been a challenge for many practitioners (Laabs, 1997).

The essence of competitiveness is liberated when human resource believe on what they think and do is important—and then get out of their way while they do it. Competitive advantage is the ability of one business to outperform other business; therefore organisations have to focus on each and every activity related to its business accordingly. The challenge today is not just retaining talented people, but fully engaging them, capturing their minds and hearts at each stage of their work lives." (Kaye, & Jordan 2003). The economic downturn that started in 2008 has had a substantial impact on decisions by management and employee engagement. Aligning employee values, goals aspirations with those of the organisation is the best method of achieving the sustainable employee engagement. Increased emphasis on the

need to improve the efficiency of HR services is leading to innovative approaches to redesigning HR delivery systems.

However, evolving roles will require that HR professionals be responsible first and foremost for understanding and furthering business needs. In order to provide useful information to managers, it is necessary to evaluate the results generated by the design and implementation of personnel policies the diagnosis of improvement areas. Similarly, Smith and Kelly (1997) believed that future economic and strategic advantage will rest with the organizations that can most effectively attract, develop, and retain diverse group of the best and the brightest human talent in the market place. Many HR (human resource) executives and managers are so busy taking care of their daily duties, which are generally administrative, that they neglect to consider important issues that are coming down the road. This is a trap that any department can fall into, but it can be especially devastating for HR, which must battle decades of preconceived notions about the department's ability to contribute to corporate planning.

### Objective of the study:

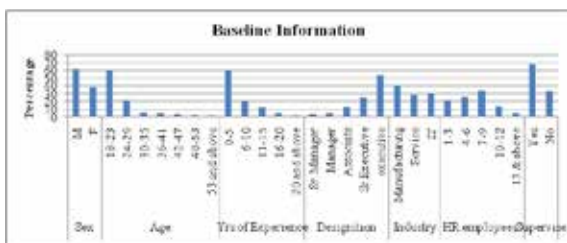
Globalisation has brought Changes in business environment and this has substantially affected the approach to manpower and the systems and tools of HR department. Technological changes are prominent among them, computer revolution, mechanization and automation of office operations, quick communication systems like satellite communication and facsimile introduction, electronic revolution, and such other new developments have revolutionized the vital areas of business. Thus this research paper involves three main research objectives, they are:

1. To analyze the impact of globalization and the issues and challenges that confronts the HRM in the global market.
2. To examine the functions of HR and how it can transform itself and contribute in business operations and become a business partner
3. To understand any changes or development in the working environment of HRM due globalization.

### Methodology:

A quantitative approach was used to enable the researchers to collect data. Permission was taken from the authorities concerned after explaining to them the purpose of the study. The criterion for participation in this study was all HR employees. It is a study based on self-administered questionnaire with the top management, managers, executive of HR working in the Department of HR in Karnataka (India). Twenty-one companies were taken purposively which included manufacturing, IT, and service industry. There were a total of 254 respondents. Care was taken to ensure privacy and they were assured confidentiality of their identity. The data collected were tabulated and analyzed using the statistical package SPSS (Statistical Package for the Social Sciences). Findings were described using proportions and percentages.

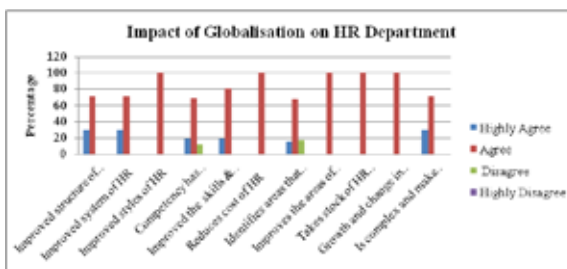
**Results and Discussion:**



**Figure 1 : Baseline Information**

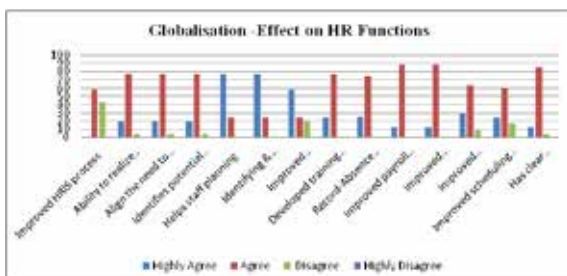
Figure 1 clearly shows that when it came to the size of the organization, majority (60.6%) of participants have had an experience working in the organization between 0-5 years. 20.9% of the respondents were having between 6-10 years and 12.6% of the participants were between 11-15, 4.33% have 16-20 years of experience and 1.57% of the respondents have 20 and above of experience. 61.4% of the respondents were males and 38.6% were female.

Majority 60.2% of the respondents were between 18-23 years 21.3% of the participants were between 24-29 years, 30-47 were 14.2% and 48-53 above were 4.33%. Majority 53.9% were executives, 25.2% were Senior Executives, 13% of the respondents were associate managers, 4.33% were managers and 3.54% were senior managers. 40.6% of the respondents were from manufacturing set up, 28.3% were from service and 31.1% were from IT industry. 67.3% of the respondents supervised others and 32.7% did not supervise anyone.



**Figure 2: Impact of globalization on HR department**

Figure 2 clearly shows that, out of 254 participants, majority (71.15%) agree and 28.85% highly agree that globalisation has improved the structure of HR. All the respondents (100%) agree that globalization has helped take stock, has improved the style, areas, growth, and changing role of HR. For the respondents, 71.15% agree and 28.85% highly agree that the HR department is complex and makes work difficult. The complexity associated with the new systems has compelled the organization to implement it in a "big bang" manner (Thompson et al., 2012). We can clearly see that 69.23% agree, 19.23% highly agree, and 11.5% disagree that competency requirement has improved after globalization. A majority (67.31%) of the participants agree, 15.38% highly agree, and only 17.31% disagree that due to globalization the HR department collects information on HR and identifies areas that need improvement.



**Figure 3: Globalisation - Effect on HR functions**

Figure 3 clearly states that 76.92% agree that globalization has helped in identifying potential candidates. Majority (76.92%) highly agree with a substantial percentage (23.08%) of the respondents agreeing that due to globalization the HR department has improved in staff

planning, identifying, and retaining employee capabilities. Majority (80.77%) agree that today the department does better recruitment and tracing competent employees through various systems (HR Audit, HRIS, Social websites). Nearly more than half of the respondents (76.92%) agree and 23.08% highly agree that HR department has developed better training modules, 88.46% agree that payroll system has improved, 63.46% agree that there has been an improvement in performance record with 28.85% highly agreeing. Seventy-five percent agree that globalization has helped improve absence management system.

Out of 254 participants, 59.62% agree that there has been an improvement in the scheduling system of HR, and 84.62% agree that today HR department has a clear understanding of HR process. Figure 3 clearly shows that majority (67.31%) of the participants agree that manual processing has been replaced and this is because of the competitiveness of globalization and also to reduce cost.

More than half of the participants (78.85%) agree that globalization has helped HR department in the delivery of strategic competencies. Like what IBM did in which it served more than 1.2 million per year on printing and mailing. There is a mixed opinion that agree (57.69%) and disagree (42.31%) that the complexity of the system is underestimated. Majority (76.92%) agree and 19.23% highly agree that today there is an ability to realize the value of human resources. Majority (76.92%) agree that HR department has aligned the needs associated with its range of operating systems. There's a small percentage (3.85%) who disagree.

**Figure 4: Globalisation - HR as a Strategic Partner**

The above figure 4 clearly shows that 77% and 93% of the respondents highly agree that globalization has helped to formulate long term and short term goals. 87% agree that this has in turn helped to formulate vision, plans and brought about improvement in assessing the competency requirements for the department as well as the organization. Thus globalization has attempted to assess the existing skills and the competency gaps in order to achieve the long-term business goals and short term results of the company. Majority (90%) of the participants agree that due to globalization HR department helps to collect information and identify areas that need improvement.

91% agree that the evaluation of HR audit has helped the organization to have a clear understanding of the lacunae and align the HR processes with business goals. The competencies may deal with technical aspects, managerial aspects, and people. It has helped in identifying the required competencies for future business goals not only as increased quality of work but also as taken stock of things to improve HR for expanding, diversifying and entering into a fast growth phase. A majority (90%) of the respondents agree that globalization has helped to engage their employees clearly and articulate the goal of HR department and have developed a "business plan" to achieve the same.

**Conclusion:**

HR is in a transition stage the practitioner will have to develop others within the organization to provide results that is rewarding to all stakeholders. Although risk taking is not considered to be typical of HR professionals, the practitioner has to realize the similarities they have with other business professionals in the spirit of entrepreneurialism. Competencies can offer the HR practitioners an opportunity to define excellence and demonstrate the value they bring to their organizations. From this study it is clear that there has been an impact due to globalization on the roles, practices and functions of HR. HR professionals should have aspirations, develop strategies that anchor towards business, should be more matrix driven, demonstrate hands-on competency in business matters by understanding global culture. HR professionals should join with managers in championing HR issues of an organization, should be confrontative, challenging as well as supportive, Global staffing and global leadership development are the two components of global human resources with the greatest potential for powerful leverage for global firms. HR should be more towards e-HR. The department must be known as an Organization that anticipates change and understands what is necessary to implement it in HR Executives, must accept that Constant Learning and Skill enhancement are essential to their being Contributor to the Business.

Staying focused on Issues rather than on personalities. Developing web-based HR Business Partner Portal. So in order to manage increasingly scarce human and intellectual capital the ultimate goal of HR should be this transformation that is the integration of HR becoming good business people and business people becoming good HR people.

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