



HUMAN RESOURCE MANAGEMENT AND ITS CHANGING DIMENSIONS IN THE GLOBALISED ERA – THE STRATEGIC FOCUS STUDY

KEYWORDS

Globalization, Changing Dimensions, Strategic Human Resource Management, and Organizational Performance Subject: Human Resource

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ABSTRACT *The roles and responsibilities of Human Resource Managers are changing since the modern business facing the pressures of globalization. Global staffing and management of a workforce diverse in culture and language skills and dispersed in different nations are the key goals of global human resources. Globalization, as it has emerged in the 21st century, presents distinctive HRM challenges to businesses. Global business is characterized by the free flow of human and financial resources. These developments are opening up new markets in a way that was never witnessed before. This accentuates the need to manage HR effectively to gain competitive advantage in the global market place. To achieve this, organizations require an understanding of the factors that can determine the efficacy of various HR practices and approaches.*

The present research paper is an attempt to analyze the changing dimensions of human resource management in the present era. There has been drastically change in the dimensions of Human Resource Management from the Personnel Management to Strategic Human Resource Management. The researcher has tried to find out different dimensions in the human resource management function. It is review study paper where secondary data has been used.

Introduction

Globalization is not just a recent phenomenon. Some analysts have argued that the world economy was just a globalized 100 years ago as it is today. Yet the term is used since the 1980's, reflecting technological advances that have made it easier and quicker to complete international transactions, both trade and financial flows. Globalization has emerged in the 21st century presents distinctive HRM challenges to businesses especially those operating across national boundaries as multinational or global enterprises. Global business is characterized by the free flow of human and financial resources. This accentuates the need to manage HR effectively to gain competitive advantage in the global market place.

At a political and economic level, globalization is the process of denationalization of markets, politics and legal systems i.e. the use of the so-called global economy. Globalization refers to an extension beyond national borders of the same market forces that have operated for centuries at all levels of human economic activity (village markets, urban industries, or financial centers). It means that world trade and financial markets are becoming more integrated.

At a business level, we talk of globalization when organization decides to take part in the emerging global economy and establish themselves in foreign markets. First they will adapt their products or services to the customer's linguistic and cultural requirements. Then, they might take advantage of the internet revolution and establish a virtual presence on the international market place with a multilingual corporate website or even as an e-business.

Globalization has elevated the importance of HRM development in organization. These changes have led to the notion of the HR system as a strategic asset. Many of the arguments about processes of globalization within the HR function rest on the assumption that there has and continues to be longitudinal change in the conduct of HR. In the

intervening seven years a wide range of contextual changes have led to significant globalization of activity, including: the transfer of work abroad, either to outsourced providers or on a global in-sourcing basis; the e-enablement of many HR process; greater sophistication in the HR information technology, new structures for international HR functions; greater competition for talented staff at all levels of organization; more protracted and strategic talent pipelines. In particular, there has been a very strong marketing, corporate communication and IT influence on the HR function. The HR function is realigning itself in response to this process of cross-function globalization (building new alliances with these functions) creating new activity streams and new roles and skills required of the HR function (Sparrow, Brewster and Harris, 2004).

Human Resource Management's role in organizations has been evolving dramatically in recent years. Performing clerical duties such as record keeping, paper pushing and file maintenance were the days of Personal Management Department which are over now. HRM is increasingly receiving the attention as a critical strategic partner, assuming stunningly different, far reaching transformational roles and responsibilities. Thus, an organization cannot build a good team of working professionals without good Human Resources. HRM or human resource management has been widely defined by scholars as a strategic function that encompasses management of its critical human assets for gaining competitive advantage in a dynamic business environment. The concept that 'human resource' is a valued asset that can help tide an organization over turbulent waters has been very aptly realized in the recent times of economic turmoil by businesses worldwide.

Globalization of Indian economy is compelling organization to rethink their future strategies. It is now widely recognized that transformation is a pre-requisite to their survival and growth. Business organization in India especially public enterprises are experiencing winds of change. For the HR

function, there would not be a more existing and challenging opportunity than managing the complexities of change and transformation. HR today is playing a lead role along with business functions in creating the necessary momentum and internal capabilities.

Review of Literature

The advent of the era of liberalization and globalization along with the advancements in information technology (IT) has transferred the world around us. It has brought to center stage the importance of human resources, more than ever before. The purpose of human resource management (HRM) is to enable appropriate deployment of human resource so that the quality culture can maintain and satisfy the customers not only in national level but to in global level. In a competitive scenario, effective utilization of human resources has become necessary and the primary task of every organization is to identify, recruit and channel competent human resources into their business operations for improving productivity and functional efficiency.

Business environment become global business environment. Internalization of business now experts influence not only on labour markets and staffing requirements but also on HR practices. Multi domestic operations (MDOs), Joint Ventures (JVs) and strategic Alliance (SA) are common forms of business structures across regions. Changes in organizational structures, relationships with overseas operations, state – of – the art communications technology and global market now demand different HR approaches for managing MNCs. Globalization of business has probably touched the HR managers more severely than any other functional heads. The HR executives needs to give international orientation to whatever he or she does – employee hiring, training and development, performance review, remuneration, motivation, welfare, or industrial relations. International orientation assumes greater relevance as business get increasing interlinked across nations. Since an international business must procure, motivate, retain, and effectively utilize services of people both at the corporate office and at the foreign plants, therefore, the process of procuring, allocating and effectively utilizing human resources in an international business is called International Human Resource Management.

The notion that human resource management (HRM) is key to providing sustained competitive advantage to organizations has been accepted the world over. Organizational researchers have consistently shown relationships between a range of human resource management (HRM) practices and organizational effectiveness. Research in HRM has grown in the realm of strategy, leading to the development of a new field of research – Strategic Human Resource Management (SHRM). SHRM is a complex process which is constantly evolving and being studied and discussed by academics. It is an area that continues to evoke a lot of debate as to what it actually embraces. Definitions range from a human resource system that is tailored to the demands of the business strategy (Miles and Snow, 1984) to the pattern of planned human resource activities intended to enable an organization to achieve its goals (Wright and McMahan, 1992). SHRM integrates human resource considerations with other physical, financial and technological resources in the setting of goals and solving complex organizational problems (Leg nick Hall & Leg nick Hall, 1988). SHRM also emphasizes the implementation of a set of policies and practices that will build employee pool of skills, knowledge and abilities (Jackson & Schuler, 1995) that are relevant to organizational goals.

SHRM includes the four major strategic HR functions i.e., A) Strategic Recruitment and Selection, B) Strategic Training and Development, C) Strategic Performance Management and D) Strategic Rewards Management. The essence of Strategic Recruitment and Selection is to ensure that the current and future needs are met in accordance with the internal and external dynamic situation and to select potential future employees with attributes that align with the mission statement and values of the organization. Having a good fit between the personal attributes of the employees and the organization's goals lays the foundation for success in the long term (Mill more and Baker, 1996). The Person – Organization (P-O) fit criterion of selection is defined as "the compatibility between specific individual attributes and comparable organizational attributes" (Higgins, 2002). A good fit with the P-O selection model supports higher employee satisfaction.

From a strategic perspective, the selection process should ensure that the candidates have a good fit with the organization's culture and strategic direction (Nankervis, Compton and McCarthy, 1999). According to Cascio (2006), "a close fit between individual strengths and interests and organizational and job characteristics almost guarantees a happy marriage". Therefore, to attract and retain talent, firms need to implement strategic recruitment and selection process. This is followed up by B) Strategic Training and Development programmes designed to positively enhance or change current knowledge, skills, attitudes and social behaviors to improve future performance at the individual, group or organizational levels. The aim of strategic training is to create and implement a career development program that benefits both the organization and the individual (Nankervis, Compton and McCarthy, 1999). Developing employees strategically requires that development and training are proactive rather than reactive (Analoui, 2007).

To be strategic and effective, strategic human resource development should have top management commitment, link to business strategy and be horizontally integrated with other HRM functions (Cascio, 2006; Millmore et al., 2007). C) Strategic Performance Management includes outcomes and targets as well as the strategic competencies that employees need. Aligning the appraisal and performance management practices with the organization objectives is what makes it strategic. The process becomes the key to employee development and improved employee performance (Gomez-Mejia et al., 2004). Implementing strategic appraisal and performance management has the potential to identify and retain good employees and identify development needs for lower level performers. D) Strategic Rewards Management is defined as "the deliberate utilization of the pay systems as an essential integrating mechanism through which the efforts of various subunits and individuals are directed towards the achievement of an organization's strategic objective" (Gomez-Mejia and Balking, 1992). The strategic objectives of remuneration are to reward past performance, remain competitive in the labor market, motivate future performance, attract and retain good staff and reduce staff turnover (Nankervis, Compton and McCarthy, 1999; Leopold, Harris and Watson, 2005; Cascio, 2006).

Changing Dimensions of Human Resource Management

The 21st-century workforce is global, highly connected, technology-savvy, and demanding. Its employees are youthful, ambitious, and filled with passion and purpose. Critical new skills are scarce—and their uneven distribution around the world is forcing companies to develop

innovative new ways to find people, develop capabilities, and share expertise. Trends in leadership, talent acquisition, capability development, analytics, and HR transformation are all impacted by globalization. Companies that learn to leverage global talent markets while localizing their HR strategies will be poised for strong performance. Critical new skills are scarce—and their uneven distribution around the world is forcing companies to develop innovative new ways to find people, develop capabilities, and share expertise. Research shows a significant gap between the urgency of the talent and leadership issues leaders face today and their organizations' readiness to respond. On every critical issue—leadership, retention and engagement, learning and development, analytics—executives recognize the need to take action, but express reservations about their team's ability to deliver results. One of the most important takeaways from this research is the fact that doing more is not enough. Today companies have to manage people differently – creating an imperative to innovate, transform, and reengineer human capital practices.

According to the Global Human Capital Trends report conducted by Deloitte Touche Tohmatsu India Private Limited (DTTIPL) in partnership with the National Human Resource Development (NHRD) Network summarizes the talent and HR trends and priorities that are likely to shape the business agenda for corporate leaders across India in 2014 and beyond are as follows:

- Finding 1. Leadership, retention, HR skills, and talent acquisition are the top global trends in perceived urgency
- Finding 2. Companies report generally low levels of readiness to respond to the trends
- Finding 3. The largest capability gaps are reported in leadership, analytics, reskilling HR, talent acquisition and access, and the overwhelmed employee
- Finding 4. Leadership is the top priority in developed and growing economies
- Finding 5. While global trends are similar around the world, program needs vary by region
- Finding 6. Human capital priorities vary by industry, with one exception: Leadership
- Finding 7. "Excellent" HR companies and teams focus more intensely on the urgent global human capital trends
- Finding 8. Business leaders have less confidence in their organization's readiness to deal with future trends than HR leaders
- Finding 9. HR and talent executives grade themselves a C-minus for overall performance
- Finding 10. Companies worldwide plan modest increases in talent and HR investments in 2014

Human Resource Management –The Strategic Focus

Based on the above findings in the global report, the following are the points of strategic focus:

Lead and develop: The need to broaden, deepen, and accelerate leadership development at all levels; build global workforce capabilities; re-energize corporate learning by putting employees in charge; and fix performance management

Attract and engage: The need to develop innovative ways to attract, source, recruit, and access talent; drive passion and engagement in the workforce; use diversity and inclusion as a business strategy; and find ways to help the overwhelmed employee deal with the flood of information and distractions in the workplace

Transform and reinvent: The need to create a global HR platform that is robust and flexible enough to adapt to local needs; reskill HR teams; take advantage

Human Resource Managers: their strategic role in a changing global business environment

HR professionals must play special roles in dealing with the changes and must develop specific competencies to support these roles. Workplace flexibility is expected to be on the rise as the future workplace, the 'virtual office' is characterized by creative and flexible work arrangements. More employees work off-site-up to two thirds of an organization in the 21st century – there will be an increase in emphasis on performance and results as opposed to the number of hours worked. In addition, off-site employees can expect to attend fewer meetings. Specified work will become much more collaborative and management will spend nearly all its time managing cross-functional work teams who enjoy a lot of autonomy. In essence, there will be a movement, a trend towards a decentralized model of HR.

HR managers will have to accommodate employees in their virtual work locations and find ways to manage corporate culture, socialization and employee orientation. In order to obtain and maintain a competent workforce, they must act as organizational performance experts and shape employees behavior without face to face meetings.

Another expected change in HR is the 'Global Business' concept world trade knew a major growth during the last years and there is forecasted as well the growth of international businesses, especially among small firms. Organizations rely more and more organization HR specialists as the facilitators of work across borders and among different cultures. Therefore, they must be knowledgeable of other cultures, languages and business practices. They will be required to develop and manage an international workforce, maintain written and unwritten corporate policies for transportability to other cultures, keep top management informed of the costs of not paying attention to the transnational issues and provide their services to a variety of locations worldwide.

Concerning the recruitment in the above mentioned 'global business' it will be important which strategy will be adopted by the management. Globalization will impact HR managers by requiring new skills such as language capabilities. For e.g., in order to recruit employees from other cultures, HR managers will either have to learn new languages or else they will certainly have to have foreign speakers on staff. But in order to facilitate communication among people coming from a wide range of language backgrounds, in most multinationals, it is preferred to speak English.

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 mar-

ket 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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