Research Paper   **Management**

HR Challenges & Opportunities While Managing A Global Workforce

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ABSTRACT

When business operates across international borders, economic situations as well as diversity can affect your operations! And being a strategic business partner HR professional's contribution to the success of their organization can be really critical. And that can be from complying with different rules and regulations to integrating markets across nations and managing diverse culture of your workforce. With this in mind organisations specially the MNC's need to make an effective strategy to cope up with the needs and requirements of the Global Workforce. The paper here presents a brief insight to the problems and their remedies.

KEYWORDS | Strategic Talent Management, Mobility, Cultural Agility, unparalleled talent scarcity

INTRODUCTION

Today's corporations are living in a brave new world with Globalization, technology, and the hunt for scarce talent pushing them into new territories and redefining the way they work, think and communicate. But managing a global workforce is no easy task, and not everyone will get to the finish line. So what does it take to win? "You must have a global mind-set," says Flemming Poulfeldt, Professor of management at the Copenhagen Business School. "You have to be open to new ways of thinking, and you have to create an environment, both at home and abroad, that is welcoming and supportive to global workers." With the World Economic Forum warning we are entering an "era of unparalleled talent scarcity," companies not only need to be able to find, attract and keep talent, but they need to be mobile enough to set up shop where the best expertise and cost can be found.

OBJECTIVES:
- To understand the various issues facing by HR functions for a global workforce.
- To know how the HR Managers are dealing with the challenges.
- Suggestions to solve HR issues for Global workforce

MAJOR ISSUES OF GLOBAL OWRKFORCE
Issue #1: Culture and Communication:"When you take someone from one environment into another, there is going to be some adjustment [needed] in regard to culture and communication."

Issue #2: Labour Law Conflict: For example, "Employment at Will" statement in US that states the company may terminate an employee at any time without giving any reason. Apparently this concept does not exist in India and other countries.

Issue #3: Talent Gap: Finding and retaining the talent for highly skilled jobs or the one that knows the national and international markets can be tough. And you would need the help of immigration departments from your nation and from other nations as well to leverage the international talent pool.

Issue #4: Interest Conflict: Successfully integrating markets across borders is critical when we talk about business! Even when we work in at a national level, your markets depends and varies from state to state. So what happens when it is global? And you have your employees working in other nations have their own national interest that conflicts with your corporate goals.

Issue #5: Retaining and engaging a changing workforce: As the demographic composition of the workforce changes, their motivations and expectations evolve too. It is imperative that HR understands what is most valued by these workers. Is it compensation, or prestige, or perhaps autonomy at work? In many cases, HR will have to adapt their incentives, benefits policies, and retention strategies for workers that are not just driven by financial compensation. It is not enough simply to recruit able staff. Companies have to make sure that their people are committed, productive, and do not leave after a short period, incurring substantial turnover costs and wasting all previous training invested in them.

HR CHALLENGE: ADAPTING TO A RAPIDLY CHANGING WORKER PROFILE
Sweeping demographic changes across both the developed and developing world will place greater pressure on both the government and private sector to initiate and implement creative solutions to educate, integrate and retain a rapidly changing and diverse working population.

With hundreds of millions of women predicted to pour into the global workforce in the coming years, and temporary and part-time workers a significant and seemingly permanent fixture, companies need to adapt further to a new breed of employee. When you add the issues of a multi-generational workforce and growing cultural diversity, it is no surprise that people management is cited to be by far the most substantial challenge facing companies over the next five to ten years, according to a 2013 survey of 636 C-level and senior executives by The Economist Intelligence Unit.
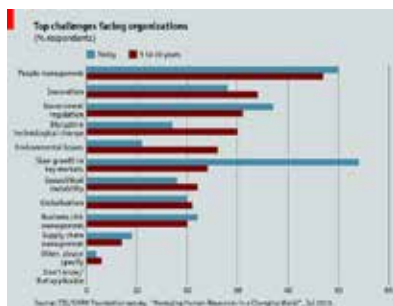
Ageing populations across the globe will continue to pose a challenge for businesses. On the one hand, experienced employees are departing the workforce, leaving a leadership void. On the other hand, many older workers, particularly those in the US and other industrialized countries, plan to carry on working well past the traditional retirement age. Many will simply need to continue earning, as social safety nets, pensions and other benefits will no longer be adequate or available. But HR will need to establish more targeted incentive structures to keep less committed older workers in the workforce. Companies will also need to anticipate and assess which new skills and training older employees will require, particularly in the realm of technology where they may feel less comfortable than many of their younger colleagues.

Even if more baby boomers can be persuaded to stay around for longer, many companies will feel vulnerable as they leave the workforce in droves over the next few years. Companies will need to manage the successful transfer of experience and knowledge to younger generations at the outset of their careers. If demand continues to outstrip supply for certain positions, companies will also need to rethink how to hire junior workers into positions requiring more tenure and experience, and determine what additional training will be necessary.

Preparing the world's youth for the workplace will certainly present challenges. In countries with high youth unemployment rates, there are increased concerns that many young people will leave the workforce permanently, producing a lost generation. Meanwhile, the skills and education of the millennial that remain in the workforce must always be relevant and attractive to employers. As we see below, governments, companies and educational institutions will need to create solutions that reform the educational system, and prepare the future workforce for employment opportunities.

Companies have so far struggled to maximize the potential of women, who are dramatically under-represented at the top of major companies. A mere 13 out of the largest 500 companies in the world by revenue had women CEOs in 2012, a proportion of just 2.6 percent.

Nine of these CEOs were in the US, where, nevertheless, women occupied just 16.9 percent of corporate board seats in Fortune 500 companies in 2013. In Southern Europe, in countries such as Greece, Portugal and Spain, that figure is comfortably within single figures.

The standard reason given for female under-representation at the top of the business world is the fact that women often take time out of the workplace to look after a family. However, around one in four American graduate women is now childless in their mid-forties, reportedly rising to one in three in Germany. Clearly, other factors, such as the lack of female role models and the challenges of breaking into a male-dominated club, also play a part. Whatever the cause, the result is a waste of the talent that companies maintain is so difficult to find.

This issue has been embraced by politicians keen to curry favour with the female half of the electorate. Pressure from governments is set to increase. Despite opposition from certain countries, a plan to increase the minimum proportion of female non-executive directors in public companies across Europe to 40 percent is winding its way through the EU legislature.

With the tide turning, companies will feel they need to seize the initiative before political interference imposes unwanted changes. Mentoring from senior female executives to their younger counterparts and the early identification and rapid career development of high-potential women are both essential aspects of a proactive approach.

Perhaps most importantly, companies will need to find a way

to keep these high-potential women in the fold, committed and interested, if and when they take a temporary break from full-time work due to family commitments. Continued dialogue with mentors, and involving them in discrete, but strategically important, home-based projects with senior management access, may both help.
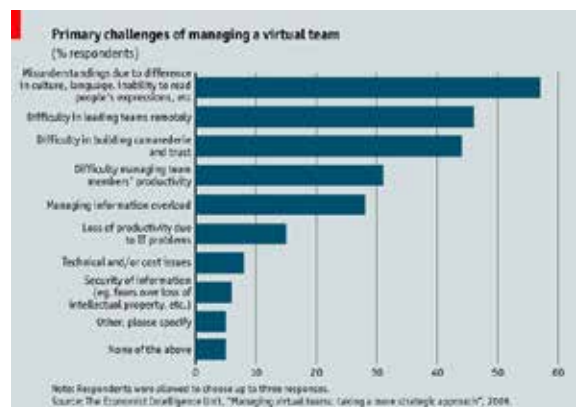
More broadly, HR will have to meet women's demands for equal pay and promotions in addition to customized benefits and perks like day-care, flexible hours, maternity leave and child healthcare. With employee benefits, one size does not fit all. The incentive systems of the past no longer satisfy all employees, especially with the labour force expanding to include a more varied and international workforce.

HR CHELLENGE: ALIGNING TECHNOLOGY BEST PRACTICES TO GLOBAL MANAGEMENT STRATEGY

In the last 20 years, new communication technology, such as email, mobile phones and web and videoconferencing has not only facilitated closer contact with clients in distant lands, it has allowed multinational companies to form cross-border teams, where colleagues can communicate with each other constantly, despite not being located in the same place. In short, technology has enabled the international expansion that companies seek.

Saving on business travel and relocation costs for individual workers have been other major benefits. Virtual teams also significantly enlarge the pool of available knowledge. Individual team members can offer extensive experience with different markets and an understanding of geographically disparate customer demands and sensitivities. An overwhelming majority (83 percent) of executives in a 2014 Economist Intelligence Unit report agreed that a diverse workforce improves their company's ability to capture and retain a diverse client base.

Culturally diverse virtual teams also stimulate innovation and creativity. Groupthink—decision-making within a group, characterized by uncritical conformity—is more likely within a team composed of people from the same background.

Primary challenges of managing a virtual team (% respondents)

Notes: Respondents were allowed to choose up to three responses.
Source: The Economist Intelligence Unit, "Managing virtual teams: taking a more strategic approach", 2009.

Technology's evolving role in redefining what work means will require firms to come up with new and innovative strategies to manage their increasingly mobile workforce. These strategies will need to help mobile workers remain engaged and connected to the wider organization they serve. An improved ICT infrastructure and increased usage in developing nations will certainly continue to expand the availability of local talent for recruiters and HR managers. However, challenges will persist, as many potential labour-market participants will lack access or adequate technological literacy. HR departments within major global firms will need to engage with local governments, universities, community colleges and vocational schools to offer ongoing training for all existing and new employees as technologies change.

With companies now engaging with a flexible and mobile workforce, performance measures will have to be revamped.

Once managers prioritize outcomes, and not just productivity or process, new evaluation models will be necessary. HR will also need to assess the most effective methods for managing and communicating with teleworkers, particularly across borders.

HR CHALLENGE: MANAGING THE RISKS OF A GLOBAL OPERATION

Despite their clear benefits and growing importance, managing remote, cross-border teams presents management challenges that the corporate world is still learning to tackle. A 2009 Economist Intelligence Unit executive survey reported that one-third of virtual teams are thought to be badly managed.

There are some obvious practical obstacles in running a virtual team. For example, all the members must feel comfortable using all the various communication technologies. Time differences can also complicate organization and co-ordination.

Human interaction may be less smooth without face-to-face communication. Natural social bonds are more difficult to develop when people only meet virtually. This makes building an environment of trust and cooperation more problematic, resulting in regular misunderstandings. When disagreements do arise, the less frequent contact makes them harder to resolve.

Communication misunderstandings or problems standing in the way of a major cross-border transaction (% respondents)

However, a 2009 Economist Intelligence Unit survey found that it is cultural and linguistic differences that present by far the most pressing challenge for virtual-team managers. Differences in culture appear in a broad range of attitudes and values, greatly increasing the potential for a breakdown in team cohesiveness. Such differences span a wide range of areas, including attitudes toward authority, teamwork and working hours.

Cultural and linguistic misunderstandings, both internally and with prospective clients, can be very costly. Another Economist Intelligence Unit survey, this time from 2012, found that one-half of companies admit that communication misunderstandings have stood in the way of a major cross-border transaction, incurring significant losses for their company.

The failed 1998 merger of two car manufacturers, Germany's Daimler-Benz AG and the American Chrysler Corporation, provides a prominent illustration of the economic costs of cultural conflict. Several commentators have suggested that Daimler's formal and hierarchical structure clashed irreconcilably with Chrysler's more relaxed and less differential approach, resulting in defections of key personnel and the eventual breakdown of the relationship.[85]

Attributes considered most important in a successful expatriate (% respondents)
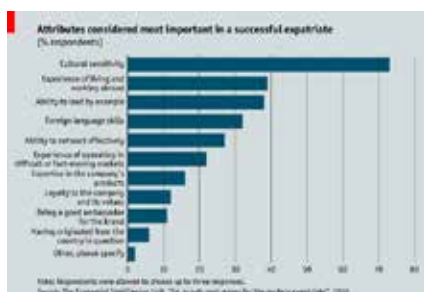
Cross-border teamwork is so important to companies' performance that it cannot be left to individual managers to grapple with by themselves. They will need assistance and guidance on how to approach a very different managerial challenge from those they have faced with traditional co-located teams.

Adequate financial resources will need to be allocated to the IT infrastructure, which is such a crucial element in the proper functioning of a virtual team. Leadership training in topics such as the resolution of conflict, instilling purpose, and how to ensure mutual trust and clear communication within a far-flung team are essential. Organizations also need to advise managers on the selection of team members for a cross-border team, with a greater emphasis on the ability to handle cultural differences than is necessary for traditional teams. A 2010 Economist Intelligence Unit survey of executives with international experience discovered, for example, that "cultural sensitivity" was by an overwhelming margin the most important attribute of a successful expatriate.

Over the next five to ten years, employers will need to implement more sophisticated recruitment policies as the global talent pool expands and operating risks (geopolitical, legal and financial) become more complex. They will also need to build a common work culture, encompassing similar ethics and values, among people who hail from very different cultures.

HR will need to become better integrated into their firm's overall risk-management and business-continuity planning. Specifically, it will have to be more involved in assessing, and preparing for, disruptive events, such as natural disasters, IT-system or operations outages, and interruptions to increasingly global and complex supply chains. With regard to supply chains, HR will have to be more attuned to corporate social-responsibility practices. As the number of global suppliers and subcontractors increases along both the production and distribution chain, HR will need to understand and anticipate the types of risks (such as use of child labor, toxic or substandard components, bribery or other illegal business practices) that could have a negative impact on the firm's brand and company image.

For employers, many investment and hiring decisions are contingent on a stable regulatory framework. However, motivated by the financial crisis of 2008 and political considerations, many governments have introduced unexpected labor regulations. One example is the sudden introduction in the US of the Family and Medical Insurance Leave Act of February 2014, which will supply up to three months of paid leave in certain defined circumstances. The payment would be limited to 66% of the employee's income, up to a maximum of US$1,000 per month, and would be funded through a system of regular small additional contributions by employees and employers.

Higher employee termination costs in China in the past six years have surprised many foreign investors in the country. Meanwhile, some OECD countries, such as France and Spain, have sought to make their traditionally rigid labour regulations more flexible. Taken as a whole, the rising unpredictability of public policy in the context of global economic hardship may persuade some companies to think twice about potential investment and hiring strategies.

As mergers and acquisitions (M&A) activity increases around the world, HR will also have to be equipped with the right business intelligence to conduct cultural, organizational and legal due diligence when going through the acquisition process. This is especially true for US firms that acquire companies across Asia, Latin America and other parts of the developing world, where firms operate very differently. Currently, there is no standard HR playbook or HR Sarbanes-Oxley to oversee the integration process. Instead, different country rules in respect of pensions, benefits and severance make it very challenging for HR managers to stay abreast of the latest laws and regulations. This means that HR leaders will need to expand their knowledge base and shift from being nationally focused to a

more global perspective.

As other regions become more attractive for investment, companies will look beyond traditional destinations for outsourcing or operations. HR will have to get up to speed quickly on human-capital issues in these potential markets. However, given insufficient knowledge about labour markets in developing countries, HR cannot always make informed decisions. Unfortunately, there is a severe lack of hard data and qualitative insights at the occupational, education and skills levels. Companies, therefore, face the question of who will be responsible for supplying this data to HR departments. Will it be governments or third-party providers? Whatever the source, HR managers will need to find sufficiently reliable data and analytics to make sound strategic business decisions, and minimize risk.

OPPORTUNITIES TO SOLVE HR ISSUES FOR GLOBAL WORKFORCE

The Management of Workplace Diversity: Manager needs to change from an ethnocentric view ('our way is the best way') to a culturally relative perspective ('let's take the best of a variety of ways').

Planning a Mentoring Program: One of the best ways to handle workplace diversity issues is through initiating a Diversity Mentoring Program. This could entail involving different departmental managers in a mentoring program to coach and provide feedback to employees who are different from them.

Organizing Talents Strategically: Many companies are now realizing the advantages of a diverse workplace. As more and more companies are going global in their market expansions either physicallyor virtually (for example, E-commerce-related companies), there is a necessity to employ diverse talents to understand the various niches of the market.

Control and Measure Results: A HR Manager must conduct regular organizational assessments on issues like pay, benefits, work environment, management and promotional opportunities to assess the progress over the long term.

Motivational Approaches: Workplace motivation can be defined as the influence that makes us do things to achieve organizational goals: this is a result of our individual needs being satisfied (or met) so that we are motivated to complete organizational tasks effectively.

Gain-sharing: Gain-sharing programs generally refer to incentive plans that involve employees in a common effort to improve organizational performance, and are based on the concept that the resulting incremental economic gains are shared among employees and the company.

CONCLUSION

The role of the HR manager must parallel the needs of the changing organization. Successful organizations are becoming more adaptable, resilient, quick to change directions, and customer-centred. Within this environment, the HR professional must learn how to manage effectively through planning, organizing, leading and controlling the human resource and be knowledgeable of emerging trends in training and employee development.

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