

**Globalization and Strategic Human Resource Management:
An Overview and Theoretical Framework**

Mr. PRAVEEN SAMA

Associate Professor, Department of Management Studies, PSCMRCET, Vijayawada

Email id: praveensama86@gmail.com

Ms. RAMYA BOJJA

Department of Management Studies, PSCMRCET, Vijayawada

Email id: ramyab5656@gmail.com

ABSTRACT

Globalization is the integration of cultures, values, technology, economies, and politics of various nations. Globalization can have many inferences for human resource management practices in an organization. It helps to create job opportunities as the businesses expand. By providing high quality products and employment it improves the standard of living of the people. Strategic Human Resource Management is planning in advance for the various functions relating to human capital and strategizing to keep the HR functions aligned with the organization's goals and objectives. Strategic Human Resource Management enables planning and strategizing for the human resources in the organization based on its goals and objectives beforehand and implementing them. Planning in advance helps the organization to gain a competitive edge. Integration of globalization and strategic HRM gives a global competitive edge to a business. Globalization and strategic Human resource management has result in developing global competitiveness among employees. In this paper the researchers have tried to study the effect of Global Competitiveness on Strategic Human Resource Management. This article extends the literature on the role of human resources in global competitiveness by focusing on the practices that are currently followed by various companies. The finding of the paper highlights commonly followed strategic HRM practices.

Keywords-- Globalization, strategic human resource management, global competitiveness.

INTRODUCTION

Globalization

Globalization is broadly regarded as a process that creates complex, interlinked ties and relations between economies, societies and countries. Globalization gives opportunity to companies to expand regionally and establish themselves in different countries to grow their business. It enables sharing of technology among different countries and gives a variety of options to a customer to choose from for a single product. Globalization means the multitude of economic and social transformation of humanity currently registered, and integrative large-scale financial flows generated by the impact of monetary haul on the characteristics of social interactions among different nations. (Muscalu, Emanoil, 2014) Globalization, mediated through a variety of intensifying flows that are not limited to goods and capital but include information, human mobility, diffusion of ideas and norms, this multidimensional process creates complex, interlinked ties and relations between economies, societies and countries. (Clark, 2000). In the face of a protectionist global environment, companies must navigate the world on their own. We must level the playing field, without government engagement. This requires dramatic transformation. Going forward, we will localize. (Jeffrey Immelt, 2016).

Gaining the Competitive Edge through Strategic Human Resource Management

In order to be successful, it is essential to recognize the need to adapt to the ever-rapidly changing ways to do business in the global environment. Thus, seek to build competitive advantages around the core competencies of the organization, while also reducing costs to conduct business. These organizations also understand that doing the best that they do is not always enough to be on top. In order to keep the competitive position in the domestic market, they will need to acquire knowledge of other key competitors in the global marketplace. They need to stay informed of other domestic and foreign competitor's potential strategies, as well as their competitor's strengths and weaknesses. The term „strategy“ is widely used in and presupposes importance. In the words of the Oxford Concise Dictionary, strategy means „generalship“. Thus, strategy is associated with the long-term decisions taken at the top of the enterprise. Human Resource Management includes conducting job analyses, planning personnel needs, recruiting the right people for the job, orienting and training, managing wages and

salaries, providing benefits and incentives, evaluating performance, resolving disputes, and communicating with all employees at all levels. Therefore Strategic HRM defines the organization's intentions and plans on how its business goals should be achieved through people. It is based on three propositions: first, that human capital is a major source of competitive advantage; second, that it is people who implement the strategic plan; and, third, that a systematic approach should be adopted for defining where the organization wants to go.

Objectives of the study

1. To understand Global Competitiveness.
2. To study the effect of Global Competitiveness on Strategic Human Resource Management.

THEORETICAL BACKGROUND

Global competitiveness

In recent years, the concept of competitiveness has emerged as a new paradigm in economic development. Competitiveness captures the awareness of both the limitations and challenges posed by global competition, at a time when effective government action is constrained by budgetary constraints and the private sector faces significant barriers to competing in domestic and international markets.

The Global Competitiveness Report of the World Economic Forum defines competitiveness as "the set of institutions, policies, and factors that determine the level of productivity of a country". The term is also used to refer in a broader sense to the economic competitiveness of countries, regions or cities. The term is also used to refer in a broader sense to the economic competitiveness of countries, regions or cities. Recently, countries are increasingly looking at their competitiveness on global markets. Similarly, it is necessary for the human resource of a country to be so that they can efficiently work towards the growth of the economy of their country.

Global competitiveness is a phenomenon that every developing country has to experience in today's world. The definition of global competitiveness given by the European commission is

“The ability of an economy to provide its population with high and rising standards of living and high rates of employment on a sustainable basis” (European Commission, 2001).

Therefore all growing companies that have to ensure that they are profitable need to maintain a competitive edge over their competitors not just in the local market but in the global market as well. Most of the changes and complexities that organizations face in a marketplace are due to the varying effects of global competitiveness, a winner organization is one who is able to use these changes and convert them into advantages (Djogo, M., & Stanisic, N. ;2016). There is a strong interconnection between the consumer’s perception of the organization and global competitiveness. (Oana, D. U. R. A. L. I. A. ,2016). Consumers usually keep a close watch on how their favorite brands perform and adapt the variations caused by global competitiveness and accordingly either change their perception or maintain the same. Organizations therefore need to be constantly aware and vigilant of the changes and effects of global competition.

HR Practices followed in companies to promote global competitiveness

Many company’s HR department have realized the need to be strong and ready to help the company move forward in the case of global competition. The HR department being responsible for an organization’s most valuable asset i.e. its employees, need to always be up to date. In the past many Indian industries focused their management practices completely on the industrial policy factors but in the last decade it has been seen that there is a wide competition from foreign markets due to which all the management functions of the organization is to not only focus on the industrial policies but side by side tackle the competition (Chandra, P., & Shukla, P. R., 1994). According to (Stiles, P et al, 2006) organizations usually follow the following practices to promote the global competitiveness among the employees within the organization.

Talent management

It is a practice where the HR department ensures that the organization has a wide pool of diverse employees through the method of recruitment, selection and succession planning. (Panackal, N., & Singh, A.) Example: Infosys, one of India’s leading IT outsourcing company is able to generate this pool of employees as they focus largely on global branding for the same. Once the organization has this pool of employees they next focus on training and development for these employees thus providing them satisfaction and maintaining the edge they require. Another

example of how organizations deal with talent management is that of IBM. It conducts a research within the organization to find for the most outstanding leaders within the organization, thus ensuring that they are ready with employees who are capable to deal with changes as and when required.

Performance management

This practice focuses on the rewards, appraisals and aligning the workforce to the required standards of performance. This practice is conducted through evaluations to check the gaps between the actual work and the work required. Pay is used as a major tool to ensure that work is done to fill the performance gap. This pay is in terms of rewards, bonuses and appraisals. IKEA is a very good example for the same the company uses pay to create a linkage between the organization objectives and the individual goals to create the required performance.

Organization culture

When an organization instills within its culture the acceptance of changes and competition the employees automatically are accustomed to this change and are able to adapt. This starts from the very beginning stage of recruitment where the organizations makes it clear to the candidates for employment about what skills and attitude they are required to possess. Many big companies like Oracle, BAE Systems, Shell, KPMG, GlaxoSmithKline or Matsushita strongly encourage an organization culture that does not only focus on short term financial performance but on the aspects of achievement of a long term goal.

Global HR

This HR practice focuses on the function of the HR department to develop a global strategy for the organization and its employees. A very true example of this practice is that of P&G they have been able to develop a global strategy with the help of various global expertise groups. This strategy has helped them a lot in doing business across national boundaries.

Importance of linking Strategic HRM and global competitiveness

Studies have shown that the role of the human resources department within an organization is extremely crucial for both the survival and the maintaining of a competitive edge. (Bowen, D. E.,

& Ostroff, C. ,2004).Every organization comes up with its own strategy to conduct its business this strategy is unique depending completely on the organizations competencies, requirements and circumstances once the strategy is made it depends solely on the HR department to help in its implementation in terms of getting the organizations employees aligned with the developed strategy(Bird, A., & Beechler, S. ,1995). The paper by Michael Poole smartly speaks about a phase two market orientation of entrance of completion into the market, the two phases being growth and internationalization .Through his paper he provides a very smart and real idea about how these two phases or aspects, growth and internationalization put a huge pressure on the HR department within the organization. The department has to constantly be on their feet to keep working with the employees and motivating them to stay stable during any kind of change caused due to global competition.(Adler, F Ghadar,1990)An organization has gone through a constant evolution in the past years and in the present day it faces open markets and vast competition, this then requires the HR department to act as the companies back bone and help to ensure that the company, with its employees is able to get through these changes successfully. Therefore the importance of linking the HRM with global competitiveness is very important.

Strategic HRM helps in linking the personal goals of employees with that of organization so that the employees while working to achieve the goals of the organization fulfill their personal goals and be satisfied. It enables better cooperation and coordination in the system of organization. It reduces the impacts of adverse conditions and enables effective allocation of time and resources to various opportunities identified. It makes the organization more flexible and accepting of change.

RESEARCH METHODOLOGY

The study is a qualitative study based on data collected from secondary sources such asEbsco, Emerald, Scopus, Jstor, Thomson Reuters and Google Scholar. Information has also been gathered from books, articles that aid the study of sustainable development. Researchers also looked at articles published by companies to understand the key dimensions global competitiveness and HR practices. The researchers have looked at company reports and websites to understand their strategic HRM practices.

FINDINGS: STRATEGIC HR PRACTICES IN INDIAN COMPANIES

Various Indian Companies also engage in strategic HR practices in order to excel in human resource functions and to retain employees in the organization and keeping them happy and satisfied. Following are a few instances of the same:

Infosys has established the Toastmasters Club which is an employee-driven campus programs like Infosys Toastmasters Club is one of the world's leading club chain having 15,900 branches in 142 counties which helps more than 3,45,000 of its members to develop leadership and communication skills. They also have the INSTEP Program. Under this program internships that help in increasing leadership abilities are provided to students from across the globe for a period of three to six months.

Mahindra & Mahindra Ltd. Has developed the Business Process Reengineering (BPR). It is a scheme by which the company rethinks and reinvents its human resource functions and processes to achieve improvements and improve performance.

TATA Group has facilitated many initiatives such as E-learning, induction programs, performance ethic program. Tata's E-learning program known as Gyan Jyoti is available for its employees and is a platform for them to learn online and with the help of computers and other gadgets. The following are the two induction programs that TATA has: -HELLO (Helping employees launch and learn in the organization) -NEST (Nurturing engagement with satisfaction and trust)

They have introduced the PEP after partnering with McKinsey and establishing key strategic areas. The program encourages young employees to grow swiftly in the corporate world as compared to the old and traditional ways of employee promotion.

Ranbaxy encourages sharing and exchange of information across borders among the employees based in India and the fellow counterparts based in the foreign countries to promote learning and development.

Wipro offers Employee Stock Option Plans to its employees who provide them a financial incentive to be engaged and work hard for the company.

Hindustan Unilever Ltd. follows 360 degree performance appraisal mechanism to appraise the employees so that they receive unbiased feedback from different levels. The company conducts assessment on a regular basis to check the engagement level of employees and availability of work for them.

CONCLUSION

Globalization has enabled the companies to expand and establish themselves worldwide. Formulating strategies in advance and abiding by them gives a competitive advantage to the companies which makes their place in the market and helps them to survive. With increasing competition from other companies and firms in the era of globalization, it is not easy to attract, maintain and retain talented and competent human capital for the companies. Following strategic human resource practices enables companies to perform their human resource function aptly. Different companies follow different strategic human resource practices to depending on their goals and objectives and to distinguish themselves from other companies in their human resource function. It is extremely important for companies to be competitive in order to survive the current scenario and hence the companies should follow strategic human resource practices to keep their employees satisfied as they are the most valuable assets to a company. Gradually strategic HRM is gaining importance in its knowledge and application and is being widely adopted by companies all over the world.

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