The impact of globalization in human resour

Based on Wikipedia , the word " globalization" was first employed in a publication entitled Towards New Education in 1930, to denote a holistic view of human experience in education. An early description of globalization was penned by the founder of the Bible Student movement Charles Taze Russell who coined the term 'corporate giants' in 1897, although it was not until the 1960s that the term began to be widely used by economists and other social scientists. The term has since then achieved widespread use in the mainstream press by the later half of the 1980s.

Since its inception, the concept of globalization has inspired numerous competing definitions and interpretations, with antecedents dating back to the great movements of trade and empire across Asia and the Indian Ocean from the 15th century onwards. The United Nations ESCWA says globalization " is a widely-used term that can be defined in a number of different ways. When used in an economic context, it refers to the reduction and removal of barriers between national borders in order to facilitate the flow of goods, capital, services and labour... lthough considerable barriers remain to the flow of labor... Globalization is not a new phenomenon. It began towards the end of the nineteenth century, but it slowed down during the period from the start of the First World War until the third quarter of the twentieth century. This slowdown can be attributed to the inward-looking policies pursued by a number of countries in order to protect their respective industries... however, the pace of globalization picked up rapidly during the fourth quarter of the twentieth century... " [pic] [pic] HSBC, one of the world's largest banks, operates across the globe.

Shown here is the HSBC Global Technology Centre in Pune, India which develops software for the entire HSBC group. Tom G. Palmer of the Cato Institute defines globalization as " the diminution or elimination of state-enforced restrictions on exchanges across borders and the increasingly integrated and complex global system of production and exchange that has emerged as a result. " Thomas L. Friedman has examined the impact of the " flattening" of the world, and argues that globalized trade, outsourcing, supply-chaining, and political forces have changed the world permanently, for both better and worse.

He also argues that the pace of globalization is quickening and will continue to have a growing impact on business organization and practice. Finally, Takis Fotopoulos argues that globalization is the result of systemic trends manifesting the market economy's grow-or-die dynamic, following the rapid expansion of transnational corporations. Because these trends have not been offset effectively by counter-tendencies that could have emanated from trade-union action and other forms of political activity, the outcome has been globalization.

This is a multi-faceted and irreversible phenomenon within the system of the market economy and it is expressed as: economic globalization, namely, the opening and deregulation of commodity, capital and labour markets which led to the present form of neoliberal globalization; political globalization, i. e. , the emergence of a transnational elite and the phasing out of the all powerful nation-state of the statist period; cultural globalization, i. e. , the worldwide homogenisation of culture; ideological globalization; technological globalization; social globalization 2.

A lot can be said , as the world become smaller due to the effect of globalization or the merging of the country economy . 1. New technology 2. Shared wisdom 3. Opportunity or threat? Globalization has brought greater challenges, economic ills domestically, and bigger opportunities internationally. With this phenomena (globalization , that is), on the one hand, our workforce are no longer vying for work and professional advancement against their peers locally, but instead against those of the offshore offices or branches.

Anytime, management can relocate any of these personnel whenever a particular operation requires for a more competent personal that is not otherwise immediately available within. For some, this is a threat. For others, for the more adventurous or ambitious employee, this a good opportunity to work abroad as an expat. Who would blame them, the compensation, perks and benefits are much desirable. In fact, when I had the opportunity to be relocated in Tokyo, they doubled what I am regularly receiving on top of the relocation allowances. While on the other hand, globalization[pic] wrought financial ills to our domestic economy.

Revenues and duties were being enjoyed by the host country and draining us of talents and sometimes, valuable technology as well. Not only that, this has also spur a lot of companies to open merger initiatives which more often at the expense of displaced employees. 1. NEW TECHNOLOGY Take the argument that globalization brings in new technology. On a selective basis, globalization indeed brings in new technology and opposition to globalization is not tantamount to becoming technologically isolated from the rest of the world. But today, almost no advocate of globalization is calling for selectivity.

For instance, Coca-Cola and Pepsi were welcomed into the country even though they offered little in terms of new technology. Cosmetic manufacturers and manufacturers of designer label clothes have also brought in little new technology of any consequence. The same can be said of advertising companies and manufacturers of consumer non-durable goods like soap, detergent, toothpaste, cereals etc. And although there has been significant investment in the manufacture of automobiles and consumer goods, the capital equipment and the assembly lines for their production is imported.

Little of the design and development work takes place in India. And in many instances, all that happens is the local assembly of knocked-down kits. So far, globalization in India has not been tantamount to an all-around technological upgradation of Indian design and manufacturing. Some offer a counter-argument for unrestricted globalization arguing that only if India liberalizes unconditionally will India be able to attract high technology and capital investment in the areas it really wants.

In other words, if we let the Cokes and Pepsis of the world to come in, the INTELs, the AMDs, and the CISCOs will follow. But the experience of the last decade belies such claims. While it is true that INTEL, AMD and CISCO have all invested in India, the sum total of their investments has been minuscule in relation to their other investments abroad. And rather than bring in new technology to India, they are actually sucking out technology from India. All their investment has been on divisions that either develop software on demand, or provide research assistance to their US counterparts.

None of them has set up any manufacturing plants in India or signed any technology transfer agreements with any Indian company. All the technology that is developed is owned and marketed by the parent company, and other than the slightly higher than average salaries that accrue to a small minority of Indians working in the sector, few benefits accrue to India as a nation. What is worse is that these companies are provided all manner of perks and privileges to exploit India's intellectual capital. They are given tax breaks and tax write-offs.

They are given preferential treatment in the allocation of scarce resources like land, and round-the-clock electricity supply. 2. SHARED WISDOM As the world become smaller , all the knowledge that we learn will be shared among others and naturally we would also learn from others . We might found some useful knowledge as to how to manage and runs a company , especially in Human Resources department , after a well done research , great ideas will emerge on how to help the company to grow and stay ahead of others , strategies will be made as how to perfectly handle human resources .

In the early days , company treat employee as a liability . But in Japan , especially SONY Corp human resources are treated as the major asset of the company , thus making the workers feel appreciated and will do whatever it takes to make sure the company they serve stay strong . By learning from them , Human Resources Management are born . 3. OPPURTUNITY OR THREAT? When the company no longer restricted to only hire local workers , workers are threaten because the company can easily replace any unprofessional workers with an expert from offshore .

With the unsecure feeling , stress build up are common among workers nowadays and at some point they simply quit because of the stress . It might sound insignificant , but in the long runs , it would give a huge impact to the Human resources management and the company . By opening opportunity for foreign workers to work in the local bank , HRM finds it hard to manage the company workers since sometimes issues about racist would emerge . Foreign workers also bring in some problem for the company since the company have to somehow manage their VISA , passport and their holidays .

3. 0. HRM ISSUES AND CHALLENGES IN GLOBAL MARKETS

The coming of the 21st century globalization poses distinctive HRM challenges to businesses especially those operating across national boundaries as multinational or global enterprises especially banking industry. Global business is characterized by the free flow of human and financial resources especially in the developed economies of European Union (EU), the North American Free Trade Agreement (NAFTA), other regional groupings such as the Association of South East Asian Nations (ASEAN), the Economic Community of West African States (ECOWAS), the Southern African Development Community, etc.

These developments are opening up new markets in a way that has never been seen before. This accentuates the need to manage human resources effectively to gain competitive advantage in the global market place. To achieve this, organizations require an understanding of the factors that can determine the effectiveness of various HR practices and approaches. This is because countries differ along a number of dimensions that influence the attractiveness of Direct Foreign Investments in each country. These ifferences determine the economic viability of building an operation in a foreign country and they have a particularly strong impact on HRM in that operation. A number of factors that affect HRM in global markets are identified: (1) Culture (2) Economic System (3) Political System – the legal framework and (4) Human capital (Noe, et al, 2000: 536). Consistent with the scope of the present paper, only one dimension is treated: human capital (the skills, capabilities or competencies of the workforce).

This is in consonance with the believe that competency-based human resource plans provide a source for gaining competitive advantage and for countries profoundly affect a foreign country's desire to locate or enter that country’s market (O’Reilly, 1992). This partly explains why Japan and US locate and enter the local markets in South East Asia and Mexico respectively. In the case of developing countries, globalization poses distinct challenges to governments, the private sector and organized labour.

These challenges, which must be addressed through a strategic approach to human resource management, include (1) Partnership in economic recovery especially in South East Asia (2) Dealing with the “ big boys”, the fund managers (3) Concerns over possibility of fraud in E-commerce (such as issues of confidence and trust) and (4) Implementing prescriptions for recovery and growth taking in to consideration the development agenda and unique circumstances of individual country.

The logical question here is what is the appropriate response for businesses in both the developed countries and developing countries like Malaysia and Nigeria to address these imminent challenges? This is the task we take up in the section that follows 3. 0STRATEGIC HRM AS A RESPONSE TO THE CHALLENGES OF GLOBALIZATION. Strategic Human Resource Management (SHRM) involve a set of internally consistent policies and practices designed and implemented to ensure that a firm's human capital (employees) contribute to the achievement of its business objectives (Baird ; Meshoulam, 1988; Delery ; Doty, 1996;

Huselid, et al. , 1997; Jackson ; Schuler, 1995). Schuler (1992: 18) has developed a more comprehensive academic definition of SHRM: Strategic human resources management is largely about integration and adaptation. Its concern is to ensure that: (1) human resources (HR) management is fully integrated with the strategy and the strategic needs of the firm; (2) HR policies cohere both across policy areas and across hierarchies; and (3) HR practices are adjusted, accepted, and used by line managers and employees as part of their everyday work.

For Wright ; McMahan (1992), SHRM refers to “ the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals” (p. 298). To sum up, it appears that some of the frequently cited fundamental elements of SHRM in the literature are: SHRM practices are macro-oriented, proactive and long term focused in nature; views human resources as assets or investments not expenses; implementation of SHRM practices bears linkage to organizational performance; and focusing on the alignment of human resources with firm strategy as a means of gaining competitive advantage (Nee ; Khatri, 1999: 311). . 0Theoretical Foundations of Strategic HRM Several theoretical perspectives have been developed to organize knowledge of how HR practices are impacted by strategic considerations as briefly described below. Wright ; McMahan (1992) have developed a comprehensive theoretical framework consisting of six theoretical influences. Four of these influences provide explanations for practices resulting from strategy considerations. These include, among others, the resource-based view of the firm and behavioral view.

The two other theories provide explanations for HR practices that are not driven by strategy considerations: (1) Resource Dependence and (1) Institutional Theory. The resource-based theory of the firm blends concepts from organizational economics and strategic management (Barney, 1991). This theory holds that a firm's resources are key determinants of its competitive advantage. Firms can develop this competitive advantage only by creating value in a way that s difficult for competitors to imitate. Traditional sources of competitive advantage such as financial and natural resources, technology and economies of scale can be used to create value. However, the resource-based argument is that these sources are increasingly accessible and easy to imitate. Thus they are less significant for competitive advantage especially in comparison to a complex social structure such as an employment system.

If that is so, human resource policies and practices may be an especially important source of sustained competitive advantage (Jackson ; Schuler, 1995; Pfeffer, 1994). Specifically, four empirical indicators of the potential of firm resources to generate competitive advantage are: value, rareness, imitability and substitutability (Barney (1991). In other words, to gain competitive advantage, the resources available to competing firms must be variable among competitors and these resources must be rare (not easily obtained).

Three types of resources associated with organizations are (a) physical (plant; technology and equipment; geographic location), (b) human (employees' experience and knowledge), and (c) organizational (structure, systems for planning, monitoring, and controlling activities; social relations within the organization and between the organization and external constituencies). HR practices greatly influence an organization's human and organizational resources and so can be used to gain competitive advantages (Schuler ; MacMillan, 1984) The second theoretical influence is the behavioral view based on contingency theory.

This view explains practices designed to control and influence attitudes and behaviors, and stresses the instrumentality of such practices in achieving strategic objectives. The cybernetic system explains the adoption or abandonment of HR practices resulting from feedback on contributions to strategy. For example, training programs may be adopted to help pursue a strategy and would be subsequently adopted or abandoned based on feedback. The fourth influence, based on transaction costs explains why organizations use control systems such as performance evaluation and reward systems.

The argument is that in the absence of performance evaluation systems linked to reward systems, strategies might not be pursued. The other two theories provide explanations for HR practices that are not driven by strategy considerations but based on power and political influences, control of resources (resource-based theory) and expectations of social responsibility (institutional theory) (Greer, 1995: 107-8).