



Research Paper

## Globalisation and Its Impact on Human Resource Management

Dr. R. Saranya, Dr.A.Asok,,

M.A., M.Phil., Ph.D., Assistant Professor, Department of Economics, Govindammal Aditanar College for Women, Tiruchendur.

M.A., M.B.A., M.Phil., Ph.D., Associate professor and Research Co-ordinator(Arts), Research Centre in Economics, Kamaraj College, Thoothukudi. Mobile No;9865130815.

Corresponding Author: Dr. R. Saranya

**ABSTRACT:** The roles and responsibilities of Human Resources departments are transforming as the modern business faces pressures of globalization. The global supply of talent is short of its long-term demand, and the gap is a challenge for employers everywhere. This paper examines the impact of the workforce on Human Resource Management either locally or internationally also it revealed the various factors driving globalization in the workforce and the issues and challenges that confront the Human Resource Management in the global markets, and also the benefits of globalization Human Resource Information System (HRIS) to the Human Resource (HR) department.

**KEY WORDS :** Globalization, Human Resource, Workforce, Global market.

Received 06 May 2019; Accepted 13 May, 2019 © the Author(S) 2019.

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### I. INTRODUCTION

Human Resources departments are transforming as the modern business faces numerous and complex challenges, and exploit opportunities. The transformation of human resources today is a direct call of the rapid changes within businesses due to factors such as globalization. Globalization is “a process by which the people of the world are united into a single society. This process is a combination of Economic, technological, Socio-Cultural, and political forces. However, from the point of view of business with which we are concerned here, globalization should be taken on the basis of economic and technological forces only though organizations opting for global business have to take care of socio-cultural and political forces of the countries concerned while implementing their strategies. From this point of view, degree of globalization is measured on the following features:

- Goods and Services – exports and imports as a proportion of national income.
- Human resource – inward/outward migration flows in relation to total national population.
- Capital – inward/outward direct investment as a proportion of national income.
- Technology – international research and development flows, proportion of population using particular inventions particularly factor-neutral advances such as cell phones, internet, etc.

While globalization is increasing in terms of its degree, there is a controversy about the level of globalization achieved.

#### Objectives Of The Study:

- To study the significant impact and factors driving of globalization on human resource management.
- To study emerges that international human resource management practices have to be different from those of domestic Human Resource management.
- To study the Human Resource Management issues and challenges in Global Market

### Factors Driving Globalization

The last two decades have seen the evolution of the global manufacturing environment, majority of the manufacturers have global presence through exports, strategic alliances, joint ventures or as a part of a committed strategy to sell and produce in foreign markets

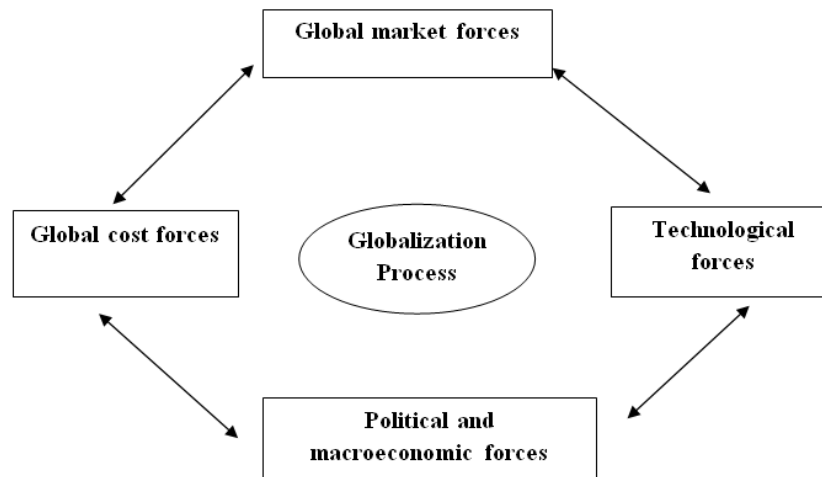


Figure 1: Conceptual Framework: The four driving forces of the Globalization Process.

#### (a) Global Market forces

There is tremendous growth potential in the global markets which resulted in intensified foreign competition in local markets which forces the small-and-medium-sized companies to upgrade their operations and even consider expanding internationally.

#### (b) Technological Forces

Product diversity has increased as products have grown more complex and differentiated and product life cycles have shortened. These have been diffusion of technological knowledge and global low-cost manufacturing locations have emerged. In response to this diffusion of technological capability, multinational firms need to improve their ability to tap multiple sources of technology located in various countries.

#### (c) Global Cost Forces

New competitive priorities in manufacturing industries, that is product and process conformance quality, delivery reliability and speed, customization and responsiveness to customers, have forced companies to reprioritize the cost factors that drive their global operations strategies. A number of hightechnology industries have experienced dramatic growth in the capital intensity of production facilities.

#### (d) Political and Macroeconomic Forces

Getting hit with unexpected or unreasonable currency devaluations in the foreign countries in which they operate is a nightmare for global operations managers. Managing exposure to changes in normal and real exchange rates is a task which the global operations manager must master

## II. IMPACT OF GLOBALIZATION ON HUMAN RESOURCE MANAGEMENT:

So far India is concerned; the degree of globalization is quite low. India is at the bottom of the 42 countries in the globalization index and with regard to per capita income gains due to globalization. In the context of human resource management, globalization has the following impact:

**Impact on pattern of Employment:** Globalization has changed pattern of employment considerably by forcing business organizations to organize their business around their core competence to face competitive threats effectively. In the globalization era, the primary means of developing competitive advantage at the market place is no longer the physical and financial resources but the human resources.

**Impact on Human resource Development:** Globalization paves the way for rapid technological development and assimilation. With the result, any new technology is made available to various users necessitating new skills in human resources. So that human resource is capable of working in the changing work environment which is resulted by globalization.

**Impact on Employee Expectations:** Globalization has serious socio-cultural implications. It raises the expectations of people of a country in the form of international demonstration effect. Because of international

demonstration effect, expectations of employees increase significantly. These expectations are not only in the form of increased monetary compensation but are also in the form of the treatment that should be given to them.

**Impact on Work practices:** Globalization brings contemporary management practices in organization including those relevant for work practices. Many newer concepts have been adopted by Indian organizations in managing their human resource because of globalization. Some of the concepts are employee empowerment, work-life balance, alternate work schedule options etc.

### **III. COMPARISON OF DOMESTIC AND INTERNATIONAL HRM**

The international HRM practices have to be different from those of domestic HRM. This difference exists on six dimensions as shown in the following table

Sl.No	Dimension	Domestic HRM	International HRM
1.	Nature of HR activities	Less and homogenous	More and varied
2.	Perspective	Narrow	broader
3.	Involvement in employees personal lives	Less	More
4.	Emphasis on change in employee mix	Relatively low	Relatively high
5.	Risk exposure	Low	High
6.	External influences	Less	More

Let us go through the discussion of these characteristics and identify how international HRM differs from domestic HRM.

#### **MORE AND VARIED HR ACTIVITIES:**

As compared to domestic HRM, in international HRM, there are more and varied Hr activities. In international HRM, the volume of the same HR activities which are relevant for domestic HRM too increases because these activities have to be performed in a different context.

#### **NEED FOR BROADER PERSPECTIVE:**

As compared to domestic HRM, international HRM requires much wider perspective in respect of almost all HR activities. It implies that HR managers have to consider a variety of factors in making decisions on any issue of international HRM.

#### **MORE INVOLVEMENT IN EMPLOYEES' PERSONAL LIVES:**

As compared to domestic HRM, HR managers are required to have more involvement in employee's personal lives in the case international HRM. This higher level of involvement is required is required to ensure that the employees are suitably placed in an international location with which they are not well familiar.

#### **HIGH EMPHASIS ON CHANGE IN EMPLOYEE MIXES:**

In international HRM high emphasis is placed on change in employee mix particularly in terms of nationality of employees. Very often, it happens that when an organization establishes a business in a foreign country.

#### **HIGH RISK EXPOSURE:**

There is high risk exposure in international HRM as compared to domestic HRM. The risk involved may be of different types in an international business.

#### **MORE EXTERNAL EXPOSURE:**

As compared to domestic HRM, international HRM activities are influenced by a variety of external factors. HR managers are required to deal with a new set of socio-cultural milieu, political and legal system, etc.

### **HUMAN RESOURCE MANAGEMENT ISSUES AND CHALLENGES IN GLOBAL MARKET HUMAN RESOURCE MANAGEMENT**

(HRM) challenges to business especially those operating across the national boundaries as multinational or global enterprise competing in global markets entails many factors and centralization of its human resource practices is certainly vital to improve global competitiveness and empower employees for global assignment. To achieve success in global market place, the challenge of all businesses regardless of their size is to understand global corporate cultural differences and invest in human resources. There are certain. Vernon (2004) human resource management issues that is particular for the global enterprise. The key issues involve staffing policies selecting and retaining talented employee, training and development whilst encouraging employees to be innovative and creative, culture barriers, and legal frame work. Others issues include understanding the challenges of living and working conditions, performance appraisals from a distance, training and management development, compensation packages and labour relations and organized labour laws.

#### **IV. CONCLUSION :**

The increasing prevalence of globalization is driven by a number of factors, including shortage of talent in developing countries, global market forces, technological forces, global cost forces. Also, this paper examines the various issues in Human Resources Management and challenges in the global market also this paper look into the roles and responsibilities of Human Resources in this globalization era

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Dr. R. Saranya" Globalisation and Its Impact on Human Resource Management" Quest Journals Journal of Research in Humanities and Social Science , vol. 07, no. 4, 2019, pp. 21-24