

Effect of Globalisation on Human Resource Management Strategies for Organisational Success

Dr. Pallavi Kulkarni

HR Manager – Novatech Software Pvt. Ltd. Nagpur.

IT Park Nagpur

Email- pallavikkulkarni@gmail.com

Dr. Pallavi Badre (Ughade)

Assistant Professor

Dr. Ambedkar Institute of Management Studies and Research, Nagpur

Email- pallavibadre@gmail.com

Prof. Dr. Rekha Gulhane

Asso. Professor – Department Of Commerce

Shree Niketan College, Nagpur

Mobile No. 9850683267, E – Mail: rekhagulhane5@gmail.com

Introduction

The last decade has witnessed a lot of changes due to the impact of globalisation, fewer trade barriers and the rapid spread of the cyber revolution. All these changes and fluctuations have changed the world of work. In response to these changes, organisations and institutions are increasingly realizing the importance of human competitiveness as essential to organisational survival and success, which has created a new paradigm shift as to the ways in which people should be managed, that has propelled the expansion of Strategic HRM. The essence of Strategic HRM is that people are regarded as competitive assets to be led, motivated, deployed, in ways that contribute directly to the attainment of the firm's strategic objectives. The overall purpose of Strategic HRM is to ensure that the organisation is able to achieve success through people. Modern day organisations are in quest of gaining competitive advantage over their competitors and the belief is emerging that human resources are those strategic assets that can lend an organisation added value over their competitors.

This paper seeks to examine the ideologies and concepts of contemporary HRM, principally the Resource Based View (RBV) perspective of Strategic Human Resource Management, which views employees as a valuable resource whose skills and knowledge cannot be easily replicated, as they are valuable, unique and difficult to imitate and can provide the basis for organization's competitive advantage and contributes significantly to organisational effectiveness and success and can assist modern day organisations to survive in times of rapid change and in a world that has gone global. The research also seeks to gauge the impact of H.R capabilities and at the ideology of 'The Type 3 Company', which sets out a new agenda for human resource management and is evidence of the new people-first approach to strategy and is consistent with the (RBV) perspective of Strategic HRM which emphasizes the importance of placing employees with their skills, knowledge and abilities at the center of things in an organisation as it is this which may constitute a potential source of competitive advantage, this viewpoint is emerging in Indian global organisations, consequently many multinational corporations and global organisations, have started shifting their emphasis to human resources with their knowledge and experience as the central criterion for organisational performance. This paper seeks to assess the workings of the Resource Based View perspective of Strategic Human Resource Management and the ideologies advocated by the 'Type 3 Company and the significance of HR capabilities and seeks to gauge its impact on competitive advantage and organisational success.

Literature Review

Globalisation is the buzz word of modern times and has many varying perspectives. It describes the way that world trade, culture and technologies have become rapidly integrated over the last twenty years (Ozbilgin M 2005). Globalisation creates conditions of rapid change, all the changes way from the cyber revolution to trade liberalization, worldwide homogenization of consumer goods and services and export oriented growth, are all components of the phenomenon of globalisation (Hucysnki et al 2002). It is attributed to various considerations which are often associated with a wide range of factors

allied with it, that are of an economic, political, cultural and sociological nature (Sparrow et al 2004). Globalisation is considered to exist within the action of those relatively (few firms) that look at the world as being nationless and borderless. These firms and multinational corporations carry out trade on a global basis, and their main concerns are fewer trade barriers, profit maximization, satisfying customer needs and creating a niche or market position, all these mechanisms have a direct and profound impact on the behaviors, attitudes and mindsets of people who work in such organisations and on how they should be managed. (Sparrow et al 2004).

Researchers like (Wright et al in Morley et al 2004) have argued that HRM capability is a source of competitive advantage, as it is embedded in the collective knowledge of the firm members (inimitable) which is developed over a period of time (rare) and valuable as the firm's routines for managing people can direct employees' talent and behavior to meet objectives and create value. Attracting and retaining individuals with skills related to the core competencies of the organization are key HR activities directly relevant to building organisational capability. In the same vein, organisations are increasingly relying on 'HRC' Human Resource Capabilities' to cope with the challenges posed by globalisation and rapid change. HR capabilities are the routines embedded in the tacit and implicit knowledge of the members of an organisation functioning to acquire, develop, nurture, and re-deploy human resources through HRM practices in a dynamic competitive environment (Ulrich et al 1990). HRM practices include HR functions like staffing, performance appraisals, training and development, rewards and career planning. 'HRC' enhances the firm's competitive position by creating superior human capital skills, experience and knowledge that contributes to a firm's economic value and this substantiates the (RBV) perspective of Strategic HRM as the basis for organization's competitive advantage and a contributor towards organisational success. The RBV argues that resources such as HR capabilities are important for firm's purpose (Khandekar et al 2005).

(Pfeffer 1994) asserted that HR capabilities are the pre-eminent organisational resource and the key to achieve outstanding performance. (Huselid et al 1997) found that firm's effectiveness was associated with

H.R capabilities and its attributes. All these changes are indicative of new ways of managing people which have been mentioned in an influential book appeared in France recently entitled the '*Type 3 Company*' which points to the need for organisations to transform themselves into high performance companies that can harness the support, the ideas and energy of the front-line troops and is evidence of the new people-first approach to strategy and is testimony to the RBV perspective which sees employees as a source of competitive advantage. This new people-first approach to strategy is emerging in Asia. Some forward-thinking Asian firms are trying to put these ideas into practice. This book emphasizes the importance of proper recruitment, training and induction, employee involvement and instilling employee commitment towards the goals of the company through attention to reward systems, communications, encouragement and career development and also building the image of the company to attract and retain the best people in the organisation and also the need to invest in the human resources of the company. The ability to attract the talent, select the best, developing and upgrading skills, motivating innovation and retaining the valued employees will be the key levers for a firm's success in today's modern organisation and in a world which has gone global. The '*Type 3 Company*' points to a new agenda for human resource management, which inherently believes that employees are an important asset to the organisation and it is the management of people that lends an organisation competitive advantage. An effective human resource system it says should fulfill the following functions.

- The smoother introduction of new employees into the company through the recruitment and induction processes and in the first job assignment
- Personal dynamics-ensuring that employees devote part of their energies to the goals of the company through attention to reward systems, communications, encouragement and career development
- Progress-being receptive to employee ideas and preparing employees for the new skills demanded by tomorrow's needs through training, cross fertilization and job enrichment
- Setting up a permanent and constructive internal dialogue

- Attention to quality of working life, providing as much security as possible and a fair share in the fortunes of the enterprise.
- Building the image of the organisation-demonstrating a humane system of organization.

It is worth understanding that all this debate about whether ‘employees are an asset’ is based on the actuality that effective human resource management practices leads to organisational success and this becomes increasingly significant in global organisations which have to cope with huge levels of competition and unprecedented rapid change.

Research Methodology

Following hypothetical questions were taken into account for the purpose of this study:

- What is the impact of Globalisation on Human Resources Management?
- Can the (RBV) perspective of Strategic HRM be a source of competitive advantage and a contributor towards organisational success in modern day global organisations
- The (RBV) contends that resources such as ‘HRC’ H.R capabilities are a pre-eminent organisational resource and the key to achieve outstanding organisational performance.
- What is the significance of the principles advocated by the Type 3 Company, which are in line with the (RBV) perspective in Strategic HRM, as the key element to achieving organisational success in a global context?

In order to address these questions, a case study methodology was chosen in order to gain an in-depth understanding of the above mentioned issues. Secondary data was collected from various publications that have researched the issue. Case examples from Indian global organisations were used. The major research findings were from nine Indian and foreign global organisations from New Delhi.

Organisational responses to globalisation and rapid change

- The forces of globalisation and rapid change have impacted all the organizations involved in the study to steer away from the hierarchical and directive management approaches that traditionally typified their countries corporate cultures to create more flexible styles that can cope with change.
- The study shows that Indian global firms are responding to the challenges of globalisation, by investing in H.R capabilities of the firm, by developing the knowledge base, desired skills and attitudes of the employees, which results in higher firm performance and competitive advantage and this coincides with the (RBV) perspective of Strategic HRM as a source of competitive advantage and organisational success.

Analysis of Indian global organisations has tried to examine the role of human resource capability (HRC) in organisational performance and sustainable competitive advantage(SCA) in Indian global organisations. To carry out this study an empirical research from nine Indian and Foreign global organisations from New Delhi has been carried out.

The study had the following findings:

- The study showed that that the firms that have combined their HRC 'Human Resource Capability' with their HR practices and dimensions of strategic HRM for developing superior human capital have shown better levels of organisational performance and it also indicated that this is consistent with the (RBV) perspective of Strategic HRM as a predictor of competitive advantage and a contributor towards organisational success.
- HRM practices are positively co-related to organisational performance.
- Conversely it also concluded that firms and organisations do not perceive pay/compensation as motivator for better employee performance and thereby higher performance.
- Recruiting and developing talented staff and synergizing, their contribution with the resource bundle of the firm, can lay the basis for

sustained competitive advantage and organisational performance and contribute towards organisational success.

Conclusions

The cases of Indian global companies illustrate that organisations are responding to the challenges posed by globalisation and rapid change by adopting more flexible and participative ways of working and highlight the importance of people and their effective management as a means towards enhancing competitive advantage and organisational success. The cases of the Indian global organisations demonstrate the link between 'HRC' Human Resource Capabilities and organisational performance, HRC enhances the competitive position by creating superior human capital skills, experience and knowledge that contribute to the firm's economic value and can lay the basis for competitive advantage and reinstates that there is a significant relationship between HRC and organisational performance and the study indicated that this is consistent with the RBV of the firm. As such the (RBV) perspective is broad and is synonymous with the principles of the '*Type 3 Company*' and the notion of 'HRC' Human Resource Capabilities as a vital and valuable organisational resource and a contributor of competitive advantage and the key to achieving outstanding organisational performance and reinforces the strategic importance of human resources with their knowledge, skills, abilities and know-how as a contributor of organisational success. Research findings denote that the ability to attract the talent, select the best, developing and upgrading skills, motivating innovation and retaining the valued employees will be the key levers for a firm's success in today's global economic environment. The findings from the Indian organisations indicated that firms and organisations do not perceive pay/compensation as motivator for better employee performance and thereby higher performance. The study also re-establishes the significant and vital role that Human Resource Management is being called to play in current times of rapid change and that effective human resource management practices are positively correlated to competitive advantage and organisational performance. All this becomes ever so necessary for

organisations who want to operate on a global basis, survive in international markets and in times of rapid, unprecedented change.

References

1. Bartlett in Khandekar et al 2005, "Managing Human Resources Capabilities For Sustainable Competitive Advantage", The Emerald Publishing Library Ltd.
2. Huselid et al 1997 in Khandekar et al 2005, "Managing Human Resources Capabilities For Sustainable Competitive Advantage", The Emerald Publishing Library Ltd.
3. Husynski et Buchanan 2002, "An Introduction To Organizational Behaviour", Prentice Hall.
4. Jackson et al in Khandekar et al 2005, "Managing Human Resources Capabilities For Sustainable Competitive Advantage", The Emerald Publishing Library Ltd.
5. Ozbilgin M, 2005, "International Human Resource Management", Macmillan Press.
6. Khandekar et al 2005, "Managing Human Resources Capabilities For Sustainable Competitive Advantage", The Emerald Publishing Library Ltd.
7. Pfeffer 1994 in Khandekar et al 2005, "Managing Human Resources Capabilities For Sustainable Competitive Advantage", The Emerald Publishing Library Ltd.
8. Sparrow P; Brewster C; Hillary H, 2004, "Globalising Human Resource Management", Routledge, London and New York.
9. Ulrich et al 1990 in Khandekar et al 2005, "Managing Human Resources Capabilities For Sustainable Competitive Advantage", The Emerald Publishing Library Ltd.
10. Wright et al in Morley Met Collings D 2004, "Contemporary Debates And New Directions In HRM In MNC's", International Journal of Manpower, Vol 25 No 6, The Emerald Publishing Library.