HUMAN RESOURCE MANAGEMENT IN GLOBAL WORK PLACE

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ABSTRACT

Today’s HR department has taken on a strategic role as a catalyst and an active partner in business which is different view that the world had for a long time of the department that handles hiring and firing of the employees. HR departments are in general constantly in touch with employees (current and potential), shape and implement the benefits and compensation packages of the organization, and they have access to resources that other departments may not have. The study highlights globalization in HR, its challenges, integration modes, Key areas of HRM, and other relevant issues.


INTRODUCTION

Globalization (or Globalisation) refers to the increasing global relationships of culture, people, and economic activity. It is generally used to refer to economic globalization: the global distribution of the production of goods and services, through reduction of barriers to international trade such as tariffs, export fees, and import quotas and the reduction of restrictions on the movement of capital and on investment.

From economic perspective Globalization can be defined as, a process where different countries markets become increasingly interdependent due to dynamics of capital and technology flows and financial market integration along with flows of international capital.

From a sociological or cultural angle, these economic considerations are supported by decisions reinforce policies that support further globalizing processes and competing processes involving diffusion of territories for people to think more independently beyond local markets.

Multinational corporations (MNC's) are one of the most visible examples of globalization. During early 1970's there were around 7000 MNC's worldwide. Forty years later the number has increased to around 60,000. As of 1999, the 1000 largest MNC's were responsible for 80 percent of the world industrial output while the world's top 100 MNC accounted for 4.3 percent of world GDP.

Globalization has forced organizations to develop a work culture that is more tolerant, open and supportive of external locations with focus on quality, customer services, productivity, employee involvement, teamwork and work flexibility.
Schein (1992) has defined corporate culture as "the way we do things around here". More recently it has been called "the glue that binds an organization together" (Schell & Solomon, 1997). Others define it as "the shared basic assumptions and beliefs developed by an organization over time" (Greene, 1995). The culture of any organization can express who you are, where you want to go, and what you value externally and internally.

OVERVIEW

Today's HR department has taken on a strategic role as a catalyst and an active partner in business which is different view that the world had for a long time of the department that handles hiring and firing of the employees. HR departments are in general constantly in touch with employees (current and potential), shape and implement the benefits and compensation packages of the organization, and they have access to resources that other departments may not have. HR strategies can be powerful that can make required cultural change and reinforcing those changes once they are made (Greene, 1995). It's only logical that such a department would be strategically involved with defining and strengthening the culture within organizations. Successful organizations formed a powerful alliance with HR Personnel and now take help to manage business which is referred to as Strategic Human Resources Management (SHRM). Knowing the strategic value of HR, organizations are utilizing the people and environmental resources that HR departments have access to.

In order to handle the requirement of competitive market and global business structure, HR professionals will have to begin to think and act strategically and be culturally aware.

HR at any organization need to constantly evaluate their current workforce with an eye on current local trend and global economic trend.

They need to constantly think about things like current growth strategies and services that could drive future growth, competencies to be retained, developed/acquired to meet this growth, maintain record/data about the work force having these competencies and avenues to retain them.

Also awareness of the changing trend in organizational structure to a flatter, more flexible organizations, mergers and acquisitions or partnerships between corporations is helpful as top executives and upper management will rely on the experience of HR professionals to train and prepare them to think and act on this broader level.

Information and communication technologies are transforming organizational structures and business processes, breaking down organizational and geographic boundaries. Businesses, whether large or small, are finding competition increasing at rapid rates as more and more competitors enter traditional markets through the use of technology that were once the preserve of national companies/enterprises. Businesses have realized that without attention to foreign markets and competitors their prosperity and very survival may be at stake.

In November 2001 an important research sharpening workshop was attended by senior HR Directors from Citibank, IBM, Ford of Europe, Rolls-Royce, Shell, Panasonic, Motorola and the BBC with the purpose to gain insight from firms within and outside the detailed case study process into four emerging research themes: e-enabled HR, global service provision
and changes in the role of various intermediaries in the HR process; global knowledge management; rationalization of costs, pressures on the affordability of HR, and the creation of centers of excellence on a global basis; and the impacts on the HR function that result from the need to build a global presence

**CHALLENGES**

Some of the challenges that international HR functions face are

- global business process redesign which may involve global redistribution and relocation of work that results in the absorption of acquired business, merging or destroying the existing operations, respective staffing problems that arise due to these changes teams

- the rapid start-up of international operations and the requirement to provide insights into the organization development needs of these new operations as they mature through different stages of the business life-cycle

- Making changes to meet international operations like identifying obsolete skills and modify the skills as per requirement by specific trainings, replacing the personnel with required skills and help managers to play complex roles that require a general up-skilling of local operations;

- the need to upgrade to latest technology for delivery of HR services whilst considering the local insights especially when it is used to centralize or create shared services globally

- Communication of appropriate pledges about the levels of performance that can be delivered to the business by the IHR function, and the requirement to meet these pledges often under conditions of cost control across international operations

- Learn to work through global HR networks across global operations and create/follow one best HR-way

- Learning and working across global markets and delivering value proposition to the employees by understanding and meeting different perceptions

- Help employees to adopt to change and overcome frustrations of overridden ideas, decisions and the feeling that their ideas are being overridden by those of other nationalities or business systems.

Following are typical examples of globalization challenges

**EXAMPLE 1**

Twelve years ago Boeing started recruiting Russian aerospace engineers at $5,400 a year. In 1999 it opened its Moscow Design Center, employing 700 engineers in 2002. The Society of Professional Engineering Employees in Aerospace (SPEEA) representing Boeing’s 22,000 engineers in Seattle became concerned at the movement of jobs and threatened to walk out when their contract expired if the Russian venture was not cut back. Boeing had laid off
5,000 engineers since 2001 due to fall in orders from airline industry. Boeing has used aeronautics specialists in Russia to design luggage bins and wing parts on 777 aircraft. Next it might consider possible joint development of new commercial aircraft. The offshore salary is $650/month for an employee with a master's in math or aeronautics. Their US counterpart costs $6,000/month. In the face of US industrial action Boeing agreed to reduce its Moscow engineers to 350. However, its strategy remains one of integrating the cheaper Russian engineers into the design process. Its Russian staff already work on everything from redesigning jet-wing parts to designing components for the International Space Station. Boeing's goal is to develop a 24-hour global workforce, made possible by a satellite link from Russia to Boeing's Seattle offices. Its competitors are moving in the same direction. Airbus opened its own Russian design center last year and plans to hire fifty engineers.

Source: after Holmes and Ostrovsky (2003)

EXAMPLE 2

A British group, London Greenpeace that created an anti-McDonald's website against the junk food corporation and then distributed the information through digital and print media has received significant attention. This site was developed by supporters of two British activists, Helen Steel and Dave Morris, who were sued by McDonald's for distributing leaflets denouncing the corporation's low wages, advertising practices, involvement in deforestation, cruel treatment of animals, and patronage of an unhealthy diet. The activists counterattacked and with help from supporters, organized a McLibel campaign, assembled a McSpotlight website with a tremendous amount of information criticizing the corporation, and mobilized experts to testify and confirm their criticisms (see www.mcspotlight.org). The three-year civil trial, Britain's longest ever, ended ambiguously on June 19, 1997, with the Judge defending some of McDonald's claims against the activists, while substantiating some of the activists' criticisms. The case created unprecedented bad publicity for McDonald's which was disseminated throughout the world via Internet websites, mailing lists, and discussion groups. The McLibel/McSpotlight group claims that their website was accessed over 15 million times and was visited over two million times in the month of the verdict alone. Additionally, the newspaper The Guardian reported that the site "claimed to be the most comprehensive source of information on a multinational corporation ever assembled" and was part of one of the more successful anti-corporate campaigns to have been undertaken.

EXAMPLE 3

1. MICROSOFT AND EU FIGHT ANTITRUST CASE IN EUROPE

The European Union Microsoft competition case is a case brought by the European Commission of the European Union (EU) against Microsoft for abuse of its dominant position in the market (according to competition law). It started as a complaint from Novell over Microsoft's licensing practices in 1993, and eventually resulted in the EU ordering Microsoft to divulge certain information about its server products and release a version of Microsoft Windows without Windows Media Player.
The main problem that Microsoft is having in Europe is with the antitrust ruling. As stated in the case “The immediate issue before the court is whether to uphold the European Commission’s landmark 2004 antitrust decision against Microsoft or to side with Microsoft in its appeal.” (Pearce-Robinson, 8-1) The two main issues that the case is about is Microsoft tying their media player in with the operating system and not willing to release their full specifications of their networking protocol. The EU Courts impose a remedy for Microsoft to release a copy of their operating system XP that did not include a media player. “The remedies have been... less than successful. Windows XP N (with no media player) never exactly flew off the shelves and the networking protocol documentation still remains incomplete more than three years later (though it did reach a usable state late."

The whole issue between Microsoft and the Europe Court of First Instance first started in early 2004. The EU Courts did in fact determine that Microsoft has abused their position in the European market of technology. The Courts then imposed a $688 million fine against Microsoft for their violations. (Anderson, 2007) Microsoft did file an appeal but the European Commission did uphold the large fine imposed on the company.

2. MICROSOFT FILES EUROPEAN ANTITRUST COMPLAINT AGAINST GOOGLE

Microsoft Corp. said it was filing a formal antitrust complaint in Europe against Google Inc., alleging the Internet giant is squelching competition by limiting access to some of its data from YouTube and other services. The complaint will be filed as part of the European Commission's ongoing antitrust investigation, launched in November, into whether Google has abused its dominance in Internet search there at the expense of rivals. Microsoft said it was the first time it had ever filed an antitrust complaint against a rival, another salvo in a bitter, long-running battle between the two technology titans.

"Google has done much to advance its laudable mission to 'organize the world’s information,' but we're concerned by a broadening pattern of conduct aimed at stopping anyone else from creating a competitive alternative," Microsoft General Counsel Brad Smith wrote in a blog post. "We’ve therefore decided to join a large and growing number of companies registering their concerns about the European search market."

He said European regulators have found that Google has about 95% of the search market there and has taken advantage of that dominance "to the detriment of European consumers." Google has restricted the ability of Microsoft's Bing and other rival search engines to gather data from YouTube needed to properly display search results, Smith said. Google also has blocked smartphones running Microsoft's Windows software from operating properly with YouTube -- problems that iPhones and phones with Google's Android software do not have, he said. "Microsoft is ready to release a high-quality YouTube app for Windows Phone," Smith said. "We just need permission to access YouTube in the way that other phones already do, permission Google has refused to provide."

Smith cited four other examples of what he said was Google abusing its European search dominance, including limiting the ability of advertisers to access the data they give to Google so that they can also serve ads through competitors.
Google did not immediately respond to a request for comment.

**3. TWO SEPARATE COMPLAINTS FILED BY APPLE AND MICROSOFT ACCUSE MOTOROLA MOBILITY OF OVERCHARGING FOR ITS PRODUCTS IN EUROPE.**

The European Union’s antitrust enforcers are investigating the charges, which Microsoft was the first to bring last month. The software giant says Motorola was charging exorbitant prices for its 2G and 3G patents, as well as H.264 video compression and WiFi patents. “The [European] Commission will examine whether Motorola’s behavior amounts to an abuse of a dominant market position prohibited by Article 102 of the Treaty on the Functioning of the EU,” said the European Commission in a statement on Monday about the investigation.

“In addition, the Commission will also assess the allegation by both Apple and Microsoft that Motorola offered unfair licensing conditions for its standard-essential patents.”

A Motorola spokesperson told Mashable the company was confident it had done no wrong. “MMI will continue to work closely with the European Commission to resolve this matter as soon as practicable,” the company said.

Microsoft took to its blog in February to explain how it says Motorola was charging unfair prices for patents. In the post, the company claims that Motorola charges $22.50 on any $1,000 Windows laptop sold to satisfy its 50 patents on H.264 video compression.

Microsoft says it must comply with 2,300 other patents— all of which cost a total of two cents.

The EU is also investigating possible violations by Samsung.

Google announced it would acquire Motorola in 2011 for $12.5 billion. The search giant has said it will offer the company’s patents at fair prices. The EU approved Google’s acquisition of Motorola on Feb. 13, despite antitrust charges.

Above examples indicates the type of challenges we may face with globalization at individuals/employees level, Governments Vs companies level, between Organizations at different geography due to local laws, ideologies and beliefs.

**ADVANTAGES**

However, there are positive indications to Globalization like

1. Global opportunities improved wage structure in advanced and advancing countries. For example, in South Korea real wages have risen eightfold since 1977. Wages paid by foreign firms in Turkey are 124 percent above the national average. Workforces in Turkey in foreign owned firms are expanding by 11.5 percent a year compared to 0.6 percent a year in local domestic owned firms (The Economist, 2000a).

2. There is a significant shift in investment in higher-level skills. For example, a consortium of 57 companies from the US, Taiwan and France, including Hewlett Packard, Intel,
Motorola, Acer and Alcatel, has funded the Malaysian Penang Skills Development Center, which is training 10,000 people in computing, programmable automation and other hi-tech subjects (Gordon, 2000)

3. Evolution of Ibac – International Business Advisory Council

Microsoft Chairman Bill Gates will advise the U.K. government on how to respond to the challenges of globalization so it can compete with the fast-growing economies of China and India.

Gates has been appointed to a panel of 12 of the world’s leading businesspeople on a new International Business Advisory Council (Ibac) that will advise British Treasury chief Gordon Brown and the Secretary of State for Trade and Industry over the next three years. Other high-tech names on the Ibac include Meg Whitman, CEO of eBay; Ratan Tata, chairman of India's Tata Group; and Sir Ka-shing Li, chairman of the board at Hutchison Whampoa. They will sit alongside more traditional industrial leaders on the panel such as Sir Terry Leahy, CEO of Tesco; Lee Scott, CEO of Wal-Mart Stores; and Lord Browne, group CEO of BP. The Ibac will meet once per year. The first meeting will be held later this year at 11 Downing Street.

"There is no more important question for advanced industrial countries today than how to rise to the challenges and opportunities of globalization," Brown said in a statement.

"The council will advise on how we can do more to rise to the challenges we face and ensure that the U.K. remains one of the world’s key locations of choice for high value-added activity, working together to pursue a less protectionist world," he added.

Ibac’s aim is to discuss policies to improve U.K. competitiveness, including specific issues relating to the globalization challenge.

INTEGRATION MODES

One of the dominant orientation for a Multi-National Company is to align their organizational strategy to handle international assignments. One of the most helpful typologies is derived from the work of Perlmutter (1969) and later Heenan and Perlmutter (1979). These orientations are seen in aspects of organizational design such as decision-making, creation and management, information flows. They also describe how MNCs approach staffing and management of their subsidiaries, thereby perpetuating their underlying orientation.

There are four integration modes,

People-based integration: Transfer of resources including managers, teams, training, and integrators (for example expatriates). This brings with it varying degrees of personal and cultural control/socializing.

Information-based integration: Use of flows of information and development of systems such as databases, e-mail, Internet, intranet and electronic data exchanges. Unified communications (UC) is the integration of real-time communication services such as instant messaging (chat), presence information, telephony (including IP telephony), video conferencing, data sharing
(including web connected electronic whiteboards aka IWB's or Interactive White Boards), call control and speech recognition with non-real-time communication services such as unified messaging (integrated voicemail, e-mail, SMS and fax). UC is not necessarily a single product, but a set of products that provides a consistent unified user interface and user experience across multiple devices and media types. There have been attempts at creating a single product solution however the most popular solution is dependent on multiple products.

Formalization-based integration: (also called standardization or bureaucratic control): Formalization of the ways in which functional activity is performed through the use of standardized work procedures, rules, policies and manuals. Used to integrate highly codified activities.

Centralization-based integration: Centralized decision-making authority at higher levels (usually a head office but not necessarily located there) in a chain of command. Used to locate decision-making in areas where a more complete understanding of widely dispersed activity exists in order to capitalize on the benefits of global scale, scope or learning.

Source: after Kim et al. (2003)

CATEGORIES FOR ORIENTATION

MNC international orientations, will fall into anyone or hybrid categories of the following,

Ethnocentric: Few foreign subsidiaries have any autonomy; strategic decisions are made at headquarters. Key positions at the domestic and foreign operations are held by headquarters' management personnel. In other words, subsidiaries are managed by expatriates from the home country (PCNs). This form of structure and type of control system most closely relates to the hierarchy approaches described above.

Polycentric: The MNC treats each subsidiary as a distinct national entity with some decision-making autonomy. Subsidiaries are usually managed by local nationals (HCNs) who are seldom promoted to positions at headquarters. Likewise, PCNs are rarely transferred to foreign subsidiary operations. This typology relates to the multinational type of organization.

Regiocentric: Reflects the geographic strategy and structure of the multinational. Personnel may move outside their countries but only within a particular geographic region. Regional managers may not be promoted to headquarters positions but enjoy a degree of regional autonomy in decision-making.

Geocentric: The MNC takes a worldwide approach to its operations, recognizing that each part makes a unique contribution with its unique competence. It is accompanied by a worldwide-integrated business, and nationality is ignored in favor of ability. PCNs, HCNs and TCNs can be found in key positions anywhere, including those at the senior management level at headquarters and on the board of directors. This final form of structure and control system relates to the network/hierarchy approaches.

To understand the organizations inclination and orientation is one of the major tasks of higher management along with HR. A Benchmarking Survey of Global Human Resource
Management formed part of the Chartered Institute of Personnel and Development's (CIPD, 2001; Brewster et al., 2002) flagship research into the impact of the globalization of business on the role of the international HR professionals. The aim of the survey was to provide sixty-four organizations with a unique insight into how they compared with similar companies on the most pressing strategic issues for the international HR function.

The results from the survey showed that organizations are still adopting a number of orientations to globalization. These range from exerting strong central control from the HQ (this ethnocentric orientation was identified by 12 percent of the sample) to allowing international subsidiaries almost complete autonomy (this polycentric orientation was identified in 16 percent of the sample). A regional orientation to management strategy was only noted in 5 percent of responses. The hallmark of a truly global company, however, is the desire to create an organization where there is a balance between central coordinating processes and flexibility at the local level, with a strong global culture that fosters integration. Over 67 percent agreed with the statement "Top management strives to create an integrated organization" as a description of their organization's management strategy. These organizations were striving to create a geocentric organization.

On a seven point scale, with total localization of HR policies scored as 1 and total standardization scored as 7, nearly 60 percent of respondents plot their organizations between 3 and 5. This is further evidence of a desire to balance global coordination with local determination. This global orientation was reflected in the location of responsibility for global HR policy and practice, where certain key areas were determined by worldwide corporate HQ HR managers.

KEY AREAS OF GLOBAL HRM

The CIPD survey of global human resource management practice (CIPD, 2001; Brewster et al., 2002) found that the most centrally determined areas of HR were as follows:

- Expatriate management
- Management development
- Succession planning
- Performance management
- Equal opportunity/diversity
- Health and safety
- HR planning
- Compensation.

However, in line with the need to be sensitive to local environments, regional HR managers were most responsible for the following:

- Non-managerial level recruitment and selection (with business unit HR managers)
• Training and education
• Communication processes
• Employment contracts/employment law
• Employee involvement/work councils
• Industrial relations (with business unit HR manager).

However Globalization and the respective developments are moving the HR focus from its traditional focus of managing global set of personnel to operating a series of value adding processes to the organization. Previously considerable amount of effort was spent on customizing central initiatives to suite the local work culture of respective countries which allowed local HR to have more freedom in defining and implementing customized processes. Now, the focus is more on cross – geography and cross – business issue resolution and process implementation which involves HR to think about including line of business in process definition/implementation and not to restrict to specific country.

In practice, most of the organizations are following regional strategies and not e-enablement strategies because of reasons like shortage of experienced HR resources at individual centers, less organization wide support from individual regions towards centralized service center, local political and cultural problems. As with many HR innovations, service centers appear to have followed the "Gulf Stream," i.e. starting from US, followed by UK and then passed to Benelux countries and Germany and France and proceeding finally to southern Europe." Towers Perrin consulting reports suggested that by 2001 within Europe the UK was host to 66 percent of HR Shared Service centers, France and Germany 8 percent apiece, Ireland 4 percent and a further 14 percent in other European countries. When looking at country coverage, the overwhelming majority of HR Shared Service Centers (70 percent) were national, i.e., covered a single country. Thirteen percent operated on a pan-European basis and only 7 percent operated on a global basis (many of these were in fact single regional centers operated as part of a global network).

Source: DeFidelto and Slater (2001:281)

HR AS STRATEGIC AGENT

Following is a list of suggestions for HR team to develop necessary Global HR expertise,

1. Gain international business and culture knowledge, by reading papers/books/articles that can help to gain the required knowledge of international business, expatriate management, best HR practices and international HRM. Interact with Employees working in other countries and learn about their cultures and work styles. If possible live/work in foreign locations at least for short duration of time to get personal overseas experience.

2. Learn from people having experience in international HR, by interacting regularly to learn their starting steps, progress and sustenance in international HR setup. Be active participant in global HRM groups and learn from shared experiences about challenges
and changes in international HRM. Identify the sources and work closely with these sources like relocation firms, cross-cultural trainers, legal partners working on global movement, visa consultants to learn about trends and changes across global market.


CONCLUSION

According to one survey the degree of actual internationalization of Global market has probably only reached 10 percent. What this means is that there is still 90 percent scope for Globalization and the pace of change would be higher than previous change. HR is one of the key teams to provide required managerial and business advice for organizations to handle cultural, organizational and employment challenges for success of Global business model. For this HR focus should change from domestic market to wider global landscape. HR managers should acquire required knowledge, skill and experience to handle organizations global requirements. Best way to succeed is to be prepared by developing the necessary knowledge, experience and competency to handle the challenges and utilize the opportunities of growth in this ever changing international market

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