

Globalization and Human capital: Impact and challenges

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Abstract: Management role has been significantly changed and becoming more important to operate all function effectively. With the emergence of HRM, it has helped HR professionals to develop organisational strategies and policies. They now consider employee as the most important resource for organisational success. Organisation in present following humanistic approach instead of instrumental approach to make healthy interpersonal relationship. Globalisation has also increased opportunities for employees development. As I live in Australia, being a multicultural country, I observed that people are coming here from different countries to fulfil their career desires and companies are also capable enough to find the workers as they want. In this paper the impact of globalisation on human capital has been discussed with its positive side and challenges.

The study is based on secondary data which is collected from various books, journals and publication from various websites which focused on various aspects of requirement of human capital and globalisation in HRM.

Keywords: Management, Human Resource Management, Globalisation, Human Capital, Global HRM, Employee Productivity

I. INTRODUCTION

Management could also be a method of completion of organisational activities in very economical and effective manner. It is the appliance to urge most output in minimum effort and resources. It is an important part of all departments in organisations. The fundamental phenomenon of management is obtaining things done by others.

F.W. Taylor (1912) has stated “Management is an art of knowing what to undertake to try and do, once to try and do and see that it's exhausted the foremost value effective way”.

George R. Terry (1968) explained “Management could also be a disconnect methodology of planning, organizing, activating and dominant to figure and achieve the objectives by the use of people and resources”.

Human resource management is a form of management of human resources. In recent decade, the conception of Human Resource Management has emerged as a necessary instrument for all organisations. It has gained wide recognition because of its advantages in the competitive environment. The term “Human Resource Management” defines the staff of the organisation managed by top management. HRM is an process that helps organisation to achieve its goals and maximise the organisational productivity with the main focus towards worker development and requirements of individuals.

Byars & Rue (2004) explained HRM as “activities designed to provide facilitate and coordinate the human resources of a company.” It focuses towards

the proper allocation of staffs at right place on right time, therefore it's getting to derive correct value of human resource activities”.

Dunn and Stephens (1972) explained “The HRM is powerful strategy of attracting, holding and motivating all manager line and workers.

Storey (1995) has expressed HRM as “a distinctive approach to employment management that seeks to assemble competitive advantage through the strategic preparation of really committed and capable personnel, in integrated array of cultural, structural and personnel techniques”.

Relationship between Management and Human Resource Management:

- HRM manage the functions of management. The functions are applied for acquiring, developing, maintaining and providing the required no. of employees.
- Achievement of organisational goals with integrated planning and strategies.

- Enhance the commitment and loyalty of employee towards organisation which impact the employee performance.
- Emphasis on quality of employees with the help of timely career development opportunities and training sessions.

As per discussion we can say it is aligned with strategical human resource management to execute several human resource activities such as recruitment, motivation and development of deserving employees. It is not only responsible for securing and development of talent but also implementing policies and strategies in a planned way.

The rapid changes in technology and customer preference, skilled labour became primary requirement for the organisation. It depends on the successful execution of human resource practice which is based on human capital. It is an intangible asset of employees in terms of their skills, capabilities, competencies and experience. It also shows employer and employee value towards organisation such as loyalty, healthy interpersonal relationship.

Humans are the valuable and competent resource which add values to organisational achievements. It is also necessary to identify the availability of talented pool of human capital to achieve organisational goals. HR professionals are the most responsible entity in an organisation to keep an eye on changes in labour market and make a balance between demand and supply of required no. of human resources.

Human capital is the combined result of knowledge management and transforming culture which brings innovation and career advancement strategies for employees in an organisation. It is continuous process of development of new skills and abilities with the help of prompt learning and training sessions.

Hamod (2010) has stated that it as a task to collect and guide efforts and activities of data management in organizations to manage future designing, which may be everlasting.

Robert & Elizabeth (2003) outlined Human Capital as “the collective effort of the capabilities, knowledge, skills, life experiences, and motivation of organisational human resources.”

Kearns (2006) explained “Human Capital Management is concerned in outputs, results and designs to execute interventions and activities accordingly”

Human Capital and its Management: As foremost activity for HR Professionals

The efficient and effective availability of human capital is based on its management which can transform the traditional view of management to performance management. It provides HR manager to take decision about workforce capabilities, knowledge and experience of employees.

In past, employees were considered as an “unavoidable cost” and investment in learning activities as expenditure whereas in present, employees are treated as an “assets” and its management is return of investment. Its management can be done in various forms and HR managers have to be aware that human resource allocation and its formation is done efficiently.

These forms are:

- On the Job Training
- Education and learning activities
- Employee developmental programs
- Technological Expansion
- Information and communication

It is clear that the management of human capital is not only beneficial for organisation but also for economic growth of the country. Organisations also contributes in economic development by earning good profit, it is possible with knowledgeable and skilled workforce which leads to increased organisational productivity.

Human capital is a set of different qualities and abilities of employees such as:

- Educational Qualification
- Skills and knowledge
- Work Experience
- Creativity
- Intelligence
- Ability to work with new changes
- Personality Traits

Human Capital Management can be done with proper integration between **performance management** and **knowledge management** practices. It can be managed and increased with education and learning of employees. Individual set of goals and objectives promotes their performance at work. It can be effective with proper guidance and timely education.

II. THE ROLE OF GLOBALIZATION FOR HUMAN CAPITAL: IMPACT AND CHALLENGES

Globalization is the unique method of interaction and integration among individuals, companies, and governments worldwide. Globalization and cross-cultural communication is more prominent than ever before to succeed in a range of various audiences in numerous locations. The global supply of talent became necessary to fulfil organisational short term and long term needs. Globalization has played a vital role to fill the gap between available talent and required talent. Some organisational sectors and specialised services needs Highly skilled employees. In such situations where local workers are not capable to meet the criteria, more skilled and trained employees can migrate internationally to new positions.

Globalisation has given a positive force to the increased organisational productivity and sustainable development. It creates great opportunities for firms worldwide in small and large markets with easy access towards human capital such as India, Russia and china etc. In the area of HRM, globalisation has given a speed to exchange of human beings, information and technology.

With emerging effect and relevance of globalisation, human resource management has turned as “**Global HRM**” which refers to Human Resource Management practices that deal with managing a diversity of workforce from all around the world. Managers are more responsible to take interrelated decision which has a direct impact on organisational stability in market.

As per the discussion till now, it is clear that organisations are involved and depended on globalisation process to fill the vacant positions with competent and skilled human resources to have competitive advantage which generates greater value to all organisational activities.

Positive Impact of Globalisation on Human Capital

Increased Human Resources

Economical upgradation and technological advancement has brought new insights of business and development for organisations. As there's enlargement of business,

organisations wish to own sensible no. of workers to figure organisational activities. process has given opportunities to attract new workers when they might like.

Higher Standards of manpower

Globalisation has created straightforward to the access towards the supply of manpower that is trained and knowledgeable. It has given opportunities to the organisation to enter in new market and seek for the competent and proficient workers to transferred to new overseas positions. HR's achievement efforts become easier and a lot of numerous.

Better operating Conditions

Better operating conditions have become a lot of a priority due to globalisation of the geographic point because it has improved technological parameters by outsourcing of business that supports the simple execution of task and responsibilities.

Cultural Diversity

Globalisation has given a path to organisation to form new policies in associate ways with an raised qualified staff. It adds new capabilities, competencies and qualities in organisational human capital with the help of varied manpower. This boost ability and potential growth for organisation once they have varied ideas and viewpoints inside one roof.

Coaching and coaching

Employees from completely different background meet and continue to work at similar time in organisation. Therefore cross cultural coaching become necessary to coach them to figure one by one or as in an exceedingly team effectively and expeditiously. This helps organisations to retain sensible workers and use their strength for the advantage of the organisation.

Challenges of Globalisation on Human Capital

As discussed about the positive side of globalisation which affects human capital positively and helped organisation to manage all strategies and techniques in favour of employees development and increased organisational productivity. It has also brought some challenges for organisation in order to maintain the quality and effectiveness of plans and policies for human resources.

As HRM is considered global function, it has to manage development of talents and performance. It is difficult to maintain **performance management** which is a process of

communication between employer and employee to evaluate the overall performance in support to the achievement of organisational objectives. When there is diverse workforce in organisation, then top management has to design different operational planning for different groups and timely performance review for individual performance occurs sometimes as a challenge to have a proper record of employees key performance areas and development.

Another challenge is maintaining **payroll structure and compliance** with changing employment and tax laws. This management task gets even more difficult if organisation has to manage operations in multiple markets. It also affects the employee expectation in order to manage daily work and opportunities of development within the organisational strategically planning.

The global human resource is able to identify best talent in the organisation and maintain the movement of human resource to increase the pool of human capital. But it is not easy to introduce **global mobility**. HR professional needs to have strong knowledge of global policies to manage required and skilled workforce to gain competitive advantage.

III. KEY LEARNING

Economic growth is totally interconnected with increased organisational productivity and development. Human capital plays a vital role to achieve this. In this paper, the importance and challenges have been discussed, so on this behalf some key learning are presented.

- Globalisation has not only given access to skilled employees from different countries but also it has opened door for technological innovation at workplace.
- Globalisation has promoted structural changes and advancement in organisation with easy exchange of information.
- It has affected job earning for employees with increased efficiency and productivity. Human capital is the main factor behind different level of job earning for employees in the organisation.
- It has also increased employee diversity which is the Human capital strength as it provides employee with various skill set at workplace which gives different opportunities for individual achievement and organisational development.

In this paper several aspect of impact of globalisation on human capital has been discussed. Organizations with global trends becoming more **task and employee oriented**. Employee development is the primary responsibility of HR professionals as with great no of skilled employees are more focused towards objectivity. Globalisation has brought some

beneficial pathways for organisational success but it has also given some challenges to the organisational planning.

It is recommended that organisations should have proper **job analysis and review of employee productivity** to match a balance between employee competencies and work requirement. So that in this way the effects of these challenges can be minimised and profits can be maximised.

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