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## Human Resource Development in the context of Globalization: Challenges and Opportunities

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### Abstract

Globalisation brings both problems and possibilities in human resource development, as organisations must focus on efficiency and competitiveness in order to survive and flourish in the fast-changing technological world. Human resource development (HRD) is a business-led method that taps into people's potential, allowing them to be systematically utilized inside organizations. The economy uses new and existing knowledge to boost production in a variety of areas, including agriculture, manufacturing, and services. Globalization affects technological growth by transforming local or regional phenomena into global ones. Talent inflow, technological competency, money inflow, and cross-cultural assimilation are all advantages. Increasing productivity and closing the gap between potential and actual human resources are among the challenges.

**Keywords:** Globalization, technological, human resource, potential, competitive edge

### Introduction

Globalization is both a challenge and opportunity in the field of HRD. It is a challenge because every Organization will require to focus on efficiency and competitive edge to survive and grow in the global competition. In the era of fast changing technology, the human resources will require not only up gradation but also diversification, new parameters of acquiring and using knowledge both at the level of the organization as well as at national level. This will call for radical changes in strategy and approach to how education and skill formation institutions catch up with the change as also how the industry – The Users search and retain and create a talent pool.

HRD is essentially a business led approach to tap the people's potentiality, so that their strength can be systematically availed within the organization. The economy harnesses and uses new and existing knowledge to improve the productivity in agriculture, industry and services etc. In the Organized sector, we have to see what is number and type of human element available in the Indian market and the needed talent could be made available to the industry. Globalization is a process of transformation of local or regional phenomenon into global one. It is influenced by technological development. The benefits of globalization are talent influx, technical competence, financial inflow and cross cultural amalgamation. Human resources are the greatest assets. The Challenges are how to increase productivity. Training and development provides bridges between potential and actual human resources.

### The Human factor

The human factor is the key in the new era of globalization. There is growing interaction of globalization and business performance which leads to effective management of human resources. The failure of some firms is due to the mismanagement of people rather than technical problems. This is because, organizations have achieved relatively low levels of effectiveness in implementing strategic Human Resource management (SHRM) practices especially in developing countries. Employees should maintain competitive edge in a period of globalization. They should possess competencies relevant for implementing such strategic HRM policies and practices.

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There is need to manage human resources effectively to gain competitive advantage in the global market place.

### **Strategic Human Resource Management (SHRM)**

It involves a set of policies and practices; its objective is to ensure that a firm's human capital (employees) contribute to the achievement of its business objectives. SHRM practices are macro-oriented, proactive and long term focused. It views human resources as assets or investments, not expenses; SHRM practices bear linkage to organizational performance; Wright and McPhee have developed theoretical framework. The resource based theory of the firm holds that a firm's resources are key determinants of its competitive advantage. Human resource policies and practices may be an important source of sustained competitive advantage. HR practices greatly influence an organization's human and organizational resources. The contingency theory based on behavioral view explains practices designed to control and influence attitudes and behaviors. For example, training programmes may be adopted to help pursue a strategy.

The HR Professional will need four basic competencies to become partners in the strategic management practice. These include business competence, professional and technical knowledge, integration competence and ability to manage change. The United Kingdom-based Management Charter Initiative (MCI) identifies seven key roles and required competencies – competencies to manage roles like managing activities, managing resources, managing people, managing information, managing energy, managing quality and managing and managing projects (MC, management standards, April 1997). "A survey of HR executives in the U.S. revealed that HR Managers believe that their HR staff's most important skill needs are team skills, consultation skills and an understanding of business.

Managerial competencies in the HR function enhance the status of the HR department and influence the level of integration between HR management and Organization strategy. Investments in human resources are a potential source of competitive advantage. Institutional theory suggests that larger organizations should adopt more sophisticated and socially responsive HRM practices.

It has been observed that by and large organizations have achieved low levels of effectiveness in implementing strategic Human Resource Management (SHRM) practices. As the new millennium is characterized by global challenge, developing countries have no choice but to develop and upgrade the human resource competencies of their workforce.

### **Human Resource challenges in India**

In view of the fast rate of growth in service sector and manufacturing sector in India, there is enormous shortage of talent. It is essential that IT and IT-related services sector will hire about 4, 00,000 people; The financial services industry will hire about 1, 00,000 people. Organizations experience a big challenge to attract talented manpower. Due to liberalization of Indian economy, the manufacturing and service sectors have to that the products and services should be world class. Hence Indian organizations should have access to the latest knowledge and technology, should be competitive and to sustain growth.

India's labour force or human resource is young- energetic with more proportion of youth population. Skill development in the unorganized sector is more challenging.

The state should have holistic policy for promoting competencies. We have moved from controlled economy to free economy. Human development aims at improving the underprivileged section. HRD must focus on vocational education and primary education. In the organized sector, we have to focus on HRD- developing skill based on market demand. It needs participation of private, public, government and the community. True development is total development of human spirit in a climate of freedom and spontaneity.

Strategic HR practices are internal career opportunity, formal training system, appraisal measures, profit sharing etc., if we convert the large working people into skilled people, it will benefit the entire world. World recognizes as giants in IT sector. The Challenges for HR is to attract and retain competent people. Our focus has to be world class, not just domestic. The world class excellence can be achieved only by promoting the culture of creativity and innovation.

Talent Management is about the few, not the many. It is important to develop key people as leaders and role models for others to follow. Performance management links people and jobs to the objectives of the organization. Performance is linked to both behavioral process and outcomes of the organization. It is a critical tool to achieve competitive advantage.

### **Gender Gap**

Women senior Manager lack sufficient precedence, make promotions scarce. The position is more glaring in gender gap. Training and education can make women to be more assertive, increase their self-esteem, improve their focus, cope with stress more effectively, improve management skills, understand issues surrounding team work and team building and understand their organization. What needs to be done is to empower women.

Women managers believe that they have refashioned themselves to meet standards of the masculine ideal and relinquish their female experience. Women have to prove that they will usher the acceptance slowly and gradually. Development is not gender neutral, women generally get trapped in the interface between production for needs of human beings in general and reproduction of new human feelings. Both men and women may become victims of development because, their skills may be replaced by newer ones but it is women new suffer from adverse impact of development. This happens due to lesser mobility of women and due to family obligations. They have less learning and training opportunities and they sometimes face discrimination in recruitment. It is important for planners to recognize women's dual roles in the family as well as work place.

### **Dual Career groups**

In the recent years, there has been a tremendous increase in the number of female employees in all types of organization, consequent on the globalization of the economy. Today unmarried female employees, married female employees and working mothers are steadily increasing. This will result in the number of dual career groups. Increase in the dual career groups pose a challenge to the human resources managers in future due to their consequences. Both wife and husband share their problems and grievances both at work and off the work. Hence there will be the possibility of less

commitment to the work in the organization by both the parties. The employees of double income group may face other domestic problems at higher rate than the single income group. Such state may result in increased absenteeism of both the employees.

Work related and family problems and grievances of dual career groups will also request in both stress and distress to both the employees compared to the single career group. The personnel manager's freedom will be restricted more if both the parties of dual career groups work in the same organization. Generally employees feel satisfied when they are promoted to higher ladders. But in the case of dual career groups if the gap between the statuses of the members is narrow, the promotion of one member (Promotion of wife) may cause psychological dissatisfaction to the husband. This may lead to conflict between the members of the dual career group. It is also a problem to an organization to transfer the members of the dual career groups based on organizational needs.

### **Recruitment, Selection and induction of new employees**

The Indian manufacturing and service organizations have adopted the practice of recruiting fresh graduates at the entry level in large numbers, partly to take care of large attrition rate. Resume sourcing, initial screening work and referencing work is sub-contracted to recruitment agencies. Selection is increasingly competency based; managers who participate in selection interviews are trained in competency based interviewing skills. Organization and the aspiration and values of potential employees. Organizations have increasingly realized the need for creating match between vision and values of an organization in service sector look for behavioral evidences for service orientation in potential employees, organizations in service sector look for behavioral evidences for service orientation in potential candidates. Organizations give high importance to learning capability of the potential candidates.

Talented employees are highly achievement oriented. Hence, they are given big roles much early in their career which makes them feel good that they were trusted to handle big responsibilities. Global level organizations rely on internet based performance management; other organizations based in India are using open performance appraisal system and self-appraisal by employees. Senior and top management get much higher proportion of total salary as variable pay as compared to middle and junior managers. The fresh graduates in the recent years are paid higher salary to maintain external equity for the new recruits; consequently it disturbs the internal equity for the experienced employees.

Emergence of multinational corporations in a big way in India are willing to pay much more as compared to Indian companies. The easy mobility of the young talent from one industry to another industry due to their learning capabilities, make the task of reward management much more complex. Organizations have to review their salary structures every year to retain external equality.

Indian Organizations are moving towards internationalization and globalization of the business. Indian Organizations have been innovative in nurturing global leadership. Infosys, a software company started a global internship programme, 'instep' to attract international students. Currently the programme attracts students from about eighty countries. Indian organizations are also

nurturing diversity in a big way. Currently the ratio of female employees in the IT and I.T. enabled services companies is about 25 percent which will become 40 percent in the next few years. In spite of diversity in terms of caste, language, religion and economic status, India has been successful in moving towards greater liberalization and globalization of the economy.

### **Flexitime and Flexi work**

In the context of globalization, changes have been taking place in the working hours, working days in a week. There is move towards five-day week in industries in India and four-day week in advanced countries. Further, some of the organizations particularly in advanced countries introduced flexible working hours which is known as 'Flexi time'. Flexi time is a programme that allows flexible entering and leaving (the organization) times for employees. Flexi time works better when the employees have self-determination. Most of the Indian industries have not yet introduced the flexi time. But in future the trade unions will demand for the introduction of not only flexi time but also for flexi years. The introduction of flexi time and flexi years, despite their plus points, pose a challenge to the human resource manager. Flexi work is a programme that allows flexibility in handling the type of work in various departments. A clerk in the personnel department after improving his qualifications, may be allowed to take up any assignment in junior level management in the organization. This provision helps the employee to satisfy his need for freedom, Unchallenging and interesting work and at the same time it helps the organization in its effective functioning minimizing frustrations and enriching its human resources.

### **Training and Development**

Almost all the organizations train their employees either in their own training colleges or in the training colleges of other organizations. A few big organizations have their own management development institutes; a large number of organizations conduct the executive development programme in five star hotels, drawing the faculty from industry and reputed educational institutes. But the training programme and the course curriculum of the training institutes cannot satisfy the requirements of each and every industrial unit. At this juncture, the idea of instituting educational institutes by the organizations themselves is the need of tomorrow. Organizations in future will establish their own educational institutes. These institutes will go on changing the course curriculum, depending upon the changes in technology, work methods, production process, activities etc. in the context of globalization. But all organizations cannot set up the training institutes individually. In such circumstances all the units of the same industry may have common educational institutes which serves their purpose.

### **Globalization – Challenges and opportunities**

The globalization has adversely affected the employees as jobs are becoming scarce and shifting from formal to informal and unionized to non-unionized. There is small and medium enterprises mushrooming and most of these workers are contract or casual workers. They are largely unprotected and deprived of many benefits. The changing labour market scenario have placed unions in a challenging situation. Also finding resources for organizing education and training programmes has been difficult task for trade unions).

The globalization should benefit all countries and should raise the welfare of all people through the world. It should raise the economic growth in the poor countries and reduce world poverty and enhance social securities. It will call for a collective effort of stake holders- government, educational institutions, employers, trade unions and the society at large. These changes are more complex because of the predominance of unorganized sector.

### **Globalization – Threat to social Security**

The globalization of market economy in developing countries of Asia, Africa and South Africa would pose a greater threat to social security, social development and human rights than what is obtaining in developed countries having some form of social security. The people of developing countries will be further deprived of their basic needs of development. The vulnerable and the marginalized constituting nearly fifty percent of the world population are the worst sufferers.

If there is absolute free trade and absolute free market economy, then the rich will only get richer and the poor poorer. The greed for gain will result in the exploitation of children, women and disadvantaged groups. The main objective is the privatization and the profit –making approach; we are surely not going to get a balanced society.

When Gandhi talked of bringing happiness unto the last man, and said, “When in doubt about any action, think of its impact upon the poorest in the society; He was showing concern for the downtrodden and empowerment of the powerless”. In the famous words Dr. B. R. Ambedkar, Political democracy is not realizable without economic democracy. Inequality, in his words, would blow up the structure of political democracy. That implies that not only should the economy grow but the fruits of growth should be equitably shared. As a rational choice, we decided to pursue growth with social justice to ensure that we achieve growth with human face.

Globalization of market economy offers both positive as well as negative influences. On the positive side, being competitive, it becomes efficient, being responsive to the demands of consumers, becomes accountable, being monopolistic, it operates according to the rules of demand and supply. Among the negative features of market economy, it asserts primacy of economic interests over social, and thereby neglects social obligations. It neglects the interests of the family, the community and the society.

Across the world, increased consumption accompanying globalization is a matter of concern. The issue needs to be addressed via both technological and educational means. This would mean an increased role for radio and other public information tools in raising consumer awareness on the importance of sustainable production and consumption patterns. Incentives as well as technical assistance to the industries for adopting cleaner and energy efficient technologies should also be a priority.

Economically, globalization has meant more capital and resources for corporations. This provides them greater influence on policy and planning, which is often not conducive to sustainable development. Globalization will mean economically powerful corporations in all developing countries, a clearly defined policy with regard to social and environmental causes will help to keep the balance between economic and industrial development on one hand, and environmental concerns on the other. The government

should acknowledge the role of private sector as a ‘global actor; but at the same time have adequate institutional and regulatory capacities in interactions with the private sector.

Globalization has impacts on cultural diversity and traditional knowledge. India, which is very rich in both, must pay special attention to safeguard against the negative impacts of globalization on these.

Globalization must also mean greater movement of human resources and knowledge pools. However, this must be on fair terms. India has developed a good human resource base for the IT sector and global IT corporate have been quick to access this resource, often at remunerations considerably lower than prevalent. Brain drain is however a concern.

New information tools have enabled greater accessibility and transferability of knowledge around the globe. Effective policies and monitoring mechanisms to prevent exploitation or undermining of the country’s knowledge base need to be in place. Mahatma Gandhi said, “I want the cultures of all the lands to be blown about my house as freely as possible. But I refuse to be blown off my feet by any”.

In the context of globalization, the growth of economy comes from reward through high salaries and perks, propagating inequality in social system. The rich is encouraged to become richer and the poor is allowed to become poorer. It encourages prosperity of a few, leaving the majority to their fate of suffering. The gap between developed and developing countries is growing, especially in the field of science and technology. Unfortunately the experience so far tells us that political will to harness technology for human development is lacking.

In the developed countries, the negative effect of globalization on the marginalized and vulnerable population remained minimum under the prevalence of social security. In developing countries due to low technological knowhow and productivity, their per capita income cannot be raised to the level of self-reliance. In fact liberalization of trade and minimizing state control turns in favor of the “fittest” with the result that the vulnerable and the handicapped suffer due to lack of assistance from the state.

Many of the developing countries have come under “debt-trap”, depriving the vulnerable of any form of public assistance. To put it in the words of Stephen Lewis, “the debt of the developing countries to the IMF was depriving the children of these countries of their food, nutrition, health and welfare. How can the countries that earn an average of 250 dollars per capita, pay back the loans of credit that ranged from 1 to 1.3 trillion dollars’ (Lewis S, 1992). Very little resources are left with the government to provide for social development services.

The human development report, 2005 reflects the inequalities of income, the imbalances in development and the deprivations of basic essentials of life of masses. The income of 2.5 billion people is less than 2 dollars a day. The world’s 20% rich have 75% share of total income. 20% of the most poor in the world share 1.5% of the total income. In India occupies 127<sup>th</sup> rank in human development index among 174 countries in the world. The vital social measures include:

1. New concept of human security.
2. New models of sustainable development.
3. New Partnership between state and the market.
4. New patterns of national and global governance.
5. New forms of International cooperation.

The UNDP has also suggested generous investment in basic education, relevant skills and workers re-training. It has also suggested the following:

1. Advocacy on behalf of the disadvantaged.
2. Empowerment of marginalized groups.
3. Reaching the poorest through NGOs.
4. Focus on human priority issues.

These measures are to be taken by the respective governments and the industries. It is imperative for social workers, social scientists and social activists to create a people's lobby as a third force to give a human face to economic forces. It should develop a plan of its own to further the objectives of social development.

1. Encouraging industrial and business houses to provide welfare services.
2. Entrusting greater responsibilities to local bodies to promote welfare and development services.
3. Initiating pension schemes for the organized labour and also unorganized labour, leading to a system of social security.
4. Promoting schemes of employment, vocational training, especially for middle and lower class families.
5. Promoting housing on cooperative lines especially for middle and lower class families.

While economic liberalization released the suppressed energies of the Indian economy, it is still necessary to build a safety net for the millions of worker and poor people so that the process spells not ruination or lowering of living standards for them but a progressive advancement.

### **Future of Human Resource Management**

Change is the law of nature. It is a necessary way of life in different circles. The discipline of man-management has also been undergoing several changes. As employees in an organization resist change, employers resist the change in man management. This discipline has been changed from labour management to personnel management and to human resource management. But some advanced organizations and educational institutes even today regard this as labour management, whereas some advanced organizations and educational institutes started recognizing the man as human resource. There is shift of emphasis from personnel management to human resource management. The management in future will try to:

1. Follow human relations approach and partnership approach towards employees.
2. Encourage creative skills and abilities and reward and award those talents.
3. Shift the emphasis from legal and rule bonded approach to free humanitarian.
4. Participate in trade union activities, recognize human resources as a profit center, and as a basic instrument to earn profits rather than as cost centre.
5. Understand the fact that human resource management will dominate all other functional areas of management.
6. Allow consumers to participate in collective bargaining so as to protect their interest from the exploitation of both employees and employers.
7. Human resource management function will be extended to cover career planning and development, organizational development, role analysis, social justice etc.

8. Trade union will become part of an organization and management of industries.
9. Emphasis should be given to training, re-training, mid-career training in view of rapid technological changes.

Globalization should benefit all countries and should raise the welfare of all people throughout the world. It should raise the economic growth in the poor countries and reduce world poverty and enhance social securities. There is need for the state and industry to jointly establish centre of excellence so that needed talent could be made available to the industry. The state should have a holistic policy for promoting and matching competencies and its implementation on top priority. The challenge before HR is to attract and retain competent people which should comprise career planning, training as an essential component, separate from routine administrative requirements. The trade unions need to cater to its members' need and retain its relevance in the current scenario. Trade unions should act as change agents and help workers to cope the situation. Labour laws need to be simplified and rationalized. There is need to convert knowledge into meaningful actions at all levels of HR like, food and nutrition, universal primary education and health care etc. The objective of ILO is to provide decent work. Decent work agenda of ILO includes employment, work quantity and quality and social security.

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