

The Impact of Strategic Human Resource Management practices on Global competitiveness

Dr. Priyanka Shrivastav¹, Dr. Neetu Munjal², Dr. Amit Kumar Singh³

¹Associate Professor, Mangalmai Institute of Management and Technology, Greater Noida

²Assistant Professor, Hierank Business School, Noida

³Associate Professor, Dayal Group of Institutions, Lucknow

Abstract

Globalization is the word used to describe the growing interdependence of the world's economies, cultures, and populations, brought about by cross-border trade in goods and services, technology, and flows of investment, people, and information.

The growing interdependence of the world's economies, cultures and population, brought about by cross-border trade in goods and services has given a kick hike to globalization. This increase in conceptual and empirical work has now shifted the focus on how firms go about globally, keeping along the development and maintaining the advantage of globalization. The global competitiveness is concerned with overall performance of the economies all over the globe.

It may have many inferences for human resource management practices in an organization. It helps to create job opportunities as the business expands. By providing better quality products and employment it improves the standard of living of the people. Strategic human resource aims for the proper management of human resources within the organization for the impactful attainment of the goals set.

Considering global competitiveness, strategic human resource management pivots in the pursuit of objectives that would make the organization stand distinct from its competitors. A competitive advantage is not a short term process but is gained through the long term allocation of the resources of the company and matching these resources with the capabilities of the human resource within the organization. Thus, the organizations, whether expanding or already expanded, should identify their needs and make sure that they align with the organization's objective to eye the pinnacle in the global competitiveness.

In this paper the researchers tried to focus on the impact and relevancy of Strategic Human Resource Management practices with global competitiveness.

Keywords: Globalization, Strategic Human Resource management, Global Competitiveness.

1. Introduction

Globalization has made us a multi-cultural society which has implications on human resource management within the nations. There are four theoretical frameworks that explore the influences on Human Resource Management across international boundaries, including: cultural, institutional, universal and contingency perspectives.

It enables sharing of technology among different countries and gives a variety of options to a customer to choose from for a single product. Globalization means the multitude of economic and social transformation of humanity currently registered, and integrative large-scale financial flows generated by the impact of monetary haul on the characteristics of social interactions among different nations. (Muscalu, Emanoil, 2014)

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.

(Saranya, Asok, 2019)

Globalization, mediated through a variety of intensifying flows that are not limited to goods and capital but include information, human mobility, diffusion of ideas and norms, this multidimensional process creates complex, interlinked ties and relations between economies, societies and countries. (Clark, 2000).

In the face of a protectionist global environment, companies must navigate the world on their own. We must level the playing field, without government engagement. This requires dramatic transformation. Going forward, we will localize. (Jeffrey Immelt, 2016)

Gaining the Competitive Edge through Strategic Human Resource Management

In order to be successful, it is essential to recognize the need to adapt to the ever-rapidly changing ways to do business in the global environment. Thus, seek to build competitive advantages around the core competencies of the organization, while also reducing costs to conduct business.

These organizations also understand that doing the best that they do is not always enough to be on top. In order to keep the competitive position in the domestic market, they will need to acquire knowledge of other key competitors in the global marketplace. They need to stay informed of other domestic and foreign competitor's potential strategies, as well as their competitor's strengths and weaknesses. The term strategy 'is widely used in and presupposes importance. In the words of the Oxford Concise Dictionary, strategy means generalship'. Thus, strategy is associated with the long-term decisions taken at the top of the enterprise. Human Resource Management includes conducting job analyses, planning personnel needs, recruiting the right people for the job, orienting and training, managing wages and salaries, providing benefits and incentives, evaluating performance, resolving disputes, and communicating with all employees at all levels.

Therefore Strategic HRM defines the organization's intentions and plans on how its business goals should be achieved through people. It is based on three propositions: first, that human capital is a major source of competitive advantage; second, that it is people who implement the strategic plan; and, third, that a systematic approach should be adopted for defining where the organization wants to go.

Objectives of the study

1. To understand the relevance of Global Competitiveness with HRM practices
2. To study the effect of Strategic Human Resource Management practices on Global Competitiveness

2. Theoretical Background

Global competitiveness

In recent years, the concept of competitiveness has emerged as a new paradigm in economic development. Competitiveness captures the awareness of both the limitations and challenges posed by global competition, at a time when effective government action is constrained by budgetary constraints and the private sector faces significant barriers to competing in domestic and

international markets.

The Global Competitiveness Report of the World Economic Forum defines competitiveness as "the set of institutions, policies, and factors that determine the level of productivity of a country". The term is also used to refer in a broader sense to the economic competitiveness of countries, regions or cities. The term is also used to refer in a broader sense to the economic competitiveness of countries, regions or cities. Recently, countries are increasingly looking at their competitiveness on global markets. Similarly, it is necessary for the human resource of a country to be so that they can efficiently work towards the growth of the economy of their country.

Global competitiveness is a phenomenon that every developing country has to experience in today's world. The definition of global competitiveness given by the European commission is "The ability of an economy to provide its population with high and rising standards of living and high rates of employment on a sustainable basis" (European Commission, 2001).

Therefore all growing companies that have to ensure that they are profitable need to maintain a competitive edge over their competitors not just in the local market but in the global market as well. Most of the changes and complexities that organizations face in a marketplace are due to the varying effects of global competitiveness, a winner organization is one who is able to use these changes and convert them into advantages (Djogo, M., & Staniscic, N.; 2016). There is a strong interconnection between the consumer's perception of the organization and global competitiveness. (Oana, D. U. R. A. L. I. A., 2016). Consumers usually keep a close watch on how their favorite brands perform and adapt the variations caused by global competitiveness and accordingly either change their perception or maintain the same. Organizations therefore need to be constantly aware and vigilant of the changes and effects of global competition.

HR Practices implemented in companies to promote global competitiveness

Many company's HR department have realized the need to be strong and ready to help the company move forward in the case of global competition. The HR department being responsible for an organization's most valuable asset i.e. its employees, need to always be up to date. In the past many Indian industries focused their management practices completely on the industrial policy factors but in the last decade it has been seen that there is a wide competition from foreign markets due to which all the management functions of the organization is to not only focus on the industrial policies but side by side tackle the competition (Chandra, P., & Shukla, P. R., 1994). According to (Stiles, P et al, 2006) organizations usually follow the following practices to promote the global competitiveness among the employees within the organization.

Talent management

It is a practice where the HR department ensures that the organization has a wide pool of diverse employees through the method of recruitment, selection and succession planning. (Panackal, N., & Singh, A.) Example: Infosys, one of India's leading IT outsourcing company is able to generate this pool of employees as they focus largely on global branding for the same. Once the organization has this pool of employees they next focus on training and development for these employees thus providing them satisfaction and maintaining the edge they require. Another example of how organizations deal with talent management is that of IBM. It conducts a research within the organization to find for the most outstanding leaders within the organization, thus ensuring that they are ready with employees who are capable to deal with changes as and when required.

Performance management

This practice focuses on the rewards, appraisals and aligning the workforce to the required standards of performance. This practice is conducted through evaluations to check the gaps between the actual work and the work required. Pay is used as a major tool to ensure that work is done to fill the performance gap. This pay is in terms of rewards, bonuses and appraisals. IKEA is a very good example for the same the company uses pay to create a linkage between the organization objectives and the individual goals to create the required performance.

Organization culture

When an organization instills within its culture the acceptance of changes and competition the employees automatically are accustomed to this change and are able to adapt. This starts from the very beginning stage of recruitment where the organizations makes it clear to the candidates for employment about what skills and attitude they are required to possess. Many big companies like Oracle, BAE Systems, Shell, KPMG, GlaxoSmithKline or Matsushita strongly encourage an organization culture that does not only focus on short term financial performance but on the aspects of achievement of a long term goal.

Global HR

This HR practice focuses on the function of the HR department to develop a global strategy for the organization and its employees. A very true example of this practice is that of P&G they have been able to develop a global strategy with the help of various global expertise groups. This strategy has helped them a lot in doing business across national boundaries.

Importance of linking Strategic HRM and global competitiveness

Studies have shown that the role of the human resources department within an organization is extremely crucial for both the survival and the maintaining of a competitive edge. (Bowen, D. E., & Ostroff, C., 2004). Every organization comes up with its own strategy to conduct its business this strategy is unique depending completely on the organizations competencies, requirements and circumstances once the strategy is made it depends solely on the HR department to help in its implementation in terms of getting the organizations employees aligned with the developed strategy(Bird, A., & Beechler, S. ,1995). The paper by Michael Poole smartly speaks about a phase two market orientation of entrance of completion into the market, the two phases being growth and internationalization .Through his paper he provides a very smart and real idea about how these two phases or aspects, growth and internationalization put a huge pressure on the HR department within the organization: The department has to constantly be on their feet to keep working with the employees and motivating them to stay stable during any kind of change caused due to global competition.(Adler, F Ghadar,1990)An organization has gone through a constant evolution in the past years and in the present day it faces open markets and vast competition, this then requires the HR department to act as the companies back bone and help to ensure that the company, with its employees is able to get through these changes successfully. Therefore the importance of linking the HRM with global competitiveness is very important.

Importance of Strategic Human Resource Management

Table 1: Importance of Strategic Human Resource Management

Strategic HR Practice	Benefits/Importance
Attracting, maintaining, developing and retaining high quality personnel	This practice enables the organization to attract the right kind of people in correct quantity for a specific job. It helps retain the existing employees by keeping them satisfied and happy with the organization. It saves the cost of recruiting new employees and paying salary to surplus employees. It helps in developing the skills of employees and training them so that they can perform their functions efficiently.
Job and work design	This practice makes the job interesting to keep the employees engaged. It gives them more autonomy to make decisions within their power and provides flexibility. This gives them a greater sense of authority and enhances job satisfaction encouraging high performance and productivity.

Learning and development	This practice develops an environment that facilitates learning. It helps employees to enlarge their skill base and increase competence level of employees through various techniques of self management, training, mentoring and coaching.
Talent management	This practice deals with acquiring, developing and maintaining talented personnel. It meets with the organization's present and future requirement of talent.
Working environment	A working environment with job security, work life balance, managing diversity, core values and other elements which make it flexible and makes the organization a great place to work.
Reward management	This practice deals with developing employee motivation, keeping them engaged and committed to their job so they perform well by rewarding them according to their contribution.
Managing knowledge and intellectual capital	It ensures that important information is retained. It provides learning opportunities and focuses on organizational as well as individual learning. It enables sharing of knowledge in a systematic way. It also helps to improve the flow of information, knowledge and learning in and organization.

Strategic HRM helps in linking the personal goals of employees with that of organization so that the employees while working to achieve the goals of the organization fulfill their personal goals and be satisfied. It enables better cooperation and coordination in the system of organization. It reduces the impacts of adverse conditions and enables effective allocation of time and resources to various opportunities identified. It makes the organization more flexible and accepting of change.

3. Research Methodology

The study is a qualitative study based on data collected from secondary sources such as Ebsco, Emerald, Scopus, Jstor, Thomson Reuters and Google Scholar. Information has also been gathered from books, articles that aid the study of sustainable development. Researchers also looked at articles published by companies to understand the key dimensions global competitiveness and HR practices. The researchers have looked at company reports and websites to understand their strategic HRM practices.

4. Findings: Strategic HR Practices In Indian Companies

Various Indian Companies also engage in strategic HR practices in order to excel in human resource functions and to retain employees in the organization and keeping them happy and satisfied. Following are a few instances of the same:

Infosys has established the Toastmasters Club which is an employee-driven campus programs like Infosys Toastmasters Club is one of the world's leading club chain having 15,900 branches in 142 counties which helps more than 3,45,000 of its members to develop leadership and communication skills. They also have the INSTEP Program. Under this program internships that help in increasing leadership abilities are provided to students from across the globe for a period of three to six months.

Mahindra & Mahindra Ltd. Has developed the Business Process Reengineering (BPR).It is a scheme by which the company rethinks and reinvents its human resource functions and processes to achieve improvements and improve performance.

TATA Group has facilitated many initiatives such as E-learning, induction programs, performance ethic program. Tata's E-learning program known as Gyan Jyoti is available for its employees and is a platform for them to learn online and with the help of computers and other gadgets. The following are the two induction programs that TATA has:

-HELLO (Helping employees launch and learn in the organization)

-NEST (Nurturing engagement with satisfaction and trust)

They have introduced the PEP after partnering with McKinsey and establishing key strategic areas. The program encourages young employees to grow swiftly in the corporate world as

compared to the old and traditional ways of employee promotion.

Ranbaxy encourages sharing and exchange of information across borders among the employees based in India and the fellow counterparts based in the foreign countries to promote learning and development.

Wipro offers Employee Stock Option Plans to its employees which provides them a financial incentive to be engaged and work hard for the company.

Hindustan Unilever Ltd. follows 360 degree performance appraisal mechanism to appraise the employees so that they receive unbiased feedback from different levels. The company conducts assessment on a regular basis to check the engagement level of employees and availability of work for them.

5. Conclusion

Globalization has enabled the companies to expand and establish themselves worldwide. Formulating strategies in advance and abiding by them gives a competitive advantage to the companies which makes their place in the market and helps them to survive. With increasing competition from other companies and firms in the era of globalization, it is not easy to attract, maintain and retain talented and competent human capital for the companies. Following strategic human resource practices enables companies to perform their human resource function aptly.

Different companies follow different strategic human resource practices to depending on their goals and objectives and to distinguish themselves from other companies in their human resource function. It is extremely important for companies to be competitive in order to survive the current scenario and hence the companies should follow strategic human resource practices to keep their employees satisfied as they are the most valuable assets to a company. Gradually strategic HRM is gaining importance in its knowledge and application and is being widely adopted by companies all over the world.

References

- [1] Adler, N., & Ghadar, F. (1990). *Strategic human resource management: a global perspective* (pp. 235-260).
- [2] Bowen, D. E., & Ostroff, C. (2004). Understanding HRM–firm performance linkages: The role of the “strength” of the HRM system. *Academy of management review*, 29(2), 203-221.
- [3] Clark, W. C. (2000). Environmental globalization. *Governance in a globalizing world*, 86.
- [4] Chandra, P., & Shukla, P. R. (1994). Manufacturing Excellence and Global Competitiveness: challenges and opportunities for Indian industries. *Economic and Political weekly*, M2-M11.
- [5] Djogo, M., & Stanisic, N. (2016). Is the Global Competitiveness Report the right measure of macroeconomic competitiveness. *Zbornik radova Ekonomskog fakulteta u Rijeci: časopis za ekonomsku teoriju i praksu*, 34(1), 91-117.
- [6] Levy, O., Beechler, S., Taylor, S., & Boyacigiller, N. A. (2007). What we talk about when we talk about global mindset’: Managerial cognition in multinational corporations. *Journal of International Business Studies*, 38(2), 231-258.
- [7] Muscalu, E. (2014). Organizational culture change in the organization. *Land Forces Academy Review*, 19(4), 392.
- [8] Oana, D. U. R. A. L. I. A. (2016). Consumer Perception of Competitiveness–Theoretical-Instrumental Approach. *Studies in Business and Economics*, 11(1), 45- 53.
- [9] Panackal, N., & Singh, A. Talent Management-A challenge for Indian Industries.
- [10] Stahl, G., Björkman, I., Farndale, E., Morris, S. S., Paauwe, J., Stiles, P., Wright, P. (2012). Six principles of effective global talent management. *Sloan Management Review*, 53(2), 25-42.
- [11] Saranya R., & Asok A., (2019). Globalisation and Its Impact on Human Resource Management. *Journal of Research in Humanities and Social Science*, 21-24.

