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### **Effective Strategic Human Resource Functions and Globalised Human Resource Management (GHRM) Activities in Current Scenario to Attain Goal of Competitive Market**

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#### **ABSTRACT:**

In a rapidly changing competitive environment, human resources are one important source of competitive advantage. Human resource systems can contribute to sustained competitive advantage through facilitating the development of competencies that are firm specific. Strategic human resource management concerns with the creation of a linkage between the overall strategic aims of business and the human resource strategy and implementation. Globalised human resource management (GHRM) should be prepared to take the best skilled people worldwide regardless of their nationality. Recommendations are given: HR managers will have to build a standard framework that allows flexibility to develop and manage all different workforce options. HR managers need to develop their existing workforce that will be the workforce of tomorrow so people would want to stay with the organization to keep their competitive advantage in the 21st century. The roles and responsibilities of Human Resources departments are transforming as the modern business faces pressures of globalization. The global supply of talent is short of its long-term demand, and the gap is a challenge for employers everywhere. Global staffing and management of a workforce diverse in culture and language skills and dispersed in different nations are the key goals of global human resources. Only those multinational enterprises willing to adapt their human resource practices to the changing global labor market conditions will be able to attract and retain high performing employees. Companies with the ability to foresee their business needs and their workforce needs – especially for high skills – will gain the decisive competitive advantage. The conclusions form the last part of this paper.

**KEY WORDS:** GHRM, HRD, SHRM, HRM, LPG

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## **INTRODUCTION & SIGNIFICANCE OF STUDY:**

Economic environment is changing rapidly and this change is characterized by such phenomena as the globalization, changing customer and investor demands, ever-increasing product-market competition. To compete successfully in these environment organizations continually need to improve their performance by reducing costs, innovating products and processes and improving quality, productivity and speed to market. The people who make up an organization -human resources- are considered to be one of the most important resources of today's firms. People and how they are managed are becoming more important because many other sources of competitive success are less powerful than they used to. Human Resource Development (HRD) as a function has evolved in India indigenously from the year 1975 when Larsen &Toubro (L&T) conceptualized HRD as an integrated system and decided to separate it from the personnel function. Since then, most organizations have started new HR departments or redesignated their personnel and other departments as HRD departments. Today, there are high expectations from HRD. Good HRD requires well-structured function, appropriately identified HRD systems, and competent staff to implement and facilitate the change process<sup>1</sup>. This paper attempts to:

- Examine the way the HRD function is structured in the Indian corporate sector.
- Highlight the current HRD practices in India in relation to various HRD systems.
- Examine the extent to which HRD implementation meets the criteria of the Integrated HRD Systems Approach of Pareek and Rao (1975, 1977) and using this analysis, comment on the prerequisites for the success of other recent HRD frameworks for Asian countries.

## **FUTURE CHALLENGES FOR THEORETICAL RESEARCH IN HRD:**

The pace and productivity of recent work in HRD theory and theory buildings impressive. HRD researchers have developed new theories and conceptual frameworks that address a broad range of phenomena of interest to the HRD profession. The theories and bodies of knowledge that should rightfully constitute HRD's theoretical foundation have been debated in an effort to establish sound theoretical foundation upon which to ground research and practice. The theory-building research methodologies used in applied disciplines such as HRD have been described and compared<sup>1</sup>. A new journal, Human Resource Development Review, was launched in 2002 and serves as forum for theoretical work in HRD and related disciplines. Theoretical researching HRD has established itself and is now at a point

Where many avenues exist for further contributions to the field. Further advancements in research and professional practice will depend, in part, on continued attention to strengthening the theory base for HRD researchers and practitioners.

But what types of theoretical research appear to be needed at this stage in the development of HRD? What directions for theoretical research might be most beneficial for the discipline? Many theories and conceptual frameworks recently have been published, implying a need for these contributions to HRD research. Is more theory needed in HRD? Scholarly discussions continue about the composition of HRD's theoretical foundation. Does HRD need a broader and stronger theoretical foundation? Has HRD research developed to the point where it has now reached beyond its theory base? Recently there has been much creative activity in the realm of theory building. Is there a need for more theory building to support the further development of HRD research and practice?

### ***Implications for the 21st Century HR Manager:***

The global era has arrived with information ubiquity and sensitivity. Just as organizations compete globally for products, so they will compete for talent in the 21st century. From the authors' perspective the future talent will be a savvy generation; they will be young, highly educated seeking huge benefits and monetary rewards for luxuries. They will research the company they intend to work for; their organizational commitment and loyalty will be as long as the organization can keep satisfying their needs. Recruitment companies are reporting the arrival of a new breed of highly skilled workers, they are younger, well educated, knowledgeable, extremely confident and not just interested in what they can do for the company, but rather what the company can do for them<sup>2</sup>.

Even though some countries have less tolerance for foreign managers, globalised human resource management (GHRM) should still be prepared to take the best skilled people worldwide regardless of nationality<sup>3</sup>. Brewster et al, 2005 state that, "The management of international assignments remains a critical component of effective global HR particularly in relation to the use of international assignments as mechanisms for developing global leaders<sup>4</sup> proclaims that HR professionals often make mistakes believing that going global means you hire locals to run local Plessis, Hobbs, Marshall & Paalvast businesses, in fact this is a multinational approach and not a global approach and that the balance between expatriate and local talent is going to be an interesting evolution in the 21st century.

Y employees seek flexibility in their work hours so they can spend time with their children, Baby Boomers want freedom to work part time, as many want to retire early but still want to hang on to their healthcare and other benefits<sup>5</sup>. Therefore, HR managers will have to build a standard framework that allows flexibility to develop and manage all different workforce options. HR managers will have to plan for outsourced suppliers, fulltime, part-time, and temporary workers in a global business environment that will entail diverse, highly educated and skilled people. HRM need to look at how it develops their existing workforce that will be the future workforce so people would want to stay with the organization. In this way the organization could keep their competitive advantage. HRM will be expected to design the components of a HR system that is consistent with the elements of the organization's architecture, strategies and goals. Collaboration may be vertical between managers and employees, horizontal between business units as a network, and personal between individuals in a team<sup>6</sup>.

**THE STRATEGIC HR FRAMEWORK APPROACH:** This framework aims to leverage and/or align HR practices to build critical organizational capabilities that enable an organization to achieve its goals. This framework offers specific tools and paths to identify how a firm can leverage its HR practices. Business strategy, organizational capabilities, and HR practices are the three important elements in this framework<sup>7</sup>.

A framework presented for HR professionals in terms of four key roles<sup>8</sup>

- Management of strategic human resource.
- Management of firm infrastructure.
- Management of employee contribution.
- Management of transformation and change.

***The activities for managing strategic human resources include the following:***

- Aligning HR and business strategy: "organizational diagnosis."
- Reengineering organization processes: "Shared services."
- Listening and responding to employees: "providing resources to employees."
- Managing transformation and change: "ensuring capacity for .change."

**Box: Principles of HRD System**

1. HRD system should help the company to increase enabling capabilities which include: development Of human resources in all aspects, organizational health, improvements in problem solving capabilities, Diagnostic skills, capabilities to support all the other systems in the company, etc.
2. It should help individuals to recognize their potential and help them to contribute their best towards the various organizational roles they are expected to perform.
3. It should help maximize individual autonomy through increased responsibility.
4. It should facilitate decentralization through delegation and shared responsibility.
5. It should facilitate participative decision-making.
6. It should attempt to balance the current organizational culture with changing culture.
7. There should be a balance between differentiation and integration.
8. There should be a balance between specializations of the function with its diffusion into the others.
9. HRD system should ensure responsibility for the function.
10. It should build upon feedback and reinforcement mechanisms.
11. It should maintain a balance between quantification 4nd qualitative decisions.
12. There should be a balance between external and internal help.
13. It should plan the evolution of the function.
14. There should be a continuous review and renewal of the function.

***The activities for management of firm infrastructure include the following:***

- Constant examination for improving the HR processes.
- HR professionals to become administrative experts to ferret out unnecessary costs improve efficiency, and constantly find new ways to do things better; be effective as administrative experts and undertake activities leading to continual reengineering of the work processes they administer.
- HR professionals to design and deliver efficient HR processes for staffing, training, appraising, rewarding, promoting, and managing the flow of employees through the organization.

***Human Capital Appraisal Approach:*** This approach outlined by Friedman, James, and David (1998) of Arthur Andersen consulting company is based on the belief that there are five stages in the management of human capital: clarification stage, assessment stage, design stage, implementation stage, and monitoring stage. There are five areas of human capital management: recruitment, retention, and retirement; rewards and performance management; career development, succession planning, and training; organizational structure; and human capital enablers. A 5 X 5 matrix using these five stages and five areas could be used to evaluate and manage the human capital well. For example, in the clarification stage, the managers examine their human capital programmers to fit into their strategy and overall culture. They may also examine each of the areas to fit into the strategy.

***HRD Score Card Approach:*** A recent approach shows that, in Order to make the right business impact, HR interventions should be mature in terms of the HRD systems, competencies, culture (including styles), and business linkages<sup>9</sup>. Through a well formulated HRD audit, the following are assessed:

- The maturity level and the appropriateness of each of the subsystems of HR, the appropriateness of the HR structures, and the level of competencies of HR staff, line managers, top management, etc.
- The HRD culture (defined in terms of openness, collaboration, trust, autonomy, proaction, authenticity, confrontation, and experimentation) and the congruence of the top management and HR staff styles with HRD culture, and the extent to which all the systems and practices result in employee satisfaction and customer satisfaction, etc.

## **RECOMMENDATIONS:**

From a HRM perspective, globalization will have a number of implications on Organizations such as self-development and acquiring knowledge in the management of expatriate labor, diversity and cultural differences; HRM needs to develop the ability, skills and mindsets required to compete on a global scale. Organizations are becoming more reliant on their HR departments to deliver business performance through<sup>10</sup>. management and systems that provide success factors needed for a global and local competitive advantage Rhine smith (2006) supports this in saying that HR is becoming the most significant factor in pursuing, defending and taking advantage of operating in a global world and for organizations to be competitive and successful they will need to align their HR processes more effectively with broader organizational goals. GHRM must be able to generate appropriate HR policies

and practices, taking into consideration the cultural environmental force between nations; in organizational culture and national culture, the values and attitudes are shared by individuals from a specific country that shape their behavior and beliefs in regards to what is important. HRM has to become a business partner aligned with the business objectives; they need to be the owner of the corporate culture and employee branding to be able to identify and develop critical competencies.

## **CONCLUSIONS:**

A priority for HR in the future will be developing positive employment relations. This will not only contribute to successful interpersonal relationships but will help to improve productivity and the overall performance of HR. The view from Sparrow<sup>11</sup> is that, "Organizations must shy away from 'one best way' solutions when designing global HR systems" and that "even among HR professionals there are different views about which HR practices deliver competitive advantage, that can have a major impact on global knowledge transfer". It was through the resource based view (RBV) that the value, rareness, imperfect limitability and imperfect substitutability of an organization's HR were shown to provide the means for an organization to attain an advantage over their competition. Similarly, analysis of HR from the RBV has shown that competitive advantage can be achieved through a variety of HRM practices. These included recruiting and selecting suitable employees, encouraging diversity in the workplace, managing knowledge, fostering innovation, and focusing on employee development and engagement. The 21st century HR manager's duties and responsibilities domestically and globally. This is but one of the areas that the HR manager of the future will have to concentrate to satisfy employees from Baby Boomers to Generation Y.

In summary, the role of HR in providing sustained competitive advantage was shown to be achieved through recognizing and incorporating many different ideas and perspectives into the management of the HR function. Likewise, properly managed HR was identified as being an integral contributory factor in improving organizational productivity. It was also discussed that through attentive and forward-thinking management of HR, the value of HR can be improved, organizational productivity can be enhanced, and competitive advantage can thus be attained.

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