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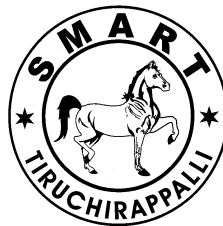
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# GLOBALIZATION AND HUMAN RESOURCE MANAGEMENT

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## *Abstract*

*Human resource management can include two large areas: personnel management and development functions. This paper attempts to shed light on development functions, which have tended to be somewhat disregarded in traditional public personnel administration and international public administration education. The primary objective is to answer some of the most critical questions regarding human resources in a global perspective. How can executives develop into a multicultural management group? What role should human resources play in the management of negotiations and international collaboration? How can cross-cultural competencies be developed better?*

## **Introduction**

International environments are changing rapidly. Nothing is permanent, and the cause of yesterday's success may be the cause of tomorrow's failure. Today's leaders must assume the responsibility for creating new models of management systems because many of the assumptions on which management practice were based are now becoming obsolete. Foreign competition and the need to trade more effectively overseas have forced most corporations and government to become increasingly culturally sensitive and globally minded. Rapid technological changes have transformed the time dimension of competition. Speed and quality in addressing the needs of worldwide customers greatly influence the question of deciding who the next winning businesses are going to be. The diffusion of technological know-how around the world is also much quicker than in any other previous era. New powerful global competitors are emerging in countries previously on the periphery of global economic activities. Global competitive conditions are presently affected by a rapid internationalization of service businesses, much of it, again, driven by the emergence of new boundary-crossing technologies.

Globalization implies accepting cultural diversity in management composition and this updated management style contributes to the competitive advantage of the global agency. Also, effective globalization calls for the pursuit of a number of management approaches that, on paper, may seem contradictory, but that can truly be effective only through their simultaneous and balanced application. Global human resource management provides an organized framework for developing and managing people who are comfortable with the strategic and operational paradoxes embedded in global organizations and who are capable of managing cultural diversity.

To develop and manage a global organization implies developing managers who can think, lead, and act from a global perspective, and who must possess a global mind as well as global skills. Not one, two, or a dozen international specialists, but a host of executives, managers, and professionals are needed to form the core of a global agency. The process of globalization requires a progressive transformation of thinking about the role and tools of human resource management in the public sector. The argument proposed is that human resource

management can and should make a contribution to the competitive strategy of a global market.

This paper is divided into four parts. The first part deals with the significant environment of global human resource management. The cultural context is examined by comparing human resource management with national cultures. The second part is devoted to specific functional aspects of human resource management that have a unique dimension in a global organization, including the role of human resource management in negotiation. The third part is devoted to the training and development of global managers and executives. Finally, the fourth part offers proposals for potential changes in public administration education, to meet emerging demands better in the public sector.

### **Setting the Context for the Globalization of Human Resource Management**

Changes in the contemporary global economy highlight many of the emerging challenges facing human resource management (HRM). Vast macrosocietal changes increasingly bind countries into interdependent nations in which goods, capital, and people move freely. Between these communities, however, there remains a patchwork of cultural barriers. To remain successful in this new global age, agencies must commit themselves to transnationalism. They must also internalize strategies that are likely to succeed in global competition. Implementing successful global strategies requires careful attention to the paradoxes created in the management of human resources and the maintenance of multifaceted organizational cultures.

To survive in the 21st century, agencies must adopt a global mindset and transform leadership to be globally competitive. Agencies and their leaders must learn to

manage such transformations or they will inevitably lose their competitive edge. Global leaders, therefore, must have the capacity to turn threats or stumbling blocks into opportunities; to motivate people to excel, not just to survive; to accelerate innovations in competitions; and to operate globally through cross-cultural problem solving and team building.

The ability to cope with cultural relativity is the key requirement for global managers to succeed today and tomorrow. Familiar aspects of organizational life such as organizational structure, leadership styles, motivation patterns, training and development models, and the very important concept of human resource management, are culturally relative and, therefore, need to be considered when national boundaries are crossed. To facilitate such cross-cultural adaptation, what is required is recruitment of more managers from different areas, acculturation through carefully planned career moves, and cultural sensitisation training. To create opportunities for international collaboration, global leaders must learn not only the customs, courtesies, and protocols of their counterparts from other countries; they must also understand the national culture and mindsets of the people.

Geert Hofstede has helped identify important dimensions of national character. According to Hofstede, culture refers to the collective programming of the mind, which distinguishes the members of one group or category of people from another. Hofstede identifies four dimensions of national culture: power distance, uncertainty avoidance, individualism/collectivism, and masculinity/femininity. Hofstede suggested that although some cultural gaps were not very disruptive or were even complementary, differences between two cultures in uncertainty avoidance were potentially very problematic because

differences in tolerance towards risk, formalization, and the like hamper international collaboration.

At the agency level, differences between cultures, according to these dimensions, have many consequences for management practices. For example, both power distance and individualism affect the type of leadership most likely to be effective in a country. In collectivist cultures, leadership should respect and encourage employees' group loyalty; incentives should be given collectively, and their distribution should be left to the group. In individualist cultures, individuals tend to be more mobile, and incentives should be given to individuals. Hofstede has shown that in countries with lower power distance scores, there is considerable acceptance of leadership styles and management models that are even more participative than those that presently exist. According to Hofstede, the ideal leader in a culture in which power distance is small, would be a resourceful leader. On the other hand, the ideal leader in a culture in which power distance is large, would be a benevolent autocrat.

Cultural differences significantly influence management approaches and the performance of employees within organizations. General principles of management and specific human resource practices evolving out of management theories are currently being seriously questioned in various cross-cultural settings. Cross-cultural understanding and intercultural communications skills, therefore, can contribute to the success of negotiations. Owing to modern travel and communication technology, intercultural encounters have multiplied at a prodigious rate. Embarrassments occur between ordinary tourists and locals, as well as between business partners. Subtle misunderstandings still occur in negotiations between modern diplomats and government leaders. Avoiding

any cultural conflict should be one of the themes of training and education.

Negotiation is a process in which two or more entities discuss common, as well as conflicting interests in order to reach an agreement of mutual benefit. In international negotiations, some of the aspects that differentiate the negotiation process from culture to culture include language, cultural conditioning, negotiating styles, approaches to problem solving, implicit assumptions, gestures and facial expressions, and the role of ceremony and formality. For international negotiations to produce long-term synergy, and not just short-term solutions, individuals involved in the negotiation must be aware of the multicultural facets embedded in the process. The negotiator must understand the cultural space of his or her counterparts. Negotiating is a skill and it can be improved. Fisher addresses five considerations for analyzing cross-cultural negotiations: (1) the players and the situation; (2) styles of decision making; (3) national character; (4) crosscultural noise; and (5) interpreters and translators.

**Players and the Situation:** There is a cultural dimension inherent in the way negotiators view the negotiation process. This raises several issues. Difficulties arise because there is a difference in what negotiators expect of a negotiation social setting. The negotiator should discover what the foreign negotiator expects and then provide a tension-free environment that encourages cooperation and problem-solving.

**Styles of Decision Making:** There are patterns in the way officials and executives structure their negotiation communication systems and reach institutional decisions. A negotiator can find ways to influence a foreign agency's decisions by analyzing its organizational culture and structuring arguments to fit into established guidelines.

**National Character:** Foreign negotiators concerned with international image may be preoccupied with discussions of their national heritage, identity, and language. In addition, foreign negotiators utilize many different styles of logic and reasoning. Cultural attitudes such as ethnocentrism may influence the tone of a given argument. The foreign counterpart may pay more attention to some arguments than others. Negotiation breakdown may result from the way issues are conceptualized, or the way evidence is used.

**Cross-cultural Noise:** Noise consists of background distractions that have nothing to do with the substance of the foreign negotiator's message. Factors such as gestures, personal proximity, and office surroundings may unintentionally interfere with communication. The danger of misinterpretation of messages necessitates analysis of various contextual factors.

**Interpreters and Translators:** There are limitations in translating certain ideas, concepts, meanings, and nuances. Gestures, tone of voice, rhythm, and double entendres are all meant to transmit a message. Yet these are frequently not reflected in a translation. Also, interpreters and translators may have difficulty in transmitting the logic of key arguments. Sometimes, a negotiator will try to communicate a concept or idea that simply does not exist in the counterpart's culture.

Fisher's five part framework provides scholars and consultants with a launching pad for both theory-building and practical applications. These days, negotiation is a popular theme for training courses. It has even been simulated in computer programs which use a mathematical theory of games to calculate the optimal choice in a negotiation situation. These methods are often, however, not useful for international negotiations which take place between

diplomats and/or politicians and/or business representatives. These approaches do not take into account cultural differences that exist between countries. For example, East Asian values and objectives generally accepted in East Asian countries, are not applicable to other countries which might have different values and societal norms. In international negotiations, assumptions about common values and objectives cannot be made. Every player in the game plays according to his or her own rules. Taking into account cultural differences in international negotiations would contribute to the avoidance of unintended conflict.

### **Training and Development for the Global Public Manager**

Equipping executives with a global mindset is one of the key strategic tasks facing human resource management in global organizations. Among other desirable traits and skills, cultural empathy and adaptability are increasingly demanded in the era of globalization. The successful training of future leaders of global organizations requires a radical transformation of thinking about the basic premises of human resource development techniques. There are many essential characteristics for the successful global leader of tomorrow: a global mindset, global leadership skills, an ability to lead cross-cultural teams, energy and talent to participate in global networking, and skills as a global change agent. Traditional training and development approaches fall short of what is required for globalization.

What can central and local government officials do to prepare themselves for their role in the global economy? The development of the global or transnational organization requires senior managers who are not only internationally mobile but who in their minds can also travel across boundaries by understanding the

international implications of their work. How can such competencies be developed? Many more organizations now seek to use international assignments for individual and organizational development, often with the assistance of a centralized human resource function, which can plan and track staff careers on a global basis.

The international experience of Russian and Chinese managers is, for example, relatively low. Generally speaking, business executives may have more opportunities to engage in international activities and in fact, they might have more international experience than governmental executives. In the age of globalization, improving global competitiveness in the public sector is one of the most urgent national priorities in the twenty-first century.

Gertsen argues that what she calls “intercultural competence” consists of three dimensions: affective competence, behavior or communicative competence (the ability to communicate effectively both verbally and non-verbally with host country nationals), and cognitive competence. By this, she is referring to the ability of successful managers to function in a cognitively complex manner, not using crude stereotypes or narrow categorization, but dividing up the world in more subtle ways. This area has been the focus of the education of expatriates, especially during pre-departure training. However, the strategic use of training and development is less common at other stages of the international career development cycle, which is surprising since the culture shock of repatriation is often as great or greater than expatriation. Since both the expatriate and the job to be filled (if there is one) will have changed, mentors and colleagues will have moved on and strategic priorities will have shifted. Organizations need to provide on-going training so that managers adjust themselves to expatriation and

repatriation. With central and local governments expanding their efforts to promote and attract foreign investment or investors, encounters with officials from foreign corporations and governments have significantly increased. Governments are being driven to develop methods for dealing with them because encounters between government officials (in both central and local governments) and representatives of foreign governments and companies have become daily occurrences. Governments have entered the arena of international commerce and open competition under the guidance of the World Trade Organization (WTO) and the Organization for Economic Cooperation and Development (OECD). Some of these encounters are predictable but one element that continues to be problematic is how much and what kind of preparation should be undertaken for interactions with people from foreign cultures.

## Conclusion

It could be seen clearly from the above discussion that human resource management is a complex and complicated process. In order to make human resource management effective, the following suggestions can be considered.

- address training and education to needs of the modern world of work in both developing and developed countries, and promote social equity in the global economy;
- advance the decent work concept through defining the role of education and training;
- promote lifelong learning, enhance employability of the world’s workers, and address the economic challenges;
- recognize the various responsibilities for investment and funding of education and training;

- promote national, regional and international qualifications frameworks which include provisions for prior learning;
- improve access and equity of opportunity for all workers to education and training;
- build the capacity of the social partners for partnerships in education and training;
- address the need for increased technical and financial assistance for the less advantaged countries and societies.

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