Challenges for human resource management in global business strategy

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Changing Paradigm

• Consumer economy drives business realities

• Physical World v/s Virtual World

• Lifetime employment, ‘Theory of the past’

• Work Life Cycle time is crashing

• High aspirations of young workforce

• More women at workplace

• People Need Organisation v/s. Organisation’s need people
Implications

• People have choices

• People are mobile & their commitment is short term

• People demand much more

• Newer models of Employment
Why do organizations go Global?

Vision of creating world class organization with reach to multiple markets.
Contd..

- Global presence in the face of competition is imperative
- Greater and easier access to high growth markets
- Enhancing the position in the value chain
- Access to technology and knowledge
- Leveraging international brand names for own brand building
- Economies of size and scale of operations
- Tapping natural resource banks
- Strengthening capabilities in a niche area
Benefits of Going Global

• New Revenue Potential

• The Ability to Help More People

• Greater Access to Talent

• Learning a New Culture

• Exposure to Foreign Investment Opportunities

• Diversifying Company Markets
Role of Human Capital in Value Creation

Market Value
- Financial Capital
- Intellectual Capital
- Tangible Assets
- Human Capital
- Structural Capital

Employee’s Competencies
Professional: knowledge, capabilities, experience
Social: communication, behaviour

Relationships
Cooperation with colleagues – within departments, teams or expert groups

Values
Attitude towards work – the way people do their job
Challenges for human resource management and global business strategy

• Adapting hiring and retention strategies to prepare for tomorrow’s changing workforce

• Retaining and engaging a changing workforce while lowering labor costs

• Aligning technology best practices to global management strategy

• Managing virtual teams
• Winning the war for talent

• Balancing corporate and societal cultures while promoting diversity

• Preparing for the future by preparing a new set of globally prepared leaders and identifying skills on a local level

• Maintaining a comprehensive understanding of regulations and hiring laws
Adapting hiring and retention strategies to prepare for tomorrow’s changing workforce

**Internal talent management strategies most frequently used to retain skilled workers and improve productivity** (% respondents)

- Grant autonomy to employees in their everyday work
- Offer higher salaries and benefits than the market norm
- Provide a mentoring system with senior staff
- Offer frequent internal job moves to workers with the most potential
- Offer financial incentives for excellent individual performance
- Build and provide frequent clear communication to skilled workers about their career opportunities and path
- Use productivity and collaboration tools to improve staff efficiency
- Place a particular emphasis on training and development
- Set out a compelling strategic vision that inspires employees
- Ensure that managers throughout the organisation have excellent people skills

Source: The Economist Intelligence Unit, “Plugging the skills gap”, 2012.
Retaining and engaging a changing workforce while lowering labor costs

- HR will have to adapt to the composition of the workforce and adapt changes in incentives, benefits policies, and retention strategies for workers that are not just driven by financial compensation.

- Companies have to make sure that their people are committed, productive, and do not leave after a short period, incurring substantial turnover costs and wasting all previous training invested in them.

- Retaining the older workers who wish to delay retirement over the coming years may be less of an issue. However, getting the best out of them might be.
Retaining Gen Y and Gen Z

- **Generation Y**: are reputed to have low organizational loyalty and are eager to make an impact. Even if these younger, skilled workers are committed, retaining them is a major challenge.

- Motivational strategies for younger workers are particularly necessary in regions of the world where there is intense competition for candidates with the right skills.

- **Generation Z**: Gen Z will be just as focused and driven as millennials, however, their definition of a “good employer” will vary in some important areas.

- Gen Z is more focused on their dream job. With Gen Z in particular, job hopping could be a major concern as 83% of today’s students believe that three years or less is the appropriate amount of time to spend at their first job.

- By providing effective and frequent training, as well as professional development opportunities, HR can help their employees—find a niche within the company and maintain a high level of engagement and retention techniques, adapted to the preferences of the relevant individual.
Technology Paradigms

Uber
The world’s largest taxi company, owns no vehicles.

Facebook
The world’s most popular media owner, creates no content.

Alibaba
The world’s largest accommodation provider, owns no real estate.

Airbnb
The most valuable retailer, has no inventory.

Something interesting is happening.
TOM GOODWIN
Aligning technology best practices to global management strategy

• New communication technology has allowed multinational companies to form cross-border teams, where colleagues can communicate with each other constantly.

• Virtual teams also significantly enlarge the pool of available knowledge.

• Culturally diverse virtual teams also stimulate innovation and creativity. Groupthink—decision-making within a group, characterized by uncritical conformity
Winning the war for talent

Exciting Work:
• Interesting, challenging work
• Work I feel passionate about

Great Company:
• Company well managed
• Good relations with my boss
• I like the culture, values
• I trust senior management

Development:
• Career advancement opportunities
• Long term commitment to me
• Build skills to boost career
• Senior managers committed to me
• High performers promoted

Lifestyle:
Can meet my personal/family commitments!

Wealth and Rewards:
• Recognized, rewarded for my contribution
• High performers paid well
Preparing a new set of global leaders and identifying skills on a local level

- A culturally diverse workforce may come up with more creative and innovative solutions to problems.

- Developing practices for promoting collaboration among diverse workers and communicating values and policies across countries and ethnicities.

- Identifying skills on a local level beyond those presented in traditional CVs and résumés will have an advantage over their competitors.
Maintaining a comprehensive understanding of regulations and hiring laws

- Laws regarding Temporary and Part-time workers differ from country to country.

- To understand the nuances of the laws and customs in each of the regions where it operates and ensure that it is treating part-time, temporary and remote workers legally.

- Awareness of ever-changing complex labor laws in each country and region can help solve the traditional visa issues, local versus foreign worker regulations and migration laws.

- Employment process when conducted through online crowdsourcing or other, less traditional recruiting methods, further increases the risks which in turn demands greater understanding of compliance from HR.
“I am captivated more by the dreams of the future than by the history of the past.”

.......Thomas Jefferson
THANK YOU for your attention!