# Challenges for Human Resource Management in the Era of Deglobalization

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**Abstract**

Globalization is term used to define the interdependence of nations across that globe which arises on account of cross border exchange of goods and services. Since time unknown, humans have tried to stay connected socially and this has helped them in improving the quality of life and living standards thus making them better race amongst all the species on the earth. There has always been exchange of goods between humans to cater to different personal needs. With evolution the exchange has taken a more structured form and expanded beyond neighbourhood. Today the whole world is like a single market, thanks to the development in the fields of transportation, communication, and birth of internet. Modern day trade has come a long way from the first notable global trade through the Silk Route. Explorations and colonization had its own contribution in knitting the world together. The modern-day ecommerce has enabled exchange of goods from one corner of the world to another. The need of political establishments of individual nations to ensure their economic growth is maintained, the boundaries across the nations have been shortened. Organizations have become more and more multinational to leverage the cost of goods and human resource and access to new markets leading to Globalization.

In the era of Globalization, organizations have facilitated movement of people from one nation to another leading to increase in diversity of work force. As a result, many Human Resource processes were redefined and recalibrated. Technology has helped in making HR processes standardized and easily adaptable. It has never been easy for HR managers to manage these changes in HR practices and ensure employees are able to perform better.

While the era of 1990s and early 2000s saw the gradual and constant increase in Globalization. However, in 2008, a financial crisis that began in some town in the US engulfed the entire world. This was probably the starting point when the thought of negative impact of global interdependence or globalization started to take off. Many global leaders started to evaluate how much of interdependence or globalization would provide a balanced environment and isolate their nation from losses in the financial market, shutdown slowdowns of organizations and loss of jobs on account of events happening in another countries. Came the pandemic of 2019 and a large part of global supply chain was halted. Again, there were permanent shutdown of many firms and loss of jobs. Russia Ukraine war and the tension in Middle East caused major supply issues of energy and other essentials in many parts of the world. The impact of the political, health, economic disturbances of one nation on the other have made leaders of many nations to start looking for indigenous alternatives and become self-sustainable in terms of manufacturing what they require, build inhouse supply chain for good and service, and develop markets locally for consumption thereby reducing their dependence on foreign investment, exports, and imports. The term De-globalization is becoming more popular since Covid-19 pandemic. A lot of policy changes in promoting indigenous firms which also

create more employment within the country and support domestic workers are being investigated. The concept of one world where there is a high level of interdependence and connectedness was growing, there suddenly is an alarm to take a break and maybe few steps backwards towards reducing the interdependence and developing self-reliance.

This paper aims to study the impact that de globalization will have on the organizational culture, diversity, and employee wellbeing. It also tries to understand about the possible changes that HR leaders will have to make in their organizational practices to strengthen resilience so that they can sail through any possible disturbance in migrating to an era of deglobalization.

**Keywords:** Globalization, De-Globalization, interdependence, resilience, HR, organization.

**Introduction**

The term Globalization was coined by German-born American economist Theodore Levitt in 1983 in an article titled The Globalization of Markets. Globalization can be defined as the increased cooperation in economic, political, and social relationships amongst different nations. The period from 15th to 18th century is known as "proto globalization," and the integration prior to this time has been characterized as "archaic globalization." As compared to these previous integrations, modern-day globalization has happened at an increased pace and to a much bigger extent. This has been possible by the advancement made in the means of transportation, communication technology, and formation of global institutions like IMF, WTO, and groups like G20, BRICS, G7 etc.

Modern globalization can be divided into three phases each marked by points of sudden acceleration in international interaction. The "first globalization" era is the period between 1870 and 1914 during which new transportation and communication technology eliminated the hurdles. The "second globalization" era is between 1944 to 1971, and the international monetary system (based on US Dollar) helped increase international trade. And the "third globalization" era began with the revolutions of 1989–90, which saw opening of many international boundaries for economic exchange and coincided with the creation of the internet.

Globalization is associated with several benefits. The standard of living across the globe has improved, there has been a wide spread of technology and innovation, the cost of products has decreased, and the world has been exposed to new markets, new talents, and new cultures. Globalization also has its shares of demerits. The economic growth has been unequal across geographies, there is lack of local business and loss of local employment, and it has made almost all nations of the world economy vulnerable to global recession.

The demerits of globalization have gradually paved way for a strong opposition to the expanding of globalization and the demand to reverse the associated integration and protect national interests likes promotion of local industries, generation and protection of local employment, growth of all indigenous trade etc. has been gaining grounds inside many nations. The impact of global recession of 2008 on many economies of the world forced leaders to think about insulation of ones' economy from global downfall, the disruption in supply chain during Covid-19 was an eye opener to many leaders to the fact that it is required to shield and promote local industries and indigenous alternatives. The impact of conflicts like the Russia Ukraine war and Israel's counterattack on Gaza (Hamas) have also reinforced the idea of restricting globalization.

One key activity that has acted as an origin point for backlash against globalization is the mass offshoring of western firms into developing nations. The nature of offshoring is to move manufacturing operations to access a different workforce that may have a particular advantage sought after. By doing this the current workforce is removed from the company as they cannot provide the same advantage and are realistically not going to relocate themselves to maintain their employment. The result of mass offshoring increased unemployment in western nations, which has had negative impacts on economic growth (Holland et al, 2007).

Another issue related to globalization and offshoring is the wage stagnation found in developed countries. Wage stagnation refers to the limited increase of average income for low to medium skilled workers. It has been identified that with increased exposure to international trade as well as the increased access to foreign labour markets the average income of low to medium-skilled workers is negatively affected (Ahsan, 2013; Murakami, 2021). Thus, not only do low to medium-skilled workers in manufacturing and service industries face the threat of job loss they must also contend with the fact that their income has remained stagnate whilst multinational corporations have significantly increased their profits (Geishecker, & Görg, 2013), indicating that the globalization process is not beneficial to all (Weiher & Beladi, 2011). The pay gap between high-skilled workers and low to medium-skilled workers continues to grow with exposure to international economic activities, further reinforcing that globalization does not have equal benefits (Barbe, & Riker, 2018). The literature indicates that as global economic interconnectedness increases then the rich and already well off become even richer whilst the poor become even poorer (Lee et al, 2020). These two groups are often referred to as the 1% representing the rich and wealthy upper-class whilst the 99% represent a combination of the middle-class and lower-class who may not be financially affluent.

The Trump Administration and Brexit have demonstrated that anti-globalization sentiment has reached the level of national governance, indicating that deglobalization has begun to manifest at the global level and is longer the viewpoint of some disgruntled citizens. Nationalist and populist governments have been increasing in popularity as they gain support from groups that are sceptical of globalization or international cooperation (Buttel, 2003). This anti-globalization outlook at the government level has begun to impact the international arena with tensions rising between powers and economic confrontations breaking out, as seen by the U.S.A and China Trade War (Žemaitytė & Urbšienė, 2020). A significant increase in tariffs and rising barriers to international business across the world (Abrenica et al, 2019) suggest that the interconnectedness of globalization is being undone and that the anti-globalization movement can no longer be ignored (Charpin, 2021).

As per the existing literature review, the factors driving deglobalization are job loss, income stagnation, wealth inequality, anti-globalization movements, rising nationalism and the impacts of crisis events.

**Objective**

One area that must continuously adapt and evolve to the nuisances of modern day the globalization and now the ongoing deglobalization is human resource management. This paper aims to study the Impact of deglobalization on organizational culture, diversity, and employee well-being and adaptation to achieve organizational resilience.

**Methods and Methodology**

Exploratory research method was used for the study. The study was done based on secondary data availa-

ble on different source.

The systematic literature review method for data collection is a proven and robust tool (Siddaway, 2019). The systematic literature review method draws on the existing literature to collect concepts, ideas and theories into one place allowing for integration of the various understandings on a topic (Siddaway, 2019; Paul & Barai, 2022). The systematic literature review is renowned for its ability to bring together multiple sources to discern avenues for future research (Sahu & Rao, 2020).

The systematic literature review method provides several advantages. Principally, the ability to collect multiple perspectives and arguments on a topic into a single dataset grants the potential for creating new conclusions (Baumeister, 2013) that are vital for the creation of new knowledge. A systematic literature review can achieve these new conclusions through another advantage in the data collection process which minimizes the subjectivity of researchers and any bias that authors may have (Siddaway, 2019). The nature of a systematic literature review which brings together a vast array of resources is what allows for the identification of faults and errors of judgement, in turn refining the understanding on a topic (Snyder, 2019). Another advantage that a systematic literature review provides is that due to the wider intake of resources, any issues related to classification or wording can be overcome through the search terms (Chintalapati & Pandey, 2022). The search terms for this research are presented later in this chapter. The process of data collection through a systematic literature review allows for the use of multiple search terms that can retrieve resources from more specific areas of study and combine them with more general insights helping to combine current understanding with newer, innovative interpretations (Tong et al, 2012). A systematic literature review method for data collection was chosen based on these advantages. These advantages meant that this method was the best fit for addressing the research gap.

The steps are broken down into 5 key stages: Scoping, Planning, Identification & Searching, Screening and Eligibility.

**Finding**

Impact of Globalization on Human Resource Management: Modern globalization has enabled many companies to expand across the globe. Such expansion opens opportunities for new markets, expands operations, and increases new revenue streams. One sector that has witnessed significant change due to globalization is Human Resource Management. Hiring talents from different parts of the globe, changing HR practices to adhere to diverse employment and labour laws, and dealing with cultural differences are some aspects that HR managers had to continuously adapt themselves to. Hiring from the global talent pool gave the opportunity to create a rich mix of educational background and skill set. This led to exchange of ideas, approaches, and sharing of best practices, promoting a passionate work environment, and driving creativity and adaptability. Employees benefited from the exposure to different business practices and perspectives which accelerated their career growth.

However, having a diverse group of people sometimes also affects teamwork and overall productivity as there are misunderstandings on account of differences in communication styles, values, norms, and expectations. Employees sometime experience burnout as they must work across different time zones. Leading a diverse group is another challenge as it requires specialized training. HR managers have overcome these challenges by introducing several new HR practices. Diversity, equity, and inclusion has been accepted and promoted by many companies to overcome some of the challenges discussed above. Expected challenges for HR Managers during deglobalization:

**Promote learning and up-skilling**: As more and more work will have to be done inhouse, upskilling and making employees learn modern technology and requirement of the job will have to be achieved. Automation, digitization, and green transition require workforce to learn new skills. Skill based eligibility is taking place of degree or qualification-based eligibility. Besides hiring candidates with in-demand skill, organisations are also focusing on skill building of their existing employees to improve their competitive edge. Organizations map the internal skills that their employees possess and accordingly make systematic plan for their up skilling and re-skilling by investing in training workshops, certification programs, imparting practical skills depending on the need of the employee and demand for the job that they perform. Organisations tend to make their employees more efficient and productive in the competitive environment and thus build skill pool and succeed in a labour market and competitive economy.

**Promote fairness on wages**: With the increasing cost of living across the globe, minimum wage alone does not provide enough to live with dignity and meet the needs of self and family. This forces many people to look for alternate earning opportunities. It is time that organisations should consider ensuring that their employees are paid at least living wages. Equal pay for equal work irrespective of the gender and ethnic characteristics should be followed as well. The aspect will be important to ensure labour unrest do not take place.

**Promote flexibility of workplace and time**: Hybrid or Flexible work culture is about providing option to employees to choose their work location (office or remote) and work timing. Working from home and working within flexible time are the most common trends especially since the pandemic. Experts see that further extension to this trend will be job sharing (where two employees share full-time role), part-time job, annualised and compressed working hours, phased retirement etc. Such flexibility allows employees to reduce commute time and have more time for self and family which can be invested in personal well-being. Remote working also helps to reduce travel cost and expense on child and adult care. Organisations also benefit from such policies as it reduces office expense. HR leaders are required to clearly define how they will create a fair and equitable workplace for all employees regardless of location and schedule and communicate how leaders will manage employee they never physically see. Greater flexibility is becoming huge perk to attract new talent. This will be key differentiator to retain manpower.

**Promote employee health and wellbeing**: Employees are under a lot of physical and mental stress to cope up with the work pressure in today's highly competitive world. They are expected to exhibit resilience, i.e. successfully adopt or adjust to change (or misfortune) and thus need to be flexible in mental, emotional, and behavioural aspect. The health of employees is a critical aspect for any organisation as a lot of people are diagnosed with work related depression which affects productivity and engagement. Employee well-being is all about caring for employees' work life as well as their personal lives. The concept of employee well-being is gradually shifting to being an opportunity for employers to support their employees by making a healthy organisation than just limited to caring about physical health of employee by providing workplace safety and health insurance. Well-being now spreads beyond physical well-being and includes financial well-being, metal health well-being, social well-being, and career well-being.

**Conclusion**

Human Resource Management began as a new department created within business organizations in the early 19th century to take care of harsh (and criticized) working conditions and resolve disputes between management and union has become an important pillar in today's business ecosystem. There has been

tremendous change in the field of HR and from being a support function; it has become a competitive advantage. The rise of the service sector brought many changes in the way HR operates in organizations. Globalization opened the boundaries of the world and companies expanded into different nations. Once again HR mangers were quick to adapt to the new requirements. Designing new HR policies to comply with the cultural requirement, labour laws, and employee expectations of new markets was an uphill task that was successful overcome. Global HR practices were developed. Learning and development program were put in place to ensure that even when the competitive landscape was widened to the whole world, the competitive advantage was not compromised with. Financial crisis of 2008 and pandemic of 2019 made world leaders to ponder if they had gone ahead too far with integration with the outside economies. Policies and incentives have been initiated to make one's own nation self-dependent to the extent possible, protect local markets, and employment opportunities of local people. Deglobalization is the new reality and once again HR managers must step up to ensure that they make required changes to the polices so that the organization is resilient to the outside change and the diversity and wellbeing of employees is protected.

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