



## Human Resource Management

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# Culture of human resource management in the globalizing world

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### ABSTRACT

Indian economy has been growing at the rate of 8-9% during the last three years thus placing it in the top ten economies in the world. According to one estimate India will be the third largest economy by 2012. Another indication of growing India's international visibility is the growing number of Indian multinational companies in the area of software services, Information Technology, ITES, Biotechnology, Pharmacy, Finance, Petroleum, iron and steel, retail and services. It means more and more companies will open their production facilities and offices outside India. Indian companies have to see as to what styles of management are appropriate in their global operations.

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### Introduction

Since colonial period India has been hosting subsidiary units of multinational companies of European origin and later American companies. Now in the globalizing world we are witnessing the flow of capital and managerial personnel from India to other parts of the world. The European and American companies brought in styles of management that evolved in their historical and cultural contexts.

The Taylor's model of management based on economic conception of man (which assumes that workers have only economic motives) and later, the Human Relations approach, (which recognizes that human beings crave for social interaction at workplace in addition to economic incentives) based on social interactionist approach to management developed in the US have become important approaches in the 20<sup>th</sup> century. However, the meteoric rise of Japan as the most productive nation since the 1970's, especially in the areas of automotive industry, and electronics made other countries to turn to Japan to learn Japanese management philosophy and techniques rooted in its culture. Unlike many Asiatic countries Japan was not colonized by the Europeans. Japanese philosophy of management emphasized collective spirit and the team work. Quality was not seen as a slogan but as an integral part of work ethic. The potential of this kind of ethos for higher productivity was recognized by the Japanese enterprises and was consciously implemented by the management. The workforce also internalized the ethos. Recognition of individuals for their creative contributions as part of the team work in the form of incentives has been contributing to the sustained high productivity and high quality of products in Japanese society. The workers' appreciation of the management's recognition of the individual and collective creative potential led to development of a sense of belonging and commitment to the organization among the workers.

Beginning in the 1980s, the context of production has been changing with the possibilities of locating manufacturing facilities across countries and cultures. The phenomenon gained impetus in the early 1990s with increasing globalization of

production and services. In the context, the need for diversity in management styles appropriate to the context was increasingly felt. This is perhaps what explains the urge on the part of many Western academicians and practitioners of management to explore the Eastern civilizations like that of Japan in the late 1970s and 1980s and more recently India and China for new philosophies of management in the context of globalization.

Since the early 1990s the policy of economic liberalization has opened up global opportunities for the Indian industry. As a result, one can see an increase in the number of Indian industrial enterprises that have begun their operations in other countries.

We will focus our attention on what lessons the Indian civilization can offer to manage human resources. The first principle that should be recognized is that human beings are not resources in the sense of raw materials. Individuals are creative agents who not only react to situations but can create new situations and products. Indian civilization has overtime produced several ideas in managing natural resources and human resources. Indian civilization evolved context- specific strategies of managing scarce human and natural resources. Traditional management system regarding water harvesting and distribution by constructing system of interconnected irrigation tanks of various sizes and complexities in rain-fed areas. That is the reason why India is also called hydraulic civilization. Households were involved in harvesting water and also maintaining the water bodies.

Epics like *Mahabharat* and *Ramayan* and religious texts such as the *Upanishads*, *Bhavadgita* may offer some lessons relevant for management of human resources. Here, one should not attempt to give a communal colour to our attempts to look at the religious traditions. I am sure Islam has several insights to offer regarding management of scarce resources. The *Koran* has to be explored to gain insights relating to management. I am not arguing for revivalism. We should recover secular elements from the religious texts as religion provided an overarching framework of values and codes of conduct in the absence of codified laws as in the contemporary times. Religious ideology tended to subordinate secular behaviour to theological doctrines.

The Indian civilization has produced a rich repertoire of methods. Apart of the familiar methods of Sama (convincing people), Dana (giving incentives), Bedha (recognizing differential performance), and Danda (punishing non-performers), the Indian civilization has evolved a sophisticated notion of empathy. The epitome of empathy is reflected in the *advaita*, philosophy the essence of which is 'seeing one self in other and seeing the other in oneself' (*I am thou*). A related concept is indicated by the verse '*Ishanaas Sarva Vidyanaam Eshwarha sarva bhootanam*' (There is god in every *vidya* and in every organism). Internalizing this principle will go a long way in understanding the view point of the other, the ultimate outcome of empathy. It also has important implications for environmental ethics. At the Indian Institute of Management, Kolkata, the Management Centre for Human Values (MCHV) has evolved teaching and training programmes based on the 'perennial corpus of Indian Psycho - Philosophical wisdom' and the 'Vedantic Ethic' to bridge the gap between the 'Protestant Ethic' from the Far West and the 'Confucian Ethic' from the Far East (<http://www.iimcal.ac.in>). Ancient Indian methods of Yoga and meditation are now internationally recognized as important methods of disciplining the body and mind and stress management in diverse fields that are demanding including fields of activity like theatre, dance and martial arts.

Now let us look at the uniqueness of the human resources employed by the Indian It industry and the issues relating to the management of professionals in the IT industry. The Indian IT industry has begun providing services to overseas clients since mid- 1990s. In a short span of time the Indian IT industry established its global brand equity in software. There has been a phenomenal growth in the number of software professionals employed by the IT majors. Currently the number of professionals employed by big IT companies ranges from 35 to 65 thousand. This creates enormous complexity in managing human resources in the Industry. The structure of software industry is different from a typical from manufacturing industry. The software industry is characterized by less hierarchy (flat structure), more team work involving individuals with skills in different application software tools in addition to their professional educational qualifications. The companies invest substantial amounts of resources in training the individual employees. Once the software professionals are involved in projects they have to operate as coherent teams. These less hierarchical structures also imply more frequent and intense interaction among peers in the team and superiors.

Software industry in India is client-driven industry. Software industry is the only industry where the client is in direct and continuous interaction with the developing team of a

software company through out the project cycle. Executing the projects for overseas clients involves working across time zones and across cultures. This necessitates cross cross-cultural communicative interaction between the software developers and the management of the software company on one hand and the overseas clients on the other. Completion of projects according to client's specifications (which keeps changing during the development of the project) requires compatibility of individuals in the teams in terms of skill endowments, both technical skills and soft skills (which is acknowledges as an important problem) and interpersonal relations, both formal and informal. Techniques of team building to achieve the compatibility are essential in this context. In this context, techniques of role play based on empathy based on *Advaitic* philosophy assume significance. Software professionals are subjected to both physical and mental stress in general (they are expected to upgrade their knowledge of the software tools they use and learn new tools) and during the course of the execution of the project in particular. Some studies have shown that a section of the software professionals tend to develop health disorders- obesity, hypertension and premature cardiac problems. Techniques of yoga and mediation should be introduced to manage stress. Physically and mentally agile professionals will contribute to sustain productivity and efficiency of the organization.

Another feature of Indian software industry, unlike the typical manufacturing industry is that the continuation of the services of the professionals depends on the organization's ability to impress the client and get the projects on a continuous basis. In the lien period when the projects are in the pipeline trained professionals have to wait. One the new projects come new project teams are constituted which involves shuffling of professionals across teams.

In the context of these dynamic operations a company has to evolve appropriate context-dependent management strategies to stay in business. We see now a tendency in software companies to have a 'hybrid management strategy' of employing American and Japanese management. They have to explore the repertoire of Indian civilization to evolve appropriate strategies of management of human resources at micro-level (team level) and macro- level (firm level).

It is often said that management is more of an art than a science. One of the important aspects of the art of management is learning to deal with people, encountering new situations in executing the work. In the context of globalization the academicians and practitioners of human resource management have to imaginatively evolve strategies that are highly sensitive to the context both in terms of space and culture.