The prospects and challenges of globalization in international human resource management in third world countries

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Abstract

This paper is focused on the merits and demerits of Globalization in international human resource in third world countries. Some of the merits noted in this paper includes: development of international trade and companies, enhancing information speed, reducing the occurrence of conflicts/war, increased free trade, eradication of cultural barriers, and increased liquidity of capital, greater flexibility and spread of democratic ideas. The demerits that have been cited includes among others; greater dependence of countries on one country, decrease of environmental integrity, unemployment, limitation of cultural expression, increased likelihood of economic disruption in one country affecting the rest, threat of world media control, corporate influence of nation states far exceeding that of civil society and extinction of small scale industries.

Introduction

Globalization is the process by which different economies, societies and the people of the world are unified into a single society and functions together (Nilson 2010). Globalization is often used to refer to economic integration of national economies into the international economy. This is done through trade, foreign direct investment, capital flows, migration, and the spread of technology.

Globalization also refers to the interaction of an economy with all the other economies of the world. This kind of interaction can be from financial transaction, trade, politics, education, production and so on.

Globalization according to sociologists, it's an ongoing process that involves interconnected

changes in the economic, cultural, social and political spheres of society.

It's simply a process of economic, political and cultural integration and unification, which involves many /a number of countries and majority of huge enterprises.

Evolution of Globalization:

Globalization is not a recent phenomenon. For thousands of years, people and later corporations have been buying and selling products to each other in lands at great distances, such as through the famed Silk Road across Central Asia that connected China and Europe during the Middle Ages. Likewise, for centuries, people and corporations have invested in enterprises in other countries. However, the twentieth century saw unparalleled growth when global per capita income increased more than five times. But this growth was not steady. During the interwar period, most of the countries believed in closed economies and protectionism. It was only after the end of the World War II that there was more talk about globalization.

Globalization intensified at the end of the Cold war due to certain specific reasons. Firstly, the end of the cold war greatly reduced the significance of ideology in international relations thus paving the way for more economic interconnectedness between nations. States began to give priority to economic development and economic cooperation than competing for power among themselves.

At the same time countries that were lagging behind in economic development took advantage of the ongoing scientific and technological advancement, began to open up their economies for trade purposes. This resulted in flow of global capital, technology, services and labour. For example, since 1950, the volume of the world trade has increased by twenty times, and just from 1997 to 1999 flows of foreign investment nearly doubled, from $468 to 827 billion. Distinguishing this current wave of globalization from the earlier ones, **Thomas Friedman** said that today globalization is 'farther, faster, cheaper, and deeper.

Though there was unprecedented growth in income, it was quite obvious that the progress was not evenly dispersed. There was a wide gap between the rich and poor countries and also between the rich and poor people within these countries. The rich are becoming richer while the poor are becoming poorer.

There are four main parameters/components of globalizations:

The free flow of goods and services between countries is due to the reduction of trade barriers.

Creation of an environment for capital flows and inter-state investment.

The free flow of technology from one country to another.

The free movement of labor among nations.

In reality, globalization can only be achieved if all the four components are present. However, globalization has some advantages and disadvantages as discussed below:

Advantages:

Increased employment opportunities: as globalization grows, more and more companies are building businesses in other countries. This, in turn, increases employment opportunities in places where people redeem themselves. People can get better jobs without having to move to other countries to find better jobs. Today, many multinationals, such as Microsoft, Google and Toyota, have offices in the seven continents.

Easy access to better Education: with the increase of globalization, it is easier for people to cross national borders to get better education in different parts of the world. This has led to cultural integration where People from underdeveloped countries often move to developed countries to receive better education. For example students from the third world countries have the opportunity to cross boundaries in search for higher education in countries such as Britain or the United States of America, Canada to mention but few.

The rise in free trade: the increase in free trade opens the door for rich-world investors to invest money in third world countries thus improving on their economy. Large companies in developed countries have the freedom to operate in less developed countries. As a result people in the third world countries are most likely to be in position to get better jobs with those large companies.

Rapid information Flow: information flows directly from one part of the world to another, leading to the world being bundled together. Important information can be shared at a very fast rate between individuals and companies. It also helps to improve the facilitation

of transport personnel and goods in the third world countries. And because of the advancement in technology for example the use of internet, videoconferencing and Email has helped the traders to order goods on online through the use of E-procurement all over the world.

Decrease in prices of goods and services: As the competition in the market gradually increased due to rapid globalization, producers have to price their products competitively in order to remain in the market. This has become a great advantage for the consumer as he/she can get better quality products at cheaper price.

Reduction of cultural barriers: As people move from one country to another, barriers between cultures tend to diminish. This has led to tolerance and openness to other cultures. This has also facilitated communication between different cultures, thus facilitating communications among nations. This has also led to the reduction of war, as we live today in one of the most peaceful periods in human history.

Attracts foreign capital and technology: globalization greatly contributed to the poor countries, through infusions of foreign capital and technology, with the chance to develop economically and by spreading prosperity, creates the conditions in which democracy and respect for human rights may flourish.

Globalization creates Peace and stability: Globalization leads to peace and stability between nations as no country would remain isolated in this new world. For example the relationship between Africa and China, United States, and United Kingdom has changed dramatically as their trade partner status has increased over the years. Since most of the third world countries import goods and services from those developed countries in turn creating peaceful co-existence.

Economic prosperity and opportunity: It is claimed that globalization increases the economic prosperity and opportunity in the developing world. Through trading with different Nations there will be an increase in the economic prosperity because business men from all over the world will be in position to import and export commodities hence leading to the economic prosperity in the their countries.

Greater range and access to different products: Through the existence of globalization customers will have access to different products coming from different countries around the globe. As such, consumers will be able to get quality products at cheaper price to all the final consumers.

Increased spread of democratic ideas.

Increased environmental protection through more awareness creation.

Increase free trade i.e. removal of trade embargos on the participating countries.

Disadvantages:

Environmental degradation: Developed countries can take advantage of weak regulatory regulations on environmental protection in underdeveloped countries. A company may want to build factories in other countries because environmental laws are not strict as they are at home. Poorer countries have to cut down ties for the investors to build industries in turn leading to environmental degradation in the third world countries.

Unfair working conditions: Many multinationals are accused of social injustice for exploiting labor in underdeveloped countries to reduce costs. The labor force provides unhealthy working conditions leading to health hazards. Many large companies have also been accused of using child labor in factories in the less developed countries. Nike's widespread use of child labour in Indonesian factories is a good example of poor working conditions and low wages.

Declining employment growth: while the idea of promoting technological progress and productivity improvement has become the cornerstone of globalization, in the past few years such progress has led to the reduction of employment growth in some developing economies. This can also be attributed to the fact that when workers in a country begin to demand better wages, companies move production facilities from one place to another to find cheaper labor.

The widening gap between the rich and the poor: 86% of the world's resources are said to be consumed by the world's richest 20% people. This means that 80% of the poverty will only consume 14% of the world's resources. This is a direct result of globalization, with some activists thinking that globalization will only serve the rich and that the poor must confront its disadvantages.

Small-scale industries face extinction: Small-scale industries in a particular locality are endangered because they do not have the resources and the power of multinationals. As a

result, these small industries cannot compete with big companies. One example is the bamboo furniture industry in India. Manufacturers went out of their homes, working hard, making furniture out of bamboo. These workers cannot compete with large companies that sell cheap plastic furniture, so their industries are facing extinction.

The rapid spread of deadly diseases: fatal diseases, such as AIDS or other communicable diseases can be spread by travelers quickly or by the direct consequences of globalization. For that matter, our traders are most likely to be infected with such diseases and as a result traders are greatly affected both health wise and economically.

Globalization enforces competition: For example competition between the superpowers as such encouraging other countries seek Hegemony. For example countries like United States of America, China, India, among others. This means that globalization doesn't favor the third world countries instead it favors the developed countries as far as economic development is concerned.

Unemployment: globalization causes unemployment in industrialized countries because firms move their Factories to places where they can get cheaper labor. Therefore, more and more people in developed countries are losing their Jobs because companies are out sourcing in the low developing countries.

Limits cultural expressions: globalization may limit cultural expression because most people in the low developing countries will tend to adapt western culture hence forgetting about African culture. For example, the way we dress, languages, taboos and Norms will disappear in favor of western culture or the developed countries.

Great dependence of one country on another: It's true that, Most African countries until today still depend on the developed countries for better services. In the third world countries most goods and services are being imported from developed countries such as U.S.A, UK, CHINA and these goods may range from Computers, Vehicles, Second hand clothes, Medical services, hiring expatriates such as Engineers and Doctors. For example recently Uganda imported Doctors from Cuba.

Extreme pollution of the environment: It's believed that many Industries have been established in several parts of the third world Countries and due to the establishment of various Industries different parts of Africa, it has greatly contributed to the extreme pollution of the environment. For instance Pollution from these different manufacturing

companies may lead to global warming, health hazards which might affect the health of Innocent people living in Industrial Areas.

Trade barriers: Globalization is supposed to be about free trade where all barriers are eliminated but there are still many barriers. For instance161 countries have value added taxes (VATs) on imports which are as high as 21.6% in Europe and the U.S. does not have VAT. This becomes so difficult for the traders in the third world countries to import goods and services.

Increased likelihood of economic disruptions in one country affecting the other countries as well.

It causes a threat of peace disruption as reactions against globalization in line with cultural preservation can turn out to be violent.

Corporate influence of nation states far exceeds that of civil society organizations and average individuals.

Moral decay due to spread of a materialistic lifestyle and attitude.

Recommendations

Developing countries should promote and adopt a common culture of awareness and a mutual sense of responsibility within the global community.

Developing countries should affirm and endorse practices and policies that facilitate free & open exchange of information.

In conclusion, globalization is an important aspect to be adopted as it positively impacts on the societies that embrace it to a greater extent, as it allows economic growth, connections(inter relations), diverse employment opportunities, and increases the level of innovations and creativity since global companies need comprehensive strategies for their survival.

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