

Human Resource Management, International Labour Standards and Globalization

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Abstract

Human resource is one of the eight inputs of the systems cybernetic model. The other inputs are materials, money, time, energy, knowledge, information and infrastructure. These inputs are transformed by the process to get the output with feedback and control. The human resource is considered as the most important resource even in automated systems. There is a need to have the human element to trigger production. This is because all other inputs are inert. Management has the responsibility to ensure that organizational objectives and goals are achieved by utilizing both human and material resources. Human resource management is that aspect of management that handles the management of people at work. It is a very important managerial function just like production, finance, marketing, research and development and innovation. It handles such activities like recruitment, selection, placement, orientation, induction, training and development, wage administration, industrial relations management and employee welfare management and motivation. There are many international benchmarks that are needed for effective human resource management. This study therefore undertakes a review of human resource management within the context of international labour standards and globalization.

Keywords: Human Resource Management, Labour Standards, Globalization

1.0 INTRODUCTION

Strategic human resource management is largely about integration and adaptation. Its concern is to ensure that: (1) human resource (HR) management is fully integrated with the strategy and the strategic needs of the firm; (2) HR policies cohere both across policy areas and across hierarchies; and (3) HR practices are adjusted, accepted and used by line managers and employers as part of their everyday work". Throughout the world, the HR profession has to respond to increased competition for globally mobile talents, changes in both workforce attitudes and composition, shifts in the employer/worker relationship and rapid advances in human resource technology. New kinds of technical knowledge, skills and abilities would require human resource practitioners in future who are flexible and willing to deal with the ever accelerating pace and often unpredictable changes in the global workplace, especially in technology (Mayrhofer and Brewster, 2005). The human resource profession needs to evaluate the implications of a movement into an era of decentralization, which if used properly, may lead to liberation. The era will require a new kind of business, based on a different paradigm that can bring together the contributions of autonomous individuals in a socially sustainable way. It is thus clear that a new way to manage human resource as a paradigm is emerging, as well as new human resource managers should manage themselves (Limerick et al, 2002). The main focus for managers of this century is the urgency to manage change speedily and efficiently in a human resource management context with appropriate competencies. Issues like international human resource management, diversity, employment equity, generation Y, reputation management and corporate ethics amongst others must be factored regarding future identification of human resource professionals' role and capabilities.

Various authors (Kane, 2006; Burton, 2003; Swanepol et al, 2002 and Nel et al, 2005) have identified factors which act as barriers to effective human resource management. Some of the pertinent issues are: top management has a low priority, and offer a short-term view of what the real issues in human resource management and the profession are. According to various researchers (Parmenter, 2002; Burton, 2003), human resource management practitioners are perceived to lack sufficient knowledge and skills necessary to implement effective human resource management practices at various levels in their organizations (Burton, 2003). Human resource professionals have not been assertive enough to be present in the boardroom to guide human resource programmes to achieve long-term impacts on human resource initiatives. This probably points to a lack of adequate drive and communication to apply strategic human resource management (SHRM) fully (Kane, 2001).

Many international benchmarks that are needed for effective human resource management now exist. This study therefore undertakes a review of human resource management within the context of international labour standards and globalization. It is divided into five sections. Apart from section one which is our introduction, section two discusses strategic human resource as a response to the challenges of globalization. Section three presents some relevant tenets of the international labour standards Act. Section four X-rays globalization and decent work while section five contains our conclusion.

2.0 STRATEGIC HUMAN RESOURCE AS A RESPONSE TO THE CHALLENGES OF GLOBALIZATION

Strategic Human Resource Management (SHRM) involves a set of internally consistent policies and practices designed and implemented to ensure that a firm's human capital (Employees) contributes to the achievement of its business objectives (Baird and Meshoulam, 1988; Delery and Doty, 1996; Huselid et al., 1997; Jackson and Schuler, 1995), Schuler (1992: 18) has developed a more comprehensive academic definition of SHRM:

Theoretical Foundation of Strategic HRM

Several theoretical perspectives have been developed to organize knowledge of how HRM practices are impacted by strategic considerations as briefly described below. Wriqth and McMahan (1992) have developed a comprehensive theoretical framework consisting of six theoretical influences. Four of these influences provide explanations for practices resulting from strategy considerations. These include, among others, the resource based view of the firm and behavioural view. The two other theories provide explanations for HR practices that are not driven by strategy considerations: (a) resource dependent and (2) institutionary theory.

Implications for HRM Practice

The idea that individual HR practices impact on performance in an additive fashion (Delery and Doty, 1996) is inconsistent with the emphasis on internal fit in the resource-based view of the firm. With its implicit systems perspective, the resource based view suggests the importance of "complementary resources", the notion that individual policies or practices "have limited ability to generate competitive advantage" (Barney, 1995:56) This idea, that is system of HR practices may be more than the sum of the parts, appears to be consistent with discussions of synergy, configurations, contingency factors, external and internal fit, holistic approach, etc (Delery and Doty, 1996; Huselid, 1995). Drawing on the theoretical work of Osterman (1987, Sonnenfeld and Peiperl (1988), Kerr and Slocum (1987) and Miles and Snow (1984); Delery and Doty (1996) identified seven practices that are consistently considered strategic HR practices. These are (1) internal career opportunity (2) formal training systems (3) appraisal measures (4) profit sharing (5) employment security (6) voice mechanisms and (7) job definition. There are other SHRM practices that might affect organizational performance. For example, Schuler and Jackson (1987) presented a very comprehensive list of HR practices. However, the seven practices listed by Delery and Doty(1996) above appear to have the greatest support across a diverse literature. For example, nearly all of these are also among Pfeffer's (1994) 16 most effective practices for managing people.

3.0 THE INTERNATIONAL LABOUR ORGANIZATION'S CORE LABOUR STANDARDS AND THE WORKPLACE RELATIONS ACT 1996.

Constitution of the International Labour Organization, Article 7

The governing body is the executive council of the International Labour Organization (ILO) and meets three times a year in Geneva. It comprises 56 members, of whom 28 represent governments, 14 represent workers and 14 represent employers. Ten of the 28 government seats are reserved for the states of chief industrial importance. The governing body takes decisions on ILO policy and establishes the programme and the budget, which it then submits to the conference for adoption.

The international labour office is the administrative arm of the ILO. It is headed by the Director General who is elected by the governing body for a renewable term of five years. The office is answerable to the governing body through the director general.

Creating International Standards

The ILO formulates instruments that set minimum standards for basic labour rights. These instruments are generally conventions, which are legally binding international treaties that may be ratified by member states. The ILO also uses other mechanisms to establish important standards or principles, such as declarations adopted by its conference (for example, the 1944 Declaration of Philadelphia and the 1998 declaration on Fundamental Principles and Rights at Work). The ILO formulates recommendations, which serve as non-binding guidelines

that complement its conventions.

International labour standards generally result from international concern that action needs to be taken on a particular issue. As a first step, the Governing Body agreed to put an issue on the agenda of a future International Labour Conference. The International Labour Office then prepares a report that analyses the laws and practices of member states with regard to the issue. The report is circulated to member states and to workers' and employers' organizations for comment and is discussed at the International Labour Conference. A second report is then prepared by the Office with a draft instrument for comment and submitted for discussion at the following conference where the draft is amended as necessary and proposed for adoption. This double discussion process gives conference participants time to examine the draft instrument and provide comments.

A two-thirds majority of votes by delegates is required for an international labour standard to be adopted. This has a number of benefits, as Creighton and Steward note. It means that; "...a standard cannot be adopted in the face of concerted opposition from government delegates. It also means that a standard is unlikely to be adopted in the face of the concerted opposition of employer or union delegates... This sometimes means that standards which are adopted represent the 'lowest common denominator'".

The Application of International Labour Standards

ILO member states are required to submit any convention adopted at the international labour conference to their national competent authority(s) – generally their parliament(s) – for the enactment of relevant legislation or other action, including ratification. They are required to do this: "...within the period of one year at most from the closing of the session of the conference, or if it is impossible owing to circumstances to do so within the period of one year, then at the earliest practicable moment and no later than 18 months from the closing of the session of the conference ..."

The Supervision of International Labour Standards

Member states are required to report to the ILO on the measures they have taken to give effect to ratified conventions, according to the type of instrument and the schedule notified by the International Labour Office. Every two years, governments must submit reports detailing the steps they have taken in law and practice to apply any of the eight fundamental and four priority conventions that they have ratified. For all other conventions, reports must be submitted every five years; except for conventions that have been shelved (these are no longer supervised on a regular basis). Reports on the application of conventions may also be requested at shorter intervals. In addition, each year a general survey is conducted on one or more conventions or recommendations relating to a particular subject and all member states are required to report, irrespective of whether they have ratified the instruments concerned. Representative worker and employer organizations have the opportunity to comment before government reports are sent to the ILO.

Observations are assessments of a government's compliance with a convention, which are published in the report of the Committee of Experts. They generally only occur when the committee is not satisfied with the progress of the closed process of dialogue through direct requests. It should be noted that observations are not legal determinations and are not finally binding. Only the International Court of Justice can provide a definitive view of the meaning of a convention. However, observations are authoritative in the sense that they represent the considered views of a panel of eminent jurists elected for the purpose of providing an impartial, technical evaluation of the application of the ILO's conventions. The reports of the Committee of Experts provide the basis for discussion at the Conference Committee on the Application of Standards. Representation and compliant procedures can also be initiated for states that fail to comply with conventions they have ratified.

International Labour Standards through fundamental conventions

The mid of late 1990s marked a new phase for the ILO, which sought to reposition itself in the multilateral arena and re-establish its credibility as an influential international agency. It did this by refocusing the attention of its member states on the implementation of a set of core labour standards contained in conventions identified as fundamental. These instruments were concerned with the protection of fundamental human rights that were seen to attain heightened importance in the context of globalization. The ILO has been successful in having its revised agenda endorsed by a number of international organizations.

This Declaration has been recognized as marking 'a new and important step in the ongoing struggle to develop multilateral instruments that will reconcile the globalization process with the need to preserve the core rights of

labour. In relation to these core rights, their recognition was not to be governed by the national context or the level of economic development. Further, as already noted, the source of the obligation to implement these principles and fundamental rights was said to lie in membership of the ILO, not ratification of the convention. A follow-up to the Declaration established arrangements to encourage member states to promote the fundamental principles and rights enshrined in the Declaration. These include technical cooperation, simplified annual reporting requirements in relation to unratified fundamental conventions, and global reports. The latter are reports submitted to the ILO's annual conference by the Director General and focus on a different fundamental convention each year.

Founding of the ILO

The ILO was founded in 1919, in the wake of the First World War. In 1919, the achievement of social justice was seen as essential prerequisite for the maintenance of world peace. The ILO was entrusted with working towards this objective and was given the task of adopting international labour standards as its principal means of action. This vision was set out in the preamble to the ILO's constitution, which also identified priorities in carrying out this program: as earlier said, according Mark Levin at the recently held ILO cooperative Branch conference in Johannesburg, South Africa, the ILO is a specialized agency of the United Nations established in 1919 to promote social justice and internationally recognized human and labour rights. Today, the ILO has a total of 176 member states from across the globe. The ILO has a tripartite structure – its governing institutions, the International Labour Conference and the Governing Body, reach decisions on the basis of discussion and negotiation between government, employer and worker representatives. The ILO provides unique opportunities for different views on the social and economic challenges of the day to be aired – and for decisions affecting the working lives of billions of people worldwide to be taken through consensus. We consider that the breadth of opinion expressed within the ILO is a valuable asset.

Clearly, globalization has brought widening opportunities, great prosperity and development for some economies. Economies and individuals that have been able to take advantage of the expanding global marketplace have benefited considerably – as a result many see globalization as an instrument of progress. However, we should also be cognizant of some unpleasant facts from the world of work – the ILO estimates that more than a billion women and men are unemployed, underemployed or what we term the working poor. Some 120 million migrant workers and their families have left their homes in search of finding a job elsewhere. The information economy absorbs six out of every 10 new jobs created globally, mostly in unprotected, low-income, self employed service sector occupations. Everywhere, the cost of occupational injuries and illnesses is heavy. Blatant violations of trade union rights are a sad reality in many countries and more than 120 million children aged 5-14 years are working full time in developing economies .

Is globalization to blame for all this? Clearly not, but to quote the ILO Director-General's statement to the recent world summit on Sustainable Development in Johannesburg, "the present form of globalization is exacerbating rather than bridging social division within and between countries". He continued: "Many throughout the world are deeply disturbed, and downright angry, at the failure to reverse these trends. Many people believe that globalization itself has raised insecurity, eroded rights and created increased fears of exclusion and vulnerability.

In order to study these issues in depth, to move the debate forward from conflict to consensus and to ensure that process of globalization works for all, the ILO has established a world commission on the social Dimension of Globalization. The 25 member commission is co-chaired by Ms. Tarja Halonen, president of the Republic of Finland, and Mr Benjamin William Mkapa, president of the united R epublic of Tanzania. Members of the commission include distinguished individuals from around the globe and from a variety of constituencies. From the United States we have Ms. Ann McLaughlin Korologos, Professor Joseph Stiglitz and Mr. John Sweeney. The commission began its work in early 2002 and is expected to release its final report during the course of 2003. In common with other international commissions of this nature, its deliberations will remain private for the moment to allow the members to develop their ideas freely. It will be drawing on expertise from around the world, including from the multilateral system, but also from a wide range of actors through consultations at regional and country level. The task of the co9mmission is to consider how to make globalization a more inclusive process that promotes development. Issues of concern to people in their daily lives such as work and unemployment, poverty and deprivation, economic development and social justice are being addressed. We can expect the commission to come up with ideas about how to promote greater policy coherence among global development actors. In this context, I read recently that the newly elected Director-General of the World Trade Organization, Dr Supachai Panitchpakdi, has said that he would seek to achieve global coherence between the

WTO and other international bodies, including the ILO a statement that bodies well for the future although we see how this pans out in reality.

4.0 GLOBALIZATION AND DECENT WORK

It is against the background of the challenges and opportunities posed by globalization that the ILO has developed the concept of Decent Work to encapsulate our primary goal today which is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity. Thus Decent Work implies access to employment in conditions of freedom, the recognition of basic rights at work which guarantee the absence of discrimination or harassment, an income enabling one to satisfy basic economic, social and family needs and responsibilities, an adequate level of social protection for the worker and family members, and the exercise of voice and participation at work, directly or indirectly through self-chosen representation organization.

How can the Decent Work agenda serve as a platform for thinking about globalization and about the needs of developing countries? In a recent article in the international Herald Tribune, the Director-General of the ILO outlined what he called some “common sense approaches that can make globalization more equitable”. Here they are:

- Concentrate on creating opportunities for decent work and income in areas and large cities through an enabling environment for investment and skills development, particularly for self-employment and for micro, small and medium enterprises.
- Move away from the bubble and speculation of the casino economy fuelled by primary financial markets, toward a real economy based on saving, investment and creativity that generate solid companies and quality jobs.
- Promote social entrepreneurship and socially responsible investment funds. Put strict limitations on the linkage between pension funds and stock markets. Protect the value of savings.
- De-link economic growth from environmental degradation by investment strategies for sustainable development made possible by new environment-friendly technologies.
- Invest heavily in information technologies and, through development cooperation, enable poor countries to access these techniques.
- Place policy options on a sound footing by promoting social dialogue among workers and employers and civil dialogue with representative voices of society.
- Inject fairness and accountability into the international trading and financial systems.

Much of this is indeed “common sense”, or should be, but regrettably the promotion of this agenda is an uphill struggle. Employment promotion is far from being at the top of the list of many of the major multilateral development frameworks. The ILO faces a major challenge, for example, to ensure that employment concerns are taken account of in the World Bank-driven “Poverty Reduction Strategy Papers” (PRSPs) which, in the words of the Bank. “describe a country’s macro-economic, structural and social policies and programs to promote growth and reduce poverty, as well as associated external financing needs. PRSPs are prepared by governments through a participatory process involving civil society and development partners”. Many major donor countries are committed to this process, as well as the UN and its specialized agencies. The ILO is mainly concerned with what we call “mainstreaming the Decent work agenda” which involves pushing ILO concerns about workers’ rights, employment creation, social protection and social dialogue onto national policy agendas. The ILO has specifically focused on strengthening the ability of the social partners (employers’ and workers’ organizations) to participate more effectively in the PRSP process. The ILO is also active in contributing towards the achievement of the UN’s Millennium Development Goals which aim to halve by 2015 the proportion of people whose income is less than \$1 a day.

Globalization, Decent Work and Ownership

What have all these got to do with ownership? Everything Quality job creation and retention argument is based on these six key ideas:

- 1) Workers’ ownership saves jobs by preventing enterprise closure
- 2) Workers’ ownership motivates people to be more productive
- 3) Companies with substantial workers’ ownership out-perform those without it
- 4) Workers’ ownership enables people to participate
- 5) Participation contributes to creating healthier communities
- 6) Broadened ownership of capital has the potential to mitigate some of the negative effect of globalization

by anchoring the ownership of productive assets at the community level.

In general terms, the greater the degree of ownership and participation in decision-making, the more likely it is that workers' ownership will achieve these goals. All things being equal therefore, if we look along a spectrum of ownership models, genuine workers' cooperatives would probably demonstrate the highest degree of ownership and participation in decision-making, while minority employee share-holding with little participation would probably be the least. This perhaps explains why the ILO has traditionally been mainly engaged at the cooperative end of the workers' ownership discussion.

In terms of the ILO's Decent work agenda, therefore, worker's ownership provides "productive work in conditions of freedom, equity, security and human dignity" while anchoring capital locally and increasing economic democracy. For this reason the ILO has been actively engaged in supporting cooperative development since the establishment of a cooperative technical service in 1920, deriving its mandate from the ILO's Constitution which provides for consultations with recognized non-governmental international organizations including those of agriculturists and cooperators. It is interesting to note that the first ILO Director-General, Mr. Albert Thomas, was a member of the Executive Committee of the International Co-operative Alliance, which as the global voice of the cooperative movement maintains a consultative status with the ILO.

The ILO, then and now, has viewed cooperatives as important tools for improving the living and working conditions of both women and men. The ILO sees cooperatives as businesses that are based on a broad set of democratic and egalitarian values. Since cooperatives are owned by the users of the services they provide, they make decisions that balance the need for profitability with the welfare of their members and the community, which they serve. As cooperatives foster economies of scope and scale, they increase the bargaining power their members providing them, among others benefits, higher income and social protection. Hence, cooperatives accord members opportunity, protection and empowerment – essential elements in uplifting them from degradation and poverty. The ILO has thus always supported the development of cooperatives as important vehicles in meeting its goals and has the largest technical cooperation programme on cooperative within the UN system.

With the ILO's recent consolidation of its focus on Decent Work, the Cooperative Branch has placed greater emphasis on the employment creation activities of cooperatives and their capacity to provide social protection, especially to the marginalized sectors of society. The organizational flexibility of cooperatives to reach out to the informal economy provides a good opportunity to improve the conditions of work in this otherwise unprotected sector. It is noteworthy that the very equality, equity, solidarity, social responsibility and caring for others – find congruence with the notion of Decent Work.

At the International Labour Conference in Geneva, the ILO adopted a new international labour standard on the promotion of cooperatives – Recommendation No. 193. A Recommendation is a policy guide to member States and is not legally binding as in the case of a convention. Nevertheless, from past experience we know that ILO recommendations find their way into the law books and government policies of many of member countries. The main features of Recommendation No. 193 are as follows:

- Recognition of the global importance of cooperatives in economic and social development (cooperatives are after all the largest non-governmental movement on the planet with nearly 800 million individual members).
- Reaffirmation of the cooperative identity based on values and principles.
- Equal treatment for cooperatives vis-à-vis other types of enterprise.
- Definition of the government's role in creating a supportive policy and legal framework and in facilitating access to support services and finance, without interference framework, and in facilitating access to support services and finance, without interference.
- An active promotional role for employers', workers' and cooperative organizations.
- Encouragement of international cooperation.

5.0 CONCLUSION

This paper set out as a contribution to the current discourse on the interaction of globalization, human resource management and business performance especially with a flavor of the challenges from the perspectives of developing countries. The paper presents a framework for Strategic Human Resource Management as a response to prepare organizations for the challenges of globalization. It has been observed that by and large, organizations

have achieved relatively low levels of effectiveness in implementing Strategic Human Resources Management (SHRM) practices (Huselid, et. al., 1997). If the propositions outlined above are supported, then the real challenge for organizations in the era of globalization is to pay particular emphasis on strengthening their human resources by upgrading the relevant competencies.

As governments and corporate bodies brace up for the new millennium characterized by an ever-increasing global challenge, developing countries have no choice but to develop and continuously upgrade the human resource and business competencies of their workforce. Again, distinct competencies are important to deal with not only the HR /issues but also others including partnerships in economic recovery especially in South East Asia and Africa, dealing with the “big boys”, the fund managers, concerns over possibility of fraud in E-commerce with fast spread of Information Technology and last but not least, implementing prescriptions for recovery and growth taking in to consideration the development agenda and unique circumstances of individual countries. Addressing these issues is a necessary step towards facing the challenges of globalization in the next millennium.

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