

The challenge of globalization for HR



ANALYSIS

CLAUDE BALTHAZARD

Globalization is affecting our businesses and workforces, but how much of an impact is it having on our practice as HR professionals? There appears to be a wide spectrum — 19.4 per cent of respondents to the latest *Pulse Survey* indicated globalization was having a huge impact on their practice as an HR professional. One-quarter (24.8 per cent) indicated a big impact, 23.3 per cent indicated somewhat of an impact, 15.1 per cent indicated only a small impact and 17.4 per cent indicated no impact at all.

Slightly more than one-half (52.3 per cent) were from organizations that were neither subsidiaries of foreign-based companies nor Canadian-based companies with foreign opera-

tions; about one-quarter (24.6 per cent) were from organizations that were Canadian subsidiaries of foreign-based companies; and another one-quarter (23 per cent) were from organizations that owned or operated one or more foreign companies.

One would expect the degree of impact on HR to be related to whether one's organization was a subsidiary of a foreign-based company, a Canadian-based company with foreign operations or a company that is neither — and that turned out to be the case. Of the respondents from organizations that were subsidiaries of foreign-based companies, 59.6 per cent indicated globalization had either a big or huge impact on their practice. For those respondents from Canadian-based organizations with foreign-based operations, the corresponding percentage was 64.4 per cent. For those respondents from organizations that were neither subsidiaries of foreign-based companies nor Canadian-based companies with foreign operations, the corresponding percentage was 28.3 per cent.

Of organizations that were subsidiaries of foreign-based

companies, 47.6 per cent thought being a Canadian subsidiary of a foreign-based company had a huge or big impact on the manner in which HR is practised in Canada. Of organizations that owned or operated one or more foreign companies, 61 per cent thought owning or operating one or more foreign-based companies had a huge or big impact on how their HR function did its work.

The survey looked at three areas: global workforce shifts, foreign competition and global talent sourcing. For each of these areas, similar differences were found.

With respect to global workforce shifts, 38.7 per cent of the respondents from organizations that were subsidiaries of foreign-based companies indicated global workforce shifts were either a big or very big issue. For those from Canadian-based organizations with foreign-based operations, the corresponding percentage was 35.6 per cent. For respondents from organizations that were neither subsidiaries of foreign-based companies nor Canadian-based companies with foreign operations, the corresponding percentage was 23 per cent.

With respect to foreign com-



Canadian HR Reporter (Toronto, ON)			Order/Commande
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petition, 38 per cent from organizations that were subsidiaries of foreign-based companies indicated foreign competition was either a big or very big issue. For those respondents from Canadian-based organizations with foreign-based operations, the corresponding percentage was 47.5 per cent. For those respondents from organizations that were neither subsidiaries of foreign-based companies nor Canadian-based companies with foreign operations, the corresponding percentage was 24.8 per cent.

With respect to competition for talent, 21 per cent of respondents from organizations that were subsidiaries of foreign-based companies indicated they compete for the same talent as organizations from other parts of the globe. For those respondents from Canadian-based organizations with foreign-based operations, the corresponding percentage was 39 per cent. For respondents from organizations that were neither subsidiaries of foreign-based companies nor Canadian-based companies with foreign operations, the corresponding percentage was 12.8 per cent.

The comments suggested some interesting, and poten-

tially concerning, trends. One respondent noted how a reduced number of Canadian head offices had reduced the demand for true generalists because HR professionals within foreign-owned operations are often experts rather than generalists. A few respondents indicated they were now competing with HR practitioners in other parts of the world who were taking work away from Canadian HR professionals because they offered cheaper services and did not have to be located here to provide that service.

A number of respondents indicated practising HR in this new global landscape was the most challenging aspect of their work, involving coaching the workforce and business on how to operate efficiently and co-operatively with co-workers and leaders spread globally. By all accounts, the challenges of globalization will become a more important part of all of our practices as HR professionals.

Claude Balthazard is director of HR excellence and registrar at the Human Resources Professionals Association in Toronto. He can be reached at cbalthazard@hrpa.ca.