

Human Capital Management through Emotional Intelligence for Global Competitiveness

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Abstract: Human resources, presently considered as Human Capital are the most valuable resources for creating global wealth, since it forms the means through which effective utilization of other resources is facilitated. Human resource management is a process of bringing together people and organizations for realizing their common goals. The paper intends to have an overview of the various issues pertaining to human resources and attempts to suggest a new paradigm focused on enhancing emotional intelligence, training and development in the context of globalization, creating a competitive environment and ushering in new social and corporate trends ultimately aimed at building the required human capital.

Key words: Human Capital, emotional intelligence, training & development, globalization

I. INTRODUCTION

Human resources, presently considered as Human Capital are the most valuable resources for creating global wealth, since it forms the means through which effective utilization of other resources is facilitated. Human resource management is a process of bringing together people and organizations for realizing their common goals. In this context, the role of HR Manager is no longer one that of a protector in the form of a personnel manager or a welfare officer but of a higher magnitude. There is a paradigm shift in the role played by a HR manager is that of a change agent and a strategic planner. In the changing context of global competition, need of the hour is mapping of competencies through appropriate human resource interventions/initiatives. The organizations across the globe are witnessing a paradigm shift in terms of organizational culture, working environment, multiculturalism, among others. All these call for a need for multi-skill development to meet the global needs. The role of HR manager in terms of converting the human resources into human capital is thus assuming greater importance and relevance.

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Emotional Intelligence(EI) has been defined as “ the ability to perceive and express emotion, assimilate emotion in thought , understand and reason with emotion, and regulate emotion in self and others. “(Mayer & Salovey, 1997). The concept of EI became popular due to the work of Goleman (1995) . EI can be understood as a personality trait of an employee or as a mental ability of an employee. Goleman(1995) viewed EI as consisting of 5 dimensions –self awareness, self regulation, motivation, empathy and social skills which are important attributes of personality traits. Further these five personality traits are categorized into 25 different emotional competencies.

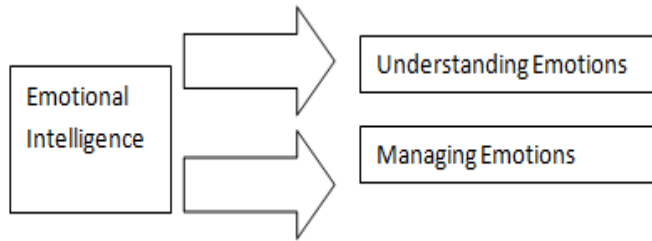
According to Bar- On (1997) , “One’s ability to succeed in coping with environmental pressure is influenced by non cognitive capabilities, competencies and skills,” and thus developed the Bar-On (1997) Emotional Quotient Inventory(EQ-I) based on intrapersonal, interpersonal, adaptability, stress management and general mood.

Historically, professionals and academicians were always keen to find ways and means of predicting a person’s potential. For a long time Intelligence Quotient or IQ was the only tool available. It became extremely popular when US Army used it extensively for its recruitment drive during World war I. Research however, indicated that IQ was not a very reliable indicator of an individual’s potential. Harvard University psychologist Howard Gardener questioned its validity and in apath breaking book “ Frames of mind” brought about a concept of multiple intelligence. John Mayer and Peter Slovey worked extensively on what was the termed as intra personnel intelligence and evolved the concept of Emotional Intelligence, which was popularized by Daniel Goleman after he published his book with the same title in 1995.

Emotional Intelligence is thus the ability to design one’s emotions or emotional response in such a way that it enhances ones energy and improves individual and team effectiveness.

II. DOMAINS OF EI

Daniel Goleman described his model of emotional intelligence by referring to four domains of EI viz., Self awareness, Self Management, Social Awareness and relationship Management.



	Perception (what I Know)	Action (What I do)	Process (How I do)
Understanding Emotions	Self Awareness	Self Control	Self Confidence
Managing Emotions	Social Competence	Empathy	Motivation

1. Emerging Issues in global context

The new trends in global human resource management emphasize on certain responsibilities and functions which include inter alia relocation, multi-cultural training and language training to help employees adapt to a changing global environment. This has a direct implication on the selection, motivation and performance appraisal of employees, which includes inputs both from home country as well as host country. The role of HR manager therefore calls for a drastic change in the area of training and development to ensure overall organizational success and undertaking the cultural differences in a better way. The entire world is moving towards efficiency in functioning and excellence together with the strong interdependence with the social, economic, political and cultural factors. HR issues essentially need to be addressed and designed so as to keep pace with the changing environment. This calls for a drastic change in the conceptual framework of business which should be perceived as a means to share and care for human well being, their development overall welfare spread over all sectors of the global economy.

2. Diversity management in multi-cultural organizations

It is well recognized that majority of the business problems are related to fundamental cultural differences and the way the managers perceive them globally. The cultural aspects of human resource management also cover managing workforce diversity which is inevitable. “Managing diversity means establishing a heterogeneous workforce to perform to its potential in an equitable work environment where no member or group of members has an advantage or a disadvantage.

Cultural changes in organizations have a definite impact on the performance of individual employees. It is important for the managers to understand these differences in culture, and to be sensitive to cultural differences and management them with due respect. This necessitates

flexibility in interacting with others and communicating with representatives of different cultural groups all over the world.

3. Effective & Structured Induction programme for the new employees

A well designed induction programme is vital in aligning the view-points of the employer to that of the newly hired employees. Such programmes facilitate in understanding the policies, practices, culture and also preparing them for their first performance review after joining the organization. Nevertheless, we find that this process continues to be neglected in various organizations across different countries. Several researches show that most part of employee turnover occurs during the first few months of joining the organization. In the context of cultural diversity, this is the best time for an employer to transfer/convey the local customs, culture and other practices of the organization to the employees. Further, it is important on the part of the organization to brief the employees about the company standards, expectations, goals, history, and so on. There is a necessity to ensure that there is adequate follow up of orientation so as to maintain continual improvement for sustainable performance.

4. New Age Leaders

The ‘Leadership lesson from India’ in Harvard Business Review, March 2010, brings out the fact that the best of Indian companies drive performance by investing in people. These leaders strongly believe that their core strength in terms of competitive advantage is their human assets. They make huge investments in employee development, inspite of tight labour markets and widespread job-hopping.

5. Challenges in People Development/Training

Every organization expects a supply of well equipped human resources in terms of innovative employees or managers who possess the requisite skill sets such as team work, problem solving along with the fundamental skills. However, it has been observed and often a matter of usual debate by the business leaders about the lack of workplace skills in recent college graduates. It is important to equip them with real world experiences that help them to reduce the gap between classroom and workplace. There are numerous training challenges which have to be regularly reviewed and updated so as to meet the needs of changing world with adequate emphasis on self realization on the part of the learner along with a transformation in approach on the part of the trainees. The challenges could be in the form of: training innovations for imparting skills through employee-centered learning; training innovations for meeting globalization and cultural diversity facing intensive competition at all levels.

III. FINDINGS/SUGGESTIONS

Assumptions about economic influence and cultural preference are anything but benign. They can undermine a company’s human capital strategy in a global environment

and even the effectiveness of the entire globalization initiative.

Executing a global business strategy requires having the right talent in the right places; it requires specialized leadership skills—managing the work of people with different backgrounds and customs. Different kinds of organizational and governance structures are required to operate as a global company rather than just a company that happens to have a lot of different locations around the world.

Putting all those pieces together into a coherent, global human capital strategy—covering talent, leadership, culture and organizational structures—can be a daunting task. Many Western companies that are focused on growth in emerging markets struggle, for example, with putting the right local management in the right places. For reasons of comfort and confidence, companies may wish to staff overseas operations with executives from the head office.

However, if a company expects its growth to be in emerging economies, having leadership from the West swoop in with a set of attitudes and presumptions that may not be appropriate for a growth market can create a real business risk. Ironically, perhaps, exactly the same dynamic can come into play, though in reverse, when the home office is in China or India or Brazil and the acquisitions to be managed are in the United States or Europe.

Talent acquisition and management are much more complex in an international environment. Consider a UK-based company operating in Mozambique. Personnel to be managed will include nationals from the parent country, host-country nationals and third-country nationals who might come from anywhere. Trying to truly standardize grade scales and terms of employment in that environment is difficult; for example, expatriates may need to be paid partly in the local currency and partly in their home currency. Unless job grading and pay formulas are clear, fair and well understood, difficulties may arise among staff doing similar work in different countries.

Performance management can be an issue as well. For example, in many developing nations, labor—even skilled knowledge workers—is plentiful and available at low cost, which then generates a number of assumptions about employee sourcing and development.

Motivational philosophies in some Asian cultures may include demotions for perceived subpar performance. Such a policy may not export very well to developed economies, where demotions are more often perceived as a step toward dismissal, not a motivational tactic.

Some of the barriers a manager encounters when hiring someone in this global environment sound mundane. However, when they're added up, those barriers can be serious obstacles.

One multinational, for example, has recently created an organizational structure in which its major brands will be

managed by regional teams around the world. This allows brand managers to be closer to local markets, develop deeper relationships with customers and create more agile brand management. It's an operational change critical to the company's longer-term globalization objectives. But it's also a challenge because the company's basic HR processes and policies are still organized by geography. If a brand manager for Europe, who's based in Germany, wants to hire someone in France, the paperwork to be completed will be in French and will ask for information based on French laws and customs that will most likely be unfamiliar to the manager in Germany.

When this same challenge repeats itself across all the various parts of the employee lifecycle, from hiring to development to retention, the management challenges increase dramatically and the company ultimately can stumble in executing the entire global strategy.

IV. CONCLUSION

To conclude, it is quite important that training and development to be given utmost importance in designing and strategy both at the micro as well as the macro level. More so, training needs to be an integral part of organizational development especially in the context of globalization. It should include management development and attitudinal training, for the board members, since the prime focus is on managing multi-cultural workforce.

The ultimate objective towards achieving the goal of effectively managing the global workforce would be an ongoing or continuous exercise to identify the training needs to incorporate the global cross-cultural diversity.