CONSEQUENCES OF GLOBAL CHANGE FOR HUMAN RESOURCE DEVELOPMENT

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Contents

Summary

This chapter focuses on the perpetual nature of global change impacting on people and their development. It examines the concept of globalization as an economic activity, a technological and communications activity and reviews various workplace trends such as knowledge workers, telecommuters, contingency workers (in-person service providers) and self-led global teams, the impact of global developments as well as the nature of the information technology revolution. The most important aspect of global changes is what we make of them as we pursue life's quests and what we learn as we implement any changes so we will optimize the quality of the outcomes we desire to

achieve. The chapter highlights the importance of global change as a critical function for the health and survival of individuals, groups, organizations and societies. Global changes reflect on what it means to be a global citizen. Our response to global change is an opportunity to focus on enlightened self-interest and on our interdependence. We create, we love, we hate, we learn, we confront risk, we deal with ambiguity and complexity, we survive, we reflect and express our freedom, we renew our direction and purpose, we expand our capacity, we charge the grandeur of our life's efforts.

Learning from global changes is critical to human development. The consequences of global change for HRD are examined as well as the need for HRD to be proactive. Essential elements of global change as a science are discussed such as its structure, its systematic approach, its analytical base, its creative focus, its inquiry perspective and its participatory dimension. In particular, the cyclic characteristics of how global change impacts on human development are stressed. This section summarizes the chapters in this topic and outlines the consequences of global change for human resource development including the benefits of progress for global and sustainable development.

1. Introduction

Every nation has its significant events whether it is war, terror, celebrations, festivals, inauguration of democracy, scientific and artistic feats, immigration episodes or economic events like the floating of currency or Europe's 2002 change to the Euro and the introduction of new currency such as Australia's change from the pound to the dollar marked by the '14th February 1966 Song'. Such significant events can be triggered locally and may impact globally or impact locally from global sources.

Wayne Nelles offers an insightful review in this section of the Encyclopedia of the historical nature of development through the ages that involved subjugation and destruction of population and cultures by dominant races. The clarity of his analysis indicates how the concept of human development changed from a narrow one to a broader one respecting people's freedom and dignity. Colonization was a series of global events that impacted on nations distant from Britain in the sixteenth and seventeenth centuries. Those changes continue to impact on people living in many parts of the (former) British Empire. Poorer and less powerful nations must not be kept poor through a global economic system dominated by major powers. It is not the intention of the third millennium global war against 'terrorism' triggered by 9-11 global change to be fought by particular nation states against other particular nation states. The intent is global peace, safety and harmony not just national and local peace.

There is an examination in this chapter of the nature of Human Resource Development as well as different views of 'global change'. Some short term and long term consequences of global change on HRD are reviewed. Then the articles that comprise this section are summarized within the framework presented.

2. What constitutes 'global change'?

The decade of the 1960s was one of rapid, dramatic, and substantive technological, social, and economic change. It was a period during which instant, worldwide visual

communications became commonplace. It was a decade of space spectaculars. It was ten years of exciting growth in computer sciences. It was a period of significant social change, an era of revolutions and rising expectations, a time of turbulence and, unfortunately, often of violence. It was also a period of economic upheaval, of increased domestic and international competition for markets, of increased domestic and international competition for markets, of increased unemployment, of frequent union and management confrontations, and of rapid obsolescence of skills (Tracey, 1974: vii).

An examination of the world's capital cities daily papers during 2001 will lead you to conclude that Tracey's comment applies equally well to the world in its efforts to face the challenges of the third millennium. The difference is that the dramatic change of thirty years ago has become completely pervasive, frantic, even frenetic, and intrusive because humans want to achieve greater organisational effectiveness including improved quality of life. The Nineteenth Century was one of individuals, farming collectives and small groups. The Twentieth Century saw the rise of organisations, mega corporations and internationalisation. The Twenty-first Century has begun to unfold more deeply all the global changes and virtual realities that continue to shape our destiny as a human race. International cooperation is a growing feature of global changes that complements the efforts by many nation states over the past twenty years to adjust their economies to benefit from such changes. Political reforms and developments continue to impact on global society in the new millennium.

Microeconomic reforms have dominated the political scene of many nations during the last decade of the last millennium. These reforms included new policies to promote structural change in economies and efficiency improvements in markets such as deregulation, privatisation and outsourcing, corporatisation and commercialisation of government businesses, tariff protection and labour market reform. The new policies have been introduced to improve national economies and to make markets work more effectively by removing controls. Many microeconomic reforms were initiated in order to raise the international competitiveness of national workforces and of national industries. It is debatable however, whether all the global reforms have produced to date any long term benefits for all nation states.

The Internet is perhaps the greatest global change since the printing press. Already it has produced *netaphobes*, those who will have nothing to do with the net; *netaholics*, those who just can't help themselves, caught like spiders' fodder in this seductive web and consumed by its glitter and promise; and *netaphiles*, those who adore the net and devote most of their lives to it (Spillane, 1997). Global changes impact on organization development triggering modifications in strategy and structure. Global changes are generative by nature: they have created the global company, the global team; teleworkers, new ways of thinking and novel ways of living and doing business.

Many global changes of the past centuries are persistent. Marco Polo brought a number of innovations from China and the East to influence cultures in the West. Edison's invention of the light globe and the utilisation of electricity are global changes that helped form a basic platform for progress in the third millennium. The stark reality of pervasive and speedy global changes in communication, trade, technology and television is a phenomenon of late twentieth century. Change is an iterative process and

the impact on people has been necessitated by any number of external factors including changes in the external environment, cultural values and technology. For example new technology re-defines work roles and reporting relationships among employees. The personal computer enables employees in the workplace to access voluminous information on customers, to communicate easily and efficiently with other employees via email and to search information, establish networks and colleagues at a distance globally.

Science provides the knowledge and technology the means of action. In the information electronic/digital age science can be easily confused with technology. Technological feats have become the science itself. Global changes include the decisions about how to make use of science and technology as individuals and as integrated communities. The key issue to confront is to decide which global changes are the important ones, at what rate should we introduce them and how will it be possible to monitor and steer their effects?

3. Different views of 'global change'

'Global change' is a multi-dimensional concept that refers to complex processes impacting on the intellectual, emotional, social, political, economic and cultural dimensions of people's lives throughout the entire world. It refers to the trend of economic, technological / communication, social / political and human activity becoming increasingly international in scope and character. It is the international permeation of companies like Shell and McDonald's; it is the growth of world-wide capital markets where money can be exchanged across borders easily; it means increased levels of international trade and the growth of international law and policies; it means evolving industry structures and creating increased price competition; it means the development of shared understandings about ways of living and doing business; it is the increased impact among national economies.

'Globalisation' is becoming a catch-all term to describe a wide range of trends and forces transforming the world. While some trends are not new, for example tariff liberalization, their impact may be more widespread and more dynamic than in the past. It is the *combination* of developments and their exponential effects that have created the global village (the Internet), the global mall, the global street, and, according to the front cover of *The Economist,* (January 2, 1998) global doom and global laughter. Newspapers carry reports of global events, eg. global meltdown, global war on terror and global recession.

The term 'globalisation' is a much used but often ill-defined term. This should not be surprising because of the complexity of the term and the keen interest in its interpretation held by entrepreneurs and many professions such as economists, environmentalist, lawyers, technologists and sociologists. Economists, for example, whose definition has tended to dominate, have given the term a relatively narrow definition relating it to the activities of multinational enterprises. However, the term covers more than issues of international trade and productivity.

You can grasp the concept of globalisation more easily if you think about it in the same way you think about outer space. You have to stop thinking about earth. Gravity takes on a different meaning in outer space; there is a different type of attraction, interdependence and interaction among the elements. Outer space is infinite; there is no knowing where it begins or ends. Our existing sense of direction does not work well in outer space. There are identification points. Speed and stillness are massively separated yet in appearance one may not be able to tell the difference between them. Location and distance are shrunk to the size of a dot-to-dot puzzle. What appears as a vast void of black is in fact filled with energy, neutrinos and a reality invisible to the human senses.

Globalisation is a new way of looking at distance, direction, time and matter. In outer space location and distance are moving and infinite; on earth sensing devices, jet travel and the information and communication technology revolution have conquered distance; a paradox is that the vastness of outer space has become our intimate neighbour. Matter is constantly being transformed into different energy sources. According to *The Economist* (30 September, 1995) the death of distance will probably be the single most important economic force shaping society in the first half of the third millennium; sending electronic mail messages and documents from Sydney to New York takes the same time and costs virtually the same as a call from one house to the next.

3.1 Global change is an economic activity

Levitt's (1983) view of global change was as an economic concept, a view of one world market rather than one world production system. Levitt was one of the first to use the term 'globalisation' to stress the convergence of world markets, to sell the same things in the same way everywhere which would combine marketing and standardisation of production; this is not surprising for Levitt is a Harvard Business School marketing professor. This view perhaps is epitomised in Ford's attempts to launch a globalised car; its most recent release is the Mondeo model and its most recent program launched in 1995 is the 'Ford 2000' program.

In the third millennium people are starting to view global change in a very different way from the past. Traditionally trade has been seen as an activity in which the companies of one country traded with companies in another country. But today almost one-third of world trade consists of shipments within the same company! Excluding raw materials and food, half of the trade between Japan and the USA is intra-company movement. There has been a shift in the power of transnational corporations and the power of governments to control industry development. Many multinational companies are spinning a web across the world that is reducing the power of governments. Governments need to consider that their role in trade is more than developing policy for removing protection barriers.

Charles Handy (1997) more accurately called transnational corporations supranationals because they float above rather than across nation states owing allegiance to none. Supranationals are accountable to shareholders who appear to be interested only in their dividends and not in how the corporations create their wealth in faraway places of which they often know nothing. About 70 of these giant supranationals had revenue

greater than the GNP of Cuba. Like Cuba most of these transnationals were centrally planned economies with only hints of democracy.

Handy gave the example of Cargill, a family-owned US supranational with sales turnover in coffee alone greater than the GNP of any of the African countries from which it purchased its coffee beans. Cargill accounted for over 60% of the world trade in cereals. This corporation effectively was accountable to no country but only to itself and was guided by the values and priorities of the family who owned it. Handy highlighted that supranationals transfer technology and know-how across borders; they move money faster and in greater quantity than any democratic government; they make and unmake alliances, they make decisions and make things happen with ease and speed unparalleled by governments. They are answerable only to their investors.

Over ten years ago the Australian government, like some other western countries, responded to global change by introducing legislation for massive microeconomic reform. The Australian government introduced the Training Guarantee Administration Act in 1990, principally to raise Australia's international competitiveness. But much of the economic activity focus is still intra-national rather than inter-national. In the last decades of last century Australian enterprises experienced significant increased competition emanating mainly from other *Australian* companies but also from imports, off shore markets and deregulation. Perhaps up to 20% of Australian companies reduced their work force by one quarter in a five year period and the trend of downsizing continue into the third millennium affecting over 60% of Australian enterprises. The dawning of the millennium was marked globally by a continuing constant pace of industry restructuring and work force reform coupled with the processes of downsizing and drives for productivity improvements.

Handy (1990) summarised the situation in the USA, pointing out that every successful organisation would boast quadrupling its turnover in the previous ten years while halving its professional core workers. In a three year period (1982-1985) General Electric in the USA reduced its total workforce of 400,000 by 100,000 and its turnover *rose*. Handy quoted a conference board study of 1987 which concluded that from 1979 to 1989 more than a million managers and staff professionals in the USA lost their jobs, over half of them since 1983. These were core workers or as Handy calls them 'the professional core' including qualified professionals, technicians and managers because they are made up of precious people who are hard to replace and who own the organisational knowledge. As core workers become scarcer some of the essential work is outsourced.

As an economic phenomenon, global change is visible in the transition from distinct national economies towards a single global economy. After World War II the notion of international development was conceived as assisting colonised poorer countries to build their economies. The industrialised countries replicated the forces of colonialism by imposing their own patterns of economic control and development on poorer nations. There are a number of similarities between the current global change process and post war economic development pattern.

There has been global change of activities in relation to investment and the operation of large and medium size companies. All types of consultants including individuals, sole traders and partnerships through the use of new efficient forms of communication and jet travel can provide their products and services around the globe. International organisations look to Australia as a production base for part of their business activities. For example, airline reservation centres, information technology corporations and other service industries have located in Australia and Australian firms also have located themselves internationally. According to *The Economist* (September 30, 1995) the Perth company, EMS Control Systems monitors the air conditioning, lighting, lifts and security in office blocks in Singapore, Malaysia, Sri Lanka, Indonesia and Taiwan. Some companies look to outside nations for cheap labour, for example Swissair and British Airways send their back office work to India. Transnational organisations such as some car companies manufacture component parts in low cost countries and then transport to the assembly countries. Nike, a high profile shoe manufacturer is another example of a company which uses cheap labour in foreign countries. There has been a major increase in transnational corporations over the past 20 years and increasingly the Western media is replete with announcements that corporations are becoming more globally competitive (*The Economist*, January 2, 1998).

'Global change' has its own rhetoric. It implies improvement for *all* nations of the world and promises leaner and more efficient economies. However, costs and benefits are not applied equally across different countries. The global change tide does not raise all boats. There is a differential impact for workers of the world and cross-border mobility of capital implies operating in culturally diverse workplaces. A key challenge for the third millennium 'global leader' is to successfully lead this diversity. The relationship between industry policy and globalisation will be of immense importance to leaders. Neither the social nor the business effects of global change will be unambiguously positive. The cost of global change can be very high as multinationals tend to pay a low level of taxation; according to the Australian Taxation Office, multinationals pay little or no tax.

There is pressure from powerful international organisations on Third World countries to export resources and commodities at low prices and then to import manufactured goods at high prices. The powerful Western capitalist nations want to impose their own analytical process that involves the notion of 'economic development' first and social development second on non-Western cultures. Goldsmith (1997) predicted that the consequent problems for Third World countries will include unemployment, environmental degradation, urbanisation and displacement of rural populations. Young (1995) maintained that global change has already become the new global colonialism based on the historical structure of capitalism. This is evidenced in the continued physical appropriation of land in the Third World through cash crop agriculture, urbanisation and the use of arable land for industrialisation.

Some western governments and large corporations wield immense power of domination and subordination. Historically, control over land, markets and raw materials have involved the use of military power. Thus global change is also a political-economic activity where relationships are constructed through the use of financial and military power. Banerjee and Linstead in a paper presented at the 1997 Australian and New

Zealand Academy of Management Conference concluded that global change has many challenges such as the perpetuation of inequitable distribution of wealth and resources and environmental impact which is reducing the ability of national governments to act unilaterally. They quote the 'dolphin-safe tuna' dispute between the USA and Mexico as an example of how regional and global trade agreements can transcend national environmental protection laws. Another challenge is the continual marginalisation of groups of people with disadvantages such as migrants, women and people of low socio-economic status.

The displacement of power from the national to the global threatens most those people in organisations who are disadvantaged. For example, although there is a widespread encouragement of the 'feminine-in-management' it may be insufficient to reverse the existing male dominated managerial ideology in the new global markets.

Therefore as an economic concept 'global change' refers to transformations in the world economy such as increased mobility of capital and foreign direct investment. Operations become so big that an easy trap is to concede to economic determinism, a fatalistic attitude that we cannot easily control global economic pressures and that if we question and challenge the new global economic forces and policies we may be doing so at our peril. On the contrary, global change processes should encourage countries to value their interdependencies and to gain from promoting new policies which are positive, socially responsible, culturally ethical and that enhance cooperation at international levels. All countries, as far as possible, will need to maintain an active as well as a pro-active role internationally. Embracing the international implications of national and local policy developments and social and political action can enhance the health, wealth, wisdom and happiness of all nation states. But will it mean the same useful development for all nations?

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