

CHALLENGES FOR INFORMATION SYSTEMS MANAGEMENT AND HUMAN RESOURCES MANAGEMENT WITHIN THE GLOBALISATION OF COMPANIES

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Abstract

This paper addresses the issue of globalisation of companies. Its aim is to provide an overall picture about the challenges that global enterprises face with regard to the adaptation of their human resources management and information systems management within the globalisation process. It begins by a description of the environment and the forces at the origin of the globalisation of companies. It then presents the contrary forces, which oppose themselves to those at the origin of the globalisation and pushing it forwards, which slower the globalisation of companies. The core of the paper consists in the presentation of the steps companies have to pursue in order to adapt their information systems management and human resources management to their globalisation objectives. The conclusions are a synthesis of the main results of the research.

Keywords: information systems management, human resources management, globalisation of companies, global enterprises, multinational companies

1. INTRODUCTION

The degree of *globalisation of the economy and of the companies* increases continuously. For all the companies, *globalisation* is a source of a higher complexity compared to the traditional dimensions – products, customers, functions – the country dimension must be managed, which is synonym with the geographical dispersion, the cultural barriers, the local standards etc.

In compiling this paper, we have used as *information sources* the Romanian and foreign literature. To reach the purpose of this paper, we have used as *research methods* the document analysis and research synthesis.

2. THE ENVIRONMENT AND THE FORCES AT THE ORIGIN OF THE GLOBALISATION OF COMPANIES

One of the most important factors in *the internationalisation of companies* in the last ten years is *the decrease of obstacles*, the forces pushing towards globalisation having existed previously.

When the barriers at the entrance on a market disappear, the products have a natural trend to invade the virgin territory which has been protected until then. There are enough examples of deregulation to illustrate this phenomenon. In parallel, *the forces pushing to the globalisation are enhancing themselves and contribute in this way to the acceleration of the movement* (Adda, 2006).

The first group concerns *the general increase of the fix costs*, for instance the Research and Development costs. It is about the dialectics globalisation - sophistication. The globalisation of markets allows to make profitable the research efforts at a world scale, which allows to do more Research and Development, to increase the degree of sophistication of products which will have to be sent all over the world in order to justify the consented efforts.

The equilibrium level of sophistication of products/price has moved from a national equilibrium to world equilibrium, without a net increase of the invested capitals profitability. The example of the pharmaceutical sector is a good illustration of this. The markets have become international, generating considerable revenues for the best molecules (several hundreds of millions in a year), but in parallel the research and development costs have increased, the life cycle of products has decreased and the pharmaceutical companies have developed products to serve very narrow sectors at a national level and never profitable but which have become of an important size while extending at the level of the planet.

Consequently, the products commercialisation at a world level has become not only a possibility, but also a necessity in order to maintain an acceptable level of profitability. The increase of the fix costs is sometimes so important, that the companies involved are forced to manage certain projects by sharing with others the benefits, the costs and the risks under the form of joint - ventures or others.

In the field of the real time reservation systems, the number of actors is limited at three for the whole planet, all the transporters – Americans, Europeans or Asian – being obliged to use either the Sabre system of American Airlines, or the one system of Eastern Airlines, or that of United Airlines. To resume, certain scale effects are measured at a world level and lead to the elimination of the purely national competitors. This phenomenon leads mechanically to a decrease in the number of actors, particularly in the deregulated sectors and with big fixed costs.

Simultaneously, certain markets are segmenting themselves and the globalisation doesn't necessarily mean the emergence of giant multinationals, in other words the synergies are often stronger for a certain job between the different countries than between neighbour jobs within a certain country. This has of course important organisational consequences (the structure of the profit centres, reporting, etc.), which we shall discuss again later.

The second group of factors concerns, on the contrary, *the decrease of globalisation costs* for the companies. Indeed, the more numerous and sophisticated means of communication increase the interest for globalisation:

The first phenomenon, the decrease of the transport costs of merchandise is favourable for the exports and leads to the delocalisation of the production units towards the countries which offer favourable costs of factors. This phenomenon is sensitive in many sectors. Another example, the often air connections and better market with the countries which have low costs of factors allow benefiting in the same time from costs of the work force and of an acceptable reactivity.

The second phenomenon concerns *the technological revolutions in the field of dematerialised connections in terms of means but also in terms of costs*. There is a long list: vocal messages, local networks, modems, videoconference systems, documents scanning systems, numerical telephones, alpha - pages, network programmes, laptops, etc. The implementation of these means has revolutionized the way of working and the organization of certain companies (Dertouzous, 2001).

The third group concerns *the financial dimension and the risk management associated to the management of various markets*. First of all, a global company benefits from the contra - cyclical effects of the economies, as the crisis and booms do not take place simultaneously in all the regions of the world; the companies which serve many countries manage better their activity and their results, which, despite creating an authentic value, presents an assuring character for their managers and their shareholders. This effect is observable in the exchange rates variation risks.

The fourth group concerns the *globalisation of the demand* for the companies. There are some reasons which are the origin of this phenomenon.

Firstly, *in the case of intermediary goods*, certain customers which are global themselves or about to become international, desire to contact the same supplier for all of their subsidiaries. The advantages for are multiple, both in terms of quality of the supply, of the homogeneity and of the compatibility of the equipments of different subsidiaries or, of course, in terms of negotiating the purchase conditions. This factor is, for instance, sensitive in the field of programmes, of vocal messages and other communication instruments, of goods for the equipment of the companies, etc.

The second undeniable reason is *the homogenisation of the final demand for certain types of products*. At its origin are the consumers which are the more and more numerous to travel the further and further, but in the same time the increasing penetration of medias which broadcast direct publicity for these products and, in an even more efficient manner, the television series or films which associate the consummation of these products to a certain social status and an environment which transforms the viewer in a consumer of international products of marks such as Mercedes, Marlboro, Sony, McDonald, etc. This phenomenon leads many groups to adopt a more international management of their marks and even to change some of these in order to make them converge progressively towards a common name.

The third reason consists on the fact that *the global companies make the new products circulate very fast from one country to another*. It is for instance the case of the financial services where a product invented at New York is rapidly commercialised at London or Paris through the global banks.

The forth reason is that *the demand globalises in the sense that it develops itself on new markets* and so a demand which did not exist some years ago in certain parts of the world appears to be global. This leads to a significant re - equilibration of markets between Europe, United States and Asia.

These forces pushing towards globalisation are visible in more and more sectors, associated to the decrease of the customs and legal barriers. *They lead to an internationalisation of the concurrence which becomes at its turn a force pushing towards globalisation*: if the competitors are global indeed, it becomes imperative to be also so they do not have a competitiveness handicap particularly with respect to the stages of fix costs mentioned above, but in the same time not to allow to the competitors to do 'matrix - pricing' on the protected markets where the competition should be absent.

3. OBSTACLES TO THE GLOBALISATION OF COMPANIES

There are contrary forces opposing themselves to these forces and they slower the globalisation of companies. We shall discuss again not only the external obstacles taxation, regulation which subsist and are opposing themselves to the globalisation, but mostly on the internal obstacles, represented by

the difficulties which companies must face when they globalise and the manner in which certain of them have succeeded to overpass these difficulties.

The conclusion that most companies have made after having developed a significant international activity is often the same: the management of their company has become complex and the reactivity of their company has decreased. For what reasons?

The answer is linked to the way of development initially pursued. To resume, the most common and the most simple two ways of development consist on pursuing either an exportation model, meaning commercialising abroad a certain products which have been developed and made in a host country, either a model named of structure replication where we develop a certain number of autonomous foreign subsidiaries and more or less resembling to the mother company. It is generally the developing way through purchases.

In the first case, the supply risks not to be adapted to the specificities of the local market; in the second case, the synergies between countries are weak, because we duplicate most of the cases of value - added stages. In both cases it is about international companies, but not global, as they are generally not competitive in terms of local market share and in terms of cost.

4. COMPANIES' ADAPTATION OF INFORMATION SYSTEMS MANAGEMENT AND HUMAN RESOURCES MANAGEMENT TO THEIR GLOBALISATION OBJECTIVES

Confronted with these forces and these obstacles, companies had to make progress their ways of functioning and adapt their information systems management and human resources management, in order to answer to their globalisation objectives.

Companies' adaptation of information systems management and human resources management to their globalisation objectives requires the pursuit of more steps, which we shall describe bellow.

The first step consists on redefining the priorities and the ways of functioning of the company.

Let's take the example of the pharmaceutical industry. The fix costs are particularly high in this field and that's why they need to be amortized by commercialising the best molecules at an international level. At these fix costs we must add the delays in research and development longer than before, meaning that the most competitive company will be that which will be capable to sell the fastest its products in most of the countries before the expiration of licence.

Simultaneously with defining processes, the companies must optimise their country x value - added stages portfolio management in function of the available competences, of the costs of the factors, of the necessary reactivity degree, etc. This optimisation results often in the delocalisation of a part of the value added but not in a systematic manner and in often limited proportions. Certain global companies have for instance interest to have local production units. It's the case of heavy and not expensive products, so difficult to transport. Coca - Cola creates in this way work places all over the world by bottling its products in the proximity of the consummation zones. It's equally the case of industries where the degree of reactivity is very important and does not allow accessing a far source.

This optimisation of the country X competence portfolio does not have to be made in the detriment of the specificities of the local markets. We must not forget that the global company has to affront, in a first stage, the local competitors who in the place of an imposing size possess in exchange a better knowledge of clients and of their needs. This phrase is common when we mention sectors as textiles or certain food families, but it is equally pertinent in sectors where we hear less of it.

This means that companies must locally develop an important value - added. They must answer to questions like: which products are adapted to the country? At what price? Is it necessary to adapt products to the local market? They also have to define and supply a level of services adjusted to the local market. It is an important source of creation of work places. The decrease of assembling and combination costs of world modules allows proposing solutions specific to the clients. The supply segmentation passes from country logics to a client logic.

The global company is in fact constrained to manage well the couple centralization - decentralization. If it centralises functions which should remain local (for instance the operational marketing), it risks either not to take sufficiently into account the local specificities, either to generate duplications of functions and important over - costs at the mother company. If it decentralises too little, it cannot benefit from the necessary synergies for being globally competitive.

The second step consists on implementing different or more sophisticated technologies which allow handling the complexity linked to the multiplicity of geographical sites and of time differences. For instance, the use of means as the videoconference tends to develop itself very fast. For instance, Coca - Cola whose international preference is one of the strongest uses permanently the videoconference.

In the same way, the distance - work pushed to the end of its reason could lead to delocalise the soft writing work in countries having the right combination factor cost/necessary competences. There are then problems related to work under time pressure, to which technology still brings solutions. The vocal or informatics messages allow indeed treating many urgent problems which need an answer within twenty - four hours, but not necessarily an instant one. In this way, a company for instance with five hundred employees can function with ten different geographical sites localized in Philippines, in Indonesia, in France and in the United States and communicate essentially through electronic messages. The global company must then survey from the beginning to *the compatibility of the information systems*, which very often are chosen in function of the local needs so without correlation with the rest of the company (Abatte, 1999).

A powerful correlation exists between information and communication technologies education, knowledge, economic growth, development and economic growth, in the knowledge - based economy (Zamfir, Plumb, 2011, pp. 49).

The globalisation generates in fact new markets for the common work technologies. For instance, networks and programmes allowing team work spread very quickly. For instance the "groupware" family contains soft allowing groups of users to work together. These programmes sophisticate themselves and penetrate rapidly the companies which have to manipulate but especially make circulate important quantities of information managed or generated at a local level: consulting companies, lawyers and engineers' offices, etc. (Corniou, 2002).

In nowadays we can observe the effects of this type of means: the distance - work, the videoconferences, etc. which make life easier to their users but cut an important part of the human contacts generally associated with the work within the company. The company risks to lose its culture and its identity and certain enterprises resent already the need to recreate the meeting opportunities between its employees, formation stages, Friday evening meeting, ideas forum, etc.

The third stage for enterprises consists on fully revising the human resources management. In recruitment terms, the needs of a global enterprise are obviously different; the language capacities, the stages abroad, the interest for other cultures, the recognition and respect of their differences, the taste and experience of faraway journeys are criteria which recruiters look after very carefully. In terms of career management and composition of teams, the change is even more radical.

Too many groups still function with a strong mother company model and eternal expatriated turning from subsidiary to subsidiary which cannot assure a genuinely global behaviour.

On the contrary, multinational teams in a global enterprise must be subject to coordination and collaboration. In most of the global enterprises, teams are virtual. Collaboration refers to "multiple teams working jointly towards the same objective", and coordination "refers to the extra tasks required for amalgamating tasks performed to accomplish the final goal. [...] These two ingredients make a good virtual team" (Lan, Unhelkar, 2005).

The multi - nationality of the teams within a global enterprise is necessary to assure the know - how share - and not only the know - how transfer from the mother company towards the subsidiaries - and the taking into account of the local specificities in terms of market, legal environment, etc.

In consequence, the global enterprise must make this possible by making this attractive, even by going that far so to make from a staying abroad an imperative for a good career development. Of course, this type of functioning and the implementation of countries synergies require the implementation of adapted formation systems: the international formation cycles reuniting employees of the same level but from different countries allow building very important links between individuals, for the good functioning of the global processes. The internal universities are still are very common for McDonald, Coca - Cola, IBM, Motorola, etc.

5. CONCLUSIONS

For all the companies, *globalisation* is a source of a higher complexity compared to the traditional dimensions – products, customers, functions – the country dimension must be managed, which is synonym with the geographical dispersion, the cultural barriers, the local standards etc.

Some innovatory companies have known to defeat this complexity, and have built new competitive advantages by selecting very attentively the key international processes for their success and by creating the ways for communicating and the operating mechanisms which assure the performance and the efficiency of these mechanisms at world level.

The final stages for such companies in the process of adaptation of *their information systems management and their human resources management* to their globalisation objectives consist in *implementing different or more sophisticated technologies, which allow handling the complexity linked to the multiplicity of geographical sites and of time differences, and fully revising the human resources management.*

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