



Global trade transformations and human resource management: A comparative study of developed and developing economies

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Abstract

The emerging world trade order is changing global economic relations, production systems, and workforce structures faster than ever before. With trade liberalization, digital globalization, and shifting international relations, market conditions are constantly evolving. As a result, Human Resource Management (HRM) practices must also change to meet these new global challenges. This study examines how these global trade changes affect Human Resource Management strategies in both developed and developing countries. The analysis shows that developed countries focus more on technology, employee reskilling, and sustainable workforce practices to stay competitive. On the other hand, developing countries focus on building skills, retaining talent, and becoming stronger in the global market. The study concludes that Human Resource Management should move beyond its traditional administrative role and become a strategic partner that promotes flexibility, inclusion, and knowledge sharing across borders to handle the challenges of the new global trade environment.

Keywords: Human resource management, emerging world trade, development economics, developed economics, liberalisation, digital globalisation and global market

Introduction

The global economy is going through major changes due to the rise of a new world trade order. Trade liberalization, digital technologies, and shifting political and economic relationships between countries are changing how businesses operate and compete. These changes not only affect production and trade but also have a strong impact on people management within organizations. As global trade becomes more complex, Human Resource Management plays a key role in helping organizations and countries adapt to new realities.

In developed economies, Human Resource Management practices are evolving to focus on innovation, technology-driven learning, and sustainable workforce strategies. These countries are investing in digital skills and automation to stay competitive in the global market. In contrast, developing economies face different challenges. They are focusing on improving skill development, retaining talented employees, and preparing their workforces to meet international standards. This study aims to explore how HRM responds to the emerging world trade order in both developed and developing economies. By comparing their strategies, this paper highlights the different challenges, opportunities, and approaches that shape workforce management in today's changing trade environment. The study also emphasizes the need for HRM to act as a strategic partner in creating adaptable, inclusive, and globally competitive organizations.

Meaning and Definition of Human Resource Management

Human Resource Management is the process of managing people in an organization in a structured and efficient way. It involves planning, recruiting, training, developing, and retaining employees to help both the organization and its people grow. Human Resource Management ensures that the right people are hired for the right jobs and that they are motivated and supported to perform at their best.

In simple terms, Human Resource Management is about managing the workforce effectively. It focuses on creating a positive work environment, maintaining good relationships between employers and employees, and aligning human resources with the organization's goals.

According to Edwin B. Flippo, "Human Resource Management is the planning, organizing, directing, and controlling of the procurement, development, compensation, integration, maintenance, and separation of human resources to the end that individual, organizational, and social objectives are accomplished."

Purpose of the Study

The main aim of the study is to understand how shifts in international trade structures affect HRM strategies. It focuses on analysing how organizations respond to global trade pressures through HR policies, workforce development, and management approaches. It also compares the responses of developed countries, which focus more on technology and innovation, with developing countries, which prioritize talent retention and skill development.

Review of Literature

No.	Article	Key Findings (Short)	Relevance to This Study
1	World Trade Organization. (2024). World Trade Report 2024: Trade and inclusiveness. WTO.	Shows how recent trade trends affect inclusiveness; stresses that trade benefits are uneven and require complementary domestic policies (skills, safety nets).	Provides the macro trade context linking trade policy change to labour outcomes and the need for HRM to address inclusiveness.
2	World Economic Forum. (2025). The Future of Jobs Report 2025. WEF.	Documents rapid tech adoption, changing job tasks, and the urgent demand for reskilling/upskilling; recommends employer–policy partnerships.	Supports the argument that HRM must prioritize reskilling and workforce planning in both developed and developing economies.
3	Deloitte. (2023). Global Human Capital Trends 2023 ^[11] : New fundamentals for a boundaryless world. Deloitte Insights.	Finds that work is becoming 'boundaryless' (remote, gig, cross-border); HR must redesign operating models around skills, flexibility, and purpose.	Useful to explain how HRM in advanced economies is moving toward skills-based, flexible operating models.
4	Setyaningrum, R. P. (2024). Green HRM and retention of millennials in Indonesian tech start-ups. Taylor & Francis.	Shows that green HRM practices improve retention among younger workers in Indonesia.	A concrete example from a developing economy showing how HRM aligns with broader sustainability and competitive goals.
5	Hasan, M., <i>et al.</i> (2024). Upskilling and Reskilling in a Rapidly Changing Job Market. EJB.	Empirical results that structured upskilling/reskilling programs increase workforce adaptability and organizational outcomes.	Provides direct empirical support for HR interventions central to the paper’s recommendations.
6	IMD World Competitiveness Center. (2025). World Talent Ranking 2025. IMD.	Compares countries on talent development, attraction and retention, highlighting differences between developed and developing economies.	Provides comparative indicators that help choose country examples and locate HRM strengths/weaknesses.
7	India Skills Report. (2023) ^[9] . Wheebox/partners.	Shows rising intent to upskill among Indian professionals and gaps in employer-sponsored training; highlights need for industry–education alignment.	Regional evidence that developing economies face upskilling and employer-support gaps that HRM must address.
8	Vietnam’s Labor Market: Moving into 2024. (2024). Vietnam Briefing.	Documents rising labor participation and efforts to upskill workers as Vietnam integrates into global supply chains.	Useful regional case of a developing manufacturing/export-oriented economy adapting HRM for global trade.
9	Giuntella, O. <i>et al.</i> (2025). AI and the wellbeing of workers. Nature Reports.	Studies link AI adoption with changing job demands and impacts on worker wellbeing; highlight policy and HR roles in mitigation.	Example from a developed economy showing HRM challenges around automation, wellbeing, and regulation.

Research Gap

While several studies have examined the impact of globalization, digitalization, and trade liberalization on business performance, there is still limited research that directly links the emerging world trade order with Human Resource Management practices across different economic contexts. Most existing studies focus separately on trade policies or HRM innovations, without exploring how global trade shifts influence workforce strategies in both developed and developing countries. Moreover, comparative studies that highlight how HRM adapts to trade-related changes such as technological advancement, skill requirements, and sustainability goals are scarce. This gap creates a need for research that connects global trade transformations with practical HRM responses, helping organizations and policymakers understand how to build a skilled, adaptable, and competitive workforce in the changing global economy.

Objectives of the Study

1. To analyse the impact of the emerging world trade order in HRM Strategies.
2. To compare the HRM responses of developed and developing countries.
3. To identify the key opportunities and challenges faced to adopted the HRM policy in global trade transformation.
4. To propose recommendations for building globally resilient HRM frameworks.

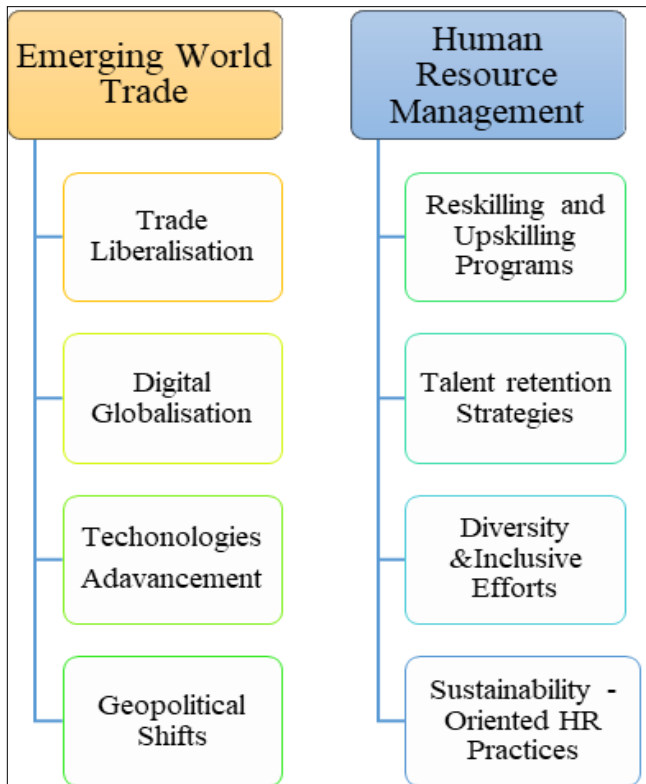
Research Methodology

This study follows a qualitative and comparative research approach to understand how the emerging world trade order influences Human Resource Management strategies in both developed and developing economies. The research is based on secondary data collected from reliable sources such as academic journals, reports from the World Trade Organization (WTO), International Labour Organization (ILO), World Economic Forum (WEF), and government publications from 2020 to 2025. The data were analysed thematically to identify patterns, similarities, and differences in HRM responses to global trade shifts. The comparative analysis helps in understanding how developed nations focus on innovation, digitalization, and sustainability in HRM, while developing countries emphasize capacity building, talent retention, and global competitiveness. This approach allows for a deeper understanding of the challenges, opportunities, and strategies that shape HRM practices in the context of the evolving global trade environment.

Research Framework

The research framework of this study is built around the relationship between the emerging world trade order and Human Resource Management strategies in developed and developing economies. The framework explains how global trade transformations—such as trade liberalization, digital globalization, and changing geopolitical relations—affect

organizational policies, workforce management, and talent strategies.



In the context of the emerging world trade order, Human Resource Management (HRM) policies in developed and developing countries differ significantly due to variations in economic strength, technological advancement, and institutional maturity. In developed countries such as the United States, Germany, and Japan, HRM policies are largely shaped by globalization, automation, and sustainability goals. These nations emphasize innovation-driven HR systems, including talent analytics, performance-based compensation, and employee empowerment to

maintain global competitiveness. For instance, companies like IBM and Toyota use data-driven HR tools and continuous training programs to adapt to technological and market shifts while fostering inclusivity and work-life balance. In contrast, developing countries like India, Brazil, and Vietnam focus their HRM policies on capacity building, skill development, and workforce stability, as they navigate the challenges of limited resources and evolving trade environments. Organizations in these nations often prioritize vocational training, local talent retention, and flexible employment practices to compete in global markets. For example, Infosys and Mahindra & Mahindra in India have implemented large-scale reskilling initiatives to prepare their workforce for digital globalization. Thus, while developed countries align HRM policies with innovation and sustainability, developing nations concentrate on building human capital and adaptability, both aiming to strengthen their positions in the global trade ecosystem. The impact of the emerging world trade order on Human Resource Management (HRM) strategies is significant, as globalization, digital transformation, and evolving trade policies continue to reshape how organizations manage their workforce. With the rise of digital globalization and cross-border trade, companies are now required to operate in increasingly competitive and interconnected markets. This shift has compelled HR departments to adopt new strategies focused on global talent acquisition, workforce diversity, and technological adaptability. For instance, multinational corporations such as Tata Consultancy Services (TCS) and Infosys have restructured their HRM practices to align with international standards by promoting cross-cultural collaboration, digital upskilling, and global mobility programs. Similarly, global trade liberalization has led to the outsourcing of talent and the creation of multinational teams, requiring HR managers to balance efficiency with compliance across different legal and cultural contexts. Thus, the emerging world trade order is pushing HRM beyond traditional administrative roles, transforming it into a strategic function that drives innovation, inclusivity, and global competitiveness.

Key Differences in HRM Policies between Developed and Developing Countries

Feature	Developed Countries	Developing Countries
Performance Management	HR systems focus mainly on individual performance, using structured appraisal systems, clear performance indicators, and reward-based outcomes.	Performance evaluation is often influenced by group efforts, interpersonal relationships, and team-based outcomes rather than individual appraisals.
Work-Life Balance	There is a clear separation between work and personal life. Flexible work arrangements and mental health support are common.	The boundaries between work and personal life are often blurred. Work tends to integrate more closely with cultural and family responsibilities.
Recruitment & Selection	Hiring decisions are typically based on skills, qualifications, and formal interviews, ensuring transparency and merit-based selection.	Recruitment can be influenced by social networks, family ties, and community relationships, along with individual qualifications.
Training & Development	Emphasis is placed on advanced skill-building, professional development, and continuous learning for career growth.	Training often focuses on basic skills, vocational programs, and leadership capacity to overcome educational and skill gaps.
Compensation	Pay structures are linked to individual performance, market standards, and achievement-based incentives.	Compensation may depend more on family needs, social expectations, or collective rewards, reflecting community-oriented values.

Opportunities in Human Resource Management: Developing and Developed Countries

a. Opportunities in Developing Countries

▪ **Talent Development**

HRM can focus on training and capacity-building programs to address the shortage of skilled labor caused by weak education systems. Example: In India, many IT companies

such as Infosys and TCS run in-house training centres to develop technical and soft skills among new graduates before placing them on projects

▪ **Cultural Sensitivity**

HRM can design policies that encourage diversity and inclusion to create a respectful and effective workplace in

culturally varied societies. Example: In South Africa, multinational companies implement cultural awareness programs to help employees work harmoniously in diverse teams.

▪ **Building a Strong Workforce**

Introducing performance-based rewards and creating a positive work environment can boost morale and motivation even in low-resource settings. Example: Small manufacturing firms in Vietnam use recognition programs and profit-sharing schemes to retain workers and increase productivity.

▪ **Adaptability**

Flexible HR policies can help organizations adapt to rapidly changing markets, regulations, and technologies. Example: Start-ups in Kenya often adjust HR practices quickly to meet new digital trends or labor policies in response to economic shifts.

b. Opportunities in Developed Countries

▪ **Managing Diversity**

Developed countries have highly diverse workforces, giving HRM an opportunity to create inclusion programs, diversity training, and anti-discrimination measures. Example: Companies like Google and IBM run global diversity initiatives that promote gender equality and cultural understanding.

▪ **Innovation and Productivity**

HRM can encourage innovation by promoting lifelong learning, upskilling, and employee engagement strategies. Example: In Japan, Toyota invests heavily in employee suggestion systems and continuous improvement programs that drive innovation.

▪ **Global Integration**

HRM can integrate and harmonize HR systems across borders to manage compensation, benefits, and compliance effectively. Example: Unilever has developed a unified HR platform that connects all its employees globally under consistent performance and development policies.

▪ **Talent Retention**

In competitive labor markets, HRM can create programs to attract and retain talent through career development and well-being initiatives. Example: Microsoft uses flexible work arrangements and professional growth programs to retain its global workforce.

c. Common Opportunities in Both Contexts

▪ **Driving Economic Growth**

Effective HRM practices contribute to productivity, innovation, and employee satisfaction, supporting national economic development. Example: In both Singapore and Brazil, HR-led workforce development initiatives have improved national competitiveness.

▪ **Ensuring Compliance**

HRM ensures that organizations adhere to labor laws and ethical standards, though the complexity of these laws varies by region. Example: Global corporations like Nestlé maintain centralized HR compliance systems that ensure adherence to local and international labor standards.

▪ **Strategic Partner**

Human Resource Management can act as a strategic partner aligning people management with organizational goals to improve overall performance. Example: At Deloitte, HR leaders collaborate with executives to forecast workforce needs and align HR policies with business strategy.

Challenges of Human Resource Management in Developing and Developed Countries

a. Challenges in Developing Countries

Resource Scarcity

Many developing nations face budget constraints that limit investment in Human Resource infrastructure. Organizations often operate with small HR teams and limited funds for employee training, recruitment, or technology adoption.

Example: In several small and medium-sized enterprises (SMEs) in India or Kenya, HR departments struggle to provide proper training or performance evaluation due to tight budgets. This leads to low employee engagement and slower organizational growth.

Skills Gap

A significant mismatch between education and job market requirements exists in many developing countries. Limited access to quality education and vocational training reduces the pool of skilled workers.

Example: Manufacturing industries in countries like Bangladesh or Nigeria face difficulties hiring technically trained staff, forcing them to rely on on-the-job training, which can reduce productivity and quality.

Informal Labor Markets

A large portion of the workforce in developing economies is employed in the informal sector, where there are no formal contracts, benefits, or structured HR practices. This makes it hard for organizations to maintain consistent HR standards.

Example: In India's construction sector, most workers are hired on daily wages without written contracts or social benefits, making talent retention and performance monitoring nearly impossible.

Weak Institutional Support

Weak governance systems and ineffective labor law enforcement pose major challenges for HR managers. Even when labor regulations exist, they are not always implemented effectively.

Example: In some African and South Asian countries, labor disputes or unfair dismissals often go unresolved due to slow or inefficient legal systems, discouraging both employees and employers from following formal procedures.

Socioeconomic Factors

Social issues like gender inequality, poverty, and labor migration influence HR strategies. Many organizations face difficulties ensuring diversity and inclusion while maintaining workforce stability.

Example: In Southeast Asian countries, women often leave the workforce after marriage due to cultural expectations, making gender-balanced hiring and retention challenging for HR departments.

b. Challenges in Developed Countries

Globalization and Cultural Differences

Multinational companies in developed economies operate across several countries, which means HR managers must handle diverse cultural norms, time zones, and work styles.

Example: A U.S.-based company like Microsoft manages employees from over 100 countries. Aligning communication styles, holidays, and work expectations across such diversity requires strong intercultural HR policies.

Technological Change

Rapid advancements in artificial intelligence (AI), automation, and digital HR platforms demand constant adaptation and upskilling. HR managers must integrate technology without alienating employees.

Example: In Japan, HR departments are using AI for recruitment and performance tracking. While this improves efficiency, it also creates employee resistance due to fears of job loss and privacy issues.

International Legal Compliance

Developed countries often operate under multiple legal frameworks, especially multinational corporations. Ensuring compliance with diverse labor laws, tax codes, and ethical standards is complex and time-consuming.

Example: A European Union-based company must comply with both EU labor laws and the national laws of each member country where it operates, which requires detailed HR compliance management.

Talent Management Across Borders

Global competition for skilled workers has made recruitment, onboarding, and retention extremely challenging. HR managers must attract top talent while maintaining consistent company policies worldwide.

Example: Tech companies in the U.S. like Google or Meta compete globally for AI engineers and data scientists. To attract such talent, they offer remote work flexibility and global relocation programs.

Maintaining a Unified Culture

As organizations expand globally, creating a shared corporate culture across culturally diverse teams becomes difficult. Differences in communication, hierarchy, and values can lead to fragmentation.

Example: A multinational firm like Unilever must balance Western management practices with local traditions in Asia or Africa to ensure its employees feel equally valued and connected to the company's mission.

Conclusion

The emerging world trade order has brought both challenges and opportunities for Human Resource Management across developed and developing economies. As globalization, digitalization, and trade liberalization reshape business operations, Human Resource Management has evolved from a traditional administrative role to a strategic function that drives organizational adaptability and competitiveness. Developed countries have advanced in creating innovation-driven HR policies that integrate automation, sustainability,

and employee empowerment. In contrast, developing countries are strengthening their focus on workforce capacity building, vocational training, and talent retention to remain relevant in the global economy. Despite their differences, both face a shared need to balance technological advancement with human-centered approaches. Therefore, the future of Human Resource Management lies in its ability to create flexible, inclusive, and technology-enabled systems that promote global collaboration, ensure compliance, and support continuous learning.

Recommendation

1. Promote Continuous Learning and Reskilling

Organizations in both developed and developing economies should invest in lifelong learning programs to keep their workforce adaptable to technological and trade changes. For example, companies can offer digital training modules or partnerships with universities for employee upskilling.

2. Adopt Sustainable and Inclusive HRM Practices

HR policies should integrate sustainability goals, ethical labor standards, and diversity initiatives to align with the global movement toward responsible business practices

3. Leverage Technology in HRM

Companies should utilize digital HR platforms, AI tools, and data analytics to improve recruitment, performance tracking, and employee engagement while maintaining transparency and trust.

4. Encourage Cross-Cultural Collaboration:

With global trade fostering international teams, HR departments must provide cross-cultural training and communication programs to strengthen collaboration and reduce workplace conflicts.

5. Develop Flexible and Resilient HR Frameworks:

Organizations should design HRM frameworks that can adapt quickly to trade disruptions, policy shifts, and economic uncertainties, ensuring business continuity and workforce stability.

Strengthen Policy and Institutional Support:

Governments and industry associations, especially in developing nations, should enhance labor law enforcement, promote fair employment practices, and support HR capacity-building initiatives to prepare for global competition

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