

# Importance of human resource development (hrd)



## **INTRODUCTION**

It is often debated and generally accepted that human resource development (HRD) activities are important in an organisation. But the question lies within to what extent and how much does it contribute. The reason may lie in the facts that it is not easy to show the direct link between the two activities and that it is both difficult to define HRD precisely and its effect may not be experienced in the short run (Torrington et al., 2005, p. 357). The purpose of this paper is highlight on the question on the extent to which HRD contributes to the performance of an organisation.

## **ORGANISATIONS AND HRD**

Swanson and Arnold (1996) asserted that HRD is a sub-system that operated in the main system; the organisation. In order for the organisation to be successful the objectives and goals of the subsystems must be aligned towards achieving the set goals of the main system. For example, the primary objective of the organisation would be to maximise return on shareholder investment. We may find that the objectives of training and development would be a level removed down, that is to maximise the capabilities of the employees, induce innovation, and produce high quality products and service. They may be different but a closer look at each of these objectives reveals that they serve a singular purpose; maximise the return (Swanson & Arnold, 1996, p. 15).

## **HRD and Motivation**

Motivation is certainly the key for the people to keep returning to the job. However it must not be viewed through a single window which shows you

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that rewards and bonuses makes people motivated. In fact rewards and bonuses and all other financial and intrinsic benefits are classified as hygiene factors. These factors acts as motivators up to a certain level, beyond that they become satisfiers. Extrinsic factors such as the pure feeling of achievement, recognition, job enrichment, job enlargement and training and development are motivating factors. Achievement, job enrichment, job enlargement and training and development are essential elements of HRD and as we can see these elements dominate the motivating factors (Cohen, 2008).

### Training and development

According to Mathis and Jackson (1999), Training is a process whereby people acquire capabilities to aid in the achievement of organisational goals. Simply put training facilitates individuals with the knowledge and skills that are required to perform the present job. It differs from development where, development has a broader impact in providing new skills that is required to perform both present and future jobs (Mathis & Jackson, 1999).

For example Tesco states that when they have well trained employees on the shop floor it benefits Tesco's business image as customers are more confident in the competence and knowledge of staff they deal with. Tesco offers a wide range of training and development opportunities both on the job and off the job to its employees. Tesco takes both organisational objectives and individual's training objectives in account. Tesco believes that efficient and effective training and development programs, helps them to create the flexible and committed employees, delivering the highest

standard of service, which is crucially required for their growth and success (TheTimes100, 2009).

### Organisational Learning

CIPD defines learning as an environment where individuals ‘learn to learn’ and possess the capabilities that enable them to do so to help their employers to build and retain competitive advantage (CIPD, 2008).

According to CIPD a firm can achieve competitive advantage when individuals actively seek to acquire the knowledge and skills that promote the organisation’s objectives. In other words organisations must transform into learning environments, where continuous learning is experienced, thus transforming into a Learning Organisation.

Learning organisation thrives for continuous improvement of its capacities in order to make the organisation ready to face the future. For example learning and development process at Corus; a Tata Steel company and Europe’s second largest steel producer with annual revenues of around £12 billion, employing around 40, 000 people worldwide, is moderated by structuring the learning process within their organisation through setting up a Corus Academy. The Corus Academy was based on sharing best practices and maximizing common approaches. Its main objective focus on Constant Improvement was achieved through the sharing of ideas across the entire company, where both individual and organisational learning occurred simultaneously becoming a learning organisation itself. (TheTimes100, 2009).

### Other Employee Development Approaches

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Development is the growth or realization of a person's ability and potential through the provision of learning and training experiences (Armstrong, 2006). Different Organisations adopts different activities in order to enhance their learning capabilities. According to Armstrong (2006), a balanced approach is required, making use of the various forms of learning and development to produce a coherent strategy that contains the plans for creating and maintaining a learning climate and developing and implementing complementary and mutually supportive learning activities both formal and informal.

### Coaching and Mentoring

Coaching and mentoring are informal development activities that organisations practice to facilitate learning. Coaching is an approach based on a close relationship between the individual and one other person, usually their immediate manager, who is much experienced (Torrington et al., 2005, p. 394). According to Kram (1983) mentoring benefits from two aspects; the career aspects that primarily enhance career advancement and the psychosocial aspects which enhance a sense of competence (Torrington et al., 2005, p. 394). The continuously analysis and constructive criticism and guidance received from the coaches and mentors directly contributed to positive performance. Organisation also benefits, saving a great deal of cost using their own senior experienced staff to develop the junior staff.

The Annual CIPD Survey Report 2009 on learning and development practices showed that in-house development programmes and coaching by line managers continue to be rated the most effective learning and development

practices in UK (CIPD, 2009). This is perhaps why firms such as Baker Tilly, the seventh largest accountancy practice firm in the UK with a turnover in excess of £200 million a year and 2, 500 staff and its international network being the eighth largest accountancy grouping in the world, strategizes its people development activities to focus on more informal programs such as coaching and mentoring. The firm believes that formal training gives the building blocks for development and learning. However coaching and mentoring and other types of informal development schemes helps people understand for themselves what it is they can do to enhance their ability to meet their objectives all stages, and help them eliminate barriers for performance (CIPD, 2009).

#### Talent management Career Development

Talent management is often described as a future-focused activity, encompassing the identification, development, engagement and deployment of 'talent', with organisations using it to develop their workforce to meet the strategic needs of the organisation (CIPD, 2008). Swanson and Holton (2009) argue that career development theories that describe adult career development are important contributors to HRD practice because they describe adult progression through work roles. Charles Handy stress that employees today must look out for themselves to build their own career. He also notes that education will becomes an investment and varied experience will becomes an asset (Stone, 1998), that will eventually give advantage to employee in the form of employability.

Although the traditional view on career development is no longer viable, its integration with talent management creates an opportunity for organisations to develop succession plans. Creating and managing talent and career development processes enables companies to nurture talent for the challenges of the future as well as the present (Eigenhuis & Dijk, 2008). For example, when Jack Welch retired in 2001 from General Electric, after having served as the CEO and chair of GE since 1981, he was succeeded by Jeffrey Immelt. Immelt was enlisted for the post as early as 1994 including some 24 candidates to replace Jack Welch. GE identified the next best candidate who would replace Jack Welch on his retirement way ahead. Such capabilities of succession planning are rare unless organisations have competent stars who share the same set of objectives as the organisation. This saves the organisations from going into a cultural and psychological shock, yielding costs that are enormous. Having outside top managers to replace comes with disruption all across the board (Eigenhuis & Dijk, 2008) creating a turmoil in the management.

### Net Gen'ers: Learning Gets Social

Tapscott in his book *Grown Up Digital* refers to the generation of individuals born between 1977 and 1997 as 'Net Gens'. Tapscott's argument was that whatever that applied to the generation before them in terms of management, training, learning and development would not apply to the Net Gens. For Net Gens technology is like the air we breathe. They are never scarce of information. For them social networking and information sharing sites such as Facebook, MySpace and YouTube are both their mentor and coaches asserts Tapscott.

He implies that organisations must change their ways of training and development to adopt this wave of informal learning into their mainstream learning programs. Organisations must encourage Net Gens to develop in their own chosen style; perhaps this will be the only way to capture their talent and capacity. These platforms give an enormous advantage with regard to developing the Net Gens and benefiting from their capabilities. Organisations can in other words make work and learn a fun experience for the fun loving Net Gens (Bingham, 2009).

### Knowledge management

Perhaps the most important aspect of HRD is to retain the knowledge invested over the time on individuals. Employment has become more mobile, where individuals change their jobs in pursue of building their career. In other words, as an individual leaves an organisation the knowledge also leaves with him. Finding ways to retain this knowledge in a database or in retrievable form that is accessible by others in the organisation turns information into useful knowledge crucial to improve process and increase profits (Bogardus, 2004). For example Corus's information sharing network is backed up by databases that are shared by firms all over the world. A problem in a firm operating in Canada can get the solution and best practices that was applied for the similar problem in a firm operating in another country.

### Conclusion

The bottom line is that HRD is directly related with improving and enhancing the performance of the employees, which is regarded by many organisations

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as the only competitive advantage that can be sustained. This competitive edge is achieved by organisations that discover the knowledge, skills and ability of their work force and build them to achieve unique differentiation. Empirical studies on business effectiveness and sustainability from all over the world suggests that, people are the key to the success of the business. For example, a study conducted to find the employee engagement level in pan-European employees showed that the human resource activities as a whole facilitated a 5 percent increase in engagement levels each year. The study also showed that human resource interventions aligned with customer satisfaction correlated by 72 percent and financial performance correlated by 68 percent (Ward, 2008).