

Strategic human resource development



**ASSIGN
BUSTER**

Introduction There is now a general acceptance of a stakeholder theory of the modern organization (see, e. g. [1, 2, 3]). Such a theory implies that managers have a duty to stakeholders. Stakeholders are defined as those groups who have a stake in or claim on the firm. Translated to the human resource development (HRD) context it suggests that each stakeholder group has a right not to be treated as a means to some end and should therefore participate in determining the future direction of human resource development activities within the organization.

The evolution of a strategic HRD concept has also highlighted the need for the application of a stakeholder theory to HRD within the organization.

Commentators such as Sparrow and Pettigrew[4] and Harrison[5] emphasize the need to develop people as part of an overall human resource strategy and ensure its alignment with the organization’s mission and strategic goals. This requires a different approach to managing the HRD function, and is an issue which has yet to receive consideration in the training and development literature. This article represents an attempt to address some of the key issues involved. This article will focus on defining the nature of stakeholders followed by an analysis of alternative models of stakeholder management within the context of strategic HRD. The article will conclude by commenting on the significance of stakeholders at the operational level of HRD policy implementation.

Who is a stakeholder? Within the context of strategic HRD, a stakeholder is anyone whose actions can affect the management of strategic HRD activities within the organization. Tsui[6] uses the alternative term “ constituencies” – which she defines as clients, customers or other stakeholders who depend

on, but at the same time exert control over, the HRD policies and activities within the organization. Because of their mutual interactions each stakeholder has a stake in what the HRD activity does and vice versa.

Stakeholders may also be HRD activity claimants in that they depend on the function for the realization of some or all of their goals. The activity in turn depends on its key stakeholders for the full realization of its mission.

Because of this mutual dependency each stakeholder is in effect an advocate that furthers the goals of the HRD function. Freeman and Reed[3] identify two definitions of the term “ stakeholder”. The narrow definition includes those groups who are vital to the survival and success of the business/function. A broader definition includes any group or individual who can affect or is affected by the business/function. In this article the narrow definition is used. Power is a key issue in any consideration of stakeholder influences.

The relative power of the different stakeholders is fundamental and the HRD function may sometimes trade off one against the other, establishing a hierarchy of relative importance. Using Cyert and March’s[7] analysis, the argument is sustainable that the goals of an organization or function are a compromise between the different stakeholders. They suggest that this inevitably leads to conflicts of interest. In the short term, because issues are more tangible and because decisions have to be taken as situations change, functional activities adapt over time and it is likely that once a compromise situation is reached, there is a tendency to seek to retain rather than change it. The attitudes of stakeholders both inside and outside the organization will

be strongly influenced by its cultural context. Few stakeholders have sufficient power to determine unilaterally the strategies of the HRD function.

Influence is likely to accrue only because individuals share expectations with others by being part of a stakeholder group. Many individuals may belong to more than one stakeholder group. The key issue for the HRD function is the need to understand the expectations of different stakeholder groups and assess them in terms of what power they may exercise. Such information requires systematic stakeholder analysis.

Stakeholder analysis is based on two premisses. The first is that the current state of the HRD function is the result of the supporting and the resisting forces brought to bear on the function by the stakeholders. Thus the present status of the HRD function is at best a temporary balance of opposing forces. Some of these forces provide resources and support to the function while others serve as barriers or constraints.

The forces are generated by stakeholders in the course of pursuing their specific interests, goals and objectives. The second premiss is that the outcomes of the HRD function's strategies are the collective result of all the forces brought to bear on it by its stakeholders during implementation. The function is always in a state of quasi-equilibrium as it attempts to balance the various stakeholder forces. Each time the HRD function acts and its stakeholders respond, a new temporary balance is achieved. The status and performance of the HRD function at a given point in the future depends on the equilibrium it achieves throughout the period it is implementing its strategies. These two premisses lead to an important conclusion.

The validity of the strategies implemented by the HRD function always depend on the assumptions that are made about its stakeholders and about the steps they will take during the planning and implementation of HRD strategies to involve key stakeholders. Models of HRD stakeholder management at the strategic level Based on detailed analysis of 16 Irish companies using training records, documentary analyses and interviews with key stakeholders, two models can be formulated which explain how the HRD specialist copes with the diverse priorities of stakeholders and how they structure their strategy formulation and implementation activities to account for the conflicting interests of different stakeholders. An explanation of these models now follows. A single sovereign model of HRD management This model is based on the belief that the right and power to manage the HRD function is vested in a single ultimate authority – the HRD specialist.

Figure 1 presents the relationships between the specialist and his/her stakeholders. Key characteristics of HRD functions that use a single sovereign model of stakeholder management can be identified. The function tends to be reactive in nature, with a strong maintenance philosophy underpinning its HRD provision i. e. the reinforcement of existing values and systems.

Learning tends to be viewed in terms of one-off events and there is a tendency to go for flavour of the month strategies. Ownership and control of training and development rests with the HRD specialist and there is a tendency to view the role in terms of a provider and/or administrator of training (using Pettigrew's terms). HRD activities have a low priority and are

often the first to be cut in lean times. HRD decisions are not based on clear business needs nor do HRD activities directly contribute to business goals.

The dominant HRD model is a systematic one which in many cases is implemented in a highly mechanistic fashion. The dominant philosophy of the trainer is best described as instrumental, a subject matter expert who exercises a high degree of control over training activities, with a preference for large groups training situations. This trainer will most likely use “tell them” training methods and sometimes use experienced workers as trainers. The process of identifying HRD needs tends to be dictated by topics that are currently popular, readily available or deemed important by the training and development specialist or a key manager.

Programme evaluation, when it occurs, is almost exclusively limited to “reaction” questionnaires. HRD is essentially viewed as a cost and such costs and training time are not calculated in advance of the intervention taking place. Nearly all of the organizations identified as operating a single sovereign model of stakeholder management tend to make very arbitrary decisions about the number of hours/days which should be allocated to a training and development programme before its requirements are known. There is a clear preference for specific training over general training. Roche and Tansey[8] define specific training as that which is unique to the organization and has limited transferability to other organizations and/or occupational areas within the organization.

The specific training given may not be based on identified need but on the HRD specialist’s perceptions. Such a trend is consistent with other

characteristics which were identified; a strong individual and operational focus. Furthermore much of the provision tends to emphasize demarcation, clearly defined job roles and specific duties for employees. A steerer model of HRD managementThe essence of this model is that the right and power to manage the HRD function is distributed among many individuals and groups, each of whom have a vital interest in the function. The human resource specialist as steerer attempts to achieve an equilibrium among the competing interests by forming coalitions and by enabling synthetic or compromise situations to key training and developments problems.

The HRD specialist as steerer perceives his or her role in terms of guiding the HRD function through the turbulent waters of diverse pressures and demands. Figure 2 sets out the steerer model. HRD functions which operate a steerer model of stakeholder management tend to place a heavy emphasis on the business basis of all the strategies which they utilize. HRD interventions are only prescribed when skill and knowledge deficits inhibit the achievement of business goals or are likely to do so in the future. The function is more likely to be more proactive where learning is viewed as an ongoing activity with a strong preference for general HRD activities. Roche and Tansey[8] define general training as interventions which are applicable to many situations and contexts and which make a significant contribution to the organization and the wider economy.

The strategies used are more likely to emphasize team and organizational processes, focus on individual needs, flexibility and interchangeability. The HRD function has high centrality and its cultural value is change i. e.

ensuring that the dominant values and systems reflect the needs of the organization's environment and strategy.

HRD is viewed as a long-term investment with the initial cost, learning time and results of each training and development strategy predictable before large scale investments are made. The HRD specialist's role is more likely to be construed in terms of a facilitator of learning, an adviser to key stakeholders and a change agent. The dominant philosophy is an existentialist one with an emphasis on one-to-one learning situations, self-development, self-evaluation, the use of innovative learning methods and an overall more organic approach to the learning process. The learning contract is viewed as a many-sided one with a high level of individual learner involvement. The HRD specialist has few problems with ownership and control because they tend to view it as shared among the stakeholders.

Table I presents a comparison of both stakeholder management models in the HRD context. The case analysis illustrates that many HRD specialists make strategic decisions which are not based on a steerer model despite evidence that this is the most appropriate model within the context of a strategically focused HRD function. Many Irish HRD specialists cling to the single sovereign model of stakeholder management. They choose learning strategies in isolation, shut off from knowledge of stakeholder claims and deprived of a full understanding of the forces stakeholders might bring to bear. Such decisions are most likely to lead to mistakes. Frequently they create new pressures and conflicts which the training and development specialist must solve.

The power, dynamism and predictability of stakeholder groups In order to assess the power, dynamism and predictability of the stakeholder groups, stakeholder mapping can be utilized. Specific questions which are posed include: ·how likely each stakeholder group is to impress its expectations on the HRD function; ·the power of the stakeholder to impress their expectations on the HRD function; ·the likely impact of the stakeholder expectations on future strategies adopted by the HRD function. Mendelow[9] suggests a model which is useful for the purpose of this article. Figure 3 shows the power/ dynamism matrix for the internal stakeholders, the power they hold and the extent to which they are likely to show interest in the way HRD function's strategies are managed. The analysis shows that the most difficult group to deal with are the line managers in segment A, since they are in a very powerful position to block or support HRD strategies. Their position is often difficult to predict.

This suggests that the HRD function should find a means to try out its new strategies with these stakeholders before they become official. The matrix also illustrates that personnel managers in segment C are also likely to influence HRD strategies. It is important for the HRD function to anticipate their position and build/design strategies which address their expectations. Top managers are also in this segment. The employee group on segment A are less important in power terms.

However, this does not mean that they are not significant. It is perhaps appropriate to state that the active support of individual employees may have a significant influence in the attitude of line managers. The remainder of the matrix now needs explanation. The key players in segment H (line
<https://assignbuster.com/strategic-human-resource-development/>

managers) need to accept the strategies suggested. This will require some mechanisms for involvement at the formulation stages of new HRD strategies.

The analysis illustrates that other difficult stakeholders are those in segment G. They may have a relatively passive attitude towards HRD; however, they may become important because as Johnson and Scholes[10] point out, stakeholders often emerge and influence strategies as a result of specific events. This means that the HRD function must test out their likely reaction to its proposals. It is feasible that in the short term they would move to segment H and act as a major barrier to HRD strategy implementation. Top managers and the personnel specialist could play an important role in influencing and shaping the attitudes of line managers. Johnson and Scholes[10] talk about the notion of side payments to stakeholders as a means of securing their acceptance to new HRD initiatives.

Such a situation highlights the need for the HRD specialist to have effective political skills and engage in considerable networking and bargaining within the organization. Figure 4 shows the map for the external stakeholders. The national training advisers are the most significant in terms of their power. They can block particular strategies or, if managed correctly, they can be a significant driver behind a strategy.

They are often the people who approve financial support from the national training agency. Trade unions are also significant especially in areas such as multiskilling and health and safety training; they are predictable but powerful. It is important for the HRD specialist to anticipate the trade unions'

response on key issues and address their priorities and expectations. The national training advisers and the trade unions also appear in segments H and G respectively. The HRD specialist is advised to test their likely reaction to proposed strategies and plan accordingly.

HRD at the operating level: the role of stakeholders Tsui[6] defines the operating level of an organization as those units involved in the transformation process of the organization. Daft[11] and others illustrate that managers at the operating level are primarily responsible for plan implementation. Hall[12] and Tsui[6] point out that such managers also operate within short time horizons, their performance is regularly evaluated and they may have to operate in reactive mode much of the time. It follows that the human resource development concerns which they face are different from those confronting managers located at business or corporate level within the organization. Research by Tsui[6] and Garavan et al.

[13] suggests that HRD activities at the operating unit level serve the interests of a wide range of groups. This requires that strategic human resource development be concerned with both strategic and operational requirements. Line managers for example, may be concerned with business issues whereas lower level managers, and employees may have more operational or personal concerns when it comes to HRD issues. The HRD function is also expected to implement corporate HRD issues. This potential difference in perspectives suggests that a stakeholder approach has application at the operating level as well.

Different stakeholders may have different expectations about the role and function of HRD as well as using different criteria to evaluate its effectiveness. The extent to which such differences exist will be explained in the next article in this special issue. Summary This article considered the concept of stakeholders or constituencies and analysed their significance at both the strategic operating levels within the organization. The article advocates that a stakeholder management or steerer model approach may be most effective in managing the HRD process within the organization. There is a recognition that stakeholders may have different values and expectations which will influence how they interact with the HRD specialist and the types of criteria they use to evaluate the success of HRD initiatives.

References 1, Evan, W.

M. , Freeman, R. E. , “ A stakeholder theory of the modern corporation: Kantian capitalism”, Chryssedes, G. D. , Kolar, J.

H. An Introduction to Business Ethics, Chapman & Hall, London, 1993. 2, Millstein, I. , Katsh, S. , The Fruits of Corporate Power, Macmillan, New York, NY, 1981. 3, Freeman, E.

, Reed, K. , 1983, “ Stockholders and stakeholders: a new perspective on corporate governance”, Hovinga, U. K. , Corporate Governance: A Definitive Exploration of the Issues, UCLA Extension Press, Los Angeles, CA, 1983. 4, Sparrow, P.

, Pettigrew, A. , “ How Halfords put its HRM into top gear”, Personnel Management, 20, 6, 1988, 30-4. 5, Harrison, R. “ Developing people – for

whose bottom line? “, Harrison, R. , Human Resource Management: Issues and Strategies, Addison-Wesley, Wokingham, 1993.

6, Tsui, A. S. , “ Defining the activities and effectiveness of the human resource department: a multiple constituencies approach”, Human Resource Management, 20, 1, Spring, 1987, 35-69. 7, Cyert, T.

, March, H. , A Behavioural Theory of the Firm, 2nd, Prentice-Hall, Hemel Hempstead, 1989. 8, Roche, F. , Tansey, P. , Industrial Training in Ireland, Government Stationery Office, Dublin, 1992. , Mendelow, A.

, Proceedings of Second International Conference on Information Systems, Cambridge, MA, 1991. 10, Johnson C. , Scholes, K. , Exploring Corporate Strategy, 3rd, Prentice-Hall, London, 1993.

11, Hall, W. K. , “ SBUs: hot new topic in the management of diversification”, Business, 21, 1, 1978, 17-25. 12, Daft, R. C.

, Organization Theory and Design, West Publishing, St Paul, MN, 1995. 13, Garavan, T. N. , Costine, P. , Heraty, N.

, Training and Development in Ireland, Context, Policy and Practice, Oak Tree Press, Dublin, 1995.