

# Recent human resource development analysis



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Accompanied with the increasingly recognized facts that people, together with their knowledge and skill sets, are becoming the underpinning and sustainable drivers of the Companies' competitive advantages, the strategic importance of the human resource development (Hereafter as HDR) has merited growing attention from a wide variety of the practitioners and scholars from different organizations and institutions. In many successful learning organizations, which advocated learning and development at workplace, have refashioned their training schemes and put HDR on their top priorities as the primary management tool. According to Bratton and Gold (2003), the HDR has been closely intertwined and interacted to such issues as performance management, organizational improvement, and become the core of the companies' strategies.

The rest of the paper is divided into two sections. In the first part, the theoretical perspectives of the contemporary HRD will be briefed and compared. Those factors that significantly reshaped the emergence of strategic approaches are discussed as well. The second part mainly endeavors to go further deep by analyzing the practicality of those theoretical perspectives, examining how they reflect themselves in real business environment. The Russells Ltd is selected for the case-study, the company's main problems may get sorted and feasible HDR solutions are offered.

## **Definition of human resource development**

As the discipline of the HRD is still development and changing, it is impossible to deliver a precise and static definition of the HDR. Among all the researchers, McLean and McLean (2001), give relatively objective description of the HDR. It is ' any process or activity that, either initially or over the long term, has the potential to develop adults' work-based knowledge, expertise, productivity and satisfaction, whether for personal or group gain or for the benefit of an organization, community, nation or ultimately the whole humanity.' According to Tseng and McLean (2008), the substance of HDR consists of three core professional and practical issues, learning, performance, and change. In the recent decades, there have been wide scales of changes that occurred and affected the HDR conception and practices. Some of them have larger significance relative to others and are covered in this paper.

## **The recent human resource development**

The rapid evolution in the technical advancement, together with the globalization of the markets, and the fast growth of the worldwide economies is provoking the dynamism of the global markets, making customers' expectations fast changing and highly unpredictable. Against this backdrop, it requires more inputs and efforts from organizations to maintain their competitive edges over their rivalries. (Johnson et al, 2008). The change management starts to catch the spotlight of many organizations and institutions, and the norm, that learning is the only option for companies to remain flexible and responsive to changes emerged. (Bratton and Gold, 2003) At his moment, the HDR is recognized as the creative tool that builds the learning environment, supportive and advocating, helping the individuals in the organizations foster learning oriented mind-set and making sure they have the right skills in working in the changing environment. (Noel and Dennehy, 1991)

Garavan et al (2000) specified that there are three major theoretical perspectives on the contemporary human resource development. The first one is capabilities-driven HRD, under which, the people within the organizations are perceived as the source of the firms' competitive advantages. HRD in this context is seen as the tool that endeavors to make sure these organizational capabilities are delivered smoothly and freely, and therefore, the organizational performance could be improved as a result. (Garavan et al, 2000). However, this perspective is subject to several limitations. First of all, it fails to capture the reality that the capabilities possessed by the people may be unstructured and could not be used directly

to facilitate the organizational growth. Another limitation of this perspective is the assumption that the organizations have clearly measured goals, which are consistent and less changing. However, in the real business, the goals are both changing and ambiguous. Therefore, the task of HRD is to develop a wide range of skills and capabilities. In spite of these limitations, Luoma (2000) still insisted that the strategic HRD is the most effective approach to synchronize the workforce development with the organizational capabilities, ensuring that the learning and training could help the organizations meet their development goals.

The second perspective on contemporary HRD, according to Garavan et al (2000), is connected to the employee-employer relationship and expectations. The role of HRD in the second perspective is all about managing and re-shaping the 'psychological contract' binding between the employees and their organizations. Harrison (2002) specified that the 'psychological contract' contains the feelings and attitudes of the employees toward their employers based on the level of satisfaction of their needs and rights desired. Such HRD is in particular, important and present during the corporate restructuring, in which the employee commitment, loyalty and flexibility become essential. (Bratton and Gold, 2003) As an impaired 'psychological contract' could demolish the employees' loyalty, commitment, motives and thus, performance level at the workplace, it is important to successfully and smoothly manage such relationship and expectations. (DelCampo, 2007) However, the task is not easy as it is difficult to capture and measure the implicit relationship, as the expectations are both vague and fast changing. Pate et al (2003) indicated that the impacts of the

psychological contract violation are contextual, reinforcing the difficulty in managing the employees' expectations.

Hiltrop (1996) proposes that the reward schemes should be re-designed carefully if the organizations attempt to re-shape and reinforce the psychological contracts, and enhance the employees' loyalty and commitment. The performance of the employees should be monitored continuously and contributions recognized fairly. On the other hand, the systematic and effective training should be provided equally to employees within the organizations, allowing them to develop their skills, knowledge, and to take on more challenging but rewarding tasks. However, even with the full implementation of the schemes suggested by Hiltrop (1996) and other researchers, it is still inevitable to avoid employee losses, the reducing level of commitment and loyalty due to the intensifying talent war and growing competition unless the organization is large and competitive enough. Garavan (2000) terms such phenomenon as 'economical disadvantages' with respect to psychological contracts.

The third perspective on contemporary HRD is centered on two parts, organizational learning and learning organization. (Garavan, 2000) This approach is developed from the recognition of the first approach. According to Swart et al (2005) the acknowledgement that the people, together with their skills and knowledge, constitute the sources of the firms' competitive advantages urges the organizations to invest in the organizational learning. Compared to the first perspective, the third perspective simply shifts the focus from the simple, unstructured training interventions to learning and development throughout the organization, which is more systematic and

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organized. (CIPD, 2008) According to Bratton and Gold (2003), the major difference between organizational learning and learning organization is the different objectives set and perceived by the organizations. The former is more biased to the achieve the growth through the learning schemes while the later focus on the development of the training schemes rather than the growth in the terms of other indicators, usually monetary. Thus, the organizational learning is more about the establishment of the accurate objectives of the organizations, which could facilitate the firms to design the training schemes more specially, while on the other hand, the organizational learning uses more accommodative and wide variety of training schemes. It creates a no-blame approach, using every mistake made as opportunities to learn. (Megginson et al, 1999) Compared to the organizational learning, the learning organization focus more on learning and regard the knowledge creation as a source of the organizations' competitive advantages.

In a nutshell, all the three perspectives on HRD are not isolated but connected to each other. It is worth mentioning that the study of the HRD should as a result, conducted from the multiple perspectives. It is also recognized that the HRD is becoming more and more strategically important. The major aspects and elements of the strategic HRD will be presented in the following section.

## **Strategic human resource development**

The strategic human resource development (SHRD) mainly concerns the creation of the learning organization that facilitates learning and development at all levels of the organization, enabling the organizations to improve their performance and attain their competitive advantages. The

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development of the SHRD should be put in line with the design of the overall corporate strategies. (Bratton and Gold, 2003) According to Wognum (2001), there are three steps to align the SHRD with the development of the overall corporate strategy. Firstly, we have to identify and spot the weakness of the organizations, together with the problems and bottlenecks encountered at the organizational level. Secondly, investigating all the issues separately and assess the potential implications of potential HRD solutions. Finally, implement the HRD solutions properly, making sure the problems could be solved and development achieved with the support of the learning and development.

In 1991, Garavan recognizes 9 primary characteristics of SHRD. They are listed as follow:

1. Integration with organizational missions and goals – HRD should be put at priority of the strategy setting process of the organizations to ensure it can fit into the business planning smoothly.
2. Top management support – the effectiveness could only be achieved if the top management give sufficient attention.
3. Environmental scanning – in designing the HRD solutions, the environmental factors, both inside the organizations and outside should be considered. It is necessary for the organizations to carry out detail environmental scanning at the early stage of HRD design. (McCracken and Wallace, 2000)



4. HRD plans and policies – in order to fully unleash its strategic implications, the plans and policies should be formulated for HRD, and get incorporated into the overall business strategies and planning. (Garavan, 1991)
5. Line manager commitment and involvement – line managers' participation and commitment are as important as the involvement of the top management regarding the implementation of SHRD. HRD specialist should design particular schemes that facilitate the involvement of the line managers. However, such proposal faces criticisms. The major limitation is that HRD specialist concerned more about the strategic level planning while line managers focus on the operational level. As a result, the partnership, which is more interactive and bilateral, between HRD specialist and line managers should be established. (Wognum and Lam, 2000)
6. Existence of complementary HRM activities – the association between HRM and HRD activities should be aligned as well. O'Donnel and Garavan (1997) recognized the importance of the integration between the HRD policies and plans with all other HRM process, including recruitment, appraisal, and rewards.
7. Expanded trainer role – the trainer should be given more responsibilities in designing the training schemes as they are closely connected to the employees of different levels. Their roles are more strategic than used to be.
8. Recognition of culture – the HRD should be planted as part of the culture of the organizations, becoming the values of the organizations that drive the firms' growth and sustainability.

9. Emphasis on evaluation – the evaluation of the implications of HRD is an indispensable part of the SHRD.

Although the 9 characteristics introduced above seem straightforward and clear-cut, it is difficult task to achieve them all in the real business context. Bratton and Gold (2003) also implied that the SHRD did not merit enough attention in most of the organizations in U. K. The top management only cares about the aspects that have the most direct impacts on the corporations' profitability, such as raw material costs and GA expenses. In 2000, McCracken and Wallace tried to reshape the definition of the SHRD and modify the 9 characteristics, making them more proactive. They defined the SHRD as the creation of learning culture, both responding to the corporate strategy and being able to influence it.

To put it simply, it is still a long bumpy road for the HRD to become strategic in the management and development of the organizations. One of the key barriers is that the SHRD planning is highly contextual. However, it is insisted that the most effective HRD could be strategic, relevant and unique in any case. It can bring the corporations unique advantages, which are not matched by their counterparts and most importantly, more sustainable than those generated from other corporate strategies.

## **Human resource development in practice**

As it is difficult to compare the theoretical perspectives without applying them to different real business scenarios, this paper will use the case study of Russells Ltd to illustrate the key aspects of the various perspectives regarding HRD. The major problems and setbacks faced by the organization

will be introduced at beginning and the HRD solutions will be given accordingly. Moreover, the people in the organizations responsible for different process of the HRD will be identified and their roles explained as well.

## **Crucial HRD problems in Russells Ltd**

Russells Ltd is a multinational manufacturing company, of which the business covers a wide range of sectors. The company is going through its tough period as it finds itself hard to maintain its leadership position within the industry. Due to the highly intensified industry environment and the vast changes the organizations have been experienced, the company has decided to sack a huge number of employees, from 2000 works nowadays to less than 800 people in ten years. The negative impacts on the psychological contracts between the employees and the organization will be, definitely impaired as the sense of insecurity among employees and their decreasing trusts with the company starts to dominate within the company. Secondly, to improve the departments' effectiveness, Russells Ltd has agreed to use the matrix structure, promoting the project-based working structure. As a result, the company is galloping through a turbulent environment and has to undertake some changes at all level of the organizations. To minimize the negative impacts regarding its HR management, the company has hired some experts at this area and the emphasis is about the training and development that can help improve the employee performance.

Thirdly, as the psychological contract becomes weakened, any inappropriate action may further stoke the tensions. Therefore, it is necessary to rebuild the employee commitment as well as enhance their loyalty and flexibility.

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Moreover, as the company shifts its structure of matrix, project-based nature, it is necessary to develop the multi-skills and fast adaptive employees to make sure the overall performance of the organization will benefit from the structural change. However, it seems that the company failed to align the HRD strategy with the overall corporate strategy.

To conclude, the key areas for improvement and solutions needed for HRD include: help the organization manage change through learning and development, improve the performance at all levels of the organization, re-gain the commitment, loyalty and trust from the employees, better align the HRD with the corporate strategy.

### **Solutions for HRD strategy in Russells**

According to Noel and Dennehy (1991), the organizational restructuring provides the opportunity for the companies to improve their HRD strategies and therefore facilitate the companies' strategic re-formulation. Russells Ltd is striving to become the company, with its competitive advantages coming from its learning organization, which advocates continuous improvement and constant innovation. As a result, when designing the HRD strategies for Russells Ltd, several issues should be accounted for.

#### Change management

As mentioned earlier, the Russells Ltd decided to shift its structure to matrix. This type of structure has both its advantages and pitfalls and HRD specialists should have good understanding of both. First of all, the matrix structure allows a good exchange of ideas from different corners of the organizations and therefore allows better knowledge interaction and

integration alongside different organizational departments. (Johnson et al, 2006) However, the overwhelmingly huge information flows may also bring in some confusion. Decisions-making will take more time and the employees may feel ambiguous about their tasks and responsibilities. Therefore, to help smooth the structural change, the communication between the employees and the organizations should be reinforced. At this time, the employees may want to know the process of the restructuring and the downsizing, and also how these changes may impact their work. (Hiltrop, 1996) Organizational visions and objectives should be directly channeled to the employees at different levels of the organization. However, it is inevitable to have some resistance from the employees. In this context, the employee empowerment could be used to minimize the friction between the employees and the organization.

## **Performance management**

The needs of the development at both individual and organizational levels should be specified accurately in order to promote the organizational performance. The performance improvement could only be achieved if the performance appraisal (PA) accurately reflects the development targets and needs required by the performance improvement. The well-designed PA could motivate the employees to learn and develop continuously and to take more challenging but rewarding tasks. (Swart et al, 2005) Moreover, PA represents an opportunity for the management to communicate with the employees from different levels and sectors of the organization. They can together discuss their performance, capabilities, and potential areas for improvement and development. (Bratton and Gold, 2003) Such interaction

also facilitates the company in revamping its psychological contracts with the employees, rebuilding their commitment and regaining their trust and loyalty. Through this discussion, the employee involvement is a very important topic that requires the consideration from the HRD specialists. As employees are more aware of the areas that need improvement that the company is, to encourage the employees to participate in the discussion about the PA is very essential. They are not only to listen from the management but should have their own suggestions and opinions. They should have 'a say' in the decision making process. (Marchington and Wilkinson, 2006) This can make employees feel they are the 'owners' of the company.

Therefore, the performance management and performance appraisal provides the organization an opportunity to align the organizational goals with employee performance and development. The line managers should work closely with the HRD specialists to identify the key areas for improvement and design the training schemes. (Harrison, 2002) In the longer term, the organization should be able to have its own talent management team, which is able to spot the potential weakness and select the most effective training solutions to improve the employees' performances. In the end, it will be expected that the organization itself will have the ability to evolve and improve, a type of learning organization described earlier in this paper.

Moreover, it is important to have the schemes that develop the multi-skills employees to make sure the effectiveness of the individuals will not be impaired due to the change of the organizational structure. The project-  
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based nature will also raise the concern for better team communication, which requires a wide range of social and communication skills. (Stewart et al, 2005)

### Psychological contract

As we have discussed before, the employees commitment, trust, as well as their trust with the company may recover during the process of the performance management. However, it still needs extra efforts in rebuilding the relationship between the company and employees. Those who survive during the redundancy should be mentored carefully to make sure they will remain productive. Hiltrop (1996) proposed that the reward system should be refashioned in order to revamp the company's images among employees. In this case, only continuous improvement and learning will be rewarded.

### Strategic HRD alignment

In order to fully carry out the strategic function of HRD, the Russells Ltd should account for the 9 characteristics of SHRD proposed by Garavan (1991). As the organization is attempting to rebuild its leadership position and maintain its competitive advantage through consistent innovation, the learning organization should be built and reward system should be modified carefully to provide incentives for being creative and innovative. It is very essential to form an organizational learning system as Russells Ltd is operating in a very competitive industry. Suggested by McCracken and Wallace (2000), the PESTEL and SWOT analysis have to be applied by both senior and HRD managers. Moreover, as one of the 9 characteristics of SHRD it is necessary to gain the support from both top management and line

managers at Russells Ltd. As the HRM department has achieved good results during the past, therefore, it could be assumed there would be little friction from the management and the line managers could commit to the changes proposed.

However, in order to be more strategic, the HRD should consider more issues surrounding the changing environment. First of all, the role played by trainers should be re-defined. At Russells, the trainers are not just delivering lectures to the employees or design relevant training program, but instead, the facilitators and consultants of the organizational changes. (O'Donnell and Garavan, 1997) Secondly and most importantly, it should be recognized that the organizational transformation may have an impact with greater significance on the organizational culture. The shift to the matrix structure, together with the downsizing may possibly create an atmosphere full of uncertainty and anxiety. As a result, the employees are not able to concentrate in routine work and be resistant to the changes. HRD should attempt to minimize the impacts on the employees and take its best try to form the learning culture. Finally, the HRD should be monitored consistently and any variance should be investigated and any change necessary should be taken.

As a result, there is great possibility that Russells Ltd could manage to carry out its change smoothly in making HRD strategic. However, it should be emphasized that although HRD could be given strategic importance, their functions may vary across different industries and companies. There is no single best HRD strategy. (Biswajeet, 2003)



## **The key players in implementing HRD strategy**

The design of the efficient HRD strategy is just the beginning of the HRD management. The success of the HRD strategy requires the managers to clearly understand the goals of the HRS strategy and effectively incorporate it into daily management practices. (Hiltrop, 1996) At this case, the key players in implementing HRD strategy would be line managers at Russells Ltd. However, a survey conducted by CIPD (2004) disclosed that a large proportion of line managers are reluctant to take on more responsibilities about learning and development, which are the key to achieve the pre-determined organizational goals. The solution proposed by Wognum and Lam (2000) is to give more authority to line managers over the HRD planning. It is not enough to let line managers participate in the implementation stage. Such employee empowerment may offer more incentives and motives to line managers in pro-actively playing its roles during the HRD strategy implementation process.

Moreover, it is recognized by CIPD (2004) that the role of line managers is very important as they are the person who holds the performance appraisal meetings. Therefore, it is necessary to organize training for line managers in carrying out performance appraisals more effectively and smoothly. The skills to monitor, motivate and mentor are equivalently important for line managers if they are going to use more accommodative performance appraisals schemes. (Swart et al, 2005).

## **Conclusion**

To sum up, although there have been researches describing the importance of HRD, its essence is still under-recognized and there are limited association

between the HRD and corporations' strategic planning. As the on-going evolution of the HRD and the companies' commitment to continuous learning, it will not be far that HRD gains the attention as much as subjects like cost management, marketing do. In this paper, three theoretical perspectives of the HRD are introduced. They are capabilities-driven HRD, the psychological contract, and the organizational learning and learning organization. It is worth mentioning that there is a tendency that all three perspectives are equally important and could not be exercised separately. In the second part of the paper, the Russells Ltd is examined to fully understand how different HRD perspectives could work to offer the company better solutions regarding HRM.