The fundamentals of human resource development assignment

[Business](), [Management]()

PA R T 1 The Fundamentals of Human Resource Development Part 1 explains the fundamentals of human resource development. The topics covered act as a foundation for parts 2 and 3. These fundamentals encompass a wide range of issues including an analysis of the relationship between the theory and practice of the concept. 1 The Context of Human Resource Development Learning objectives: By the end of this chapter you should be able to:

Q Define and explain the concept of globalization Q Discriminate between different perspectives on globalization Q Explain how globalization is impacting on work and organizations Q Appreciate the implications of globalization for the practice of human resource development Q Understand the relationship between national human resource development and national vocational education and training In order to achieve these objectives it is important that you not only read the chapter carefully but also complete the activities and review questions, and undertake some of the suggested further reading.

Indicative content: n Different perspectives on globalization n The key drivers of economic globalization: advancements in technology and communications, global competition, and changing organizational structures n The developing economies of China and India n The implications of globalization for the practice of HRD within organizations n The role of national vocational education and training (NVET) 4 THE FUNDAMENTALS OF HUMAN RESOURCE DEVELOPMENT n The emergence of national human resource development (NHRD) n Global approaches to NHRD n The implications of NHRD for HRD practitioners

Key concepts: Globalization Supply chain Human resource development (HRD) Human capital Social capital National human resource development (NHRD) National vocational education and training (NVET) THE CONTEXT OF HUMAN RESOURCE DEVELOPMENT 5 1. 1 Introduction A variety of terms have been used by academics and practitioners to describe the topic covered in this book: training, training and development, employee development, learning and development, and human resource development (HRD). Do these different terms mean different things?

Or, can they be used inter-changeably? Who is responsible for HRD in organizations: HRD practitioners or line managers or both? What are the responsibilities of the learner? What is the relationship between HRD and human resource management (HRM)? Why do academics rather than practitioners prefer the term Human Resource Development (HRD)? The aim of this book is to provide answers to these questions. This is not an easy task as there are multiple perspectives on the meaning and purpose of HRD which can confuse anyone who is unfamiliar with the topic.

Much of the academic literature published over the last decade has been characterized by an ongoing and robust debate on these different perspectives. This has been important for three reasons: it has strengthened the breadth and depth of HRD theory; it has generated empirical studies on different aspects of HRD practice; and, it has helped to establish the academic credibility of the subject. But there is still a sense that the academic and practitioner communities are not as closely inter-twined as they should or could be; although tensions between theory and practice are

not con? ed to the ? eld of HRD but appear to be endemic in the management and organizational sciences generally (Kuchinke, 2004). It is not the purpose of this chapter to critique the relationship between the academic and practitioner communities and the implications that this has for the theory and practice of HRD. This is covered in the next chapter where you will gain an insight into the often ambiguous and contested nature of the concept.

Chapter 2 will focus in particular on an analysis of the two principal perspectives on HRD: the performance and humanist perspectives. These perspectives have fuelled some of the most controversial debates about the meaning and purpose of HRD. To date these debates have been dominated by Anglo-American perspectives but this is now changing as more indigenous perspectives on HRD emerge across Europe, the Middle East, and Asia. This re? ects the way in which the theory and practice of HRD are evolving within the context of a dramatically changing world.

Globalization has witnessed the deregulation of markets, the relocation and outsourcing of production and service facilities, particularly to China and India respectively, and the inter-connectedness of markets, principally as a result of increasingly sophisticated information and communications technologies, symbolized by the Internet. This has resulted in changes to how many organizations are structured, how they are managed, how they conduct their operations, and how they plan for the future. Globalization is not a new phenomenon but what differentiates this current phase from previous ones is the sheer scale.

The number of countries affected, the volume of trade, and the rate of growth are far greater than in any previous phase (Stark, 2005). Inevitably globalization is having a huge impact on the role, nature, and purpose of HRD in organizations of all sizes and sectors across the world. However, much of the literature on HRD has been written from the perspective of large private sector organizations (i. e. national and multinational 6 THE FUNDAMENTALS OF HUMAN RESOURCE DEVELOPMENT corporations). Examples taken from the public and non-pro? sectors tend to be used less frequently by authors. This is also the case with small and medium sized enterprises (SMEs). Yet, public sector organizations are signi? cant employers in most developed countries and non-pro? t organizations play a crucial role in addressing a wide range of humanitarian issues around the globe and make a signi? cant contribution through a wide range of training initiatives. While smaller businesses are now able to compete globally and, in many countries such as Australia and Finland, are critical to the national economy.

Consequently, throughout the book I shall endeavour to highlight the challenges that different sectors and types of organization pose for the theory and practice of HRD. Similarly, when referring to the practice of HRD it is important to understand that this involves several stakeholders, in particular the HRD practitioner, the line manager, and the learner at an operational level, and the HRD practitioner and senior manager at a strategic level. The contribution made by each of these stakeholders varies considerably depending on the context.

This will be illustrated throughout the book using case examples drawn from a wide range of contexts. Key concept Human resource development Human resource development (HRD) encompasses a range of organizational practices that focus on learning: training, learning, and development; workplace learning; career development and lifelong learning; organization development; organizational knowledge and learning (see chapter 2 for a detailed explanation). 1. 2 Globalization What is globalization? It is easy to understand why people often use the expression ' the world is getting smaller'.

Cheap ? ights have opened up new holiday destinations; news coverage from around the world now unfolds in real time on a 24/7 basis; more people are migrating to other countries than ever before; the Internet is enabling instant access to just about any aspect of social, cultural, scienti? c, and economic life in other parts of the world; and, the mobile phone has revolutionized communications. Some observers believe we are in the process of creating a form of cultural homogeneity as once disparate communities are connected together in a new, global society (Water, 1995;

Kingsnorth, 2008); a trend Gray (2000) refers to as de-localization. An example of this is the decline in the number of languages in the world, currently around 6, 900, but predicted to fall by anywhere between 50 and 90 per cent over the next hundred years (MacGillivray, 2006). From an economic perspective globalization is about the primacy of an integrated global market which transcends national markets and frontiers (Wolf, 2005): each day more than US$1. 5 trillion ? ows across international borders

(Cunningham, 2004). The THE CONTEXT OF HUMAN RESOURCE DEVELOPMENT Key concept Globalization Globalization is about the creation of a borderless global economy that allows unhindered movement of finance, products, services, information, and people. underpinning principle is that global markets create competition which ensures better products and services at better prices (Marquardt, 2005). However, for this to work there needs to be deregulation of markets: organizations need to be able to compete freely against each other and without the hindrance of any trade restrictions (for instance, national trade barriers and tariffs).

Unfortunately, the lowering of trade barriers is not without its problems as was illustrated by the trade dispute in Europe during 2005: the ending of ten-year quotas on the import of cheaply produced clothes and shoes from China triggered a temporary embargo which resulted in stockpiles of goods in ships and warehouses at UK and European ports. Retail outlets warned that failure to release these goods would result in higher shop prices and, consequently, it was the consumer who would be penalized. Until very recently globalization has always been associated with the transnational or multinational corporation which is haracterized by the geographical dispersion of business operations (Shoobridge, 2006). Leading Western brands have become global brands, for instance: the Apple iPod, Google, Microsoft, HP, GAP, Nike, and Coca Cola. When considering these multinational corporations you have to think in terms of billions of dollars or pounds, for instance: Hewlett-Packard's annual revenue of US$73 billion is more than double the GPD of Kuwait (The Times, 12 February 2005: 66);

Wal-Mart's annual turnover exceeds the GDP of all but 22 countries (Rothkopf, 2008); and Google has a market value of US$120 billion (The Independent, 12 May 2006: 47).

The downside is that the market power of dominant companies such as Microsoft can result in a virtual global monopoly that makes the emergence of new, innovative competitors almost impossible (Stiglitz, 2007). MEDIA WATCH BOX Global brands Recent research has revealed that for consumers in Europe the most trusted global brands are those of non-government/non-pro? t organizations such as Greenpeace, WWF, and Amnesty International. The values of these organizations have a universal appeal to consumers.

Source Independent on Sunday (Business section), 14 August 2005: 4. 8 THE FUNDAMENTALS OF HUMAN RESOURCE DEVELOPMENT At the same time the ef? cacy of the traditional organization structure, based on the division of labour, hierarchy, mass production, and large size has lost ground to alternative structural principles (Alvesson, 2004) which can offer organizations greater levels of ? exibility and adaptability. Since the turn of the century there has also been signs of a transfer of power from the multinational corporation to the individual (Friedman, 2006).

As a result of convergent advances in information and communications technology (both hardware and software) it is now possible for individuals to collaborate and compete globally. Size is no longer a key determinant of whether an organization can be described as global. An anecdotal example of this is when I was chatting to another delegate at a business conference

who described the company she owned as being ' global'. I asked her what this meant and she replied: ' I run a business which specializes in importing and exporting high quality wines around the world.

I have two people working for me and we do everything over the Net. ' The transfer of knowledge, which is particularly critical for multinational companies (Liu et al. , 2006), has been aided considerably by these technological developments. Indeed technology has made possible collaboration among large numbers of workers thus enabling some companies, such as General Electric, to become a talentintensive mega-institution (Bryan and Joyce, 2007). To date the concept of globalization has proven highly contentious, having both its supporters and its detractors.

Multinationals are often portrayed as villains (Stiglitz, 2007) and Klien (2008) argues that even natural disasters are being viewed as market opportunities, a trend she describes as ' disaster capitalism'. One of the key problems is the perceived primacy of the American approach to business although Kay (2004) notes that Europeans have always demonstrated some scepticism about its suitability as a universal INSIGHTS INTO PRACTICE Working life in Asian firms Despite the convergence of business practices that is claimed to be a feature of economic globalization there are still huge variations between countries.

The bulk of Asian firms are small town and village enterprises which are underpinned by family and community ties. This results in organizational cultures characterized by cohesion and uniformity and where employees are

prepared to work hard for long hours. The principal business drivers for all sizes of firm are productivity, cost reduction, and profit. HR practice is still predominantly administrative in larger firms. It is not viewed as a strategic function and most directors are not interested in soft measures.

The principal purpose of induction is to instil loyalty and many employers are reluctant to provide additional training. Employees who wish to expand their knowledge and skills so that they can get a better job have to do so in their own time through private study (relying on support from family and friends). Those with foreign qualifications have better career prospects because they are viewed as talented employees. Source Harry, W. 2007. East is East. People Management, 29 November: 36–8. THE CONTEXT OF HUMAN RESOURCE DEVELOPMENT 9 model.

The different perspectives have been summarized as ' pro-globalization' and ' antiglobalization' in table 1. 1. As can be seen from table 1. 2 the principal drivers of globalization are: advancements in technology and communications, global competition, and changing organizational structures. These have impacted on businesses in a variety of ways (described in the table Pro-globalization Provides an integrated global market through the removal of barriers to free trade. Promotes the mobility of financial capital across the globe. Anti-globalization

A flawed economic concept that has failed to deliver on its early promise. It is characterized by a process of homogenization that poses a threat to individual nation states (e. g. the erosion of national cultures and the

distinctiveness of the local communities that make up nation states). The movement of financial capital from the rich developed nations to the poorer developing nations has been relatively modest. There is an increasingly polarized global distribution of income and wealth between the nations of the North and South. Wealth remains in the North.

FDI by multinational corporations is actually restricted to a few countries. Foreign direct investment (FDI) by multinational corporations stimulates the transfer of technology and management practices to less developed countries. Economic convergence over time resulting in an equalization of wages across the globe. There is a lack of any economic convergence: income inequality between the developed and less developed nations is actually increasing. Wages may have increased in developing economies but are not keeping pace with wages in developed countries.

Also there are downsides: lack of job security, long hours, and poor working conditions. The migration of low-skilled work to Asia and the Far East also means supporting low-skilled indigenous workers in Western countries is becoming unsustainable. Global markets are producing cheaper products but manufacturing processes are posing a threat to the world environment: they are characterized by a competitive exploitation of natural resources and a lack of adequate conservation strategies. They are unlikely to deliver the sustainable technologies needed to tackle environmental problems.

Globalization should not mean the Americanization of other economies and cultures. An economic focus is too narrow: globalization should be seen

primarily as a social process. The short term financial interests of developed countries do not always coincide with the needs and well-being of citizens in developing nations. Global markets create competition which ensures better products and services at better prices. Globalization is best driven by a Westernized form of free-market capitalism. Globalization can be a force for good: economic integration is a prerequisite for tackling global issues such as poverty.

Table 1. 1 Different perspectives on globalization Sources: Gray, 2000; Turner, 2001; Stiglitz, 2002; Kay, 2004; Boon et al. , 2005; Dymski, 2005; Jenkins, 2005; Marquardt, 2005; Saul, 2005; Wolf, 2005; Baddeley, 2006; Friedman, 2006; MacGillivray, 2006; Gualerzi, 2007; James, 2007; Mishkin, 2007; Stiglitz, 2007; Kingsnorth, 2008; Klein, 2008; Sachs, 2008. 10 THE FUNDAMENTALS OF HUMAN RESOURCE DEVELOPMENT Drivers of globalization Technology and communications • Digital technology (speed, efficiency) • Portability (laptops, palmtops, mobile phones) • Workflow/collaboration oftware (24/7 working, higher productivity) • Connectivity (Internet, intranets) • Customization (products, services) Global competition • Integrated global market • Free market capitalism (US Model) • Global brands • Deregulation • Offshoring (labour intensive and low automation) • Outsourcing (low value-added activities) • Disintegration of supply chains and fragmentation of production processes (having different parts of the process carried out in different countries to minimize costs) Organizational structures • Mergers, acquisitions, and alliances • Restructuring • Migration of work (manufacturing, services and

specialist/knowledge functions) • Workforce demographics (diversity: gender, ethnicity, age) • Health (longer life spans in developed countries) Organizational requirements • Global leadership (understanding global markets; matching management practices to the needs of a global business) • Adaptable and flexible organizational structures (e. g. lexible firm; integrating offshore and outsourced elements of the firm; matching structure to innovation requirements) • Managing supplier chains (implications of outsourcing and offshoring; preparing managers for international assignments) • Managing a diverse workforce (external and internal labour markets) • Updating core competencies and skills • Innovation (better products and services but at a lower cost; shorter product life cycles) • Knowledge management systems for knowledge creation, sharing, and transfer • Retention of intellectual capital • Cost reduction (e. g. labour) • Increased productivity (quality of service) • Market expansion Table 1. 2 The impact of economic globalization on organizations Sources: Dowling and Welch, 2004; Kay, 2004; Price, 2004; Dymski, 2005; Friedman, 2005; Ulrich and Brockbank, 2005; Amighini and Rabellotti, 2006; Bardham, 2006; Gough et al. , 2006; Jenkins, 2006; Johnson, 2006; Bryan and Joyce, 2007; Boxall and Purcell, 2008; Fung et al. , 2008 as ' organizational requirements'). Historically technology has always had a signi? ant impact on society, from the invention of the printing press through to the invention of the telegraph. Today some of the major trends in technology are: the speed at which technological changes are occurring, the gains in ef? ciency as processing speeds increase, the increasing degree and complexity of connectivity, and the greater ease with which organizations can produce customized products

and services (Ulrich and Brockbank, 2005). Improvements in technology and communications have helped to make the world become '? atter' as people make connections across organizational and national boundaries and collaborate and compete in real time on a 24/7 basis (Friedman, 2006; Fung et al. , 2008).

Not surprisingly the Internet is closely associated with globalization. Today businesses, whatever their size, can use the Internet to promote their products and/or services (see Media-watch box). This type of e-commerce has been fundamental in helping SMEs to carve out niche markets on a world stage. For instance, Finland has been particularly adept at exploiting the Internet for e-commerce having one of the highest Internet con- THE CONTEXT OF HUMAN RESOURCE DEVELOPMENT 11 nection rates globally (Ohmae, 2005). Technology is also helping emerging economies to develop much faster than their Western counterparts were able to in the past (Turner, 2001).

Although organizations feel compelled to use new technology it is not a panacea as a series of failed and over-budget projects in the UK public sector has illustrated (for instance, the NHS National Programme for IT with a budget of ? 6 billion has been projected to cost anywhere up to ? 30 billion). There is also a dark-side to technology with increased surveillance of employees through CCTV in some countries and the use of electronic tagging in some distribution centres to monitor the employee's completion of tasks. MEDIA WATCH BOX E-commerce The Sixtus monastery in Flanders has been receiving 2, 000 hits a day on its website after beer made by its Trappist

monks won a prestigious quality award. As a result supplies of the beer quickly became exhausted. Source Independent, 10 August 2005: 19.

Global competition is increasing as more and more businesses enter the global marketplace, particularly from China and India. These two countries are not only experiencing rapid economic growth but are developing their own indigenous forms of capitalism rather than replicating the prevailing Westernized model of capitalism, which is based on liberal democratic principles (Ferguson, 2006). Both countries are creating jobs but are focusing on different sectors. So far China has been concentrating on manufacturing, construction, and transport and has adopted a classic Asian strategy of exporting lowpriced manufactured goods to the West (Das, 2006). Her competitive advantage comes from a combination of cheap labour and modern production facilities (Kynge, 2006).

Meanwhile India has been concentrating on services and software design and has relied on domestic rather than export markets (Das, 2006). As a result the software development sector in India has grown signi? cantly and is diversifying from offering basic services to developing high level software development. Leading companies, such as Motorola, Hewlett-Packard, and Cisco Systems, now rely increasingly on Indian software development teams for next generation products with Bangalore becoming India's own ' silicon valley' (The Independent on Sunday, 21 August 2005, page 8, Business section). However, there are also examples of signi? cant manufacturing success: India is now the world's third largest maker of small cars.

The growth of the Indian automotive industry has been underpinned by low wage costs and the adoption of Japanese manufacturing techniques. Over 100 indigenous companies are now valued at over a billion US dollars, including Bharat Forge, Jet Airways, Wipro Technologies and Tata Motors (Das, 2006). Unfortunately, there is a downside to this growth, particularly in China: the consequent damage to the environment (see chapter 14). 12 THE FUNDAMENTALS OF HUMAN RESOURCE DEVELOPMENT MEDIA WATCH BOX Developments in China and India The ? rst three examples illustrate the pace at which the Chinese and Indian economies are developing. The fourth and ? fth examples give an insight into the downside of rapid economic growth.

By April 2006 China had overtaken Britain as the fourth ranked economy in the world. 1 By early 2006 China had overtaken Japan as the world's largest holder of foreign reserves, some ? 490 billion. 2 India is investing ? 35 billion to upgrade its road network. 3 China's famous Yellow River is disappearing and what water remains is heavily polluted. Riverside cities such as Lanzhou and Shizuishan are now among the most polluted in the world. This situation is contributing to a growing water crisis as the country drains its rivers dry. 4 India has experienced riots as people in the northern parts of the country reacted violently to widespread power cuts that left homes without electricity or water.

The economic boom may be creating a wealthy consumer class but the country is struggling to improve the basic infrastructure demanded by the rest of the country's population. The government has pledged to provide power for everyone by 2012 but this highly ambitious target is unlikely to be

achieved. 5 Sources 1 The Times, 17 April 2006: 32. 2 Sunday Times, Business section, 9 April 2006: 14. 3 Guardian, 2 May 2006: 25. 4 National Geographic, May 2008: 146–69. 5 The Times, 3 May 2008: 41. Organizations have had to make structural changes in order to keep pace with global trends. The increase in mergers, acquisitions and alliances re? ects the extent to which multinational corporations are using size and brand name to exploit global markets.

At the same time many organizations have had to relocate or outsource elements of the supply chain in order to take advantage of lower labour costs in other countries. Key concepts The supply chain The supply chain is the network of organizations that are involved in the processes that create value for customers in the form of products and/or services. THE CONTEXT OF HUMAN RESOURCE DEVELOPMENT 13 A wide range of products previously manufactured in the US and Europe are now made in Asia and China from toys to footwear and clothes. More recently, there has been an increase in the outsourcing and offshoring of more complex, non-routinized functions such as research and development (Bardham, 2006): some 125 of America's leading companies now have research and development facilities in India (Das, 2006).

In the US the jeans manufacturer Levi Strauss has outsourced much of its design activity (Johnson, 2006). Consequently, a wide range of products and services are now handled by customer service staff in the Asian sub-continent, from the preparation of tax returns by Indian accountants to the initial analysis of medical scans for American hospitals by Indian doctors

(Friedman, 2006). The good level of English language skills of many graduates gives India an advantage over many other countries such as China. This advantage can be seen in sectors, such as ? nancial services, where the outsourcing or off-shoring of call centres to India has enabled many organizations to drive down wage bills while at the same time employing well educated employees.

India is a popular choice for UK companies (People Management, 1st June 2006, page 13). Companies that have set up offshore call centres include: Prudential, HSBC, Lloyds TSB, Barclays, and Royal and Sun Alliance; while those that use Indian-owned services include BT, British Airways, and the NHS. ! TIPS AND HINTS When analysing the impact of globalization on an organization try to think about the social and environmental implications as well as the economic. If you want to know more about these then read chapter 14. MEDIA WATCH BOX Developments in the Middle East China and India are not the only countries currently experiencing huge investment levels.

Massive investment is a characteristic of several Middle East countries although this is a result of revenues from oil and re? ects a need to invest and diversify as a long term strategy for when oil reserves are exhausted. For instance, Saudi Arabia, which has the largest economy in the Middle East, has embarked on a ? 350 billion investment programme in order to diversify its economy away from a dependence on oil. Meanwhile Dubai, which has a population of one million, is spending ? 140 billion to transform itself into a ' capitalist powerhouse' that will increase the number of visiting

tourists from 6 million to 10 million by 2010. Sources The Times, 14 January 2006: 64; The Sunday Times, Business Section, 21 May 2006: 3. 14

THE FUNDAMENTALS OF HUMAN RESOURCE DEVELOPMENT The large populations of China and India are enabling these two countries to achieve a global domination that eluded countries like Japan and South Korea. A potential brake on growth may occur because of rapidly rising wages and a requirement to address environmental issues but it is likely that by the middle of this century China and India will be the world's two dominant economies, closely followed by Russia, with its vast stock of natural resources, particularly oil and gas. ACTIVITY 1. 1 Find two publications (e. g. articles, books, or book chapters) that adopt different perspectives on globalization.

Summarize the arguments in each and then share your analysis with a colleague or fellow student who has carried out the same activity. What are the similarities and differences between your summaries? 1. 3 The implications of globalization for HRD For those working in an international context globalization presents HRD practitioners with the opportunity to deliver a wide range of HRD interventions that add value to an organization. In order to achieve this they need to work in partnership with key stakeholders at both a strategic and operational level. Managing these stakeholder relationships is a challenging and complex task and is in? uenced by how the HRD function is structured (see chapter 13).

To be successful HRD practitioners must understand global trends and the issues that matter most to their stakeholders (Ulrich and Brockbank, 2005). This knowledge needs to be integrated with an understanding of the global economy and different national HRD policies and practices (Swanson and Holton, 2001); and an understanding of cultural differences and how these can impact on formal and informal workplace learning (Marquardt et al. , 2004). In addition HRD practitioners must know how to design, deliver and evaluate strategic global training in a multinational environment (Petranek, 2004). This enables the HRD function to design interventions that are linked to the achievement of organizational goals. For business corporations most of these goals will be ? nancially oriented.

Marquardt (2002, 2005) argues that HRD should adopt a leadership role to ensure globalization brings bene? ts to humanity. In a similar vein Bierema and D'Abundo (2003) argue for ' socially conscious' HRD which involves promoting ethical and socially responsible management and leadership. These ideas re? ect two things: ? rst, the growing in? uence on organizations of business ethics and corporate social responsibility (CSR), which are the focus of chapter 14; second, the in? uence of a humanist perspective on learning and HRD, which is discussed in the next chapter. The problem for many HRD practitioners is that a leadership role remains an aspiration rather than a reality.

A further problem is that there has been limited and inconsistent evidence that HRD interventions do add value by impacting positively on employee and organizational performance. For instance, there are doubts about the

effectiveness of management THE CONTEXT OF HUMAN RESOURCE DEVELOPMENT 15 ! TIPS AND HINTS There are some significant differences between US and UK perspectives on HRD that can have implications for how you interpret the role of HRD in an organization. When analysing an organization (e. g. in a case study) make sure that you differentiate between perspectives rather than simply treat HRD as a universally agreed concept. If you want to know more about this then read chapter 2. raining in leadership skills (Parry and Sinha, 2005). This needs to be placed in the context of an annual global expenditure on management education generally of $2. 2 trillion (Monaghan and Cervero, 2006). A major research study for the Chartered Institute of Personnel and Development (CIPD) by Purcell et al. (2003) revealed that it is possible only to discern some positive associations between speci? c HR practices and performance. However, these do include training, career development, communications, and job design; all of which can fall within the remit of the HRD practitioner working in conjunction with line managers and other stakeholders.

Added value can be measured in other ways; for instance, effective HRD interventions can contribute to building an organization's reputation (Clardy, 2005). This brings bene? ts to an organization in any sector. Despite the lack of any de? nitive and conclusive evidence HRD functions have become much more business-focused over the years often operating as pro? t-centres rather than costcentres. At the same time the number of training consultancies, from independents to international enterprises, have grown. These issues are developed further in chapters 9, 12, and 13. The nature and

purpose of HRD at an organizational level differs across countries and regions and between different types of organization.

There are examples of sophisticated indigenous approaches to HRD in the developing economies of India and China, although training costs are minimized in the Chinese manufacturing sector (see Insights into practice box). Foreign direct investment (FDI) companies invest in HRD more than indigenous companies and this is helping in the transfer of HRD practices between developing and developing economies. This trend is not restricted to Western multinationals. For instance, the Korean car manufacturer Hyundai has applied some of its own HRM policies in India, particularly training programmes which have been designed to reinforce employee loyalty to the company (Lansbury et al. , 2006).

Perhaps the greatest challenge facing HRD practitioners working in an international capacity is how to operate effectively at both a global and a local level (Hall, 2005); to have the ability to think globally but act locally (Hatcher, 2006). This is important because it has been increasingly recognized that country and local context in? uence the HR practices of multinationals (Cooke, 2004). A topical example of this is the need for HRD practitioners in multinationals to have ' a comprehensive understanding of the cultural context in China' if Westernized HRD practices are to be adapted effectively to the Chinese environment (Wang et al. , 2005: 323).

Although many smaller organizations now operating in the global market place tend not to employ specialist HRM or HRD practitioners there is still a

need for managers to think in this way. Table 1. 3 sets out the key organizational requirements that HRD interventions need to address. The HRD 16 THE FUNDAMENTALS OF HUMAN RESOURCE DEVELOPMENT INSIGHTS INTO PRACTICE Training in China These examples illustrate the extent to which formal training interventions are a feature of both the private and state sectors that co-exist in China. The country still has some way to go in terms of the full range of HRD interventions found in most developed countries.

China is a country that expatriate managers find particularly challenging to adjust to (Selmer, 2006) and the country's preference for indigenous approaches to HRD has led to some Western managers becoming frustrated when collaborating with their Chinese counterparts (Wang et al. , 2005). The third example reveals how Western approaches to learning and development are starting to impact on indigenous approaches to training. A study of a toy manufacturing company in China revealed that new recruits undertook a 3-month training process but were paid less than half the wage of a fully trained employee. 1 The selection of public servants in China involves candidates undergoing pre-job training.

Two approaches are used: (a) a period of internship, under the guidance of an experienced official, and (b) intensive training, involving attendance on a formal training course of at least ten days' duration. Public servants about to be promoted to senior positions receive short term position-targeted training, which is customized, practical and case-based, so that it reflects the demands of the position. Other types of training available to public servants

are: expertise training, usually off-the-job intensive training, and knowledge-renewing training, which can be delivered in a variety of ways. 2 Infinite Shanghai Communication Terminals, a joint venture between a US and Chinese company, has introduced a new training initiative which involves a series of one day workshops on a range of topics (e. g. ommunication skills, presentation skills). The workshops are delivered in Mandarin Chinese by a Chinese consultancy firm using university premises. The firm's HR manager would like to see a move towards more participatory learning methods by setting up short workshops, to be held on the firm's own premises, which enable participants from the one day workshops to share experiences and knowledge with each other. 3 Sources 1 Cooke, F. L. 2004. Foreign ? rms in China: modelling HRM in a toy manufacturing corporation. Human Resource Management Journal, 14 (3): 31–52. 2 Shan, A. 2004. Present situation, problems, and prospects of China's public servant training.

International Journal of Public Administration, 27 (3 and 4): 219–38. 3 Sloman, M. 2007. Chinese puzzle. People Management, 11 January: 40–3. interventions are categorized as ' formal interventions' and ' informal activities' with both requiring collaboration between HRD practitioners and senior/line managers to differing degrees depending on the organizational context. Although these requirements are biased to multinationals, many affect other types of organization to a lesser or greater extent. For instance, non-pro? t organizations operating in several countries or regions and THE CONTEXT OF HUMAN RESOURCE DEVELOPMENT 17 Organizational requirements

The development of global leaders Developing leaders who can think and act from a global perspective is a critical success factor for organizations operating in global markets. There is a view that organizations need to create a unique leadership brand HRD interventions and practices Formal • Management development programmes that focus on the development of leadership skills. This includes inhouse and external programmes (T) • Educating managers to behave in ethically and socially responsible ways. This can be achieved through workshops, courses, conferences and seminars, mentoring programmes, and executive coaching (T) • Identifying and developing less senior managers who demonstrate potential senior managerial talent.

This can be linked to organizational systems for career development and succession planning (CD) Informal • Promoting ethical management and leadership as part of daily activities (HRD practitioners and senior managers as role models) • Informal mentoring and coaching (can include upward coaching) Adaptable and flexible organizational structures There are an increasing number of mergers, acquisitions, alliances, and joint ventures, often involving cross-national and cultural boundaries. Management need to help ease any transition and counter engrained attitudes that may hinder the process of change. Organizations of all sizes seek some degree of flexibility. Formal • Creating and sustaining new forms of organizational structures with cultures based on cooperation and collaboration (OD) • Management training n change management processes (T) • Keeping departments and employees affected by an impending merger or acquisition informed about the change

using multiple communication channels (OD) • Educating management about potential reorganization options and the implications for the organization and its workforce of those options (T) Informal • Keeping departments and employees affected by an impending merger or acquisition informed about the change using informal communication channels Formal • Creating and sustaining new forms of organizational structures (OD) • Building global teams that can handle problems of diversity and distance (OD, T) • Training local customer service/call centre staff in British or American language and voice skills (as well as product and customer skills training). This is important as it helps create empathy with the customer (T) Managing supplier chains The offshoring and outsourcing of parts of the supplier chain (e. g. production) has resulted in the dispersion of core assets and the creation of competence clusters around the globe. The number of global organizations has continued to rise and the Table 1. The implications of globalization for HRD interventions and practices (Key: T = training and development; CD = career development; OD = organizational development) Sources: Kim, 1999; Bierema et al, 2002; Jeris et al, 2002 ; Marquardt, 2002; Noe, 2002; Beaumont and Hunter, 2002; Bierema and D'Abundo, 2003; Hytonen, 2003; Iles and Yolles, 2003; Marquardt and Berger, 2003; Rocco et al, 2003; Marquardt et al, 2004; Rees, 2004; Wentling, 2004; Downey et al, 2005; Lien, 2005; Littrell and Salas, 2005; Short and Callahan, 2005; Ulrich and Brockbank, 2005; Wang et al, 2005; Yorks, 2005; Zhao, 2005; Bardham, 2006; Greer et al, 2006; Littrell et al, 2006; Selmer, 2006; Shoobridge, 2006; Awbrey, 2007; Ulrich, 2007. 18 THE FUNDAMENTALS OF HUMAN RESOURCE DEVELOPMENT Organizational requirements number of employees, primarily

managers, relocating abroad continues to increase. However, there is a lack of consistency in preparing managers for international assignments.

For instance, many US companies are sending employees abroad without any preparation HRD interventions and practices • Training local, indigenous managers in modern management techniques and behaviours (T&D) • Cross-cultural training for managers: educating them in ' cultural fluency' (i. e. the ability to work effectively within and between multicultural environments) (T&D) • Increasing the cultural competence of employees generally (OD, T&D) • Preparing employees and managers for expatriation (T&D, CD) Informal • Facilitating the activities of global teams • Preparing employees and managers for expatriation Managing a diverse workforce Internal and external labour markets are becoming increasingly diverse.

For instance: the skills needs of immigrant workers; the rising number of female workers; employees working beyond the traditional retirement age. It is likely that those organizations with cultures that support diversity will be better positioned to retain the best talent needed to remain competitive. There is also a need to improve basic literacy and numeracy skills among lowskilled and low-paid employees Formal • Diversity education and training programmes. These communicate the importance of diversity and help to remove barriers, such as employees not understanding the value of diversity (T&D) • Developing cross-cultural team working and communication skills.

Cross-cultural training, traditionally restricted to preparing employees for expatriate assignments, can be used to help domestic employees interact

with colleagues from diverse cultural backgrounds (T&D, OD) • Training immigrants in technical and customer service skills (T&D) • Reskilling and retraining of older employees beyond the traditional retirement age (T&D) • Providing employees with opportunities to improve their basic literacy and numeracy skills to give them the potential to break out of the low-wage cycle (CD, T&D) Informal • Promoting cultural sensitivity • Helping employees to understand how they can learn from team experiences Formal • Systems for the identification and monitoring of core competencies and skills (OD) • Training and development programmes to enable employees to upgrade or learn new competencies and skills (T&D) • The promotion of lifelong learning (CD) • Developing alliances with regional and national institutions (e. g.

Learning Skills Councils in Britain; labour–market partnerships in the US) (OD) Informal • The promotion of lifelong learning and facilitation of informal workplace learning Updating core competencies and skills The core competencies and skills needed by employees are changing rapidly as new forms of technology are introduced, new products and services are developed, new markets are opened up, and suppliers are sourced from around the globe Table 1. 3 (cont'd) THE CONTEXT OF HUMAN RESOURCE DEVELOPMENT 19 Organizational requirements Innovation The need for innovative products and services. The life cycles of many products and services are becoming shorter and shorter, which places increasing demands on the ability of organizations to be innovative HRD interventions and practices

Formal • Developing a global culture of continuous learning which instils employees with a spirit of innovation (OD) • Helping employees to unlearn old behaviours and skills and to learn new ones (T, OD) • Creating new ways to work (OD) Informal • Promoting the role of informal groups and social networks as sources of innovation and problem-solving • Facilitating the activities of informal groups and social networks • Helping employees to unlearn old behaviours and skills and to learn new ones Formal • Developing employee competencies in knowledge creation, sharing, and transfer (T) • Creating a learning infrastructure that maximizes opportunities for organizational learning and knowledge sharing between organizations (OD) •

Improving employee familiarity with technology-based KM systems through the utilization of new technologies to deliver e-learning programmes around the globe (T, OD) Informal • Facilitating knowledge management processes involving both electronic and face-to-face interactions • Identifying and improving opportunities for knowledge creation, sharing, and transfer Knowledge management systems Knowledge management (KM) systems are needed to ensure the effective creation and sharing of knowledge within an organization and transfer around the globe. The latter, in particular requires sophisticated technology. Table 1. 3 (cont'd) competing for funding need senior managers to have effective global leadership skills; and, all organizations operating in global markets, from small business to multinationals, need to understand about change management.

Formal interventions and activities have been categorized as training and development, career development or organizational development (see key in

table). Arguably, all informal activities are forms of organizational development which depend on a mix of facilitation and coaching skills by HRD practitioners and line managers. ACTIVITY 1. 2 Find organizational examples of HRD interventions that address any three of the above organizational requirements. As above, you should use the Internet, textbooks, articles or any other form of learning resource for this activity. 20 THE FUNDAMENTALS OF HUMAN RESOURCE DEVELOPMENT In tackling these issues HRD practitioners face ethical challenges.

As chapter 14 will highlight, there have been numerous examples of decisions made by senior managers in global organizations that have resulted in unethical outcomes (from corruption to the dumping of waste; from deception to the exploitation of child labour). Corporate social responsibility (CSR) has emerged as an important aspect of an organization's strategy, re? ecting the heightened awareness in society of concerns for the environment and for ethical practices (for instance, promoting fair trade products). We live in an age when for some the modern corporation is portrayed as a demonized entity possessing psychopathic (Bakan, 2004) as well as undemocratic and dysfunctional characteristics (Hatcher, 2004).

Globalization may be driven by a basic human desire for a better life (Friedman, 2000) but it creates tensions and contradictions for the HRD practitioner that I refer to as the darkside of organizations. The ethical issues associated with poor working conditions and pay are not simply a characteristic of third world or developing cultures but exist already in developed societies. There are fears that society will become increasingly

characterized by social exclusion (Nijhof, 2005) or economic segregation (Scully-Russ, 2005). 1. 4 National HRD and vocational education and training (VET) Traditionally HRD texts have referred to national vocational education and training (NVET) rather than national HRD and this is still the case in much of the current literature.

NVET is focused on developing a country's human capital and represents a strategic response to the long term skills needs of its indigenous private, public, and non-pro? t sectors. National priorities place considerable emphasis upon transferable skills (Rigby, 2004). Getting this right is critical to the competitiveness of a nation's economy (Van den Berg et al. , 2006) and is becoming more dif? cult in an era of increasing global competition where new economies are emerging and developing rapidly (e. g. China and India). For instance, many developed countries are still struggling with skills shortages (see Media-watch box) and across Europe apprenticeship schemes are in crisis (Clarke and Winch, 2007). The adoption of long term policies may become dif? ult to sustain as they come under pressure from short term challenges (e. g. changes in government; economic recession; mass migration; changes in technology). The shift from an industrial to a post-industrial knowledge economy in developed nations has created a rising demand for workers with higher level skills. For instance, the US has seen an increase in the demand for certi? ed skills training based on national standards in response to increased employer demands for more highly skilled employees (Carter, 2005). Much of the demand for higher skills has been addressed at an organizational level through a combination of

strategies encompassing retraining, recruiting from abroad, offshoring, and out-sourcing.

These strategies can be implemented relatively quickly while changes to a country's education and vocational training systems can take years to come to fruition and even then there is no guarantee of success. Arguably, national VET initiatives are always playing ' catch-up'. THE CONTEXT OF HUMAN RESOURCE DEVELOPMENT 21 MEDIA WATCH BOX Skills shortages in the UK People Management is the bi-weekly magazine published by the Chartered Institute of Personnel and Development. These items illustrate some of the problems facing UK organizations. Basic literacy and numeracy continue to be a problem with 3. 5 million workers in the UK lacking these skills. 1 Despite an estimated employer investment of ? 23. billion in education and training in the UK, 20 per cent of companies still have skills gaps costing some ? 10 billion in lost revenue. 2 The Leitch Review of Skills published in the UK in December 2006 highlighted that the UK would continue to have problems with workforce skills and productivity. 3 Sources 1 People Management, 29 July 2004: 14. 2 People Management, 29 December 2005: 9. 3 People Management, 9 August 2007: 28–31. ! TIPS AND HINTS One of the first things a HRD practitioner should do upon appointment is to investigate the NVET initiatives available in his/her country of operation. Often funding and other incentives are available which many organizations, particularly smaller firms, are unaware of.

Over the last twenty years many European countries have expanded their training infrastructures (Ramirez, 2004) and introduced reforms to vocational

education and training in order to make the education sector more responsive to the needs of employees (Smith, 2006). These reforms have been in? uenced by European Union (EU) policy which is characterized by an emphasis on competence-based approaches to vocational training, although there are variations between countries. In France vocational and technologybased baccalaureates have experienced sustained growth since the 1980s and vocationalbased courses offered by universities have been increasing (Gehin, 2007).

The UK's national VET strategy has also focused on vocational quali? cations (e. g. national vocational quali? cations or NVQs) although these have met with limited success. Presently, the UK government is encouraging universities to be more business-facing although this has met with mixed reactions from various stakeholders. The aim of the EU is to address variations between countries so that the concept of transferable vocational quali? cations can be realized (this is consistent with a move to a single labour market in Europe). This approach does create problems for individual nations. For instance, 22 THE FUNDAMENTALS OF HUMAN RESOURCE DEVELOPMENT

Germany's traditional craft-based approach to vocational education and training, which underpinned the success of its manufacturing sector and was universally admired (Kay, 2004), is now under threat from a combination of the shift to a service-based knowledge economy and the EU's desire to harmonize VET across Europe (Greinert, 2007). Indeed, apprenticeship schemes in many countries are in crisis as VET has become increasingly the

preserve of schools and colleges (Clarke and Winch, 2007). Additionally, the recent growth of interest in on-the-job informal learning (see chapter 11) is now challenging the ef? cacy of competence-based quali? cations (Hager, 2007).

Although NVET encompasses the concept of lifelong learning, which has received much attention as part of government policy-making, in many European countries this has been from a rather narrow economic perspective: completing new education courses and acquiring new skills in order to keep pace with the changing job market (Pring, 2007). This is consistent with a performance perspective on learning and HRD while a humanist perspective focuses on how learning can support personal growth and enrich individuals' lives (see chapter 2). Key concept National HRD National HRD is intended to provide a coherent set of policies for the social and economic development of a country. It encompasses a wide range of concerns including: public health, environmental protection, diversity, education, and vocational training. The way in which national HRD is handled varies from country to country.

The concept of national human resource development (NHRD) has emerged in response to global trends that have political, social, and environmental as well as economic implications. It encompasses a broader range of issues than NVET, such as health, safety, community, and culture (McLean, 2004) and considers the implications of developing a country's human and social capital (Paprock, 2006). As globalization makes the disparities in education and skill levels between different countries and regions of the world much

more visible (Metcalfe and Rees, 2005) there is an opportunity for HRD practitioners to lobby for a wider political, economic and social in? uence. Chapter fourteen discusses the implications for HRD practitioners of ethical and socially responsible management.

Although the nature and purpose of HRD at national level differs from one country to another it is possible to discern ? ve emerging models of NHRD: centralized, transitional, government-initiated, decentralized/free market, and small nation (Cho and McLean, 2004). These are de? ned in table 1. 4 along with illustrative examples drawn from a range of literature. Outside the US and Europe countries which are moving intentionally toward a NHRD policy include South Korea, New Zealand, India, South Africa, and Kenya (McLean, 2004). In China a NHRD policy has emerged in recent years as an important component of the country's social and economic development (Yang et al. , 2004). In several other countries THE CONTEXT OF HUMAN RESOURCE DEVELOPMENT 23

Type of NHRD Centralized Central government is responsible for the provision of education and training (a top– down approach) Illustrative examples China In China today a growing private sector exists alongside traditional state-owned enterprises as the country shifts from a centrally planned to a market-driven economy. This has fuelled demand for skills training. However, this transition is being controlled by the state whose interpretation of NHRD is heavily influenced by a socialist concept of human resources. Until recently the principal focus of the Chinese government has been on general education rather than vocational education and training.

Since 1980 there has been growing interest in vocational education at school level, but beyond this the country's training and development infrastructure is still relatively weak and disorganized—although the situation is changing as the economy continues to develop. Traditionally training has been viewed as inferior to education and treated as a low priority by central government. Consequently training carried out within private sector enterprises, and which is in principle heavily regulated by legislation, is rarely monitored. The country has been criticized for the low quality of its labour market with only one third of employees in state-owned enterprises having undertaken some form of vocational education or training. Private enterprises invest much more heavily in training programmes. VET is offered by vocational schools and technical colleges.

The latter are controlled by local or regional authorities and tend to focus on qualifications in nursing, nursery teaching, and banking. Vocational schools are accountable to the Ministry of Labour and focus on technical skills training for state-owned enterprises. Larger, more economically developed cities have better VET provision than smaller, less developed cities. However, the historic underinvestment in VET has impacted negatively on the country's economic development. Many technical posts remain unfilled and there is a shortage of qualified managers (consequently management training is an important area for private sector enterprises) France This is a country that relies heavily on the state for solutions to its VET problems.

Historically, there has been a clear distinction made between initial training, including formal academic qualifications, and continuing education and

training. Legislation is used to enforce national policy (e. g. accreditation of prior experiential learning is legally binding on all private sector organizations). All workers have an individual right to training and are expected to negotiate their own training and development needs with their employer. This includes attending courses that lead to a formal qualification, with employers paying fees and related expenses as well as altering job descriptions or offering promotion opportunities upon successful completion of the course Table 1. National HRD in a selection of countries Sources: Smith, 1999; Pickersgill, 2001; Xie and Wu, 2001; Venter, 2003; Bartlett and Rodgers, 2004; Cho and McLean, 2004; Kay, 2004; Lee, 2004; Lynham and Cunningham, 2004; Marquardt et al. , 2004; Osman-Gani, 2004; Rao, 2004; Yang et al. , 2004; Bhatnagar, 2005; Carter, 2005; Cooke, 2005; Jeris et al. , 2005; Ohmae, 2005; Xiao and Lo, 2005; Lynham and Cunningham, 2006; Van Horn, 2006; Wynne, 2006; Xiao, 2006; Halliday, 2007; Keep, 2007; Lewis, 2007; Mehaut, 2007; Winch, 2007. 24 THE FUNDAMENTALS OF HUMAN RESOURCE DEVELOPMENT Type of NHRD Transitional Reflects a situation in which the responsibility for NHRD is in ransition from a centralized to a decentralized model Illustrative examples India NHRD policy can be traced back to 1985 when a comprehensive review of education policy was initiated which subsequently led to a significant increase in the number of schools, teachers, and pupil enrolments; although many in the country remain desperately poor and in need of education. With the opening up of the economy to foreign multinationals since 1991 the rapidly developing private sector has realized that competitive advantage comes

from an investment in human resources. In contrast central government have been slow to understand the implications of a global economy.

Rather it is the cities and region-states that have become integrated in the global economy and it is only recently that the government has started involving the private sector in the development of NHRD. A key strength of the country is its higher education system which has been particularly successful in producing graduates in science and technology subject areas Singapore The country's education system is geared towards meeting the country's human capital needs (e. g. it is this which determines the courses offered by universities) and in this way is an integral part of NHRD policy. Political leaders are deeply committed to developing a better life for the country's citizens.

Historically the Ministry of Manpower, which is responsible for the Workforce Development Agency, has been principally responsible for national policy. However, the government now relies on a tripartite approach involving cooperation between the government, employers, and trade unions. For instance, unions provide education and training to enable members to upgrade their skills; and, distance learning programmes are available in the private sector. The benefits of investment in education and training and infrastructure are now showing through in the shape of a thriving private sector. This sector is also supported by the Singapore Institute of Management which provides training each year for over 11, 000 managers Governmentinitiated NHRD initiatives are initiated by government

UK The focus of recent governments has been on updating skills and developing the concept of lifelong learning which is broadly in line with EU policy. Historically, the UK has been characterized by a marketdriven voluntary approach to vocational training, in which the primary responsibility for addressing skills shortages has been placed on employers supported by a range of government-led initiatives. These include: national vocational qualifications (NVQs) and apprenticeships (formerly referred to as ' modern apprenticeships'); although the reality is that vocational education has often been perceived as inferior to traditional educational qualifications.

In 2001 the New Labour government set up the Learning and Skills Council (LSC) to oversee education and training for students over the age of 16 (this did not include university education). The LSC comprises representatives from employers, learning providers, and community groups. Since its establishment it has invested heavily in further education programmes as well as in initiatives such as apprenticeships (in 2004–5 its total spend was ? 9. 2 billion). As with previous initiatives this approach has been criticized. One particular trend that can be discerned is that since the Table 1. 4 (cont'd) THE CONTEXT OF HUMAN RESOURCE DEVELOPMENT 25 Type of NHRD Illustrative examples 980s central government and its agencies have been increasingly taking control of VET and relegating other stakeholders, such as employers and trade unions, to a more subordinate role. This incremental process of centralization is out of step with trends in other European countries, such as Italy, Holland, Sweden, and Finland which have focused on devolving responsibility to local social partnerships Australia The VET

strategy adopted by the Australian government in the late 1980s was an attempt to replicate the UK market-driven approach. In 1988 a new central government department with responsibility for VET was created. This replaced previously fragmented state-based systems.

Since then the government has promoted: competency-based training; the development of nationally recognized qualifications; the amalgamation of entry-level traineeships and apprenticeships as ' New Apprenticeships' in order to provide a unified entry-level training system; and, the development of a national training market in which private training providers could compete against established systems of state provision. The push for nationally recognized qualifications mirrors the UK's strategy for NVQs (see above) as well as the EU aim for transferable vocational qualifications among all member states. Unlike the situation in many European countries the demand for apprenticeships has remained buoyant.

However, much of the training based on competency standards has been criticized for being too short term, fra