



Realisation of universal, additive and positive effects on organisational performance through investment in human resource development

Puja Shree¹, Dr. K K Choudhary²

¹ Research Scholar, Department of Commerce and Business Administration, L. N. Mithila University, Darbhanga, Bihar, India

² Assistant Professor, Department of Commerce, Maharaja Laxmishwar Singh Memorial College, Darbhanga, Bihar, India

Abstract

Organisations have to realise that investment in Human Resource Development (HRD) focussing on workforce as a source of competitive advantage is the need of the hour. This calls for complete overhauling of existing organisations by giving utmost priority for the development of human resource. Trained manpower is badly required not only at the top level but also at the middle and junior levels of the organisation to increase productivity and quality of work and create an environment for excellence and effectiveness in operations. HRD climate and better management styles need to be introduced. Open economy would foster healthy climate for promotion of HRD.

Keywords: human resource development, Indian industry, organisational performance, technological revolution, trained manpower

Introduction

The concept of Human Resource Development (HRD) is evolved in the West in the second half of 20th century. In India, the concept of HRD was introduced for the first time by Larson & Tubro in private sector. In 1978, the concept was adopted by, Bank of Baroda, & in 1979, it was adopted by State Bank of India.

In the year 1980, Udai Pareek & T.V. Rao, IIM, Ahmedabad, published their work "Designing & Managing Human Resource System", and started HRD experimentation in India. The success of BOB, SBI and L&T, motivated public and private sector organizations to implement HRD model in their organizations. An HRD National Network was established in 1985. Since then, Academicians, Consultants, HRD Managers and Senior Line Managers from government institution, public and private sector industries have presented papers covering empirical, theoretical and experience-based materials. Academic and Business press also responded favorably to the HRD concept. It created an awareness of HRD among management students and scholars. The government of India also established an HRD Ministry. In 1990, the emphasis shifted to Human values and productivity through people. The American Society for Human Resource Management (SHRM). The process of liberalization of the Indian Economy began by the year 1991. The Captains of Indian Manufacturing and Service Organizations realized that for staying competitive and viable in the global market, the Human Resource was precious.

It appears that Larsen and Toubro were the first to create a new department, appoint a person at a very senior level as in-charge of the HRD Department way back in 1974. The HRD Department was created to identify, develop and implement various systems of developing employees in addition to mere training which was so far done by the Personnel Department. Performance appraisals, feedback,

counselling, potential appraisal, organisation development, etc. were identified and pursued by this department in addition to training. Thus, the expression HRD originated in India quite some time ago.

Human Resource Development Philosophy

Human Resource Development (HRD) is a process by which the employees of an organisation are helped in a continuous and planned way to

- Acquire competencies to perform their present jobs;
- Develop new competencies to perform their expected future jobs;
- Discover and exploit their inner potential for their own and the organisation's purposes;
- Create a collaborative organisational culture of trust and openness in which effective superior- subordinate relationships and team work thrive and people feel motivated, cared for and respected.

Now, it is being increasingly recognised that of all the four components of an organisation (namely, task, technology, structure and people) 'people' is the most important. It is by changing and improving the knowledge, values, skills and attitudes of people that all tasks can be achieved, new technologies and structures implemented and an all-round climate of production and productivity built. HRD is needed by every organisation (be it a manufacturing organisation or a service organisation) which wants to:

- Stabilize itself
- Grow
- Diversify
- Renew itself
- Improve its systems and services
- Change and become more dynamic
- Play a leadership role.

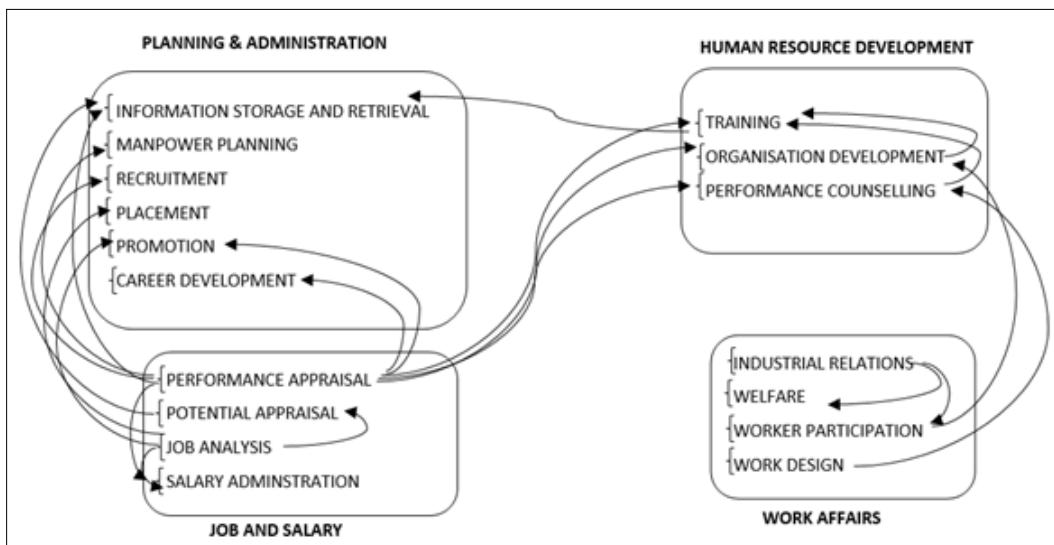
There are a number of mechanisms, methods or instruments which an organisation can make use of (depending on its need, nature, size etc.) to develop its employees' competencies. These mechanisms are also called 'subsystems'.

We name below some important HRD mechanisms:

1. Performance Appraisal
2. Role Analysis
3. Potential development and Career Planning
4. Training
5. Communication policies and practices
6. Quality circles
7. Job Enrichment
8. Grievance Redressal Mechanism

9. Employee Welfare
10. Workers' Participation in Management.

The above mechanisms if properly designed, systematically introduced and constantly monitored generate a number of favourable processes and create a supporting climate, called the HRD climate. For example, as a result of review, feedback and counselling in performance appraisals, trust and openness are generated. Role analysis exercises make individual roles clearer. Development-oriented communication practices increase both the quantity and quality of communication. Norms and standards are classified. People develop a proactive orientation. They become aware of their competencies. They become more authentic in their behaviour and so on.



Designing a Human Resource Development System

Designing a human resource development system is altogether different from designing or organizing a traditional personnel department. In designing a human resource development system, it is necessary to take into account several such factors which may not be very significant in designing a traditional personnel department. Some of these factors are described below:

1. In designing a human resource development system, the main aim should be the overall development of the total organisation. The system should focus on improving the organisation's diagnostic and problem-solving capabilities and on making the organisation more open so that maximum commitment of the employees may be obtained.
2. In designing a human resource development system due attention should be given to the various contextual factors and the existing culture of the organisation. Under contextual factors we may include the size and technology of the organisation, the skill level of its people, organisation's support to HRD and availability of outside help. A small organisation can combine several personnel functions into one whereas a large organisation may require each function to be dealt with separately as a specialised sub-system within the HRD system. Similarly, the type of work being done in the organisation and the technology followed in the

organisation also influence the design of the HRD by emphasizing some components of HRD much more than others. For example, administration of bonus may need to be given special consideration as a sub-system in a industrial organisation but not so in a university or government department. In organisations where people's skills are low the HRD need to be introduced slowly. Organisation's support determines the amount of resources which are available for the introduction of HRD and through this the design of the system. Availability of expert help from outside ensures proper monitoring of the system. If the HRD is being designed as an intervention to change the existing culture of the organisation, it is necessary to do enough careful planning, monitoring and follow-up. It may be helpful to do force field analysis has been completed, forces which are in favour of the change may be strengthened while designing the system. For example, if the culture of an organisation favours informality, openness, objectivity, etc., the same can be strengthened by the proposed new system.

3. In designing a human resource development system enough attention should be paid to building linkages between the various sub-systems. These linkages can be established in a number of ways depending upon the components of the system. Following is an example of the various linkages which may exist in a human

resource system which has four main sub-systems, viz., job and salary, planning and administration, human resource development and workers affairs. These linkages provide feedback to the various sub-systems. For example, performance and potential appraisal provides necessary leads for training and training provides necessary leads for systems development and research.

Mechanisms commonly followed for establishing linkages and feedback are the setting up of standing committees for various purposes (with membership from various sub-systems and levels of the organisation), task groups, and adhoc committees for specific time-bound tasks.

4. In designing a human resource development system mechanism for monitoring should also be provided for. A periodical review may be planned for this purpose.
5. In designing a human resource development system, it is essential to see that its various sub-systems are introduced into the organisation in stages.

HRD in Indian Industry

Since the early 1970s when the concept of HRD first began to be recognised by some organisations in India, a large number of organisations in the country have begun to display an interest in HRD. While many organisations appear to have simply relabelled their personnel departments as HRD departments or HRM departments to keep up with the fashions of the times, there are some which seem to have done considerable work in setting up HRD systems. On the basis of some studies done on this subject it can be inferred that the main factors behind the setting up of a separate HRD function in any organisation are the philosophy of its top management and the nature of its business. The more diversified the business of an organisation and the more the amount of faith and commitment of top management in HRD, the greater is the tendency to set up separate HRD departments. Some important organisations in our country which have introduced HRD are as under:

- State Bank of India,
- Bank of Baroda,
- Larsen and Toubro,
- Voltas,
- Crompton and Greaves,
- Indian Oil Corporation,
- Steel Authority of India, and
- Bharat Heavy Electricals.

There should be an explicit corporate policy on human resources. The corporate policy on human resources should be stated explicitly, explained down the lines and pursued vigorously. In this connection, it may be interesting to note that in a survey conducted by the Xavier Labour Relations Institute Centre for HRD in 1986 covering 53 organisations it was found that as many as 30 organisations did not have any explicit corporate policy on human resources. In addition, the top head should show his commitment to HRD by his actions because actions speak louder than words. His actions may take the following forms:

1. He may attend the initial HRD orientation programmes given to line managers;

2. He may periodically review the progress in implementing HRD;
3. He may commit a reasonable amount of resources for HRD purposes.

The top head must have full belief in the value of his employees as his greatest resource. His actions must convince people that:

1. He has respect for all individuals, and
2. He believes in creating an enabling culture where under individuals have opportunities to grow their full potential.

In the above context, leadership styles may be classified into three categories: benevolent (or paternalistic), critical (or task-centred and theory X type), and developmental (or self-dispensing).

Challenges to HRD

Human Resource Development is influenced by trends in other disciplines, demographics, politics, technology and a number of other domains. In this connection, the critical uncertainties confronting HRD as identified by Thomas, Susan and Wendy (2003) are as under:

1. Competition for the expertise elite: What is HRD's role in recruiting or developing increasingly competent and expert workers?
2. Globalization: How will HRD balance the boundaries of time, space, geography and culture while maintaining its focus on developing work place expertise?
3. Locus of Control: How will HRD strike a balance between ever demanding organisations and individuals?
4. Marketability of Knowledge: What is the role and responsibility of HRD in developing, sharing, transferring and protecting organizational knowledge?
5. Next Age: How can HRD assure that it is flexible enough as a discipline to respond effectively to the demands of a variety of ages and the priorities they will bring?
6. Technological Explosion: How will the roles of HRD shift in the context of a highly automated technologically demanding work place?

There are significant changes taking place in the field of HRD. Technology is now becoming a core driver of learning systems and development of employees. Businesses become both global and virtual in many of their operation. Classroom-based training is declining as technology and other approaches to delivery of learning become more prevalent (i.e mentoring, on the job training, action learning, problem-based learning and job rotation). Globalization and technological revolutions have changed the landscape of business and to address these turbulences require developing employee skills, effective utilization of technology, developing new organisational structure, and building cultures that foster learning and innovation (Michael Hitt, 1998). Randy, Jon and David (2000) observed that the important challenges to HRD are changing workforce demographics, competing in a global economy, eliminating the skills gap, meeting the need for lifelong individual learning and facilitating organizational learning.

Conclusion

HRD needs of the organisation should be seriously examined and an action plan for HRD should be prepared. Organisations usually differ in their needs in respect of human resource development. An infant organisation's needs of human resource development are not the same as those of a mature organisation. In a new organisation where most of its employees are still young and want career paths, there is need to provide more and more opportunities for promotion, advancement, etc. But in an old organisation whose employees have reached the end of their career there is need to check frustration, to develop alternative forms of work satisfaction, retirement assistance, etc. Once the HRD needs of the organisation have been identified action plans to use, may be prepared.

HRD departments should be headed by competent person and should be placed close to the chief executive on the organisation chart. Sometimes the tendency is to appoint a person who is not wanted elsewhere as the head of HRD department. This lowers the credibility of HRD function in the organisation and makes people suspect the good intentions of the top head. In fact, only such persons should be appointed as head of this department who have demonstrated their capabilities elsewhere and are of proven reputation and goodwill.

The head of the HRD department should have direct reporting relationship with the top head. This not only lends importance to the function but also keeps the top head informed about his employees. Conducive climate should be developed. A minimal positive developmental climate is essential for the success of all HRD efforts.

References

1. Abbott B. Training Strategies in Small Service Sector Firms: Employer and Employee Perspectives, *Human Resource Management Journal*, 1994;4(2):70-87.
2. Becker B, Gerhart B. The Impact of Human Resource Management on Organisational Performance: Progress and Prospects, *Academy of Management Journal*, 1996;39(4):779-801.
3. Brand MJ, Bax EH. Strategic HRM for SMEs: Implications for Firms and Policy, *Education and Training*, 2012;44(8/9):451-463.
4. Davar Rustom S. *Personal Management and Industrial Relations*, Vikas Publishing House Pvt. Ltd., New Delhi, 2010, 15.
5. Dube L, Enz CA, Renaghan LM, Siguaw J. Best Practice in the U. S. Lodging Industry, *Cornell Hotel and Restaurant Administration Quarterly*, 1999;40(4):14-27.
6. Gupta Rajen. *Implementing HRD*, Rawat Publications, Jaipur, 1990.
7. Harrison R. *Employee Development*, Institute of Personnel and Development (IPD), London, 2000.
8. Hill R. Why HRD in Small Organisations May Have Become a Neglected Field of Study, J. Stewart and G., Beaver (eds.), *HRD in Small Organisations*, Routledge, London, 2004, 13.
9. The Economic Times dated 17th April, Mumbai Edition, 1986, 7.

10. Tripathi PC, Kapoor ND. *Personnel Management and Industrial Laws*, Sultan Chand and Sons, New Delhi, 2000, 35-36.
11. www.xlri.ac.in