Research Papers

HRD – A Source for Competitive Advantage

V.Poojitha
KLU Business school
KL University
Vaddeswaram, Guntur (dt.)
Pin – 522502, Andhra pradesh

Dr. V.Rama Devi
Professor, KLU Business School
KL University
Vaddeswaram, Guntur (dt.)
Pin – 522502, Andhra pradesh

Abstract

Human Resource Development continues to grow its importance within organisations due to change in organisations' approach of achieving competitive advantage and their focus to nurture and develop their strategic resources (employees). There is huge shift in organisations' orientation and organisations realized that a firm can survive in stiff competition through their valuable human resources. In this uncertain and globalized era there is huge demand for talented people. On the other hand employees' expectations and demands are changing and the organisations have to respond to meet their expectations and provide good developmental environment in order to have sustainable development through committed workforce. This paper gives an overall idea of nurturing employees as strategic resources.

This conceptual paper includes the broad discussion based on scholars' views on human resource development, HRD climate and organisational commitment and a model of the HRD climate is proposed that will help an organization to enhance commitment of employees that will strengthen the competitiveness of a firm.

Keywords: Human Resource Development, Organizational commitment, Strategic resources, Competitive advantage.

INTRODUCTION

Human resources are significant strategic levers and sources of sustained competitive advantage. Competent employees are the greatest assets of any organization. The developmental climate in an organization helps the individuals to utilize their potential properly and contribute to the achievement of the goals of the organization, and thereby ensuring optimization of human resources. For this purpose a congenial HRD climate is extremely important.

Human resource development in the organizational context is a process by which the employees of an organization are helped in a continuous, planned way to:

§ Acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles;

§ Develop their general capabilities as individuals and discover and exploit their own inner potentials for their own and/or organizational development processes; and

§ Develop an organizational culture in which supervisor-subordinate relationships, team work and collaboration among sub units are strong and contribute to the professional well-being, motivation and pride of employees

CONCEPTUAL FRAMEWORK OF HRD

The term HRD was formally introduced in the American Society for Training and Development Conference in 1969 and this, basically, referred to individual training and development. Its scope gradually expanded during the 1970s and 1980s to include, besides training and development, different other subsystems like

career development, OD etc. covering development of not only individuals but also of different other units in the organization.

Employees enable an organization to achieve its goals and the management and development of these resources is critical to an organization's success. (Schuler, 1992)

The latest definition by Desimone, Werner & Harris (2002) for HRD was defined as "a set of systematic and planned activities designed by an organization to provide its members with the opportunities to learn necessary skills to meet current and future job demands".

Human factors cannot be undermined. Productivity improvement through increased employee motivation, commitment, satisfaction and efficiency at work reinforced by managerial policies and practices now contribute significantly to bring about the desired improvement. Increase in productivity through Human Resource Development (HRD) has become more imperative for manpower obsolescence in the organization

Functions of HRD:

Primary focus of HRD is individual development (Nadler, 1970; McLagan, 1983) or organisational development (Nadler& Wiggs, 1986; Swanson, 1987) when T&D is provided, other than for organisational effectiveness, it helps to develop key competencies, which enable individuals to improve their current job performance and enhance future performance for career development (Gilley & Eggland, 1989; Marsick & Watkins, 1994; Desimone, et al, 2002) performance forms one of the four key functions of HRD, as it is an important extension of HRD theory (Smith, 1990; Chalofsky, 1992; Marquardt & Engel, 1993; Swanson, 1995; Desimone et al, 2002; Gilley et al, 2002).

HRD CLIMATE

HRD climate is the perception the employee have on the development environment of an organization. The elements of HRD climate as per T.V.Rao (1990) can be grouped into three broad categories — General climate, OCTAPAC culture and HRD mechanisms.

§ The general climate items deal with the importance given to human resources development in general by the top management and the line manager

§ The OCTAPAC items deal with the extent to which Openness, Confrontation, Trust, Autonomy, Proactively, Authenticity and Collaboration are valued and promoted in the

organization.

§ The items dealing with HRD mechanisms measure the extent to which HRD mechanisms are implemented seriously.

SIGNIFICANCE OF HRD

Hammonds (2005) emphasized the need for corporations to foster a productive work environment arguing that this should be considered as one of their most important tasks. Today's business landscape is changing rapidly due to factors such as: globalization, responsiveness to customers, increasing revenue and decreasing costs, building organizational capability, change, and transformation, implementing technology, attracting and developing Human Capital, and ensuring fundamental and long-lasting change (Ulrich, 1997). The current volatile business environment and intense competition call for strategic and pragmatic approach towards employee development, engagement and effective utilization. Contemporary organizations, especially the service industries, need to find better approach towards earning the commitment, motivation and loyalty of internal customers – the employees.

CONCEPTUAL FRAMEWORK OF ORGANIZATIONAL COMMITMENT:

"Unless commitment is made, there are only promises and hopes; but no plans"

Peter F. Drucker

Organizational Commitment is highly valuable. Studies have highlighted that commitment has a great impact on the successful performance of an organization. This is because a highly committed employee will identify with the goals and values of the organization, has a stronger desire to belong to the organization and is willing to display greater organizational citizenship behavior i.e. willingness to go over and beyond their required job duties. And if human resources are said to be an organization's greatest assets, then committed human resources should be regarded as an organization's competitive advantage

Organizational commitment has been defined as "a psychological state that characterizes an employee's relationship with an organization and has implications for the decision to continue membership of the organization" (Meyer and Allen 1991).

Components of Organizational Commitment.

1. Affective commitment refers to

employee's identification, or strong emotional attachment and involvement in the organization.
2. Continuance commitment refers to an awareness of the costs associated with leaving the organization.
3. Normative commitment reflects an obligation to continue with the organization.

Meyer and Allen (1991) and Dunham et al (1994) identified three types of commitment; Affective commitment, continuance commitment, and normative commitment. Normative commitment is a relatively new aspect of organizational commitment having been defined by Bolon in 1993. Affective commitment is defined as the emotional attachment, identification, and

involvement that an employee has with its organization and goals (Mowday et al, 1997, Meyer&

Allen, 1993; O'Reily & Chatman). Porter et al (1974) further characterize affective commitment by three factors (1) "belief in and acceptance of the organization's goals and values, (2) a willingness to focus effort on helping the organization achieve its goals, and (3) a desire to maintain organizational membership"

SCENARIO OF HRD

To be successful in today's market, organizations need an extremely capable, flexible, and committed workforce, a flexible and innovative management, and the capability to retain the developed talent. To accomplish these objectives, the organization needs a talented Human Resource (HR) department. In addition to hiring the right people to carry out specific jobs, HR managers have to build up dedication and allegiance among the workforce. This requires a commitment from the organization to take care of the employees and to address their development needs.

LITERATURE REVIEW

Literature regarding HRD and its importance in organization, Organizational commitment and HRD's impact on organizational commitment is reviewed.

As the business environment becomes more turbulent, "it becomes more pertinent to deliberately, consistently, strategically and innovatively develop, optimize and utilize their major value adding resource, i.e. human resource" (Akinyemi, 2011).Harrison and Kessels (2004) define HRD as an organizational process comprising "the skillful planning and facilitation of a variety of formal and informal learning and knowledge processes and experiences, primarily but not exclusively in the workplace, in order that organizational progress and individual potential can be enhanced through the competence, adaptability, collaboration and knowledge-creating activity of all who work for the organization."Human Resource Development (HRD) was also defined as "a set of systematic and planned activities designed by an organization to provide its members with the opportunities to learn necessary skills to meet current and future job demands"

(Werner and DeSimone, 2006)Developmental climate as a sub-set of organizational climate also influences the perception, attitude and behavior of employees. Krishnaveni, R, Ramkumar, N (2006) Stated that 'HRD climate' has a definite impact on motivational need satisfaction HRD of the individuals in the organization, which in turn, leads to the overall performance of the organization Ajay Solkhe Dr. Nirmala Chaudhary (2011) proved that significant relationship between Job Satisfaction and Human Resource Development Climate and any positive change in HRD Climate and its components will bring about positive changes in Job Satisfaction and in turn impact the Organizational Performance in positive manner Karunesh Saxena (2009) HRD climate in public sector banks is average and the perception of employees regarding the HRD climate do not differs significantly on the basis of gender, qualification and designation but it differs significantly on the basis of age Dr. S. Saraswathi (2010) the general climate, HRD Mechanisms and OCTAPAC culture are better in software organizations compared to manufacturing. From the comparative analysis, it is concluded that there is a significant difference in the HRD climate of software and manufacturing organizations . Cawsay (1973) has observed that Job Satisfaction increases as the individual perceives the climate as having more 'opportunities for advancement. Sampath & Kalpana, (2005) The strengths of the HRD Climate emerges from the organization's belief that the human factor is a critical factor and need commitment to development, team spirit, helpfulness and providing training on skills and knowledge. The result indicated the presence of psychological climate conducive for development

Commitment is a necessary variable that drives individual action (Cooper-Hakim and Viswesvaran 2005; Herrbach 2006). Confidence,

motivation and commitment for the capacity of businesses to retain their Knowledge workers, by reducing staff turnover and increasing the propensity of these employees to share and distribute information (Storey 2001). Employee commitment is aimed at developing organizational productivity and efficiency by implementing working conditions that promote employees' ability to identify with the organizational objectives. The practices generally associated with this second strategy include the evaluation of development, fair, competitive salaries and skills management together with continuing education (Whitener 2001).Gvaramadze (2008), in these increasingly flexible conditions, human resource development (HRD) managers try to retain workers by developing strategies that empower individual employees. (Armstrong 2005) 'employee commitment, and its reciprocal need for employee-sensitive practices are not confined to national boundaries or particular organizations, Increasing change in the economic environment in India (Budhwar and Boyne, 2004; Krishna and Monappa, 1994; Rao, 1999), studies on commitment remain an important issue in talent retention and the development of human capital.

The role of HR for effective facilitation of organizational commitment by providing learning capabilities and by psychologically empowering managers becomes an imperative. It is an antecedent of citizenship behavior and intention to stay with or leave organisations (Podsakoff et al. 2000).The Human Resource Development Climate has a significant impact on Organizational citizenship behavior (OCB) and Voluntary Turnover Intentions (VTI) (Akinyemi Benjamin2012).David Giauque, Fabien Resenterra and Michael Siggen (2010) stated that 'organizational support', 'procedural justice', as well as the perception of the organizational reputation seems to have strong relations to Affective organizational commitment. HRD is tantamount to building competence, commitment and culture .The concept of HRD deals with many facets of development of individuals including their physical, intellectual, emotional, political, and spiritual aspects. In essence, HRD is tantamount to building competence, commitment and culture (Rao, 1990).

In the 21st century companies will succeed only if they are able to attract the best talent in the market place and develop. Today technology can become obsolete, assets value may depreciate but only human capital that forms a strategic resource

for organisations and the only winning formula is great talent and innovation. People make the difference. Most of the company's differentiating factor is their people.   So HRD is increasing its scope to retain and develop the human capital. The committed employee will contribute for the accomplishment of organisational goals and identify himself with goals of organisation. Companies are constantly striving to develop and make their employees committed.

A conceptual model is developed to clearly understand the role of HRD in creating competitive strategic resources for organisations
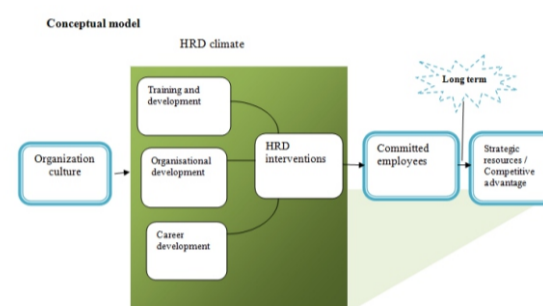
Organization culture:

Organizational culture is the personality of the organization. Culture is comprised of the assumptions, values, norms and tangible signs (artifacts) of organization members and their behaviors. Members of an organization soon come to sense the particular culture of an organization. Culture is one of those terms that are difficult to express distinctly, but everyone knows it when they sense it.

Training and development:

Training and Development is a subsystem of an organization. It ensures that randomness is reduced and learning or behavioral change takes place in structured format. The training system in Indian Industry has been changed to create a smarter workforce and yield the best results.

Organization development:

A long-term effort led and supported by top management, to improve an organization's visioning, empowerment, learning, and problem-solving processes, through an ongoing, collaborative management of organization's culture – with special emphasis on the culture of intact work teams and other team configurations – utilizing the consultant – facilitator role and the

theory and technology of applied behavioural science, including action research.

Career Development:

It is one of the greatest motivators to keep an employee happy and engaged. But does career planning and development of employees actually make a difference to the productivity of a worker. Most organizations think so, and consider it a part of their critical human resource strategy. From the employees' point of view career development initiatives gives them a clear focus about their career track, the blind spots that they have to overcome and the final goal to be reached. This focused approach works to their advantage from their everyday work to long-term aspirations.

Strategic resources;

Considering the organization in terms of its strategic resources helps the organization develop a dynamic, integrated perspective. With an integrated lens of how the multiple functional areas come together to create resources that are valuable for different stakeholders, the leadership team is more able to focus on the right resources to create value.

Organizational Commitment:

Organizational Commitment is highly valuable. Studies have highlighted that commitment has a great impact on the successful performance of an organization. This is because a highly committed employee will identify with the goals and values of the organization, has a stronger desire to belong to the organization and is willing to display greater organizational citizenship behavior

HRD climate is a part of organizational climate and hence the culture of organisation must favour employee development and give utmost importance to people in designing strategies and carrying out those strategies. Right type of culture breeds good development environment which aims at enriching human capital constantly. HRD mainly constitutes three major functions: training and development, career development and organizational development. These are given utmost importance by the organisations for enriching their employees, who can contribute for business success. It is proved that in highly intensive competition, people are the strategic resources that have unique capabilities and not easily substitutable by the companies.

HRD functions(T&D, career development, organizational development) should be implemented through various HRD mechanisms/interventions/subsystems(Performance Appraisal, potential appraisal ,career planning, review discussion, feedback and counselling, Training and development, communication, job enrichment, job enlargement, rewards, organisational development, employee welfare, quality of work life) to nurture the employees. By this the employees also feel sense of belongingness to organisation and responsible in discharging duties of organisation in attaining business goals. Employee commitment matters most as it can change the fortune of the company. In highly competitive business scenario, organisations cannot assure that employee who is working today will turn up to office tomorrow, unless and until they are committed to the organisation and commitment cannot be bought it is self-realization of employees that they are part of organisation. Hence organisations must make right move to develop employees along with organisation so in long term they have strong competitive advantage which cannot be imitated, substitutable and sustain in long run. Thus this model gives a skeleton of how today's employees are tomorrow's capital. As people are important assets of any organization, if good HRD climate is provided to them it helps to develop committed workforce which in future develops into competitive advantage of the organization.

CONCLUSION

It is well established today that it is not just financial and technological capital that provide companies with the competitive edge, but people, or human capital. Without attracting and retaining the right people, in the right jobs, with the right skills and training, an organization cannot succeed. It is critical to hone the competencies of people in the HR function to meet the challenges meted out by the constant change in internal and external factors affecting the ability of an organization to successfully achieve its goals.

It indicates the significance of people as the strategic resources of the organization and the need to nurture this resource with utmost care and attention to retain them for long term perspective and get best out of them while giving best to them.

REFERENCES

1. Akinyemi Benjamin(2012) Human Resource Development Climate as a Predictor of

Citizenship Behaviour and Voluntary Turnover Intentions in the Banking Sector International Business Research Vol. 5, No. 1; January

2. Armstrong, G. (2005) 'Differentiation Through People: How Can HR Move Beyond Business Partner?', Human Resource Management, 44(2): 195– 9.

3. Benjamin Akinyemi An Assessment of Human Resource Development Climate in Rwanda Private Sector Organisations International Bulletin of Business Administration ISSN: 1451-243X Issue 12 (2011)

4. Bolon, D.S. (1997). "Organizational Citizenship Behavior Among Hospital Employees: A Multidimensional Analysis Involving job Satisfaction and Organizational Commitment". Hospital & Health Services Administration, 42, 2, 221-241.

5. Brad Gilbreath & Max u. Montesino(2006) Expanding the HRD Role: ImprovingEmployee Well-Being and Organizational Performance Human Resource Development International,Vol. 9, No. 4, 563 – 571, December

6. Budhwar, P. and Boyne, G. (2004) 'Human Resource Management in the Indian Public and Private Sectors: An Empirical Comparison', The International Journal of Human ResourceManagement, 15(2): 346– 70

7. Budhwar, P.S., and Debrah, Y.A. (2001), 'Introduction,' in Human Resource Management in Developing Countries, eds. P.S. Budhwar and Y.A. Debrah, London: Routledge, pp. 1–16.

8. Cawsey, T. (1973) 'The interaction of motivation and environment in the prediction of performance and potential and satisfaction in the Life Insurance Industry in Canada'. paper presented at 16th Annual Midwest Academy of Management meeting, Chicago,Illinois,April.

9. Chalofsky, N. (1992) A unifying definition for the human resource development profession.Human Resource Development Quarterly, 3: pp.175

10. Claire Gubbins , Dr. Thomas N Garavan ,Carole Hogan, Margaret Woodlock(2006) Enhancing the Role of the HRD Function: The Case of a Health Services Organisation.

11. Cooper-Hakim, A., & Viswesvaran, C. (2005). The construct of work commitment: Testing an integrative framework. Psychological Bulletin, 131, 241-259.

12. Desimone, R.L., Werner, J.M. and Harris, D.M.(2002) Human Resource Development. (3rd ed) Orlando, Harcourt College Publishers

13. Foundations of Human Resource Development David McGuire(2010) 01-McGuire-4106-CH-01.indd

14. Gilley, J.W., Eggland, S.A. and Gilley, A.M. (2002) Principles of Human Resource Development. (2nd ed) Cambridge, Perseus Publishing

15. Gilley, J.W., Eggland, S.A. and Gilley, A.M. (2002) Principles of Human Resource Development. (2nd ed) Cambridge, Perseus Publishing

16. Gvaramadze, I. 2008. Human resource development practice: the paradox of empowerment and individualization. Human Resource Development International 11, no. 5: 465–77.

17. Hammonds, K. H. (2005). Why we hate HR. Fast Company, 97, 40-47.

18. Harrison, R., & Kessels, J. W. M. (2004). Human Resource Development in a knowledge economy. An organisational view. Hampshire – New York: Palgrave Macmillan.

19. Haslinda Abdullah(2009) Definitions of HRD: Key Concepts from a National and International Context European Journal of Social Sciences – Volume 10, Number 4

20. Human Resources Development Climate: An Empirical Study Dr. S. Saraswathi(2010)

21. Krishna, A. and Monappa, A. (1994) 'Economic Restructuring and Human Resource Management',Indian Journal of Industrial Relations, 31(4): 490– 549.

22. Krishnaveni, R "Impact of Developmental Climate on Individual's Behavior in the Organization". South Asian Journal of Management. FindArticles.com. 30 Oct, 2011.

23. M.Srimannarayana (2008), "Human Resources Development Climate in India", Indian Journal of Industrial Relations, vol.44, No.2, p.249-255

24. Marquardt, M. J. and Engel, D. (1993) Global Human Resource Development. London:Prentice-Hall

25. Marsick, V. and Watkins, K. (1994). The learning organization: An integrative vision for HRD.Human Resource Quarterly, 5: pp. 353-360

26. Meyer, J.P. & Allen, N.J. (1991). A Tree-component conceptualitazation of organizational commitment. Human Resource Management Review, 1, 61-89.

27. Meyer, J.P. & Allen, N.J. (1997). Commitment in the Workplace: Theory, Research, and Application. Thousand Oaks, CA: Sage Publications.

28. Mowday, R., Porter, L. and Durbin, R.

(1974). Unit performance, situational factors and Employee attitudes in spatially separated work units. Organizational Behavior and Human Performance, 12, 231-248.

29. Nadler, L. and Nadler, Z. (1970), Developing Human Resources, Jossey-Bass, San Francisco, CA.

30. Nadler, L. and Wiggs, G. D.. (1986) Managing Human Resource Development. A practical guide. San Francisco, California, Jossey-Bass Inc

31. NHRD Journal Jan 2008 Volume 2 Issue 1Global HRM

32. O'Reilly, III, C., and Chatman, J. (1986). "Organizational Commitment and Psychological Attachment: The Effects of Compliance, Identification and Internalization on Prosocial Behavior". Journal of Applied Psychology, 71, 3, 492-499.

33. Patrick M Wright,Gary.C.McMahan,Abagail,Mcwilliams,human resource and sustained competitive advantage:A resource based perpective,ceo,publicationG93-19(239)(1993)

34. Pfeffer, J. 1994. Competitive Advantage through People: Unleashing the Power of the Workforce. Boston: Harvard Business School Press.

35. Podsakoff P.M., MacKenzie S.B., Paine J.B. & Bachrach D.G. (2000) Empirical Literature and Suggestions for Future Research Organizational Citizenship Behaviors: A Critical Review of the Theoretical and suggestions for future research. Journal of Management; 26; 513

36. Porter, L.W.; Steers, R.M.; Mowday, R.T.; & Boulian, P.V. (1974) Organizational commitment, job satisfaction, and turnover among psychiatric technicians. Journal of Applied Psychology, 1974, 59, 603-609.

37. Predictors of organizational commitment in India: strategic HR roles, organizational learning capability and psychological empowerment Jyotsna Bhatnagar Int. J. of Human Resource Management 18:10 October 2007 1782–1811

38. Ranya Nehmeh What is Organizational commitment, why should managers want it in their workforce and is there any cost effective way to secure it?(2010) working paper

39. Rao T V and Abraham E (1986), "Human Resource Development Climate in Indian Organizations", in T V Rao and D F Pereira (Eds), Recent Experiences in Human Resource Development, New Delhi: Oxford and IBH, pp.

70-98.

40. S.JamaledinTabibi, Sudabeh Vatankha, Amir Ashkan Nasiripour, Shaghayegh Vahdat and Somayeh Hessam(2011) Factors affecting commitment to human resource development of Iranian hospitals African Journal of Business Management Vol. 5(9), pp. 3706-3710, 4 May

41. Schuler, R. S. 1992. Strategic human resource management: Linking people with the needs of the business. Organizational Dynamics, 21(1): 18-32.

42. Srimannarayana, M. (2007), Human Resource Development Climate in Dubai Organization, Indian Journal of Industrial Relations, 43 (1):1-12.

43. Swanson, R.A. (1995) Performance is the key. Human Resource Development Quarterly, 6 (2):pp. 207-220

44. The relationship between HRM practices and organizational commitment of knowledge workers. Facts obtained from Swiss SMEs David Giauque, Fabien Resenterra and Michae l Siggen(2010)

45. Ulrich, D. (1997). Human resource champions. Boston: Harvard Business School Press.

46. Werner J. M., & DeSimone, R. L. (2006). Human resource development. (4th ed.) Mason, Ohio:Thomson-Southwestern.

47. Whitener, E.M. 2001. Do "high commitment" human resource practices affect employee commitment? A cross-level analysis using hierarchical linear modeling. Journal of Management 27: 515–35.

4 8 . http://managementhelp.org/organizations/culture.htm

49. http://nptel.iitm.ac.in/courses/IIT-MADRAS/Management_Science_II/Pdf/6_3.pdf

5 0 . http://www.expresscomputeronline.com/20060807/technologylife01.shtml

51. www.citehr.com