

Human Resource Development (HRD) - Invest In Your People

Case duration (Min): **45-60**

Human Resource Management (HRM)

Development

Worldwide

Case summary:

This case may be used in conjunction with the previous one (number 109) - if used in conjunction then the first two questions may be omitted.

The main focus of this case is training and development...

It is now widely recognised (for many organisations) that the ability to recruit, develop and retain employees provides a significant and sustainable competitive advantage. For many organisations, it is simply not possible to buy in the required skills as and when needed.

This case examines human resource development (HRD) from a number of perspectives. Organisations that consider people to be key to competitive advantage must recruit and develop talented employees, enhance their capabilities and motivation, whilst seeking to retain such resources. Organisations need people with appropriate skills, abilities and experience; such people may be brought in from the outside (recruitment and selection) or 'grown' by training and developing existing employees. The organisation must provide opportunities for learning and development and personal growth. In summary, much of this case is about investing in human capital.

Learning objectives:

Outline the concept of human resource development.
Identify HRD initiatives.

Case problem:

What is human resource development and why do organizations develop employees?

First, if you are taking a taught management course then consult with your tutor and ensure that the case has not been scheduled into a teaching class or tutorial. If it has not:

1. Play/ read the media associated with the case. You may need to access the Internet and enter a URL to locate any video clips.
2. Attempt the Case study questions.

Consider attempting the case study as a group exercise; you could form a study group with fellow students.

3. Check the suggested answers - remember these are suggestions only and there are often many possible answers.

Discuss questions and answers with other students.

4. If you feel your answer(s) were weak then consider reading the relevant suggested readings again (also see the case study suggested references).

Title/ Media type	URL/ Media description
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Invest In Your People:

<http://www.openforum.com/idea-hub/topics/managing/video/invest-in-your-people-ces-roundtable>

Film

How do you find – and retain – employees who share your vision for your business? Gain insights from three cutting-edge entrepreneurs whose companies are focused on creating cultures that inspire top talent.

NOTES:

Case study questions...

Action	Pre/During/After class
<p>1 KEY CONCEPTS:</p> <p>Discuss the meaning of human resource management, human resource planning, employee resourcing and human resource development. Is there any overlap in the meaning of these concepts? How do the concepts relate to each other?</p>	During
<p>2 HUMAN RESOURCE DEVELOPMENT:</p> <p>In your groups, discuss the function and purpose of human resource development and expand on your definition of the concept, highlighting key principles.</p>	During
<p>3 EDUCATION AND TRAINING:</p> <p>Human capital development (investing in people) in the form of education and skills training can be an effective response to constraints imposed on the employment market (specific skills may be in short supply). Not only should this improve productivity through ability but also through enhanced motivation. However, in many organisations there remains a reluctance of employers to engage in training-with reference to the film clip and your wider experience, identify and discuss possible reasons for this.</p>	During
<p>4 POACHING</p> <p>Tom Callaghan highlighted the poaching problem in the first part of the film clip. This was reiterated by Noel Lee of Monster Cable products who stated, 'we spend all this money training people and then they leave...'. Organisations may be unwilling to invest in the development of their employees because they do not know whether they themselves, rather than some other employer, will benefit from the investment. In your groups, discuss the problem of poaching and its impact upon the decision to invest in training-what would you recommend to employers?</p>	During

HUMAN RESOURCE DEVELOPMENT (HRD)

A strategic approach to investing in human capital. It draws on other human resource processes, including resourcing and performance assessment to identify actual and potential talent. HRD provides a framework for self-development, training programmes and career progression to meet an organization's future skill requirements.

HUMAN RESOURCE PLANNING

A strategy for the acquisition, utilisation, improvement and retention of an organisation's human resources.

TRAINING

Any intervention aimed at increasing an individual's knowledge or skills

TRAINING AND DEVELOPMENT

The building of competencies and skills of individual employees, to enable them to improve work performance and achieve organizational goals.

Question/ Answer

1 KEY CONCEPTS:

Discuss the meaning of human resource management, human resource planning, employee resourcing and human resource development. Is there any overlap in the meaning of these concepts? How do the concepts relate to each other?

Human resource management - A philosophy of people management based on the belief that human resources are uniquely important to sustained business success. An organization gains competitive advantage by using its people effectively, drawing on their expertise and ingenuity to meet clearly defined objectives. HRM is aimed at recruiting capable, flexible and committed people, managing and rewarding their performance and developing key competencies. See also 'Hard HRM', 'Soft HRM'

Human resource planning - A strategy for the acquisition, utilisation, improvement and retention of an organisation's human resources.

Employee resourcing - Resourcing is the process by which people are identified and allocated to perform necessary work. Resourcing has two strategic imperatives: first, minimizing employee costs and maximizing employee value to the organization; secondly, obtaining the correct behavioural mix of attitude and commitment in the workforce.

Human resource development (HRD) - A strategic approach to investing in human capital. It draws on other human resource processes, including resourcing and performance assessment, to identify actual and potential talent. HRD provides a framework for self-development, training programmes and career progression to meet an organization's future skill requirements.

As a philosophy, HRM provides guiding principles for all aspects of people management within organisations; consequently, we might consider the other three constructs as subordinate to it. Similarly, human resource planning (as defined above) might be seen to encompass both employee resourcing and human resource development. However, some scholars and practitioners may use the term resourcing more widely. Human resource development processes may closely interact with performance management and may have the objective of enhancing organisational capabilities and getting the most out of human capital. Some practitioners use the terms training and development interchangeably.

2 HUMAN RESOURCE DEVELOPMENT:

In your groups, discuss the function and purpose of human resource development and expand on your definition of the concept, highlighting key principles.

Human resource development and learning in the workplace may enhance employee motivation, improve skills and capabilities and therefore performance, and provide opportunities for personal growth. Benefits may be reflected in sustainable competitive advantage, productivity gain, and the retention of talented employees (thus reducing costs associated with resourcing, recruitment and selection, managing employee turnover and the leakage of knowledge or intellectual capital). Principal elements of human resource development may include the identification and improvement of skills and motivation, training needs identification and the provision of training programmes or opportunities for personal growth and self development.

Scholars and practitioners have argued that it is the workforce itself (when highly skilled and motivated) that constitutes a source of sustainable competitive advantage. An organization not only needs skilled people, these people must also be well managed. Whilst any given employee may be talented they may not necessarily apply that talent to perform (see discretionary behaviour). In short, competitive advantage is also dependent upon the employee choosing to engage in behaviour that will benefit the organization. There are many practices that seek to influence behaviour. Huselid (1995) revealed a relationship between HR practice and performance (return on assets); Koch and McGrath (1996) found that HR practices (recruitment and staffing) were related to productivity and Wright et al (1999) linked appraisal and training practices with skill development and compensation practice with motivation. Sustainable competitive advantage is not just a function of isolated components but rather a combination of skills, behaviour and the supporting People Management or HR System. HR activities are thought to lead to the development of a skilled workforce and one that engages in functional behaviour for the organization; this results in higher operating performance, which translates into increased profitability.

According to Bartlett and Ghoshal (2002) skilled and motivated people are central to the operations of any company that wishes to flourish in the new age – 'In short, people are the key strategic resource, and strategy must be built on a human-resource foundation'. It is widely accepted that in order to compete in a rapidly changing environment, companies must continually improve their performance by reducing costs, innovating products and processes, and improving quality, productivity and speed to market, (Becker and Gerhart 1996). HR systems represent a largely untapped opportunity to improve company performance.

3 EDUCATION AND TRAINING:

Human capital development (investing in people) in the form of education and skills training can be an effective response to constraints imposed on the employment market (specific skills may be in short supply). Not only should this improve productivity through ability but also through enhanced motivation. However, in many organisations there remains a reluctance of employers to engage in training-with reference to the film clip and your wider experience, identify and discuss possible reasons for this.

1. Cost-cost features in several ways. Firstly, training often involves capital expenditure and the financial resource could be used for other things. Many employers have a short term mindset and prefer to invest in initiatives that give a more immediate return. The benefits of training may take longer to manifest.
2. Difficulties in proving that training results in improved efficiency and productivity
3. Poaching-as was highlighted by Tom Callaghan in the film clip, 'we typically build them up... w organically grow them within our company but then if we teach them enough, they learn enough.. often they jump to a competitor or start their own firm' (training your competition).

4 POACHING

Tom Callaghan highlighted the poaching problem in the first part of the film clip. This was reiterated by Noel Lee of Monster Cable products who stated, 'we spend all this money training people and then they leave...'. Organisations may be unwilling to invest in the development of their employees because they do not know whether they themselves, rather than some other employer, will benefit from the investment. In your groups, discuss the problem of poaching and its impact upon the decision to invest in training-what would you recommend to employers?

This is a difficult problem for employers, as Noel Lee of Monster Cable Products went on to say, what if you do not train them and they stay? The organisation is dependent upon a skilled, motivated and talented workforce. Skills may either be bought in or home-grown. It may not always be possible to acquire the skills from the marketplace. It then becomes important to cultivate talent. As Noel Lee suggests, we have to train people, we have to invest in our people. Organisations attempt to deal with this problem is a number of ways. They may use the employee contract as a mechanism to tie the employee (recipient of training) to the company to ensure benefits are realised or they may use other mechanisms to improve employee satisfaction in the hope that they stay with the company; as Kristian Rauhala of H2O Audio suggested- whilst we may not be able to compete on salary, we offer a lifestyle, stock options, leadership, culture and desirable work environment.

Other organisations may consider their policy toward training. This may be different dependent upon whether the acquired skills are to be of a general nature or specific to the training company. Specific skills will be, arguably, of less benefit to competing organisations whilst general skills are transferable. Consequently, the organisation may be more inclined to invest in specific rather than general training. Such organisations may expect the employee to make a greater contribution to the acquisition of general skills.

Case study references

Cole, G A. and Kelly, P P. (2011) 'Management Theory and Practice', Ed. 7. Cengage EMEA.

Price, A. (2007) 'Human Resource Management in a Business Context', Ed. 3. Cengage Learning EMEA.