##### Human Resource Development

## Learning objectives

* Understand the importance of human resource development to organisational success.
* Explain the meanings of strategic human resource development, learning organisations and knowledge management.
* Explain the need for a systematic approach to training and development.
* Distinguish between training and development.
* Outline the major human resource development methods and techniques.
* Describe the key characteristics of an effective orientation program.
* Understand the main principles of learning psychology.

## Chapter outline

Human resource development has been identified as a crucial HR function in today’s business organisations. Chapter 9 examines the increased importance of this function from both an individual and organisational perspective. It is divided into nine sections, each of which addresses a different aspect of the topic. The first three sections are devoted to examining the current picture of human resource development within Australian organisations, why there is need to review this activity, and how human resource development can be more strategically focussed. The concepts of learning organisations and knowledge management (important issues in today’s businesses) are discussed briefly in sections four and five. This is followed by a detailed discussion of the stages involved in effective human resource development. The final three sections (seven through nine) are devoted to orientation, supervisory and management training, and the psychological principles of learning.

**Introduction**

Human Resource development has come to prominence because Australia has to improve its productivity and international competitiveness. A well-trained, multiskilled work force is essential to Australia’s economic survival. Moreover many employee’s now look to the companies they work for to provide them with growth and learning opportunities to improve their employability. Research shows that investments in human resources are a potential source of competitive advantage and have a positive relationship with stock market performance and profits. According to a Australian Bureau of Statistics training practices survey, only 32 per cent of employers provide training for their employees, in Hong Kong the figure is eight percent. In addition, there has been a significant decrease in the level of training expenditures by Australian organisations over recent years.

If Australia is to maintain its standard of living and to be competitive in the global marketplace, organisations need to rethink their approach to human resource development. According to the Karpin Report, the majority of Australia’s managers do not have the equivalent education or skill levels of managers from Australia’s major trading partners. Critics claim that Australian companies are run by managers who are obsessed with control and who lack leadership skills. Similarly, it found that most Australian educational and training institutions are not world class, are out of touch and focus on producing graduates with technical operational skills rather than graduates who understand how to lead and communicate. To develop greater entrepreneurial spirit and better quality managers, the report recommended:

* creating a positive enterprise culture
* upgrading vocational education and training and business support
* capitalising on the talents of diversity
* achieving best practice management development
* reforming management education.

**The need for human resource development (HRD)**

HRD is an important activity. Today it is employee know how that represents a key source of sustainable competitive advantage. Newly hired employees need to be trained to perform their jobs. Existing employees need to acquire new skills and knowledge. Changes, particularly in deregulation, international competition, elimination of tariffs, global outsourcing, restructuring, technology and organisational restructuring, mean that people and organisations are continually faced with situations that require new learning. Changes in social attitudes, legal requirements, industrial relations and so on also generate training and development needs.

# Strategic human resource development

Human resource development has an important role in generating improved organisational performance and individual growth, but it must be aligned with corporate objectives if an organisation is to gain any real benefit from expenditure. Failure to link human resource development to business objectives means that the organisation’s competitive strategy will not be supported; training and development will take place for their own sake and will be determined by popularity with management and employees. A strategic approach, in contrast, aims to meet an organisation’s specific business objectives. The ultimate purpose of human resource development is to help the organisation and individuals compete more effectively, now and in the future. Strategic human resource development is virtually non-existent in many organisations, with one Australian survey showing that 70 percent of training was a waste. Some reasons for this absence are:

* Organisations lack or have ill-defined strategic objectives.
* Top management views training and development as a necessary evil, something nice to do or an employee benefit.
* Organisations neglect long-term considerations and concentrate on the short term.
* Organisations do not analyse training and development needs.
* Evaluation of training is ignored or emphasises employee satisfaction rather than performance improvement.

**THE LEARNING ORGANISATION**

Learning organisations focus on the acquisition, sharing and utilization of knowledge to survive and prosper. The development of every employee is supported and encouraged. A learning organisation represents a strategic orientation that promotes a critical capability to compete. It consciously gathers, organizes, shares and analyses knowledge to achieve its strategic objectives. Its culture, structure, systems and policies advance the learning of all employees. Compensation systems for example, reward employees for seeking, sharing and creating knowledge. In such organisations, human resource development is a top priority.

**KNOWLEDGE MANAGEMENT**

In the information economy knowledge is the critical factor driving organisational success. Knowledge management aims to exploit the intellectual capital residing in an organisation. Intellectual capital includes:

* Human capital – the knowledge, skills and abilities of employees.
* Renewal capital – the intellectual property (patents, trademarks, copy rights, licences) which have marketable value.
* Structural capital – the knowledge captured and retained in an organisations systems and structures.
* Relationship capital – the value of an organisations relationships with its suppliers, customers and competitors.

An organisation’s knowledge is its major source of competitive advantage. Learning organisations encourage employees to share information; make it easy for them to identify sources of information and best practices and to eliminate wasted time and effort on ‘reinventing the wheel’.

# Human resource development

Human resource development (HRD) involves “the acquisition of knowledge and attitudes to facilitate the achievement of career goals and corporate objectives” It is inter-connected with performance management and knowledge management and encompasses both training and development. The focus is on improving corporate effectiveness by enhancing the performance of the organisations human resources.

Training typically emphasises immediate improvements in job performance via the procurement of specific skills (for example, computer skills).

Development, on the other hand, aims to prepare the employee for future job responsibilities through the acquisition of new experiences, knowledge, skills and attitudes. (for example, management development via an MBA).

## Scope of training programs

Training is important for:

* entry training for new employees is to provide them with the skills necessary to meet the performance standards of the job,
* further training and development provides additional skills and know-how to enable the employee to advance to positions of higher responsibility.
* personal growth and enhanced self-esteem.
* to remedy substandard job performance.

## Training beyond immediate job requirements

HR planning examines the organisation in terms of its capacity to achieve its objectives by having qualified people in the right place at the right time. To do this the organisation must provide training and development to ensure that employee skills and knowledge match future HR requirements. Training and development is an obligation organisations have to employees.

## Systematic approach to training and development

The effectiveness of training and development is enhanced when training activities are preceded by comprehensive analysis. This permits the HR manager to demonstrate how training and development contributes to the organisation’s strategic business objectives.

Training and development should be as cost effective as any other functional activity. Training and development are investments in the human ‘capital’ of the organisation. It is essential to measure the adequacy of the ‘return on investment’ for training and development activities. The return is likely to be higher if a systematic approach to training and development is taken rather than a random or casual one.

Logical sequence is the essence of this particular system.

1. Assessment. Establish what is needed, by whom, when and where, so that training objectives can be determined.

2. Training activity. Select the training methods and learning principles to be employed.

3. Evaluation. Measure how well the activity met the training and development objectives.

**Orientation**

Employee orientation or induction is key part of the training and development process. It is the systematic introduction of the new employees to their jobs, co-workers and the organisation. New employees need to learn about the organisation and its culture, to learn how to do their jobs and to be introduced to workmates.

**Benefits of employee orientation**

Researchers have found that formal orientation can achieve significant cost savings by reducing the anxieties of new employees and by fostering positive attitudes, job satisfaction and a sense of commitment at the start of the employment relationship.

## Orientation program content

The content of the orientation program should be clearly laid out and comprehensive in its coverage including history, philosophies, HR policies, products and services and so on and about the job. The content must provide essential information on the employment relationship, build identification with the organisation and establish high performance expectations.

## Timing of orientation

Ideally, planned orientation activities should commence as soon as the employee joins the organisation. If not planned, there is a risk that new employees will learn about the organisation and their jobs from someone who may be untrained, ill informed or dissatisfied. Such erroneous information can quickly lead to frustration, poor performance and the development of a negative attitude towards the organisation. Orientation can be through a formal or informal program, orientation package, and follow-up interviews.

# Supervisory and management training

Employees do not automatically have the competencies necessary for the effective performance of supervisory and management roles. As a first-line manager, the supervisor requires basic skills in planning, leading, organising and controlling. The skills and competencies required by middle managers also include an understanding of organisational behaviour and functional know-how in areas such as finance, marketing or production. It is increasingly important for senior managers to have a focus on strategy, the management of change and global competitiveness. An emerging development route favoured by chief executive officers is to pursue formal qualifications alongside challenging job experiences, together with short courses throughout the manager’s career.

# Psychological principles of learning

## Pre-conditions for learning

The trainability of employees is an important preliminary consideration. A function of ability and motivation, it affects the selection of process methods and training technologies.

### **Core concepts in learning**

* *Relevance*. Learning is enhanced when trainees can see that training is relevant and capable of implementation.
* *Reinforcement*. Strengthening of behaviour is called reinforcement.
* *Transfer of training*. If employees cannot transfer their training to the work situation, the training effort may have been wasted.
* *Knowledge of results*. Improved performance depends on trainees being made aware of their present performance standard.
* *Distribution of learning*. This principle relates to the scheduling of training activities.
* *Whole versus part learning*. Sometimes the learning of a task will require the mastery of the parts to comprehend the whole.
* *Practice and learning*. There is a direct relationship between skills acquisition and practice, in the same way that lack of practice leads to skill diminution. The ‘hands-on’ aspect is vital to the acquisition of skills and a central concept in adult learning.
* *Activity versus passivity*. A feature of adult learning is the emphasis it places on ‘learning by doing’.
* *Learning styles*. Everyone has a unique learning style which emphasises some learning abilities over others.

## Learner-centred learning

Adults learn differently from children.. They bring with them a wealth of untapped resources via their life experiences. Thus, they require a less-controlled, trainer-directed approach to learning. Malcolm Knowles, defined the most important assumptions about adults as learners as:

1. *The need to know*.

2. *The need to be self-directing*.

3. *Greater volume and quality of experience*.

4. *Readiness to learn*.

5. *Orientation to learning*.

## The learning curve

The rate of learning does not necessarily proceed at a constant rate. One method for demonstrating the cumulative change in a measurable behaviour is the use of a learning curve which reflects performance over time.

# Summary

Accelerating rates of change and global competition have meant that training and development have become important organisational and national issues. Training and development are now recognised as critical to competitive success. They are not simply desirable HRM activities but powerful contributors to the achievement of the organisation’s strategic business objectives. Australia presently has insufficient employees and managers who are qualified to meet the challenge of international competition.

Training starts when an employee enters the organisation. The need to orient employees and generate a feeling of belonging is critical to avoiding problems of incorrect job instruction, labour turnover and reduced morale. To improve performance and avoid employee obsolescence, the employee should undergo further training and development. Training and development activities reflect the capacity for people to grow and change.

A systematic approach to training and development involves assessing needs, selecting training methods and evaluating their effectiveness. Evaluation is necessary to ensure that training is contributing to the success of the business. Funds should be allocated to training and development activities only when the HR manager has assessed the expected returns. It is useful for the HR manager to understand and implement the principles of learning when planning, conducting and evaluating training and development programs and ensuring their success.

## Terms to identify

|  |  |  |
| --- | --- | --- |
| action learning  activity phase  adventure training  assessment phase  behaviour modelling  benchmark  coaching  competencies  competency-based training (CBT)  computer-based training  development  distribution of learning  education  evaluation phase | human capital  human resource development (HRD)  in-basket exercises  intellectual capital  job rotation  knowledge management  learning curve  learning organisations  mentoring  multimedia training  on-the-job training  orientation  programmed instruction | reinforcement  relationship capital  renewal capital  role-plays  simulation  structural capital  systematic approach to training training training needs analysis  transfer of training  vestibule training Web-based training |

**DISCUSSION QUESTIONS**

Questions in **bold** print are recommended as exam questions

**1.** Why are training and development becoming national priority?

Training and development has come to prominence because of Australia's need to improve its productivity and international competitiveness. A well‑trained, multi skilled workforce is essential to Australia's economic survival. Alarmingly, more than 60 per cent of Australian organisations spend nothing at all on training. While most comparable industrialised countries spend about 2 per cent of their Gross Domestic Product on training, Australia spends 0.3 per cent. The reality is that we probably have a head hunting and body snatching beggar my neighbour approach, whereby organisations are more likely to pinch people who have learned skills elsewhere than give them those skills ourselves. Interestingly, Professor Fred Hilmer argues that there is no skills shortage in many trades. Only 54 per cent of the 1.3 million people in the Australian workforce with trade qualifications for example actually work in the jobs for which they were trained.

Nevertheless, if Australia is to maintain its standard of living and be competitive in the global marketplace, organisations need to rethink their approach to employee training and development. Australian schools and universities are similarly also being subjected to change and criticism. Controversy rages over classroom hours, education facilities, the impact of political ideology, mediocrity versus meritocracy, academic pay systems, performance assessment, language and Asian studies, hard versus soft subjects, teacher competence, private versus state education, academic shortages and declining academic standards.

Such ferment in training and development and education is symptomatic that change is necessary if Australia is to have a workforce which possesses the creativity, flexibility and skills necessary for economic survival. According to some experts, Asian countries are moving so fast because of the Confucian belief in the educated man, the self‑advancing man; this belief produces a highly skilled and motivated workforce. Hitachi's management developing efforts are based on the corporate belief that the most important responsibility of a manager is to educate and develop his subordinates.

For most Australian organisations, the acceptance of such attitudes will require a fundamental change in workplace culture.

**2. What is the connection between training and development and performance evaluation?**

The aim of entry training for new employees is to provide the skills necessary to meet the performance standards of the job. Performance standards are critical to conducting performance appraisals. Once base‑level competence has been achieved, further training and development provide additional skills and know‑how to enable advancement to positions of higher responsibility. This in turn leads to personal growth and enhanced self‑esteem. Another important aim of training is to remedy sub‑standard job performance. Performance appraisal is an important source of information on training needs; it highlights specific weaknesses and deficiencies in the employee's range of job skills and know‑how. Yet, research suggests that few organisations explicitly link performance appraisal information with training.

The top management of successful companies pay a great deal of attention to management development and appraisal and commit substantial resources in terms of people, facilities, and money to this effort. Individuals in these organisations are identified for management development partially through an assessment of their potential, past performance, management experience, and education. The assessment is done either informally, or through the use of assessment centres, or at the time of performance appraisal, especially at the supervisory levels. All managers have a clear‑cut responsibility for the development of subordinates, including coaching, counselling, and career planning. They are held accountable for this at the time of their performance appraisal.

**3. What are the main purposes of orientation programs?**

Employee induction or orientation is part of the training and development process. It is the systematic introduction of the new employees to their jobs, co‑workers and the organisation. On joining, new employees have particular training and development needs. They need to learn about the organisation and its culture. They also need to learn how to do their jobs and be introduced to workmates. The focus on specific job skills permits new employees to improve their performance and thus feel a sense of achievement. The organisation in turn has a need to accelerate their integration and make them operationally competent.

Researchers have found that formal induction can achieve significant cost savings by reducing the anxieties of new employees and by fostering positive attitudes, job satisfaction and a sense of commitment at the start of the employment relationship. Induction thus reduces the likelihood of new employees quitting before they feel bonded to the organisation. Most labour turnover (particularly at operator levels) occurs in the first six months of employment, so assisting new employees to feel part of the organisation can reduce labour turnover costs and improve organisational profitability and competitiveness.

However, induction or orientation per se is not necessarily beneficial. To be worthwhile, induction programs must be well planned, conducted and evaluated. In particular, the HR manager should remember that induction is likely to be more successful if it is done over a period of time so that the new employee is not overloaded with information.

**4. How would you evaluate the effectiveness of a training program?**

To be justified, training and development must contribute to the achievement of the organisation's objectives. Unfortunately, many HR managers do not evaluate training and development activities within their organisation. If they do, they tend to evaluate program popularity (which is often a measure of entertainment and not of the transfer of learning).

To evaluate training, it is necessary to compare the intended outcome with measurements of actual achievement, and to analyse and explain any variances. There are four suggested ways to measure the effectiveness of training:

*Reactions* : These can be measured during or at the end of the training activity. Reactions can be based on impressions, opinions and attitudes and identify how much the participants liked the program, including its content, the trainer the methods used and the surroundings in which the training took place.

*Learning* : Training also can be measured during or at the end of the training activity; special or standardised tests are used to measure how well the trainees have learned the particular skill or know‑how, i.e. did the participants actually learn what the instructor taught them?

*Behaviour* : This involves identifying changes in skills, patterns of work, relationships, abilities and so on that can be attributed to the training activity. Transfer of training in fact is what is being examined. In short, have participants improved their on the job performance as a result of the training? Evidence can be obtained from direct observation, from supervisor and co‑worker comments and from performance appraisals.

*Results* : This measures the effects of training on the achievement of the organisation's objectives. It provides the HR manager with a cost‑benefit analysis of the training effort. 'Hard data' reports giving information on productivity, sales, quality, absenteeism costs and so on before and after training are used to determine the bottom‑line impact of the training activity.

**5. What factors indicate that an organisation has training and development needs?**

Training needs are determined at the needs assessment phase. The determination of training needs, and the translation of these needs into training objectives, provides direction and purpose for the training effort. If the assessment is inadequate, training may not be consistent with actual needs. Unfortunately the evidence suggests that the assessment of training needs is generally done badly or not at all. Too often training and development programs get their start in organisations simply because the program was well advertised and marketed, or because other organisations are using it.

The Organisation, Task, Person model gives a good framework to determine needs assessment.

*Organisation variables :* Organisation objectives determine the quality and quantity of resources allocated to the training effort. Likewise, the climate and culture of the organisation set limits to what can be achieved by training. For example, promoting employee participation in an autocratic organisation will only create problems. Similarly, employees who find that the skills that they have learnt in training are ignored in the workplace typically become alienated from the job and from the organisation. Finally, the organisation's external environment should be analysed, as legal, social and technological changes can generate training needs. Organisation analysis thus looks at the organisation as a whole. Its primary purpose is to determine where in the organisation training activities should be conducted (i.e. 'are they needed?') and could be conducted (i.e. 'will they be successful?').

*Task variables :* Nominating job tasks is essential for the identification of the employee competencies necessary to perform the job. This analysis helps to identify job performance standards and the knowledge skills and abilities needed to perform these tasks.

*Person variables :* Person analysis is concerned with how an employee is performing the tasks that make up the job. Thus, the emphasis is on how well the employee actually demonstrates the knowledge, skills and abilities required by the job. Person analysis answers the question 'who needs training and of what kind'.

The end product of training needs analysis should be a comprehensive set of behavioural objectives which provide direction for the training effort and act as benchmarks for the evaluation of training. These objectives should aim to improve employee effectiveness through behavioural change and contribute to employee job satisfaction.

**6. Why may adult learners need to be treated differently from school-age students?**

Adults learn differently from children. They bring with them a wealth of untapped resources via their life experiences. They therefore require a less controlled trainer directed approach to learning. Malcolm Knowles, the father of andragogy (the art and science of helping adults learn) defines the most important assumption about adults as learners as

1. The need to know - Adults according to Knowles learn more effectively if they understand why they need to know or be able to do something. Trainers should therefore demonstrate how a program will help the adult participant in his job or career development. The more directly adults can experience or see the benefits the more motivated they will be to learn.

2. The need to be self directing - Adults have a psychological need to take responsibility for their own lives. Adults need to be self directing rather than dependent learners. When adult trainees take some responsibility in the learning process they learn more, retain what they learn longer and learn more efficiently. Trainees therefore are advised to involve employees in planning and directing their learning activities.

3. Greater volume and quality of experience. Adults, by virtue of having lived longer, accumulate a greater volume and different quality of experience than children. Says Knowles, 'they have done more things, they have worked, been married, had children and had the responsibilities being of an adult citizen'. This means that adults as a group will have very varied backgrounds. Consequently, training needs to be tailored to take into account individual differences. As adults have more experience they provide the trainer with a rich source of learning to draw on. This is why an emphasis on experiential techniques like group discussions, problem solving exercises etc. that tap into the experiences of the trainer are recommended.

4. Readiness to learn - Training opportunities which are timed to coincide with the trainees readiness to learn are more likely to be effective. Trainers should not force employees to attend training programs for which they are not ready.

5. Orientation to learning - In contrast to children who have been conditioned to have a subject centred orientation to learning, adults have a life centred, task centred or problem centred orientation. This has a major implication for the trainer in designing a training program. For example, in teaching computer skills, a trainer should not emphasise technical details and their memorisation but rather organise the learning around life tasks such as how to write a letter or report.

**7.** Is evaluation of training worth the effort?

Money spent on training and development will only be seen as worthwhile by management if it helps improve employee performance and has profit impact. If training and development adds measurable value, management will regard it as essential to the organisation's success as finance, marketing or production. If not it will be viewed as an overhead expense waiting to be cut.

**8.** Should female managers receive training and development that are identical to those received by male managers?

This is a discussion question. Strictly speaking, women and men should receive exactly the same training. However, in accordance with EEO legislation in Australia, training can vary across genders if this can be shown to be correcting some existing discrimination. It is a nebulous area, though. Another defensible example might be that of mentoring. This involves the creation of a learning relationship, with the mentor (usually a senior manager) acting as a coach and role model. A mentor can be a valuable asset in promoting the employee's career development and helping women understand the culture of male dominated business organisations. Mentors need to be trained and carefully selected for their interpersonal skills and interest in developing employees.

**9. Why is it necessary to link training and development activities to the achievement of the organisation’s strategic business objectives?**

Training and development has an important role in generating improved organisational performance and individual growth, but it must be aligned with corporate objectives if an organisation is to gain any real benefit from expenditure.

Failure to link training and development to business objectives means that the organisation's competitive strategy will not be supported; training and development will take place for its own sake and be determined by popularity with management and employees. In contrast, a strategic approach aims to meet an organisation's specific objectives. The ultimate purpose of training and development is to help the organisation and individuals compete more effectively, now and in the future.

Objectives such as improving customer service, increasing the quality of the company's product or service and boosting productivity can be realised by well designed training and development programs. One of the reasons that training budgets are axed and HR managers lack top management support is because much training and development has little positive impact on an organisation's ability to compete.

How much longer Australian organisations can hide from the strategic imperatives of inadequate and inferior training and development is a moot point. As the pressures of international competition increase, it will be harder for unskilled Australian managers and workers to compete. The global economy will not spare Australia. Research by Professor G. W. Ford suggests that a fundamental reason for the continual decline of Australia's position in the international standard of living tables is the failure to develop adequate skills to meet the changing nature of industry, technology and organisations.

**10. What are the advantages and disadvantages of on-the-job training?**

On‑the‑job experience as a basis for learning is central to the concept of employee development. The use of 'real work' in 'real time' as a basis for learning is very attractive because of the absence of transfer problems from the learning situation to the job. Much operator and apprenticeship training is done this way. This approach also has value in non‑trade settings including the development of managers. Methods used include:

* Coaching : This is planned one‑to‑one instruction. The coach sets a good example of what is to be done, answers questions and generally offers counsel to the trainee. When combined with job rotation, coaching can be a very effective technique of learning by doing.
* Understudy assignment : This is an appointment to gain exposure to some specific knowledge and/or skills. Understudy assignments are frequently used to prepare an employee to fill a particular job. The benefits from this type of training depend very much on the manager's ability to teach effectively via oral communication and behaviour modelling.
* Job rotation : This is a technique designed to give the employee knowledge and work experience in various parts of the organisation. Job rotation can be expensive and may fail if supervisors are not prepared or lack interest. It is however, an excellent way of preparing high potential employees for future general management responsibilities.
* Project assignments : Being appointed to a project team can provide the trainee with exposure to a range of specialist skills and knowledge. The employee can also develop skills in working with others in a team environment.
* Small site management : Exposure to a range of management problems in a small operation, independent of headquarters, can give the trainee valuable general management experience and decision‑making responsibility.
* Secondments : Temporary assignments within the organisation or with an outside organisation can provide the employee with the opportunity to gain specific skills or differing viewpoints.
* Behaviour modelling : Modelling or observational learning is the way people learn from others' experience. It takes place in two steps: acquisition and performance. In the first step, the actions of others are observed and a mental picture of the act and its consequences is acquired. Next the act is performed by the observer. If the consequences of imitating the model are rewarding, the trainee is likely to act that way again. Thus, by the relatively simple approach of imitation, interpersonal skills can be developed and retained. Trainers at IBM, General Electric and AT and T have found that supervisory, sales and customer relations skills are learned faster and more effectively when taught from a modelling base. Sales representatives in one US study who had received behaviour modelling training increased their sales by 7 per cent, while their control counterparts showed a 3 per cent decrease.
* Action learning : Action learning is based on learning by experience. It differs from traditional management training in several respects. The material of action learning is not books or written cases but actual organisational problems (which are less easily predicted or solved than classroom problems). Trainees are formed into a small group and asked to work on a defined project taken from their own organisation. Each trainee, with the help of a group adviser, then undertakes research and develops a solution which can be implemented in the workplace. Group members share experiences and provide support to each other. Action learning tries to create the conditions in which managers learn from their own experience in solving a real life problem. Problem‑solving and personal development thus become equal parts of the same learning process.

## DIAGNOSTIC MODEL

**1.** Identify and discuss the key factors from the diagnostic model (figure 1.11) that have significance for training and development.

The rate of **technological change** is now greater than it has ever been. No employee or organisation can escape its impact. Workers are now forced to cope with frequent changes in their tasks, as well as a blinding succession of personal transfers, product changes and reorganisations. The magnitude of the technological change which is occurring cannot be underestimated. This has placed new demands on organisational and HRM objectives which translate to skilling, re-skilling, and multi-skilling strategies.

Because it can only be exploited to full advantage when employees possess the necessary skills, technological change creates need for training and development. Technological change also creates redundancies and employee obsolescence, making continuing workforce skilling and re‑skilling essential.

**Organisational change** also creates training needs. According to McLagen, 'The organisation will be a more flexible, participative one. It will be simultaneously tougher and more human. It will value both accountability and creativity and will more often seek competitive advantage through people strategies'. McLagen's research identified six major areas of organisation change that will have an impact on training and development in the workplace:

First, pressures for workforce productivity will intensify, with organisations and industries looking beyond obvious efficiency gains to more systemic and innovative ways of being low‑cost producers of high quality products and services.

Second, the pace of change will continue to accelerate. Cycle times will be reduced, the useful life of information will shrink, work will change due to advances in technology, and time will become a more valuable resource. The bottom line is that organisations that work in less time will have a competitive advantage.

Organisations will also continue to shift their focus to the customer and quality. That shift will be more than a fad or a fleeting tactic. It will be pervasive because it is a key competitive characteristic. In tomorrow's superior organisation, customer and quality focus will permeate the organisation, with every employee clear about the value he or she adds in both areas for internal as well as external customers. Employees will need to be trained in these skills.

Fourth, in many organisations, the arena for planning and action will be global. Markets, resource pools competition, partnerships, or all of them will cross national lines. For some, competitors will be suppliers or even customers. Relationships, in short, will be complex and the boundaries will blur between the organisation and the environment.

Fifth, business strategies will become more dependent on the quality and versatility of the human resource. Whether they rely on improved productivity, quality, or innovation, the strategies will not be delivered if the organisation's people aren't capable and committed. Organisations that apply only money and technology to problems, without bringing the people along, will not survive; especially in industries in which people's knowledge, attitudes, skills and willingness to change are critical to competitive advantage.

Work structure and design will change dramatically, building on changes that have already begun. Hierarchies will melt into, or be displaced by, flatter and more flexible organisation designs. The boundaries between individual jobs will blur, with more team accountability and flexible, multi skilled job designs. Autocratic decision structures will give way to more participative modes.

Finally, changes in **social attitudes, legal requirements, industrial relations** all generate training needs. For example, occupational health and safety, enterprise bargaining, smoking in the workplace, sexual harassment, and equal employment requirements demand new skills, attitudes and knowledge on the part of employees and organisations.

**2.** Explain the impact of training and development on the acquisition, development, reward and motivation, maintenance and departure of an organisation’s human resources.

**Development** is one of the human resource activities in figure 1.11. Training and Development have an important role in generating improved organisational performance and individual growth, but must be aligned with corporate objectives if an organisation is to gain any real benefit from expenditure. A training culture can be a lure for the **acquisition** of new employees. With the advent of award restructuring since 1987, award covered employees are being **rewarded** for increasing their skill levels. The emphasis is now moving away from that relationship to one in which reward is based more on increases in efficiencies and productivity. However, it is still true to say that there is a strong link between skill enhancement (training) and rewards.

Failure to link training and development to business objectives means that the organisation's competitive strategy will not be supported; training and development will take place for its own sake and be determined by popularity with management and employees. In contrast, a strategic approach aims to meet an organisation's specific objectives. The ultimate purpose of training and development is to help the organisation and individuals compete more effectively, now and in the future.

Questions that the HR manager should ask include: 'What are the strategic objectives of the organisation? What needs to be done to build the needed employee skills and knowledge to achieve those objectives?' Objectives such as improving customer service, increasing the quality of the company's product or service and boosting productivity can be realised by well designed training and development programs. One of the reasons that training budgets are axed and HR managers lack top management support is because much training and development has little positive impact on an organisation's ability to compete.

In reality, strategic training and development is virtually non‑existent in most organisations. Some reasons for this are:

* Organisations lack or have ill‑defined corporate objectives.
* Top management views training and development as either a necessary evil, something nice to do or an employee benefit.
* Organisations neglect long‑term considerations and concentrate on the short term.
* Training and development needs are not analysed.
* Evaluation of training is ignored or emphasises employee satisfaction rather than performance improvement.

**3.** Discuss the impact that training and development may have on commitment, competence, cost effectiveness, congruence, adaptability, performance, job satisfaction and employee motivation.

As with performance appraisal, training and development should be examined from the organisational perspective as well as the individual perspective. Students should consider training and development as activities for the organisation as well as for the individual. Therefore, the commitment and competence, etc. of the whole organisation will be enhanced if the commitment and competence, etc. of each individual is enhanced.

## Soapbox

There are seldom clear answers to these questions. The idea is to stimulate debate as much as to determine an answer.

## Ethical dilemma

## A matter of belief

## Discussion questions

**1.** If you were Theresa Plovnick, what would you do?

She can try to convince them to attend, but should not coerce them.

**2.** What ethical issues, if any, are raised in this case?

Organisations that operate internationally face a number of unique challenges in training and developing their employees. Matters relating to the diversity of the work force, language and cultural differences impinge on all aspects of the training and development activity. Should programs be conducted in English or the host-country language? Are there cultural attitudes which conflict with company philosophies and practices? (For example, how will employees in the other country relate to women managers? Is a participative learning style the most effective? Are some topics taboo? Should programs be formal or informal? How should training be evaluated?)

Spencer and Chu, for example, found differences between Hong Kong Chinese managers and Western managers in their preferred approaches to giving and securing feedback, learning, handling conflict and contributing in teams. Similarly, Saner and Yiu claim that many non-US students experience difficulties with the traditional case study method which, in turn, reduces its effectiveness as a teaching medium. Finally, there may be significant cultural differences which need to be acknowledged when defining the training needs of managers. Byham says that Japanese firms compared with US companies, for example, stress technical knowledge and skills but attach relatively little importance to leadership communication and interpersonal skills. Consequently, when an organisation enters the international training and development area, the HR manager needs to be sensitive to local customs and expectations. He or she must deal with questions regarding local, national and corporate culture, the ethnocentricity of particular approaches and interventions, ethics and the value placed on training and development.

**Case study**

**A matter of discrimination**

**1.** If you were Charles Foley, what would you say to the union representative?

Melinsure and World Insurance have two very different cultures. The World Insurance culture, and its attendant practices cannot just be transposed onto Melinsure. Charles should have consulted with the union to get approbation and co-operation before initiating after hours training. It should not have been just imposed onto the workforce. Charles' most expeditious course of action would be to go back a few steps and determine a training programme which will accommodate the needs and desires of the employees, the union, and the organisation.

**2.** What do you think of Annie O’Brien’s arguments that out-of-hours training programs:

(a) are discriminatory? This depends on the expectations that the employees have about their job. If there has never been a special requirement for after hours work, then the training programme could well be construed as being indirectly discriminatory. This is because it disadvantages people who have after hours commitments, and who took on the job on the basis of not performing out of hours work.

(b) should attract overtime payments? Again, this depends on the original deal that the employees were working under. It also depends on award provisions which might pertain to this work.

(c) are an out-of-date concept? You decide.

**Role play**

Break into groups of three or four. Each group take the part of either Charles or Annie and develop arguments to use in the role play. Run the role play as (a) the conclusion to Charles and Annie’s meeting or (b) as part of a management and union group meeting to discuss the new training program schedules.

Take on specific characterisations for this role play. Charles could be either (a) an old fashioned male chauvinist who is condescending to women, or (b) a completely conciliatory person who is prepared to scrap the training idea and start all over again, or (c) a rationalist who is prepared to negotiate a win-win outcome for all concerned, or (d) a women. The last one would provide an interesting contrast (perhaps the name could be changed to 'Charlotte'). Similarly, Annie could take any one of a number of different characterisations.

Make sure that you cover some key points:

* organisational objectives;
* directly linked benefits to the employees;
* career paths for employees (promotion from within policy);
* the need for training;
* the issue that for both the organisation and the employee to benefit, then both the organisation and the employee should make some contribution to the training effort.