

RESEARCH ARTICLE

Human Resource Development Concepts and Best Practice. A Critical Aspect for 21st Century Organization

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Abstract

Human resource development practices are important for organization success. Effective formulation and implementation of human resource development practices are known to enhance employment relationship where employees feel valued by the employer and hence willing to support organizations goal achievements. These practices are important in that they not only act as motivational factors but also support in building employees capacity by equipping them with necessary skills, knowledge and competencies that are critical for improving their performance. The extent to which an organization develops and implement human resource development practices can greatly support the achievement of organizational objectives, goals, mission and vision. It is an important topic of present time. It is considered by management professionals as sub discipline of HRM, but many researchers have broadened the scope and practice of the concept of HRD by looking it from socioeconomic angle and giving it other dimensions such as physical, intellectual, psychological, social, political, moral and spiritual development. Universal and contingency approaches have also been taken into consideration. Thus HRD has now become multidimensional rather than being simply confined within the limits of training and development and this multidimensional HRD is critical for 21st century organizations.

Keywords: *Human Resource Development, Best Practice, Human Resource Management, Management Professionals and Training and Development.*

Introduction

The issue of variation in HRD strategies, practices, and arrangements has received almost no systematic attention in the research literature, despite the fact that even to the casual observer of today's organizations the range of variation in HRD practice is apparent. While some organizations have adopted very comprehensive HRD concepts and practices-- offering varied and specific services, and participating in strategic level decision processes-- others have only minimal arrangements or lack HRD altogether. Where variation in HRD is written about, it is at the descriptive level and without reference to underlying concepts that might lead to explanation and prediction. Swanson and Holton [1], for example, listed several variables accounting for variations in training and development, such as firm size and industry; Noe [2] discusses organizational characteristics, such as business conditions and staffing strategies that influence the amount and type of training; and the annual industry report [3] enumerates differences in training expenditures and provision by industry.

Given that most HRD concepts and models are generic and universal rather than specific and

differentiated, and given the large variability in practice, organizations appear to continuously adapt, modify, and alter HRD knowledge, this modification is all too often not captured in HRD research. How, for example, might the implementation of organizational learning ideas differ in large and small organizations? In urban and rural areas? In the health care sector and the mining industry? As Baldwin and Danielson [4] observed, One disappointing aspect of much HRD research is that it devotes so little attention to distinctions related to the environment, industry, markets, or culture of business. If our goal is to achieve some level of prescription derived from our research...then we need to be especially cautious about ...treating all organizations as if they were alike. Without careful attention to HRD in actual practice, the formal knowledge in our field risks over-generalization and over-emphasis of normative aspects--what HRD *should be*--as opposed to empirical knowledge--what HRD *is*. Such empirical research can aid in the validation and refinement of existing definitions and models and the expansion of theory-building in the field, similar to developments in the field of management education that shifted from an exclusive focus on vocational training of managers

to becoming firmly grounded in empirical social science research in the late 1950s [5].

Main Review

Human Resource Development Concepts

HRD is part of an organization's overall design and constitutes a deliberate choice by decision makers to invest in activities intended to add to the stock of human, social, and intellectual capital in order to gain and maintain competitive advantage in the market place. In keeping with the resource-based view (RBV) of the firm [6], organizations respond to external opportunities, such as customers, markets, and technologies by developing internal capabilities. Organizations that own or control resources appropriate to meet external requirements are positioned to succeed. A company's tangible (e.g., plants, machines, capital) and intangible (e.g., expertise, culture, information) assets influence strongly its competitive position in the market place. An organization owning more valuable assets or resources will be able to perform its activities more effectively and thus gain competitive advantage. According to RBV, resources are valuable to an organization to the degree that they are scarce, in demand, and appropriable. Having created a culture of innovation in medical technology, for example, can constitute a competitive advantage for an organization provided that such an internal work environment is difficult to copy by competitors (thus scarce), results in break-through products desired by the market place at a premium (in demand), and can be protected through patents from being copied (appropriable). Companies, according to RBV, differ from each other in substantial ways because "no two...have had the same set of experiences, acquired the same assets and skills, or built the same organizational cultures" [6]. Companies thus develop differentiated strategies of accumulating and maintaining internal resources, and this differentiation is a response to environmental factors or contingencies.

Practice of Human Resource Development

Universal and contingent approaches to HRM and HRD

In the literatures of HRD as well as human resource management (HRM) and the management sciences more broadly, two general types of concepts can be found. Universal concept and models claim, implicitly or explicitly, general validity and advocate a single best approach to achieving organizational goals. Examples include

Peters and Waterman's prescriptions of organizational excellence, Deming's 14 points for implementing quality management, frameworks for business reengineering, and recent recipes for organizational longevity. In HRM, Pfeffer's work on good employment practices fits the characteristic of generic models as does Ulrich's writing and research on enlightened HR practices.

In the HRD literature, many similar examples can easily be found. When defining the scope and role of the field itself, for instance, most authors use universalistic language. McLagan's [7], and Swanson's (1995) definitions of the multi-faceted and integrated nature of HRD provide examples, as do authors describing the strategic role of HRD in organizations, such as and Watkins and Marsick's [8] work on learning organizations or Gilley and Maycunich [9] writing on the strategic alignment and orientation of HRD. General claims also extend to core HRD process models, such as instructional systems design, organization development, and performance improvement, all of which define HRD practice as comprehensive sets of systematic activities. The argument here is not that these concepts and models are implicitly wrong--they represent, after all, the core body of knowledge for the field as taught in professional development and academic university courses [10]--but that they are insufficient as foundations of a science-based discipline because they do not capture variations in practice or, for that matter, the diversity of empirical reality.

Universal or generic concept and models, irrespective of their appeal to common sense and logic, fail to meet the requirements of good theory as proposed by, for example, Dubin [11]. Scientific theories require the specification of boundary conditions, systems states, and starting premises. The quest for grand practices has largely been abandoned in the social sciences and virtually all theorizing seeks to address the middle-range, to formulate models and theories by specifying the conditions under which they are purported to be valid.

Two examples from the organizational behavior literature demonstrate the dangers of relying on universal models. In a classic empirical study, Gersick [12] was able to show that development of project work groups did not progress in linear fashion through stages such as norming, storming, and performing but rather in two phases with a punctuated equilibrium around the midpoint of the project. More recently, Benner and Tushman [13] called into question the

benefits of process management, a core component of total quality management, by showing that process management practices actually decreased the likelihood of organizational innovation, radical transformation, and creation of new customer sets in turbulent and emerging market conditions because the incremental approach of process management failed to detect non-standard and breakthrough opportunities.

A beginning of contingency frameworks related to our field can be found in a small number of articles on strategic human resource management. Lepak and Snell [14] and Snell, Lepak, and Youndt [15], in particular, have developed a framework for an organization's human resource architecture where investment in people is proposed to be contingent on a) the relative value added by specific groups of employees and b) the uniqueness of the particular contribution of specific groups to the organization. Decisions whether to invest in employee training and development or to procure the requisite skills and expertise through hiring or outsourcing of tasks can be based on the uniqueness and value of the contributions different groups of employees provide. Core research and development personnel, for example, may provide highly valuable and highly unique contributions relative to the firm's mission, and firms therefore invest in their professional growth and development. Delivery drivers, on the other hand, may perform tasks that--while valuable--are not unique, and here firms hire employees with the requisite skills rather than developing them in-house. The same authors also proposed a contingency model for investing in human, social, and organizational capital based on similar contingency logic.

General concepts and models are insufficient as a scientific foundation for the profession and this creates the need for more sophisticated and differentiated knowledge through the empirical validation existing models and creation of contingency approaches to HRD.

Contingency Factors in HRD

Based on the assumption that HRD in actual practice results from organizations' responses to environmental factors and that the variability in HRD follows a contingency pattern, the remainder of the paper will examine a variety of contingency factors that might explain three aspects of HRD practice:

- HRD structure and staffing
- HRD services and products

- HRD planning, delivery, and evaluation (type of training, utility)

Because it is seen as a formal design element in organizations, the focus of this paper is on formalized HRD, namely HRD as an institutionalized and structural feature of the organization rather than as an incidental or tacit process. For example, the paper will address formal HRD, such as new employee orientation or on-the-job training but not the many instances of unplanned learning that occurs in organizations. Those instances form important ways by which employees acquire knowledge and skills but are outside the scope of this paper.

HRD Structure and Staffing

Scott and Meyer [16] provided a compelling theoretical explanation for industry-based differences in training by pointing to several types of factors that influence training in firms and agencies. Technical factors in the industry environment influence the amount of training, and these include the rate of technological change, the complexity of the product produced or service provided, and the general level of complexity of the business environment. Second, institutional norms in an organization's environment are said to predict training investment. Regulated industries, for example, are required to offer more training than non-regulated ones (see also Clardy [17] for a legal framework of HRD) as do industries with large percentages of certified or professional personnel and with high rates of unionization. Increased provision of training, in turn, can be expected to lead to higher formalization of the HRD function and higher levels of professionalization of HRD staff, irrespective of whether HRD services are developed internally or outsourced. In our exploratory study, for example, the two hospitals offered substantially more training and HRD services and also had formal HRD departments with full- and part-time professional staff with college degrees, and this was in contrast with the three retail consumer good stores where HRD was informal and delivered by the senior sales staff.

Organization and business unit size also has been shown to influence the amount of training and the structure and staffing of HRD. Bartlett, Lawler, Bae, Chen, and Wan [18] summarized the research literature connecting firm size and professionalization of the human resource function. As firms grow and age, they survive by adopting professional standards and hiring professional staff (see Greiner's [19] classic paper on organizational growth and development).

Professional staff will be inclined to introduce professional-level services, such as formalized HRD. Further, larger firms have more resources and are thus able to formalize HRD functions and services. In our exploratory study, the relationship between HRD and firm size was clearly visible. The smaller establishments, restaurants and small retail stores, had no formal HRD function; here, senior personnel, such as store managers and owners conducted what little informal training was offered. Larger firms had part-time HRD functions, for example, a human resource manager who was also responsible for safety training and new employee orientation. The effects of size on HRD structure and staffing, however, are likely to be industry-specific instead of general. In our study, for example, a hospital with 850 employees employed five full-time HRD staff while a manufacturing plant with 3,100 employees employed only two HRD professionals but made use of supervisors and foremen to deliver much of its training.

HRD Products and Services

Virtually all recent definitions of the field call for an integration of different areas of professional involvement and multiple products and services provided under the umbrella of the HRD, most notably in the areas of training and development and organization development. Little empirical evidence, however, exists in regards to these claims. The annual industry survey focuses on training alone and provides only cursory information about workplace policies and practices that might be construed as outcomes of organization development or performance improvement efforts, such as self-directed work teams, quality management, employee involvement, incentive schemes, and performance management [3]. As variability within and between firms related to training products and services and the degree of comprehensiveness of the HRD function can readily be observed in practice, the question arises what factors might account for this variation.

With respect to training, the industry report, again, is the most readily available source of information on course types and expenditures by employee groups. This report suggests industry effects (for example service organizations spend more money on professional skills training than on technical process training whereas trade firms do the reverse) and status effects (for example, professional and managerial/executive employees receive larger percentages of training expenditures than production or administrative

employees.) The report, however, fails to provide theoretical explanations for these findings.

It appears likely that theoretical explanations for variability related to HRD products and services are imbedded in explanations for HRD staff and structure: industry characteristics and firm size not only affect how HRD is structured and staffed but also what type of HRD products and services are being offered. Mining companies, for example, will likely offer more health and safety-related training than do retail stores and thus require greater formal HRD structures and more professional staff. Large multi-national organizations are likely to differ in similar fashion from small size enterprises. An additional, and theoretically perhaps more powerful explanation, however, especially related to differential provision of HRD services within firms, is suggested by the resource-based view of the firm. According to RBV, organizations employ strategies to manage the value of resources under their control in order to compete in the marketplace. Multiple means of building and increasing the stock of firm resources are available. Organizations, for example, can increase their capacity to deliver product to customers effectively and efficiently by outsourcing the shipping function or building internal expertise. Similarly, firms may hire functional experts instead of building those skills through training and development.

Lepak and Snell [14] developed a framework of a firm-level human resource architecture based on RBV logic and identified four employment relationships available to organizations in order to create, maintain, and increase human capital. They are: (1) internal development of expertise and skill, (2) acquisition, (3) contracting, and (4) alliances. Applying contingency logic, these authors propose that there is not one single best human capital strategy; instead, different forms of employment relationships should be used for different types of human capital, depending on the performance characteristics of specific functions, tasks, and roles. Within firms, this framework explains why organizations, for example, invest more in managerial, executive, and professional training than in production staff. The differential contribution to the firm of executives and professionals is greater than that of the production level employee in terms of value to the organization and of uniqueness. Firm specific skills, such as developing new technologies and innovations, are not readily available on the labor market and thus

organizations invest in internal development [20]. General skills on the other hand, such as operating a call center, are easily contracted to third parties.

RBV, therefore, is well suited as a theoretical framework for explaining within-firm variation in HRD products and services and can, by extension, also account for industry-level differences. The fast-food sector, for example, known for its high turn-over strategy and low-level of investment in HRD among front-line employees, can be successful because of the relatively low value and uniqueness of the contributions of the front-line jobs. In light of abundant labor supply, highly automated work processes, and standardized tasks, acquiring human capital is a more economical strategy than building long-term commitment and skill through high investment in training and development. This strategy can be contrasted with, for example, professional nursing staff who, in light of rapid changes in the healthcare sector, require increasing higher levels of skill and expertise and are in short supply in the labor market. Here, many hospitals have adopted a strategy of internal development that increases the value of nurses' contributions and also builds commitment to the organization with the intent of reducing the risk of turn-over.

Organizations, thus, make cost-benefit decisions about investment in HRD products and services and evaluate alternative modes of managing human capital. Baldwin and Danielson's [4] succinct assessment of organizational learning strategies can be extended to characterize the decision process on HRD in general: "[it] is essential only to the degree that it contributes more efficiently and effectively to performance than other allocations of scarce resources".

HRD Planning, Delivery, and Evaluation

Descriptions of core process models in HRD, whether for performance improvement, training design, or organization development, are prone to emphasize their comprehensive nature and the dangers of skipping or omitting steps. In her investigation of OD practices, for example, DeVogel [21] reported that organizations' unwillingness to conduct a diagnosis prior to deciding on an intervention constituted a frequent professional dilemma for consultants. The evaluation literature is replete with examples of organizations who fail to evaluate transfer to training or organization impact. Noe [2], for example, describing standard approaches to program evaluation, pointed to frequent

modifications of and deviations from standard evaluation practice at the firm level. While these variations of core HRD processes occurring in practice might be dismissed as irresponsible or sub-standard practice, one might also investigate what factors lead organizations to adhere to standard practice in some instances but elect not to do so in others.

When viewing how the 29 organizations in the exploratory study applied HRD core processes, particularly with respect to training-by far the most frequent HRD activity-it appeared that the application of the full instructional systems design process appeared to be the exception rather than the rule. Where training was conducted informally and on-the-job, for example new employee orientation in small retail or food service businesses, training was developed, delivered, and evaluated equally informally. Where training was standardized and had been developed centrally--be it by a corporate head office for delivery at regional business units, by a certification body for delivery at local hospital clinics, or by government agencies for delivery to manufacturing firm--the role of business units and organizations was restricted to delivery of training, with scant attention to customization based on local performance or learning needs.

Training evaluation practices often also differed from recommended models. Only a small minority of organizations in the sample conducted more than a trainee reaction assessment. Where training was mandatory, for example in health care, evaluation often included learning outcome evaluations only when this was required for individual certification or organization-level accreditation. One large organization's HRD manager told how she had planned to contract with an outside consulting firm to conduct an organization impact assessment of a large-scale supervisory training program but changed her mind after the projected fee for the outside evaluation services amounted to two-thirds of the overall program cost.

Thus, it appears that organizations, rather than applying instructional design models in their entirety, make step-by-step decisions by assessing the need for each phase, calculating the expected return-on-investment of each step, and arrive at customized decisions on how and if to design, deliver, and evaluate training. In this context, training evaluation on return-on-investment, for example, is subject to ROI considerations itself,

and is not supported automatically as part of standard professional practice. This is captured in the next proposition:

Conclusion

This paper analyzed proposition related to HRD concepts and practices. It was based on the assumption that little systematic empirical knowledge is available about HRD in actual practice and about those factors that might contribute to and explain the wide variety of HRD in organizations. The paper was built upon an economic theory of organizations, namely the resource-based view of the firm, and on structural contingency theory; the paper's main intent was to provide a practical framework for exploring HRD in practice and to begin balancing the normative literature of the field with empirical research.

The scope of HRD is more restricted than is suggested by current literature. While much writing in the field has focused on broadened roles, such as organization transformation, organizational learning, knowledge management, career development, a contingency framework might suggest that this inclusive role would appear as the exception rather than the rule and might be realized only in select industries and in organizations of specific size. An equally important role, it might be suggested, is played in other organizations by limited and much more restricted HRD functions. Thus, it would be important to describe the continuum of HRD in organizations, industries, sectors, and firms of different size, instead of pointing to a uniform broadening of the role of our field.

The state of knowledge about HRD in the current literature appears slanted towards the inclusive,

strategic, and comprehensive form of HRD. If it is true that this form of HRD is the exception rather than the rule, then HRD conceptual writing needs to pay attention to the small and pedestrian form of professional practice as well as to the grand and ambitious design. This would pertain to definitions of the field (example: HRD is not always about training and organization development and career development; HRD is not always strategic; it does not always unleash human performance) as well as to its core processes (example: training and development is not always a sequential series of five steps). While it is tempting to dismiss the minimal form of HRD as non-professional, the fact that substantial numbers of organizations decide to adopt it requires attention and acknowledgement from the professional community.

It further will require HRD practitioners to have the tools to assess the value of alternative investment strategies and to argue for, or against, specific courses of action. This ability is likely to change the role of the practitioner from the advocate for HRD to the strategic advisor, able to assess the likely outcomes of, for examples, outsourcing of core processes as compared to developing those competencies internally. A promising beginning in the field of HRM is the multi-year study by Becker, Huselid, and Ulrich [22] linking innovative HR strategies across numerous organizations in many different industries and contrasting low with high HR investment strategies and associated business level outcomes. Our field can stand to benefit from similar research to more carefully describe and explore the relationship between investment in HRD and business outcomes [23-27].

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