Human Resource Development

Learning for individuals and organizations

Edited by John P Wilson

First published in 1999
Reprinted 2001

Kogan Page Limited
120 Pentonville Road
London N1 9JN

British Library Cataloguing in Publication Data

A CIP record for this book is available from the British Library

ISBN 0 7494 3050 8

Typeset by Saxon Graphics Ltd, Derby
Printed and bound by Bell & Bain Ltd, Glasgow

Dedication

Charles Handy (1990:63) stated that, 'I am more and more sure that those who are in love with learning are in love with life. For them change is never a problem, never a threat, just another exciting opportunity.' To all those trainers, trainees, delegates, managers, HRD specialists, consultants, advisors, researchers, lecturers and support staff who are involved with learning and change – may you all remain in love with learning and in love with life.

Contents

List of Figures

List of Tables

List of Case Studies

List of Contributors

Ian Andrews runs a successful training and consultancy business developing solutions to people-based issues in a broad range of organizations. A member of the IPD, he offers business realism gained from fifteen years working with all levels in organizations, and current academic thinking through his association with Sheffield Business School.

Colin Beard is a senior lecturer at Sheffield Hallam University. He is a writer and trainer specializing in HRD, particularly environmental training, management training, creativity and innovation. He has developed and launched the world's first Outdoor Management Development Masters Degree. He is a Fellow of the IPD.

Sue Balderson is a principal lecturer at De Montfort University's graduate School of Business. Previously an HRD practitioner in the NHS, Sue is now involved with national management education and development programmes in that sector, as well as working with some blue chip private sector companies.

Alan Cattell is the Staff Development Manager and a Lecturer at the University of Bradford School of Health Studies. He is also Chair of the North Yorkshire Branch of the Institute of Personnel and Development.

Ron Chapman worked originally as a refractory engineer and has been involved in diverse fields of training from the installation of refractory materials in Africa to hotel management in Cornwall. He came to the University of Sheffield in 1995 and worked closely with Professor Chivers in the adult learning field.

Geoff Chivers is Professor of Continuing Education at the University of Sheffield. He has played a leading role in university-level continuing vocational education for 25 years. He is particularly concerned with the relationship between formal and informal learning, and the role of open and distance learning.

Cathie Edwards is a lecturer in Continuing Education at the University of Warwick. She was formerly Course Director for the MEd in Training and Development at the University of Sheffield. Her current research interests include cross-cultural issues in collaborative networked learning, and learning assessment and evaluation.

Richard Firth has experience and qualifications in construction. He has worked in the NHS advising on organizational training issues and supporting change. Since 1996 he has been managing the training for a large, acute, NHS Hospital and working as a freelance developer with organizations from the public and private sectors.

Cheryl Hunt originally trained as a psychologist and has taught in education and training. She has developed a module on reflective practice for use in continuing professional development, and published widely. She is currently Honorary Secretary of the Standing Conference on University Teaching and Research in the Education of Adults.

A Ibarz is a lecturer in modern languages at the Division of Adult Continuing Education, the University of Sheffield. His research interests include learner autonomy, assessment, and the teaching and learning of languages on-line.

Dominic Irvine is a Senior Consultant for Pembroke Management Development. Dominic has worked with numerous multinational companies, public sector and voluntary organizations. He has a background in research in both human resource development and strategic management. Dominic has also worked in the leisure industry in a variety of different countries.

Jennifer Joy-Matthews is Course Leader for the MSc in Human Resource Management and Human Resource Development at Sheffield Business School. She has designed and delivered training events in the UK, Central America and the Pacific Rim. Jenny is currently researching issues around cognition. She is a Fellow of the IPD.

Rita Johnston is Senior Lecturer in Education Management at the University of Bath. She has taught and researched human resource management on five continents and co-authored two books. She designed and Directed the first taught Masters Degree in Training and Development in the UK, for which she received a National Training Award.

Joan E Keogh is a consultant in the areas of job evaluation and payment systems. She lectures in employment law, including discrimination at Sheffield Hallam University, De Montfort University, and the University of Sheffield. She is a member of ACAS and was awarded the OBE for services to Industrial Tribunals.

Maggie McPherson has a background in software training and holds a MSc in IT & Learning. She was responsible for the development of the 'Hybrid Manager' MA IT Management programme, and currently manages all aspects of the course offered by the Department of Information Studies at the University of Sheffield.

Richard Palmer has twenty-five years HR experience within the food, aerospace and engineering industry. He has worked extensively in training and Total Quality and has written a book of training activities for Total Quality. He has a first degree in Business and Languages and a Masters in Training and Development.

Janet Parr lectures in Education, Training and Development at the University of Sheffield on a distance learning Master's Degree, offered in the UK, Eire and Singapore. She began her studies as a mature student and is passionately interested in the experiences of mature women students at all levels of learning.

Rob Poell is Assistant Professor of HRD at the University of Nijmegen, The Netherlands. His specific interest is in Workplace Learning. In 1999 the Academy of HRD granted him the Malcolm S. Knowles Dissertation of the Year Award for his PhD thesis 'Organizing Work-Related Learning Projects: A Network Approach'.

David Sawdon is an independent training consultant, mental health social worker, and an associate tutor with the Master of Education, Training and Development. These different employment roles provide complementary perspectives and experience, and he has particular interests in the management of diversity, quality assurance, team development and action learning.

Pete Sayers is Staff Development Adviser at the University of Bradford. He started his career as a teacher of English as a Second Language and helped organizations with inter-cultural communication and implementing equal opportunities policies. He operates as an internal consultant assisting the University through a period of complex change.

John Shipton, after a career in human resource management as both a practitioner and higher education lecturer, is now a freelance consultant and tutor. His recent research interests are in the area of small firm development. He is a past Vice President of IPM and is a Companion of IPD.

Bland Tomkinson is currently Director of Staff Development at UMIST, having previously been Head of Personnel. Bland has held a variety of jobs in the public sector, starting in Operational Research with the Air Ministry and with the RIPA, progressing to higher education via Corporate Planning in a local authority.

John P Wilson is a lecturer in Human Resource Management at the University of Sheffield, where he directs the UK MEd in Training and Development. He has worked extensively in the UK and abroad including two years in Sweden, and four years for an oil company in Saudi Arabia.

Chris Wiltsher has worked in adult education and training since 1981. He has a background in philosophy and his main interests are in issues of concepts and their application. Having qualifications in finance, he is also interested in the problems of financial measurement for developmental processes, such as training.

Foreword

In the coming years, human capital will play an increasingly significant role in successful organizations and prosperous countries. People who invest time in learning earn more and increase their chances of being in work. Organizations committed to learning are more successful too. Developing a learning society is, therefore, central to our future.

Human resource development professionals help promote learning so that individuals and groups at work can perform to their full potential. I therefore welcome this book as an important contribution to knowledge and understanding in the important field of human resource development. I hope it will provide a platform upon which human resource development professionals can successfully build in their work.

Rt Hon David Blunkett MP
Secretary of State for Education and Employment

Preface

Human Resource Development is a growing and influential discipline which is increasingly critical to the survival and success of all organizations. This is illustrated by the concepts of The Learning Organization and Knowledge Organization, which demonstrate the essential requirement of developing all people within organizations. Furthermore, with the spread of information and world-wide communications, competitive advantage based on technology may only be maintained for short periods of time before competitors catch up. The only source of sustainable competitive advantage is to learn faster and more creatively than other competing organizations, and that will only be achieved through swift and effective HRD strategies.

The core principle of this book is to integrate both theory and practice within a virtuous circle. Theory may be generally viewed as refined best practice, which is then fed back to the operational level and continually tested and evaluated, thereby enhancing the theoretical underpinnings of the discipline. Theory without practice remains just that – theory. It needs to be applied, which is why this book contains a significant number of case studies to illustrate the application of theory to practice. It was John Ruskin, the Victorian philosopher and naturalist who stated that, 'What we think, or what we know, or what we believe is, in the end, of little consequence. The only consequence is what we do.'

The objective of this book is to encourage learning in individuals and organizations through a pragmatic consideration of the underlying theories and their practical application. The book is divided into six sections which are built around the traditional training cycle.

SECTION ONE: THE ROLE OF LEARNING, TRAINING AND DEVELOPMENT IN ORGANIZATIONS

Chapter One begins by exploring the meaning of terms including training, education, and development thus providing the basis for a consideration of the strategic role of HRD, and a discussion of HRM, with which it is strongly interlinked. Learning is another word for change and Chapters Four and Five investigate the role of HRD in encouraging and supporting organizational development. The final chapter of this section discusses the integration of education and training and how they are used at national levels to encourage economic development.

SECTION TWO: THE IDENTIFICATION OF LEARNING, TRAINING AND DEVELOPMENT NEEDS

The identification of training needs provides information at individual, occupational and organizational levels for learning interventions. Similarly, performance management may be used as a mechanism for specifying and indicating developmental requirements. It is the identification of training and development needs which often requires people to operate as internal or external consultants and this is discussed in Chapter Nine.

SECTION THREE: THE PLANNING AND DESIGNING OF LEARNING, TRAINING AND DEVELOPMENT

How people learn and how their environment influences the learning process are fundamental considerations in the design and development of programmes for adults. Developing the skills of people to become reflective practitioners in their operational areas has proved to be a successful dimension of professional development. The final chapter in this section investigates the issue of diversity, an area often addressed by training, and one which trainers need to apply to their work.

SECTION FOUR: DELIVERING LEARNING, TRAINING AND DEVELOPMENT

The days of chalk and talk are mercifully much rarer than they were. Now with the availability of Information Technology, not to forget the most useful open, distance and flexible learning

tool – the book – learning can be encouraged in all its many forms. A checklist of training approaches is provided for individuals and groups. Culture and language are becoming more pervasive and also need to be considered in the delivery of programmes. Lastly, management training and development is considered in Chapter 18.

SECTION FIVE: ASSESSMENT AND EVALUATION OF LEARNING, TRAINING AND DEVELOPMENT

Accurately evaluating and assessing training and development interventions is one of the most difficult aspects of HRD and for this reason is frequently avoided and ignored. However, difficulty is not a justification to ignore the subject and the three chapters in this section consider assessing and evaluating the learning process, how much it costs and its value; and how its quality can be benchmarked.

SECTION SIX: MANAGING THE HUMAN RESOURCE DEVELOPMENT FUNCTION

The final section is concerned with the broader issues of managing the HRD function and its role within the organization. Part of this role is ensuring that it is correctly marketed both internally and externally. The final chapter looks at some of the directions in which HRD may progress in the third millennium.

Acknowledgements

This book represents the cumulative efforts of a great many people. It grew out of the very positive environment and constructive atmosphere between the tutors, students and support staff involved with the MEd in Training and Development programme at the University of Sheffield. This was the first programme of its type in the UK and its reception led to it also being delivered in Ireland and Singapore. The enthusiasm which it generated led to it receiving a National Training Award; prizes given by Lloyds Quality Register for the best dissertations, and a former student, Graham Murray, winning the Supreme Individual National Training Award. The programme is recognized by the International Federation of Training and Development Organizations. The programme has developed organically with some former students becoming tutors while others have gone on to write books in the training and development field.

Many thanks to all the chapter authors for identifying case studies to provide flesh to the theory and thus reinforcing the theory-practice cycle. In addition, particular thanks to individual contributors of the case studies including: Peter Voon, Training Manager, East Asia / Australia Regional Training, Anglo-Dutch Oil; John Driver, SIFA Ltd, Ireland; Majid Al Binali, The Ministry of Labour and Social Affairs, Bahrain; Hub Gielissen, Senior Advisor, SNV, Mali; Mohammed Nasser Abu Hassan, Malaysia; Anita Nijsten, SNV, Mali; Shane Bryans, Head of Management and Specialist Training, HM Prison Service; Ford UK for details of their progressive Employee Development and Assistance Programme; Stephen R Western, Training Manager, Independent Hospital, Sheffield; Carole Hall, Training Consultant, ETC; Trecare NHS Trust for providing information on Managing Diversity; the National Association for the Care and Resettlement of

Offenders for their Training Checklist for Diversity; British Telecom Equal Opportunities Policy Unit for the information on diversity; Liverpool John Moores University; John McMahon, Editor of Educational Programmes, Television, at Radio Telefis Eireanne, Dublin; Liverpool Women's Hospital and Interactive Designs Ltd for the THESEUS database case study; Sarah Wilkinson of Dean Associates, and The Employment Service ESCOM team for the details on computer based training; Mike – Language training; Knoll Pharmaceuticals; Tom Ryan, Radio Telefis Eireanne, Dublin; Wilson–Connelly Associates, Philip O'Gorman, Training and Development Manager, Dairygold Co-operative Society Ltd, Ireland; Investors in People UK for details of the IiP; British Quality Foundation and European Foundation for Quality Management for the EFQM Model; Management Charter Initiative for details of the MCI Management Standards; Employment NTO for the Training and Development Standards; David Matthews, Outdoor Pursuits Instructor and Trainer; Richard Firth, Learning and Development Manager, Pinderfields and Pontefract Hospitals NHS Trust; John Scott, Training Consultant, The Biotechnological and Biological Sciences Research Council; Terry Rollinson, Personnel Director, Youth Hostel Association and Kay Price, High Peak College, Derbyshire. Thanks too, to Anthony Cropper for his research into the case studies, and Catherine Willens for technical support. Lastly, many thanks to the Kogan Page staff and editor Philip Mudd whose persistence and encouragement enabled this book to materialize.

Section One:

The Role of Learning, Training and Development in Organizations

1

Human Resource Development

John P Wilson

INTRODUCTION AND LEARNING OBJECTIVES

Human Resource Development (HRD) is a title which represents the latest evolutionary stage in the long tradition of training, educating and developing people for the purpose of contributing towards the achievement of individual, organizational and societal objectives. Unfortunately, along with its partner Human Resource Management (HRM), it has attracted a certain amount of criticism for its 'insensitive depiction' of people as replacement parts serving the mechanistic requirements of the organization. For many lay people HRD and HRM are visualized in a similar manner to the way in which Charlie Chaplin was swallowed by the giant cogs in the machine and dehumanized in the 1936 film *Modern Times*.

HRD, as with the title HRM, makes individuals sound rather like the nuts and bolts of an organization that can be interchanged and dispensed with at will. To give it a more human face Drucker suggested the term 'biological HRD' to emphasize the living nature of the people within the organization; however, Webster (1990) suggests that this term gives the unfortunate impression of a washing powder.

This apparently clinical approach to the involvement of people within an organization has developed as a result of numerous factors which we will consider shortly. To contextualize this development we will first investigate some of the component elements which constitute HRD. We will begin first with definitions of training, education, development and learning

and use these as a basis for a definition of HRD. We will then consider how HRD contributes to strategic issues and how the various elements interrelate with HRM. In conclusion, there is a consideration of the roles and practical competencies required of those in HRD.

Having read this chapter you will:

- understand and be able to differentiate between training, education, learning, development and HRD;
- understand the relationship between HRM and HRD;
- know the elements of the Human Resource Compass; and
- be aware of the competencies (USA) and the competences (UK) associated with training and development.

DEFINING THE TERMS: TRAINING, EDUCATION, DEVELOPMENT, LEARNING AND HRD

Training

The historical antecedents of training have contributed towards the current perception of training. In many crafts and guilds the purpose of training was to enable indentured apprentices to work for a period of years under the supervision of a master craftsperson. Eventually, the apprentices learned the skills required of that occupation and would produce a complex piece of work, a 'masterpiece', incorporating much of what they had learned. This would then enable them to become members of the specific guild. Hence, today, we have the term 'Master's degree' which illustrates that the person is, or should be, fully conversant with that area.

An often referred source of definitions has been the Manpower Services Commission's (1981:62) *Glossary of Training Terms* which defines training as:

> a planned process to modify attitude, knowledge or skill behaviour through learning experience to achieve effective performance in an activity or range of activities. Its purpose, in the work situation, is to develop the abilities of the individual and to satisfy the current and future needs of the organisation.

The term 'learning experience' was used because the compilers of the *Glossary* expressed the view that there was no clear demarcation between education and training and they also wanted to emphasize the integrated nature of the two.

A more recent source of definitions is CEDEFOP's (The European Centre for the Development of Vocational Training) *Glossarium* of educational and training terms in nine European languages. This glossary was developed to encourage understanding and cooperation between countries. The original intention was to standardize the meaning of terms in Europe, but partly due to linguistic and cultural differences the proposal was not adopted. CEDEFOP (1996:52) defines vocational training as:

> Activity or programme of activities designed to teach the skills and knowledge required for particular kinds of work.
>
> Training … usually takes place at working places, whereas education … takes place at *educational establishments*. (UK)

Both of the definitions above illustrate the application of training to the requirements of the organization and the fact that this training tends to occur in the workplace. They also indicate a relatively narrow limitation to specific skills and operations. Moreover, training normally has an immediate application and is generally completed in a shorter timescale than education. (Van Wart *et al,* 1993)

Education

From an historical perspective education was closely linked to the church in western countries and the number of people receiving education was very limited, as was the case with the guilds. Much of the emphasis was on classics, ie Latin and Greek, and there was minimal consideration of practical applications. However, the educated person was often more highly regarded and thus oversaw the craftsperson; a trend which may still be seen today and which influences recruitment to some disciplines.

Education is defined as:

> activities which aim at developing the knowledge, skills, moral values and understanding required in all aspects of life rather than a knowledge and skill relating to only a limited field of activity. The purpose of education is to provide the conditions essential to young people and adults to develop an understanding of the traditions and ideas influencing the society in which they live and to enable them to make a contribution to it. It involves the study of their own cultures and of the laws of nature, as well as the acquisition of linguistic and other skills which are basic to learning, personal development, creativity and communication. (Manpower Services Commission, 1981:17)

> A programme of learning over an extended period with general objectives relating to the personal development of the pupil/student and/or his/her acquisition of knowledge. In addition education refers to the area of public policy concerned with programmes of

> learning in a particular jurisdiction taken altogether (e.g. in the context of education expenditure). (Ireland)
>
> Activities aim at developing the knowledge, skills, moral values and understanding required in all aspects of life rather than knowledge and skill relating to only a limited field of activity. The purpose of education is to provide the conditions essential for young persons and adults to develop an understanding of the traditions and ideas influencing the society in which they live and to enable them to make a contribution to it. It involves the study of their own and other cultures and the laws of nature as well as the acquisition of linguistic and other skills which are basic to learning, personal development, creativity and communication. (UK) (CEDEFOP, 1996:48)

Education is considerably broader in scope than training and this is perhaps illustrated by the considerably longer definitions above. It also has a less immediate and less specific application than training and is often perceived as being delivered in educational institutions. Education is regarded as encompassing knowledge, skills and attitudes (Bloom *et al,* 1956).

There is a continuing tension between the needs of industry and commerce with their immediate requirements for specific skills and the educational requirements of the individual and society which need people who can contribute to the quality of life in a multifaceted way. There is therefore a tension between traditional education and training provision which is illustrated by Dearden (1991:93):

> But training can be, and often is, very illiberally conceived, and then it may not merely be uneducational but even anti-educational. As an example of the uneducational, one might mention the recent controversy over whether trainees in the YTS (Youth Training Scheme) should be given any opportunity to consider the social significance of work as part of their 'off-the-job' provision.

Distinguishing between education and training can be quite problematic. One very illustrative example of the difference between education and training would be a young child coming home and saying, 'We had sex training today!' This is in stark contrast to sex education classes that imply a theoretical rather than a practical application of learning!

Development

Development is:

> the growth or realisation of a person's ability, through conscious or unconscious learning. Development programmes usually include elements of planned study and experience, and are frequently supported by a coaching or counselling facility. (Manpower Services Commission, 1981:15)

This definition was subsequently broadened from 'a person's ability' to 'an individual's or a group's ability' (MSC, 1985:9) thus reflecting the growing concept of organizational learning:

> Development occurs when a gain in experience is effectively combined with the conceptual understanding that can illuminate it, giving increased confidence both to act and to perceive how such action relates to its context. (Bolton, 1995:15)

It can be seen from the definitions that development indicates movement to an improved situation that for the individual means advancing towards the physical and mental potential we all possess. In many respects development indicates growth and movement by the learner rather than learning itself, which we will consider next.

Learning

Although both learning in general and adult learning are considered in greater depth in Chapters 10 and 11 it is necessary here to provide a definition in order to contribute towards the picture of HRD. Handy (1990:63) considered learning as being a natural response to coping with change and stated that, 'I am more and more sure that those who are in love with learning are in love with life. For them change is never a problem, never a threat, just another exciting opportunity.'

Learning can occur in formal settings such as a university or organizational training centres but it can also occur less formally. Nadler (Nadler and Nadler, 1990) distinguished between what he called 'incidental' learning and 'intentional learning'. Incidental learning is considered to be learning which occurs during the course of doing other things such as reading, talking with others, travelling, etc.

Learning and possessing a knowledge of something is one thing but applying the learning is yet another; thus, learning has limited value unless it is put into practice. Nadler (Nadler and Nadler, 1990:1.5) drew attention to the fact that learning is not guaranteed and that it is only the possibility of learning which may happen. He emphasized that:

> HRD cannot and should not promise that as a result of the learning experience performance will change. This might sound like a radical statement until we look at the false promises that some in HRD have made.

Nadler maintained that performance is based on a variety of factors and the majority of these are not the responsibility of those who work in the HRD department. This pragmatic view of the application of learning does not only relate to the recent demands of organizational objectives, it can also apply in a philosophical sense. The Victorian philosopher and naturalist, John Ruskin, remarked that, 'What we know, or what we believe, or what we think, is in the end of little consequence. The only consequence is what we do.'

Drawing from the preceding discussion learning may be defined as a relatively permanent change of knowledge, attitude or behaviour occurring as a result of formal education or training, or as a result of informal experiences.

One common theme that can be found in many of the definitions of training, education and development is that they contain the word 'learning'. Nadler (Nadler and Nadler, 1990:1.18) gathered these terms together and stated that:

> Training = learning related to present job;
> Education = learning to prepare the individual but not related to a specific present or future job;
> Development = learning for growth of the individual but not related to a specific present or future job.

He maintained that we should not be too concerned about these labels and accepted that the definitions above might be ordered training, development and education.

Garavan (1997:42) also investigated the nature of training, education and development and came to the similar conclusion that they all involved learning. He went on to state that, 'It is therefore logical to suggest that all four (education, training, development, and learning) are seen as complementary components of the same process, ie the enhancement of human potential or talent.'

The debate about the meaning of training, education and development is for many lay people rather an academic one; however, the discussion will continue because it provides an interpretation of a complex subject. For this reason it should not be dismissed as mere academic navel-gazing. Instead it should be recognized that numerous perspectives and valuable insights result which further encourage and direct learning activities both for individuals and organizations. The important thing is for learning to occur and be applied both within organizations and to life as a whole.

As a postscript to the discussion on definitions above, a brief mention of indoctrination should be included since it is rarely covered in training and development literature. Indoctrination can be found in a number of areas such as religious cults, political indoctrination, some military training, company culture and company songs, etc. In some ways it may be regarded as a slightly less intensive form of brainwashing in which individuals or groups are encouraged, persuaded, or forced to adopt a particular mental model or approach to specific areas or even whole lifestyles. Rogers (1986) analyzed the relationship of indoctrination, training, and learning. Indoctrination was described as having very restricted objectives and provided for one way of thinking. Training, while still having narrow goals, allowed slightly broader thinking, and learning had the least constraints and tolerated diverse ways of thinking.

Human Resource Development

The term 'Human Resource Development' was introduced to the 1969 Miami Conference of the American Society of Training and Development (ASTD) by Leonard Nadler and he subsequently provided a definition in 1970. Nadler (Nadler and Nadler, 1990) emphasized that there had been a significant number of people entering the HRD field and, therefore, they deserved to have a definition of the subject. At the same time he maintained that good HRD specialists see an input into most of the operational areas and therefore delimiting the field can also have adverse consequences for the profession.

The recognition that HRD fed into most organizational areas was also noted by Galagan (1986:4) who described it as:

> an omnivorous discipline, incorporating over the years almost any theory or practice that would serve the goal of learning in the context of work. Like an amoeba, it has ingested and taken nourishment from whatever it deemed expedient in the social and behavioural sciences, in learning theory and business.

Accurately defining HRD can be problematic particularly if an international perspective is taken because its interpretation and roles tend to vary from one country to another (Hansen and Brooks, 1994). Furthermore, following research among the delegates at an international conference, Jones and Mann (1992:xiv) commented that, 'there was a strong insistence that HRD does not equal training.'

If HRD is about learning and that learning is something which occurs within an individual to cause development then, 'The East, with its grace and wisdom, calls this flux "a becoming" and "an unfolding"; the West, with its systems and structures, names it "human resource development"'. Ortigas (1994:xii)

In observing the debate about HRD, Jacobs (1990:66) drew parallels with other disciplines and stated:

> HRD is both an area of professional practice and an emerging interdisciplinary body of knowledge. The inter-relatedness of these two aspects makes HRD similar to most other applied professions, most of which have emerged to meet some important social or organisational need. After practice is established, the need arises to formalise the knowledge gained in practice into some logical structure. Such activity helps legitimise the profession and increases the reliability of practice.

Frank (1988) investigated the theoretical base of HRD in order to distinguish it from other fields and identified three assumptions on which it is based:

1. HRD is based on the research and theories drawn from the field of adult education and is different from the learning that occurs in children. Learning is based on creating the appropriate circumstances in which adults can learn and thereby change behaviour.

2. HRD is concerned with improved performance within the work environment. It is not concerned with improving people's health or their personal relations with their family.
3. HRD utilizes the theories of change and how these relate to the organization. Change affects individuals, groups and the organization and HRD is predominantly concerned with the change of individuals.

There would thus appear to be a professional need to define the territory of HRD, no matter how limited it may be, in order that those involved with it either as deliverers or receivers can have a reasonable understanding of what it encompasses. Below are a number of definitions of HRD:

> organised learning experiences in a definite time period to increase the possibility of improving job performance growth.
> (Nadler and Nadler, 1990:1.3)

> Human resource development is the study and practice of increasing the learning capacity of individuals, groups, collectives, and organisations through the development and application of learning-based interventions for the purpose of optimising human and organisational growth and effectiveness. (Chalofsky, 1992:179)

> HRD is the integrated use of training and development, career development, and organisation development to improve individual and organisational effectiveness. (McLagan and Suhadolnik, 1989:1)

> The field of study and practice responsible for the fostering of a long-term, work-related learning capacity at the individual, group, and organisational level of organisations. (Watkins, 1989:427)

> Human resource development encompasses activities and processes which are intended to have impact on organisational and individual learning. (Stewart and McGoldrick, 1996:1)

All the above definitions would appear to have been developed from a theoretical perspective, albeit probably based upon observation and practice. From a more applied point of view Ralphs and Stephan (1986) found, from a study of *Fortune 500* companies, that people placed the following subjects under the umbrella of HRD which scored more than 90 per cent: training and development, organizational development, human resource planning, and career planning.

In spite of all the definitions available, 'there are no universally accepted definitive statements of the meaning either of HRM or of HRD' (McGoldrick and Stewart, 1996:9). HRD is still a young discipline and still in the process of developing and finding a clearer identity for itself. What is clear from the definitions of HRD above and the contributory areas of

training, education, development and learning, is that HRD refers to learning at the individual, group and organizational levels to enhance the effectiveness of human resources with the purpose of achieving the objectives of the organization.

STRATEGIC HRD

We have analysed the nature of HRD and now we will proceed to consider how it is integrated into the organization. The word *strategy* originates from the Greek word *strategia* meaning 'generalship' and is related to the science and art of warfare. Organizational competition does not fully equate to warfare but when one comes across books with titles such as *The Management Secrets of Genghis Khan*, it would appear that some people take the subject very seriously indeed.

Strategy, according to Johnson and Scholes (1993), is concerned with a number of dimensions:

- the range of an organization's activities;
- the matching of the organization's activities to the environment;
- the matching of the organization's activities to available resources.

Johnson and Scholes (1993:10) state that:

> Strategy is the direction and scope of an organisation over the long term: ideally, which matches its resources to the changing environment, and in particular its markets, customers or clients so as to meet stakeholder expectations.

A number of strategic pressures have contributed to the increasing importance and strategic role of HRD (McLagan and Suhadolnik, 1989; Garavan *et al,* 1995) and these include:

- accelerated rate of change;
- focus on quality;
- globalization of business;
- increased flexibility and responsiveness of organizations;
- increased pressure to demonstrate the contribution of human resources;
- new competitive structures;
- new technology.

With all these pressures it is apparent that HRD contributes in a variety of ways and at all organizational levels to provide support. This critical role of HRD is described by Torraco and Swanson (1995:11) who state that:

> Yet, today's business environment requires that HRD not only supports the business strategies or organisations, but that it assumes a pivotal role in the shaping of business strategy. … As a primary means of sustaining an organisation's competitive edge, HRD serves a strategic role by assuring the competence of employees to meet the organisation's present performance demands. Along with meeting present organisational needs, HRD also serves a vital role in shaping strategy and enabling organisations to take full advantage of emergent business strategies.

Similarly, Beer and Spector (1989; in Garavan *et al,* 1995:6) also maintain that:

> Strategic HRD can be viewed as a proactive, system-wide intervention, with it linked to strategic planning and cultural change. This contrasts with the traditional view of training and development as consisting of reactive, piecemeal interventions in response to specific problems. HRD can only be strategic if it is incorporated into the overall corporate business strategy. It is in this way that the HRD function attains the status it needs to survive and to have a long term impact on overall business performance and respond to significant competitive and technological pressures.

In the present environment, sources of competitive advantage are quickly overcome by competitors and, thus, the only source of competitive advantage is the ability of an organization to learn more quickly than others. This learning does not occur in an abstract form within the organization but in the minds of individuals and groups. For this reason Drucker (1993) talks about the post-capitalist society and emphasizes the fact that value now resides inside the heads of the employees and much less within the capital assets of the organization.

Building on this understanding of value residing with the employees has been a recognition that, unlike capital assets which can be used up and also depreciate over time, the value of individuals can actually increase. For this reason and from a strategic perspective there is increased emphasis on the investment in human assets through training and development.

Strategic HRD enables:

- the organization to respond to challenges and opportunities through the identification and delivery of HRD interventions;
- individuals, supervisors, line managers and top managers to be informed of their roles and participate in HRD delivery;
- management to have operational guidelines which explain the reasons for investment in HRD;
- information to be disseminated which explains the training, education, development and learning opportunities available for employees;
- a policy statement to explicitly describe the relationship between the objectives of the organization and the HRD function;

- a positive public relations awareness for new and potential employees to know that skills deficiencies will be provided for;
- the continuous assessment of learning and development opportunities for its employees and thereby enabling them to advance their careers and support organizational growth;
- clearly specified objectives and targets that enable the HRD function to be evaluated against strategic requirements;
- policies which relate the HRD function to the other operating functions;
- training, education, development and learning opportunities to have a coordinated role within a systematic process.

Factors discouraging HRD

The business cycle of peaks and troughs tends to have a significant effect on the delivery of training and development because it is sometimes seen as a cost rather than an investment. When there are pressures on budgets, training is often seen as a relatively easy target in that the consequences are not immediately apparent. The value of HRD is that it is more closely aligned to organizational strategy and the achievement of objectives. Therefore, it becomes more difficult to argue that cuts should occur in the training and development budget.

THE OPERATING ENVIRONMENT OF THE HUMAN RESOURCE DEPARTMENT

It is not uncommon to find departments within an organization having a pre-Copernican view about their role; for instance, finance views operating issues through financial lenses and production views matters through production glasses. In like manner, the same accusations can be levelled at Human Resources being predominantly concerned only with the human dimension of the organization.

> People, of course, are far and away the most important resource in any company. But they are not more than that. It is very easy to forget when endeavouring to develop people and to care for them, and even to love them, that the needs of the business must come first. Without that, there can be no lasting security. A fool's paradise in which effort is concentrated only on the present well-being of the staff, without regard for the future, will eventually disintegrate and it may well be the staff that suffer most. (Barham *et al,* 1988:28)

The perspectives above are only natural reactions given the responsibility departments hold; however, they can also restrain understanding of the organizational and external

environment. Thus it is important to have a broader perspective, which is illustrated in Figure 1.1.

The organizational environment normally consists of approximately six main departments, namely: distribution, finance, human resources, marketing, production, and research and design. They are all symbiotically related to one another, and although some organizations have outsourced some elements such as distribution eg, News International, and others do not involve themselves with production eg, Nike, these are essential ingredients which are needed to ensure that the customers receive the product or service they require.

At a broader level the organization does not operate in a vacuum but is influenced and affected by the various forces operating in the external environment. These factors include: technology, market and competitive forces, geographical and physical circumstances, political, socio-cultural, legal, demographic and economic factors.

At the organization environment and external environment levels, a department needs to be aware of its role and the forces which affect its operation and success. These are particularly important for the HRD specialist who must have an understanding of operational issues in order to fully contribute throughout the organization. The specific elements

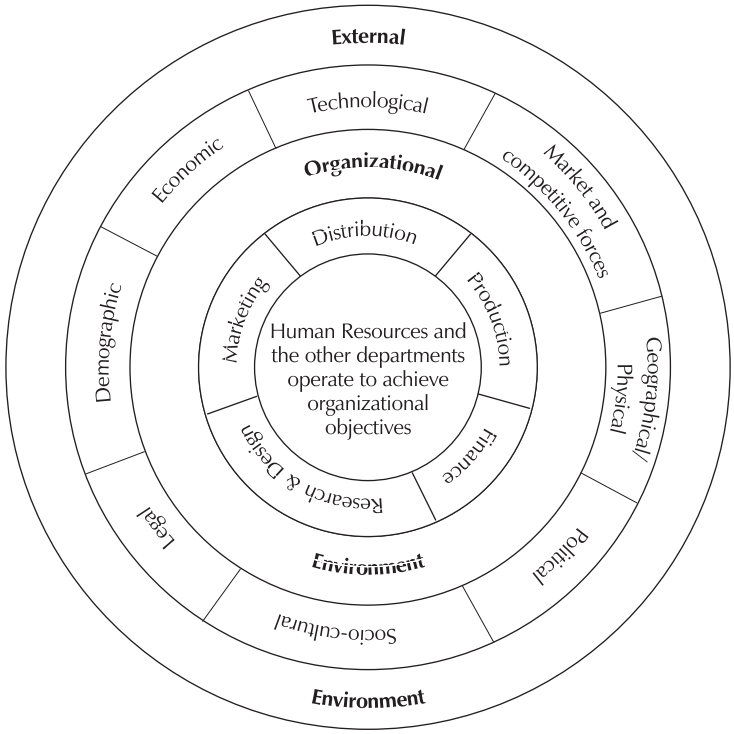

Figure 1.1 The role of the HRD department within the internal and external environment

affecting the competitive strategy of the organization have been summarized by Porter (1980) who identified the following four factors:

1. *Potential entrants.* In general the more organizations competing in a specific market the greater is the competition. The number of competitors operating in the arena is dependent upon the cost of entering the market and to some degree the cost of exiting the market. Thus, for example, it is very expensive to design and manufacture a car and thus there are a limited number of manufacturers. On the other hand, it can be relatively cheap for people to enter the field of training and development because the set-up costs of providing training are relatively low.
2. *Buyers.* The nature of buyers and consumers in a market and their bargaining power also influences the profitability of the organization. If there are many users of training and development and few providers, demand is likely to be high and vice versa.
3. *Suppliers.* If we can only buy a particular resource from one organization then it is probable that the price of this resource will be quite expensive. Conversely, many suppliers will tend to increase competition and thereby reduce the prices. New areas of training and development normally command higher charges from providers because of limited supply.
4. *Substitutes.* The final force influencing competition in the market place is that of substitutes. If the physical cost of labour in delivering training becomes too expensive there are other forms of delivery, for instance, computer-mediated learning which may be more convenient and cheaper and which may challenge the more traditional forms of delivery.

THE HUMAN RESOURCES COMPASS

The field of Human Resources covers a broad spectrum of human activity, as is apparent in the attempts to define the subject. The Human Resource wheel (McLagan and Suhadolnik, 1989) and the wheel of HRM (Harrison, 1997) provide clearer perspectives of the area. Building on these works the Human Resources compass has been developed because the analogy of a compass indicates an overview of the territory and also gives direction to the various elements in the subject and their interrelationship. It is divided into three main sectors: HRD, HRM and HRD, and HRM; see Figure 1.2.

The HRD sector

There are three main areas with which human resource development is involved, namely, individual, occupational, and organizational development. These identify the three major

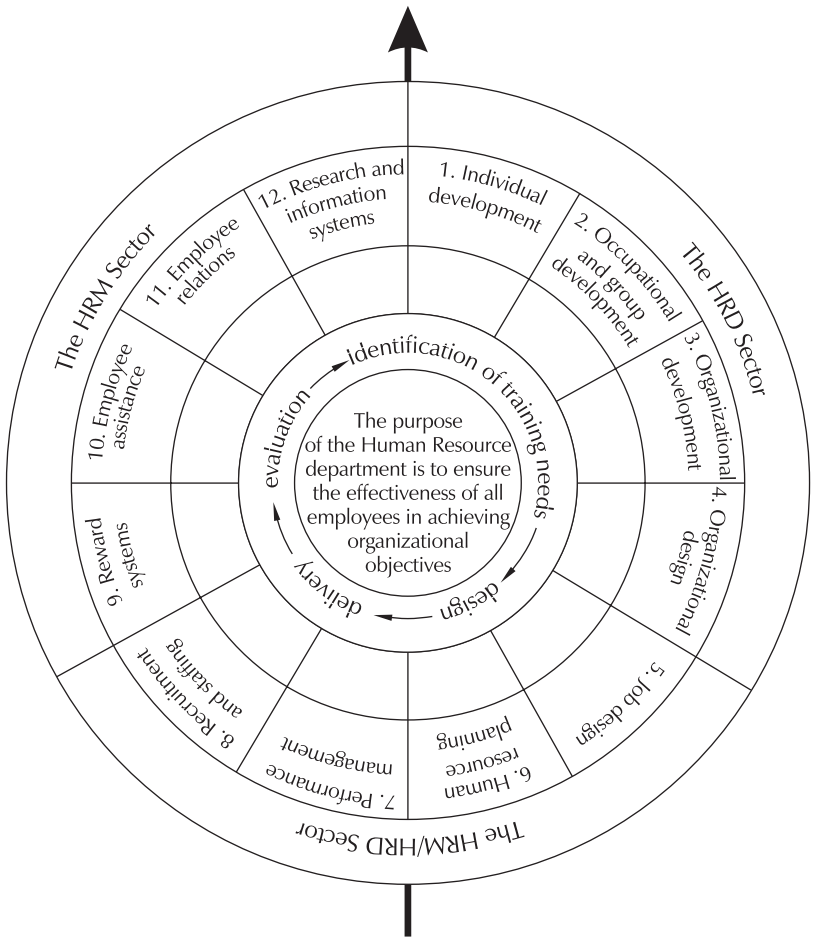

Figure 1.2 The human resource compass

areas in which training and development requirements occur within an organization. Boydell (1971), in his work on the identification of training needs, maintained that these were the broad categories in which training and development interventions would occur:

1. **Individual development.** This area can be exceptionally broad and addresses such areas as skill development, interpersonal skills, career development, etc.
2. **Occupational and group development.** Training and development needs frequently occur for groups of workers such as the need to integrate cross-functional workers through a teambuilding programme, or for informing and training employees about new products and services. It also applies to specific occupational groups eg, programmes for childcare workers in new procedures or to implement new legislation.

3. **Organizational development (OD).** This category encompasses the whole organization and may involve the introduction of a new culture or ways of operating. Robbins (1993:685) describes OD as, 'A collection of planned change interventions, built on humanistic-democratic values, that seek to improve organizational effectiveness and employee well-being.' Two examples of OD in operation are the introduction of a customer care programme across the organization; and the introduction of total quality management, which requires all individuals and groups to become involved.

The HRM and HRD sector

The following four areas incorporate elements of both HRD and HRM which tend to have significant degrees of overlap:

4. **Organizational design.** The primary purpose of this area is to integrate the human operations, organizational structure and systems for the delivery of products and services in an effective and economic manner. The planning of the organizational structure is a complex process although many organizations evolve according to their purpose. Minzberg (1983) identified five areas of personnel:
   a. **The operating core.** These are the employees who undertake the delivery of products or services.
   b. **The strategic apex.** This consists of the high-level managers who have organizational responsibility.
   c. **The middle line.** These are middle managers who link the strategic apex and the operating core.
   d. **The technostructure.** This grouping consists of the analysts who provide specialist advice and standardization.
   e. **The support staff.** These people provide indirect support for other elements of the organization.

Each of the five groups of personnel above may require specific forms of training and development. The key role of the HRD specialist is not to design the structure of the organization but to provide advice into the suitability of placing people in certain types of technical systems, and the extent to which people can be trained and developed to operate within that organizational design.

5. **Job design.** Each job should have a clear role within the overall organizational structure. If organizational design is concerned with the macro-factors of integrating different roles and work tasks, job design is the process of identifying the range and scope of a particular job and the degree of output from that job.

6. **Human resource planning.** The purpose of this area is to assess the human resource requirements of the organization. More specifically it concerns the numbers of employees required and the strategies for achieving appropriate staffing levels.
7. **Performance management.** Assessment of personnel performance feeds into career development, compensation and promotion, movement within the organization, and sometimes even termination of employment. Importantly it links the performance of the individual with the objectives of the organization. Assessment of individual performance through mechanisms such as the appraisal system are normally linked to training and development plans which enable people to improve performance and also develop abilities in new areas.
8. **Recruitment and staffing.** The inflow and outflow of people within an organization is a dynamic process and needs to match the requirements of the organization within its operating environment. Training and development support this process by ensuring that staff involved with recruitment and selection have the necessary skills to enable them to successfully recruit and deploy people throughout the organization.

The HRM sector

This final segment of the Human Resource compass is predominantly concerned with the traditional areas of HRM. Yet even here there is potential for HRD to contribute and receive information and direction. The two areas of HRM and HRD are not mutually exclusive and form a close symbiosis to support organizational objectives.

9. **Reward systems.** The value of a person to an organization will to some extent influence the reward they receive. This can be 'both financial and non-financial rewards and embraces the philosophies, strategies, policies, plans and processes used by organizations to develop and maintain reward systems' (Armstrong, 1996:3). HRD policies can operate concurrently with reward systems through improving productivity as a result of training programmes. Moreover, while there are a number of reservations about the practice, some organizations reward employees with training programmes for successful work performance.
10. **Employee assistance.** With some organizations concern for the employee's well-being can result in additional support services such as counselling services designed to alleviate personal problems which can interfere with work performance. At the other end of the scale it can simply involve support services who arrange shopping, or purchase sandwiches to enable core staff to continue working during lunchtime.
11. **Employee relations.** The main factors involved with this area are the interests of the employers and employees; the agreements and regulations by which they operate; the

conflict-resolving methods which are utilized; and the external factors which influence the interaction between the buyers and sellers of the labour transaction (Farnham, 1997). While this is predominantly a specialist subject of HRM it does require elements of training and development and many employee relations courses, whether for union or employer representatives, including negotiation exercises.

12. **Research and information systems.** Management information systems are an essential tool for the efficient running of an organization. Not only is general information about an employee held but many organizations incorporate information about the training attended and other development activities with which a person may have been involved.

HRD ROLES

Chalofsky (1992) suggested that the core of the HRD profession should reflect what was essentially HRD in order to separate it from other professions. He said that this core should contain the philosophy, mission, theories, concepts, roles and competences. We have considered the philosophy, mission, theories, and concepts, and will now address HRD roles and subsequently HRD competences.

Arising from the research conducted on behalf of the American Society for Training and Development, McLagan and Suhadolnik (1989:20) identified 11 roles that indicate many of the dimensions carried out by HRD professionals. These are:

1. Researcher
2. Marketer
3. Organizational Change Agent
4. Needs Analyst
5. Programme Designer
6. HRD Materials Developer
7. Instructor/Facilitator
8. Individual Career Development Advisor
9. Administrator
10. Evaluator
11. HRD Manager.

Competencies and HRD in the USA

The ASTD research of McLagan and Suhadolnik also identified 35 areas of competence for those involved with HRD:

Technical Competencies

1. Adult Learning Understanding*
2. Career Development Theories and Techniques Understanding
3. Competency Identification Skill*
4. Computer Competence
5. Electronic Systems Skill
6. Facilities Skill
7. Objectives Preparation Skill*
8. Performance Observation Skill
9. Subject Matter Understanding
10. Training and Development Theories and Techniques Understanding
11. Research Skill

Business Competencies

12. Business Understanding*
13. Cost-benefit Analysis Skill
14. Delegation Skill
15. Industry Understanding
16. Organizational Behaviour Understanding*
17. Organizational Development Theories and Techniques Understanding
18. Organization Understanding
19. Project Management Skill
20. Records Management Skill

Interpersonal Competencies

21. Coaching Skill
22. Feedback Skill*
23. Group Process Skill
24. Negotiation Skill
25. Presentation Skill*
26. Questioning Skill*
27. Relationship Building Skill*
28. Writing Skill*

Intellectual Competencies

29. Data Reduction Skill
30. Information Search Skill*

31. Intellectual Versatility*
32. Model Building Skill
33. Observing Skill*
34. Self-knowledge
35. Visioning Skill

*core competency.

Competences in the UK

In Britain the areas of competence for training and development specialists have also been researched, identified, mapped, and linked to National/Scottish Vocational Qualifications. The competences have been structured around the traditional training cycle (Employment National Training Organisation, 2000). The key role of the training and development person is to 'Develop human potential to assist organizations and individuals to achieve their objectives' (Employment NTO, 2000:6). The units and qualifications structure can be seen in Table 1.1.

CONCLUSION

Training and development has had a mixed reception over the years and has frequently had to fight its corner and shout loudly to gain recognition. The acceptance of HRD is altogether much stronger since it has been linked to strategic imperatives and has a much stronger theoretical base in universities which have provided Master's courses to enhance the respect of practitioners.

This progress is clearly apparent in a comparison of the two quotations below. The challenge now is not to become complacent but to build on this appreciation and ensure that HRD continues to contribute to the successful operation of the organization:

> The fact remains that training and development personnel are a motley bunch who by and large service low level needs within the organisation. (Sinclair and Collins, 1992, p.21)

> During the course of my working life the human resource development (HRD) function in industry has grown from humble 'training officer', a largely peripheral, low status role associated with instructing newcomers in necessary manual skills, to 'human resource development director', a powerful influence in the organisation. (Kilcourse, 1996:3)

Table 1.1 Employment NTO Training and Development Standards (TDS)

COMPARATIVE QUALIFICATIONS STRUCTURE

Unit Title	Unit No	Level 3 Training & Development	Level 4 Training & Development (Learning Development)	Level 4 Training & Development (HRD)	Level 5 Training & Development (Strategy)
		All cores are mandatory: candidate needs 7 core plus any 3 units from options	All cores are mandatory: candidate needs 7 core plus any 5 units from options	All cores are mandatory: candidate needs 7 core plus any 5 units from options	All cores are mandatory: candidate needs 10 core plus any 3 units from options
Identify organisational human resource requirements	Unit A11				Core
Specify the contribution of training and development to organisational development	Unit A12			○	
Identify organisational training and development needs	Unit A13			Core	
Ensure the strategic position of Human Resource Development within an organisation	Unit A14				Core
Identify individuals' learning aims, needs and styles	Unit A21		Core		
Identify individual learning needs	Unit A22	Core			
Devise human resource development policies and implementation plans	Unit B11				Core
Devise a plan for implementing an organisation's training and development objectives	Unit B12			Core	
Design learning programmes to meet learners' requirements	Unit B21		Core	○	
Design training and development sessions	Unit B22	Core			
Design, test and modify training and development materials	Unit B31		○	○	
Design, test and modify information technology (IT) based materials	Unit B32		○	○	
Prepare and develop resources to support learning	Unit B33	Core	○		
Co-ordinate the provision of learning opportunities with other contributors to the learning programme	Unit C11		○	Core	
Implement human resource development plans	Unit C12				Core
Create a climate conducive to learning	Unit C21	Core	Core	○	
Agree learning programmes with learners	Unit C22	○	Core	○	
Facilitate learning in groups through presentations and activities	Unit C23	Core			
Facilitate learning through demonstration and instruction	Unit C24	○			
Facilitate individual learning through coaching	Unit C25	○			
Support and advise individual learners	Unit C26		○	○	
Facilitate group learning	Unit C27	○	○		
Monitor and review progress with learners	Unit D11	○	Core	○	
Assess individuals for non-competence based assessment systems	Unit D21	○	○	○	
Design assessment methods to collect evidence of competent performance	Unit D31		○	○	
Assess candidate performance	Unit D32	○	○	○	
Assess candidates using differing sources of evidence	Unit D33	○	○	○	
Internally verify the assessment process	Unit D34		○	○	
Externally verify the assessment process	Unit D35		○	○	
Advise and support candidates to identify prior achievement	Unit D36	○	○	○	

Table 1.1 *continued*

COMPARATIVE QUALIFICATIONS STRUCTURE

Unit Title	Unit No	Level 3 Training & Development	Level 4 Training & Development (Learning Development)	Level 4 Training & Development (HRD)	Level 5 Training & Development (Strategy)
		All cores are mandatory: candidate needs 7 core plus any 3 units from options	All cores are mandatory: candidate needs 7 core plus any 5 units from options	All cores are mandatory: candidate needs 7 core plus any 5 units from options	All cores are mandatory: candidate needs 10 core plus any 3 units from options
Evaluate the contribution and role of human resource development to an organisation	Unit E11				Core
Introduce improvements to human resource development in an organisation	Unit E12				Core
Evaluate training and development programmes	Unit E21		Core	Core	
Improve training and development programmes	Unit E22		○	Core	
Evaluate training and development sessions	Unit E23	Core			
Evaluate and develop own practice	Unit E31	Core	Core	Core	Core
Manage relationships with colleagues and customers	Unit E32	○	○	Core	
Develop training and development methods	Unit E41		○		
Develop new approaches to humans resource development	Unit E42				○
Maintain and improve service and product operations	MCI M1 Unit 1			○	
Contribute to the planning, monitoring and control of resources	MC1 SM2	○			
Recommend, monitor and control the use of resources	MCI M1 Unit 3		○	○	
Contribute to the provision of personnel	MCI SM3	○			
Contribute to the recruitment and selection of personnel	MCI M1 Unit 4		○	○	
Exchange information to solve problems and make decisions	MCI M1 Unit 9		○	○	
Initiate and implement change and improvement in services, products and systems	MCI M2 Unit 1				○
Monitor, maintain and improve service and product delivery	MCI M2 Unit 2				○
Monitor and control the use of resources	MCI M2 Unit 3				Core
Secure effective resource allocation for activities and projects	MCI M2 Unit 4				○
Recruit and select personnel	MCI M2 Unit 5				○
Create, maintain and enhance effective working relationships	MCI M2 Unit 8				○
Establish and improve organisational culture and values	Personnel Unit 5A3				Core
Establish effective computerised personnel information systems to support decision making	Personnel Unit 5A4				○
Establish performance management processes	Personnel Unit 5C2				○
Comply with professional and ethical requirements	Personnel Unit 5F2				Core
Negotiate and maintain service agreements	AGCP Lead Body B19				○
Provide support for practitioners in service delivery	AGCP Lead Body B21				○

Bibliography

Armstrong, M (1996) *Employee Reward*, London, IPD

Barham, K, Fraser, J and Heath, L (1988) *Management of the Future*, Berkhampstead, Ashridge Management College

Beck, A and Jones, T (1988) 'From training manager to human resource manager – not a rose by any other name!', *Industrial and Commercial Training*, May/June, pp 7–12

Beer, M and Spector, B (1989) 'Corporate wide transformations in human resource management', in Walton, R E and Lawrence, P R (eds) *Human Resource Management: Trends and challenges*, Harvard University School Press, Boston, MA

Bloom, B S, Englehart, M D, Hill, W H and Krathwohl, D R (1956*) Taxonomy of Educational Objectives*, London, Longman, Green and Co

Bolton, M (1995) *Assessment and Development in Europe: Adding value to individuals and organisations*, Maidenhead, McGraw-Hill

Boydell, T (1971) *The Identification of Training Needs*, London, BACIE

CEDEFOP (1996) *Glossarium: Vocational training*, Luxembourg, Office for Official Publications of the European Communities

Chalofsky, N (1992) 'A unifying definition for the human resource profession', *Human Resource Development Quarterly*, **3,** 2, pp 175–82

Chalofsky, N and Lincoln, C (1983) *Up the HRD Ladder*, Reading, MA, Addison-Wesley

De Geus, A P (1989) 'Planning as learning', *Harvard Business Review*, March/April, pp 70–74

Dearden, R (1991) 'Education and Training', pp 84–95, in Esland, G (ed.) *Education, Training and Employment: Vol. 2, The educational response*, Wokingham, Addison-Wesley in association with The Open University

Drucker, P (1993) *Post-Capitalist Society*, Oxford, Butterworth-Heinemann

Employment NTO (2000) National Standards for Training and Development: Training and Development: Strategy, Leicester, Employment NTO. (For further details contact: Employment NTO, Kimberley House, 47 Vaughan Way, Leicester LE1 4SG; Tel: 0116 251 7979, Web site: www.empnto.co.uk)

Farnham, D (1997) *Employee Relations in Context*, London, IPD

Frank, E (1988) 'An attempt at a definition of HRD', *Journal of European Industrial Training*, **12,** 5, pp 4–5

Galagan, P (1986) 'Editorial', *Training and Development Journal*, **40,** 3, p 4

Garavan, T N (1991) 'Strategic human resource development', *Journal of European Industrial Training*, **15,** 1, pp 17–30

Garavan, T N (1997) 'Training, development, education and learning: different or the same?', *Journal of European Industrial Training*, **21,** pp 39–50

Garavan, T N, Costine, P and Heraty, N (1995) 'The emergence of strategic human resource development', *Journal of European Industrial Training,* **19,** 10, pp 4–10

Handy, C (1990) *The Age of Unreason*, London, Arrow

Hansen, C D and Brooks, A K (1994) 'A review of cross-cultural research on human resource development', *Human Resource Development Quarterly*, **5,** 1, pp 55–74

Jacobs, R (1990) 'Human resource development as an interdisciplinary body of knowledge', *Human Resource Development Quarterly,* **1,** 1, 65–71

Jacobs, R L and Jones, M J (1995) *Structured On-the-Job Training: Unleashing Employee Expertise in the Workplace*, San Francisco, CA, Berrett-Koehler

Johnson, G and Scholes, K (1993) *Exploring Corporate Strategy*, 3rd edn, Hemel Hempstead, Prentice Hall

Jones, M and Mann, P (1992) *International perspectives on development and learning,* West Hartford, CT, Kumarian Press

Kilcourse, T (1996) 'Human resource development – a contingency function? (Whatever happened to theory Y?)', *Journal of European Industrial Training,* **20,** 9, pp 3–8

McGoldrick, J and Stewart, J (1996) 'The HRM-HRD nexus', pp 9–27, in Stewart, J and McGoldrick, J (1996) *Human Resource Development: Perspectives, Strategies and Practice*, London, Pitman Publishing

McLagan, P A and Suhadolnik, D (1989) *Models for HRD Practice: The research report*, Alexandria, VA, ASTD Press

Manpower Services Commission (1981) *Glossary of Training Terms,* 3rd edn, London, HMSO

Manpower Services Commission (1985) *A Glossary of Terms Used in Education and Training*, Sheffield, Training Division, MSC.

Minzberg, H (1983) *Structure in Fives: Designing Effective Organizations*, Englewood Cliffs, NJ, Prentice Hall

Minzberg, H (1987) 'Crafting Strategy', *Harvard Business Review*, July-August, pp 66–75

Nadler, L and Nadler, Z (eds) (1990) *The Handbook of Human Resource Development,* 2nd edn, New York, Wiley

Ortigas, C D (1994) *Human Resource Development: The Philippine experience. Readings for the Practitioner,* Manila, Ateneo de Manila University Press

Pettigrew, A, Sparrow, P and Hendry, C (1988) 'The forces that trigger training', *Personnel Management*, December, pp 28–32

Porter, M E (1980) *Competitive Strategy*, New York, Free Press

Ralphs, L and Stephan, E (1986) 'HRD in the Fortune 500', *Training and Development Journal*, **40,** 10, pp 69–76

Robbins, S P (1993) *Organizational Behaviour,* 6th edn, Englewood Cliffs, NJ, Prentice Hall

Rogers, A (1986) *Teaching Adults*, Buckingham, Open University Press

Sinclair, J and Collins, D (1992) 'Viewpoint: training and development's worst enemies – you and management', *Journal of European Industrial Training*, **16,** 5, pp 21–5

Stewart, J and McGoldrick, J (eds) (1996) *Human Resource Development: Perspectives, Strategies and Practice,* London, Pitman Publishing

Torraco, R J and Swanson, R A (1995) 'The strategic roles of human resource development', *Human Resource Planning*, **18,** 4, pp 10–21

Van Wart, M, Cayer, N J and Cork, S (1993) *Handbook of Training and Development for the Public Sector*, San Francisco, CA, Jossey-Bass

Watkins, K (1989) 'Business and Industry', in Merriam, S and Cunningham, P (eds) *Handbook of Adult and Continuing Education*, San Francisco, CA, Jossey-Bass

Webster, B (1990) 'Beyond the Mechanics of HRD', *Personnel Management*, March, pp 44–7

2

Strategy and Training and Development

Sue Balderson

INTRODUCTION AND LEARNING OBJECTIVES

In an increasingly competitive world, which is the reality for most organizations today, few would disagree with the view that a link should exist between the training and development that the organization undertakes and the business strategy of that organization. Personnel are now widely regarded as 'human resources' with the implication that, like other resources, they are to be valued and carefully managed. The amount of financial resource available for the training and development of employees is not unlimited, necessitating decisions about where to deploy training activity to maximum effect. Such decisions can only be made if those responsible for Human Resource Development (HRD) are clear about the organization's strategy and priorities. An alignment between strategy and training and development is now commonly regarded as good business sense in all corners of the globe (Harrison, 1997; Mabey and Salaman, 1995; Storey, 1991). Despite this there is some evidence from both Europe and the United States (Harrison, 1997; Holden 1992; Salaman, 1992) that, while at an intellectual level this link is recognized, the practice may be considerably different in many countries. Harrison (1997:25) points out that 'research has failed to reveal any significant connection between HRD and business strategy across UK organisations at large'. Beaumont (1992) reports that studies in the United States found that only 22 per cent of companies had high levels of integration of human resource and business strategy.

This chapter sets out to look at some models of strategic management in relation to models of HRD and to consider why, in many cases, the link between strategy and HRD is not as strong as it might be. Some of the problems with strategy itself are highlighted and an approach to aligning HRD activity to business goals, based upon Porter's (1985) value chain, is suggested as a more workable model for the HRD practitioner today.

Having read this chapter you will:

- understand the need to link HRD to organizational strategy;
- understand how to enable HRD to contribute towards all levels of organizational strategy;
- be aware of the limitations of adhering too strictly to a strategic plan;
- know the elements of strategic management; and
- understand the value chain and how to relate it to HRD.

THE CASE FOR STRATEGIC HRD

Training and development has traditionally been a functional division of the personnel department concerned with carrying out the identification of training and development needs, planning and designing training, implementing training and evaluating it, ie the classic 'training cycle' (see Figure 2.1). This notion of a systematic approach to training and development is widely accepted among practitioners.

Although not using the term HRD, Winter (1995:313) talks about 'a systematic approach to developing staff' which has, as its starting point, the business objectives (or strategy); see Figure 2.2. This differs from the classic training cycle only in as much as the identification of training and development needs is now seen to be based on organizational strategy. This is very much the model for the Investors in People standard adopted throughout the UK and Australia during the 1990s, and symbolizes a more strategic role for training and development.

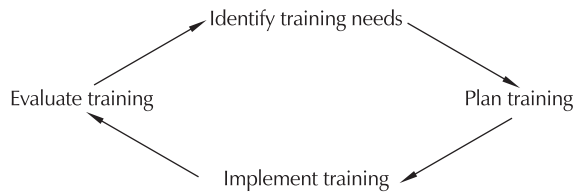

Figure 2.1 The classic training cycle

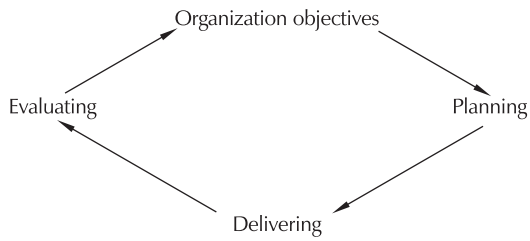

Figure 2.2 Business objectives within a training cycle (adapted from Winter, 1995)

Definitions of HRD also emphasize a strategic orientation, for example:

> Resourcing is about providing the skills base needed in the organisation. Human resource development (HRD) is about enhancing and widening these skills by training, by helping people to grow within the organisation, and by enabling them to make better use of their skills and abilities. (Armstrong, 1992:152)

Mabey and Salaman (1995:131) set out 'a strategic approach to training' and present a clear model of strategic training and development. In this:

> The target represents the vision, mission or 'cause' of the organisation. … From this starting point there are two flows: one into business strategy … the other into human resource strategies. … This latter flow will hopefully inform each lever of HRM policy and procedure, providing continuity between recruitment and selection practices, appraisal and assessment, reward systems and career development processes. Critically, training and development provision needs to be mutually supported by each of these human resource levers.

Armstrong (1992) views HRD as focused training and development for all employees which responds to individual and organizational requirements by improving performance and understanding.

A key feature of strategic HRM and HRD is that they are (or should be) activities of management rather than of functional specialists, and are (or should be) closely linked to the business strategies of organizations. The parentheses are significant as the descriptions of HRM and HRD can be regarded as 'ideals' rather than actualities – a point made by Mabey and Salaman (1995) in relation to HRM.

The key challenge implicit within all of the models and definitions above is to be able clearly to identify what the organization's strategy and goals are in order that the systematic approach to HRD can be followed. The weakness in them all arises where business strategy is not clearly apparent to those responsible for making decisions about HRD, and, consequently, logical deductions about appropriate training and development

interventions are difficult to make. This may be because HRD specialists are not involved adequately at strategic levels of decision-making or because of the dynamic nature of the organization where strategy is constantly on the move. It may be a combination of both of these factors.

STRATEGY AND STRATEGIC HRD

An organization's strategy is all about its future orientation. Johnson and Scholes (1999:10) in their authoritative and comprehensive text *Exploring Corporate Strategy,* define strategy as:

> the *direction* and *scope* of an organisation over the *long term:* which achieves *advantage* for the organisation through its configuration of *resources* within a changing *environment*, to meet the needs of *markets* and to fulfil *stakeholder* expectations.

Some key words contained within a number of the definitions of strategy (eg, Andrews, 1994; Ansoff, 1987; Chandler, 1962; Faulkner and Johnson, 1992) are:

1. major objectives, purposes, long-term goals, product-market opportunities, direction, positioning, competitive advantage, long-term perspective, framework;
2. policies, plans, resource allocation/deployment.

It can be seen that these fall into two categories. The first group deals with what Armstrong (1994:16) describes as 'the end'; the second with what he describes as 'the means'. Armstrong suggests that *strategic management* deals with both ends and means:

> As an end it describes a vision of what something will look like in a few years' time. As a means, it shows how it is expected that the vision will be realised. Strategic management is therefore visionary management, concerned with creating and conceptualising ideas of where the organisation is going. But it is also empirical management that decides how in practice it is going to get there.

A similar view is suggested by Purcell (1992) who identifies three levels of strategic decision-making and considers how they can interrelate with HRM. These are:

First order: decisions on the long-run goals and the scope of activities.
Second order: decisions on the way the enterprise is structured to achieve its goals.
Third order: functional strategies in the context of levels 1 and 2 (including HRM and HRD strategies).

These are similar to the three levels suggested by Johnson and Scholes (1999) of corporate strategy, business unit strategy and operational strategies. All levels of strategy are influenced by external environmental factors, many of which will have a direct impact upon HRD issues (eg, technological advances, labour market).

Training and development, if it is to be regarded as a strategic activity aligned to corporate strategy, should as a minimum feature in the second order in the above model whereby it supports the overall strategic direction. Harrison calls this 'business-led HRD'. However there is also a case to be made that in an ideal situation it should play a role in the first order – termed 'strategic HRD' (Harrison, 1997). Unfortunately, in many cases training and development is relegated to an operational activity, disconnected from or only loosely connected to any of the strategic activities of the organization, or responding to the immediately pressing or a current fad.

Johnson and Scholes (1999) suggest three main elements to strategic management: strategic analysis, strategic choice and strategy implementation, which are not linear events but interlinked. There is a role for HRD (and HRM) considerations in each of these elements:

- The purpose of *strategic analysis* is to form a view of the key influences on the present and future well-being of the organization; what opportunities are afforded by the environment (ie, the opportunities and threats); what are the competences (strengths and weaknesses) of the organization. Considerations for HRD here might include analysis of current skill levels available within and external to the organization which might impinge upon current and future business goals; it would consider the core competences of the organization in terms of human capabilities in existence or which might be developed, and how these might be deployed.
- *Strategic choice* is about identifying the choices open to the organization in terms of, for example, products or services, generating strategic options and evaluating and selecting options. Here again, HRD considerations are important; for instance, against each option can staff be recruited and trained to meet its requirements? Do such considerations render an option viable or not viable? Would some of the core competences held by employees suggest certain choices would be more likely to succeed than others?
- *Strategy implementation* is concerned with the structure and systems needed for chosen strategic options (termed 'the strategic architecture'). The HRD considerations here might be about whether to retrain the existing workforce (in knowledge, skills and/or attitudes) or whether to recruit new people. It may require the management of strategic change and the design and delivery of major training and development programmes to support change.

Strategic analysis will include consideration of external factors relevant to the organization and its strategic direction (the environment). However, the internal resources of the

organization (including human resources) are also an important strategic consideration. Here the notion of the 'core competences' is relevant. In considering the strategic direction of the organization, an assessment of the core competences that have been developed over the years may be helpful. These may be associated with particular types of expertise which are special to the organization and differentiate it from others. Some of these core competences may be contained within the systems (eg, the McDonald's fast-food service) for which employees can be readily trained. Others (eg, medical research) may be contained within the people themselves. In considering strategic direction, it is relevant for an organization to identify its core competences and determine how these can best be taken advantage of, given various environmental factors. In training and development terms, this can put the classical training cycle and business planning approach to determining training needs on its head, by suggesting that a starting point might just as well be the existing competences of (certain groups of) employees, and planning the direction of the business around these. This trend is articulated in the emerging literature about knowledge workers (Mayo and Pickard, 1998).

If HRD is, by definition, a strategic activity, it should be possible to assess different strategic scenarios and identify appropriate HRD strategies and policies. Schuler and Jackson (1987) present an interesting model which links strategy to employee role behaviour and HRM policies. For instance, they suggest that in an organization where strategy is primarily to achieve *innovation*, the type of employee behaviour that is desirable is one where creativity can flourish, where people are cooperative and can tolerate unpredictability. Clearly there are implications here for other aspects of human resource strategy such as recruitment and selection. The implication for training and development in this context is that people will need to develop skills that can be used elsewhere in the organization and should be offered broad career paths to reinforce the development of a broad range of skills. By comparison, where an organization's strategy is that of *quality enhancement* the HRD strategy should provide for the extensive and continuous training and development of employees. Where *cost reduction* is a key component of strategy there will be minimal levels of employee training and development targeted to ensure that specialist expertise is maintained.

Practitioners may, at this stage, begin to see some of the pitfalls of *the ideal* of strategic HRD when compared with the reality. Within the UK National Health Service, for example, very often the strategic aims as stated within mission statements highlight all three of these elements of innovation, quality enhancement and cost-reduction as priorities. This can lead to a sort of organizational confusion about which HRM and HRD strategies should be pursued. This may be the opportunity for HRD practitioners to play a role in strategy formulation to bring about greater clarity of vision which will help to determine where scarce development resources should be deployed at any point in time to support multiple, and sometimes conflicting, objectives. It is, indeed, why management development is a vital prerequisite of an HRD approach. If managers are the owners and guardians of

strategic HRM and HRD, the implications for them in terms of their own development are not inconsiderable.

Another type of analysis links the critical human resource activities to different stages in the business life cycle (Kochan and Barocci, 1985). The suggestion is that a new business should be concerned with determining future skill requirements and establishing career ladders. As the business grows, a priority should be the development of managers and management teams to facilitate organizational development. As the business matures, it should be concerned with maintaining flexibility and skills of the 'ageing' workforce. A business in decline would be involved in retraining and career counselling services.

Within the climate of change in which many organizations find themselves, precise identification of the stage in the life-cycle in which the organization resides is not always easy. In large diversified organizations, with mergers, acquisitions and divestments, different parts of the business will be at different stages and may therefore be engaged in all of these activities simultaneously in different divisions. In multinationals, different companies will have different priorities. This raises the question of the extent to which, in such organizations, HRD strategies should be common. Armstrong (1992) draws attention to the problem of achieving a balance between the business unit strategies, tailored to their own circumstances, and the role of the centre in providing policies and a structure which integrate the divisions into a corporate whole.

THE PROBLEM WITH STRATEGY

Models of strategic HRD presuppose, to a large extent, a rational and linear model of strategy formulation and implementation whereby there is a sequence of stages involving objective setting, the analysis of environmental trends and resource capabilities, evaluation of options and ending with careful planning of the strategy's implementation (see Figure 2.3). In such cases the model described in Storey (1991) would apply.

Armstrong and Long (l994) identify a number of problems associated with integrating HRM strategies which stem from the imperfections of the reality of strategic management:

- the diversity of strategic approaches particularly in diversified corporations;
- the complexity of the strategy formulation process which inhibits the flow into functional strategy;
- the evolutionary nature of business strategy which does not fit with the concept of planning and therefore makes it difficult to 'pin down' relevant HRM issues; and
- the absence of articulated business strategies which hinders clarification of strategic issues.

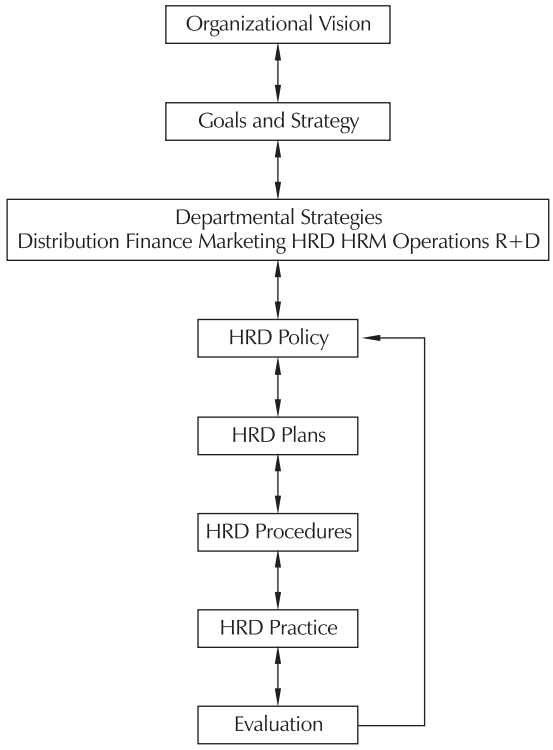

Figure 2.3 Strategy and HRD

Johnson and Scholes (1999) point out that while many organizations do have formal planning systems, this is not universally the case; similarly, strategies are adopted by organizations without coming through these formal systems. They suggest that strategies typically develop by organizations adapting or building on existing strategies, ie they are incremental. They distinguish between such incremental strategy and the need which occasionally arises for transformational strategic change where it is important for there to be a clear and compelling vision or strategic intent. Even where strategies are well planned, they are not always realized; alternatively, strategies may be imposed on an organization through, for example, legislation.

> Strategic decisions are characterised by the political hurly-burly of organisational life with a high incidence of bargaining, a trading off of costs and benefits of one interest group against another, all within a notable lack of clarity in terms of environmental influences and objectives. (Johnson, 1987:21)

Some authors (eg, Stacey 1992) suggest that strategy formulation needs to be radically rethought, given the turbulent and chaotic environment in which many organizations

operate. The suggestion is not that it should be abandoned altogether, but that the myth of the rational planning approach should be replaced with a reality which is about developing organizational structures, processes and styles that enable managers and other employees to draw on their experience, to adopt more questioning approaches, air conflicting ideas and experiment without reproach. This is akin to the *learning organization* concept and will require a significant shift for many organizations still caught up in rituals of strategic and business planning. It requires organizational slack to allow time for managers and other employees to debate and challenge, and a corresponding change in culture and attitude.

This analysis suggests that the *ideal* of HRD may be one where a 'best fit' is sought between the organization's strategic direction and its training and development activities and initiatives. It echoes Hendry's (1995) recommendation that there should be a 'loose coupling' of business and HR strategies. This more pragmatic approach seems sensible given the apparent gap that exists in practice between the ideal and the reality of strategic HRD.

STRATEGY AND HRD – AN HISTORICAL CONTEXT

It is interesting to look at the development of approaches to strategy in a historical context and to align them to thinking about issues of training and development. The model in Table 2.1 attempts to identify key environmental changes, how strategy and orientation have developed correspondingly and how approaches to training and development have rather lagged behind.

This analysis suggests that considerable advancement has occurred in thinking about organizational strategy, with a move away from rational, linear approaches to strategy and planning, and embracing more opportunistic styles. Models of training and development, however, are still often based upon the 'training cycle', and even where 'business objectives' is the starting point, this may be insufficient as the primary tool for developing a strategic approach to HRD in the current environment. This might account for some of the difficulties experienced by organizations attempting to follow an Investors in People type model which demands as the starting point clearly articulated business plans from which HRD priorities will naturally flow.

VALUE CHAIN ANALYSIS

An alternative, perhaps more pragmatic approach, to aligning HRD with business strategy is to move away from the rational, linear approach and consider where training and development can contribute in an organization's value chain. Porter (1985) identifies primary

Table 2.1 A historical perspective on strategy and HRD

Date	Environment	Approaches to Strategy	Focus/ Orientation	Approaches to Training and Development
1960s	static	planned	production/ product	
		incremental		classic training cycle
1970s			market development	
		emergent		
1980s			quality management customer service	
1990s	dynamic	chaos theory/ freewheeling opportunism	globalization	business objectives (IIP) model
2000				

activities (inbound logistics, operations, outbound logistics, marketing and sales and service) which, he suggests, are essential to any organization operating in a competitive situation. He points out that the importance of the various primary activities will vary from organization to organization depending upon its core purpose. It is important for any organization to recognize where it creates value in this chain to ensure that it is putting appropriate effort and resource into each element.

HRD (encompassed within HRM in the model) is one of the key support activities that should facilitate the organization's activities along the value chain. Where resources for training and development are limited it can be argued that they should be placed so that they add most value to primary activities.

An earlier stage in the analysis is to consider, given the overall strategic purpose(s) of an organization, what the *critical success factors* are for the strategy to work. Critical success factors are those factors that are essential to the organization achieving its strategic targets. For example, for a fast-food outlet, the critical success factors are fast production of food, standard quality and quick, courteous customer service. There are many implications given these critical success factors for the systems of production but there are also implications for training. Using the value chain, it can be seen that training effort needs to go into ensuring that managers know procedures for ordering and delivery (inbound logistics). Other staff need to be trained in food handling and preparation and to follow protocols for the quick yet safe production of food (operations). Marketing and sales might be an activity bought with the franchise and not an immediate concern of operations staff other than point-of-sale display and cleanliness. Training and development will need to be designed to be capable of

being delivered on a just-in-time basis, given the fairly high turnover of staff in this sector. Using critical success factors and the value chain in this way can provide a framework which enables a fairly quick appraisal of the extent to which investment in training and development is adding value, and HRD strategies can be developed to ensure that this occurs.

Value chain analysis also emphasizes the importance of paying attention to *linkages* between primary activities and between support and primary activities to ensure that value is added along the way. Linkages are seen as the potential source of competitive advantage, as primary and support activities can be replicated relatively easily and may be similar in different organizations.

A further illustration of the application of value chain analysis to developing a strategic approach to HRD is the approach adopted by the Unipart Group of Companies (UGC) Ltd (see the case study below). Given its mission to become the world's best lean enterprise, the critical success factors for the company, which deals with the design and manufacture of original equipment components for the automotive industry, are:

- cost-effectiveness in production and distribution, given the highly competitive nature of the market with downward pressure on prices;
- quality of product;
- quality of customer service.

With reference to these critical success factors, the value chain can be used as a framework for identifying where competence needs to be ensured.

VALUE CHAIN FOR THE UNIPART GROUP OF COMPANIES

Inbound logistics	Buying and negotiating supplies of raw materials Building relationships with suppliers Just-in-time supply
Operations	Lean production methods Team working Problem solving Change management Just-in-time production
Outbound logistics	Lean warehousing and distribution Responsiveness to customer needs and wants

	Change management
Marketing and sales	Developing partnerships with customers
	Quality communications
After-sales service	Responsiveness
	Feeding knowledge back into the organization
	Consultancy skills

The linkages are important for a *learning organization* whereby knowledge gained in any primary area is fed through to other parts of the value chain to ensure that the whole system is responsive. It is important for example, that lean production methods give rise to productivity that is in step with customer demand, otherwise warehousing problems will occur. Using this framework, an effective HRD approach might be represented in a linear fashion as shown in Figure 2.4.

In considering the value chain, it is important to note that organizations that interface with one another (whether they be customers, suppliers or other stakeholders) will have their own value chains which may overlap; see Figure 2.5.

The view of the organization as a separate entity which exists by cutting costs at the expense of employees, customers and suppliers is likely to be severely limiting in terms of achieving competitive advantage. If an organization is managing its inbound logistics, that would suggest working in partnership with suppliers to ensure satisfactory long-term arrangements. If the same organization is to satisfy its customers it must link its sales and service activities sensitively to the customer's inbound logistics. This notion of partnership implies that HRD is not restricted to the employees of the organization itself but may be extended to employees of other organizations in the value chain and beyond. Other stake-

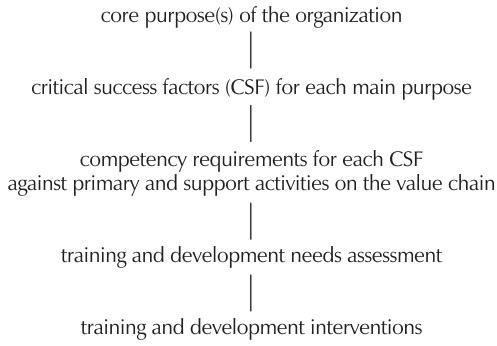

Figure 2.4 A strategic HRD approach

Figure 2.5 Value chain boundaries

holders (eg, the local community) may also be brought into the partnership; for example, a skills shortage in a particular area might be alleviated by a pre-employment training scheme.

Using the value chain in this way can assist decision-making about appropriate training and development interventions and where resources are best deployed.

THE UNIPART GROUP OF COMPANIES (UGC) LTD

UGC offers a good example of the application of HRD to the value chain. The Group is primarily engaged in the design and manufacture of original equipment components for the automotive industry, and the marketing, sale and distribution of parts, components and accessories principally within the automotive sector. It employs approximately 4000 staff with a turnover of over £1 billion.

When Unipart became independent in 1987 its production facilities were declining assets. Product quality was poor; productivity was dangerously low and customers were unhappy. The daunting challenge was to catch up with the best manufacturers around the world. In ten years – against all the odds – the manufacturing base has been transformed and Unipart production plants are regularly pinpointed as examples of industrial excellence. Unipart achieved this through abandoning discredited traditional ideas and adapting the working practices of world-class companies such as Honda and Toyota. They visited factories in Japan, the USA and Europe and continually applied new lessons in a process of steady improvement, setting themselves the target of becoming the world's best lean enterprise.

In 1993 UGC opened the Unipart U, their own corporate university with a mission 'to develop, train and inspire people to achieve world-class performance within UGC and amongst our stakeholders'. The company has adopted the Japanese principles and practices of *kaizen* (literally meaning 'change for the better') to deliver continuous improvement. One of its clearly stated critical success factors is to gain competitive advantage through lean thinking, whether in production, distribution or administration. UGC works in partnership with its customers and suppliers to ensure that 'linkages' in the

value chain are as lean as possible. Training and development is extended to include customers and suppliers, and representatives of the 'extended enterprise' are invited to contribute to the training of UGC employees.

All training and development activities are linked precisely to enabling staff to embrace *kaizen* and to eliminate waste along the value chain. As such, this is not just in the technical aspects of working in a lean enterprise; UGC recognizes that learning to live and work in a constantly changing environment and to manage such change at a personal level is as important as learning technical knowledge and skills. Programmes enabling staff to understand the 'transition curve' and 'double-loop learning' are given equal standing with skills-based training. For those leading change within the organisation *(kaizen sensei)* an innovative degree programme has been developed in conjunction with De Montfort University in the UK to provide formal accreditation of work-based learning.

UGC openly acknowledges that its world-class achievements come from the efficiencies generated from the accumulated knowledge and creative energies of its people. It has capitalised on many of the core competences it has developed over the last ten years. For example, in logistic and distribution management the company has established operational methods that have universal merit. Its Demand Chain Management division has developed a unique approach that covers the whole spectrum of parts delivery. It identifies sources of products, processes orders, handles pricing and marketing and manages the transportation of consignments to customers in five continents.

CONCLUSION

Part of the cause of the loose connection of HRD to organizational strategy can probably be attributed to the nature of strategy itself and its emergent and sometimes chaotic nature. Exhortations to base HRD strategy upon an organization's business strategy and clearly articulated business goals may be of little help to the HRD practitioner struggling to get to grips with how best to focus limited resources. Understanding an organization's critical success factors for each of its main operations is a key to engaging in some useful dialogue with strategy makers (in terms they *should* understand) about how the human resource is and could be utilized and developed. The value chain offers further clarification on how competence may need to be developed in primary areas of activity and in support activities. Weak links in the chain can be identified and some informed selection made about developing competence in these areas to add value. Strengths can also be identified and consideration given as to whether core competences embodied within people could be harnessed to offer new market opportunities for the organization.

Bibliography

Andrews, K A (1994) *The Concept of Corporate Strategy,* Irwin, McGraw-Hill
Ansoff, H I (1987) *Corporate Strategy*, Maidenhead, McGraw-Hill
Armstrong, M (1992) *Human Resource Management – Strategy and Action*, London, Kogan Page
Armstrong, M and Long, P (1994) *The Reality of Strategic HRM*, London, IPD
Beaumont, P B (1992) 'The US human resource literature: a review', in Salaman, G (ed.) *Human Resource Strategies*, London, Sage
Chandler, A D (1962) *Strategy and Structure*, Cambridge, MA, MIT Press
Faulkner, D and Johnson, G (1992) *The Challenge of Strategic Management*, London, Kogan Page
Harrison, R (1997) *Employee Development*, London, IPD
Hendry, C (1995) *Human Resource Management: a strategic approach to employment*, Oxford, Butterworth-Heinemann
Holden, L and Livian, Y (1992) 'Does strategic training policy exist? Some evidence from ten European countries', *Personnel Review*, **21,** 1, pp 12–23
Johnson, G (1987) *Strategic Change and the Management Process*, Oxford, Blackwell
Johnson, G and Scholes, K (1999) *Exploring Corporate Strategy,* 5th edn, Hemel Hempstead, Prentice Hall
Kochan, T A and Barocci, T A (1985) *Human Resource Management and Industrial Relations*, Boston, MA, Little Brown
Mabey, C and Salaman, G (1995) *Strategic Human Resource Management*, Oxford, Blackwell
Mayo, A and Pickard, J (1998) 'Memory bankers', *People Management*, 22 January, pp 34–8
Porter, M E (1985) *Competitive Advantage*, New York, Free Press
Purcell, J (1992) 'The impact of corporate strategy', in Armstrong, M (ed.) *Strategy and Action*, London, Kogan Page
Salaman, G (ed.) (1992) *Human Resource Strategies*, London, Sage
Schuler, R S and Jackson, S E (1987) 'Organisational strategy and organisational level as determinants of human resource management practices', *Human Resource Planning*, **10,** 3
Stacey, R (1992) *Managing Chaos*, London, Kogan Page
Stewart, J and McGoldrick, J (1996*) Human Resource Development – Perspectives, Strategies and Practice*, London, Pitman Publishing
Storey, J (ed.) (1991) *New Perspectives on Human Resource Management*, London, Routledge
Storey, J (ed.) (1995) *HRM: A Critical Text*, London, Routledge
Winter, R (1995) 'An integrated approach to training and development', in Truelove, S (ed.) *The Handbook of Training and Development*, Oxford, Blackwell

3

Human Resource Management

John Shipton

INTRODUCTION AND LEARNING OBJECTIVES

In many ways, Human Resource Management (HRM) can be seen as a phenomenon of recent times. Coming to the fore during the 1980s, it has dominated the recent literature on the management of people to the extent that it seems to be accepted without question as an ideal for managements in all contexts. HRM developed around the notion that, in circumstances where the liberalization of world markets makes it less easy for organizations to gain even relatively short-term advantage over competitors in areas such as finance, technology, research, etc, the only source of competitive edge is to recruit, retain and develop talented people. The management of people, therefore, becomes of strategic concern for all organizations and the focus moves from an emphasis on control to developing commitment to release that talent for the organization's benefit.

Having read this chapter you will have an understanding of:

- the origins of HRM;
- the debate about the meaning and significance of HRM;
- the different approaches to the practice of HRM; and
- the key components of HRM.

ORIGINS AND DEVELOPMENT OF HRM

Arguably, HRM is not as recent a development as might be supposed. Seeing people as resources for the organization is a central concept for those like Likert (1961) who have campaigned for a more involving approach to management, arguing for a shift in thinking from 'human relations' to 'human resources'. Maslow (1965:262) suggested, 20 years before the popularization of HRM, that treating people as valued resources via what he called 'eupsychian management' provided competitive advantage:

> eupsychian or enlightened management is already beginning to become a competitive factor. That is, old-style management is. . . putting the enterprise in a less and less advantageous position in competition with other enterprises. . . that are under enlightened management and are therefore turning out better products, better service, etc, etc.

Storey (1995), however, reminds us that the first British text on HRM did not appear until 1989. There had, nevertheless, been a debate in the journals before that about the nature of HRM that resembled in some respects the disputation of mediaeval clerics over how many angels could be positioned on the head of a pin (see, for example, Armstrong, 1987). As Storey points out, this debate was carried on without any real data at all. There was a need for empirical work to establish the credentials of HRM and this was provided, among others, by an extensive piece of research from Storey (1992) into long-standing 'standard moderns' which, by definition, were not subject to the special circumstances of ownership and greenfield status of the relatively small number of organizations that seemed to be quoted endlessly in the early literature to support the contention that HRM was all around us.

What emerges is evidence that change has, indeed, taken place. In another survey of 560 organizations covered by Leicestershire Training and Enterprise Council, Storey (1995) noted that no less than three-quarters of the organizations studied had adopted a set of management practices associated with HRM within the previous five years. It is customary to explain the change as a shift from old-style personnel management to new-style HRM, although there is some doubt about the clarity, smoothness and universality of the change which tends to be glossed over by the more normative literature. Various prescriptions of what HRM is (or should be) exist. They differ in detail but tend to have a number of aspects in common:

- Employees provide the organization's principal possibilities for competitive advantage.
- The way in which employees are managed becomes a strategic concern for senior management and involves line managers taking responsibility both for the operation and development of HR policy.
- Competitive advantage will not be realized unless the employees' commitment to organizational goals can be established.

- That commitment is only possible if there exist policies and practices that are designed specifically to promote that end.
- In particular, selection, performance management, training and development, and rewards represent the main areas for attention in creating high commitment strategies.
- An emphasis on communication and the development of a strong culture are necessary to provide the environment in which high commitment initiatives can flourish.

The emergence of HRM is unlikely to be just the result of managers seeing the light. A range of organizational changes has contributed to providing circumstances making the development of HRM both pertinent and possible. The emphasis on customers and the provision of quality service every time mean that organizations must have employees on whose commitment they can rely. Flexible organizations cannot operate without the willing participation of those providing, particularly, functional flexibility. Wide spans of control associated with slimmer and flatter structures require that older ways of (closely) managing can no longer operate. An increasing knowledge content in work together with the need for teamworking and a more educated workforce have produced demands from employees for different styles of supervision. Structural changes in industry and consequently in the make-up of the workforce, together with lasting high levels of unemployment, have brought about a less confrontational industrial relations atmosphere. The development of HRM has been against this background of considerable change.

PEOPLE MANAGEMENT AND BUSINESS PERFORMANCE

The resources within an organization are limited and therefore it is important that their use is prioritized in order to produce the maximum effect on performance. However, the difficulty for managers is knowing which of the many factors have the most effect.

To answer this question research was conducted on economic performance data gathered over a longitudinal period from 1991 to 2001 for the Sheffield Effectiveness Programme, by the Centre for Economic Performance at the London School of Economics and the Institute of Work Psychology at the University of Sheffield. Every two years senior managers in more than 100 UK manufacturing companies were interviewed about areas such as: competitive strategies, human resource management, just-in-time practices, production technology, quality emphasis, market environment, organizational structure, research and development, and work design.

In addition, employee attitude and organizational culture questionnaires were distributed to a large sample of staff in more than half of the companies. These questionnaires focused

on: company functioning, concern for employee welfare, employee job satisfaction, innovation, performance pressure and formalization, and training.

The findings are significant and are quoted at length:

> When we examine change in profitability after controlling for prior profitability, the results reveal that human resource management (HRM) practices taken together explain 19 per cent of the variation between companies in change in profitability. Job design (flexibility and responsibility of shopfloor jobs) and acquisition and development of skills (selection, induction, training and appraisal) explain a significant amount of the variation. This demonstrates the importance of HRM practices.
>
> In relation to productivity, HRM practices taken together account for 18 per cent of the variation between companies in change in productivity. Job design and acquisition and development of skills explain a significant proportion of the variation.
>
> This is the most convincing demonstration of which we are aware in the research literature of the link between the management of people and the performance of companies. (Patterson *et al,* 1997:x)
>
> If our findings are dramatic, our recommendations are straightforward. They are that:
>
> 1. Senior managers should regularly review objectives, strategies and processes associated with people management practices in their organisations and make changes or introduce innovations accordingly.
> 2. Senior managers should monitor the satisfaction and commitment of employees on a regular basis using standardized surveys.
> 3. Senior managers need to monitor employee perceptions of the culture in their organizations, examining areas which contribute towards a people-oriented culture (eg the extent to which employees are enabled, supported and equipped to do their work).
> 4. Organizational changes are made, as necessary, to promote job satisfaction and employee commitment.
> 5. HRM practices are reviewed across the organization in the following areas:
>
>   - recruitment and selection
>   - appraisal
>   - training
>   - reward systems
>   - design of jobs (richness, responsibility and control)
>   - communication
>
> 6. Senior managers need to receive adequate training and support to provide effective vision and direction for the organization's 'people management' strategies.
> 7. The central element of each organization's philosophy and mission should be a commitment to the skill development, well-being and effectiveness of all employees.
>
> (Patterson *et al,* 1997:22)

HRM: THE SEARCH FOR MEANING

While there seems to be agreement that the dominant approach to the management of people at work has changed, identifying the nature of that change is complicated by the problems associated with seeing personnel management and HRM as single entities. We speak of the two as though they are uniform in all their manifestations – 'personnel management does this, HRM believes that'. (This is an issue closely akin to the tendency we have to reify organizations by treating them as though they are things, or, more likely, persons, and that they can behave like people. 'Bloggs plc values quality, provides a caring atmosphere for its employees, strives for market dominance, etc.' In fact, Bloggs plc cannot **do** anything: only people within Bloggs can, and their behaviour will vary for a range of reasons, from mood to calculated political advantage.) Similarly, personnel management and HRM will vary in practice, maybe considerably, and there will be those who see themselves as personnel managers who practise aspects of what is considered HRM, and HR managers whose behaviour looks indistinguishable from so-called, old-style personnel management. Perhaps the safest way to look at this is to think of a continuum from personnel management at one end to HRM at the other (envisaged as 'ideal types') with most organizational practice strewn out between, rather than an either/or division.

However, so long as we remember that reality is messier than the models in the literature, it is useful to explore the field in simpler terms to enable us to gain some feel for the nature of the personnel management/HRM shift in practice. The characteristics of the two 'ideal types' appear to be those shown in Table 3.1.

WHERE IS HRM 'COMING FROM'?

Throughout his analyses, Storey (1992, 1995) emphasizes that the differences between personnel management and HRM are partly to do with assumptions that underlie their practice. A key area of assumption, as indicated above, is the nature of *perceived* organizational reality – the degree to which organizations are seen as unities (eg, viewed as teams/families) or pluralities (eg, coalitions of conflicting interests). This is not a question of whether organizations *are* one or the other, but rather what the stakeholders in employment (and particularly managers) *believe* them to be.

Those who adhere to the unitary frame argue that organizations are, naturally, like teams or families where what is good for the leaders of those organizations is also good for their members. The emphasis is on shared goals, all pulling in one direction. This, it is argued, is not just a desired way of arranging the work relationship – it is also the natural way of things. Problems arising between manager and managed in the unitary organization are explained as being caused by either ineffective communication or the work of agitators

Table 3.1 'Ideal types' of personnel management and HRM

Personnel Management	HRM
Emphasis on system and order. Clarity of rules and procedures.	Emphasis on business needs. 'Just do it' approaches to work. Beg forgiveness rather than seek permission.
Consistency: 'Don't make fish of one and fowl of the other'.	Flexibility: 'Do what is necessary to get the task done even if a few feathers are ruffled and noses put out of joint on the way'.
Control/monitor.	Develop/grow.
Some conflict at work seen as inevitable; need is to develop arrangements to manage it.	Conflict not seen as inevitable; play down or even ignore differences.
Pluralist framework.	Unitary framework.
Collective bargaining: equity across and between groups.	Individual contracts: equity preferable but not first concern.
Communicate as necessary via 'proper' channels.	Communicate often and directly.
Not of concern to business planners.	Integrated with business plans.
Performed by personnel specialists.	Enacted by, and policies developed by, line managers.

(often seen as the malevolent influence of trade unions). Winning hearts and minds becomes a major goal of selection, development and reward policies. 'Is she or he one of us?' emerges as the critical organizational question.

Pluralists, on the other hand, see organizations as a coming together of people with different backgrounds, experiences and expectations who, legitimately, will not view organizational purpose in the same way. The interests of the managed will not, naturally, be the same as those of managers. Indeed, the interests of different managers will not even converge, and we should not expect them to. As Marchington (1995:60) suggests, 'While first-line managers and supervisors regard themselves as in some sense superior to the people they manage, they still remain estranged from the predominant goals and values of senior management.' The primary managerial activity, therefore, should be to recognize this reality and create mechanisms that will allow differences to be negotiated to achieve enough of a consensus for the organization to function.

(A third view, the radical framework, sees organizations as subsystems of society as a whole; in particular, as a reflection of the power relationships that determine that owners will always have the capacity, under capitalism, to exploit workers. Unitarism is, therefore, a way of whitewashing a system of domination, and pluralism presents an enticing but ultimately false picture of an even playing-field on which differences are settled on equal terms. Radicalists would argue that seeing the personnel management/HRM debate in terms of pluralism vs unitarism misses the central point of organizations as systems of power.)

HARD AND SOFT HRM

Legge (in Storey, 1995) distinguishes between *hard* and *soft* versions of HRM. The hard version places emphasis on the link between HRM and business strategy to the extent that HRM is sometimes called 'strategic HRM'. If, from the characteristics listed above, HRM is of direct concern to senior management, then it follows that it needs to have a strategic effect. As Torrington and Hall (1995) point out, it is not enough to identify the need for such a link. The relationship might take any one of four forms:

- The first is where the business strategy is developed and then the HR strategy is designed to be a close fit to it. The business strategy dictates the nature of the HR strategy: arguably, the business strategy causes the HR strategy to be what it is.
- In the second case, the relationship is as above but involves feedback from the HR strategy to the business strategy. HR follows overall, predetermined organizational purposes but provides HR data that might lead to modification of the business strategy. The HR strategy is still subservient to business strategy but the possibility of debate/influence exists.
- A third approach envisages business strategy and HR strategy being developed together, each influencing the other on broadly equal terms. This reflects an organizational realization of the centrality of people to organizational success.
- If, as CEOs are oft given to claim, 'People are the organization's most important assets', the fourth approach provides the ultimate model. Here the HR strategy is developed first and the business strategy is designed to fit, with opportunity for feedback along the lines of the second approach above. In this version, HR policies drive the business strategy. Typically, strategists are asking: 'What are the HR strengths which set us apart from our competitors and how can we design our business strategy to capitalize on those strengths?'

Torrington and Hall, perhaps pessimistically, outline a fifth version where no link between HR and business strategy exists. Work by Marginson *et al* (1993:71) indicates that such pessimism may be well placed. They suggest that: 'if one of the defining characteristics of human resource management is the explicit link with business strategies, then this survey has failed to find it for the majority of large companies in the UK'.

This might, however, have more to do with assumptions about the rationality of the strategy-formulation process than about the link itself. Rather than see strategy as a rational, top-down planning activity, it may be more realistic to view it as a more gradual, messy, emergent process. (Butler *et al,* 1991, for instance, see strategy emerging from a combination of intended and unintended actions.) The grand plan approach to strategy is rejected in favour of strategy being discovered as it emerges from the interaction of a whole

range of stakeholders in an often very political arena. In this context, it may be unrealistic to search for the links in the form suggested by a rational view of strategy formulation.

Hard HRM, associated as it is with business planning, has given new life to human resource planning. Making sure that the staffing of the organization mirrors organizational need and that the right number of people with the right capabilities are in the right place at the right time sits comfortably with 'hard' conceptions of HRM. 'Right', of course, means that it is not just enough to make sure that sufficient employees are in position but also that not too many are there. This has led to the development of flexible staffing policies and, while there is some doubt as to whether flexibility has been thought through in the majority of organizations in anything like a strategic way, Guest (1989) has argued that flexibility is one of the main distinguishing features of HRM. It has become customary, following Atkinson's (1984) pioneering work, to distinguish between two types of flexibility:

- **Functional flexibility** encompasses the capacity of employees to become multi-skilled and move between functions as business demands dictate. While potentially a characteristic of all employees, this form of flexibility is linked by Atkinson with the organization's core workforce: those who possess organization-specific skills which, by definition, are difficult to buy in from outside.
- **Numerical flexibility** is about managing the headcount to make sure that numbers rise and fall with the exigencies of the business. This is more easily done where the staff concerned have generic skills which can be dispensed with in the knowledge that they can, if necessary, be found in the wider labour market and brought back into the organization with little delay. This is the peripheral workforce, made up largely, but not exclusively, of routine production and administrative staff. The use of contractors, temporaries and the self-employed provides further numerical flexibility (and, maybe, functional flexibility) without the perceived problems of a contract of employment.

Arguably, both functional and numerical flexibilities are ways of achieving financial flexibility. What is being sought is a method of managing more effectively and more efficiently. Further strategies available, particularly with the peripheral workforce, include temporal flexibility where contractual hours of work are varied (including annual hours arrangements and nil hours contracts) to suit business requirements. Building flexibility into HR policies generally, but particularly in the area of remuneration with, for instance, rewards linked to performance or profit, is also a way of increasing the degree of variability in costs associated with employment.

Hard HRM smacks of tight control and, particularly, of an integration of HR policies with business strategy, as discussed above. The emphasis is on a systematic, rational approach. As far as is possible, the human resource is to be managed in the same way as other organi-

zational resources and it is, perhaps, best understood using a production/manufacturing metaphor.

Soft HRM is also framed by business objectives but the emphasis is on those aspects that make employees a unique resource, one that is capable of providing competitive advantage. Stress is, therefore, placed on development, on maximizing human potential: resourceful humans rather than human resources. The metaphor here is agricultural: growing rather than making. However, this valued resource is of little use unless prepared to apply its talent on behalf of the organization. Consequently, soft HRM specifies treating employees as valued contributors to the organization, paying attention to motivation, developing trust, providing development opportunities, keeping them informed so that the commitment necessary for the release of organizationally useful behaviours is developed.

Recent work on the psychological contract is relevant here. Guest (1996) suggests that a positive psychological contract relates to employee perceptions of fairness, trust and delivery of 'the deal'. It is potentially affected by organizational culture, employee expectations/experience and the degree to which employees have any alternative but to grin and bear it. However, Guest found that, although culture and expectations had some effect, it was the presence or absence of high commitment HR practices that had by far the greatest influence on the nature of the psychological contract. In particular, the organization's attempts to:

- keep employees informed about business issues and performance;
- fill vacancies from within;
- make jobs as interesting and variable as possible;
- deliberately avoid compulsory redundancies and lay-offs;

had the strongest links with a positive psychological contract. Making the effort, then, is not just about being nice to people. There is, potentially, a sound commercial pay-off. Hiltrop (1996) supports this view when she argues that employees actively wish to:

- know more about what is happening in their organizations;
- understand why their managers make the decisions they do (see also TUC initiatives on the 'good boss');
- contribute ideas and participate in decision-making;
- have autonomy and 'meaningful work experiences'; and
- generally feel valued and personally recognized.

HR policies, therefore, need to be aimed at meeting these needs and it is the soft version of HRM that is likely to supply the necessary framework.

While it is important to recognize the different strands in HRM that are the hard and soft approaches, it does not mean that they are incompatible. Organizations can, and do,

demonstrate both. The discussion of flexibility above, for example, provides a setting in which this might be illustrated. Core employees are likely to be the knowledge workers of the organization and the potential source of competitive advantage. Soft HRM, with its stress on surfacing competence and developing the necessary organizational commitment, would seem most appropriate as an emphasis in this case. Peripheral workers, on the other hand, are not usually the carriers of organization-specific expertise and the need here is to tightly manage the headcount to keep control of costs via hard HRM techniques. Managing this duality is not, of course, without its problems. It may seem very much like elitism and lead to suspicion that messages of unitarism such as '(all) our employees are our greatest assets' ring hollow. Marchington (1995:62–3) points out that:

> The short-termism which is inherent across much of management in Britain is nowhere more apparent than in the way employees are treated, and it is hardly surprising that new initiatives are greeted with scepticism by employees who have 'seen it all before'.

Pascale (1995) sees the process of demands for employee loyalty, without much evidence of reciprocation by employers to date, as 'the sound of one hand clapping'.

'MANAGING PEOPLE' TRAINING FOR OIL INDUSTRY ENGINEERS IN EAST ASIA/AUSTRALIA

A large Anglo-Dutch oil company underwent significant expansion in its Australasia region and recruited a large number of young engineers. Many of these engineers tended to be very logical and 'left-brain'-aligned; they were task-oriented, and they focused on the bottom-line production outputs. The expansion created promotion opportunities within the organization hierarchy. However, the supervisory roles required a different set of competences, ie the focus was to manage people rather than the 'nuts and bolts' of machines and operating procedures.

Arising from the promotions, a number of managerial and interpersonal problems were noted. These occurred as a result of the engineers directly applying their personal work habits and technical knowledge to the managing of people. These young engineers, apart from their technical training, had never been exposed to management development training, eg 'people' skills. The higher in the organization hierarchy, the less the demand for 'technical' expertise and the focus shifts towards 'human' and 'conceptual thinking'.

To address the situation a 'Managing People' training programme was developed and delivered to more than 1500 middle managers from various subsidiary companies in Malaysia, Singapore, Thailand, Hong Kong, Taiwan, Korea, Japan, Australia and New

Zealand. This programme emphasized that in order to accomplish a project efficiently and effectively, it is important to strike a balance between focusing on the 'people' and 'process' aspects of working together as a team.

'Thomas' attended the programme and came back with a change in his leadership style in handling his subordinates. In addition, a Team Building workshop was organized which Thomas and his entire team attended. In the workshop, team objectives were thoroughly discussed, debated and consensually agreed, with the participants working towards a single common goal. Ample opportunities were given to individual members to contribute their ideas in coming up with a new set of ground rules for the work norms. Thomas was much more sensitive in attending to his team members' feelings and suggestions. He did not assert his way any more but rather collaborated with the team's efforts to inculcate the members' ownership and commitment.

Learning gains from the Managing People programme included:

- the role of a manager in striking a balance in the three areas of task, people and process;
- a shift from micro-managing 'technicalities' to 'human' and 'conceptual thinking' skills;
- the art of team leadership and the importance of team building, ie the ability to engage the members' participation, involvement and ownership in the planning and decision-making process; thereby inculcating commitment and accountability (like a flock of geese flying in a V-formation in the same direction).

With acknowledgement to Peter Voon, Training Manager, East Asia/Australia Regional Training, Anglo-Dutch Oil.

IMPLICATIONS FOR ACTION

What does all this mean in practice? The whole gamut of activities associated with the management of people at work, of course, potentially falls within the scope of HRM. However, a few aspects seem to be critical. They are:

- The process of bringing people into the organization – making very sure that new entrants have the potential and willingness to contribute to organizational success.
- The management of performance – making very sure that what employees do is geared to the achievement of relevant goals and that the resources are available to make this happen.
- The reward of performance – on the basis of 'what gets rewarded, gets done', making very sure that rewards are managed rather than merely administered.

- The development of talent – creating the environment in which learning is seen as a way of organizational life.
- The management of culture – developing and communicating a particular vision of what working for this organization means.

All of the above have been the subject of research and comment recently and the following sections will consider each in turn.

Selection

An apparent contradiction of recent years has been the increase in attention paid to selection against the background of relatively large-scale unemployment. Even apparently routine shopfloor jobs have been the subject of lengthy selection procedures. Perhaps the most significant pressure producing an interest in selection has been the slimming down of most organizations, which means that it is much less possible to throw people at a problem. It is much more important now to get selection right each time, and if Cook (1990) is right in saying that good employees are twice as valuable in terms of contribution as poor employees, then putting time and resources into selection becomes crucial.

There has been a growing realization that reliance on the interview, as typically performed, is no longer satisfactory. Various meta-analyses of research data have given the traditional interview a poor press. League tables of the effectiveness of selection techniques place the interview towards the bottom – in one case (Smith, 1986) showing little more utility than astrology and chance prediction. The interview remains a popular device and it is difficult to see how some form of face-to-face selection could ever be left out of most selection decisions, particularly at the later stages. However, all is not lost for the interview. Considerable improvement can be made in its effectiveness if three features are emphasized:

1. Typical interviews are relatively unstructured. Using a *structured* approach, in which each candidate faces the same key questions, improves the performance of the interview. To be effective, any selection device needs to be both reliable and valid. Reliability relates to the degree to which the device produces the same results when applied (even by different users) to the same candidates, over and over again. Validity is concerned with the degree to which the selection device does the job (basically, predicts job performance) it purports to do. Because the typical interview is unstructured, it fails the reliability test in that each application tends to be different and, therefore, produces different results from the same candidates when repeatedly applied. If a device is unreliable, it cannot be valid. Structuring the interview goes some way to overcoming this

failing and has the added advantage of being demonstrably fairer and, therefore, less likely to be challenged on the grounds of unfair discrimination.

2. Interviews need to include questions that are *situationally based* which reflect job circumstances known to differentiate between good performers and poor performers. If organizations cannot reliably distinguish between good and poor performers (and this is not as straightforward as some managers believe) then it may be difficult to identify the situations which could form the basis of situational questions. Careful job analysis, which may be outside the resources of some organizations, is also a prerequisite of the approach.
3. Interviewers need to be *trained.* Most interviewers have received little or no training but believe that they are effective selectors. As the introduction to one of the earlier training videos on selection suggested: 'Most people in this country believe that they are good drivers, good lovers and good interviewers.' One of the principal findings of a study on selection interviewing was that performance improved with training (Mayfield and Carlson, 1966).

Three selection tools that have seen significant growth in recent years are assessment centres, ability tests and personality questionnaires. The use of all three by the larger UK organizations doubled from 1985 to 1995, although for assessment centres (because of cost) and ability tests (because of fears of adverse impact) there is evidence of a plateauing in take-up. The use of personality questionnaires, however, has shown a steady increase over the decade, with over 70 per cent of large organizations now using them for a variety of assessment purposes. All three are an indication of the increased seriousness with which selection is being taken in that they are likely to be more costly to stage than the interview.

Performance management

A persistent theme of HRM is integration, both internally, in that different HR policies and practices need to send a similar overall message, and in the sense of links with business strategy as discussed above. Perhaps above all other aspects of HR, performance management emphasizes the need for what individual employees do to be directly relevant to specific objectives of the business. This critical aspect of HRM is considered in detail in Chapter 8.

Reward management

The title of this section signifies the change that has affected the administration of reward systems during the last decade. The HRM message is that rewards need to be seen as an

important part of the way in which competitive advantage is developed and sustained; in that sense, they are managed rather than administered. Lawler (1990) sees this as so critical that he has identified a need for what he calls 'new pay'. Other commentators have followed Lawler and the new orthodoxy seems to be characterized by the trends shown in Table 3.2.

Armstrong (1996:17) believes that, 'New pay [is] more a philosophy than a set of practices [and] too much significance should not be attached to the concept. . . except as a way of thinking about reward.'

Perhaps the issue of 'new pay' is best illustrated by the phenomenon of performance-related pay (PRP). Certainly in its individualized form, there is mounting evidence that PRP does not work. Kohn (1993) goes so far as to argue that all forms of incentive are detrimental in that they undermine interest in work itself, encourage employees to play it safe, punish those who do not receive, and disrupt (particularly team) relationships. This may be an extreme view, but it is difficult to find hard data in support of PRP. About the best that can be said is that PRP schemes have no affect on performance one way or the other. What gets rewarded may, in fact, not get done – or, at least, may not get done because of the reward on offer. Why then are they so popular? Probably it is because of the cultural message that they send about what is important to the organization, a reinforcement of how the organization's priorities have changed. Hence its importance lies in its value as a way of thinking, as Armstrong suggests, rather than as a technique.

Table 3.2 Trends in reward management

From	To
An emphasis on system and order – tightly administered to control drift.	Business needs driven – a tool of organizational change which delivers a cultural message.
Collectivism: seeing the natural pay constituency in terms of groups of employees.	Individualism: to the extent of developing individually 'negotiated' contracts of employment at all levels.
Pay structures determined by job evaluation – narrow bands.	Paying what is necessary; what the external market requires with less concern for structures as such – broad bands.
Rewards for being there – rate for the job.	Rewards geared to contribution and/or capability with value added as the key criterion – variable pay.
A fair day's pay for a fair day's work.	Economic democracy – a share in the prosperity (or otherwise) of the organization.
Control	Opportunity

Training and development

This book is centrally concerned with training and development and, consequently, many of the features associated with this aspect of HRM are reviewed in other chapters. The persistent message contained in the HRM literature is the need to develop an organizational environment in which learning and the desire to learn are second nature to all employees. If competitive advantage lies in the talents of employees, then it is necessary to create the circumstances in which those talents can blossom. The learning organization model is seen as the blueprint and is discussed in Chapter 5.

Culture

Arguably, concern about selection, performance management, reward, and training and development have characterized the literature on management for decades. HRM places a specific gloss on these subjects, but they have been of long-standing interest. The need to develop a strong culture, however, is a relatively recent thought. Underpinning this prescription is a belief that organizations *have* cultures (in the sense that people might have measles) and that it is possible to change cultures, that strong cultures are unifying and motivating, that they can affect business performance and that it is a key responsibility of senior managers to bring about cultural change.

The evidence seems to be that culture change programmes are much more difficult and take longer to complete than the corporate-culture school would lead us to expect. This may be because of a fundamental misdiagnosis of the nature of culture. Could it be, for instance, that culture is not so much something that organizations have but rather something that organizations are (Smircich and Calas, 1987)? This view of culture sees it as much more deep-seated and, therefore, less easily changed than is suggested. Mabey and Salaman (1995) also criticize the corporate-culture school (what they describe as 'this prevalent view') because it implies that an organization has a single culture, ignoring the reality of conflicts of interest and power and the effects of inherent organizational inequalities. It seems, therefore, that cultural change will remain difficult and the examples of organizations that appear to have developed the required strong culture will be overrepresented by those that are small or have experienced a recent, significant increase in employees and/or are located on green-field sites.

CONCLUSION

Where does this necessarily brief review of HRM leave us? HRM is not universally accepted as a phenomenon with a lasting message for organizational excellence. At its worst, HRM is

seen as a confidence trick – perpetrated to whitewash systems of employee exploitation and, particularly, to isolate trade unions – hopefully meeting the requirement for a better story to convince an increasingly knowledgeable workforce, but a story that will eventually be seen through. Another view is that HRM is an 'honest' attempt to bring together the needs of both business and employees but is founded on false assumptions of the nature of organizational reality – ie that organizations are naturally harmonic so long as nefarious elements can be removed and we communicate better. The more optimistic scenario is that HRM represents the only way we have of releasing the latent talents of our workforces and, in the face of increasing global competition, this is the only way of surviving, both organizationally and nationally. As well as this clear business imperative, HRM offers the best opportunity for some time, maybe ever, to manage organizations in a participative way with empowered employees making major contributions in jobs redesigned both to stretch employee capability and interest and to meet Maslow's earlier vision of better products and better service.

Perhaps the way forward is a partnership which, at first sight, looks unlikely in terms of the HRM model. Analysis of the third Workplace Industrial Relations survey indicates that HRM practices are more likely to be found in unionized firms than in non-unionized (Millward, 1993). Far from providing the opportunity for HRM to grow and develop, the absence of trade unions seems to mean that there is a strong possibility that nothing will develop: Guest's (1995) 'black hole – no HRM and no industrial relations.' In 1997, trade unions in the UK launched a campaign to promote a model of the 'good boss' – an example of a shift in traditional union activity to a broader agenda in the 1990s concerned with promoting so-called 'good' managerial practice. Trade union encouragement of the introduction and entrenchment of HRM is likely to mean that criticisms of it being forced down people's throats are less likely and its survival more probable.

Bibliography

Armstrong, M (1987) 'HRM: a case of the emperor's new clothes?', *Personnel Management,* **19,** 8, pp 30–35

Armstrong, M (1996) *Employee Reward*, London, IPD

Atkinson, J (1984) 'Manpower strategies for flexible organisations', *Personnel Management*, August, pp 28–31

Butler, J, Ferris, G and Napier, N (1991) *Strategy and Human Resource Management*, Cincinnati, Southwestern Publishing Company

Cook, M (1990) *Personnel Selection and Productivity*, Chichester, Wiley

Guest, D (1989) 'Personnel and HRM: can you tell the difference?', *Personnel Management*, January, pp 48–51

Guest, D (1995) 'Human Resource Management, trade unions and industrial relations' in Storey, J (ed.) *Human Resource Management: A Critical Text*, London, Routledge, pp 110–41

Guest, D (1996) 'The Psychological Contract', paper presented to IPD National Conference, Harrogate

Hiltrop, J (1996) 'Managing the changing psychological contract', *Employee Relations*, **18,** 1, pp 36–49

Kohn, A (1993) 'Why incentive plans cannot work', *Harvard Business Review*, September/October, pp 54–63

Lawler, E E (1990) *Strategic Pay*, San Francisco, CA, Jossey-Bass

Legge, K (1995) 'HRM: rhetoric, reality and hidden agendas', in Storey, J (ed.), *Human Resource Management: A critical text*, London, Routledge, pp 33–59

Likert, R (1961) *New Patterns of Management*, New York, McGraw-Hill

Mabey, C and Salaman, G (1995) *Strategic Human Resource Management*, Oxford, Blackwell

Marchington, M (1995) 'Fairy tales and magic wands: new employment practices in perspective', *Employee Relations*, **17,** 1, pp 51–66

Marginson, P *et al* (1993) *The Control of Industrial Relations in Large Companies*, Research Paper No. 45, Industrial Relations Research Unit, University of Warwick

Maslow, A H (1965) *Eupsychian Management*, Homewood, Ill, Irwin/Dorsey

Mayfield, E C and Carlson, R E (1966) 'Selection interview decisions: first results from a long-term research project', *Personnel Psychology*, **19,** pp 41–53

Millward, N (1993) 'Industrial Relations in Transition: The Findings of the Third Workplace Industrial Relations Survey', paper presented to BUIRA, York, July

Pascale, R (1995) 'In search of the new 'employment contract', *Human Resources*, November/December, pp 21–6

Patterson, M G, West, M A, Lawthom, R and Nickell, S (1997) 'Impact of People Management Practices on Business Performance', *Issues in People Management*, No. 22, London, IPD

Smircich, L and Calas, M (1987) Organizational Culture: a critical assessment, in Jablin, F M *et al* (eds), *Handbook of Organizational Communication*, Newbury Park, CA, Sage, pp 228–63

Smith, M (1986) 'Selection: where are the best prophets?', *Personnel Management*, December, p 63

Storey, J (1992) *Developments in the Management of Human Resources*, Oxford, Blackwell

Storey, J (1995) *Human Resource Management: A Critical Text*, London, Routledge

Torrington, D and Hall, L (1995) *Personnel Management: HRM in action*, Hemel Hempstead, Prentice Hall

4

Organizational Change

Bland Tomkinson

INTRODUCTION AND LEARNING OBJECTIVES

If you read the works of whichever management guru takes your fancy, you are likely to find a recipe for prosperity beyond your wildest dreams. 'If you reorganize your enterprise in the way that I tell you,' goes the hype, 'then success is just around the corner.' Seldom does the guru tell you that getting to this management nirvana is a fraught and tricky operation that can lead to bankruptcy, industrial unrest, or, more likely, an 'early bath' for the one who was foolish enough to embark upon such a scheme! Likewise, scan through the contents of most standard texts on Human Resource Management (HRM) and try to find a chapter on 'change'. Try in vain: in many cases you will not even find it in the index! Even texts on Human Resource Development (HRD) may give the subject a miss, yet development is surely the process of moving from one position to another; a process that we would normally count as 'change'.

'Organizational change' has many guises and for some commentators this is limited to the internal restructuring of an organization. In this chapter, however, I shall be using the term to look at any form of change that affects the organization or sections of it, taking it in contradistinction to changes that are individual and personal.

For the HRD professional organizational change provides challenges and chances beyond those faced by the average member of staff. The effects on the developers are

picked up before the conclusion of this chapter but, before that, it is important to set down something about the nature of change and also about the theories of how to handle it.

Having read this chapter you will:

- understand the paradoxical nature of change;
- be able to describe several methods of implementing change;
- be aware of what can go wrong in the change process; and
- understand the roles of the change agent.

THE PARADOX OF CHANGE

Change is full of paradox, including the notion, voiced above, that HRD is itself a change process. But before looking at some of these paradoxes, we need to look at the paradoxical nature of change itself. As an illustration, let us look at a car travelling at a constant speed of 70 mph (or 110 kph, if you prefer) down the outside lane of a motorway. On a straight and level road this is relatively easy to accomplish with a fair degree of accuracy. On the face of it, this could be considered as unchanging. Yet in positional terms the location of the car is constantly changing. Let's take one more step, this time on the brake. Harder to measure perhaps, but let us assume that we brake from 70 mph to a halt at a steady rate. In this case the acceleration (or deceleration if you view it that way) is unchanging but both speed and location are changing.

This leads to the first two paradoxes: change is omnipresent and stopping change is in itself a change!

Taking the first of these, imagine lying on your back on a sunny beach with no one around and your eyes closed. You open your eyes; nothing has changed. But the tide has encroached that little bit further, you have grown a little bit older, the clouds in that otherwise clear blue sky have scudded away. The important thing is the significance of the changes – these small changes have hardly impacted on you so you discount them; but, change is always with us.

Moving on to the second paradox, consider a small stationery shop that principally sells greetings cards, gift-wrapping and similar accoutrements. The business is very seasonal – Christmas cards and tree decorations in September, Easter cards and fluffy chicks in January, birthday cards, anniversary cards, Mother's and Father's Day cards at other times of the year. As proprietor you have to keep up with these seasonal changes, changing your displays and updating your stock. Suppose now that you decide to change the store to one that sells Christmas items the whole year round; you have eliminated the constant

seasonal change of stock but introduced a major disjunction in the business. Which is then more significant: the routine seasonal changes or the change of operation to eliminate them?

The Change Integration Team from Price Waterhouse (now PricewaterhouseCoopers) (Dauphinais *et al,* 1996) has identified other paradoxes relating to the process of change. These are grouped under five *paradox principles:*

1. Positive change requires significant stability. This is predicated on the assumption that individuals can cope with *change* – what they find difficult is *uncertainty.*
2. To build an enterprise, focus on the individual. This paradox focuses on the need to carry all members of staff along with a change decision.
3. Focus directly on culture, indirectly. This emphasizes the role of institutional culture in attitudes to change and the need to tackle culture change circumspectly.
4. True empowerment requires forceful leadership. This paradox emphasizes that empowering workers requires courage at the highest levels.
5. In order to build, you must tear down. Its final paradox principle looks at the disadvantages of disjointed incrementalism as a means of change.

Many of the ideas underlying these principles will be picked up later in this chapter.

THE NATURE OF CHANGE

In looking at the paradox of change we have already begun to look at the nature of organizational change. The first element of change is the locus of the imperative; in some cases this is internal to the organization but often change is a response to changes in the external environment within which the organization operates. A gloss on the internal location is whether the change is top-down or bottom-up (or, as is often the case, from the middle out!).

Second is the degree of compulsion for the change; government regulations may impose change on an organization whether it wishes it or not, but many other changes are taken in response to, for example, perceived market pressures. These latter may be more, or less, voluntary and the outworking of the change within the organization may itself be by mutual consent or by management decree.

The third element is a dichotomy that Burnes (1992) describes as either *radical* or *incremental.* Radical change relates to substantial reworking of an organization's culture and processes over a short period of time; throwing out the old ways and bringing in new. Incremental change is much more subtle and small scale; it can still mean overturning the old ways of doing things but perhaps in only a piecemeal or localized fashion and with a gradual introduction over a lengthy period of time.

Fourth comes the domain or domains of change; a new procedure may be perceived as purely a technical matter or a restructuring as a purely organizational one but in practice these domains will inevitably impact upon one another. In the early 1960s Woodward (1965) pointed to the interrelationship between technology and organization, which echoed similar research at the Tavistock Institute (Trist *et al,* 1963). Homans (1951) took a slightly broader view, embracing the interaction of the cultural, physical and technological environments of the organization. An example of a physical change would be a move to a new building; there may be no intention to change the hierarchy of the organization or its social structures, there may be no attempt to introduce new technology, but the physical change would have considerable impact.

Peters and Waterman (1982) suggest a seven-S framework: Strategy; Structure; Systems; Staff; Style; Shared values; and Skills. All of these domains interact and a change in any one of them is a potential for change in all the others. Handy (1993) suggests that changes are easier in the first three of these domains (the hard Ss) but that the changes may be illusory if no cognisance is taken of the effects in the other four domains (the soft Ss).

METHODS TO MAKE THE TRANSITION

A number of different ways have been put forward to tackle the process of change within an organization and the approach taken may vary very much with the nature of the change and the reasons for it.

Lewin

One of the methods advocated is the use of 'Field Theory' (sometimes called 'Field Force Theory'). This emanates from the ideas of Kurt Lewin who brings an analogy of vector mechanics to the psychosocial arena. In the simple form usually adopted by change practitioners this can involve looking at the factors for and against a particular change, listing them and setting out some sort of weighting. Such an approach can have value in, for example, deciding which of two competing technologies to use eg, staying with WordPerfect, for use as a word-processing package, or moving to AmiPro.

Lewin postulated a three-step model of change:

1. unfreezing;
2. moving;
3. re-freezing.

This is dependent on the concepts that the old behaviour has to be discarded (unfrozen) before moving to the new, and that the new behaviour has to be accepted as the norm otherwise there will be a regression to old patterns. Compare this with the fifth of the Price Waterhouse paradoxes. Note, however, that in organizational terms regression would often be difficult to accomplish.

Unfreezing requires analysis and confrontation of the reasons for change and a developmental process to disseminate the need for change. Moving requires the identification of alternative courses of action, evaluation of these and choice of an appropriate route. Refreezing seeks to rebuild an equilibrium state and may be supported by institutional rewards and benefits or by an educational process, or both.

However, change is usually much more complex than this – as is vector mechanics.

Lupton

A less simplistic view put forward by Tom Lupton (1971) comes as a series of injunctions to managers:

- Set up systematically and in detail the organization alternatives open.
- Map out the present organization as a social system, not forgetting its external links.
- List the groups affected by each organization alternative.
- Examine the issues likely to be raised in each group from the adoption of each alternative.
- Assess likely reactions on each issue and score for acceptability.
- Test economic feasibility against social acceptability and adopt the course that offers the most adaptive and least costly balance.
- Examine the problems this course raises and ask whether existing means of redress of grievance are adequate to cope. If not, take appropriate steps to create such machinery as seems to be required.

This approach broadens the way in which the change is looked at but is still predicated upon the general idea of listing and choosing. Again, this approach has its value in some straightforward cases but a more general model is required if we are to cope with the variety of change that we have so far discussed.

Handy

Charles Handy's (1993) schema for organizational change is:

- Create an awareness of the need for change.
- Select an appropriate initiating person or group.

- Be prepared to allow the recipients to adapt the final strategy.
- Accept the fact that the successful doctor gets no credit but must let the patient boast of his or her sound condition.
- Be prepared to accept a less than optimum strategy in the interests of achieving something rather than nothing.

Handy sees this from the manager's perspective, but sometimes change has to be initiated from the grassroots and the above schema can still hold good in such cases.

Burnes

A more developed version of this schema is the nine-element model developed by Bernard Burnes (1992):

1. *Create a vision.* Why change? The answer must lie in the need to attain some farther goal or realize a distant vision. The first stage, argues Burnes, is to construct this vision. In looking at this process, he suggests four aspects:
   - *mission* – a statement of the organization's strategic purpose;
   - *valued outcomes* – specific performance and human outcomes that the organization would like to achieve;
   - *valued conditions* – what the organization should look like to achieve the valued outcomes;
   - *mid-point goals* – intermediate objectives between the current state and the desired future state, usually capable of being more clearly stated than the long-term ambitions.
2. *Develop strategies.* Having shaped a future vision, the organization needs to look at the ways of realizing that vision and this is done through a series of strategies. The strategies will relate particularly to those mid-point goals and may be shaped by reference to particular domains – for example finance, human resources or information systems – or particular geographical regions. Such strategies are destined to change with time and experience even when the vision remains constant.
3. *Create the conditions for successful change.* In order to create the right conditions for change it is first necessary to create a readiness for change. Burnes suggests three steps to be taken to create this state of readiness:
   - *make people aware of the pressures for change* – the organization not only needs to describe its vision but also to share the vision with its employees. By this means members of the organization come to share common goals and to understand the place of change in safeguarding their future;

- *give regular feedback* – feedback is essential not only on the performance of the individual within the organization but also of the organization itself. This means that employees become aware of deviations from the strategy and hence are prepared for change;
- *publicize successful change* – making people aware of successful programmes of change, either within the organization or outside, helps employees see the benefits of the change process. This can also be an important learning tool.

Burnes further suggests that other steps need to be taken to deal with causes of resistance:

- *understand people's fears and concerns* – employees' fears may well be groundless but to the individuals concerned they are real and important. Change creates uncertainty and failure to get to grips with perceived threats is a major problem in introducing change;
- *encourage communication* – regular open and effective communication is a basic way in which to promote change and to address uncertainty. Transmission of detail helps to overcome the potential for rumour taking hold;
- *involve those affected* – not only does involvement create understanding but it can also alert the change-makers to unforeseen difficulties when those concerned with implementing the change are involved in the detail.

4. *Create the right culture.* Change that is inconsistent with the culture of the organization is doomed to fail, but changing the culture is even more problematic. (Compare this with the third Price Waterhouse paradox.) Desirably, the culture of the organization should foster flexibility and encourage reflection. Encouragement of what Chris Argyris terms 'double-loop learning' – where underlying paradigms are challenged and changed as well as strategies and assumptions – should provide a fertile seed bed for change. He suggests that 'Model II' theory-in-use is the underlying model for fostering this: his 'theory-in-use' is the implicit values exposed by what people actually do as opposed to their 'espoused' theories which describe what they think they do. Senge suggests that the gap between espoused theory and theory-in-use can present a challenge to the shared vision.
5. *Assess the need for, and type of, change.* Appropriateness of response is also seen as key to the change process – appropriateness not only in the particular change to be undertaken but also in whether to undergo a process of change at all. Burnes suggests a four-phase approach to the assessment:

   a. *The trigger* – organizations should only investigate change for one of the following reasons:

- one of the organization's strategies highlights the need for change;
- performance in attainment of the organization's goals appears seriously impaired;
- opportunities are offered which appear to achieve significant improvement.

b. *The remit* – a clear remit must be provided for assessing the process of change. This should include the reasons for carrying out the assessment and should cover all relevant domains.
c. *The assessment team* – the team should be led by a senior manager, preferably one who will go on to champion whatever change is necessary, and should include all relevant disciplines. The first task of the team is to clarify its objectives, reviewing the trigger, the remit and the composition of the team itself.
d. *The assessment* – again, Burnes advocates a four-step approach:

- first, the problem or opportunity should be clarified or redefined;
- second, alternative proposals should be drawn up and tested against criteria founded on the redefined problem specification;
- third, the proposals meeting the criteria, together with the problem or opportunity statement, should be shared with a wider constituency;
- fourth, recommendations for action should be drawn up, including type of change advocated, timetable for implementation and resource implications, and presented to senior management for decision.

6. *Plan and implement change.* Having gone through the assessment process, management needs to commit to the change and to prepare a detailed plan. This should be based on the work of the assessment team but may be implemented by a different, though equally multidisciplinary, team. This team, or sub-groups for a major project, will need to undertake a number of activities:

- *activity planning* – constructing a detailed list of all the tasks to be undertaken, their sequence and the critical path through them;
- *commitment planning* – identifying key people and groups whose commitment to the project is essential to success;
- *management structures* – the team or teams managing the process of change may need new reporting structures with rapid access to top management and to the champions of change;
- *training* – the obvious aspect of training is the acquisition of new technical skills, but a wider view needs to be taken to ensure that training underpins all aspects of change and targets the appropriate individuals and groups, including middle and senior management;
- *review* – Burnes calls this 'post audit'. After the changes have taken place the effects should be audited to see how successful the changes have been in meeting their objectives and to learn how the change process can be improved.

7. *Involve everyone.* Maintaining the commitment, particularly over a long timescale (remember that even the simplest information technology projects can take years to design, build and implement) requires continuing involvement of all parties.

(Compare this to the second Price Waterhouse paradox.) Burnes suggests three facets to this:

a. *Information* – letting everyone involved know what is happening right from the beginning and reporting honestly on progress, or lack of it, is the key.
b. *Communication* – providing information is only the start. Communication has to be two-way with employees' responses gathered and listened to.
c. *Actual involvement* – responsibility for detailed aspects of change need to be given to those directly affected; this requires the correct identification of those responsible.

8. *Sustain the momentum.* Particularly in long-term projects, a failure to maintain the momentum of change can lead to regression on the part of those participating and potentially fatal delay. To bolster the momentum, organizations can:

   - *provide resources for change* – even where a project is looking for down-sizing, the actual pursuit of change is likely to consume resources (note how finance departments expand during periods of retrenchment) and appropriate resources should be allocated from the beginning of the project;
   - *give support to the change agents* – often the change management team is having to boost morale and motivate others. They, in their turn, need support and encouragement lest they become demoralized and pass on their demotivation to others;
   - *develop new competences and skills* – training has already been mentioned but the momentum has to be borne on a tide of new styles and approaches. This can involve leadership and teamworking training as well as individual counselling and encouragement;
   - *reinforce desired behaviour* – behaviours that are consistent with the change can be reinforced not only in financial ways (for example using suggestion schemes or bonuses) but also symbolically (using praise, changing a job title, or awarding prizes).

9. *Commit to continuous improvement.* Real success should see change as an ongoing process, not a once-and-for-all activity. The prospect of continuing improvement should be built into the project from the outset and a culture of quality enhancement engendered.

Burnes' method arises from his study of what went well (and badly; two-thirds of the changes he surveyed were unsuccessful) in major reorganizations in substantial firms. However, much of what he has to offer is applicable on a smaller scale. His is one of the more comprehensive approaches to the management of change.

WHAT CAN GO WRONG?

Attempts at introducing change can often founder. Some commentators (see above) believe that the majority of major changes fail in substantial ways. But, we can learn from others' experience in trying to facilitate change. Success may be incomplete for a variety of reasons:

- *Unintended consequences.* Unintended consequences are of two types. First there is the under- or over-estimation of the effects of change; typical here is the construction of a new motorway producing more traffic than predicted by the highway engineers. The second type is where there are unexpected consequences, usually in a domain that had not been considered. An example of this is where one section of a department is moved out of a building to a more remote site and social and communication problems arise within the department because people are no longer in informal daily contact.
- *Self-fulfilling fear of failure.* This reflects on the fourth Price Waterhouse paradox – that true empowerment needs a forceful leader. Sometimes change requires a bold leap forward and a half-hearted attempt will lead to a fall into the chasm of failure.
- *Lack of preparation.* The process of change needs to be supported by appropriate human resource development efforts at all stages. Often training and development needs are recognized as an afterthought so that new technology, for example, may be introduced without operators being given any grounding. More subtly, the less tangible areas of support may be neglected, for example training in leadership or teamwork.
- *Ill-conceived change process*. Considerable forethought is one of the keys to successful change. Causes of failure can include inadequate attention to any of the stages in the change management process but particularly with regard to inappropriate timescales – going for the quick fix – or to a lack of clear dissemination of ideas and processes.
- *Inadequate consultation.* Nothing can sink a project faster than poorly motivated staff (except, perhaps, a catastrophic computer failure!). An imposed change will only attain grudging acceptance and adherence to the letter rather than the spirit of the transformation. Equally a pragmatic shopfloor change of practice can induce alarm and antagonism in management if they have not been consulted. Perhaps a special case of this is the:
- *'Not invented here' syndrome.* Sometimes the strongest resistance to change is shown as a response to what is seen as importing the ideas of an alien culture. In university circles we often find this voiced as 'It might work in industry but it's different in a university', or 'The American (Australian, Dutch, Scandinavian, whatever) system is not the same as ours, it would never work here', or even 'Well, that's Mechanical Engineering; in Maths we have to do everything on the blackboard!'

TRAINING AND CHANGE IN AN IRISH PHARMACEUTICAL COMPANY

SIFA Ltd, located on the Shannon Industrial Estate, Shannon, Co. Clare, Ireland, is engaged in the manufacture of fine chemicals and pharmaceutical products and is part of the Schwarz Pharma Corporation. The company was established in 1976 as a small bulk chemical manufacturing plant with 10 employees. As demand for products increased employment has expanded to the present level of 150 employees.

In 1996 two key factors initiated the need for change in the organization:

1. the construction of a pharmaceutical manufacturing facility on the SIFA site; and
2. a forecasted need to increase the production of the main product (5-ISM) from the 1995 level of 31 tonnes pa to 55 tonnes pa by 1998.

In 1996 SIFA Ltd embarked on a major organizational change initiative. Key education/training interventions were provided for under SIFA's Adapt Project (1996/97) which facilitated new and innovative approaches to HRD in the company. Adapt is a Human Resources Community Initiative supported by the European Union through the European Social Fund (ESF).

The following factors were identified as major barriers to change:

- low levels of motivation and high levels of frustration;
- dissatisfaction and disconnection voiced by many employees;
- high levels of suspicion and low levels of trust;
- over-departmentalization with less than ideal inter-departmental cooperation and understanding;
- too many levels in the organization hierarchy with the accompanying difficulties in communication.

Changes required included:

- the introduction of new technology and new manufacturing processes;
- more efficient and effective organization structures;
- new work ethics including teamworking, flexibility and increased employee involvement.

A Company Development Plan was formulated with the following objectives:

1. transform SIFA into a continual improvement organization;

2. release individual initiative and leadership for the continuous improvement in all processes and practices in the organization;
3. build an educational system that would provide new knowledge and skills regarding systems and processes as well as technical skills;
4. support leaders to lead effectively through a new culture of teamworking and cooperation.

The three key pillars to support this plan were:

1. Education/training initiatives;
2. Organization restructuring and self-directed teamworking;
3. Continuous improvement project teams.

Key areas of learning

1. The role of education/training in facilitating change in SMEs;
2. Training initiatives to support ongoing organizational development and continuous improvement in an SME.

The Adapt Project's role in the overall organizational development plan

SIFA's Adapt Project supported the training and development needs of operations personnel to adapt to new pharmaceutical technology and the development of a new work organization based on self-directed teamworking. As such the project facilitated initiatives for major organizational change.

Participants

The project participants were plant operatives and a small number of support/managerial staff. The operatives were of mixed profile: some were long-serving, experienced operators with a basic education level while others were younger new recruits with second and third level educational qualifications.

Main project activities

Project activities included many new approaches to training in the organization. Prior to the Adapt Project employees had only experienced classroom type, lecture style training. The Adapt Project introduced training workshops, experiential learning, research of training and learning needs, group facilitation, mentoring, project teams, work process simulations, video and computer-based training and new work organization competency requirements analysis.

Challenges and learning

The challenges met in progressing the project were those associated with resistance to change and low trust levels in the organization. These challenges are common in relation to many change processes. What we learned in carrying out the project was the enormous positive effect that an empowering and participative training approach can have in facilitating major change.

Benefits of the project for the wider HRD arena

This project produced progressive training modules and methods useful for a pharmaceutical manufacturing environment. More significantly, however, it produced an important case study and evaluation of the role of training and development interventions in effecting and facilitating change to a more progressive competitive work organization in a SME. The project also produced a self-management competency profile for industrial workers which potentially breaks new ground in the development of a high-performance empowered workforce.

Implications for public and private training providers

The outcomes and products of this project have the potential to inform and significantly influence training approaches and content of training programmes aimed at preparing trainees to take their place in the modern organization where a culture of continuous improvement, continuous employee development, devolved control of workplace activities and decisions are key strategies for maintaining advanced levels of competitiveness.

With acknowledgements to John Driver, SIFA Ltd, Ireland.

THE ROLE OF HRD IN ORGANIZATIONAL CHANGE

By now you should have realized the importance of involving everyone in the change process, but there are those who believe that the human resource developer is the only one fitted to lead organizational change. McCalman and Paton (1992) suggest, however, that change is a multidisciplinary activity; this reflects upon the point made earlier about the domains in which the change is to take place. It would be absurd for a human resource developer to take sole responsibility for a change to a new accounting system; this clearly needs the involvement of those with knowledge of accounting and of information systems. On the other hand, training and development activities can themselves take a long time to design and implement and it is important for the developer to be getting to grips with the training issues in time to design the programmes for implementation. But neither should the design process be seen as beyond the remit of the developer; support for the process itself may be key to success or failure and often the human resource developer will possess appropriate skills to facilitate the process.

Human resource professionals may be employed either as external consultants or 'change agents' or as specialists within their own organization. The role of the developer can embrace both the process of change as well as the associated tasks.

Process roles

Acting as a consultant or change agent is often perceived as a high prestige role but the success of a projected change depends critically upon a number of underpinning aspects, many of which can be ignored by external 'experts'. There is a forceful argument for the developer taking an active role in the change assessment team, and team building and facilitation skills may be needed at the earliest stages. 'Awaydays' or 'Blue Sky weekends' can be the source of ideas for change and the professional developer should be well equipped to facilitate these. Training may need to be given in problem-solving and analysis to help both assessment and implementation teams in the technical aspects of their tasks. Also, interpersonal skills and sensitivity training may need to be developed to handle the 'people' side of the process. Understanding change and educating staff in its processes can also serve to maintain morale. In many cases the developer will be the repository for the learning about how change processes have worked in the organization in the past and will be ideally placed to feed this into new ideas for change.

Task roles

Detailed task roles will vary according to the nature of the change – training in handling new equipment or new software are commonplace consequences as is dealing with new methods of operation – but changes in structure and organization may demand other skills.

The trainer will need to familiarize himself or herself thoroughly with the equipment or procedures well before implementation. Individual career, or even outplacement, counselling may be important in some circumstances, particularly where individuals find it difficult to retrain to new ways of working, and changes such as moving from line to group-based working will demand training in the new perspectives. In many cases cascade models of training will be used and the developer will need to ensure that supervisors and shopfloor mentors are appropriately prepared for the task. Above all, if a quality enhancement culture is to be engendered, then considerable effort will need to be devoted not only to communicating the essentials of quality methods but also to group ownership of quality.

CONCLUSION

- Change is a complex and often paradoxical process.
- Even simple technical changes can have social and organizational implications – whatever the expected domain of the change, all domains must be looked at.
- Organizational change needs to be tackled in a systematic way.
- Change is often doomed to failure. It is important to know the causes of failure, to build on previous mistakes and to learn to avoid the principal pitfalls.
- Whatever the change, it has human consequences. It is important for the human resource developer to be involved from the beginning.
- The role of the human resource developer in developing the change process is as important as his or her role in training individuals in new skills – if not more so.

Bibliography

Argyris, C (1992) *On Organizational Learning,* Oxford, Blackwell
Burnes, B (1992) *Managing Change,* London, Pitman
Dauphinais, B, Price, C, Pederson, P *et al* (1996) *The Price Waterhouse Change Integration Team. The paradox principles,* Chicago, Irwin
Handy, C (1993) *Understanding Organizations,* Harmondsworth, Penguin
Homans, G (1951) *The Human Group,* London, Routledge and Kegan Paul
Lewin, K (1951) *Field Theory in Social Science,* London, Tavistock
Lupton, T (1971) *Management and the Social Sciences,* Harmondsworth, Penguin
McCalman, J and Paton, R (1992) *Change Management: A guide to effective implementation,* London, Paul Chapman
Peters, T and Waterman, R (1982) *In Search of Excellence,* New York, Harper and Row
Senge, P (1990) *The Fifth Discipline – The art and practice of the learning organization,* London, Century
Trist, E L, Higgin, G W, Murray, H and Pollock, A B (1963) *Organizational Choice,* London, Tavistock
Woodward, J (1965) *Industrial Organization,* Oxford, Oxford University Press

5

The Learning Organization: A Critical Evaluation

Rob Poell

INTRODUCTION AND LEARNING OBJECTIVES

In this chapter the concept of the learning organization is described and critically evaluated. It was one of the most popular concepts in the management literature throughout the 1990s, but also one of the most ill-defined and all-encompassing ones. The intention is to show how core authors have viewed the learning organization and to list the major criticisms it has come to face. It is argued that the traditional emphasis on the development of shared vision encourages a rather one-dimensional view of the learning organization concept. The critical approach, used here, advocates a more multifaceted perspective. Two case studies from the Netherlands are presented to illustrate how the concept of the learning organization can be developed in practice.

Having read this chapter you will:

- understand the nature and characteristics of the learning organization;
- know Senge's five disciplines for learning organizations;
- be able to describe the main elements of a learning organization; and
- know questions to ask which identify elements of a learning organization.

DEFINITION AND CHARACTERISTICS OF THE LEARNING ORGANIZATION

Background of the concept

The concept of the learning organization has been a popular one for quite some time now. According to Garratt (1995), the key ideas about the learning organization were already developed immediately after World War II. It has taken much longer, however, before they were actually applied. The concept came of age under the impact of a rapidly developing world of work and organization. Pedler *et al* (1991) trace back the history of the concept (and a related one – total quality management) as stemming from earlier approaches such as organization development, individual self-development, action learning, and the excellence movement of the 1970s and 1980s; all of which in turn followed post-war concern for systematic training.

The European Commission's (1996*) White Paper on Education and Training* highlights the impact of the information society on work and organization, the impact of internationalization on the need for competitiveness, and the impact of scientific and technological knowledge on industry. Growing competition, technological changes, new work methods, financial constraints, globalization, reorganizations, mergers and the like, gave rise to a need for organizations to learn and adapt more quickly to changing circumstances. In the words of McCarthy (1997), 'these processes necessitated continuous improvement both in people and in organizations'. This is a central, if fairly general, feature of the learning organization.

Definitions of the learning organization

There are many more specific definitions of the concept, most of which include notions about continuous learning, innovation, responsiveness, commitment, collaboration, shared vision, openness in communication, shared values, dialogue, the use of IT, empowerment, and so forth. Some of these definitions are of a descriptive nature, others are more normatively orientated.

Let us start by looking at how three core thinkers about the concept, Pedler, Burgoyne and Boydell (1989:2), define it. They describe the learning organization as 'an organization which facilitates the learning of all its members and continuously transforms itself'. As indicated above, this definition contains an individual and an organizational change element. Individual learning is necessary but not sufficient for organizations to learn. Interestingly, in a more recent publication the same authors define the concept as 'an organization that facilitates the learning of all its members and consciously transforms itself *and its context'*

(Pedler *et al,* 1996:3). Apparently, organizations now need to be able to impact upon their environment as well as adapt to the changes taking place, a concern that had already been raised much earlier by Mintzberg (1979). In fact, Mintzberg showed how (particularly larger) organizations succeed in affecting the circumstances in which they have to operate (for example, their clients, local and government policies, and so forth).

Individual and organizational learning

Whereas Pedler *et al* stress the importance of organizational learning, Mumford (1995) finds the learning organization literature focuses too much on the structural element. In his opinion, individuals (and teams) must learn before there can be anything like organizational learning. Another core thinker about the learning organization, Senge (1990:3), tries to integrate these two approaches. His definition, however, is quite a normative one:

> An organization where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together.

He presents his five disciplines for learning organizations:

1. personal mastery, ensuring individual motivation to learn;
2. mental models, creating an openness to misconceptions;
3. shared vision, building long-term commitment in people;
4. team learning, developing group skills like cooperation, communication and so forth;
5. systems thinking, which constitutes 'the most important discipline' (p. 12), integrating the other four.

All the disciplines are to be practised alongside each other and they have an impact on one another as well. As Hodgkinson (1998) describes, the learning organization is a process rather than a state, something that all members of an organization have to work on all the time, yet can never be fully realized. Pedler and Aspinwall (1996:182), too, stress that the learning company must remain a particular vision, to be realized in the context of a unique organization. Even though this may be the case, they consider it possible to generalize about organizational learning. People in companies learn from the problems, dilemmas and difficulties they encounter, together with their attempts to overcome them. Companies have much to learn from each other, too, but this can only be achieved if the contrasts are raised and the differences between them made explicit. In other words, there is no such thing as *the* learning organization, but a variety of learning organizations that can benefit from each other's experiences.

Knowledge management

Watkins and Marsick (1993) emphasize that systems to capture and share individual learning must be put in place before organizations can learn. Nonaka and Takeuchi (1995) describe such a system of knowledge creation in companies. They distinguish four types of knowledge conversion among people, which can be combined to form processes in time:

1. *Socialization:* tacit knowledge reproduced as tacit knowledge. People learn from each other by sharing experiences, imitation, trial and error, and so forth.
2. *Externalization:* tacit knowledge made explicit. People learn by systematizing and codifying their implicit knowledge, making visible what is hidden inside them.
3. *Combination:* explicit knowledge reproduced as explicit knowledge. People learn by using materials and other resources specifically aimed at teaching people.
4. *Internalization:* explicit knowledge made tacit. People learn by practising skills, automatizing procedures, acquainting themselves with tasks by doing them.

Nonaka and Takeuchi speak about a hypertext organization rather than a learning organization. According to their ideas, this type of company succeeds in combining the efficiency of a bureaucratic organization with the innovativity of an adhocratic organization (Mintzberg, 1979). This is achieved by involving all layers of the organization in the right kinds of knowledge conversion at the right time, through codification and commodification of individual tacit knowledge (Grey, 1998). Every member in the company thus contributes to the creation, management and proliferation of collective knowledge throughout the organization.

Recurring themes

In a literature review, Poell *et al* (1997) concluded that, although there are many definitions of the concept of a learning organization, a number of issues keep recurring. The definitions describe the elements in a learning system that make for an efficient, flexible and viable company:

1. continuous learning on the individual, group and system level;
2. single- and double-loop learning processes. Swieringa and Wierdsma (1992) even conceive of triple-loop learning: not just doing things well, not just doing things better, but also doing better things;
3. creation and distribution of information and knowledge, cf. Nonaka and Takeuchi (1995);
4. inquiry and dialogue in groups (sharing learning experiences);

5. increasing the learning capacity of members (learning to learn) cf. Senge (1990);
6. integration of work and learning (informal learning, learning on the job);
7. shared vision (theory of action) cf. Senge (1990);
8. empowerment of individual learners. According to the *White Paper on Education and Training* (European Commission, 1996:40):

   > Vocational training in enterprises is increasingly taking place on the basis of a training plan which the workers themselves and their representatives have been involved in preparing. In the most progressive and most efficient companies, this training is organized less and less around the acquisition of skills for a specific task or even a clearly-defined job.

9. coaching by the manager;
10. transformation and innovation;
11. learning tied to business objectives but also for personal development.

Poell and Tijmensen (1996) had already concluded that the literature on learning organizations implicitly proposes a redefinition of the organization of work into team-based structures, so as to allow for an integration of learning and work. Every work activity can also become a learning activity. Work is performed in multifunctional teams, thinking and doing are integrated into jobs, and workers are empowered to participate in team decision-making processes (Tjepkema, 1993).

Before going on to highlight some criticisms of the learning organization concept, two actual examples of the way in which a learning company operates may help illustrate the ideas presented here. Two real-life case studies, one from a large Dutch electronics firm and one from a Dutch night school for adults, are described.

IMPROVEMENT TEAMS IN A DUTCH ELECTRONICS COMPANY

A large international Dutch electronics firm wants to become a learning organization by introducing an internal competition among so-called improvement teams. Multifunctional work groups are formed across the company to investigate problems they want to try and solve. Each of these improvement teams receives guidance from their personal process facilitator, whose task it is to help the team devise a structured problem-solving approach. Each group has a team leader who manages activities on a day-to-day basis. There are several different written guidelines for the groups to follow. Each team has the responsibility to divide tasks among the members, to present their plans and progress to their 'clients' in the organization, to get and use feedback from them, and to formally present the outcomes

of their improvement efforts to the management. Let us take a closer look at how two of these groups have operated.

The first group consists of eight operators representing the five shifts in which they work. The management has given the group an assignment to work on the problem of extensive waste of materials, and they meet for two hours every week to discuss and investigate it. Their initial analysis is that opaque work processes are at the core of the waste problem. The group administers a questionnaire to all operators, listing elements of the problem. The results enable them to create an initial action plan. The team visits a plant similar to their own to see how they have dealt with the problem and also invite a number of experts to talk about the problem and possible solutions. The first small changes to be introduced are in the way the shifts work. The group members have day-to-day contact with the operators to monitor progress. Also, a regular newsletter and meeting minutes are distributed among the operators. Because the improvement teams consist of operators, feedback from the shifts is immediate, which brings about further incremental changes. The improvement team organizes several instruction sessions for the operators. Sub-teams take on special tasks to try out possible improvements, which are then discussed with the whole team. After about six months the work flow has significantly improved and waste levels are down by a half.

The second group is made up of nine developers, process engineers, product engineers and process technicians. The assignment given to them by the management is to reduce running time for experimental work processes. The team has representatives from every department concerned with the problem, who meet once every fortnight and use a general model for structured problem-solving. They initially decide to broaden their assignment to fit what they perceive to be the real problem, namely the communication between the development and production departments. They ask a sub-team to create an ideal picture of operations that they can work towards. Actions for improvement are then derived from this ideal image, tried out by sub-teams and evaluated in the plenary team sessions.

There is a constant flow of feedback between the improvement team and their respective departments. Gradually, uniform procedures for running experimental work processes are put into place. Checklists are developed accordingly. The two departments together also create contingency plans to handle experimental situations. In regular work meetings, progress is reported and possible sources of resistance are identified at an early stage. When there is sufficient support from both departments, internal trainers are called upon to organize instruction sessions for the operators. After about eight months, the experimental work processes take about the same running time as the standard work processes, which allows new products to be on the market a fair deal earlier.

The members of both improvement teams report having gained more insight into the production process as a whole and into the problems experienced by other departments,

and being better able to cooperate with colleagues, to delegate tasks to others, and to communicate with them. The atmosphere has improved and people feel their ideas for improvement have been taken seriously. The organization has benefited from solving long-standing problems and from learning to deal with them in a structured approach.

WORK-BASED LEARNING PROJECTS IN A NIGHT SCHOOL

A Dutch night school for adults wants to become a learning organization by gaining experience with work-related learning projects of teacher groups. The school management wants teachers to work in teams rather than as separate individuals, in order to be able to better serve an increasingly diversified student population. Surveys have shown that teachers express a need for additional training, so there is some common ground to start from. Two experimental project groups are created to gain some initial experiences with team-based learning and work.

The first group consists of teachers of Dutch as a second language (for adult immigrant students). The two coordinators of this group invite an external subject-matter expert to run a number of training sessions about Dutch as a second language. This consultant starts the project with a one-day seminar for all teachers, which is well-received. Teachers bring lots of questions to the fore, which are addressed in the remainder of the training sessions. Not all teachers participate in the following sessions, but it is agreed that those who do will inform their colleagues during regular work meetings. Also, the coordinators take minutes of the training sessions, which are given to people who cannot attend. Although individual teachers report having learned a lot of new knowledge and skills within their discipline, they have not benefited much from this group in terms of learning about self-directed project learning. The team has handed over responsibility for the learning process to the external consultant and has not really learnt to organize its own learning group.

This is different in the second group, which is made up of liberal arts teachers who want to investigate possibilities for self-directed work with students. They, too, invoke help from an external consultant, but he is asked to monitor the group learning process rather than transfer any subject-matter knowledge. Two participants present the experiences they already have with self-directed student work, one by offering materials from another school and one by discussing a video-taped classroom exercise. The group collects information about self-directed work and individual participants start experimenting in their own classrooms and in

the open-learning centre. Sometimes colleagues visit each other's classes for benchmarking and peer-review purposes. They discuss their experiences in the group as a whole and list the consequences of such an approach for school policies. A newly introduced didactic method is adapted to fit the insights gained about self-directed student work. The participants are very enthusiastic about the support they receive from their fellow team members and about the improvements they have implemented in their own classroom practice.

The school management evaluates both projects, which are clearly quite different in terms of self-directed learning by the teams of teachers. Interestingly, the comparison between the two projects teaches them a lot about how (not) to proceed towards becoming a learning organization. These experiences are used in setting up two new learning groups of teachers. Gradually, more and more teachers become enthusiastic about participating in the learning groups. On the one hand, they feel they can benefit individually and professionally; on the other, they see that the school management is seriously committed to learning from their experiences.

CRITICISM OF THE CONCEPT OF THE LEARNING ORGANIZATION

Neglect of power issues

Various criticisms of the concept have been raised in the learning organization literature. Grey (1998:7) claims that while the learning organization may replace bureaucratic or single-loop learning, in itself it is just as narrowly defined. It is no more than just another form of (self) control, 'part of the sustained assault on bureaucracy that typifies recent managerial discourse.' What is more, its goals are still primarily tied to business outcomes. The apparently emancipatory ideas about empowerment are more rhetoric than reality. By the same token, Örtenblad (1998) contends that the learning organization is just another way for a company to become independent of any individual member. According to him, practices like work rotation and information sharing as well as ideas about shared vision are primarily aimed at that objective. These issues of power and control are not often addressed in the literature about the learning organization.

A restricted view of learning and work

Poell *et al* (1997) express three concerns about the learning organization concept. First, its notion of learning is fairly limited, in that it seems to equal discussion and reflection aimed

at shared values. Secondly, it is unclear exactly how the work is organized in a learning organization. Implicitly, the work type to which most literature refers seems to be team-based group work. Again, this is a fairly restricted view of work organization. Thirdly, the perspective of a learning organization is appealing, but it remains quite unclear how the concept can be implemented satisfactorily. Poell and Tijmensen (1996) express two more criticisms. For one thing, although workers get more room to organize their own learning, this can also have a negative impact. Not all workers are able or willing to find their own learning route, especially if it means the everyday learning activities they undertake by themselves are ignored or undervalued. The learning organization asks a lot from its workers:

1. the willingness to learn continuously;
2. the need to be innovative and engaged in double-loop learning on a permanent basis;
3. the responsibility for their own development;
4. the ability to learn together with colleagues.

The last point of criticism refers to the highly internal orientation of the concept of the learning organization. It is all about the workers, the managers and the training consultants. The external orientation is restricted to market developments and clients. External influences such as government policies, union pressure or advances in the professional field are hardly taken into consideration, even though they have considerable impact on learning issues.

AN ALTERNATIVE VIEW OF THE LEARNING ORGANIZATION

Poell *et al* (1997) present an alternative concept of the learning organization in response to the criticisms they have raised. It focuses on multifaceted learning and work arrangements (not only group learning in multifunctional teams) and enabling people to handle tensions they encounter in everyday work life (not only developing shared values). Tensions arise because there are always several actors within and outside the organization who want to impact on the way learning and work are organized. In order to create learning and work arrangements in which all of them can participate effectively, it is important to:

1. deal with the autonomy and empowerment of individual employees;
2. provide a clear policy and direction;
3. allow participation and learning in groups, emphasizing shared understanding and reflection;
4. take into account the professional field where new methods and insights are developed.

A learning organization should explicitly address the relationship between learning and work and provide people with possibilities to connect the two in multiple ways. Although the two case studies offer some examples of how this could be achieved, the organizations involved did not really pay much attention to explicitly relating learning to work. There is still significant room for progress in this area.

CONCLUSION

Although there are many definitions of the learning organization concept in the literature, most of them emphasize notions like shared vision, shared values, collective learning, continuous improvement, making tacit knowledge explicit, and entering into dialogue. Issues like conflict, power or interests are less often addressed, even though they should be at the heart of a discussion about learning organizations (Van der Krogt, 1998). The reason why those elements are neglected seems to stem from the managerial perspective that is generally applied. When managers want their company to become a learning organization, it is assumed every member in the organization can be convinced this is needed. But workers can have very different ideas about how to improve their situation, and training consultants may not necessarily agree with the strategy set out by the management. Besides, stressing the idea of a learning organization ignores the wealth of learning that is usually already going on, albeit unrecognized, when people are at work on the job (Poell, 1998).

A model of an organization as an arena in which different actors strive to pursue individual as well as collective interests informs an alternative image of the learning organization. The focus is not on developing shared values, but rather on equipping people to cope with the tensions they experience in everyday organizational life. Tensions and conflicts arise from legitimate differences in interests and power between managers, workers, training consultants and other (also external) actors. People need direction and guidance, but they also need the right amount of autonomy and independence. They need to learn how to cooperate with their colleagues, but they also need to keep up with professional developments. They have their own ideas of what they should learn and how they should learn it, but other people will probably think differently about these issues. These are the tensions people face on a regular basis. A learning organization allows them to resolve these issues satisfactorily.

The following questions can be asked when reasoning from this alternative view of the learning organization. They may help to identify already existing elements of a learning organization on which to base further initiatives:

- What learning is already going on? For instance, how do people solve problems they encounter in their work? Or, which individual or private learning efforts may have an organizational spin-off?

- Who organizes learning? Besides trainers and consultants, what learning initiatives have managers and workers already taken? Are there any outside influences on the corporate learning system (eg, from government bodies, trade unions, professional associations, and so forth)?
- How do people cope with tensions in organizing learning? How are conflicts resolved? Who is a dominant influence on what learning goes on? How do other organizational members exert their influence?

If organizational learning starts from individual learning, and with most authors I believe it does, all individuals in an organization have a right to be taken seriously in what they learn and how they go about learning it. An awareness of the current situation in the corporate learning system is a starting point from which a true learning organization can arise. Like the two case studies, a learning organization cannot be implemented, it can only grow incrementally out of investigation, experiment and evaluation.

Bibliography

European Commission (1996) *White Paper on Education and Training: Teaching and learning: Towards the learning society,* Luxembourg, Office for Official Publications of the European Communities

Garratt, B (1995) 'An old idea that has come of age', *People Management,* **1,** 19, pp 25–9

Grey, C (1998) 'Against learning', paper presented at the Lancaster-Leeds collaborative conference, Emergent Fields in Management: Connecting learning and critique, Leeds, 15–17 July

Hodgkinson, M (1998) 'The "learning organization" concept: Towards developing a model for organizational learning', paper presented at the Lancaster-Leeds collaborative conference, Emergent Fields in Management: Connecting learning and critique, Leeds, 15–17 July

McCarthy, D (1997) 'A critical analysis of the learning organization concept with a view to establishing a framework for assessment and action', MEd dissertation, University of Sheffield

Mintzberg, H (1979) *The Structuring of Organizations,* Englewood Cliffs, NJ, Prentice-Hall

Mumford, A (1995) *Learning at the Top,* London, McGraw-Hill

Nonaka, I and Takeuchi, H (1995) *The Knowledge-creating Company: How Japanese companies create the dynamics of innovation,* Oxford, Oxford University Press

Örtenblad, A (1998) 'The difference between organizational learning and learning organization', paper presented at the Lancaster-Leeds collaborative conference, Emergent Fields in Management: Connecting learning and critique, Leeds, 15–17 July

Pedler, M and Aspinwall, K (1996) *'Perfect plc'? The purpose and practice of organizational learning,* Maidenhead, McGraw-Hill

Pedler, M, Burgoyne, J and Boydell, T (1989) 'Towards the learning company', *Management Education and Development,* **20,** 1, pp 1–8

Pedler, M, Burgoyne, J and Boydell, T (1991) *The Learning Company: A strategy for sustainable development,* Maidenhead, McGraw-Hill

Pedler, M, Burgoyne, J and Boydell, T (1996) *The Learning Company: A strategy for sustainable development,* 2nd edn, Maidenhead, McGraw-Hill

Poell, R F (1998) *Organizing Work-related Learning Projects: A network approach,* Nijmegen, University of Nijmegen

Poell, R F and Tijmensen, E C M (1996) 'Using learning projects to work towards a learning organization: Two cases from professional work', paper presented at the third ESREA Continuing Professional Development research network seminar, Lisbon, 22–4 November

Poell, R F, Tijmensen, E C M and Van der Krogt, F J (1997) 'Can learning projects contribute to develop a learning organization?', *Lifelong Learning in Europe* **2,** 2, pp 67–75

Senge, P M (1990) *The Fifth Discipline: The art and practice of the learning organization,* London, Century Business

Swieringa, J and Wierdsma, A (1992) *Becoming a Learning Organization: Beyond the learning curve,* Wokingham, Addison-Wesley

Tjepkema, S (1993) *Profiel van de lerende organizatie en haar opleidingsfunctie* (Profile of the learning organization and its training function), Enschede, Universiteit Twente

Van der Krogt, F J (1998) 'Learning network theory: The tension between learning systems and work systems in organization', *Human Resource Development Quarterly,* **9,** 2, pp 157–77

Watkins, K E and Marsick, V J (1993) *Sculpting the Learning Organization: Lessons in the art and science of systemic change,* San Francisco, CA, Jossey-Bass

6

National Economic Development and Human Resource Development

John P Wilson

INTRODUCTION AND LEARNING OBJECTIVES

Since the 1980s, there has been a growing interest at national and international levels in the area of Human Resource Development (HRD) and its impact on economic performance. This interest and concern has been predominantly driven by globalization and the increase in international trade; unemployment levels; national budget deficits; international comparisons of levels of education and training; and the development of new technologies.

Whether a country is in the early stages of development, newly industrialized, or fully industrialized, the strategies adopted to bring about further development, in its broadest sense, tend to be of a portfolio nature with a variety of objectives targeted within the political, economic, social and technological areas. These areas are closely interwoven with one another and thus HRD needs to be considered within this broader framework. This chapter will consider the arguments for encouraging education and training at national levels for the purposes of increasing economic output. It will then illustrate some of the various strategies adopted by countries, at various stages of development, to enhance their economic well-being.

Having read this chapter you will:

- understand the economic imperative for compulsory education;
- understand the economic imperative for training and developing the workforce;
- be aware of the need for a flexible labour force; and
- understand the role of education in promoting peaceful co-existence and democracy.

DEVELOPING THE HUMAN RESOURCES OF A NATION

There has long been a recognition that education of the individual has been a source of personal advancement and growth, and this rationale has been expanded to apply to the intellectual resources of a nation. In 1776, Adam Smith wrote *An Inquiry into the Nature and Causes of the Wealth of Nations* in which he observed that while people of high status and income had the opportunity to receive an education, the same opportunities were not available for less well-off people who had to begin work in very early childhood. He also maintained that not only would education provide a civilizing effect for the whole population but it would also enable people who had even a rudimentary education to be more productive:

> But though the common people cannot, in any civilized society, be so well instructed as people of some rank and fortune, the most essential parts of education, however, to read, write, and account, can be acquired at so early a period of life that, the greater part even of those who are to be bred to the lowest occupations, have time to acquire them before they can be employed in those occupations. For a very small expence the public can facilitate, can encourage, and can even impose upon almost the whole body of people, the necessity of acquiring those most essential parts of education. (Adam Smith, in Heilbroner, 1986:304)

The education of a country's population has not always been regarded as beneficial; there were believed to be some negative consequences of educating the population. In Britain, during the early 19th century, concerns were expressed that universal education might cause dangers such as subversion, insubordination, and people leaving menial tasks for other jobs. From a national point of view it was felt that education might threaten freedom of thought, and increase the chance of tyranny and the greater control of the populace. Moreover, some people believed it might decrease personal initiative and lead to inefficiency; discourage voluntary charitable schooling; and encourage fecklessness among parents who would not appreciate the benefits if they did not have to pay for education.

Observation of educational practices in other countries alleviated many of the doubts and led Britain to recognize the benefits of universal education. In an ironical twist even some of those against state education were encouraged to support it because 'educated

workmen, being able to understand the economic doctrines then current, would appreciate the futility of agitating for better pay and conditions' (Murphy, 1972:9).

During the middle part of the 19th century the pressure for all children to be educated increased in many parts of society. At the same time as the demand for child labour was decreasing an increasing number of parents were recognizing the benefits of sending their children to school. At a national level there was also a growing appreciation that education was necessary to ensure that the economy remained competitive:

> With every year that passed during the 1860s it became more obvious that, however the obstacles were to be overcome, Britain could not long remain without a truly national system of elementary education. Competition from abroad in commerce and industry was becoming ever more keen, yet there did not exist in England and Wales a basis for producing a generally literate labour force, or a foundation on which to erect a comprehensive system of secondary, technical and commercial education. (Murphy, 1972:28–9)

With the passing years the pressure for education increased and there was increasing provision of education through church schools, Sunday schools and private provision. In Britain, the term 'public school' did not, and still does not, mean free state education as it does in many other parts of the world. In Britain, a public school is generally open to the public on the condition that they have the financial resources to pay for the education. The general provision of education is commonly termed 'state education'.

The Education Act of 1871 provided for the education of all children and set the scene over the succeeding years for increased provision. In a number of European Union countries there is compulsory education until the age of 16, with Greece, Ireland, Luxembourg, Austria and Portugal ending this compulsion at 15. In general, full-time compulsory education lasts nine or ten years, with Portugal requiring eight years; Luxembourg and Great Britain (England, Scotland and Wales) 11 years; and the Netherlands and Northern Ireland 12 years (European Commission, 1997a).

There has been a form of inflation in educational qualifications in many countries. The economic success of Japan following the end of World War II, with its large numbers of graduates, has been seen as a model for other countries to increase the volume of people in higher education.

Access and participation in education vary across the world. More than 1 billion young people are receiving formal education now compared with around 300 million in 1953 when the first survey was conducted by UNESCO. Girls are less likely to be enrolled in schools and this imbalance has resulted in different literacy rates for the world's women, at 71.2 per cent against 83.6 per cent for men, although the gap is slowly reducing (UNESCO, 1995).

Compulsory and further and higher education can be considered a long-term investment in the intellectual capital of a country. In some countries more is seen as being

better; however, quality assurance and other factors are beginning to challenge open-ended commitments to fully funded publicly provided education. A number of these arguments will be considered later in this chapter.

Demographic factors

In many countries there has been a progressive movement of people from working on the land to living and working in urban areas. This flight from rural areas arose from forces of demand and supply. There was a growing productivity in agriculture reducing demand for labour, but more particularly there were the pulling forces of regular and higher-paid work in the factories, and improved living conditions in the urban areas.

This movement of people into the secondary industries of textiles, engineering, etc also encouraged an increase in the number of people occupied in tertiary industries, who provided the services required to support these developments, for example, legal and accounting services, distribution and retail. Progressively more and more people have become employed in the tertiary sector as the use of technology with its greater efficiency has resulted in fewer people being employed in secondary occupations. In many earlier industrialized countries more people are now employed in tertiary industries than in secondary ones.

Demographic factors also influence the state of the labour market and the nature of the economic success at micro levels of organizations and macro levels of national economic performance. The baby boom in the 1950s following World War II resulted in a large increase in the supply of labour for the job market some two decades later. It was fortunate that this increase coincided with considerable economic activity and growth that was able to soak up the supply of human resources.

The 1950s and 1960s were a period of low unemployment and such were the shortages being experienced in many countries that large numbers of immigrant workers were encouraged to migrate to the booming economies. The USA and Canada encouraged large-scale immigration during these periods, while Oceania, Australia and New Zealand were also encouraging immigration in order to maintain economic growth levels. Britain and France encouraged large numbers of Commonwealth and former territories people to emigrate and work in the lower-paid sectors, such as public transport and hospitals, which were proving to be unattractive to the incumbent population. In Germany a large number of immigrant workers, particularly from Turkey, were invited to come and were called *'gastarbeiters'* or guest workers. In the Far East, Japan too was encouraging guest workers. In other countries such as the former Soviet Union, large-scale movements of people were encouraged together with inducements and awards for high birth rates.

The growth period of the 'baby boom' years has changed to one of 'baby bust' in some countries, which has resulted in a significant decline in the availability of young people to

take up jobs. To some extent this was compensated by the increase in unemployment due to higher productivity and lower levels of economic growth. At a more micro level skills shortages have been addressed by internal training within organizations, and sometimes by local or government initiatives to encourage and develop people within a particular sector.

BAHRAIN MODEL FOR BOOSTING TRAINING AND HUMAN RESOURCES

Bahrain's income, like that of other Arabian Gulf Cooperation Council states, depends on oil sales. Before 1973 the oil price was $5 per barrel and then increased dramatically to reach $34 per barrel by 1978. This rapid increase in oil prices created an economic boom and the government started to establish the modern infrastructure of the nation. The people also started to build houses, buy cars and purchase more household appliances, which led to the establishment of many service and construction companies.

The workforce available in the market at that time was not able to cope with the demand by the new companies, so the government authorized companies to import foreign workers. This imported workforce became an important element for many companies because it was cheap, controllable and easy to repatriate.

The downside of a cheap imported workforce was that Bahraini national job seekers faced difficulties. Moreover, employers claimed that Bahrainis lacked the skills and expertise to fulfil their work requirements. In spite of these obstacles many Bahraini workers/job seekers proved, after proper training, that they were able to perform to the job requirements of the labour market.

The main concern, however, was that the foreign workers suited the employers' intentions more than the locals for the reasons explained above. Therefore, when it was discovered in 1975 that most companies were neither willing to train workers nor to employ local job seekers, the Ministry of Labour and Social Affairs took responsibility for the provision of training services for both company workers and job seekers for those companies that could not provide such services. The High Council for Vocational Training was formed in 1975 to execute this policy and was funded from a levy paid by companies at the rate of 4 per cent of the total wages for the non-Bahraini workers and 2 per cent of the wages of Bahrainis. Companies providing training services were exempted from this levy. Although this levy system encouraged many companies to train their workers through utilizing the levy money, many companies continued importing workers and regarded the money paid as a form of taxation to be forgotten.

Much money was also spent on training for the purpose of localization (replacing expatriate workers with indigenous workers). In 1994 over US$57 million was spent on training

but the localization progress was negligible compared with what had been spent. For that reason, in 1995, the Ministry started to take extra measures to monitor the localization process. In addition to intensifying training efforts and adopting modern training systems as a means to better localization, it started to apply a new procedure by asking companies to increase their Bahraini workforce by 5 per cent yearly to reach 50 per cent Bahrainization. Failure to achieve this level meant that work permits for foreign workers would not be issued. Although these procedures were not easy to implement they nevertheless achieved the desired results.

The Ministry of Labour currently motivates companies to undertake localization efforts by providing special treatment or ranking priorities for companies that achieve a higher percentage of localization. For example, the Ministry pays the salaries of the newly recruited employees or part of the salaries for a certain period of time for specific occupations under certain conditions.

Among the efforts to intensify training activities is the development of the Bahrain Training Institute (BTI) that operates under the Ministry of Labour and Social Affairs. The BTI is equipped for vocational and technical training and is recognized within and outside Bahrain. It conducts programmes up to Higher National Diploma (HND) level and follows numerous training approaches including the National Vocational Qualifications (NVQ) framework.

Bahrain is also adopting a strategy to be a regional centre for training and human resources by encouraging international training providers to establish training institutes. Continuous and intensive efforts by the Bahrain Government in developing training activities and human resources have significantly increased the level of services provided for most aspects of life. Arising from these efforts the 1998 United Nations Development Programme (UNDP) identified Bahrain as first in the Arab region for developing human resources.

With acknowledgement to Majid Al Binali, The Ministry of Labour and Social Affairs, Bahrain.

National economic competition

> We are going to win and the industrialized West is going to lose out. There is nothing you can do about it because the reasons for your failure are within yourselves. With your bosses doing the thinking while the workers wield the screwdrivers, you are convinced deep down that this is the right way to do business. For you the essence of management is getting the ideas out of the heads of the bosses and into the hands of labour. … For us the core of management is the art of mobilising and putting together the intellectual resources of all employees in the service of the firm. (Konoke Matsushita in conversation with an American businessman, in Abbott, 1994:10)

With the increase in international trade there has been a corresponding growth in competition between nations, as the quotation above indicates. This Darwinian struggle for economic supremacy has become ever more intense and has led to ever greater searches for competitive advantage.

The current concerns in many countries about their standards of training and education are not new. In Britain it would appear that at regular periods there have been major crises about the standards of education and training. Even in the 19th century there was concern, with Lyon Playfair giving a lecture in 1852 on 'Industrial instruction on the Continent' and warning that technical education was necessary in order to maintain superiority over foreign competitors. The Devonshire Commission (1872–5) investigated university provision of scientific and technical education and argued that there were insufficient scientists and engineers, and that this would have a serious impact on the well-being of the country.

People have always tended to look beyond their own particular back yard to find comparisons, and this was demonstrated by the economist Alfred Marshal in 1890 (in Prais, 1995:104) when he stated that:

> On the whole we may say that at present England is very much behind hand as regards the provision for the commercial as well as the technical education of the proprietors and principal managers of industrial works.

He also stated that Germany had developed people 'who are better fitted to do the work required of the middle ranks of industry than any the world has ever seen'.

In many countries it was observed that their share of world production and world trade was progressively decreasing and that competition was increasing. The impact of education on economic competitiveness has already been discussed, and similarly the impact of work-related training was also increasingly being recognized. In the USA the Council on Competitiveness (1987) identified that industry training programmes were inadequate and this translated into low productivity. Short-term policies were seen to have resulted in low investment in developing human resources and had led to longer-term economic problems.

During the 1980s the pre-eminence of the USA's economic production was overhauled by Japan, which became the world's leading industrial nation. As a result of this, the competitiveness of the US economy was investigated by the Massachusetts Institute of Technology (MIT, 1989), which identified five key factors necessary for the nation to regain competitiveness. Significantly, the first step identified as a key regenerator of economic success was to invest in human capital.

At a broader international level the Organization for Economic Cooperation and Development conducted research into economic development and argued that technological advancements would not result in satisfactory economic output without investment

elsewhere in the economy (OECD, 1989b). In particular, there needed to be both prior and concurrent institutional and social changes especially in the areas of education and training. The OECD (1990) identified a number of factors that demonstrate the developments that are occurring:

- With new technology there is the potential for new forms of organizational structure and methods of operation.
- There is an increased integration of various technologies which have resulted in the decline and obsolescence of traditional organizations and work structures.
- There is an increasing interest and growth in the recognition that human resources provide a competitive dimension.
- Increased quality, just-in-time practices, and the decreasing lifecycles of services and products have focused attention on the need for integrated planning policies that link technology, work practices and skills more closely together. The traditional Tayloristic approach to work organization has proved to be too inflexible to accommodate rapidly changing markets, and organizational issues of increased local responsibility, flatter organizations, teamwork and decentralization.
- The number of low-skilled and unskilled jobs has decreased dramatically while the areas of job growth require more high-level and broader skills as a result of multi-skilling.

The dilemma facing countries is the degree of financial investment to make in the education and training of their populations. The economic educational and training spiral (see Figure 6.1) illustrates how a virtuous circle of investment in education and training can result in increased production and wealth for a country, thus leading to increased resources for further investment. Conversely, a reduction in education and training investment can feed through into reduced output that reduces wealth and leads to a lower capacity to spend on education and training, further exacerbating the crisis.

Many countries are now attempting to position themselves as knowledge-intensive societies. This is illustrated by the situation facing the UK:

> If the national economy is to break out of the prevailing low skills – low quality equilibrium and become the knowledge-based, high technology, highly skilled, high value-added economy purveyed in the political rhetoric it is essential that those factors which are continuing to sustain the low skills equilibrium are addressed. (Esland, 1991:xi)

National strategies

The desire to encourage policies which promote economic growth is central to the work of the Organization for Economic Cooperation and Development and for this reason a

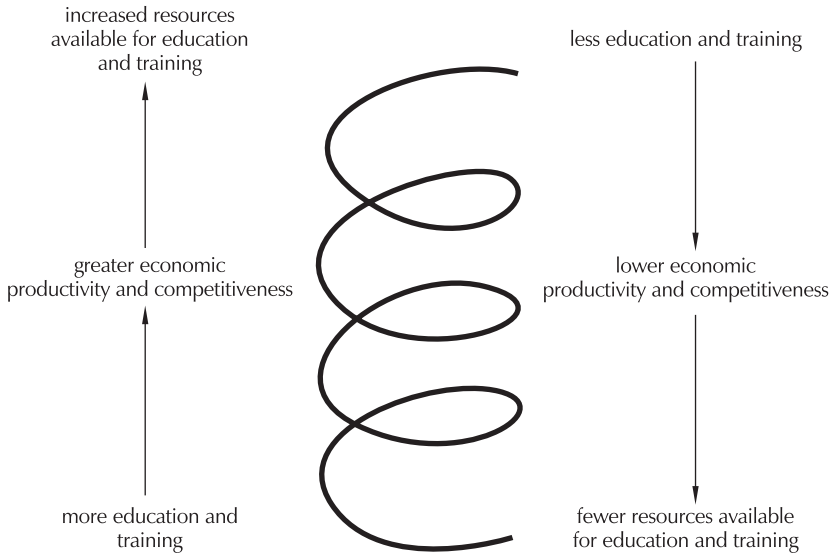

Figure 6.1 The education, training and development economic spiral

Convention was signed in 1960 by Austria, Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the UK and the USA. A number of other countries have since joined the OECD. Its main purpose is enshrined within Article 1, which states:

- to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus contribute to the development of the world economy;
- to contribute to sound economic expansion in Member as well as non-Member countries in the process of economic development; and
- to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations. (CERI, 1996: introduction)

There has been a growing recognition that allowing the market forces of companies, public organizations and individuals to determine their own level of skills is an inefficient mechanism for encouraging the development of the overall national economy. For this reason, an increased level of involvement by governmental agencies has been directed at the coordination of strategies and the improvement of standards.

An interventionist or laissez-faire approach to education and training is to some extent a reflection of the prevailing philosophy of the country. In the USA market forces are seen to be the main influence in making it such a strong economic power. To challenge this philosophy has been seen almost as heresy; however, there has been an increasing recog-

nition that the economic advantages it has enjoyed in the past are slowly being eroded. This threat from other nations was deeply felt during the 1980s when Japanese economic output exceeded that of the USA.

Being overtaken in the world economic hierarchy caused much public debate and soul-searching in the USA. This reflection and searching for suitable answers can also be seen in many other countries as their economic performance declines in comparison to other countries. In the USA proponents of market forces maintained there should be little or no intervention while others argued for systematic involvement in training and development.

A middle ground was identified which is illustrated by Porter (1980) who had originally conducted research into the competitive advantages experienced by companies. He transferred this approach to the economic performance of countries in his book, *The Competitive Advantage of Nations.* Porter (1990:620) maintained that, 'Government's most powerful roles are indirect rather than direct ones.' He added that, 'Government's policies that succeed are those that create an environment in which firms can gain competitive advantage.'

The integration of various labour market factors and the awareness of international differences can be seen in the remarks made by Robert Reich, US Labor Secretary, at the 1994 Group of Seven Economic Conference in Detroit. He stated there was a need:

> to combine the kind of investments in education and training and apprenticeship that we find in Europe with the dynamic labour mobility and flexibility we find in the US, all encased within macro-economic policies which encourage growth and jobs. (Graham, 1994:4)

At a broader level Sun (1997:383) analysed the United Nations Development Programme's findings for 173 countries and concluded that government intervention would appear to be significantly related to human development; however, he could not state the ideal level of intervention. He suggested that chaos and restricted levels of goods and services resulted from too little government; while too much government would result in restricted freedom and a stifling of initiative and stagnation. To support his claim he referred to the collapse of the Soviet Union and the market experiments of China. He therefore suggested that, 'a proper degree of government intervention – a *"golden mean"* between central planning and market mechanism – may best promote human development'. Sun (1997:390) concluded that:

> for most countries of the world, further human development and fulfilment require more government intervention. The provisions of public goods and services – infrastructure, investment in human capital (education and health), law and order, as well as a certain degree of income redistribution providing an economic safety net – are necessary for continuous human development. Yet, so many Third World countries have not been able to achieve political stability or build consensus for the mobilisation of all the necessary resources so as to render the government a constructive role to play. The realisation that a mean value between central planning and market mechanism may contribute most to human development can certainly help in building the needed consensus and stability.

Integrating education and training

The responsibility for education and training has not always been closely coordinated in terms of governmental departments despite their numerous common objectives. In Britain, the Department of Education and Science was responsible for education in schools, colleges, polytechnics and universities, while the Department of Employment was responsible for vocational training. In order to encourage schooling which was related to the needs of work the Department of Employment provided large levels of financial support through the Technical and Vocational Education Initiative (TVEI). This separation of common purpose has been resolved through an amalgamation of the two departments into the Department for Education and Employment, and a similar formulation can be found in a number of other countries.

During the 1980s there was an increase in the provision of education and training which was especially noticeable in the area of enterprise training. In addition, many bodies started to provide a variety of programmes designed to ameliorate unemployment. Because of the large number of education and training programmes there was a need for a more coordinated series of measures, which resulted in increased collaboration both within and between training providers, government agencies and employers.

While the approaches to education and training vary according to the labour market conditions that operate within a country, three main strategies have been identified from the CERI research (Frank Press, 1990).

A human resources intensive strategy

This operates where the people entering the job market have received a sound education, up to the ages of 16–19, which allows them to benefit from intensive on-the-job education and training. If the organization has a flexible form of operation then it is possible to encourage job rotation.

The polarization strategy

Some countries do not possess a strong vocational education and training system and this deficiency may sometimes be combined with a high level of failure or drop-out from secondary education. Furthermore, there may well be a relatively inflexible labour market due to the lack of skills and education and low levels of training investment.

In these circumstances organizations tend to adopt a policy of investing in the training of core workers whom they try to retain through various inducements and training contracts. Beyond this group there also exists another group of employees who receive less training and investment and who are more susceptible to the boom and bust of the business cycle. There is thus a polarization of investment and skills, with some being more supported than others.

The mobility strategy

Organizations tend to employ people who have a high level of education, often from universities. Formal education and training is not particularly common; instead learning is very strongly linked with the work in which they are occupied. Mobility between organizations is high and the countries have technologically advanced workforces with a strong service sector. Often the main focus of human resource development within organizations is on effective selection and recruitment and encouraging continuous learning in the work environment.

In order to encourage a closer relationship between education, training and the labour market the OECD (1994) has identified three main factors that encourage integration:

1. initial education and its quality;
2. a smooth transition between initial education and work;
3. investment in adult lifelong learning.

With the development of learning societies and lifelong learning the artificial segregation of education and training has diminished. The two are now closely integrated through a variety of means:

> The barriers between vocational and general education are starting to break down, with the growing recognition that young people need to develop the capacity to learn continuously rather than simply learning a specific set of job-related skills. (CERI, 1996:52)

Demand and supply in the labour market

In many OECD countries there would appear to be a developing skills gap between the labour demand arising from information-based technology and the requirements of knowledge-based industries, and the supply of suitable people within organizations and from educational institutions. The degree of labour shortages in occupational sectors is to a large extent dependent on the country and the differing market conditions and skill levels that exist.

Advances in technology have reduced the demand for and jobs available to unskilled and semi-skilled workers. In particular this is affecting unskilled males with low or non-existent educational qualifications who also lack the interpersonal skills that are more commonly found among females. Findings by CERI (1997:20) demonstrate that, 'Higher levels of educational attainment are closely associated, for individuals, with higher earnings, a lower chance of unemployment and more skills that yield social advantage'.

Flexibility in the workplace

Various strategies have been developed by governments to encourage or discourage the availability of labour. For instance, in Britain, the retirement age for women has been increased to 65 in line with that of men, and there is also the option for people to continue working until the age of 70 without compulsory retirement.

Training at apprenticeship levels needs to be flexible and responsive to changing requirements. In some countries apprenticeships have continued for considerable periods after the relevant jobs have largely disappeared. The German apprenticeship system changed to a significant extent during the 1980s and 1990s. In the USA vocational and technical education is focused on the school and there are fewer workplace apprenticeships. In the UK more attention is being given to changing the system.

Bengtsson (1991) identified three main strands emerging from his study into the changes affecting demand and supply in the labour market:

1. Demand changes occur much more swiftly than those on the supply side. The scientific approach of Taylor (1911) seems to be being replaced by a system which is evolving and which incorporates technology, organizations, skills formation, flexibility and human resources.
2. The institutions that deliver formal education and training tend to be less responsive to changes than informal providers and private institutions. These latter organizations would now appear to be developing into a market of their own.
3. The influence of the educational institutions and labour market of a country can be a critical influence on the ability of key organizations to move from a Tayloristic approach to developing more effective strategies. For this reason governmental interventions can have a major impact on the supply of appropriate labour.

It is recognized that the barriers to ensuring an educated and trained workforce are quite considerable. They consist of economic barriers, a blurring of responsibilities between private and public provision, and psychological barriers with regard to the sharing of responsibility and partnership.

Bengtsson (1991) suggests a number of policy considerations that might influence the demand side:

- Tax systems and inducements should be investigated in order to encourage organizations to provide internal training.
- Small and medium-sized enterprises should be encouraged to educate and train their workforce where appropriate through the use of alternative delivery methods including information technology.

- New structures and industrial relations processes and collective bargaining, which move away from Tayloristic methods, should be encouraged.
- The promotion of strategies that encourage active education and training policies which relate to actual needs, rather than passive subsidy programmes.

Smooth market responses to differences between the demand and supply of labour in the various sectors are rare. There is usually a time lag between the recognition of a labour requirement and the supply of people with the necessary knowledge and skills. Labour market research is increasingly focused on predicting likely future demand so that educators and trainers can plan accordingly.

Benchmarking national performance

We have seen that countries have for centuries been observing the education, training and economic well-being of their competitors in order to benchmark their own performance. This has resulted in regular periods of national anxiety as economic results decline, with criticism being levelled at lack of investment; poor teaching; low levels of skills; ineffectual government, etc.

The figures used to benchmark performance in the area of training and development were for a long time imprecise and often unobtainable. However, as the importance of both has increased there have been greater efforts to provide valid and reliable indicators of outputs and standards. This has often proved to be a very difficult operation and as a result many of the studies tended to be observational and only used crude indicators. Comparisons proved to be of limited value due to the large differences in the educational systems of the various countries. There has been pressure for more transparent data that would allow more direct comparisons, and while the figures which are now available still tend to have limitations, they at least provide indicators as to the impact certain policies have in relation to other countries.

There are two new challenges faced by OECD countries and beyond. The first is to ensure that advanced learning is provided not just to a small elite but to larger numbers. The second is to encourage lifelong learning and not just learning opportunities during the years of formal education. At a meeting in Paris in 1996 Education Ministers' commitment was made to 'lifelong learning for all':

> If IBM were producing results comparable to those of many American schools – that is, if 25% of their computers were falling off the assembly line before they reached the end, and 90% of the completed ones didn't work properly for 80% of the time – the last thing in the world the company would do would be to run that same old assembly line an additional hour each day for an extra month each year. Instead, IBM would re-think the entire system. (Jack Bowsher, former Director of Education, IBM, in Abbott, 1994:44)

One use of internationally comparable figures is to help assess the extent to which the expansion of education has resulted in increased economic performance. Having students sitting in classrooms for longer and longer periods may not necessarily translate into superior performance. The difficulty is finding clear and irrefutable evidence that this is or is not the case. For this reason CERI argued for the need for clearer indicators and a significant sum of money in order to identify and compare more accurately one country with another. It was recognized that, 'Readers. . . should bear in mind that the science of understanding and interpreting international indicators is still in its infancy' (CERI 1996:9–10).

The picture is to some extent becoming further complicated with the increase in lifelong learning: figures are not fully available for other forms of continuing education and training. One thing is certain: Treasury Departments in the member states will not allow high levels of spending on education, training and development without careful thought to the value for money which is spent. For example, identifying the number of teachers/trainers in initial vocational training has proved problematical and a CEDEFOP (1995a:7) survey explained that 'the production was not easy'. Because the figures were unavailable it was not possible to make comparisons of trainer/trainee ratios.

Figures indicate that educational spending between 1975 and 1993 stagnated, with 5.8 per cent of gross domestic product being spent publicly on education. Private expenditure on education was generally less than 1 per cent, although in Germany, Japan, Spain and the USA it was more than 1 but less that 2 per cent (CERI, 1996:18).

The increased use of international comparisons has made benchmarking of specific skills useful indicators of numeracy. The International Association for the Evaluation of Educational Achievement has carried out a number of international comparisons of the achievement levels of school children. The first, which was carried out in 1963–4, assessed the mathematical abilities of children in 12 countries (Husen, 1967).

'Basic skills' are very necessary because:

> Literacy is a key foundation skill on which the development of other adult competences crucially depends. A well-educated and literate workforce yields national comparative advantage and harnesses forces to counteract polarization and social exclusion. Today, adults need a high level of literacy to function well: society has become more complex and low-skill jobs are disappearing. Therefore, inadequate levels of literacy and numeracy among a broad section of the population potentially threaten the strength of economies and the social cohesion of nations. Yet policy makers in most countries have hitherto lacked any empirical knowledge about the distribution of generic skills such as literacy in the population. (CERI, 1996:31)

It was noted that continuous training and development of the workforce and the upgrading of their skills will benefit those with literacy and numeracy skills and as a result the gap between them and those without such skills will increase.

The complexity of comparing standards is illustrated by the fact that the German employers association (BDA) objected to the comparison of the German apprenticeship with that of a Level 3 National Vocational Qualification in Britain on the grounds of the short period of study and doubts about the levels of qualification.

Numerous forces have affected the competitiveness of nations and the very fact that it is difficult to identify and measure them has resulted in various responses, some more effective than others. Some of the factors affecting the labour market in the USA have been downsizing and the discredited 'business process re-engineering' where large swathes of the workforce have been removed. This has sometimes resulted in acute labour shortages, particularly in areas that require a long period of education and training such as engineering and other technological areas.

Enforcement or encouragement of HRD

Most nations adopt a 'carrot and stick' approach to the development of their human resources. Some countries have introduced mandatory levies, such as France which initially began with 2 per cent of the payroll, but has since reduced it to 1.2 per cent of the total wage bill. This levy, which is a 'national obligation', is strictly devoted to vocational training. People who have been employed for more than approximately two years, and with a minimum of at least six months with their current employer, have the opportunity to receive training to upgrade skills or take a qualification. This can be done under their own initiative (*conge individuel de formation*) or within the employer's training provision (*plan de formation d'enterprise*). During the training these employees will receive at least 80 per cent and sometimes more of their normal salary.

Greece levies 0.45 per cent of the wage bill, which is collected through the social insurance system, and the sum collected is jointly managed by employers and trades unions.

In Belgium there is legislation called the '0.18 rule', in which 0.18 per cent of the wages bill is levied in order to provide training and employment of at-risk groups found among job seekers. This is a cooperative venture between government and industry in an attempt to reduce the levels of long-term unemployment. It is designed to resolve three main problems in the labour market:

1. demand versus supply in the labour market where there is considerable unemployment;
2. low skill levels or lack of qualifications among the unemployed; and
3. the underprivilege experienced by those unemployed for a long period. (Pollet, 1992)

However, although the levies are collected they do not necessarily result in training and development. There is some evidence that some small and medium-sized organizations in

France do not send their employees on courses because they are time-consuming and keep them away from their work. Germany does not have mandatory levies but has a tradition of training that has proved very successful and has encouraged a number of countries to imitate the 'dual system'.

For European Union countries training has increasing importance. The European Social Charter states that, 'every EC worker must be able to have access to vocational training throughout their working life'.

National HRD comparisons and systems

The provision of education, training and development in specific countries has been detailed in a number of places. For instance, descriptions of all the European countries, the USA and Japan can be found in European Commission (1997a). Additionally, Incomes Data Services (1997) provides information about national training and development systems.

Extensive information about vocational training systems in the European Union countries has been produced by the European Centre for the Development of Vocational Training (CEDEFOP, 1995a, 1995b, 1997, 1998). Details about Eastern European countries have been collated by the European Training Foundation, for example the Czech Republic (European Training Foundation, 1997).

HUMAN DEVELOPMENT

Education and training for peace

The economic and competitive pressures for the development of a national system of education were quite persuasive, but there have also been other factors that supported this trend. In particular, there were many arguments that an educated society would be more civilized, there would be a reduction in crime, and that democracy would be strengthened. This point is strongly endorsed by Prais (1995:2) who maintained that:

> education has much wider objectives than merely preparing citizens to become more effective 'cogs in the industrial-economic machine'; the history of the horrors of the twentieth century and its totalitarian states should be sufficient warning against that narrow view of the purposes of education.

Education was also viewed as a mechanism for preventing the circumstances in which war might begin. The United Nations Educational, Scientific and Cultural Organization constitution was adopted in 1945 following the end of World War II and stated that:

> the Governments of the States Parties to this Constitution on behalf of their peoples declare: That since wars begin in the minds of men, it is in the minds of men that the defences of peace must be constructed. That a peace based exclusively upon the political and economic arrangements of governments would not be a peace which could secure the unanimous, lasting and sincere support of the peoples of the world, and that peace must therefore be founded, if it is not to fail, upon the intellectual and moral solidarity of mankind. (UNESCO, 1995:16)

As part of this humanitarian movement, the 1948 Universal Declaration of Human Rights states that education 'shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms'. Thus, in addition to economic reasons for the education of the population, there are also very strong democratic and peaceful ones.

INSTITUTIONAL DEVELOPMENT OF LOCAL NGOs IN MALI, WEST AFRICA

Mali, one of the world's poorest countries, covers an area of 1,240,192 sq. km and has a population of almost 10 million people. It is predominantly agricultural with the southern third being dependent on the flooding of the Niger to provide irrigation for crops. The northern third is the arid Sahara desert.

The process of democracy and decentralization in Mali started in 1991 and since that time nearly 1000 non-governmental organizations (NGOs) have been created. Many of these NGOs contribute significantly to the development of Malian society by means of human resources, activities and goods. These NGOs are active in both rural and urban areas and in all kinds of sectors, for example, healthcare, education, agriculture, and sanitation.

Despite their enthusiasm and motivation, most of the NGOs are rather inexperienced at institutional and organizational levels. Although their personnel are often technically well trained, there is an enormous need for reinforcement of policy development, planning and internal organization of the NGOs. This lack of experience and the need for support and training was not only observed by international organizations, but also by many of the Malian NGOs themselves. In order to improve their managerial and operational performance and be more effective with their target client groups they approached SNV (Dutch Development Agency) for training.

After two years of experimental training and support, SNV has developed several learning experiences linked to a flexible training programme. The differentiated programme provides common training for staff members of NGOs (theory and instruction),

together with specific coaching and reflection (practice and exercises) on the same topic at each head office. Moreover, mutual assistance and the exchange of information among these NGOs has been encouraged and supported.

The differentiation also takes place at the level of the trainer. The design and execution of the programme has not been limited to the senior adviser in charge of the programme, but other SNV personnel with a variety of competences. The advice and involvement of external Malian experts in the programme is actively sought. Moreover, SNV contacted other foreign and international development organizations in Mali about their experiences with local NGOs. This has resulted in regular meetings among a group of development organizations from the Netherlands, Canada, Germany, the USA, the UK and the World Bank. The objective is to improve the exchange of information and experiences and to encourage mutual collaboration. A specific example of this is the training, by SNV, of the personnel of other organizations in applying methods for the institutional analysis of NGOs. Financial donor organizations from the Netherlands are also regularly involved in the policy development of Malian NGOs.

This successful intervention has been extended on a regional basis to encourage the various SNV programmes in West Africa to collaborate in supporting the development, training and sharing of information among African NGOs.

With acknowledgement to Hub Gielissen, Senior Adviser, SNV, NGO Programme, Mali.

In focusing on the links between economic performance and training and development it is possible to overlook the human requirements of individuals and society to have not just a quantity of goods and services but also a quality of life. Personal issues such as inner growth and development are highly valued and, indeed, the US Constitution includes the 'pursuit of happiness' as an objective.

Human development has also been considered by the United Nations Development Programme (UNDP, 1996). The Human Development Index is based on a number of factors including gross domestic product per person, educational achievement, life expectancy, and level of literacy. Both Canada and Japan have regularly appeared at the top of this index, indicating a quality of life to which other countries aspire.

This perspective on life is endorsed by the UNDP in a report that also contains a warning based on the experience of human conflict:

> Human development is the end – economic growth a means. So, the purpose of growth should be to enrich people's lives. But far too often it does not. The recent decades show all too clearly that there is no automatic link between growth and human development. And even when links are established, they may be gradually eroded – unless regularly fortified by skilful and intelligent policy management. (UNDP, 1996:1)

In 1976 the World Employment Conference adopted a resolution concerning basic needs and their provision in less developed countries:

> Strategies and national development plans and policies should include explicitly as a priority objective the promotion of employment and the satisfaction of the basic needs of each country's population. … Basic needs include two elements. First they include certain minimum requirements of a family for private consumption: adequate food, shelter and clothing, as well as certain household equipment and furniture. Second, they include essential services provided by and for the community at large, such as safe drinking water, sanitation, public transport and health, educational and cultural facilities. (ILO, 1977)

While recognizing that investments must occur in agricultural developments, Singh (1979:600–601) concludes that:

> To meet the basic needs of the poor in the Third World in a sustainable way it is essential to raise the rate of economic growth in these countries. This will require a more than proportional expansion of their manufacturing sectors, and therefore an accelerated development of modern industry, including the establishment of appropriate capital goods industries.

The UNDP has emphasized the reciprocal links between human development and economic development:

> Economic growth and human development thus exhibit a degree of independence, especially in the short term. But there are longer-term links – human development helping economic growth, and economic growth helping human development. Contrary to earlier theories, new theories and evidence suggest that growth and equity need not be contradictory goals. Nor do growth and participation. And there is strong historical evidence from East Asia that heavy national investment in human development – spreading skills and meeting basic social needs – has been a springboard for sustained economic growth over decades. (UNDP, 1996:iii)

In general, most governments provide for human resource development through focusing on specific skills, on more general educational and training policies which can be more broadly targeted, and finally through development issues such as health, education, housing and defence.

Developing countries adopt a number of strategies to encourage economic advancement, one of which is technology transfer that not only includes concrete factors such as plant and equipment but also human resources and the skills and expertise needed to operate the new technology. This can be a very swift and effective means with which to introduce and develop a country's capabilities. However, there can also be a downside in that it can inhibit development unless the local workforce is integrated with the new development. The importation of expatriate labour is insufficient in the long term to provide a satisfactory model (Williams, 1996).

DEVELOPMENT IN MALAYSIA

Malaysia has experienced enviable economic growth and has made a clear exposition of its future objectives linking educational, economic, technological and social objectives. In 1991, the Prime Minister Dato' Seri Dr Mahathir Mohammed (1991: 1–2) announced the nine central strategic challenges of Vision 2020 which described Malaysia's intention to be a fully developed industrialized country by the year 2020:

1. to establish a united Malaysian nation with a sense of common and shared destiny;
2. to create a psychologically liberated, secure and developed Malaysian society with faith and confidence in itself;
3. to foster and develop a mature democratic society;
4. to establish a fully moral and ethical society;
5. to establish a mature, liberal and tolerant society;
6. to establish a scientific and progressive society, a society that is innovative and forward-looking, one that is not only a consumer of technology but also a contributor to the scientific and technological civilization of the future;
7. to establish a fully caring society and a caring culture;
8. to ensure an economically just society;
9. to establish a prosperous society, with an economy that is fully competitive, dynamic, robust and resilient.

The implementation under the 7th Malaysia Plan (1996–2000) (1996: 321–2) of Malaysia's integrated education and training programmes to meet the national human resource requirements displays the following objectives:

- to increase participation in education at all levels through expansion of capacity and distance learning;
- to encourage more private sector investment in education and training to complement public sector efforts;
- to increase the capacity of existing institutions and to establish new institutions, particularly in science, engineering and technological fields;
- to improve the quality of education by providing qualified teachers and making better use of computers and information technology;
- to strengthen research and development capacity within existing higher education institutions in collaboration with local and foreign organizations engaged in research and development;

- to develop and exploit commercially the large pool of untapped research funding in public sector research agencies and universities;
- to increase the number of those with scientific and technical skills, especially those working in research and development;
- to provide incentives to increase student enrolment in the science streams;
- to strengthen the use of Bahasa Malaysia as the medium of instruction in all schools and institutions while increasing competency in the English language;
- to improve the management and administration of education and training programmes by improving the performance of managers and the introduction of better monitoring and evaluation systems;
- to improve the financial management of tertiary educational institutions through corporatization and other means;
- to improve the performance of pupils from the rural areas and reduce the dropout rate by improving educational facilities in rural areas;
- to amalgamate small schools in rural and remote areas with fewer than 150 pupil in order to maximize the use of resources, provide a better education and improve hostel facilities for students;
- to improve teacher morale and performance through training, recognition, incentives, awards and better welfare;
- to re-employ retired teachers to make up the shortages in critical subjects;
- to encourage positive values, innovation, communication and analytical skills amongst students.

While human resource development continued to be a major thrust in Malaysia's development plans, the human resource policy directions under the 7th Malaysia Plan (1996: 125) include:

- encouraging greater capital intensity of production in order to save on the use of labour;
- increasing the use of local labour and female labour (including greater utilization of handicapped persons);
- setting up a National Labour Institute to enhance the skill and level of professionalism;
- improving the education and skill delivery system as well as expanding facilities;
- increasing the supply of R&D personnel, including scientists and technologists;
- promoting greater participation of the private sector in human resource development;
- promoting performance-related wage mechanisms that link wages to productivity;
- removing bottlenecks in the labour market through an improved information system;
- reviewing labour laws and legislation that are not consistent with the dynamic changes in the labour market;

- inculcating discipline and other universal positive values among the workforce; and
- re-orienting societal and individual preferences towards skilled and other technical occupations.

With acknowledgement to Mohammed Nassir Abu Hassan, Malaysia.

CONCLUSION

There is considerable evidence linking the provision of education and training to the economic well-being of a country. However, there are a number of commentators who are cautious. Ashton and Green (1996:2) state that, 'despite an increasing effort on the part of empirical researchers, there remain enormous gaps in the knowledge of the magnitude of any links between skill formation and economic performance'. This view is supported by Keep and Meyhew (1991:198) who, while accepting that these links are reasonable, state that there is a 'paucity of hard, detailed evidence of direct casual links'.

It is evident that factors such as weak infrastructure, poor design and short-term requirements of returns on the investment of capital by the financial markets can have significant effects on the success or otherwise of an economy. It is clearly not just a question of putting the responsibility on the educational institutions and the training provided by organizations.

In spite of the lack of clear and irrefutable evidence of the positive links between education and training and national performance it would appear that few, if any, governments are prepared to go against perceived wisdom. From a competitive perspective Porter (1990:628) deserves the last word:

> Education and training constitute perhaps the single greatest long-term leverage point available to all levels of government in upgrading industry.

Bibliography

Abbott, J (1994) *Learning Makes Sense: Recreating education for a changing future,* Letchworth, Hertfordshire, Education 2000

Ashton, D and Green, F (1996) *Education and the Global Economy,* Cheltenham, Edward Elgar

Bengtsson, J (1991) 'Human resource development: education, training and labour market development', *Futures,* December, pp 1085–1106

British Council (1996*) Education and Training Market Plan,* London, New Leaf Press

CEDEFOP (1995a) *Teachers and Trainers in Vocational Education: Vol. 1: Germany, Spain, France and the United Kingdom,* Luxembourg, Office for Official Publications of the European Communities

CEDEFOP (1995b) *Teachers and Trainers in Vocational Education: Vol. 2: Italy, Ireland and Portugal,* Luxembourg, Office for Official Publications of the European Communities

CEDEFOP (1997) *Teachers and Trainers in Vocational Education: Vol. 3: Austria, Belgium, Greece, Luxembourg, and the Netherlands,* Luxembourg, Office for Official Publications of the European Communities

CEDEFOP (1998) *Teachers and Trainers in Vocational Education: Vol. 4 Denmark, Finland, Iceland, Norway and Sweden,* Luxembourg, Office for Official Publications of the European Communities

CERI (Centre for Educational Research and Innovation) (1996) *Education at a Glance: Analysis,* Paris, OECD

CERI (1997) *Education at a Glance: OECD indicators 1997,* Paris, OECD

Commission of the European Communities (1991) *Structures of the Education and Initial Training Systems, EURIDICE and CEDEFOP project,* Luxembourg, Office for Official Publications of the European Communities

Council on Competitiveness (1987) 'Analysis of US competitiveness problems', *America's Competitive Crisis: Confronting the New Reality,* April, pp 121–6

Dato' Seri Dr Mahathir Mohamed (1991) 'The way forward – Vision 2020', Prime Minister's Department, working paper presented at the Malaysian Business Council

Dearden, R (1991) 'Education and Training', in Esland, G (ed.) *Education, Training and Employment, Vol. 2, The educational response,* Wokingham, Addison-Wesley, pp 84–95

Esland, G (1991) *Education, Training and Employment, Vol. 1, Educated labour – the changing basis of industrial demand,* Wokingham, Addison-Wesley

European Commission (1996) *Technological learning: Towards the learning society,* White Paper, Luxembourg, Office for Official Publications of the European Communities

European Commission (1997a) *Key Data on Education in the European Union '97,* Luxembourg, Office for Official Publications of the European Communities

European Commission (1997b) *Continuing Vocational Training: Europe, Japan and United States of America,* Luxembourg, Office for Official Publications of the European Communities

European Training Foundation (1997) *Report on the Vocational Education and Training System: Czech Republic,* Luxembourg, Office for Official Publications of the European Communities

Eurydice/CEDEFOP (1991) *Structures of the Educational and Initial Training Systems in the Member States of the European Community,* Luxembourg, Office for Official Publications of the European Communities

Frank Press (1990) 'The role of education in technological competitiveness', *Siemens Review,* February

Graham, G (1994) 'Lack of training shuts out poor', *Financial Times,* 14 March, p 4

Heilbroner, R L (ed.) (1986) *The Essential Adam Smith,* Oxford, Oxford University Press

Husen, T (ed.) (1967) *International Study of Attainments in Mathematics,* Stockholm, Almqvist & Wiksell

ILO (1977) *Meeting Basic Needs,* Geneva, ILO

Incomes Data Services (1997) *Recruitment, Training and Development,* London, Institute of Personnel and Development

Jones, M and Mann, P (1992) *HRD: International perspectives on development and learning,* West Hartford, CT, Kumarian Press

Keep, E and Mayhew, K (1991) 'The Assessment: Education, training and economic performance', in Esland, G (ed.) *Education, Training and Employment, Vol. 1, Educated Labour – The changing basis of industrial demand,* Wokingham, Addison-Wesley, pp 193–213

Malaysia: The Seventh Malaysia Plan 1996–2000 (1996) Prime Minister's Department, May, Percetakan Nasional Malaysia Berhad

MIT (1989) *Made in America,* Cambridge, MA, MIT Press

Mokyr, J (1990) *The Lever of Riches: Technological creativity and economic progress,* New York, Oxford University Press

Murphy, J (1972) *The Education Act 1870: Text and commentary,* Newton Abbot, David and Charles

Nato, T (1988) 'The basis of life-innovator economics', in Choudary, M A (ed.) *Policy:Theoretical Foundations of Ethico-Economics,* Sydney, Nova Scotia, The Centre of Humanomics, pp 83–96

OECD (1989a) *New Technologies in the 1990s: A socio-economic strategy,* Paris, OECD

OECD (1989b) *Education and the Economy in a Changing Society,* Paris, OECD

OECD (1990) *Human Resource and New Technology: Main trends and issues,* Centre for Educational Research and Innovation, Paris, OECD

OECD (1994) *Jobs Study,* Paris, OECD

Pollet, I (1992) 'Training and employment of the underprivileged: The role of social partners', *Journal of European Industrial Training,* **16,** 9, pp 23–8

Porter, M E (1980) *Competitive Strategy,* New York, Free Press

Porter, M E (1990) *The Competitive Advantage of Nations,* New York, Free Press

Prais, S J (1995) *Productivity, Education and Training: An international perspective,* Cambridge, Cambridge University Press

Ryan, P (1991) *International Comparisons of Vocational Education and Training for Intermediate Skills,* London, Falmer Press

Singh, A (1979) 'The "basic needs" approach to development vs the new international economic order: the significance of Third World industrialisation', *World Development,* **7,** pp 585–606

Sun, Li-Teh (1986) 'Confucianism and the economic order of Taiwan', *International Journal of Social Economics,* **13,** 6, pp 3–53

Sun, Li-Teh (1997) 'Mean value, government and human development', *International Journal of Social Economics,* **24,** 4, pp 383–92

Tan, C H (1989) 'Confucianism and nation building in Singapore', *International Journal of Social Economics,* **16,** 8, pp 5–16

Taylor, F W (1911) *Scientific Management: The principles of scientific management,* New York, Harper and Row, reprinted 1947

UNESCO (1995) *World Education Report,* New York, UNESCO

United Nations Development Programme (1996) *Human Development Report,* New York, Oxford University Press

Williams, T (1996) 'New technology, human resources and competitiveness in developing countries: the role of technology transfer', *The International Journal of Human Resource Management,* **7,** 4, pp 832–45