

**NPTEL**  
**NPTEL ONLINE CERTIFICATION COURSE**

**Course**  
**On**

**Human Resource Development**

**by**  
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**Lecture 10: The Context of HRD (Contd.)**


Ok welcome to the last session of the week two and here we are going to talk about.

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**Session 5**

**HRD Performance Link**



How HRD activities can be linked with performance, if you remember you have been various activities related to human resource development but how you facilitate, what is the role how we link this strategy with HRD, okay but only linking this strategy is not enough unless it result in effective performance, okay now what we are discuss in the last session of the week is that how we go about linking HRD with performance.

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## Strategic Human Resource Development and Individual and Business Performance

### Human Capital Approach-

- SHRD can be viewed as an investment in human capital, and the decision to participate in training activities and acquire skills is viewed as a rational choice on the part of individuals

So if you remember we have been talking about strategy HRD and it results in better individual behavior and performance, and we will discuss here some of the approaches, related to this so there are three major approaches, one by one we will discuss about it, so to with will to talk about human capital approach, see the human capital approach is something that is little different from what you call the basic of the traditional HRD approach.

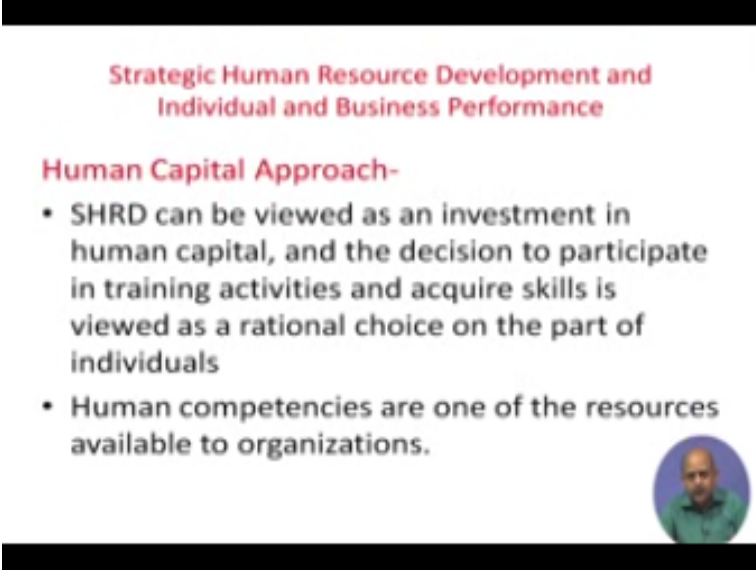
In traditional HRD approach basically we treat people as a resource, which need to effectively utilized so that ok they can perform well, and in order to ensure that people are effectively utilized you need to invest in people ok so that the value of human capital appreciates ok so the idea is that when you are talking about or having a proactive approach for and development activities.

You need to be concerned with people as capital, ok and you need to invest in the capital so that you get better return on investment, now this investment in capital that is human capital that is nothing else but investing in the growth and development activities through HRD that could be turning, coaching, or counseling so that the develop those skills which is required by the organization, ok and are able to contribute to the organizational performance and when you are trying to link, this strategic HRD with performance and braking.

A human capital approach, the idea is that you need to invest in people and this investment has to be done through training and development activities, or other HRD interferences so that the

people develop those competencies with is required with the organization, and they are able to perform well, we have already talked about this human capital approach that takes basically to route of return on investment approach basically, so you except with return on investment on people right.


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**Strategic Human Resource Development and Individual and Business Performance**

**Human Capital Approach-**

- SHRD can be viewed as an investment in human capital, and the decision to participate in training activities and acquire skills is viewed as a rational choice on the part of individuals
- Human competencies are one of the resources available to organizations.



Then you think that is people are the competencies or the resource is which you are going to effectively utilized for the organization so that they perform well, apart from this.

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## Strategic Human Resource Development and Individual and Business Performance

### Resource based approach –

- Human resources are durable, difficult to imitate and substitute, and enable the organization to differentiate itself from other competitors.

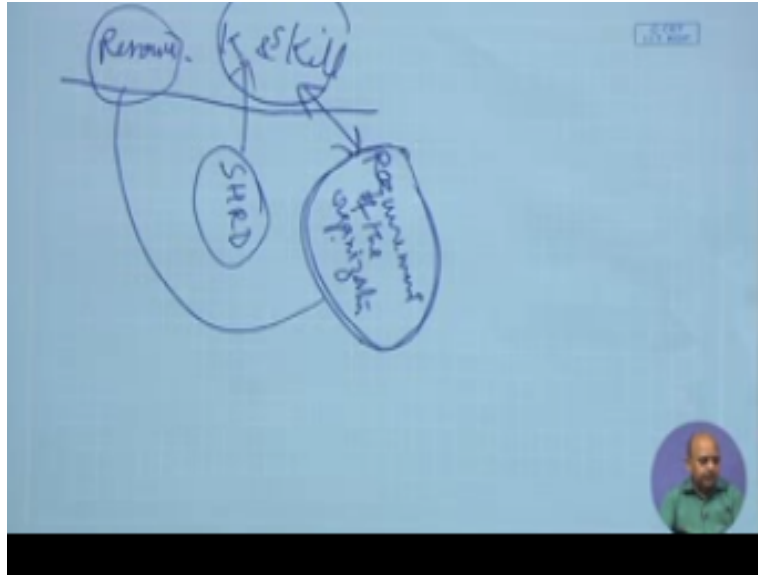


Human capital approach will also discuss other approaches and that include resource based approach now if you look resource based approach it suggest is it suggest that if people are the most important and valuable resource in the organization, and what most for any organization is the kind of human resources that you have ok because it is said that the human resource of any organization is something that is durable, stable difficult to imitate.

And substitute what does meant to say that difficult to imitate and substitute it means the knowledge and skill base of the human resources cannot imitated and substituted, it is not the people but the knowledge of the skills base on the people is very to imitate and substitute, and that is what is going to provide, competitive advantage to organize,

So then the organize is going to make a difference or differentiate itself from the competitors based on the kind of knowledge and skills based on people had, ok because they are treating them as a resource while up the valuable resource which can be copied, which cannot be imitated, right and provide it that it is stays back, it stays with the organize that is durable, if it moving from your organize to another organize so they will have advantage not you, because you treating human resources has a resource which is difficult to be imitated and copied ok and here when you talking about resource.

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That is the knowledge and skill based on the individuals, this knowledge and skill base of the individual is the most important resource for the any organization, and this is what the resource based, says, right this is going to provide competitive advantage and that is where you are need to develop this through strategic HRD activities, ok so this strategic HRD activities basically help in developing the knowledge and skills basically in the employees or what you called the competencies, and this knowledge and skill base has to be related or matched with the requirement of the organization.

What I meant to say is that you need to match the knowledge or the skills based on the individual with the knowledge and skills required by the organized ok and that is where the strategy common resource and development as the very important role, if you are going to improve that depending upon the requirement of the organization and that actually helps in developing the what you called resource, human resources it means that human resources of competent enough to take the challenges of the organization right.  
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## Strategic Human Resource Development and Individual and Business Performance

### Resource based approach –

- Human resources are durable, difficult to imitate and substitute, and enable the organization to differentiate itself from other competitors.
- Human resources provide the potential for sustained competitive advantage through the use of SHRD to develop competencies that are firm-specific and generate tacit organizational knowledge



Apart from this resource which we are moving to another important approach.

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## Strategic Human Resource Development and Individual and Business Performance

### Behavioural Perspective-

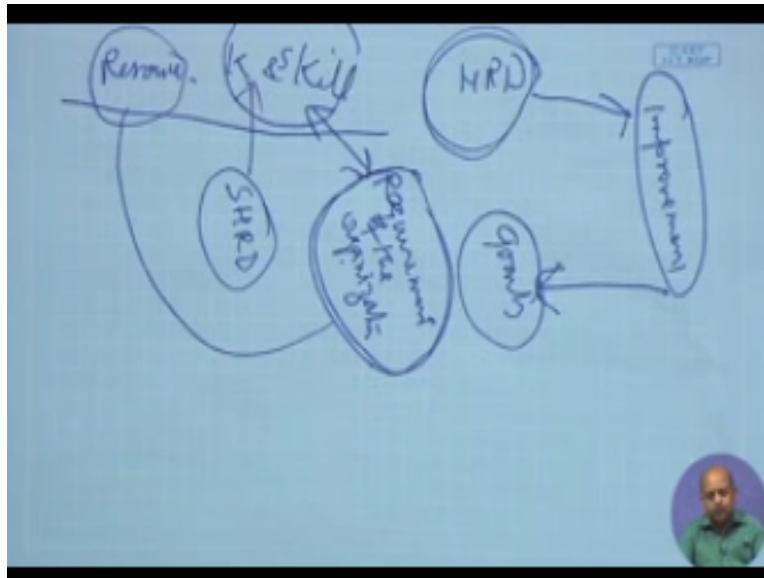
- Use of HRD practices as tools to shape patterns of behaviour that help organizations achieve goals and objectives
- Different organizational goals and objectives require different types of behaviours and therefore different SHRD practices.



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That is behavior and perspective, ok part of that already talked about that is how you are going to improve and change the behavior of the employees and so if you look at the behavioral perspective it means that you are talk about systems and practices of the organization, okay and here what you are doing basically you are going.

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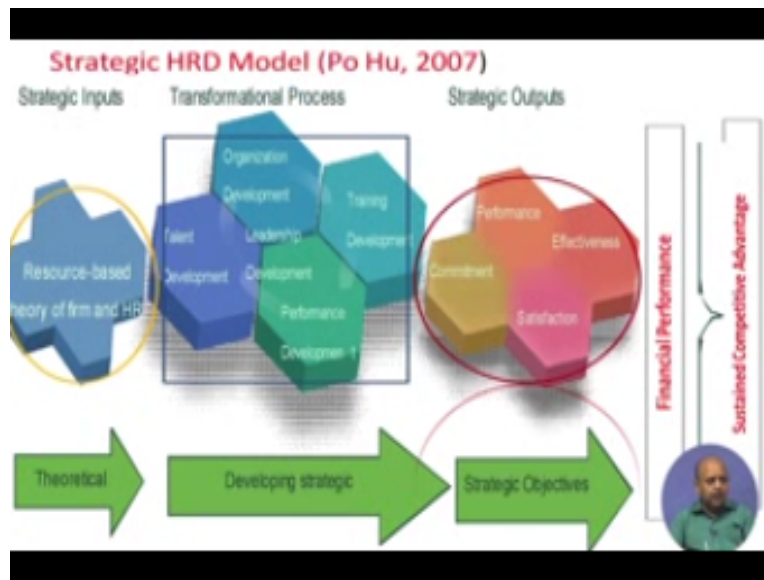


To link HRD, with improved behavior this link between HRD and performance it means that if you going for HRD activities, it is going to change the behavior of the employees ok and then this is going to help to achieve the goals and objectives of the organize, so the behavior perspective says that this any learning and development activities facilitate learning to improve and behavior performance of the employees which helps the organize to achieve the goals and objects. Now the goals and objectives of the organization require different kind of behavior so you need to ensure that your HRD activities are going to facilitate different kind of learning.

Okay to improve the behavior and performance of the employees because if you are not to facilitate different kind of behavior from the employees required by the organization then it will not help the organization, to achieve the objectives sp people may need different kind of learning experience and what the idea is to identify the different kind of learning experience so that you are able to help the employees to go through those learning experience, ok in the structured way and that is going to help the organize to achieve the goals and objective.

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So we have talked about three different activities ok this is HRD activities, behavior and how it is lend with meeting the goals and objectives of the performances, now this is a important model of strategic models of the humans resource development ok, now if you look at this model ultimately the basic objective of going for this kind activity is to have a competitive advantage, on the basis, it means that if you are going for this kind of activities, you should be able to compete in the long run, and remain and competitive.

In the business, now I order to remain competitive, in the business if you are going to adopt this kind of model, which is purposed by Po Hu, he is suggest that you start with a theoretical frame work you develop a strategy and see that this strategy objectives are met in term of output so that it results in better financial performance on a continuous basic which leads to sustained competitive advances now when you are talking about this kind of things first look at the strategic input.

What is the input we are talked about it different kind of theories resourced based theory of the firm that is if you are thinking that the people in the organization are your most valuable resource which cannot be copied or imitated then you need to develop so that you have a competent people to see that they are engaged in certain behaviors which result in better organizational performance right with this theoretical frame work you proceed for that and then you develop a strategy that is your strategy human resources activities.

Now in the name of the strategic HRD activities now if you look at this you can see here we are talking about transformational processes right these transformational processes or actually is going to transform the people of the human resources into someone who has the capability to perform well right so in the first level you have the input, and this input we have human resource who needs to be developed because you have an idea that it is the people who is going to make a difference in the organization.

So they need to develop with this theoretical frame work you go for certain process you need to transform them and this transformation takes place through different kind of HRD interventions it could be related to leadership development talent development training development or performance development so these are the various transformational activities or processes that you need to design and if you are able to design this transformational process and you have been able to develop the strategy and you have been to develop.

The strategies that would lead to certain outcomes it means that have been able to transform people into something that is what to you call a valuable resource which cannot be copied and imitate, and provided there durable. So the objective is that you are able to transform the person into someone, who is effective.

Who is committed, who performs well and who is also satisfied with what is doing ok and if that happens it would result in better financial performance and if this is been done on a continues bases you can expect the sustained commutative advantage. So that is how we are trying to link HRD process that is the second level this the HRD process and these are the behavior resulting performance.

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### Economic Indicators in terms of measuring performance of HRD

Domains of Performance	Typical Metrics for Measuring Performance Domains	
	PERFORMANCE OBJECTIVES	PERFORMANCE DRIVERS
Mission	Economic returns External metrics Market share Profitability Mortality rate Poverty level	Societal benefits Innovation Knowledge capital Management/leadership Strategy Social responsibility
Process	Customers Quality Cost Time Product features Market share (in product category)	Customer (needs satisfaction) Quality Innovation
Critical performance subsystem (team, department, etc.)	Team effectiveness Structural subsystem performance Productivity (resource efficiency) Internal metrics Work outputs	Innovation Team/group climate Management/leadership Ethical performance
Individual	Productivity Work output	Knowledge, expertise Learning Personal and growth Human relations Ethical performance Turnover Absenteeism

Now what is the indicator when it comes to majoring performance of the human resource development. Okay now if you look these at different level say starting with say machine organization ok the machine could be related to if you look at performance outcomes like what is the economic returns, profitability, market share, all kind of things that means these dimension are going to differ depending upon the nature of the organization, right so for the next level it could be the poverty level so for the organization could be economic returns or market share profitability for health system it could be mortality right these are the different kind of indicators are performance with could be the machine of the organize, different kind of organization right.

And these objectives are driven by certain things like innovation, knowledge capital, you have to have a strategy for that management entity strategy or it could be a part of the socialist possibility, right you are driven by social responsibility to ensure at the machine level, the poverty level goes down you could have a strategy or health strategy that ok the mortality level goes down at the organization level you have a strategy to ensure that is the market share, the profitably goes up these kind of things, so that is one determinates of the performance at the higher level, machine level at the process level.

Okay and if you look at the outcomes you make sure that yes, your customers are happy at the site, the quality is good, cost is contained, ok the time period to deliver surveys are to come up with the products is going down, okay you have better product features, you have better market

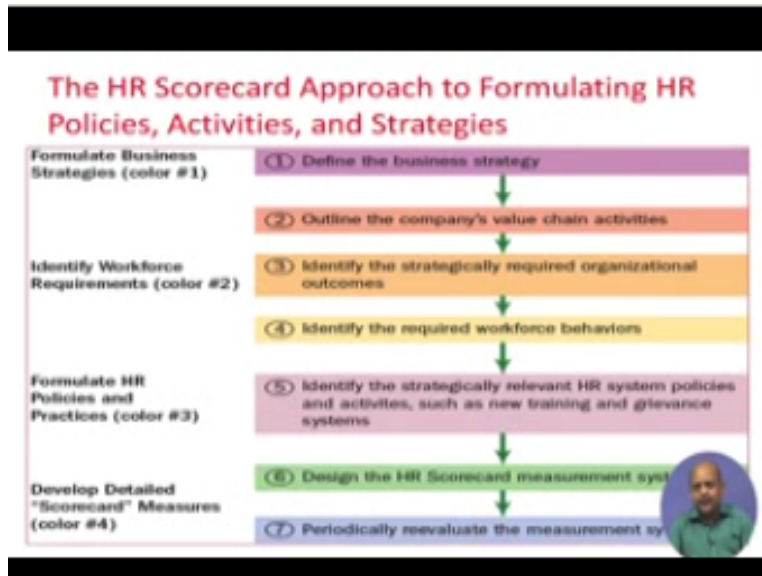
shares, right now this is driven by what, this could driven by certain factors like quality cost, efficiency and this kind of factors so that you are able to improve processes.

And if your customers are happy and satisfy if the quality is improved. Your cost goes down it means that you have been able to achieve performance as a result of HRD activates. Now what is very important is that when we are talking about performance of HRD you need to ensure that whether the HRD activities are any kind of learning and development intervention helps you to achieve these kind of objectives or not.

And if it does not happen, it means your learning and development intervention which is very specific and for that you have a strategy as not been successful. Similarly it could be at that in the group level you can see how it happens even at the individual level the objective is what to improve productivity and output of the people. And it is driven by what ability to learn having knowledge, skill, good relationship and you also want to see that the level of absenteeism goes down is less.

So these are the factors because of which you are driven to go for these kind of HRD activities and there is talent development or performance development or training and development activities with the idea that these drivers will help you to improve productivity of the individual groups and processes and also at the organization level. So these are economic indicators in terms of measuring performance.

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Now we are going to discuss another important approach when it comes to majoring the performance of the HRD activities that is HR Scorecard approach. HR Scorecard approach actually is driven by another important theme that is balance Scorecard approach by Robert Kaplan. So the balance Scorecard approach actually you are going to use it at the organization level, but since we are going to talk about the HRD performance we are going to use HR Scorecard and if you are going to use HR Scorecard.

You have to see what are the various major study are going to use for HR Scorecard and at the same time you have to see that how HR Scorecard helps you to achieve better performance. So the idea is that when you are going to have HR Scorecard approach so first of all at the first level you are going to define your corporate strategy and this corporate strategy comes from scanning the environment. So environmental analysis helps you to define your corporate strategy. Next level what you are going to do you are going to identify our work force requirement I have already talked about it means you see that what is the company's value chain.

What are the thing that company wants to do in order to achieve those goals and objectives? And based on that what kind of objectives it has identified, identify the strategies which is going to help you to achieve the goals and objective of the organization. And in order to execute at implement those strategy whether your people are competent enough or not. And whether there is gap between the competencies of the people to achieve those goals and objectives are not second level, moving to the third level.

Now when I am talking about the third level you need to formulate HR policies and practices. So what kind of systems and practices you want to have overall for the HRM and also for the HRD. How this gap in the work force competencies can be brings it up and that is where you have to see what kind of HRD interventions would be required. Then next level you are going to have a score card it means that you are going to have a measurement system.

Which tells you the extent to which various kind of interventions that you have planned to improve the competency whether it is going to help you to achieve them or not. So ultimately you are going to evaluate or actually you are going to say whether this HR Scorecard is reflecting what you have achieved in terms of HRD interventions and its impact and this kind of activity you are going to do on a regular basis. So when we are using HR Scorecard, we have to see that what are the various actually majors that we are need to take up.

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Using the HR Scorecard to major performance we use actually 5 different majors. So it was start with the first one is driving long terms shareholder values. Now the idea is that if you want to see that the performance of the organization goes up the first thing that you are interested to look at is that whether you are adding value to the system of the organization or not in terms of profit growth market share these kind of things. If that is happening it means it is HRD activities has help you to improve or add value to the organization in terms of growth profit and all kind of things. So that your shareholders are satisfied.



down further to the individual productivity. And see whether you can calculate these monitor terms or not. Suppose you have conducted a training program for a group of employs.

So they have gone for a improvement productivity and say how much improvement is there +1, so how much it translate into monitor terms and then it is divided by the number of employs so if the number of employs it is translated it means that you can calculate what is the profit for employs of the training or how much revenue is generated by for employs, suppose you have gone for a six sigma program. I am just giving an example which is the quality certification program for employs.

Now this quality certification program of six  $\Sigma$  for specific set of employs should result in what quality improvement. Now this quality improvement should result in less rejections it should result in better features, sales also,. So when you are going to calculate quality improvement you have to say that how it can be done to ensure that there is a better profit for employs are able to participate better revenue or more revenue in the process, so that it that the third level. Fourth level, changing the work environment.

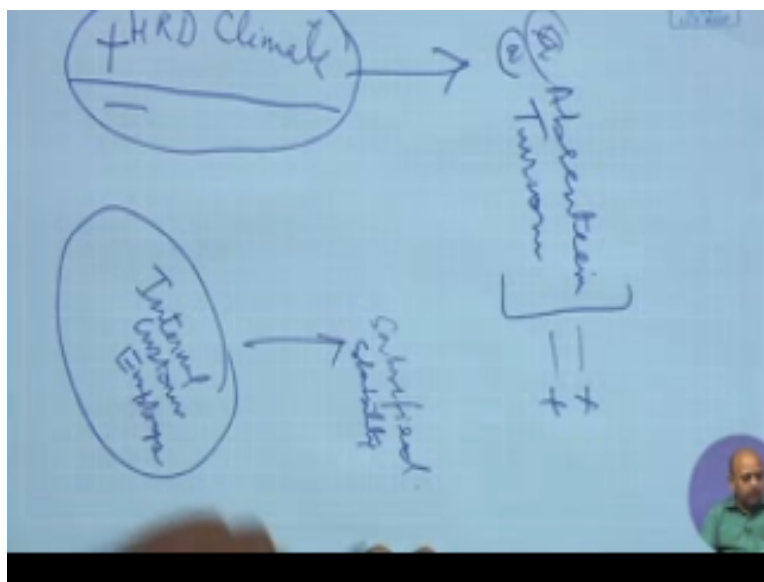
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That is also a very major outcome and that is what.



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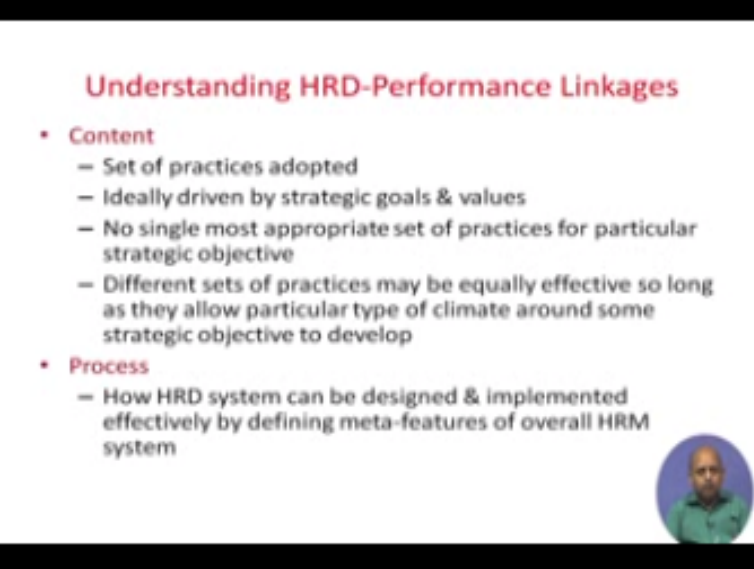


We call the HRD climate or what you call a positive work climate. Now when I am talking about a positive work environment you have to see that the top management is going to create a very important norm or climate in the organization which facilitate better performance. It is not only in the learning and development activities and investment in that is going to help you, but you also need to be facilitated through by creating a better and healthy work environment in the work place, see for able to create positive work environment and positivity climate in the organization.

You need to identify certain indicators. Like rate of apprentice say turnover employ turnover if you have been able to create a positive HRD climate then they should be negative if it is negative then it is might be positive. So this is another major that is taken in the HR scorecard and then finally you want to see that whether people are happiest decide or not. So you basically look at internal customer that is your employs, that is what.


I have been talking about. So it is very important. So imply the customer, internal customer index is major at through how satisfied you are, so you can go for employs satisfaction survey stability how long what is the turnover of the employs in the organization. Whether they have gone for improved processes cycle time that is whether they have been able to work on reducing the cycle time for the products or not. So these are the various majors which are a part of HRD scorecard. Which is use to major the performance of the HRD intervention.

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**Understanding HRD-Performance Linkages**

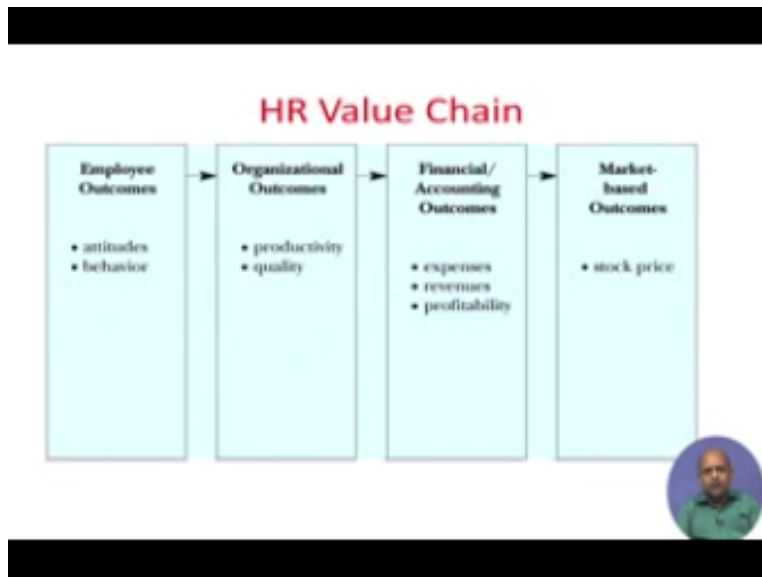
- **Content**
  - Set of practices adopted
  - Ideally driven by strategic goals & values
  - No single most appropriate set of practices for particular strategic objective
  - Different sets of practices may be equally effective so long as they allow particular type of climate around some strategic objective to develop
- **Process**
  - How HRD system can be designed & implemented effectively by defining meta-features of overall HRM system



Now we are moving from HRD score card to see the link as between the HRD and performance finally. That is content wise, so first of all you have to look at what kind of practices you are going to use. What your strategy goals and objectives. How you are going achieve it. Because how are you going to see that different kind of practices are effective or not. And you also need to see that yes you have a better climate in the organization, so that it facilitates learning and development activities in the organization.

Apart from content you also have the process content in the sense what kind of practices how it is link with the strategy goals and objectives, how will learn what is the process and then coming to the process it talks about how you are going design and implement at system within the HRM, so that it is going to be helpful and effective for better performance. So you also need to look at both the content as well as the process sport.

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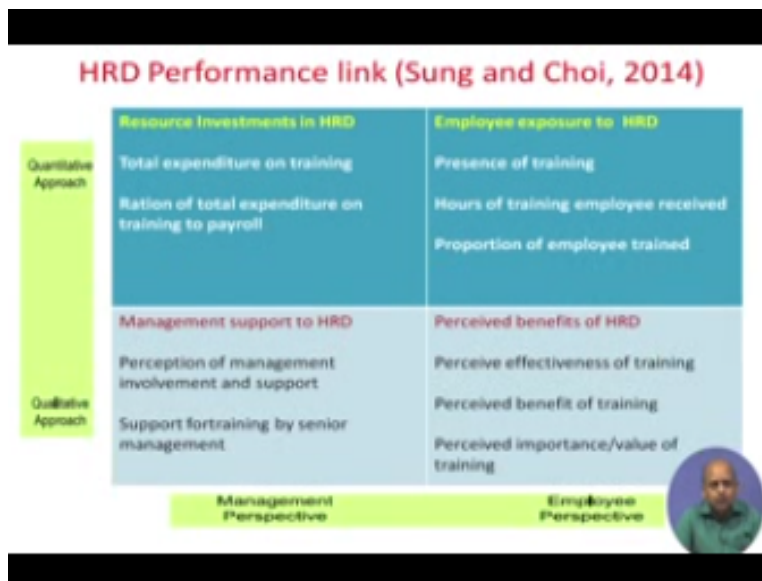


Now if you look at the value share it is very important, that is what we have been talking about so far. It is starting with strategy HRD and performance. So what you are trying to do is so at each level you have to see that there is going to some kind of value addition in the chain. If you are going for a HRD activity which is supposed to bring about certain change in your attitude and behavior.

It is linked with organizational activities like productivity quality increasing efficiency in these kind of things which would result in going on your expenses increasing your revenues and profits rights and then if that happens you have overall activities market based outcomes like your market share goes up, stock price goes up. So if that happens it means

You can see that how employ attitude leads to or employ outcomes leads to organizational outcomes finally leading to financial outcomes and leading to save macro level market based outcomes, so this is the value chain of the HRD activities.

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It depends upon what kinds of perspective you are adopt remember we talked about different kind of perspective. So both qualitative and quantitative it is not that you are going to always link HRD performance quantitatively, but you also need to link it qualitatively. When we are talking about quantitatively if you look at from the management perspective.

We talk about investing in the resources and looking at the return, how much you have spent on, how it is going to ratio of total expenditure on training to the pay roll, these kind of majors can be taken when it comes to employ perspective. How much training is given, what kind of training is given, how many people have been trained. So this is the quantitative approach where you can link HRD with the performance.

Now when it comes to qualitative approach from the management perspective see that whether management support is available, whether they are going to support these kind of activities or not and the benefits for the employs that how they are going to perceive the benefits in terms of value addition and in terms of increasing the learning and development activities and these kind of things.

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### ANALYSIS OF LEARNING AND DEVELOPMENT GOALS

Learning and development goals	Importance*	Effectiveness*
Create human capital advantage by ensuring that the organization has more skilled and competent people than its competitors		
Extend the skills base of the organization		
Improve individual, team and organizational performance		
Attract and retain high-quality people by offering them learning and development opportunities		
Improve organizational flexibility by multi-skilling		
Provide additional non-financial reward to people in the form of growth and career opportunities		
Reduce the length of learning curves to minimize learning costs		
Ensure that talented people are developed to achieve their maximum potential		
Provide line managers with the skills required to lead and develop their people		

\* Scale: 10 = high, 0 = low



So this is one set of questions that could be asked to see whether the organization through HRD intervenes have been able to achieve the learning and development goals or not, whether you have been able to create human capital whether it is able to increase the skill base, whether the performance at different levels goes up, whether you are able to retain good people and offer them good learning and development exposure, whether people have become multi skilled so that they are flexible to work for the organization.

What are the different kind of reward systems and how to you link with carriers and what is the learning because it cost you and what your talent development activities how you are going to maximize the potential of the people and whether people learn that is also involved with that or not. So if you look at this questions probably you can find out whether you have been able to achieve a learning and development goals or not. Thank you very much.