

## **Emerging Economies : A study on HRD Business strategies**

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### **Abstract**

In this paper an attempt has been made to identify the various general sentiments, opportunities and challenges of Human Resource Development Department to cope up with the emerging economies in business. First part includes the introduction and general scenario of HRD in business. The second part discusses the various challenges and opportunities faced by the HRD department in business. Third part concludes that urgent emphasis is required on the HRD strategies to cope up with the emerging economies to get sustainable competitive edge over the intense competition from the multinational companies nationally and worldly.

The article is a small shrub to existing HRD department knowledge in the strategies used in business and is useful for human resource managers, strategists, policy makers and researchers.

**Keywords:** Human Resource Development, Human resource Management, Suggestions for the department, Customer satisfaction, Customer retention, competitive edge.

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### **Introduction**

First of all one must understand the concept of HRD. HRD is a continuous process. HRD is concerned with the development of Human Resource in an organization. HRD improvement in talent, knowledge, skill, values etc.

#### **Acc to Ishwar Dayal:**

(a) Ways to better adjust the individual to his job and the environment.

(b) The greatest concern for enhancing the capabilities of the environment.

**Concepts of HRD: This is divided into 3 parts:-**

- (a) Investment: - in human resource to enhance productive capabilities.
- (b) Utilization: - of those human resource to produce increased output.
- (c) Participation: - of the human beings who have improved resources (better education, skill etc) in the consumption of that increased output through a better quality of life.

**Research Methodology**

The study is carried out to make qualitative and comprehensive evaluation of HRD in companies. For the purpose descriptive research design(observational method and case-study method) has been adopted which is based on secondary data and secondary sources of data, various websites, academic journals and background of various companies' HRD departments.

**Challenges in HRD**

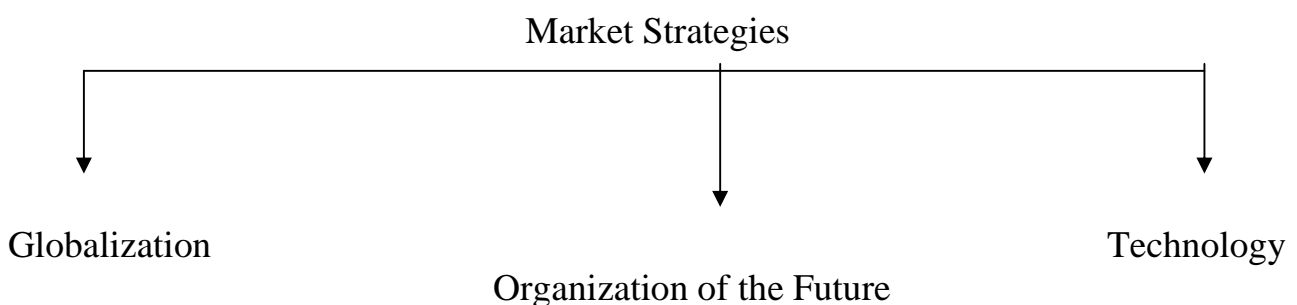
The future business scenario would be marked by the below mentioned features:

- Rapid changes in Technology: The world is facing a rapid change in technology and so are the organizations. The biggest and foremost challenge which comes before HRD is to make its workers/employees equipped with the changing technologies.
- Transnational suppliers and customers: Transnational suppliers and customers have now to be given a new face, as they need to play a transformational role in the changing scenario.
- Fierce competition: With the advent of globalization, and entry of MNC's & rapid changes in technology the Indian organizations face a fierce competition. To stand in the market and face the competition successfully has become one of the important challenges of HRD.
- Innovation for survival: Nothing is permanent except change. The biggest challenge, which comes before HRD professionals, is to provide development opportunities,

latest updation of skills to the present employees. To meet the challenges and fierce competition Innovation is a key to success.

- World-class Quality-demand of customer: In today’s market Customer is the King. The products are to be manufactured as per the need, demand, want & desire of the customer. Every customer in the market looks for value of money. With increase in competition, and awareness of the customer to maintain quality at an affordable price is the need of an hour.
- Mergers, Takeovers and Acquisitions: With increase in competition, entry of MNC’s mergers, takeovers and acquisitions are bound to take place. With cross cultural mix, with diverse culture of various employees working in an organization the HRD department is responsible for providing all kind of developmental opportunities to its employees.
- High product differentiation achieved by very low manufacturing costs: Providing a distinct and a different product in the market which can satisfy the needs of the customer. With the increase in competition and ease in availability of substitutes the product should be differentiated with low manufacturing costs. Achieving a differentiation with low cost poses a challenge for HR manages.
- Extremely short lifecycles of products/services: As the memory of people is short so are now the lifecycles of product/services short.
- Quicker response to market. A good MIS accompanied with good HRD can enjoy the quicker response to market.

When we talk about the strategies, Market strategy includes:



Impact on Structure Manpower	Impact on climate	Impact on
- Learner structure knowledge -Work Group command -Expansion to Joint decision making skills	synergy -  Team work -  stress ion continuous innovation  Cross cultural  -Quick, vertical horizontal & diagonal communication.	High in  High on  -High on need  upgrade one's

According to the American Society of Training and Development (ASTD), HRD is the integrated use of training and development, organizational development, and career development to improve individual group, and organizational effectiveness. Society 'is faced with new challenges, opportunities and changes daily which increases the need to provide employees with appropriate learning experiences. Moreover, HRD helps organizations to provide learning related to the goals of the organization and to its employees.

This Human Resource Development strategy in any organization is innovative, and attempts to ensure that it meets the needs of our economy and our democratic order. In terms of the strategy the people will be provided with a solid educational foundation for social participation, and also be empowered to develop relevant and marketable skills at further and higher education levels. At the same time employers will contribute to the identification and development of skills for the economy, and Government will promote and support policies which target employment growth in key industrial sectors.

A business strategy is concerned with major resource issues e.g. raising the finance to build a new factory or plant. Strategies are also concerned with deciding on what products to allocate major resources to - for example when Coca-Cola launched Pooh Roo Juice in this country.

Strategies are concerned with the scope of a business' activities i.e. what and where they produce. For example, BIC's scope is focused on three main product areas - lighters, pens, and razors, and they have developed super factories in key geographical locations to produce these items.

**Two main categories of strategies can be identified:**

1. Generic or general strategies
2. Competitive strategies

**The main types of generic strategies that organizations can pursue are:**

1. Growth i.e. the expansion of the company to purchase new assets, including new businesses, and to develop new products. The Inland Revenue has expanded from being just a tax collector, to other functions such as collecting student loan repayments and paying tax credits.
2. Internationalization/globalization i.e. moving operations into more and more countries. For example companies like Gillette, Coca-Cola, Kellogg's, and Cadbury Schweppes are major multinationals with operations across the globe.
3. Retrenchment involves cutting back to focus on your best lines. The Americans refer to this as 'sticking to the knitting' - i.e. concentrating on what you do best.

Looking at the section as a whole, a number of themes emerge across articles. The criticality of a strategic, systems approach to HRD planning is central to all of the articles. HRD professionals must recognize that they work within the larger organizational system and that the ultimate results of their initiatives must improve organizational performance and success, and must also be perceived as crucial to organizational success. HRD professionals are gradually making the transition from being training, development and education specialists to serving as performance consultants. Their focus is the ultimate improvement of individual and organizational performance, through informal and formal interventions, both spontaneous and deliberate. This spotlight on performance leads to another common theme of measures and accountability. The planning processes discussed in this section all contain some element of measurement and evaluation of results, at the individual, team, and organizational levels.

The Global nature of today's world, the need to place the organization system within the even larger context of Nations and the world and the changing technologies has made the HRD department to ponder more to sustain in the market.

## Essentials for HRD

Planning is a primary function in the management and even human resource management of any organization or system. In simple terms, planning is bridging the gap between where we are and where we want to be. It involves setting the direction for the system and determining how to guide the system in that direction. Planning activities could be highly complex or simple, and can involve an individual or an entire multinational organization. The act of planning usually takes place at all the levels and within every function of a system and is crucial to the survival and success of the system.

HRD needs assessment is an investigative process whose purpose is to connect an organization's performance problems or opportunities for performance improvement to specific HRM and HRD interventions. In simple terms it is a systematic process for identifying the gap between a current level of performance, or "what is", and a desired level of performance, "what should be". The suggestions for framing the needs assessment process, based on three elements: organization characteristics, decision-maker characteristics, and analyst characteristics. Numerous needs assessment models exist, and include steps such as the following:

1. Define the goals/objectives of the assessment.
2. Develop an initial plan.
3. Gain management commitment.
4. Identify the data needed.
5. Identify sources of data.
6. Select the most appropriate methodologies for the assessment.
7. Collect the data.
8. Analyze the results.
9. Resolve disagreements in interpretation of the results.
10. Prioritize the needs.
11. Compile and present your findings.

Techniques for data collection may include observation, surveys or questionnaires, one-on-one interviews, phone interviews, focus groups, tests, analysis of existing performance data, job and task analysis, critical incident surveys, and reviews of professional literature, conference reports and other benchmarking sources.

### **Growth in HRD-HR/MODELS**

1. PCMM Approach. Curtis and team (Curtis et. al, 1995) developed this approach for software organizations. The People Capability Maturity Model (P-CMM) aims at providing guidance on how to improve the ability of software organizations to attract, develop, motivate, organize and retain the talent needed to steadily improve their software development capability. A fundamental premise of the maturity framework is that a practice cannot be improved if it cannot be repeated. In an organization's least mature state, systematic and repeated performance of practices is sporadic. The P-CMM describes an evolutionary improvement path from an ad hoc one. Inconsistently performed practices, to a continuously mature, disciplined, and continuously improving development of the knowledge, skills, and motivation of the workforce. The P-CMM includes practices such as work environment, communication, staffing, managing performance, training, compensation, competency development, career development, team building, and culture development. The P-CMM is based on the assumptions that organizations establish and improve their people management practices progress through the following five stages of maturity: initial, repeatable, defined, managed, and optimizing. Each of the maturity levels comprises of several Key Process Areas (KPA's) that identify clusters of related workforce practices. When performed collectively, the practices of a key process area achieve a set of goals considered important for enhancing work force capability
2. HRD Score Card Approach. A recent approach formulated by Rao (1999) envisages that HR interventions in order to make the right business impact should be mature in terms of the HRD Systems, Competencies, Culture (including styles) and business linkages. The maturity level and the appropriateness of each of the subsystems of HR, the appropriateness of the HR structures and the level of competencies of HR staff, line managers, top management etc.; the HRD culture (defined in terms of Openness, Collaboration, Trust, Autonomy, Proaction, Authenticity, Confrontation and Experimentation) and the congruence of the top management and HR staff styles with HRD culture, and the extent to which all the systems and practices result in employee satisfaction and customer satisfaction etc. are assessed through a well formulated HRD audit.



3. The Strategic HR Framework Approach. This framework formulated by Ulrich and Lake (1990) aims to leverage and/or align HR practices to build critical organizational capabilities that enable an organization to achieve its goals. This framework offers specific tools and paths to identify how a firm can leverage its HR practices. Business strategy, organizational capabilities and HR practices are the three important elements in this framework.
4. Human Capital Appraisal approach. This approach outlined by Friedman et al (1998) of Arthur Anderson consulting company is based on the belief that there are five stages in the management of human capital: clarification stage, assessment stage, design stage, implementation stage and monitoring stage. There are five areas of human capital management: Recruitment, retention and retirement; Rewards and performance management; career development, succession planning and training; organizational structure, and human capital enablers. A  $5 \times 5$  matrix using these five stages and five areas could be used to evaluate and manage the human capital well.

## **Human Resource Management**

HRD is the core of HRM which makes it important for all the organizations. Management of people and management of risk are two key challenges that organizations are facing. How you manage the people and how you sustain them is a big challenge for today's organisations world wide. HRM is a wider concept comprising of recruitment, selection, training, development, Job analysis, job evaluation, performance appraisal, ethics and productivity etc. whereas HRD is more concerned with the development and sustaining the skillful human asset.

### **Suggestion**

In this emerging era, HRD before making policies for business must keep in mind the key important issues such as Corruption, Macro shocks( inflation, Exchange rates), Unpredictable politics, Infrastructure bottlenecks in markets, increasing stress due to targets. Therefore, an effective assessment of employees must be done in order to retain the employees so that they may help to retain the customers.

Some of the guidelines for carrying out an effective needs assessment include:

- Use a performance model appropriate to the organization.
- Start as far up in the organization as possible when analyzing performance issues.
- Use a variety of techniques for gathering data.





- Keep the assessment short but complete.
  - View needs assessment as an investment, not a cost, and market it that way to management.
  - Be flexible.
  - Consider timing.
  - Consider the audience when reporting the results.
- Finally, when assessing needs, consider not only performance as observed in the past, but also future performance needs.

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