



## Impact of Human Resource Development on Organisational Performance

### KEYWORDS

Human Resource Development, Organisational Performance

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**ABSTRACT** *There are number of studies which have acknowledged the relationship of Human Resource Development and organizational performance, but the organizational performance still remained least explored in organization. The purpose of this paper is to investigate the pathways leading from HRD to organisational performance. Specifically, we used analytical tool to test a research framework that is constituted by a set of causal relationships between organisational and other contingencies, resourcing and HRD, skills, attitudes and behaviour, and organisational performance. This study would be based on secondary data. Employing data from organisations operating in the global worldwide, results indicate that the impact of HRD on organisational performance is positive and showing its impact on skills, attitudes and behaviour, and moderated by resourcing, organisational context and other contingencies. Thus, the paper not only supports that HRD has a positive impact on organisational performance but also explains the mechanisms through which HRD may improve organisational performance.*

### INTRODUCTION

#### 1.1 Background of the Study:

In the Indian organisations, there is realisation to pay attention towards the development of human resource. Human resource is key asset for the development of the organisation. In most of the organisations, this is need of the corporate managers to recognise the way that is emphatic towards organisational development. This requires healthy and positive psychological environment in the organisation. Such organisational environment provides with the ability to increase the capability of the employees up to the best possible extent. So this is the responsibility of top executives to take direction to employees to create positive and healthy environment that would increase initiative, motivation and commitment. The indulgence and feeling of belongingness of employees towards their organisation would create a way towards enhancing the productivity and obviously development of human resource. Instead of traditional control oriented personnel practices like confidential report system, disciplinary action etc the top management are emphasising and shifting towards more positive, humanised and development oriented personnel practices which are known as human resource development (HRD) mechanism. There are number of organisations in India have taken initiative towards implementing humanised and positive HRD mechanism in their organisation. In order to appreciate the mechanisms for planning and implementation of HRD policies and programmes it is necessary to understand the planning budgeting and implementation mechanisms currently in operation in India. Human Resource Development (HRD) is embedded in the potential of the human resource. HRD is the process of helping people to acquire talent and competencies. HRD provides a direction to the employees of an organisation in an organised, continuous and planned way to acquire and sharpen capabilities, develop their general capabilities and develop an organisational culture. In economic terms, it would be considered for the accumulation of human capital and it is investment in the organisational development.

"Human resources development is the process of increas-

ing the knowledge, the skills, and the capacities of all the people in the organisation." Human Resource Development (HRD) is planned and systematic approach to development of people. HRD is a system consisting of several interdependent and interrelated subsystems such as training, performance appraisal, job enrichment and many more. The accumulation of human capital and its effective investment in the development of an organisation. It involves the creation of climate where human knowledge, skill, capabilities and creativity can bloom. In last decades HRD have been studied by number of author Swanson & Holton (1997), Torraco (1997; 2004), Hansen (1998), Chalofsky (1998), Weinberger (1998), Sawson (1998), Hatcher (1999), Lynham (2000), Turnbull (2002), Kuchinke (2003), and Lynham, Chermack, & Noggle (2004) .

#### 1. 2 Definitions of HRD:

**Nadler and Nadler (1970)** "A series of organized activities conducted within a specified time and designed to produce behavioural change". **Werner and DeSimone (2006)** "A set of systematic and planned activities designed by an organization to provide its members with the opportunities to learn necessary skills to meet current and future job demands".

**McLagan** "HRD is the integrated use of training and development, career development and organizational development to improve individual and organizational effectiveness".

**Gilley and England** "HRD is organised learning activities arranged within an organization to improve performance and personal growth for the purpose of improving the job, the individual, and the organization." **Byrne, (1999)** is of the opinion that HRD is a function in an organization that provides opportunities for an individual worker to improve current and future job performance, while simultaneously best utilizing human capital in order to improve the efficiency of the Organization itself. Ideally, well-developed and well-implemented HRD systems are integral to the company's strategic plan and benefit both the employee

and the company. **Solkhe and Chaudhary ( 2011)** Human resource development involves all management decisions and practices that direct, affect or influence the human resource in the organization.

### 1.3 Framework of the HRD:

Pareek and Rao (1975) from the Institute Management, Ahmadabad had studied the system performance appraisal in L&T. They studied the system through interviews according to which they suggested and developed new system. They put forward that "Performance Appraisal, Feedback and Counselling, Career Development and Career Planning and Training and Development and get recognised readily distinguishable part of an integrated system which is known as Human Resource Development system". This system was proposed as a separate system with strong linkages with the personnel (human resources) system. In their second report on the human resources system in L&T, Pareek and Rao (1977) recommended that the personnel function be viewed as Human Resources Function (HRF) and suggested a trifurcated function: Personnel Administration, HRD, and Worker Affairs. Adding Organization Development (OD) also to the HRD function, they recommended that "Since OD is being added now, it is necessary to strengthen that part of HRD. We, therefore, recommend that the company may appoint a Manager (OD) with two officers to do a lot of research work which will soon start".

### 1.4 Needs of HRD:

HRD is required by every organisation that is interested in:

- Stabilising the organisation
- Growth
- Diversifying
- Renewing itself
- Improving its systems and services
- Change and becoming more dynamic
- Playing leadership roles.

## 2. OBJECTIVES

2.1 To understand the Human Resource Development and Organisational Performance.

2.2 To find the significance of HRD on Organisational Performance.

## 3. LITERATURE REVIEW

### 3.1 HRD Mechanism

In HRD Mechanism the HRD has various subsystems which are available to develop the competencies of employees and organisation. The major subsystems are discussed below:

### 3.1 Performance Appraisal

The evaluation of the employees' performance in the organisation has become very essential for any organisation. Performance appraisal is important tool for organisation to know about their employees. This helps the top management to take strategic and accurate decisions regarding any job. It improves the overall quality of the products and services. The performance appraisal is entirely a formal process which provides the clear scenario of pre and post present situation of employees' performance. This might be evaluated through human resource analytics, various tools and techniques as well as ratings. Every appraisal is done with an objective. With the help of a selected and appropriate technique specialist measure the employee's actual performance against the pre set target?

## 4. RESEARCH METHODOLOGY

The data and material has been collected from various books and journals relating to HRD and Organisational Performance. Although the secondary data have been used in the study by the researchers in their researches and their experiences regarding these. The analysis has been made on the basis of the studies undertaken in the past on different aspects of human resource development and organisational development. The various mechanisms developed and applied by the various organizations have been analyzed on the basis of these researches. Similarly, variables relating to the HRD and Organisational Performance and their impact on organizational climate and its effectiveness have been analyzed on the basis of available research material. No specific statistical tools have been used for the analysis. However the data has been compiled and analyzed in a manner to provide significant results.

## 5. FINDINGS

In the era of globalisation, liberalisation, competitiveness and fast growing world the developing countries companies do not understand investment pattern in the developed countries. The importance of HRD has well understood and implemented by them. Countries like Japan have invested in HRD. Learning various literature reviews it is found that every organisation requires contribution of every segment of the organisation that is top management, employees and workers and their relationship. So there is need of HRD mechanism which enhances the performance and leads towards the organisational development. The organisations in India are needed to develop HRD system to enhance the organisational performance through its various sub systems. These sub systems enrich organisational performance. The various sub systems are given below. Human resource development system-strategies & solutions.

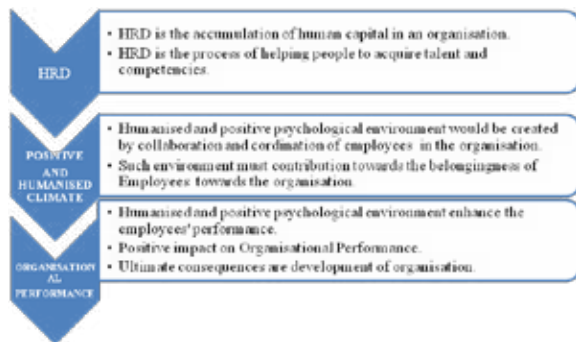


Figure: 1 Self created, Human resource development system-strategies & solutions.

## 6. RECOMMENDATION

There is need to understand the importance and worth of employees. The willing employees contribute towards the organisation fully. The environment of organisation must be employees' friendly which is nowadays essential for the best performance. The environment must be psychological and humanised which contribute towards both employees

and the organisation. It improves the quality and performance of employee and finally contributes to the organisation. The environment of the organisation must be 'green'.



**Figure: 2 Self created, HRD system to enhance the performance**

## 7. CONCLUSION

The HRD system has become the essential for every organisation in the competitive, globalisation and liberalisation. HRD system must be developed by every organisation to achieve the targeted goals of the employees and organisation. Developing country India is moving towards

developed economy. The factors like hiring and selection, organisational role in job scope, rewards and recognition, success planning, career planning, learning organisation, strategy development and performance appraisal contribute toward HRD. These require a communication channel in the organisation. This would be able to make a system that equips the organisation to enrich their performance.

## 8. LIMITATIONS

This study is based on secondary data taken from books and journals; it has limited aspects and impact in the present organisations which is changing very fast in the competitive world. Further, results need to be authenticated regarding globalization and liberalization thence the new world economy requires new practices and new methods being applied in the organizations.

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