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**RELATIONSHIP BETWEEN HUMAN RESOURCE DEVELOPMENT AND ORGANIZATIONAL PERFORMANCE.**

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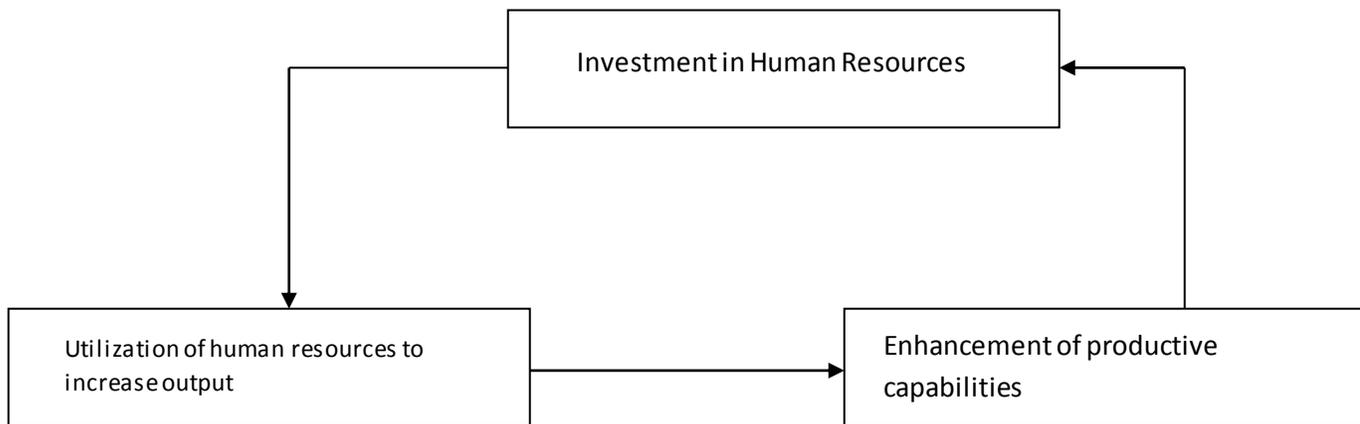
**Abstract:-**

There are number of studies have recognized the relationship between human resource development (HRD), and organizational performance the mechanisms through which HRD leads to organizational performance remain still unexplored. The purpose of this paper is to find out the pathways leading from HRD to organizational performance. According to the American Society of Training and Development (ASTD), HRD is the integrated use of training and development, organizational developments, and career development to improve individual group, and organizational effectiveness. Society is forced with new challenges and changes daily with the need to provide employees with appropriate learning experiences. Moreover, HRD helps organizations to provide learning related to the goals of the organization and acts employees.

**1.1 Introduction:-**

Human Resource Development is a continuing process comprising three interdependent components: -

1. Investment in human resources to enhance productive capabilities.
2. Utilization of those human resources to produce increased output.
3. Participation of the human beings who have improved resources like better education, better skills level etc. in the consumptions of that increased output through better quality of like Figure 1 :-



### **1.2 Theoretical Framework of HRD:-**

The Human Resource Development as a function has evolved in India very indigenously from the year 1975 when Larsen & Toubro company conceptualized HRD as an integrated system and decided to separate it from personnel, Since then in the last 25 years most organizations have started new HR departments or re-designated their personnel and other departments as HRD departments. Today there are high expectations from HRD. Good HRD requires well structured function and appropriately identified HRD systems, and competent staff to implement and facilitate the change process. In 1975 L & T a prominent Engineering Company in India had appointed two consultants from the Indian Institute of Management, Ahmedabad to study the performance appraisal system and make recommendation for improving it. There are some principles in HRD systems described as follows: -

1. HRD system should help the company to increase enabling capabilities. The capabilities outlined in their report include development of human resources in all aspects, organizational health, improvements in problem solving capabilities, diagnostic skills, capabilities to support all the other system in the company.
2. HRD systems should help individuals to recognize their potential and help them to contribute their best towards the various organizational roles they are expected to perform.
3. HRD system should help maximize individual autonomy through increased responsibility.
4. HRD systems should facilitate decentralization through delegation and shared responsibility.
5. HRD systems should facilitate participative decision-making.
6. HRD systems should attempt to balance the current organizational culture with changing culture.,
7. There should be continuous review and renewal of the function. The integrated HRD systems approach of Pareek and RAO (1975) has the following elements:-

- i. A separate and differentiated HRD department with full time HRD staff.
- ii. Six HRD subsystems including OD
- iii. Inter-linkages between the various subsystems.

### **1.3 Human Capital Theory:-**

Gary Becker's 1964 human capital theory represents an attempt to modify the basic neo-classical model of supply and demand in the labour market, which is based on wage levels (i.e. employer costs VS worker earnings), and the relative benefits of work compared with non-work. It recognizes that differential education, training and experience levels produce differential costs/earnings in many different labour markets. Wage levels are directly related to the profitability of the products in those markets and to the level of skills, which are developed through training and experience in order to produce those products.

Training can be seen as an investment in human capital and the decision to undergo training and acquire skills is seen as a rational choice in time preference, deferring current gratification in exchange for anticipated future earnings. Supply in each labour market is rationed by the time and other costs involved in acquiring skills. According to Becker, there is a tendency for growth and economics developments to impel a shift towards labour saving production methods and techniques. Industries and firms which recognize these trends, need the necessary skills for producing the latest goods and services through new labour saving and time saving technologies. These SMEs are in the Core sector of the economy while older industries, less amenable to these transformations are in the precarious unstable and more poorly paid secondary sector.

### **1.4 Behavioral Perspective:-**

The Behavioral perspective on HRD can be defined as the use of personnel practices as tools for shaping patterns of behavior that help to achieve organizational goals and objectives. Different goals and objective require different strategies and behaviors and therefore, different HRD practices. This leads to a focus on an external fit resulting in contingency theories on HRM. Size, technologies ownership, sector and location are examples of contingency variables that have been included in previous studies. Building on this perspective schedules and Jackson test the notion that each of porter's three generic strategies fits a certain constellation of HRM practices. Like contingency theories, configurationally theories assume that the usefulness of specific HRM practices will depend on the context in which they are applied. In contrast the contingency theories, however, configurationally theories are usually based on typologies of ideal types of HRM systems and are concerned with specific patterns of HRM practices. Thus, they posit that companies pursuing a quality strategy should have explicit job descriptions and high employee participation.

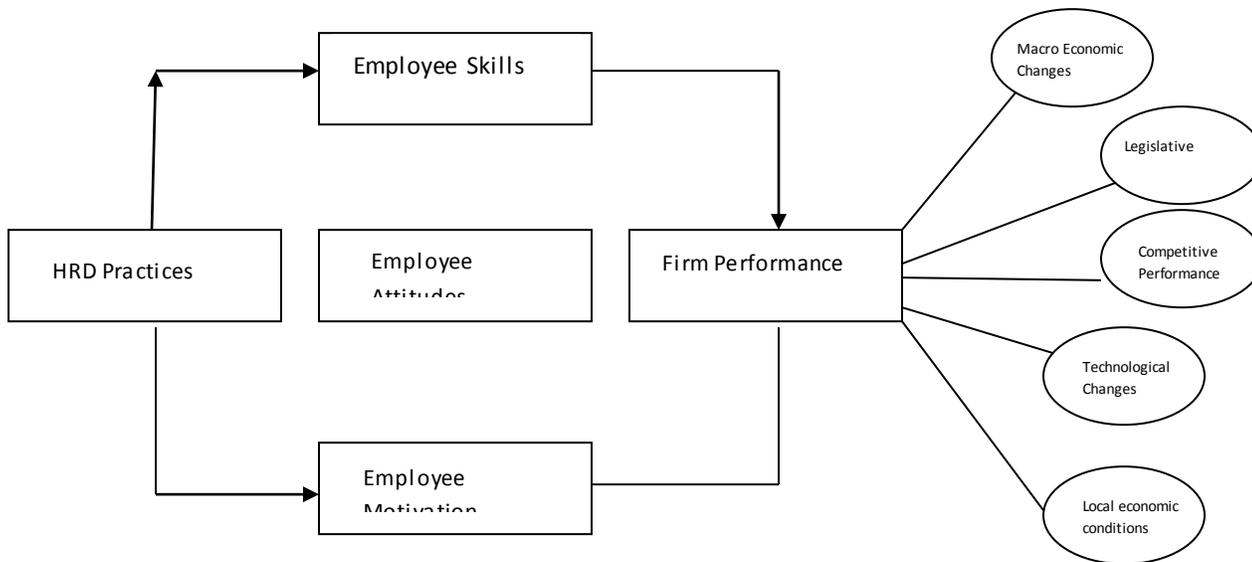
### **1.5 Firm Performance:-**

Firms can establish a sustainable competitive advantage through the implementation of a value or a competitive advantage creating strategy, which is not being carried out by any current or potential

competitions. Under the resource-based view of the firm, successful firms can achieve sustainable competitive advantage by acquiring and maintaining valuable idiosyncratic resource, which are rare imperfect by imitable and non-sustainable and a firms HR can be a source of this sustainable competitive advantage.

Recently, research has begun to examine the relationship of high performance HRD “Bundles” or configuration of practices with sales profitability and turnover. Empirical evidence has been found for bundling practice due to added synergies gained from the conglomeration of practices, which leads to additive or multiplicative higher returns than individual components.

Figure 2: Impact of HRD practices on Organizational performance.



**1.6 Research:-**

Research is part of all the other six functions of human resource management. With the number of organizations participating in some form of international business the need of HRM research will only continue to grow. Therefore it is important for human resource profession appraisals compensation and benefits training and development employee and labour relation and safety and health issues. Motivation important to improve HRM – motivation is a key factor for humans become energized and achieve results. So we should try to increase motivation in our organization.

Here we are some factors to increase motivation:-

1. Having a goal is important.
2. Never leave anything unfinished.
3. Get help, tasks are always easier to do when working in a group.
4. Never stop learning.
5. Use your talents.

Another factor is commitment which is also important to improve HRM Commitment means to show loyalty duty or pledge to something or someone.

Also employee relations is very important for improving HRM, when employee have good relations together, they can make a group so they can share their knowledge and they can get good results.

### **1.7 Suggestions:**

This section makes suggestions for future research. Future research can investigate when and why employee perceive contingent compensation as controlling rather than motivating and how this ill effect can be minimized. Today, organization behavior scientists are dealing with a wide range of problem confronting the business world. For instance, they continue to study downsizing, career development in the global economy, social issues such as substance abuse and change in family composition, and the global economy.

### **1.8 Conclusion:**

Unlike some topics (e.g. total quality management, business process reengineering) that have obtained faddish status in human resource management over the years, human resource managements has achieved staying power. Few today would argue that it is an important and established field of study. As HRM continues to evolve the challenge will be to fill in gaps in knowledge that have previously been identified, as well as break new ground in ever changing and dynamic environments. Contrary to popular belief there is little real evidence that HRM policies and practices are improving organizational performance.

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