

## *Coming to terms with HRD Philosophy*

*by S P Kandalgaonkar, IMDR Pune*

### **Background:**

Two disciplines that have influenced the theory and practice of HRD are Economics and Psychology. In Neo-classical theory of Economics, employees are seen as human capital and are valued or rated on the basis of their qualifications, abilities and skills. Here measurement of the worth of human capital is done through psychological tests, competency rating, and appraisals that are based on theories of intelligence in Psychology. Human capital framework assumes that qualification, skills, and abilities of employees determine the worth of human capital and increase in this value would add to the productivity gains and ROI of the company.

Another assumption of Human Capital view of HRD is that the way wage differentials, placement, promotion and reward are distributed is based on perfect competition. It measures the value of extra output of human resources in terms of HRD investment like on the job training. However, Human capital model does not address or answer the question of why some of the employees develop abilities in terms of job relevant competencies through on the job training while some others do not. Also the HC model is silent on how employees actually learn on the job and develop competencies or work related abilities. HC model of HRD, though useful in measurement of knowledge, skills and abilities, it fails to explain employee development in work context.

If we look at what HRD managers are doing in corporate sector, then we usually see them using latest tools of recruitment, assessment and formal training of human resources. However, rarely are HRD managers seen engaged in theoretical discussion on HRD perspectives and philosophy behind these tools. A recent book on HRM has listed 300 Models techniques and tools. Alternative perspectives on HRD are scarcely debated and discussed in HRD literature and practice as well. Hence no real break through has taken place in HRD theory and practice that can provide useful insights for HRD managers

### **Focus**

This article attempts to explain the conventional and alternative assumptions of HRD and the likely impact of these assumptions on individual and organizational behavior. These assumptions come from Neo-classical and Neo-institutional Economics. It is argued that HRD managers could modify and improve their practice if they chose to work on alternative assumptions. Hence, it is the responsibility of academicians and practicing managers to collaborate on the research and application of HRD with alternative perspective so that some break through in HRD application is possible.

At one level it is easy to understand that HR managers and OD consultants are carried away by HRD technology rather than philosophy for practical reasons. Tools and techniques can be applied on captive employees; and they appear scientific and based on specialized expertise and more importantly, they do not make demand on value choices and intellectual integrity on HRD manager or consultant which is an essential feature of any profession..

Though HRD technology ( Theoretical Models plus tools plus techniques of application) is useful in measuring and evaluating human capital it cannot explain or diagnose why people behave the way they behave at work place. For example in BPO and IT companies, HR managers are unable to explain adequately and theoretically the high attrition rate in spite of using latest tools of HRD and OD to curb it. This indicates a lack of theoretical basis of HRD application in industry.

### **Contention**

*This note argues that articulating the assumptions of HRD theory is more important than blind application of HRD technology for effective application. The term philosophy in this note is used to include alternative assumptions and perspectives that precede and connected with methods and tools of application. Here Theory is understood as assumptions plus method plus tools of application.*

### **Models of Emotional Intelligence and Competency**

Let us take two of the popular HRD tools as examples to explain the argument made above. Two popular tools of HRD are psychological test to measure emotional intelligence (EQ) and mapping of competencies.

Let us consider the concept definition of emotional intelligence and competency and then go backwards to explore the assumptions behind these concepts and the tools used to measure them. It is interesting to find that there is a certain similarity in the concepts of Intelligence and Competency. Both can be defined either by the theoretical model of Personal Ability or by Personality Model

In the field of psychology these two models have distinct set of assumptions

*Ability model defines emotional intelligence as a capacity*

1. to process information,
2. to perceive emotion,
3. to integrate emotion with thought and
4. to manage emotion with a focus on personal capacity.

*In contrast, Personality model defines it as*

1. self-regulation,
2. self and social awareness

*It focuses on the relationship between the self and others in social situations.*

*Similarly Personal ability and Personality models can define Competency differently.*

*Hornby and Thomas define competency as the ability to perform effectively the functions associated with management in work situations. Here, the focus is on ability though it is in a work situation.*

Competency is also conceptualized as performance model that comes closer to **Personality model.**

*Here, competencies are defined as all those abilities, which enable the transfer of generic knowledge and skills into a situation leading to superior performance. Hence application of knowledge and ability to specific work contexts by forming judgements about appropriate behavior for that situation are main features of competency. Therefore performance model definition focuses on person –situation dynamics in work context rather than ability of the individual isolated from the situation.*

Two types of definitions mentioned above indicate more than differences in terminology but a fundamental difference in perspective and therefore it would influence the process and practice of HRD. It would determine how an employee would engage in the learning process on the job and how HRD managers would choose to help employees develop and learn on the job. In fact important HRD processes like on the job training (learning), and career planning are closely connected with the choice of definition and perspective. Hence definitions of intelligence and competency belong to realm of theory and practice of HRD

### **Experiences in Competency mapping**

To illustrate the point further, it is worthwhile to mention the writer's experience in competency mapping exercise in two reputed manufacturing organizations of automobile sector. In one company, HR manager and those who participated in the HRD exercise saw competency-mapping activity as a process of psychological testing and consultants (writer and his colleagues) were seen as experts who would report on individual competency of employees to top management. Needless to say fear and anxiety were triggered by the exercise.

In another company, competency grid was prepared for cell members (not workers!) on assembly line of two wheelers and HRD and line managers for taking decisions on retaining and firing employees used the data gathered from Behavioral Event Interview. Interestingly, though rich data was shared by employees on the work culture and group norms of cooperation, it was not utilized by HR or line managers and also by the consultants because it was not related to **Ability model** of competency. In both the cases competency was seen as an individual rather than as a collectivity phenomenon

## **Learning**

These two experiences point out the fact that when theoretical assumptions and perspective are not clarified by the consultant and managers it is likely that useful HRD tool of competency mapping would be used for “control\manipulation ‘ rather than ‘developmental’ purpose and therefore such applications of HRD tools go against the basic philosophy of HRD.

We need to recognize that there are deeper assumptions in the **Ability model**, which makes it appealing for managers in the business organizations. It defines ability in a deterministic way. It focuses on competency as demonstrated behavior in the past and predicts similar behavior in future because it is enduring. Hence, it absolves manager of the responsibility to look at the potential of the individual employee or to look at the job related factors that have influenced the behavior and learning of the employee. It shifts management’s responsibility of creating work situation conducive for development and it places it squarely on the individual employee. It ignores the context of job and work group. It isolates the individual artificially from the social processes of work place.

Similarly, in competency theory, human action is preceded by intent or motive. The assumption is that the person is totally in charge of the situation and always tries to achieve his/ her goal of maximizing the gains. This is quite consistent with the rational economic model Neo classical theory of business decision-making and motivation theory of psychology. It is assumed that human need of achievement and actualization is unlimited and all employees work for it in all cultures.

In reality a more realistic assumption of motivation is that at work place employees try ”satisficing” behavior that is good enough for expected performance. However in theory of competency, interdependence of the actor and other contextual factors are totally ignored. Therefore, it is not unusual to find that a person who is rated highly in teamwork and cooperation competence may not be effective when asked to work in another team since his /her competence is embedded in the work context and cannot be separated from social and technical processes of the work group. Similarly, a person who is a low performer in one company can give superior performance when he changes the company. It points out the fact that job skills are culturally embedded, and are developed within socially shared guidelines or rules of thinking, feeling and doing.

## **Two models of work organization**

At a deeper level, assumptions of HRD stems from the theory of work organizations. In industrial setting work place or organization is seen as rational economic entity that operates in the context of perfect competition. In neoclassical economics it is assumed that and all employees have equal access to information and other resources for development.

Such assumptions are somewhat appropriate for commodity and stock markets but are not useful for HRD theory and practice. In this context, Dunlop's statement is educative.

***“Work place is a social organization and labor market takes significant social and (human) characteristics that do not characterize commodity and financial markets explained by ordinary demand and supply analysis of neoclassical economics”***

## **Conclusion**

The contention of this article is that HRD managers need alternative theory and assumptions to move away from restrictive and sometimes harmful assumptions of neoclassical economics. It argues that assumptions and theory of neo-institutional economics rather than neo classical economics can help HRD managers use HRD technology for optimizing the need of individual and organization. The so-called HRD tools are in fact used for maximizing organizational gains at the cost of human resources.

***The main assumptions of Neo institutional economics are given below:***

- 1. Institutions involve the interaction of agents with crucial information feedback.***
- 2. Institutions have common conceptions and routines.***
- 3. Institutions are sustained by shared expectations.***
- 4. Institutions incorporate values and processes of normative evaluation.***

In other words, in Neoinstitutional economics, work place is seen primarily as a human collectivity where individual behavior is influenced by interactions, shared expectations and normative evaluation.

The main advantage of alternative theory based on neo institutional economics is that it would make HRD managers modify and reinvent HRD tools and methods in important areas of training and learning, and career planning. When such a task taken it would give healthy direction to HRD efforts in terms of simultaneous development of organization and individual.

## **Review**

HRD in business organizations is influenced by rational-economic model of neoclassical economics. HRD managers are preoccupied with tools and techniques but do not give serious look at the theoretical assumption behind HRD tools and practice. Alternative assumptions of neo institutional economics would help manger practice HRD in the true spirit of HRD philosophy.

The moot question is :

***Would HRD managers, consultants and captains of industry come to terms with this newly perceived reality of work organization?***

As Mintzberg has said ‘organizations are in the mind’ and one can add that HRD practice comes from the philosophy in the mind.

**References**

*1 Human Resource Development Review, Sage March 2005*

*2 Human resource Management in Practice with 300 models and Tools (2004). S R Mandela, Prentice-Hall of India*

*3 A model of Performance: Unpublished note, Dr A P Bhupatkar, IMDR, Pune*

*Acknowledgement: I thank Dr Anand Sukumaran for his comments on the first draft*