

MIKKO LUOMA

# A Look behind the Programme Level: Factors that Drive HRD

## ABSTRACT

*This article studies the factors that are likely to affect the visible part of human resource development (HRD) – the use of HRD activities in companies. It is argued that the active use of HRD activities as such does not indicate the role HRD plays in a company's business: rather, one has to pay attention to HRD orientation that captures the paradigm of an organization as regards the development of people. In this empirical study of Finnish metals companies, several factors related to the organization, strategy, HRD function, and HRD person are identified as meaningful predictors of HRD orientation. Results imply that the outcomes of HRD are also dependent on factors outside the traditional authority of HRD function. The model that is formed based on the results helps those involved in HRD understand the inherent linkages and holistic nature of people development in organizations.*

**Keywords:** Human resource development, HRD orientation, industry, organization, strategy, HRD function, HRD person

## INTRODUCTION

Human resource management (HRM) has moved from the periphery of business towards a more central position in many modern companies. Among other things, this is reflected in investment in human resource development (HRD). Programmes aimed at enhancing both individual and organizational performance are carried out in an idealistic belief that despite the difficulty of measuring the results, it pays to put considerable sums of money into developmental efforts.

MIKKO LUOMA, MSc. (Econ.)

University of Vaasa, Department of Management and Organization • e-mail: m.luoma@pp.inet.fi

This has resulted in the need to assess the role HRD plays in business. But how can this be done? One possible solution is to study the visible part of HRD – programmes designed for management development, vocational training, cultural change, and the like – but this does not necessarily lead to understanding of the wider context of HRD.

This paper offers another solution. It builds a framework that connects HRD activities with the concept of *HRD orientation*, which refers to the way HRD is managed strategically within a company. So HRD orientation can be seen as representing the first level of underlying variable for developmental activities. Furthermore, it is suggested that HRD orientation in its part is affected by the second level of underlying variables, background factors which are associated with the particular industry, the organization and its strategy, HRD function, and the HRD decision maker him/herself. These factors form the most stable and permanent foundation for HRD of a company, and thus also direct the use of developmental activities (Luoma 1998).

This article studies the inherent linkages between the second level background factors and HRD orientation. The objective of the study is to discover the factors that are likely to influence the role of HRD in a company's business. The paper builds a framework that covers the discussed aspects of HRD, and then tests the framework with evidence from the Finnish metals industry. The end result is a model that helps HRD people and top management to understand the wider context and dependencies of HRD, thus giving a tool for managing HRD towards a better contribution to business success.

As regards the relationship between HRM and HRD, a certain approach is adopted in this paper. Building on the seminal work of Fombrun, Tichy, and Devanna (1984), which emphasized viewing personnel decisions as a set of distinct systems, connected on one hand to each other and on the other hand to business strategy, this paper places HRD under the concept of HRM. However – against the mainstream of studies on what is called strategic HRM – it is assumed that one common logic for connecting all personnel systems with business strategy is hard to adapt. Instead, the strategic connections of HRD, as well as those of other areas of HRM, are based on the unique characteristics of that particular area and therefore should be viewed separately. The following discussion on the strategic roles of HRD and HRD orientation is grounded on this "single component view" of HRM, giving the general theory of HRM an only partly useful role.

### GOING BEHIND THE OBVIOUS

14

HRD activities advance learning in organizations. This article focuses on intentional HRD programmes or interventions – the terms are used here synonymously – although HRD activities as a whole additionally comprise of many other forms of development that can be character-

ized as informal rather than formal and planned (see e.g. Vaherva 1998). In fact, it has been argued that most of the learning in organizations happens through informal and incidental modes (Marsick and Watkins 1990). However, when studying the managerial side of HRD, it is important to pay attention to the formal side of development, because, at least in theory, that can better be considered to be under the control of an HRD person – the term in this paper refers to a person who has the overall responsibility of planning, co-ordinating and/or implementing HRD policies and practices within an organization. Depending on the organization, this person can have the position of an HR manager, training secretary, department manager, supervisor, general manager, etc. HRD programmes, as understood in this paper are, typically: planned beforehand, have an educational objective, content, a budget, and an owner (somebody who is most involved in the programme); can be appraised after their realization; and people taking part in them are aware of being subjected to an intervention.

HRD programmes have been discussed widely in literature. While numerous writings describe individual developmental activities or intervention techniques, there are also some more holistic presentations. For example, Stumpf and Hanrahan (1984) list 13 possible HRD activities that may be appropriate for a company to offer its employees. Using the same approach Butler, Ferris, and Napier (1991:132) identify five categories of HRD activities that differ from each other according to the time that is needed for their implementation. An alternative approach is offered by Mabey and Salaman (1995:100), who, by building on the work of Harrison (1987), use a frame that separates the *level* and *degree* of intervention. Level refers to the "width" of intervention, its contact area within the organization – whether it is individuals, work groups, departments, or an entire organization at which the activities are targeted. Degree in turn refers to the "depth" of intervention – what kinds of techniques and methods are harnessed to deliver learning experiences. The choice along these two dimensions depends on the targeted change that the intervention is launched for. For example, to give a clerical worker basic knowledge of a new word processor, calls for an intervention that can easily be realized in the form of a conventional training event. Its positioning on the level-degree axes is somewhat different from that of a process re-engineering programme that aims at a deep-rooted change in the way in which people perceive their work roles and their internal or external customers!

So, HRD programmes themselves do vary, as does also the thinking behind them. The variation is in the end due to the different roles to which HRD is assigned in different organizations, or even within one organization at different periods of time. HRD programmes represent merely the visible part of development – it is assumed here that they are not as such adequate indicators of HRD's role in a company's business. To discover the factors that drive development, one has to go behind the programme level, as the following chapters show.

### Step one – HRD orientation

To get an idea of the concept of HRD orientation, let us think of three fictional companies and their actions concerning HRD. All the companies are actively utilizing HRD in their businesses by carrying out programmes of the same kind, let us say, quality improvement programmes. There are no major differences in the length, comprehensiveness, or cost of the programmes between the companies. Superficially, based on the programmes only, one could find no differences in the way these companies make use of HRD.

The first company has suffered from constant failings with the quality of its products. To avoid losing its market share, the company has started a quality programme aimed at pointing out the importance of customer satisfaction, and at discovering and eliminating the skill deficiencies of the workforce. The second company does not face a similar threat in the form of customer dissatisfaction, but would like to energize the organization with new ideas, and uses the quality programme as an "organizational Viagra", a means for an internal renewal. The third company sees high-quality operations as performed by its personnel giving it a basis for differentiation in the market, so HRD, together with other HR practices, is used to build a competitive advantage that lies at the centre of the company's strategy. Now, after a closer look, the companies turn out to differ remarkably regarding the role of, and the expectations for HRD.

The differences between these companies are associated with different strategic roles of HRD. These roles refer to the way people development processes are linked with strategic management, and they have been described by several researchers (e.g. Burgoyne 1988, Catalanello and Redding 1989, Torraco and Swanson 1995, Luoma 1999). The classification used here is based on the author's work on the subject, distinguishing three roles that HRD can play in relation to strategic management.

*1. Need-driven HRD.* The first of the three companies is an example of the most traditional HRD role – need-driven HRD. Here the deficiencies in people's skills serve as a starting point for developmental activities. HRD programmes are carried out to close the skill gaps and to help the company maintain its competitiveness at an acceptable level. Methods such as training need surveys are used to unveil the "hidden incompetence" among the personnel, to be cured later with development activities. Typically, HRD in this role acts as a service function, reacting to the developmental needs perceived by the line organization.

Of all the roles of HRD described here, this role bears the greatest resemblance to the traditional theory of HRM, or even that of *personnel management*, which is often distinguished from the later notions of valuing people as resources of an organization. The central premises of personnel management include reactivity – a problem must arise before a solution is to be considered. The problems are typically related to the amount of manpower needed, industrial

relations, or – as is the case here – flaws in performance. A feature of the need-driven role that belongs to the realm of HRM rather than personnel management is the importance of such problems from the strategic point of view. Need-driven HRD is most of all concerned with such skill gaps as are seriously keeping the organization from achieving its strategic targets. Because of this, the skill gaps are often associated with managerial behaviour or non-technical skills of entire work groups.

In any case, despite being reactive in nature, HRD in this role can often easily demonstrate its value, because the programmes it takes up are closely related to the daily concerns of the organization. Programmes that are properly planned, successfully conducted, and addressed to essential strategic issues are an indispensable aid in the strategy implementation.

2. *Opportunity-driven HRD.* Another role of HRD, represented by the second company of the example, is opportunity-driven HRD. Now the target of HRD is not to fix a weakened performance, but to further strengthen current competitiveness. HRD activities are employed to provide the company with such skills and patterns of thinking and working as are generally associated with successful performance. Activities are not dependent on the situation of a particular company, rather, they are based on widely held beliefs in, for example, good leadership, productive and satisfying work, and successful management practices (see e.g. Peters and Waterman 1982, Covey 1989, Fitz-enz 1997, Pfeffer 1998), and they should be promoted by any organization. More than in the needs of the line organization, opportunity-driven HRD has its interest outside the company, in the intervention techniques and programmes that are assumed to build "excellency" in business. HRD of this kind is opportunistic in nature, and it is often used to revitalize the organization or to achieve cultural change.

Unlike the need-driven role, opportunity-driven HRD does not borrow from the personnel management approach. Neither does it accept the premises of the system oriented view of HRM (as presented by Fombrun et al. 1984), because HRD practices are not derived directly from an explicit business strategy. Rather, opportunity-driven approach is an example of the *closed approach to HRM* (see Mabey and Salaman 1995:44), as distinct from the *open approach* which stresses the dependence of HRD on particular circumstances and particular business strategy (Luoma 1999).

3. *Capability-driven HRD.* The third company is an example of one more role of HRD – capability-driven HRD. This role is based on the idea of human competencies and processes being at the heart of business success (see e.g. Prahalad and Hamel 1990; Stalk, Evans, and Shulman 1992). These critical behaviours are identified in the strategy process, so this role calls for a tight integration of HR and business strategies. HRD programmes are for their part building the central capabilities and thus creating a new competitive advantage for the company. Working this way, HRD is not fixing competitiveness, nor is it opportunistically seeking

possibilities to build excellency, but it is seen as one essential element in the process of reaching the strategic goals of the company.

This role is closely related to the resource-based view of organizational strategy (Wernerfelt 1984, Conner 1991), which implies that a firm's sustained competitive advantage finally rests in unique organizational resources and capabilities. This notion has been welcomed by several advocates of HRM (e.g. Ulrich and Lake 1990, Lado and Wilson 1994), who have created presentations for linking capabilities with HRM. Although these presentations seem to lack the above-mentioned single component view that could better clarify the special role of HRD in the process of creating and sustaining a lasting competitive advantage, there is enough evidence to argue that capability-driven HRD forms a developmental approach that combines many of the premises of recent theory on strategic management and HRM.

HRD in organizations can be associated with one or more of the roles described above. In fact, this is just what is understood with the term HRD orientation. The concept refers to *the degree of the need-driven, opportunity-driven, and capability-driven roles being emphasized in the plans, decisions, and actions of an organization*. The roles thus serve as components of HRD orientation and they can be combined in a variety of ways.

In a way, HRD orientation acts as a paradigm of an organization as regards the development of people. It represents the distinctive and established way of an organization in seeing HRD as a part of its business, and it is held by several key groups involved in HRD – the senior management, HRD staff, etc. As regards the individual development activities, HRD orientation is reflected 1) in the main motive for the activities, 2) in the way they are integrated with other HR practices, and 3) in the expected impact of the activities.

There is no need to promote any single form of HRD orientation as being the only correct approach in all businesses and all situations. Rather, the suitability is determined by the fit with the larger context of the business. It has been argued that HRD orientation forms a foundation from which different developmental actions – HRD programmes etc. – spring forth (Luoma 1998). So, to form a complete picture of HRD of a company, one has to go behind the programme level, to HRD orientation that reflects the thinking which has led to various activities.

### **Step two – background factors**

HRD orientation is an indispensable variable to be taken into account when assessing the importance and contribution of HRD in a company's business. But what affects the formation of HRD orientation, and furthermore, the emergence, use, and impact of HRD programmes?

The question of HRD background factors can be approached with the help of an understanding of factors influencing human resource practices in general. Some authors have presented comprehensive frameworks serving this purpose. Hendry (1995:241) suggests a general

model that distinguishes *external factors* such as the competitive environment, external labour markets, the role of trade unions, the industry-specific systems of training and pay, and government interventions; and *internal factors* such as business strategy, technical requirements, management philosophy, size, growth stage, ownership, employee representation, and the carry-overs of existing practices of an organization. Based on an empirical study, Jackson (1992) lists manufacturing technology, industry sector, organizational structure and size, and union presence as factors that personnel practices vary with. Furthermore, the dominant influence of organizational life-cycles to human resource practices have been stressed by Greiner (1972), Churchill and Lewis (1983), Hax and Majluf (1984), Kochan and Barocci (1985), Grinyer, Mayes, and McKiernan (1988), and Schuler (1989). Although these presentations differ, for example, as regards the number of stages in the life-cycle, they share an idea that the nature of people-related activities varies – or should vary – with the stage of the cycle.

The aim of this paper is to define the factors that affect the use of HRD activities in companies. To do that, a categorization of possible factors is formed, partly using the studies above as a foundation, but also including some additional factors. The categorization of this study covers factors related to the following areas: industry, organization and its strategy, HRD function, and the person responsible for HRD. The individual factors include:

**Industry:** growth rate, the intensity of competition, labour intensiveness;

**Organization:** size, age, stage in the life-cycle, the age structure of the personnel;

**Strategy:** the importance of different elements in strategy;

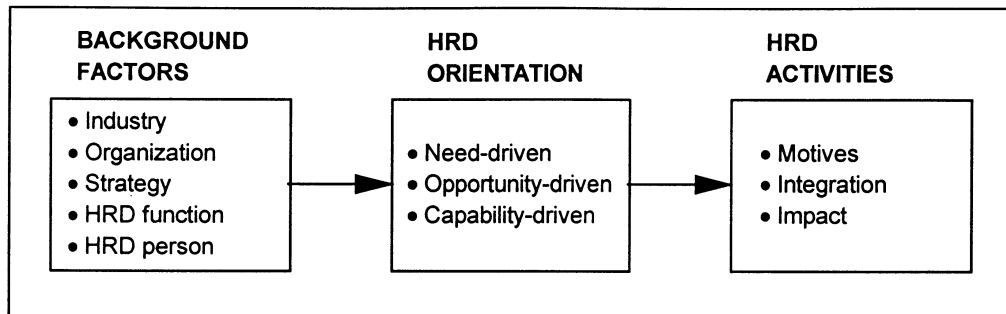
**HRD function:** structuring, the resources of HRD, the involvement of different stakeholders in the decision-making; and

**HRD person:** gender, age, education, position, other responsibilities, work experience.

It is assumed that these background factors have more of an influence on HRD orientation than on the HRD activities themselves. It is this HRD orientation upon which these different activities, such as HRD programmes, are based.

### **Framework**

Figure 1 illustrates the thinking above. The background factors related to industry, organization, strategy, HRD function, and HRD person represent the deepest level of HRD, they determine the arena where the play itself can take place. They tend to change slowly, so at any certain point of time they should be regarded as given. The background factors have inherent linkages with the forms of HRD orientation, i.e. the role to which HRD has been assigned in the business. This role HRD puts into practice by planning and carrying out interventions which are supposed to contribute to the success of the business.



**FIGURE 1.** A framework for a larger context of HRD.

The figure serves as a framework for a larger context of HRD. Despite the processional impression of the presentation, time dimension does not separate the elements of the framework, but they follow each other in a structural sense. The use of HRD activities is dependent on HRD orientation, which again is highly influenced by the background factors. According to this framework, if a company wants to radically alter the level of expected benefit of its programmes, let us say, from fixing the current skill deficiencies (need-driven HRD), to building the strategic capabilities to outperform competitors (capability-driven HRD), it has to pay attention, for example, to the role of HR in its business strategy, to the structuring of HRD function, and to the competencies of the person responsible for HRD.

The framework also suggests that a certain combination of background factors leads to HRD orientation of a certain type, and further, to certain aspects being stressed when planning the programmes. It could be hypothesized that, for example, a young company that is growing rapidly, has its HRD decision-making totally decentralized to line managers, and allocates to training only the expenditure that is needed to teach the new employees the necessary technical skills, is likely to be need-driven by its orientation, thus stressing the deficiencies in past performance as an impetus for planning the HRD activities.

This paper does not, however, build hypotheses of this kind, but examines the general influence of each of the background factors to HRD orientation. This is done in the following, with the help of empirical evidence.

## EMPIRICAL RESEARCH

This chapter reports an empirical study that was carried out within the Finnish metals industry in early 1998. In the study, data were gathered about the background factors identified above and HRD orientation. The connections between individual factors and HRD orientation were



then studied with the help of statistical analysis (the software package used was SPSS version 8.0). The framework presented above offered a practical setting for the empirical research.

### **Sample and data**

The study focused on the metals industry in Finland. This particular sector was selected because of its important role in the nation's economy and the author's familiarity with HRD practices within the industry. The metals industry, as referred to in this paper<sup>1</sup>, employs some 185 000 people and accounts for some 40% of the value added of Finland's industry (MET 1998). In terms of the number of employees, the 170 biggest manufacturing organizations – independent companies and subsidiaries of larger corporations – were selected to form the total population of the study. This was because it was assumed that a certain size is required before HRD as a meaningful area of decision-making can be distinguished, and its relationship with strategic management assessed. Expanding the research population further would have led to the inclusion of many companies with the number of employees being considerably less than 100. Because formal HRD in such companies is often unsystematic or even non-existent, their contribution to this study would have been somewhat limited.

The data were gathered in the form of a questionnaire, which was addressed to the "person responsible for human resource development". Because the response of that particular person was generalized to cover the whole organization, it was necessary to point out that the respondent should be in a central position concerning the management of HRD. This was done in the covering letter, where the term HRD was clarified in terms of this study as meaning such intentional activities as increase a person's skills, abilities, and/or knowledge, and direct them for a company's benefit. The respondent should be significantly involved in planning and/or realizing the above-mentioned activities. Further in the covering letter, the person who received the questionnaire was asked to forward it to an appropriate person, if he/she did not view him/herself as being so. There were no pre-assumptions made by the researcher about the titles, organizational positions, or HRD being the main responsibility of these people.

The contact information of the companies was gained from the employers' organization. Out of the questionnaires sent, 81 were returned, giving the response rate of 48%. Because the study was focused on the most influential companies only, this was considered as being sufficient to give a representative picture of HRD in this industry.

### **Measures and analysis**

The questionnaire included a section for HRD orientation and another section for the back-

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<sup>1</sup> The term comprises electrotechnical, engineering, and base metals sectors.

ground factors. HRD orientation was measured by several statements, each of them referring to one of the HRD roles described earlier in this paper (need-driven, opportunity-driven, and capability-driven HRD). The respondents were asked to express their preference for the statements with a scale ranging from 1 to 9. The statements were neutral expressions covering the prerequisites, goals, and visible practices attached to the roles. The statements, which in the questionnaire appeared in random order, are presented in Appendix A.

Information was also gathered about the background factors that were identified in this paper, with the exception that the factors related to the industry were excluded, because the study was restricted to one industry only. The list of the variables used is presented in Appendix B.

The first phase of the analysis was to calculate a numerical indicator for each of the HRD roles. Totalling the values given by an individual respondent to the statements referring to the same role, the magnitude of each role in HRD orientation was calculated. Each respondent was then classified as being either below or above the average level of each of the roles. For example, a respondent's HRD orientation might have included the following descriptions: need-driven role – above the average; opportunity-driven role – above the average; capability-driven role – below the average.

The preference-type data allows the use of advanced multivariate methods which help in assessing the validity of the measurement procedure. The values of the variables were analyzed with a multidimensional scaling (MDS) procedure MDPREF (MultiDimensional PREFERENCE analysis), which resulted in the formation of practically the same groups of variables as in the case of the sum-variable method described above. Furthermore, the stability of the MDS solution was tested with a split-half method, which supported the original solution (– see Luoma 1998 for the detailed discussion of measurement of HRD orientation).

Next, the values of the background factors were examined to determine whether they differed in accordance with the magnitude of a role. As an example, the respondents were divided into two groups – those below and those above the average – based on the magnitude of, for example, the capability-driven role. The number of employees was one of the background variables. The means of this variable were calculated for both groups. Then, with the help of the independent-samples T test, whether or not the means differed significantly between the groups was examined. If they did, it could be concluded that this particular background factor was associated with the appearance of this particular role. The same procedure was repeated with all the ratio scale background variables and all the HRD roles. The association of the nominal and interval scale variables (like the gender or education level of the respondent) with the roles was tested with the help of the Pearson chi-square test instead of using the T test.

When assessing the overall validity of the research, a central question is if there is enough cause to believe that HRD orientation of a single person can reflect that of the whole organization. In this study, the legitimacy of such a generalization is supported by ensuring that the questionnaire reaches an appropriate informant and formulating the statements that measure the orientation so that they refer particularly to the circumstances of the company, not to the subjective opinions of the respondent. Furthermore, if HRD orientation is to act as a paradigm of an organization as regards the development of people (as discussed earlier), it should not vary between individuals, but rather be a result of collective experience and shared thinking.

## RESULTS

In addition to the information related to the association of background factors with HRD orientation, the empirical study also revealed a considerable amount of descriptive information on one main industry in Finland. The results section sets out by outlining the profile of HRD in the Finnish metals industry by presenting quantitative information on the background factors studied, and then presents the statistically significant relationships between the background factors and HRD orientation.

### HRD in the Finnish metals industry

*1. Organization.* The organizations studied represented the medium-sized and large metals companies within the metals industry in Finland. Most of them were incorporated units or profit centres of bigger corporations. The average number of employees and amount of sales were 653 and 798 Million FIM, respectively<sup>2</sup>. Most of the companies had started their businesses during the latter half of the century, and identified themselves as being at the growth stage. None of the companies were at the birth stage, but some were experiencing a renewal of some kind. The average age of the personnel ranged from 27 to 50 years, the mean being 40 years. The overview of the companies is presented in Appendix C.

*2. Strategy.* The respondents were asked to express their view of the relative importance of different functions in the business strategy of the company with a scale ranging from 1 to 5. The results are shown in Table 1. In general, the respondents considered marketing and production as being more important than, for example, human resources in business strategy.

*3. HRD function.* The structuring of HRD function was measured as the degree of centralization. As shown in Table 2, the companies in the sample chose decentralization more often than centralization, while both pure forms were extremely rare. The monetary resources allo-

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<sup>2</sup> These means are calculated from the numbers of individual organizations. In the sample, there were also some mother companies who reported consolidated figures. All the companies are presented in Appendix C.

**TABLE 1. The relative importance of different functions in business strategy.**

	Least important			Most important	
	1	2	3	4	5
MARKETING	8.5%	11.0%	20.7%	26.8%	32.9%
PRODUCTION	12.2%	19.5%	18.3%	20.7%	29.7%
ECONOMY AND FINANCE	39.0%	24.4%	14.6%	9.8%	12.2%
HUMAN RESOURCES	14.6%	25.6%	29.3%	18.3%	12.2%
RESEARCH AND DEVELOPMENT	20.7%	19.5%	17.1%	24.4%	18.3%

**TABLE 2. The structuring of HRD function.**

TOTALLY CENTRALIZED	1.2%
MAINLY CENTRALIZED	19.0%
EQUALLY CENTRALIZED AND DECENTRALIZED	36.9%
MAINLY DECENTRALIZED	39.3%
TOTALLY DECENTRALIZED	3.6%

cated to HRD per employee in a year varied from several hundred to several thousand FIM, the mean being slightly above 3200. The involvement of different stakeholders in decision-making on HRD was also assessed. As shown in Table 3, the management in general had a role more central than HRD people or other stakeholders, according to the respondents. This parallels well the findings of Mattila and Pohjansaari (1995), who studied the decision-making on different HR activities in Finnish organizations.

4. *HRD person.* The profile of the persons responsible for HRD, the respondents themselves, was particularly of interest. They were more often men than women, belonged most commonly to the age group of 46–50, and had an academic rather than lower education. Almost half of them belonged to the senior management. The majority was also responsible for other areas of HR management, the most common additional responsibility area was communications and public relations. The length of work experience in HRD varied from 1 to 30 years, the average being 13 years. The prior work experience was most commonly related to other areas of HR management, production, general management, or economic administra-

**TABLE 3. The relative involvement of different stakeholders in the decision-making on HRD.**

	Least central role			Most central role	
	1	2	3	4	5
<b>TOP MANAGEMENT</b>	2.4%	8.3%	16.7%	26.2%	46.4%
<b>MIDDLE MANAGEMENT</b>	13.1%	10.7%	22.6%	26.2%	27.4%
<b>HRD PEOPLE</b>	4.8%	23.8%	23.8%	26.2%	21.4%
<b>EXTERNAL CONSULTANTS</b>	40.5%	23.8%	22.6%	8.3%	4.8%
<b>REPRESENTATIVES OF PERSONNEL</b>	27.4%	26.2%	17.9%	21.4%	7.1%

tion. The notions on the profile of HRD persons in this study largely support those raised by Valkeavaara (1997) in her report on HRD people in Finland. The overview of HRD people is presented in Appendix D.

### Linking Steps One and Two

Table 4 shows the association of the background factors with the levels (below and above the average) of different HRD roles. A significance level less than 0.1 was determined as being small enough to reject the null hypothesis, i.e. that there were no differences between the groups as regarded the variable in question. As can be seen from the table, the following background factors were significantly associated with some of the roles: the growth stage of the organization, the average age of the personnel, the relative importance of HR in strategy, the HRD expenditure per employee, the relative involvement of HRD people in decision-making, position in senior management, position in middle management, communications and PR as a coexistent area of responsibility, work experience in other areas of HR management, work experience in communications and PR, work experience in R&D, and work experience in general management. The first two factors were related to the organization, the next one to strategy, the following two to the HRD function, and the remaining seven to the HRD person.

In the table, the direction of the relationship is marked with +/- sign in parentheses after a significant value. A positive relationship means that the existence of the variable in question was associated with an above-the-average level of the role, a negative relationship means that the existence of the variable was associated with a below-the-average level of the role. It can thus be seen that the need-driven role was negatively influenced by the pivotal role of HR issues in strategy and the person responsible for HRD being located in senior management,

TABLE 4. The association of the background factors with HRD orientation.

BACKGROUND FACTORS	HRD ORIENTATION		
	The levels of the need-driven role	The levels of the opportunity-driven role	The levels of the capability-driven role
<b>Organization</b>			
Growth stage	.842	.060*(+)	.824
High average age of the personnel	.146	.877	.092*(-)
<b>Strategy</b>			
High relative importance of HR	.010***(-)	.451	.006***(+)
<b>HRD function</b>			
High HRD expenditure per employee	.968	.390	.074*(+)
Central relative involvement of HRD people in decision-making	.986	.025**(+)	.615
<b>HRD person</b>			
Position in senior management	.071*(-)	.292	.687
Position in middle management	.043**(+)	.505	.399
Other responsibilities – communications and PR	.804	.009***(+)	.726
Work experience – other areas of HR management	.365	.463	.081*(-)
Work experience – communications and PR	.251	.007***(+)	.525
Work experience – R&D	.872	.917	.049**(+)
Work experience – general management	.286	.896	.033**(+)

but positively advanced by the HRD person's position in middle management. The opportunity-driven role was promoted by the growth stage of the organization, the strong relative involvement of HRD people (as compared to other stakeholders) in the decision-making on HRD, the communications and PR responsibility of the HRD person, and his/her work experience in communications and PR. The capability-driven role was negatively influenced by the high average age of the personnel and the HRD person's work experience in other areas of HR management. Factors that advanced the capability-driven role were the pivotal role of HR issues in strategy, high HRD expenditure per employee, the HRD person's work experience in R&D, and his/her work experience in general management.

## CONCLUSIONS

26

The empirical study was based on the framework presented earlier in this paper. Several possible background factors were identified in the framework and they were tested with a real-life sample. The results indicated that considerably many of these background factors were significantly associated with HRD roles also described in this paper. HRD roles were seen as com-

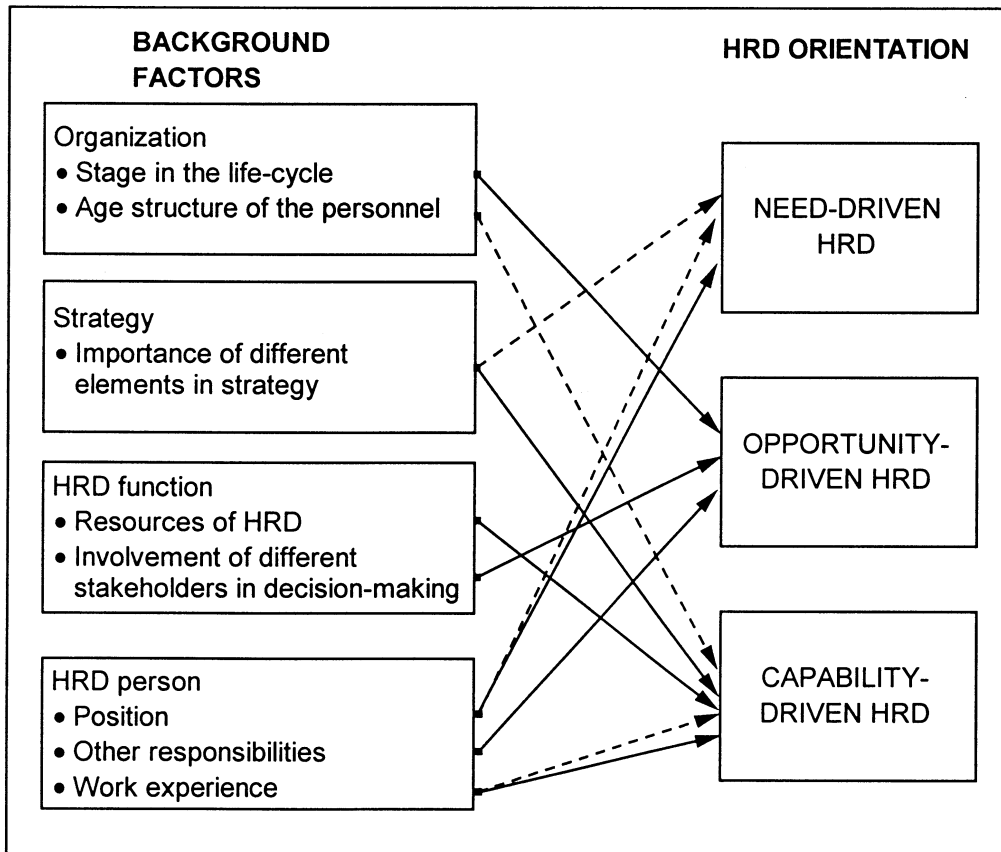


FIGURE 2. The linkages between the background factors and HRD orientation.

ponents of HRD orientation, which again was characterized as being the foundation for HRD interventions. Although the interventions that emerge from different forms of HRD orientation may well look alike, it was argued here that there are some inbuilt differences in the final motives of the interventions, in the way they are integrated with other HR practices, and in the impact they can make, depending on HRD orientation. It was also argued that in order to affect these aspects, one has to go all the way to the deepest level of development, to the background factors that finally drive HRD.

After the empirical testing, the framework can now be converted to a model depicting the wider context of HRD. This is shown in Figure 2. In the figure, a solid line from a background factor to HRD orientation indicates a positive relationship with a particular role, and a broken line in turn indicates a negative relationship. In short, the model shows how certain factors related to the organization, strategy, HRD function, and HRD decision maker are likely to af-

fect HRD's role in business. The characteristics of industry were also identified as possible background factors in the framework, but because of the research setting, their role was not investigated.

### **Implications for practice**

So what is the value of all this to those involved in the development of people in organizations? The practical findings of this study can be summed up as follows.

First, there are several ways for a company to make use of HRD in its business. The programmes that are carried out are a means to affect both individual and organizational performance, but as such they are not adequate indicators of HRD's role in business. In fact, programmes of the same kind can be reflections of totally different roles of HRD in relation to strategic management. The understanding of different roles – for example, as they are presented in this paper – helps to utilize the potential of developmental interventions.

Secondly, the distinctive way of an organization in utilizing HRD – its HRD orientation – is inherently affected by several factors related to industry, organization, strategy, HRD function, and the HRD person him/herself. These factors tend to change slowly, making HRD orientation easily stable, taken-for-granted, unquestioned – and obsolete. However, every now and then, it is important to assess, question, and redefine the role that HRD plays in business. When striving for a change in the status quo, the understanding of the background factors that either advance or restrict such a change is of great assistance.

And thirdly, perhaps the most important aspect raised in this paper, is the comprehensive nature of HRD. Many of the factors determining HRD's role, and thus also its ability to contribute to the business success, are located *outside* the conventional authority of HRD people. They are frames that are set when planning strategies, structuring the organization, selecting people for HRD positions, and allocating resources for development. In this respect, the possibilities for HRD people alone to increase the value of their work for the business is limited. To put it briefly, HRD should not be left to HRD people only.

### **For future research**

Although statistically evident, the associations discovered in the empirical study should be kept somewhat tentative. There is no reason to claim that, in order to strengthen the capability-driven aspects of HRD, companies should simply appoint people with R&D backgrounds to HRD positions. What this paper can claim, instead, is that the past work experience of an HRD person, together with many other things, should be taken into account as a factor that is to advance or restrict the utilization of HRD in an appropriate way. Much more research is needed before one can generalize the influence of individual variables used in the study.



However, because many of the factors identified in this study were related to the person responsible for HRD, there is a need for special attention on this front. One thing that was totally left out of consideration in this paper, is the influence of the personality of the decision maker. It has been argued that the personality of a manager has an effect, for example, on the strategy, structure, and culture of an organization (e.g. Miller and Toulouse 1986, Kets de Vries 1995). Whether it would also have a role to play in the formation of HRD orientation, is a question worth pondering.

Another implication for additional research is the role of industry that was suggested in the framework of this study, but was not included in the research setting. It would be important to see how the specific features and "taken-for-grantedness" of a particular industry (see Spender 1989 for the discussion on *industry recipes*) affect the way HRD activities are put into use. This kind of study could possibly bring up the role of the outer developmental context of different industries (see Sparrow and Pettigrew 1987) that is very much a matter of society to influence in order to enhance the competitiveness of the whole nation. ■

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## **Appendix A**

### **The statements used in the study**

#### **The need-driven HRD**

- N1 Reacting to the training needs identified by different units and departments is one of the central tasks of our HR department.
- N2 The HR department in our company has to keep up and develop practices that make it easier for the line organization to plan and realize training.
- N3 In our company individual persons and groups of people occasionally need new knowledge and skills to be able to effectively perform their duties.

#### **The opportunity-driven HRD**

- O1 Ensuring the support and commitment from the management of our company is a critical prerequisite for the success of development activities.
- O2 The HR department in our company has to be aware of the new ways of developing people and organization, so that it can improve the competitiveness of the business.
- O3 An important task of our HR department is to add flexibility and readiness for change with the help of different development activities.

#### **The capability-driven HRD**

- C1 In our company there is a clear HR strategy that covers all people-related activities – such as selection, rewards and development – aimed at reaching the business objectives.
- C2 The strategy formulation process sets clear guidelines for the contents of development activities in our company.
- C3 Our company has an explicit vision which is actively pursued by the use of human resource development activities.

## Appendix B

### The background factors

Category	Factor	Variable	Type
<b>Organization</b>	Size	Number of employees	Ratio
		Sales	Ratio
	Age	Year of foundation	Ratio
		Stage in the life-cycle	Birth
	Growth		Nominal
	Maturity		Nominal
	Decline		Nominal
	Renewal		Nominal
	Age structure of the personnel		Average age of the personnel
	<b>Strategy</b>	Importance in business strategy	Marketing
Production			Interval
Economy and finance			Interval
Human resources			Interval
Research and development			Interval
<b>HRD function</b>	Structuring	Degree of centralization	Interval
		Resources	HRD expenditure per employee
	Number of HRD people		Ratio
	Involvement in decision-making	Top management	Interval
		Line management	Interval
		HRD people	Interval
		External consultants	Interval
	<b>HRD person</b>	Gender	Male
Female			Nominal
Age		Age	Ratio
		Education	Academic
Polytechnic			Nominal
College			Nominal
Vocational school			Nominal
Other		Nominal	

A LOOK BEHIND THE PROGRAMME LEVEL: FACTORS THAT DRIVE HRD

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Category	Factor	Variable	Type
	Position	Senior management	Nominal
		Middle management	Nominal
		Supervisor	Nominal
		Specialist	Nominal
		Other	Nominal
	Other responsibilities	Recruitment	Nominal
		Payroll	Nominal
		Health care	Nominal
		Safety	Nominal
		Personnel services	Nominal
		Communications and PR	Nominal
		Production	Nominal
		Maintenance	Nominal
		Economic administration	Nominal
		Finance	Nominal
		R&D	Nominal
		Marketing	Nominal
		Information management	Nominal
		General management	Nominal
	Work experience	Years in HRD	Ratio
Other areas of HR management		Nominal	
Communications and PR		Nominal	
Production		Nominal	
Maintenance		Nominal	
Economic administration		Nominal	
Finance		Nominal	
R&D		Nominal	
Marketing		Nominal	
Information management		Nominal	
General management		Nominal	

## Appendix C

### Companies in the sample

<b>Type of organization</b>	Independent company	15.5%
	Subsidiary	52.4%
	Mother company	9.5%
	Profit centre	22.6%
<b>Number of employees</b>	100 or less	1.2%
	101–300	34.5%
	301–500	16.7%
	501–1000	23.8%
	1001 or more	23.8%
<b>Sales in million FIM</b>	100 or less	12.7%
	101–300	34.2%
	301–500	12.6%
	501–1000	12.6%
	1001–5000	20.3%
	5001 or more	7.6%
<b>Year of foundation</b>	1900 or earlier	10.1%
	1901–25	10.1%
	1926–50	22.8%
	1951–75	35.5%
	1976 or later	21.5%
<b>Stage in the life-cycle</b>	Growth	51.2%
	Maturity	33.3%
	Decline	2.4%
	Renewal	10.7%
<b>Average age of the personnel (years)</b>	30 or less	4.9%
	31–35	9.9%
	36–40	28.4%
	41–45	51.9%
	46–50	4.9%

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## Appendix D

### HRD people in the sample

<b>Gender</b>	Male	65.5%
	Female	34.5%
<b>Age (years)</b>	30 or less	2.4%
	31–35	7.3%
	36–40	11.0%
	41–45	14.6%
	46–50	28.1%
	51–55	19.5%
	56–60	17.1%
<b>Education</b>	Academic	59.5%
	College	36.9%
	Other	3.6%
<b>Position</b>	Senior management	46.4%
	Middle management	38.1%
	Specialist	14.3%
	Other	1.2%
<b>Other responsibilities</b>	Other areas of HR management	86.9%
	Communications and PR	36.9%
	Production	3.6%
	Maintenance	3.6%
	Economic administration	13.1%
	Finance	9.5%
	R&D	6.0%
	Marketing	2.4%
	Information management	3.6%
	General management	28.6%

<b>Work experience in HRD (years)</b>	1–5	28.0%
	6–10	22.0%
	11–15	12.2%
	16–20	20.7%
	21–25	11.0%
	26–30	6.1%
<b>Other work experience</b>	Other areas of HR management	53.6%
	Communications and PR	13.1%
	Production	32.1%
	Maintenance	7.1%
	Economic administration	20.2%
	Finance	9.5%
	R&D	13.1%
	Marketing	13.1%
	Information management	4.8%
General management	29.8%	

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