Human Resources Development as a Strategic Business Lever.

Clement Leemans & Sebastiaan Duts

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Abstract

For years now, managers and human resource practitioners alike advocate the strategic importance of HRD or Learning & Development, as an investment in sustainable performance and development of the organization.

It seems so evident, that the opposite would probably meet mainly surprise and skepticism I guess.

And still if you ask people to specify what they mean with 'strategic HRD' most of them don't get a lot further then saying 'training objectives need to be in line with what the organization needs' or there has to be 'Return on Investment'.

In a recent network meeting with Belgian HRD practitioners and consultants, I tried to go a bit deeper in understanding the 'strategic bridge' between the business and HRD in organizations. This short article highlights the questions and taughts I shared with the audience.

Business Strategy

Ken Favaro describes business strategy as "the result of choices made to maximize long-term, sustainable value". It allows for an organization to take decisions and launch initiatives that contribute to a chosen common direction.

But an organization is of course an open system and strategy is therefore not a static 'truth'. Organizations operate in a very volatile and unpredictable business environment and stakeholder expectations might change rapidly... so what might work today, could easily become a strategy for failure on the longer run. Just ask bankers, car manufacturers, and others who by holding on too long to a very successful strategy ended up in bankruptcy or bailout scenarios.

Business Strategy can be seen as the answer of organizations to the expected future changes in business context and the changing stakeholder expectations. Strategy emerges from an honest confrontation of the internal strengths and weaknesses in the organization on the one hand and the external challenges ahead, on the other.
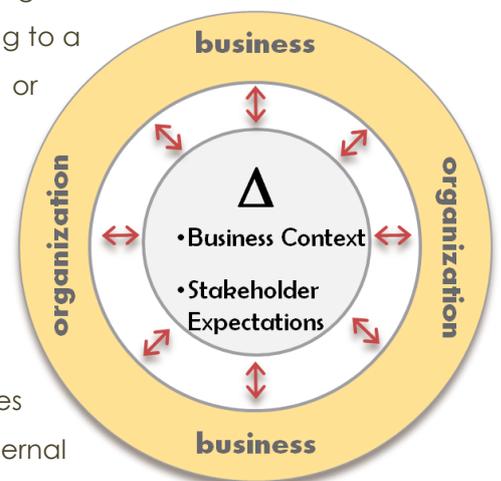
I would like to make two observations that are important to understand the 'bridge', the relationship between Business Strategy and HRD :

 * *In the strategic process, organization strategy, is often (unconsciously) mixed with business strategy. For example : if the board decides that the organization needs to develop more innovative products and market them quicker than is the case today, and therefore to "create a Research & Development Team" at HQ level, the board designs the organization on top of setting a strategic priority.*

 * *The strategic process is in reality the first step of an organizational change process. Three critical things in any change process are 'hidden' within the business strategic process : (1) the analysis of the issues and challenges (which create the burning platform); (2) the choice who to involve as stakeholders in that process from the start; (3) a first (and often cast in iron) idea of solutions to attack the issues.*

Strategic HRD

Traditionally, strategic HRD is labeled as "learning policies, practices and activities" that **Support or translate Business Strategy**. But HRD facilitates or hinders business strategy through many more levers, such as :

 * *Policies, procedures, rules*

 * *Role of HRD practitioners in the organization*

 * *Positioning of HRD in the organization*

 * *What you consider to be HRD and what not ?*

 * *What is your vision on learning & development ?*

 * *The point of entrance you choose for your HRD interventions (individual – team – organization)*

Coherence of HRD with the other processes in the organization, and particularly with the other HR processes (internal fit), or the absence of coherence will very much influence the ultimate strategic value and impact of HRD.

Consider a knowledge business, in a very fast changing business environment. For such an organization it is important to create HRD activities that focus on expert networking, experiential learning, learning from others, multi-skilling, etc.. A vision on learning that is very much based on traditional learning, bank concept model, where experts tell people what to do, would be in and of itself 'counter-strategic'. Or positioning HRD as a centralized 'Corporate Academy' would offer very little support to management who needs to work with the floor on problem analysis, process improvement, etc… and again would be counter-strategic.

And there is more HRD can and should do than just supporting or translating existing Business Strategy.

HRD should also **Shape the Business Strategy** for two reasons I already mentioned earlier :

 ⬥ *Business strategy often encompasses also organizational strategy. HRD should and could contribute with expertise such as : knowledge labour market, change management, organizational development, Corporate Social Responsibility, etc… HR should challenge decisions like "central R&D department" and ask the question : "is that the best possible way to get a more innovative culture in our organization and get new innovative products to market rapidly ?"*

 ⬥ *And business strategy is the start of a change process. So HRD could as process facilitator play an important role :*

  ◆ To design a sound strategic process

  ◆ To introduce and facilitate the use of appropriate methodology such as : Environmental Scanning, SWOT & Confrontation Matrix, Scenario Planning, Large Group Interventions, Appreciative Inquiry, …

  ◆ To make sure Stakeholders are involved in an effective way and early on in the process

  ◆ To create an effective communication and information process

  ◆ To facilitate the overall process and challenge that process when necessary

  ◆ To coach top management as 'champion' of this process
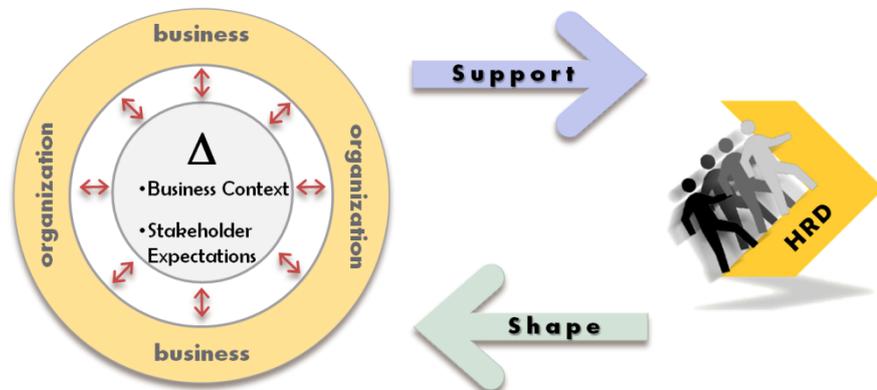
And one, important closing remark : In a Knowledge Business & in a very globalised and volatile business context LEARNING has become STRATEGY, since without talent and expertise development, without reinventing the organization, without developing change capabilities, sustainable performance and development of the business has simply become impossible.

Further Reading

Torraco, R.J. & Swanson, R.A. (1995). **The strategic roles of human resource development.** Human Resource Planning. 18(4).

Favaro, K., Rangan, K. & Hirsh, E., (2012).   **Strategy : An Executive's Definition.** Strategy + Business. Issue 67, summer 2012

Garavan, T. & McGuire, D., (2010).   **Human Resource Development and Society: Human Resource Development's Role in Embedding Corporate Social Responsibility, Sustainability, and Ethics in Organizations.** Advances in Developing Human Resources (12), 487-507