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# A Strategic Perspective on Human Resource Development

Thomas N. Garavan

**The problem and the solution.** This article reviews the literature on strategic human resource development. It proposes a model of strategic Human Resource Development (HRD) which is multi-level and focuses on the interactions between context, HRD processes, stakeholder satisfaction, and characteristics of the HRD profession. The article discusses the implications of this model for both research and practice.

**Keywords:** *Strategic Human Resource Development; external and internal context; stakeholders' satisfactions; HRD professional values and competencies*

The resource-based view of the firm postulates that internal knowledge and skill represent important sources of competitive advantage (Hendry & Pettigrew, 1990; Leonard-Barton, 1995). Human capital theory argues that firms should protect core competencies through investment in training and development (Lepak & Snell, 1999). Therefore, the value of employees to the firm is related to the uniqueness and value of their capabilities and skills. Competitive advantage is secured when organizations have skills and capabilities that are unique, difficult to replicate and imitate by competitors (Rainbird, 1995). The main premise of this article is the notion that human resource development (HRD) is best achieved through a strategic approach, a position consistent with resource-based and human capital theories. Strategic human resource development (SHRD) contributes to the creation of firm-specific knowledge and skill when it is aligned with the strategic goals of the organization. SHRD enables an organization to combine different knowledge elements, connect prior and new knowledge, and combine internal and external knowledge, to ensure sustained competitive advantage (Davenport, Prusak & Wilson, 2003; Pfeffer, 1994). SHRD is a multi-level concept whose contribution to the organization is to enhance its performance in the long-term. HRD ensures, as Yorks articulates, that

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organizational members have access to resources for developing their capacity for performance and for making meaning of their experience in the context of the organization's strategic needs and the requirements of their jobs (Yorks, 2004, p.11)

This article proposes a multi-level model of SHRD. It first discusses the characteristics of SHRD and explains its implications for organizational practice. It describes and evaluates this model and identifies its implications for both research and practice.

## **Understanding Strategic Human Resource Development**

The concept of SHRD is relatively new to the training and development literature. In 1991 I proposed a prescriptive model of SHRD consisting of nine key characteristics (Garavan, 1991). These included the integration of HRD activities with organization mission and goals, the involvement of line managers in the design and delivery of HRD, the implementation of complementary HRD activities that reinforce the contribution of HRD and the alignment of HRD with organization culture and values. In the period since the original definition, several notable contributions have been made to the literature, including work by European academics: Horwitz (1999), Walton (1999), McCracken and Wallace (2000), Harrison (2004), Maxwell, Watson, and Quail (2004) and Sadler-Smith (2006) as well as two significant United States contributions from Gilley and Maycunich-Gilley (2002) and Yorks (2004).

A number of themes emerge from these literatures. First, SHRD facilitates the development of core capabilities that are critical in developing and maintaining sustained competitive advantage. Leonard-Barton (1995) suggests four dimensions of core capability: a) knowledge and skills, b) physical and technical systems, c) managerial systems of development and education, and d) organizational values and norms. Organizational values and norms impact the kinds of knowledge and knowledge-building activities that are enabled and facilitated. Second, SHRD enables the firm to make the best use of existing firm-specific capabilities and through the development of new capabilities and skills enables it to cope with change.

Third, the strategic human resource management literatures suggest that any conceptualization of SHRD must focus on evaluating the linkages among organizational strategies, HRD systems, and policies and practices, incorporate the perspectives of multiple stakeholders, and focus on contributions at multiple levels of analysis. Fourth, SHRD must be sensitive to both emergent and planned strategies. Whether strategy is planned or emergent has implications for the role of SHRD. In planned approaches it is unlikely that SHRD will have any major role to play at the strategy formulation phase. It will make its most effective contribution at the strategy implementation phase. In contrast, emergent approaches to strategy are embedded in the organization's social architecture. Table 1 summarizes some of the assumptions of strategic HRD and the implications for organizational practice.

**TABLE 1: Key Assumptions of Strategic Human Resource Development**

Assumptions	Implications	Implications for Practice
<ul style="list-style-type: none"> <li>Existing overarching mission statement specifying organizational commitment to learning; HRD initiatives are linked and supported by organizational policies, systems, and resource provision</li> </ul>	<ul style="list-style-type: none"> <li>Mission statement shapes organizational vision, corporate strategy, organizational plans, and HRD vision</li> <li>Linking the mission to planned learning experiences through HRD ensures that if the value of HRD is questioned, the value of the organization is also questioned</li> <li>Emphasizes the proactive long-term nature of strategic HRD</li> </ul>	<ul style="list-style-type: none"> <li>Strategic HRD interventions need to be planned and conscious; unplanned and functional experiences cannot be strategic unless explicitly linked to strategy</li> <li>HRD needs to be linked to human resource management systems and collaborative career-planning processes</li> <li>The organization should implement systems which facilitate periodic review and/or revision of the organization's mission statement and as a result, corporate HRD strategies and policies</li> </ul>
<ul style="list-style-type: none"> <li>Environmental planning and scanning by senior management is timely, accurate, and realistic and interpreted in terms of implications for learning</li> </ul>	<ul style="list-style-type: none"> <li>HRD plans and policies flow from the organization's strategic plan which is influenced heavily by the process of environmental scanning</li> <li>Ensures that HRD plans and policies are timely, accurate, and realistic to facilitate achievement of the strategic priorities of the organization</li> </ul>	<ul style="list-style-type: none"> <li>HRD needs holistic- and systematic-planning processes</li> <li>HRD specialists should understand the implications of context internal and external and factor these into their plans</li> </ul>
<ul style="list-style-type: none"> <li>Planning processes are formal, systematic, and</li> </ul>	<ul style="list-style-type: none"> <li>HRD activities shape and support the</li> </ul>	<ul style="list-style-type: none"> <li>HRD should develop mechanisms to feed</li> </ul>

(continued)

**TABLE I (continued)**

<p>holistic in nature and integrated with the corporate plan as well as emergent and planned HRM processes</p>	<p>achievement of clearly articulated organizational goals and are enhanced by the identification of linkages and information-sharing inherent in the planning process</p> <ul style="list-style-type: none"> <li>• HRD is supported by complementary HRM activities for example HRD implications arising from human resources plans and forecasts are considered</li> </ul>	<p>into strategic processes and capture emergent processes</p> <ul style="list-style-type: none"> <li>• HRD specialists should strive to align HRD strategies and activities with the wider policy framework</li> <li>• Mechanisms need to be put in place which enable the HRD specialist to participate in corporate strategy sessions with other managers</li> <li>• HRD specialists need to articulate a HRD mission statement and statement of values</li> <li>• HRD specialist needs to consider the extent and depth of expertise to implement solutions to achieve corporate strategy</li> </ul>
<ul style="list-style-type: none"> <li>• All major strategic plans are weighted in terms of human skills available to implement them and specify alternative ways to obtain these skills</li> </ul>	<ul style="list-style-type: none"> <li>• HRD is not a panacea providing solutions for all problems. It is an appropriate solution to knowledge, skills and attitude issues</li> <li>• The “where” and “how” of obtaining the skills required are considered at the outset of policy formation and planning processes</li> </ul>	<ul style="list-style-type: none"> <li>• Employees have a responsibility to evaluate their own skills and development needs</li> <li>• HRD specialists need sophisticated mechanisms to understand organizational and individual level learning needs</li> <li>• HRD specialists should be concerned to use training and development resources in an effective manner</li> </ul>

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| <ul style="list-style-type: none"> <li>• Outcomes of HRD produce added-value for the organization and are enhanced by a recognition of the role of cultural “fit”</li> </ul> | <ul style="list-style-type: none"> <li>• Integration of organizational and work processes across units and the sharing of knowledge across boundaries</li> <li>• Learning is perceived as a core strategic competency for the organization</li> <li>• The emphasis is on evaluation of the suitability, feasibility, and acceptability of HRD policies, plans, and practices</li> <li>• Organization culture is supportive of feedback, open communications, participation, and continuous learning in particular</li> </ul> | <ul style="list-style-type: none"> <li>• Effective evaluation processes including cost-benefit analysis need to be introduced</li> <li>• HRD specialist needs to be clear on the criteria to be used when evaluating the effectiveness of HRD</li> </ul> |
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| <ul style="list-style-type: none"> <li>• People at all organizational levels share responsibility and accountability for learning activities</li> <li>• Senior management actively support learning and the HRD specialist works in partnership with line management and the HR function</li> <li>• HRD is a core element of the performance expectations of line management</li> </ul> | <ul style="list-style-type: none"> <li>• Planned learning is considered an essential component of every employee's job</li> <li>• An organizational culture of continuous learning permeates throughout the organization and provides a positive climate for HRD</li> <li>• Line management are best placed to assess learning needs</li> <li>• Line management have a legitimate input to HRD plans and policies facilitating systematic identification of HRD needs</li> </ul> | <ul style="list-style-type: none"> <li>• Line manager commitment and involvement is critical to successful SHRD</li> <li>• HRD specialist needs to develop mechanisms that facilitate regular networking with members of the organization</li> <li>• Need to ensure clear definitions of roles, responsibilities, and policies</li> <li>• How can the HRD specialist engage with and involve the top team in the formulation of HRD strategies and policies?</li> </ul> |
|---|--|---|

(continued)

**TABLE 1    (continued)**

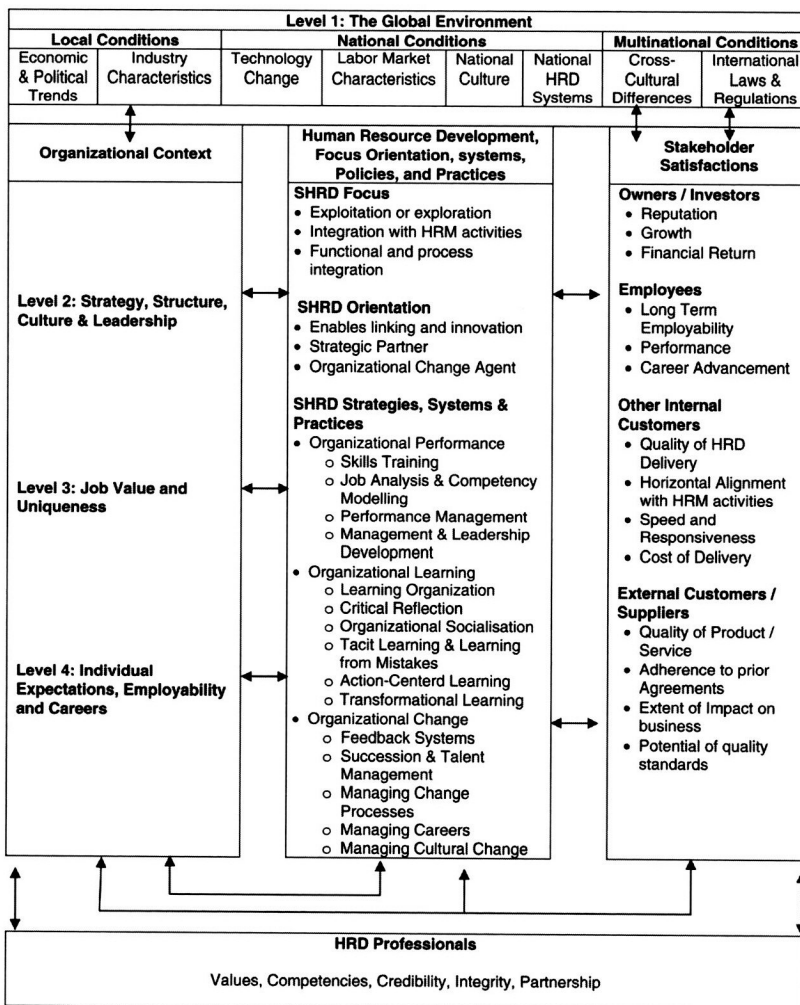
<ul style="list-style-type: none"><li>• Ensures commitment to, responsibility for, and ownership of HRD activities</li><li>• Managers, supervisors, and employees are evaluated on the degree to which they simultaneously develop themselves and others</li><li>• Reward and career progression decisions are contingent on the extent to which development criteria are satisfied</li></ul>	<ul style="list-style-type: none"><li>• Individuals should have responsibility for the development of others</li><li>• Responsibility for development should be incorporated into performance management processes</li><li>• Effective HRD specialists should adopt strategic partner type roles</li></ul>
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**A Model of Strategic Human Resource Development**

Figure 1 presents a model of strategic human resource development. I posit that four levels of context are necessary to understand the contribution of SHRD. These are the global environment, the internal business context including strategy and structure, the influence of the job and the individual. These levels highlight the importance of analyzing and interpreting the impact of context. The model recognizes the importance of multiple stakeholders and partnerships that have emerged in organizations in the design, development, and implementation of SRHD. The level of professionalism of HRD has increased both domestically and globally. The model emphasizes both horizontal and vertical linkages throughout. The model suggests a multiplicity of outcomes that are stakeholder focused. These stakeholders react to and evaluate outcomes and provide input into the SHRD process.

**The Context of SHRD**

SHRD should focus on the interplay between HRD practices and the broader context within which these practices play out (Figure 1). I suggest four levels of context: a) the global environment; b) the organization’s strategy, structure, culture, and leadership; c) the value and uniqueness that the firm attaches to particular jobs; and d) individual expectations, employability and careers. I examine each component of the model in turn.



**FIGURE 1: Contextual and Dynamic Framework for SHRD**

*Source:* Developed from ideas presented by Jackson and Schuler (2003 a, b), Way and Johnson (2005), Espedal (2005), Gilley and Maycunich-Gilley (2002), and Ulrich (1996).

## Level 1: The Global Environment

Morrow and Hitt (2000) argue that a firm must be flexible to respond to changes in the environment. Semler (1997) suggests that to ensure strong alignment with its external environment, a firm must be able to control and react to the external environment, regardless of the strength of its internal alignment. The model suggests that the global environment can be understood in terms of three



sets of conditions, local, national, and multinational. Examples of such conditions include economic and political trends, technology change, labor market characteristics, national and cross-cultural differences, and international laws and regulations. The model specifically highlights the role of national HRD systems in influencing strategic HRD. McLean and McLean (2001) suggest that particular aspects of national HRD systems or relevance include qualification systems, funding mechanisms, stakeholder roles, national HRD policies, and approaches to curriculum development. Characteristics of the global environment create uncertainty for the organization. To understand the impact of these conditions, HRD professionals engage in continuous environmental scanning and develop an understanding of how elements of the external environment affect the bundle of SHRD practices appropriate to the firm. Pfeiffer (1998) posits that HRD professionals who achieve a deep understanding of business issues and their implications for SHRD are likely to increase its value to the firm and their ability to implement practices that contribute to the firm's capacity to manage the external environment. A key condition for the development of a coherent set of SHRD systems, policies, and practice is an understanding of the global environmental context.

## **Level 2: Strategy, Structure, Culture, and Leadership**

The firm's internal context impacts SHRD. Particular aspects of internal context that impact HRD are focus, orientation, and practices, including strategic orientation, organization structure, organization culture, and leadership.

### **Strategic Orientation**

Strategic orientation is particularly relevant. The firm's strategic orientation will influence the SHRD practices utilized and their priority and importance. Firms pursuing cost-oriented strategies generally focus on skills training which contributes to productivity and efficiency. Lepak and Snell (2003) found that firms pursuing a cost orientation are less likely to invest in management and leadership development and more transformational SHRD practices such as business partnering, organizational development, and knowledge management. HRD professionals focus on performing routine and transactional type activities in these firms. Cost-oriented firms are required to be concerned with costs and source the majority of their HRD activities internally. Klass, McGlendon and Ginaey (1999) suggest that cost-oriented firms may outsource HRD activities where they generate immediate savings and benefits. The majority of firms with cost-oriented activities perform their HRD activities using internal resources (Wright & Snell, 1991).

Firms pursuing innovative strategies generally strive to create change and build a capacity for change. They need to possess the internal capability to be flexible and respond to change. Lepak, Bartol, and Erhardt (2005) suggest these

firms adopt SHRD practices that focus on organization-wide change and implement HRD practices such as management and leadership development, organizational change, career planning and development, organizational development, and knowledge management. The acquisition, development, and sustainment of managerial talent are key preoccupations of innovative firms (Mueller, 1996). Innovator firms frequently look externally for top class talent to secure the cutting edge competencies needed for technological innovation (Hambrick, 2003).

### **Organization Structure**

The firm's organization structure is an important element of internal context. A key dimension of the firm's structure focuses on whether it is domestic or global. Firms with domestic structures have more choice in respect of SHRD practices, however they tend to have less sophisticated practices and systems than firms with global structures. Global firms adopt more corporate-wide approaches, and individual divisions or units frequently have less choice in respect of the types of SHRD practices implemented.

Another characteristic of structure concerns alignment. Semler (1997) defines structural alignment as the level of congruence between the processes of the organization and the context in which SHRD practices elicit behaviors in line with these processes. Vertical structural alignment is achieved when the goals, objectives, and strategies of various organizational processes are congruent with each other. Horizontal alignment focuses on the extent to which SHRD practices elicit appropriate behaviors necessary to achieve organizational goals. SHRD contributes to horizontal alignment through skills training, retraining, empowerment, and management development. Way (2002) suggests that SHRD contributes to motivation and commitment processes which ensure that employees produce appropriate behaviors that support strategy.

### **Firm Culture**

The firm's culture provides direction concerning the development of integrated and coherent SHRD systems. Pfeffer (1994), for example, suggests that vision and values serve as touchstones that HRD professionals and other stakeholders use to evaluate the internal consistency of SHRD practices. Truss and Gratton (1994) define cultural alignment as the extent to which SHRD contributes to an organizational culture that supports organizational strategies, goals, and objectives. Vertical alignment focuses on the extent to which beliefs and values support organizational goals. Horizontal alignment emphasizes the degree of congruence between the organization's culture and climate (Schneider, Brief & Guzzo, 1996). Climate refers to day-to-day perceptions of morale. SHRD contributes to horizontal alignment (Jackson & Schuler, 2003a), through addressing employee expectations and demands for learning.

## **Leadership**

Leadership is key to implementing vision and values and developing culture. Leaders set the agenda for the organization and confer legitimacy on SHRD activities. The influence of firm leadership is often manifested in HRD professionals being concerned with showing bottom-line results and adopting business partner roles. Organizational leaders increasingly demand HRD effectiveness and expect a contribution to a number of areas including the maximization of profitability, enhancement of human capital, the creation of employee commitment and loyalty, a contribution to organizational sustainability and continuity, and the establishment of fit between overall business strategy and HRD strategies. Collins and Clark (2003) demonstrate that SHRD enhances firm performance because it encourages leaders to build internal and external social networks that they leverage to enhance the financial bottom line.

## **Level 3: Job Value and Uniqueness**

A central tenet of SHRD is the idea that the types of HRD practices used vary according to the judgments firms make concerning the value of different employment modes. Lepak and Snell (2003) argue that firms establish different modes of employment. These modes reflect differences in human capital. Various employment modes have different strategic value and uniqueness. Strategic value refers to the potential of the employee mode to contribute to firm performance. The uniqueness dimension refers to the degree to which human capital is rare, specialist, and firm specific.

Jobs have different levels of value and uniqueness. Firms will decide on which SHRD practices to use depending on the importance they attach to the job. Becker, Huselid and Ulrich (2001) for example, advocate that SHRD should focus on strategic employee behaviors because they are key to the implementation of strategy. Ostroff (2000) found that the more important jobs in organizations are associated with the use of more transformational and high commitment SHRD practices. Wood and deMenezes (1998) found that differences in the application of HRD practices were intended and more sophisticated SHRD practices were applied to jobs with higher value and uniqueness.

## **Level 4: Individual Expectations, Employability, and Careers**

The psychological contract and talent-management literatures suggest that individual employee expectations and firm decisions concerning those employees who are perceived to be stars, influence SHRD practices and the extent to which they are strategic (Furnham, 2003). Kanter (1997) argues that in a postentrepreneurial world, the best source of security for people is a guarantee

not of a specific job, or a specific employer, but of their employability. She suggests that employees require a number of skills to manage a career including a willingness to keep learning, a belief in self rather than in the power of a position alone, the ability to collaborate and become connected with new teams in various ways, and a commitment to the intrinsic excitement of achievement on a particular project that can show results. The research evidence concerning how firms respond to employability is limited and contradictory. Martin, Staines, and Pate (1998) found that although the firm "talked up" HRD, it was delivered in firm-specific areas and did not provide the type of competencies and skills employees regarded as necessary to secure their future. The firm rhetoric was not matched with appropriate SHRD practices. Hendry and Jenkins (1997) highlight the significance of psychological contracting and the extent to which individuals may impose a deal. These various deals have implications for the types of SHRD activities that are expected by employees and provided by the firm.

### **Human Resource Development Focus, Orientation, Systems, Policies, and Practices**

SHRD is required to respond to context with an appropriate mix of strategies in addition to an orientation that ensures horizontal alignment with the various elements of context. The focus of HRD activities can emphasize short-term or long-term concerns, they can emphasize specific or generic competency development, and concentrate on operational rather than strategic priorities.

#### **SHRD Focus**

Espedal (2005) and March (1991) suggest that firms need to implement a mix of practices that focus on exploitation and exploration. Efficiency or exploitation-focused SHRD practices tend to be short-term and focus on the internal development of competencies. SHRD can be used to refine firm-specific capabilities and skills and includes practices such as socialization, skills training, and performance management. SHRD should also contribute to adaptive capability. This represents an exploration focus. It is achieved through the adoption of change-focused SHRD strategies. They emphasize tacit learning and knowledge-management initiatives and include learning from experience and the facilitation of experimentation and risk taking.

Another dimension of SHRD focus concerns the degree to which its activities are horizontally integrated with SHRM activities. Jackson and Schuler (2003) suggest that synergies can be achieved when bundles of HRD and HRM practices are horizontally aligned and they contribute to a defined set of behaviors and performance expectations. Guest and Peccei (2006) suggest that in addition to horizontal integration it is important to have functional and process integration. Functional integration emphasizes the need to have a high quality

HRD department to ensure high SHRD impact. It focuses on both the quality of specialists and their location within the organization. Process integration focuses on the delivery processes used by the organization; their quality and level of customer focus.

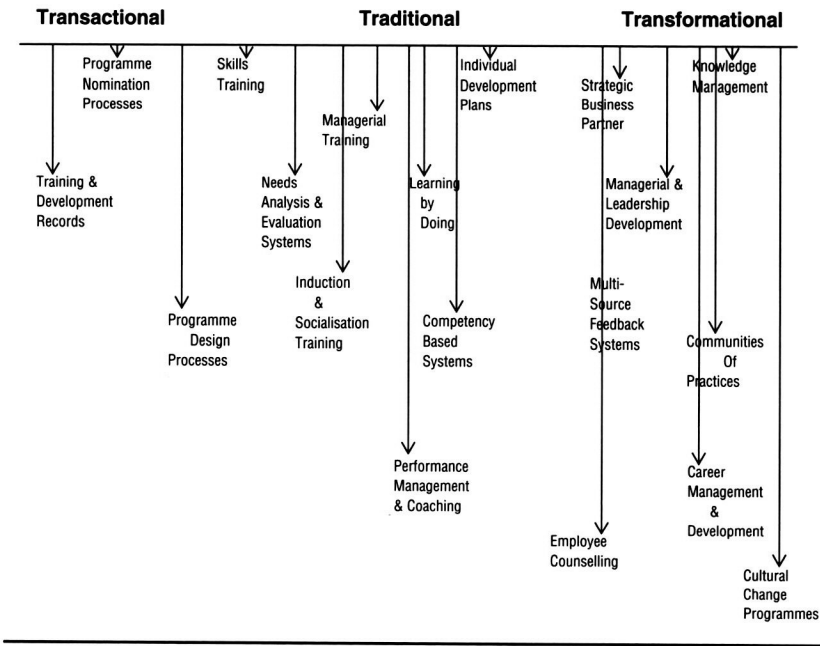
## **SHRD Orientation**

The increased assignment of HRD activities to line managers and the tendency toward decentralization indicate a changed role for HRD professionals. Schuler and Jackson (1992) suggest that HRD professionals will be involved in linking HRD issues with challenges to the business, shaping of the strategic direction of the firm, developing innovative solutions and approaches to enhance organizational effectiveness, and enabling line management to ensure that things happen. Ulrich (1996) suggests that HR professionals could adapt up to four possible orientations. HRD professionals frequently adopt a traditional orientation and implement transactional HRD practices such as induction, skills training, and management training. These activities are designed to achieve efficient performance. HRD professionals frequently adopt an employee perspective and implement activities designed to enhance the competence and commitment of employees. Both orientations are operational in focus and are less likely to be performed by a strategic HRD function. A strategic approach is indicative of strategic partnership and organizational change agent orientations. A strategic partnership orientation requires the HRD professional to translate strategic priorities into SHRD priorities and activities. An organizational change orientation requires the HRD professional to engage in activities that enable the organization to be ready for major change to respond to environmental uncertainty.

Ulrich (1996) anticipates that HRD professionals can demonstrate all four orientations, however the evidence suggests that HRD professionals will have a dominant orientation (Garavan, Collins, & Brady 2003). The orientation of HRD professionals will impact the types of activities undertaken, the way they are delivered and evaluated. Lepak, Bartol, and Erhardt (2005) speculate that HRD professionals with employee champion and traditional orientations, engage in transactional HRD activities such as induction training, skills training, and competency profiling. In contrast, activities associated with strategic partner and organizational change orientations are more long term, transformational, and strategic in focus.

## **SHRD Strategies, Systems, and Practices**

Gilley and Maycunich-Gilley (2002) provide a valuable framework to understand the domains of SHRD. These are organizational performance, organizational learning, and organizational change. The organizational performance domain emphasizes efficiency and performance improvement. Typical activities



**Figure 2: Categorization of SHRD Activities**

*Source:* Based on ideas presented by Carrig (1997); Lepak, Bartol, and Erhardt (2005); Gilley and Maycunich-Gilley (2002).

include skills training, job analysis and competency modeling, management and leadership development. DuGay, Saleman, and Rees (1996) found support for the use of competency frameworks in organizations. Managers welcomed the fact that HRD professionals sought to identify what qualities managers and employees should possess to perform effectively. In one study, HRD professionals were twice as likely to rate management development as having a strong organizational impact when fast track development was used (Thomson, Mabey, Storey, Gray, & Iles, 2001).

The organizational learning domain focuses on activities designed to facilitate organizational learning. These activities include critical reflection, action learning, tacit learning, and knowledge sharing. The capacity of SHRD to focus on organizational learning activities is dependent on its capacity to foster a climate of openness with accessibility of information and involvement of individuals at all levels of the organization. The organizational change domain focuses on organizational change, including change of different intensities and levels. These activities may include career planning and management, cultural change, empowerment, talent and succession

management, and feedback systems. Baruch and Peiperl (1997) found that these activities were highly correlated with firms described as dynamic, open, and proactive.

Other possible categorizations of HRD activities exist. Lepak, Bartol and Erhardt (2005) propose three domains of potential HRD activity: transactional, traditional, and transformational. Figure 2 uses this framework to categorize SHRD activities in organizations. This framework suggests that Gilley and Maycunich-Gilley's (2002) organizational performance category fits comfortably into the traditional category, whereas their two other domains fall into the transformational category. Transactional HRD activities are of little value strategically. They do little to support the strategic goals of the organization. The line between traditional and transformational practices depends on the manner in which SHRD practices are used.

### **Stakeholder Satisfaction With SHRD**

An important imperative for SHRD concerns fostering close cooperation between HRD professionals and stakeholders within and outside the organization. HRD must possess the capability to ascertain the expectations of different stakeholder groups and merge these expectations into its overall HRD goals. This raises the question concerning who determines the setting of priorities and the ranking of overall HRD goals. Paauwe (2004) suggests that this belongs to the "dominant coalition" whose composition will differ in each organization. It might include line managers, senior managers and owners, customers and suppliers. Jackson and Schuler (2003b) use the term "HR triad" to describe the key parties involved in HRD partnerships. Freeman and McVea (2001) highlight that SHRD needs to adopt a multi-stakeholder approach. Such an approach recognizes the dynamic, multi-dimensional, and multi-level nature of SHRD. It helps us to understand the influence of stakeholders in SHRD, policy and practice, the influence of SHRD on stakeholders' actions and perceptions, and the influence of stakeholders on how SHRD is evaluated and measured. Thus SHRD should develop systems that enable it to interact with stakeholders.

I posit that owners and investors are a primary stakeholder. SHRD contributes to profitability, productivity, sustainability, and long-term growth. Russ-Eft and Preskill (2005) highlight that owners and managers increasingly recognize that HRD practice can facilitate total quality initiatives, innovation, and enhanced customer service. These represent the criteria through which SHRD is evaluated.

Employees are legitimate stakeholders whose input into SHRD is increasingly recognized (Garavan, Collins, & Brady, 2003). Employees have input into the needs identification process and they are increasingly concerned about employability, career advancement, job satisfaction, and capacity to perform effectively (Schneider & Bowen, 1985). Likewise firms are concerned that

employees are engaged and developed to a high level and use these criteria as key measures of SHRD effectiveness (Boudreau, 2003).

Other important internal customers include line managers and the HR function. Line managers are increasingly given key responsibilities for the delivery of SHRD (Morley & Heraty, 1997). Line managers play a multiplicity of roles including working with HRD professionals to design and implement aspects of SHRD and share responsibility for managing HRD.

The effectiveness of SHRD is increasingly evaluated by showing its impact on customers and suppliers. Schneider and White (2004) highlight that effective SHRD practices impact on the quality and variety of products available to customers as well as the service-level attained. They found that customer expectations are increasingly incorporated into HRD plans, needs identification processes and quality training initiatives. Garavan, Collins, and Brady (2003) found that suppliers impact the types of HRD that organizations undertake through development of various forms of supplier agreements.

## **HRD Professionals**

I include HRD professionals as a key component of the model. They are both influenced by and influence the context, the nature of stakeholder satisfactions, and the characteristics of HRD within the organization. The values, competencies, credibility, and integrity of the professional will determine whether they are part of the "dominant coalition" and are therefore in a position to make HRD more strategic. Particular attributes of professionals highlighted in the literature include their personal values and beliefs about learning, human ability, control, and empowerment. These will shape how the specialist responds to organizational issues and the types of learning strategies that are utilized. The competencies that the HRD professional possesses will impact the orientation they adopt, their confidence to adopt strategic partner roles, and contribute to both the formulation and implementation of business strategy. It is also important to emphasize the personal integrity of the specialist and his/her perceived credibility within the organization. Personal integrity and ethics will impact the effectiveness of the specialist and may be important in terms of securing resources. I have also included partnership as a particular dimension. This refers to the extent to which the specialist values collaboration and networking with internal and external stakeholders.

## **Conclusions**

This article explored how the concept of SHRD has evolved in the literature. I defined SHRD as a "coherent, vertically aligned and horizontally integrated set of learning and development activities" which contribute to the achievement of strategic goals. I emphasized that SHRD is best understood as a multi-level concept that is dynamic in nature and enables the firm to achieve



both efficiency and adaptiveness. SHRD focuses on both traditional and transformational activities. HRD professionals strive to implement activities that are focused on both exploitation and exploration.

The proposed model is consistent with contemporary debates within strategic management, stakeholder theory and open systems theory. The model adopts an open-system approach and allows consideration of numerous factors that are simultaneously at play in firms. The criteria used to evaluate the effectiveness of SHRD will vary by stakeholder and firm. It is important, to consider the perceived effectiveness, importance, and satisfaction of all stakeholders. I acknowledge that many of the outcomes specified in the model are perceptual, however the inclusion of multiple stakeholder perspectives helps alleviate concerns about perceptual measures. SHRD is concerned with satisfying the different expectations of stakeholders. It facilitates the organization in creating the conditions where strategic objectives and resulting performance can be realized.

## **Implications for Research**

Scholars have contributed to the emergence of a strategic perspective on HRD. SHRD considered at multiple levels of analysis and combinations of SHRD practices, rather than single, isolated practices, make an impact on organizational performance, and competitive advantage. The model proposed allows for HRD systems that consist of different HRD practices to achieve the same outcomes. Individual HRD practices potentially may have a greater impact on certain outcomes than other HRD practices, however the impact of the HRD system as a whole is of primary interest to researchers.

I also acknowledge that HRD may have dimensions to it other than it being strategic and performance oriented arising out of corporate social responsibility and institutional concerns. There will also be a concern to ensure that HRD activities are professionally delivered. Those dimensions will need to be included in our understanding of the impact of SHRD.

Attempts to research SHRD should not be confined to focusing solely on simply input/output systems thinking. Typically HRD practices are considered as input variables, HRD outcomes as intermediate variables, and firm performance indicators as dependent variables. However it is also important to focus on the various actions and stakeholders involved, the values of the organization, and the nature of the HRD processes themselves. This discussion suggests that we may need to develop a more sophisticated definition of performance, one that is multidimensional and pluralistic. We need to consider the institutional setting and draw our research designs from a multiplicity of theoretical perspectives including resource-based perspectives, behavioral theory, and systems theory iterative models.

I propose that the outcomes of SHRD vary depending on the HRD systems, policies, and practices in place in the firm. It is possible that research could

empirically examine the relationship between SHRD and firm outcomes by focusing on specific HRD practices within the firm and explaining how these practices impact outcomes. It is important that studies of the impact of SHRD consider the impact of context.

## **Implications for Practice**

SHRD presents important challenges for HRD professionals. Success requires that professionals meet the current demands of multiple stakeholders while also anticipating future demands. HRD professionals are faced with meeting the challenges of interpreting the needs of multiple stakeholders. They are required to negotiate appropriate HRD solutions that meet their professional requirements, address the needs of stakeholders, contribute to the process of change, sustain continuity and at the same time, facilitate the necessary flexibility to adjust and change where necessary.

HRD professionals are increasingly required to develop a global approach but also to facilitate local and regional autonomy. This is a difficult balance to achieve. It requires that HRD professionals make careful decisions concerning which policies and practices should be global and which should be local or regional.

The development of HRD strategies pose an integration problem. To ensure horizontal alignment, the HRD professional must consider whether it is possible that current HR strategies are of such a poor quality that they will undermine the credibility of HRD. How do changes on any dimension of HRD strategy impact other HR strategies? Will poor integration undermine other HR systems? Is it prudent to have human resource development strategy as a stand-alone activity? Vertical integration is also a problematic issue. It is likely that vertical integration will occur on an evolutionary fashion, however the HRD professional must consider how explicit and of what quality are business strategies and is it wise to have tight or loose vertical integration. Does tight vertical integration potentially put HRD in a reactive role simply contributing to strategy implementation but not involved in strategy development? These questions are complex and depend on the context in which the HRD professional operates.

HRD professionals increasingly pay attention to organizational culture and climate. Firms benefit from the creation and sustainment of a culture that supports learning. HRD professionals are well positioned to take on this challenge. Learning and development processes are appropriate mechanisms to facilitate the development of a learning culture. For HRD to achieve strategic significance, the strategic requirements of the organization need to be fully understood. I argue that it may also require a significant shift in the value systems of HRD professionals because they have been associated with human welfare and employee champion perspectives.

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