CHAPTER-1
INTRODUCTION
Globalization and technological advances drive many of the most profound changes in business and organizations today. Marquardt and Engel (1993) had predicted that globalization would be the major source of change for organizations and countries in the twenty-first century. In the global market, the ability to operate and compete globally depends on the quality of human resources (Rothwell, Prescott, & Taylor, 1998). Human Resource Development (HRD) professionals play a key role in developing management and technological capabilities. Therefore, improving the ability of HRD practitioners is a key concern for improving the competitiveness of organizations and businesses. Globalization and the change it represents are challenging "the core values, theories and tools of HRD profession" (Swanson & Holton, 2001, p.380).

Chalofsky and Reinhart (1988) point out that the core of the HRD profession is comprised of philosophy, beliefs and values, theory and concepts, and roles and competencies. There is an urgent need for studies that explore the underlying values and assumptions of the HRD profession. A core set of skills and abilities also needs to be identified in order to provide guidance on how to put concepts into practice.

Background of the Topic
Human resource development is a process of developing and/or unleashing expertise through organization development (OD) and personnel training and development for the purpose of improving performance (Swanson, 2001). HRD is based on the beliefs that organizations are human-made entities that rely on human expertise in order to establish and achieve their goals and that HRD professionals are advocates of individual and group, work processes and organizational integrity. Several models of HRD specify a range of practices which, if pursued, are likely to contribute to human capital accumulation on which organization may build its competitive advantages (DeGeus, 1997; Currie, 1998; Willis, 1997). These models basically advocate that investment in HRD by organizations contribute to organizational and individual performances such as high performance (Sandberg, 2000), high quality of individual
and organizational problem solving (Schroder, 1989), higher organizational commitment (Iles et al., 1990), and enhanced organizational retention (Robertson et al., 1991). Ahmad and Raida (2003) examined the association between training and organizational commitment among white collar workers in Malaysia and they reported that the availability and support for training, training environment etc. positively contributed to overall commitment scores.

HRD function is different from personnel/HRM functions. Rao (1991) outlines the following roles of an HRD manager:

- Developing enabling capabilities in individuals and the system.
- Integrating the development of the people with organizational development.
- Maximizing the learning opportunities of individuals in organizations through various mechanisms, autonomy and responsibility.
- Decentralization, delegation and shared responsibility.
- Balancing change and adaptation.
- Building feedback and reinforcement mechanisms, etc.

HRD managers are expected to be involved with the creation of learning environment through HRD tools (Rao, 1991). In that sense they are concerned with development rather than traditional personnel functions. Based on his experiences of conducting HRD audit in over a dozen Indian organizations. Rao (1999) concluded that:

The real HRD Managers envisaged two decades ago are getting practically extinct. The HRD roles are being reduced gradually to recruitment and retention roles essentially involving salary revisions, ESOPs, performance Appraisal and reward systems. There is very little effort made or time left for competency building, creation of learning environment and to aligning HRD with business strategies.

Globalization and technological advancement are compelling organizations to evolve new strategic directions. Employees are thus required to be ready for accepting new roles and must think of employability over job security. There are increasing research-based evidence to suggest that employees, particularly the knowledge workers, do not consider money as the only important reason to work for a company
(Senge et al. 1994). On the contrary they now expect more enriching organizational environment and an alignment of their individual values with organizational values (Finegan, 2000; Neal, 1999). When employees recognize disparity between the ideal and operational organizational values and if the gap is too wide it erodes their trust and commitment, particularly the affective commitment (Finegan, 2000; McCune, 1998).

Values are defined as fundamental beliefs and assumptions that guide individual behavior and judgments across situations (Rokeach, 1973). Organizationally, values are indicative of the most defining characteristics of an institution (Williams, 1979). These are the beliefs and attitude that goes deep inside and constitute a collective understanding regarding norms and standards of behavior acceptable in the organization. In that sense values are considered as the essential component of organizational culture (Sinha, 1995; Hatch, 1993). According to Schein (1985) corporate values are collective beliefs about what the entire enterprise stands for, takes pride in and holds of intrinsic worth.

Organizational values serve many purposes. It sets the tone of the environment, bonds people together, facilitates work behavior and achievement of shared goals. It also represent the ambitions that people hold for the organization as a living system because values define who and what each person has to offer as a human being to the overall enterprise (Mirabile, 1996).

There is enough evidence to suggest that organizations need to promote such values as openness, trust, initiative, team work and collaboration, humane treatment of worker, creativity, quality, empowerment, delegation etc. for better results (Becker et al. 2001; Huang and Dastmalchian, 2006). According to Kotter and Heskett(1992) (reported in Sullivan et al., 2002) value-led companies outperform others: growth in revenue being four times faster; rate of job creation seven times higher; growth in stock price 12 times faster; and profit performance 750 per cent higher. Dearlove and Coomber (1999), found that organizations experienced significantly lower employee turnover when they valued respect and teamwork.

Examples from successful organizations demonstrate that they have gone a long way to design effective human resource system. It includes effective manpower planning,
recruitment and selection process, realistic performance plans and development oriented performance appraisal, effective learning system providing ample learning opportunities with the help of training, performance guidance, and other mechanisms such as mentoring. It also consists of mechanisms to inculcate sense of pride in work, high degree of organizational commitment, introducing such organizational development systems as personal growth labs, creativity workshops, quality circles, kaizen team building exercises just to name a few. Further, an examination of their human resource development (HRD) climate, work values such as openness, trust, delegation and decentralization, quality orientation etc. system of reward and recognition, quality of organizational communication, and empowerment of employees amply demonstrate that successful organizations have gone a long way to bring revolutionary changes in their HR systems and practices (Zairi, 1998).

The HRD thrust is built on the assumption that employees cannot be treated as commodities to be hired and discarded depending on short-range whims of the organization. They are to be nurtured and developed? Good people can fix the poor policies, procedure, and rules, but it is never the other way round (Lancaster, 1994).

However, organizations with innovative HR practices are not many. In fact a majority of the organizations have yet to realize the strategic importance of HR, and HR professionals have yet to be recognized as their strategic partners (Sikula, 2001).

In his forward to the book entitled HR scorecard written by Becker et al. (2001, p. ix) David Norton wrote:

“The typical executive team has a high degree of awareness and consensus around financial strategy, as well as priorities for operational process improvement they have limited consensus around customer strategies (i.e. who are the target segments, what is the value proposition). But the worst grades are reserved for their understanding of strategies for developing human capital. There is little consensus, little creativity, and no real framework for thinking about the subject. Worse yet, we have seen little improvement in this over the past eight years. The greatest concern here is that, in the New Economy, human capital is the foundation of value creation.
This presents an interesting dilemma: The asset that is most important is the least understood, least prone to measurement, and, hence, least susceptible to management.”

The economy has transitioned to what some call 'The Age of Information'- an economy in which gross domestic product is increasingly dominated by services. Services permeate every aspect of our lives. We use transportation services; restaurant services; hotels; electricity and telephones; postal, courier and maintenance services; services of hairdressers; services of public relations and advertising firms; lawyers; physicians; dentists; stockbrokers and insurance agents; movie theatres; and swimming pools and Disney-style theme parks (Bateson and Hoffman, 1999). When we do buy goods, such as a new car or a washing machine, we often still rely on services to keep them running and repair them when they break down. Services allow us to budget our time as well as our money (Bateson and Hoffman, 1999).

"The twentieth century was the age of machine; the twenty-first century will be the age of people" (Kanter as in Kermally, 2006). Buzzwords like globalization, empowerment, cross functional teams, downsizing, learning organizations and knowledge workers are changing the way of life of managers and the way they manage people (Kermally, 2006). The shipping industry is a prime example of a globalized industry now attached loosely to national sovereignties. Shipping differs from other examples of global business, such as fast-food chains and the auto companies, in that its physical capital is itself movable in a way that a burger kiosk or car plant is not. Due to this feature of the industry, strategic and human resource management has a mobile dimension not shared by the general run of manufacturing and transport industries (Klikauer and Morris, 2003). Advancing globalization, more flexible tax regimes and an increasing mobile workforce are creating opportunities and challenges for the shipping industry.

New corporate strategies and processes are required to deal with an industry which is being reshaped through market consolidation and shifts in the balance of world trade (www.pwc.com/transport).

Managing people is not a matter of manipulation. It is about working with your staff and colleagues (human resources) on a partnership basis to achieve the strategic goals
of the organization (Kermally, 2006). The most important contribution management needs to make in the 21st century is to increase the productivity of knowledge work and knowledge workers (Drucker, 1999). Human beings are not bulk goods. They come in different shapes and forms. To attract and retain people, we have to treat them as individuals. Today's employees are more questioning and demanding. They are confident enough to air their concerns, grievances and aspirations. Brainpower dominates modern organizations.

It is their essence. We are increasingly competing on competence. People can make your organization, your products and your service solutions unique. How you manage and lead people and how you organize your operations, determines whether you succeed (Thite, 2004) and there is only one valid definition of business purpose, i.e., to create a customer (Drucker, 1974). Excellent companies are close to their customers; other companies talk about it and the excellent companies do it (Peter and Waterman, 1982). One must define one's business not in terms of product made or sold but in terms of what needs of the customer are satisfied, i.e., in terms of what service is provided to the customer (Levitt, 1960).

More and more organizations are investing in training as a means to increase their competitiveness (Jones et al 2005). Training programs are used to provide the knowledge and skills required by employees. Since employee requirements undergo constant change, training has become part of the strategic planning of most organizations (DeSimone, Wermer & Harris, 2002). Swanson (2001) among others has suggested that, when used appropriately, training programs affect measures of organization performance. Training programs in organizations are usually developed by specialists that are identified with the human resource development (HRD) field. HRD represents a unique field of study and practice that involves the three major components of employee development, organization development, and career development (Swanson & Holton, 2001). Training is part of the employee development component of human resource development.

In the field of HRD, many HRD researchers use 'competence' to emphasize the cluster of an employee's expertise/knowledge, skill, and ability which directly is related to his/her job performance within the organization (Swanson, 1996; Parry,
1997). Furthermore, competence may describe an employee who has the ability to do something at a minimum level of acceptable performance, not necessarily outstandingly or even well (Swanson, 1994). Jacobs (1997) defined employee competence as the potential to use specific sets of knowledge and skills. In another similar definition, employee competence refers to the individual’s potential to use his/her knowledge and skills in a specific situation (Gilbert, 2007).

**Cultural Diversity in Multinational Companies**

Some of the cultural variables have been researched and a “cultural profile” developed by Schmitz for many countries. There are ten concepts in their model.

1. Environment.
2. Time.
3. Action.
5. Space.
6. Power.
7. Individualism.
8. Competitiveness.
10. Thinking.

To create opportunities for collaboration, global leaders must learn not only the customs, courtesies, and business protocols of their counterparts from other countries, but they must also understand the national character, management philosophies, and mindsets of the people. Dr. Geert Hofstede, (1980) a European research consultant, has helped identify important dimensions of national character. He firmly believes that "culture counts" and has identified four dimensions of national culture:

1. Power distance
2. Uncertainty avoidance
3. Individualism/Collectivism
4. Masculinity/Femininity.

The most significant dimension related to leadership in Hofstede’s original study of 40 countries was the power dimension. He assigned an index value to each country on the basis of mean ratings of employees on a number of key questions.

Having a sense of culture and its related skills are unique human attributes. Culture is fundamentally a group problem-solving tool for coping in a particular environment. It enables people to create a distinctive world around them, to control their own destinies, and to grow. Sharing the legacy of diverse cultures advances our social, economic, technological, and human development. Culture can be analyzed in a macro context, such as in terms of national groups, or in a micro sense, such as within a system or organization. Increasingly, we examine culture in a global sense from the perspective of work, leadership, or markets.

Because management philosophies and practices are culturally conditioned, it stands to reason that there is much to be gained by including cultural studies in all management or professional development. This is particularly relevant during the global transformation underway. Culturally skilled leaders are essential for the effective management of emerging global corporations as well as for the furtherance of mutually beneficial world trade and exchange. In these undertakings, the promotion of cultural synergy by those who are truly global managers will help us to capitalize on the differences in people, while ensuring their collaborative action.

In summary, here are parallel reasons why all managers should advance their culture learning, or why global organizations should include it in their human resource development strategies:

- Culture gives people a sense of identity, whether in nations or corporations, especially in terms of the human behavior and values to be encouraged. Through it organizational loyalty and performance can be improved.
• Cultural knowledge provides insight into people. The appropriate business protocol can be employed that is in tune with local character, codes, ideology, and standards.

• Cultural awareness and skill can be helpful in influencing organizational culture. Furthermore, subsidiaries, divisions, departments, or specializations have subcultures that can foster or undermine organizational goals and communications.

• Cultural concepts and characteristics are useful for the analysis of work culture in the disappearing industrial and emerging Meta industrial work environments.

• Cultural insights and tools are helpful in the study of comparative management techniques so that we become less culture bound in our approach to leadership and management practice.

• Cultural competencies are essential for those in international business and trade.

• Cultural astuteness enables one to comprehend the diversity of market needs, and to improve strategies with minority and ethnic "groups at home or foreign markets abroad.

• Cultural understanding is relevant to all relocation experiences, whether domestic or international. This is valid for individual managers or technicians who are facing a geographic transfer, as well as for their families and subordinates involved in such a culture change.

• Cultural understanding and skill development should be built into all foreign deployment systems. Acculturation to different environments can improve the overseas experience and productivity, and facilitate reentry into the home and organizational culture.

• Cultural capabilities can enhance one's participation in international organizations and meetings. This is true whether one merely attends a conference abroad, is a delegate to a regional or foreign association, is a
member in a world trade or professional enterprise, or is a meeting planner for transnational events.

- Cultural proficiency can facilitate one's coping with the changes of any transitional experience.

Learning to manage cultural differences is a means for all persons to become more global in their outlook and behavior, as well as more effective personally and professionally. When cultural differences are understood and utilized as a resource, then all benefit.

**Research Objective**

Multinational Shipping Companies are under a lot of international competition and being urged and literally forced to achieve a considerable improvement over their existing business practices. There are increased specified standards to be complied by the whole industry as a whole. Human factors are naturally taking precedence for benchmarking as well as highlighting corporate performance. In this study a review of the problems and their characteristics in respect of Multinational shipping have been discussed with a clear stress on the understanding and the significance of the Human Factor related ones. A questionnaire has been designed and administered to achieve this followed by an analysis of the data gathered. This led to the testing of the hypothesis which were established and further on to a discussions and the summary of the findings. Finally conclusions have been spelt out and recommendations for further research have been identified.

**Scope of the Study**

Human resource development (HRD), significant within the scope of this study assists in the intentional cultivation of enterprises and their employees, the organization of objective-driven personnel selection, personnel placement and work with employees involved in the organization’s strategic and human resource development plans. Human resource development plays a very important role in human resource management. Dessler (2000), Odegov and Zhuravliov (1997), Sakalas (1996) and other authors distinguish HRD as one of the activities of human resource management. (EBS Review 2008) Despite this, certain differences exist in
how this is approached. Human resource development is not only a theoretical issue. Today, it is also topical for developing organizations, which, at their current stage of growth, have felt that it is necessary to establish a permanent human resource development system. The globalization process is relevant for human resource management because it means remarkably increased competition. Hence, now, the control of globalization becomes the primary challenge - starting with the use of global labour resources and ending with recruiting, training and development and salary formation with a strong focus on other EU countries and “knowledge-based economy” employees in the organizations of those countries. Having conducted a general examination of the literature (Bristow et al., 1999; Russ-Eft, 1997; Mathis, 2006; Kane, Crawford and Grant, 1999; Leah, 1999; Houtson, 1999; Hume, 1995; Gibb, 2000; Weightman, 1999; Armstrong, 1999; Harrison, 1999; Dainty, Bagilhole and Neale, 2000; Marquardt and Engel, 1993; Noe et al, 2007) the following HRD system evaluation criteria have been distinguished in this study:

- The level of the organization and its HRD compatibility, meaning the level of development and business compatibility, the level of focus on the requirements assigned to modern organizations;

- The level of the performance of the main contemporary HRD functions: the level of human resources planning, education, professional development, career development, adaptation, the promotion system, work and employee evaluation. Winds of change are sweeping across the corporate landscape and there is an increasing need to cope with the ever-changing forces of competition, technological onslaught, and new trends in the economy. This scenario has led to a growing awareness that productive utilization of human resources is the key to organizational success. Achieving competitive success through people requires viewing employees as a resource and hence investment in their development is essential. The concept of Human Resource Development (HRD) is gaining widespread popularity not only in India and the other countries but also in shipping industry. In a changing environment
an organization can only be dynamic and growth-oriented by developing its employees.

Research Questions

The main question of focus in this research would be to seek the impact of Human resource development in the Shipping industry, in fact within the multinational ones, on a selective basis.

Significance of the Study

This study contributes to the HRD profession in several ways. First, this pioneering study is expected to provide some direction and a conceptual foundation of HRD practices, as applicable, for shipping industries. Second, the study may contribute to international HRD literature. By having a benchmark of how other shipping companies are conceptualizing and practicing HRD, a sound knowledge base of HRD across cultures maybe developed. Lastly, academic institutions and professional associations may utilize the information obtained in this research to develop and implement curriculum for education, training, and development of the practitioners in the HRD field as well as promoting the HRD profession.

Training and development has a positive impact on the individual, the organization and the nation (Smith, 1983). Human resource evaluation is defined as the “systematic collection of descriptive and judgmental information necessary to make effective training decisions related to the selection, adoption, value and modification of various instructional activities” (DeSimone et al., 2002). This definition highlights several important points:

- First, when conducting an evaluation, both descriptive and judgmental information may be collected. Both types of information are needed in a human resource development evaluation.

- Second, evaluation also involves the systematic collection of information according to a predetermined plan or method to ensure that the information is appropriate and useful.
Finally, evaluation is conducted to help managers, employees and HRD professionals in making informed decisions about particular programs and methods. For example, if part of a program is ineffective, it may need to be changed or discarded or, if a certain program is valuable, it may be replicated in other parts of the organization. This acquires feedback on a closed loop system which is a measure to cope up with continuously cope up with external requirements.

Evaluation begins with a clear identification of the purpose or results expected from the training programs. Furthermore, it would be expected that the training programs be based on important organizational goals and improvement efforts. However, that connection must directly guide the train efforts if training results are to be linked to organizational measures (Burrow and Berardinelli, 2003). Evaluation can serve a number of purposes within the organization. According to Philips (1983) evaluation can help in the following:

- Determining whether a HRD program is accomplishing its objectives;
- Identifying its strengths and weaknesses;
- Determining its cost-benefit ratio;
- Deciding who should participate in future HRD programs;
- Identifying which participants benefited the most or least from the program;
- Reinforcing major points to be made to the participants;
- Gathering data to assist in marketing the future programs;
- Determining if the program was appropriate;
- Establishing a database to assist management in making decisions.

Limitation of the Study

Interpretations of results from this research are limited due to the very structure of the research methods chosen.

1. This study will consist of select shipping multinational corporations
2. The study samples are purposeful and consequently not randomly selected.

3. This study does not intend to examine the actual human resources (employee) performance but the HRD system instead and its benefit towards achieving business excellence is not really checked.

4. Semi-structured interviews with key members of the organization have been conducted. Therefore, findings will be interpreted in accordance with that of the interview protocol.

Assumptions:

The research assumes the following:

1. The interviewee will know more about the topic than the interviewer.

2. The best the interviewer can hope for is to raise topics by facilitating, probing, and prompting; having little control over the details of the situation and passively collecting data.

3. By virtue of his/her authority and experiences, the interviewee will exercise some control over what the interviewer does.

Summary

This chapter gives a brief description of the nature of proposed study, and it outlines the relevance of study in the present day scenario. It examines the relevance of HRD practices strategy in the multinational shipping companies as well as reviews various other strategies as a part of business strategy, and describes the efforts made to study the diversities due to culture and otherwise, within the shipping companies and to highlight the ever increasing impact of globalisation.