CHAPTER-2

LITERATURE REVIEW

Introduction

This Chapter covers wide & extensive study and scanning of literature in the related areas where the studies have already been undertaken by the researchers and academicians; and based on the feedback of literature review, to identify the research gap and set out the Research Problem. To undertake the literature review, all possible literature available on the subject and on the related subjects in the form of doctoral theses, Indian & International dissertation abstracts, reports/periodicals, books, articles appeared in various Journals, Financial & daily Newspapers etc., have been studied extensively.

In the process of literature review, the ‘University News’ a weekly publication of ‘Association of Indian Universities (AIUs)’ publishing the details of doctoral theses in Science and Social Sciences submitted to various universities, were thoroughly checked in the library of Indian Council for Social Science Research (ICSSR), New Delhi. For details of dissertations, the available Indian & International Dissertation Abstracts were also perused. For the purpose of reading the books and articles published in various Journals, the libraries of various organizations, Indian Universities and Institutes like, Management Development Institute (MDI), Gurgaon; Maharshi Dayanand University, Rohtak; Delhi School of Economics (Ratan Tata Library), New Delhi; Faculty of Management Studies, Delhi University, New Delhi; Central Library, Delhi University, New Delhi; were visited and reference materials were collected.

Further, in reviewing the literature, several databases were also used including ERIC, ABI/Inform and Dissertation Abstracts International. Even though the former are popular computerized databases, the review was limited by the availability and accessibility on the listings, not to mention many unpublished HRD or HR-related research which were not obtainable. Most of the references were drawn from related fields of studies such as management, organizational behavior, and human resource management.
In this part of chapter, therefore, the relevant studies (including theory as well as empirical based studies and the papers presented in seminars/ conferences) which directly or indirectly fix the domain of the present study and are found to be providing a theoretical support to it, have been reviewed and categorized under three heads based on the nature of literature; first relating to overall strategies pertaining to Human Resource Development, and second relating to HR Strategies for, the multinational companies and finally relating to whatever is available in relation to the service industry and the Shipping companies. And they are categorically summarized here as under:

**Concept of Human Resource Development**

The concept of HRD is multidimensional. It has been defined by economists, social scientists, industrialists, managers, and other academicians in different ways and from different perspectives. In a broad sense, HRD is the process of increasing knowledge and skill of the people in a given society. In the national context, HRD is a process by which the people in various groups are helped to improve their competence continuously to make them more self-reliant and develop a sense of pride in their performance (Rao & Rao, 2001). In economics, it means accumulation and qualitative upgradation of human capital and its effective utilization for the development of the economy. In politics, HRD refers to preparing people for active participation in the political process. From the social and cultural points of view, HRD enriches life (Verma, 1988). In industrial organizations, HRD focuses on three aspects of people: (1) the ‘human’ aspect where people are seen as having skills, potential, and ability to grow, change, and develop; (2) the ‘resource’ aspect where individuals are considered as resources rather than problems; and (3) the ‘development’ aspect, where the emphasis is discovering and nurturing of human potential. According to Nadler (1980), HRD is an organized learning experience within a period of time with an objective of enhancing the performance. Sankar (1984) views HRD as a planned effort in the personnel area for improving existing capabilities and acquiring new capabilities for achievement of the corporate and individual goals. HRD is defined by Rao and Pereira (1986) as a process in which the employees are continuously helped in a planned way to (1) acquire sharpen their capabilities required to perform various
obligations, tasks, and functions associated with and related to their present or future expected roles; (2) improve their skill and capabilities and utilize their full potential in achieving their own and organizational goals; and (3) develop an organizational culture where superior-subordinate relationship, teamwork, and collaboration among different subunits are strong and contribute to the organizational wealth, dynamism, and pride of the employees.

**Purpose of HRD**

HRD definitions have been discussed to the extent to which they account for employees' learning or performance improvement. A humanistic perspective has also been presented in the last years as a product of the discussion among scholarly leaders in the field (Chalofsky, 2004). Therefore, three fundamental philosophical perspectives of HRD are presented here.

Based on a humanistic perspective, the concept of HRD is multidimensional, transformational, and is expressed through individual's ability "to find meaning in everyday life and the capacity to create a meaningful world" (Chalofsky, 2004). This perspective is focused on development that will enable individuals to realize their full potential in a meaningful way. The humanistic perspective is relatively new in the field, and has also been expressed by Dirks and Deems (1996) and Rousseau & Arthur (1999). The last two authors argue that "organizations have a duty to contribute to both individual work expertise and quality of life" (p.15).

The humanistic perspective also sees work as having a transcendent element that goes beyond individual and organizational boundaries. It is grounded in the idea of interconnectedness, that is, viewing the world as a complex set of parts braided together into a unified whole (Capra, 1996; Hatcher, 2000). This perspective implies that HRD should go beyond organizational issues, such as structure, productivity, or performance, to a concern for the health and humanness of our organizations, society, and the world as a whole (Hatcher, 2000).

From the learning perspective, Watkins (1995) defined HRD as "the field of study and practice responsible for the fostering of a long-term work-related learning capacity at the individual, group, and organizational level of organizations" (p.2). She explained
that HRD "works to enhance individual's capacity to learn, to help groups overcome barriers to learning, and to help organizations create a culture which promotes conscious learning" (p.2). Underlying this perspective is the belief that HRD should focus on change through learning.

The performance perspective is well known in the HRD field and has been expressed by Swanson (1995) and Kuchinke (2000). Based on this perspective, Holton defines performance as "accomplishing units of mission related outcomes or outputs" (Holton cited by Chalofsky, 2004). He then defines the term performance system as any system organized to accomplish a mission or purpose. Swanson and Holton (2001) explain that, "like all components of any system or organization, HRD must enhance the organizations' effectiveness" (p.147). They observe that HRD will have a greater chance to gain power and influence in organizations if it focuses on both learning and the performance outcomes organizations wish to achieve.

**Importance of HRD**

HRD is helpful in the fulfillment of committed goals of an individual, organization, and society. HRD develops a clear idea of what the organization wants to accomplish (George and Zimmerman, 1984). HRD develops the capabilities and efficiency of the employees in the organization. It enables them to improve their performance and that of the organization as a whole. Development of employees tends to result in higher productivity. HRD leads organizations towards the possibility of improving performance (Nadler, 1981; Pfeffer, 1994). HRD reduces the cost of production and earns good returns on investment and consequently contributes to competitive advantage in the face of intense competition (Schuler and MacMillan, 1984). HRD improves the organizational health and employee morale, team spirit, and loyalty. It plays a role in promoting a positive work culture (Rao, 1991). HRD is essential to meet the requirements of the changing internal and external environment of the organization. HRD is a significant factor in determining the growth and prosperity of the business enterprise (Rao, 1991).

HRD as a function has evolved very indigenously in this country from the year 1975 onwards when Larsen & Toubro conceptualized HRD as an integrated system and decided to separate it from personnel. Since then, in the last 25 years most
organizations have started new HR departments or redesignated their personnel and other departments as HR departments. Today, there are high expectations from HRD. Good HRD requires a well-structured function and appropriately identified HRD systems. It needs competent staff to implement and facilitate the change process. (Rao, 2003)

In view of the many-faceted nature of HRD, and of changes in HRD, a theoretical framework is required that pays attention to diversity and dynamics in organisational reality. In the learning-network theory, HRD professionals are considered strategic actors, who interact with managers and workers to organise learning programmes by negotiation, collaboration, and participation processes (Van der Krogt, 1998; Poell, 1998). From this theoretical perspective, the learning that takes place in any organisation can be characterised by structural arrangements associated with liberal, vertical, horizontal, or external types of learning programme.

In a liberal learning programme, individual workers create their own sets of learning activities. The profile of this learning programme can be labelled as unstructured and individually oriented, since there is little structure above the individual level. A vertical learning programme is characterised by linear planning of learning activities. The management develops learning policies, which are translated into pre-designed learning activities by HRD professionals and delivered to the workers. In a horizontal learning programme, learning activities develop incrementally while they are being executed. There are no pre-designed learning policies. These develop by learning from experience as the programmes progress. HRD professionals are process counsellors in this type of learning network. An external learning programme is coordinated from outside the organisation by the workers’ professional associations. It introduces a work innovation to the learners, who adapt their work themselves accordingly.

Other strategic actors (e.g. workers and managers) are expected to influence the way in which the learning programme is organised as much as HRD professionals do. Organising a learning programme is viewed as an arena where constant processes of negotiation and collaboration among the participants shape and change the way actual learning arrangements come about. Table 1 presents the main characteristics of the
four theoretical types of learning programme that the learning-network theory distinguishes (Van der Krogt, 1998; Poell, 1998).

This framework is used to investigate the strategies employed by HRD professionals in organising learning programmes. The current reference point, albeit a negative one, for many organisations is the vertical learning network (typical of a machine bureaucracy), in which HRD professionals design and deliver training programmes. The tendency towards self-directed and team learning advocated in the literature can be understood as a desired move away from the vertical to a more liberal or horizontal type of learning network. The strategies of HRD professionals would change accordingly, from designing and delivering training programmes to facilitating multiple learning arrangements for individual and team learners.

**HRD and organizational performance**

Several models of HRD specify a range of practices which, if pursued, are likely to contribute to human capital accumulation on which organizations may build its competitive advantages (DeGeus, 1997; Currie, 1998; McCracken and Wallace, 2000, Willis, 1997). These models basically advocate that investment in HRD by organizations and individuals is necessary for a number of reasons; to build and retain that resource in the future and to retain that resource in the present. Results of a survey of London university graduates conducted by Prickett (1998) showed that 90 percent of them expect their employer to help their development. Holbeche (1998) found that one third of her sample of high-flyers would leave if they could not broaden their skills. Organizations likewise view investments in human resource development to be important. Losey (1999) and Spangenberg (1994) report that organizations increasingly seek, through sophisticated human resource development and workplace learning strategies to develop employee competencies to enable them to respond quickly and flexibly to business needs.

Emphasis on human resource development result into several positive individual and organizational outcomes such as higher performance (Sandberg, 2000); high quality individual and organizational problem solving (Schroder, 1989); enhanced career plans and employability (Weick, 1996; Raider and Burt, 1996); sustainable competitive advantage (Winterton and Winterton, 1999, in Torrington et al 2007;
Nordhaug, 1998); higher organizational commitment (Iles et al., 1990) and enhanced organizational retention (Robertson et al., 1991). The relationship between HR practices and business results is built on the premise that better deployment and use of HR practices should correlate with better business performance (Ulrich, 1997). On the basis of a literature review Pfeffer (1994) concluded that employee participation and empowerment, job design including team-based production systems, extensive employee training and performance contingent reward system are widely believed to improve the performance of the firm. Huslid (1995), on the basis of his study of 968 publicly traded firms, found that a one standard deviation increase (about 25 percent) in work performance reduces turnover by 7.05 percent on a per employee basis, increases productivity by 16 percent (measured by sales per employee) and yields a $3,814 increase in profits. Based on a study of 74 firms, Huslid and Becker (1995) created an index of each firm’s HRD system reflecting the degree to which a firm has deployed the high-performance work system (HPWS) and consistently found that firms with higher values on this index, other things being equal, have economically and statistically higher levels of firm performance. Youndt et al. (1996) found that a HR system focused on human capital management was directly related to multiple dimensions of operational performance like employee productivity, machine efficiency and customer alignment. Huselid et al. (1997) found that firm effectiveness was associated with the capabilities and attributes of HR staff. Further, they concluded that relationship between HR management effectiveness and productivity, cash flow and market value were positive.

Brian et al. (2001) ranked organizations on High Performance Work Index and compared their HR system and practices. The HPWS Index included the organizations system of building and maintaining a stock of talented human capital through:

- linking its selection and promotion decisions to validated competency models;
- developing strategies that provide timely and effective support for the skills demanded by the firms' strategy implementation; and
- enacts compensation and performance management policies that attract, retain, and motivate high-performance employees. Based on the HPWS ranks Becker et al. (2001) compared top ten percent companies with bottom ten percent on a
number of measures. The result indicated substantial difference between the two
groups. The top HPWS group adopted HR management practices which were very
different from the bottom HPWS group of organizations. The former devoted
more resources to recruiting and selection, employed more vigorous training
regime, established better performance management and linked to the
compensation system, used teams to much greater extent, had roughly double the
number of HR professional per employee. The HR outcomes associated with this
system demonstrated that compared to the poor the best HPWS organizations
developed a clear strategic intent and communicated it effectively to employees,
their HR professionals were rated more positively and developed a comprehensive
measurement system for communicating non-financial information to employees.
Finally, organizations with the most effective HR management system exhibited
most dramatically higher performance: employee turnover was closer to half, sales
per employee were four times as great, and the ration of organization's market
value to the book value of assets - a key indicator of management quality, as it
indicates the extent to which management has increased shareholders' initial
investment - was more than three times as large in the high-performing
organizations.

Singh (2003) conducted a survey of 84 Indian firms representing major domestic
business sectors ranging from automobiles and auto components to, cement,
engineering, iron and steel, financial services, info-tech, pharmaceuticals, paper and
power, etc. The main objectives were to examine how many HR practices have been
implemented by the firms and the extent of links between the individual HR practices
and firm performance.

Each firm was asked to indicate the percentage of employees covered under the final
HR practices which consisted of the following:

1. use of employment test before selection;
2. formal performance appraisal system;
3. compensation based on performance appraisal;
4. formal job description;
5. non-entry jobs filled from within in recent three years;
6. employees covered under formal information system;
7. employees administered attitude survey on a regular basis;
8. employee participation in the quality of work life program, quality circles, or labor management participation teams; and
9. average days of training received by an employee in the last 12 months.

The result indicated that there were large variations in the HR practices adopted by the organizations included in the sample. It was also found that the combined effect of HR performance index was significant in predicting firm's performance as well as employee turnover and productivity.

The examination of the HR function indicates that the HR departments in Indian organizations (including one multinational located in India and one Indian company located abroad) do not have well differentiated structures appropriate for HRD. They have well differentiated roles in personnel, but not in HRD. When it comes to HRD it seems that they structure the role in a way such that it is even mixed up with other personnel functions. As the structures are mixed and convenience based, the HRD activities also get mixed attention and are often based on convenience. As a result various sub-systems of HRD do not get the attention they deserve. The HRD audits have indicated that even those designated as HRD managers are unable to devote full time to HRD, as they are involved with other personnel functions and administrative activities.

"In a recent encounter of the author with a senior HR manager of an IT company, he was told that there were over a 100 HR professionals working in that company and 25 of them were in the Visa section. This indicates the ease with which Indian corporations, including IT companies use the term HRD to cover all those involved in various forms of unrelated HRD activities. Indian organizations have not yet reached the maturity level to differentiate between human capital multiplication function from conventional welfare and administration functions."(Rao, T.V.)
If one has to follow the original structuring of suggestions by Pareek and Rao, there should be separate functionaries available for handling performance appraisal, feedback and counselling, potential appraisal and development, OD, training and career planning and development. The HRD function is also very inadequately represented. On an average, while there is one personnel staff to look after the personnel management needs of every 100 employees, there is less than 1 full time person to look after the HRD needs of every 1,000 employees. This can be considered as very inadequate. Even those who are there are not well qualified in terms of learning methodology, human development and other such technical skills required to handle competency building; commit building and culture building functions of HRD. It may be concluded that the HRD function in India is not appropriately structured in the country where the world’s first dedicated HRD department was started. The structures do not follow the principles envisaged by Pareek and Rao and are not differentiated as outlined by them. Indian organizations seem to have played only lip sympathy to HRD. More than 50 per cent of the organizations do not even have a full-time dedicated HRD Facilitator. Where there is one, he is loaded with recruitment, salary administration and such other roles, which are not development roles.

While most of the studies examining the relationship between HRD and organizational outcomes have focused on hard data such as productivity, turnover rates etc. very few have measured the effect on soft variables like employee well-being (Edgar, 2003). The present study, therefore, tried to investigate how HR practices influence employees' perception of the HRD climate and quality orientation.

Conceputalisation of the Changing Role of Human Resource Managers within Global Organisations

Successful formulation and implementation of a corporate strategy for managing global operations requires a commensurate strategy for managing international human resources (Bartlett & Ghoshal 1992, Schuler, Dowling & De Cieri 1993, Beatty & Schneider 1997). Existing SIHRD frameworks describe policies and practices focused on aligning the strategic initiatives of the organisation with the development of global managers while simultaneously managing the tension between integrating global operations and achieving local responsiveness (Schuler et al. 1993, Taylor, Beechler &
Napier 1996). Within these frameworks, a SIHRD system is viewed "as a way for MNCs to effectively manage and control their overseas operations" (Taylor et al. 1996: 560). Moreover, existing SIHRD models, although systematic in their assessment, inadequately address strategic international human resources management in the network form of organisation. Rather, the primary focus is on explaining the practices and policies that MNCs use to coordinate and control the hierarchy of their dispersed global operations (Welch 1994, Tayeb 2005).

Global organisational networks are viewed as dependency structures among geographically dispersed organisations that are interrelated through both formal and informal ties across varying levels of ownership. This broad definition reflects a holistic or systemic approach consistent with the integrated view of the formation of relationships across borders and the flow of goods and services to the global market place. By conceptualising a cross-border inter-organisational network beyond a set of functional and relational activities performed by downstream and upstream stakeholders in the global organisation, it can be proposed that a definition of an integrated global organisation encompasses the global network of facilities, activities, and social relationships that performs a multitude of integrated value-adding functions. Therefore, the global network construct can be used to examine not only the tangible network design elements of the global organisation (i.e., webs of facilities and product development ties and activities) (Mabert & Venktarmanan 1998), but also to emphasise the social infrastructure and human activities and relations envisioned, built and maintained by global human resource managers.

Global human resource managers are required to enact HRD systems within socially rich cross-border network structures (Welch & Welch 1994, Tung 1994, Stroh & Caligiuri 1998). The primary activities of a global human resource manager involve selecting appropriate global human resource strategies, influencing the operating context of the global organisation, and providing a leadership role in the cultural change of the organisation under conditions of accelerating strategic ambiguity. When enacting a HRD system, human resource managers within global organisations are obliged to manage collaboratively while maintaining their discretion and responsibility for human resource function within their individual organisations. Such a global
network model of management and organisation of a firm's global human resource systems facilitates operating flexibility, capacity for innovation, and development of a unique and valuable relational capability (Schneider 1988, Lusch & Brown 1996).

To sustain the culture of a dynamic global network, global human resource managers are required to possess multiple competencies that are both relational and contingent in nature (Henderson & Clockburn 1995). Moreover, because of the need for a quick diffusion of information across different sources and domains of knowledge within a global network, the global human resource manager is encouraged to promote a spirit of multicultural interpersonal and interorganisational trust, within which members of the networked organisations can learn to cooperate (Barney & Hansen 1994). While the problems of managing intercultural, crossfunctional and interorganisational dependencies and orientations has always been a challenging task dimension for the traditional international human resource manager, the transformation of these requirements into a network perspective poses a set of unique and ambiguous opportunities and challenges to the global human resource managers.

Global organisations necessitate modifying the traditional human resource manager's role frequently found in more bureaucratic international human resource management organisations. Specifically, new dimensions of the human resource leadership role are required, some of which relate to managing conflict, power, influence and control, as well as commitment and trust building both within and beyond the firm boundary.

The Role of Strategic Global Human Resource Management within Global Networks

Rapid globalisation, turbulent technological revolution and increasing deregulation have profiled a new competitive landscape in the global context (Lei, Hitt & Bettis 1996). This new hypercompetitive environment requires strategic flexibility of an MNC and its global partners (Zander & Kogut 1995). Global strategic flexibility augments the importance of resource flexibility, where the critical resources encompass strategic leadership, human capital, technological and manufacturing advances and cooperative synergies between organisational culture and structure (Lei et al. 1996). As such, an adaptive global organisation should be oriented toward dynamic and anticipatory strategic flexibility as one of its primary core competencies.
Strategic flexibility imposes the demand for strategic leadership that influences the development of the organisational relational capability (Dyer & Singh 1998) for cultural change conducive to formation of global networks with other companies in the new competitive landscape.

As a result of the turbulent and almost sequenced changes taking place in the global competitive landscape, MNCs are increasingly modifying their opportunity boundaries by pursuing cooperative commitments (i.e., webs of strategic alliances). This allows an organisation to maintain a degree of flexibility in its structure and culture, and permits feasible restructuring of strategic relationships within various global networks on an on-going basis (Poppo 1995). The resulting relational flexibility imposes unique demands upon human resource managers to design flexible human resource systems responsive to the dynamic contractual relationships with globally dispersed customers, suppliers, and competitors. These increased demands are challenging because the benefits of flexible contract design in global network management are associated with the issues of varying exchange duration, uncertain temporal orientation and synchronisation of multiple relationships, and the issues of subsidiary-subsidiary and supplier-supplier interdependencies (Mohr & Spekman 1994, Zaheer & Venkataraman 1995). In turn, these issues affect the varying demand for fit and flexibility in global human resource system design. As a result, these challenging issues require both attention and agile action by the global human resource managers who are responsible for HR effectiveness within global networks. The most challenging issue is to enact an evolutionary transformation of the traditional hierarchical SIHRD models into a heterarchical SGHRD system.

The traditional SIHRD models have been developed to capture the influence of HR programs (policies, practices, and issues) on a multinational organisation’s outcomes and vice versa. The most cited models take either a contingency perspective emphasising consistency between HRD and the organisation’s strategy (Schuler et al. 1993), or an universalistic perspective emphasising complementarily between HRD and strategy (Taylor et al. 1996). The SIHRD models seem to be appropriate under the conditions of strategic stability supported by the hierarchical structure and strong organisational culture. In these models, it is assumed
multinational organisations compete primarily under low ambiguity and within clearly defined geographic and industry boundaries. In other words, it is assumed slow-cycle pressures for organisational renewal and corporate restructuring are salient. In such an environment, organisations are assumed to compete for economic surplus to achieve a structural competitive advantage by aligning their competencies with these activities. In most SIHRD models international variables are dominant like national culture (contingency) or employment systems (complementarily) (Boxall & Purcell 2000). However, De Cieri and Dowling (1999) argue against further development of specific inter-national models. Moreover, Dowling, Welch and Schuler (1999) argue that the SIHRD models fail to capture HR effectiveness within global networks. Rather, models encompassing the evolution process from SIHRD to an SGHRD system need to be developed as organisations globalise their operations (Paul 2000).

The shift from a SIHRD to an SGHRD system is crucial to occur for the evolution of these processes and mechanisms found in HRD system to match the personnel needs of global organisations. The SGHRD system shapes organisational culture in terms of cooperative traits and practices (i.e., content) rather than in values and attitudes (Gates 1994). Also, this influence is reflected in terms of the extent to which organisational culture is shaped across the organisational units (i.e., strength). The extent to which the content and strength of organisational culture are shaped by the shift to the SGHRD system is influenced by the managerial global leadership mindset. If this influence is significant, the organisation's global performance is likely to be improved.

The SGHRD view goes beyond the SIHRD view by emphasising that HR effectiveness arises not only from the aggregate talent of the organisation's employees, but also from the coordinated deployment of this talent across the global organisation's network of relationships. The efficiency of this type of relational coordination is in turn a function of the global organisation's cultural context (Beer & Eisenstat 1996). For the global HR manager to develop the leadership role modes/options and influence the major transformation of the organisation's cultural context, the role of human resource management is to be refocused from the "traditional HR focus on attracting, selecting, and developing individuals to a new focus on developing an organisational context which will attract and develop leaders
as well as facilitate teamwork” (Beer & Eisenstat 1996: 53). This new global leadership focus of HR encompasses new approaches to decision making, as well as innovative approaches to organising and managing people within global networks (i.e., global team-based management, high involvement of diverse employees, and effective and meaningful communication across cultures). In other words, the innovative global HR leadership can succeed in changing the organisation’s culture only by focusing more on the new strategic task within global networks and less on modifying traditional HRD programs. The focus on the new global strategic task requires both an effective leadership by the global HR manager and an efficient design of the SGHRD system. Specifically, the HR manager’s role transformation toward leadership within a global network is contingent upon an efficient SGHRD system design. To yield an efficient SGHRD system, the HRD processes necessitate seamless interfaces across a variety of dynamic relationships within a global network.

The purpose of the seamless interfaces is to mitigate different risks and uncertainties arising due to the interaction among members within the global network. These human resource processes must also contribute to the optimisation of knowledge integration within the global network (Salbu 1991). Therefore, it is proposed in this paper that the architecture of the SGHRD system depends upon the scope of the MNC strategic orientation relative to network members and the extent of the dynamics in the global network environment. By using the theoretical perspectives of relational contracting (Macneil 1974, 1978, 1980, 1985), and the knowledge-based view of the firm (Grant and Greene 2003), a theoretical framework for an efficient SGHRD system design supporting global HRD manager’s leadership can be developed for global organisations.

**Human Resources Development Functions**

Human resources development (HRD) is being viewed as an important strategic approach to improve productivity, efficiency and profitability. It is a planned and continuous effort by management to improve employee competency levels and organizational performance through training and development programs. Development refers to the acquisition of knowledge and skills, and behaviors that improve employees ability to meet changes in job requirement and in client and customer demands. ‘Raining usually focuses on employees’ current jobs, whilst development
helps prepare them for a variety of jobs in the company and increases their ability to move into jobs that may not exist (Pace, Smit and Mills, 1991). The general HRD process that helps facilitate change involves the following steps: (1) determine HRD needs; (2) establish specific objectives; (3) select HRD methods; (4) select HRD media; (5) implement HRD programs; and (6) evaluate HRD programs (Mondy and Noe., 9th edition).

Learning and Development

Employee learning and development is an attempt to improve current or future employee performance by developing their attitudes or enhancing their skills and knowledge.

One major purpose of L&D is to remove performance deficiency, both current and anticipated. Conducting training to improve performance is particularly important to organizations with stagnant or declining rates of productivity, and changing mode of operation. Training is also essential to organizations that are incorporating new technologies which may consequently increase the likelihood of employee obsolescence.

Another purpose of L&D, especially relevant to organizations that are introducing few technologies, is to make the current work force more flexible and adaptable. An organization that is able to increase its adaptability capacity can enhance its chances of survival and sustainable profitability.

L&D can also increase the level of commitment of employees to the organization and will also accentuate the perception that the organization is a good place to work. Obviously, greater commitment can result in a low turnover rate and less absenteeism, thus increasing productivity. L&D is also important because it is generally recognized that society at large will be the indirect beneficiary when individuals become more productive and contributing members of organizations.

In this context, the most important steps are effective management; holistic development; and optimum utilization of human resources (Jha 2007; Sinha 1995). In the past decade something quite different was happening in many Indian organizations, calling for a second look at traditional personnel functions and their
integration with organizational objectives (Singh 2003). According to Singh and Sen (2002) several steps were taken, such as, conceptualization of employees as resources; strategic role of personnel functions; greater partnership to line managers in managing human resources; dovetailing of training with other personnel functions; synthesis of different personnel functions, etc. It is difficult to categorize these activities under a single label. Rather, they can be brought under the umbrella of Human Resource Development (HRD).

The human resource development in India is of recent origin, and the terms gained currency only in the early seventies. In the opinion of Nadler, the term “HRD” was first applied in 1968 in George Washington University. It was used in Miami at the conference of American Society for Training and Development in 1969. According to Nadler, the term was gaining more acceptances during the mid-1970’s, but many used it as a more alternative term than “Training & Development”. In the opinion of some management professionals, Japan is the first country to begin with HRD practices. “Better People”, not merely better technology, is the surest way to a “Better Society”, is the most popular belief in Japan. In the opinion of Prof. Udai Pareek, the term was first used in India in 1972 by the State Bank of India. By the late seventies and early eighties this professional outlook on HRD caught on to a few PSUs, namely BHEL, MUL, SAIL, IA, AI & IOC. L & T and TISCO are the first two organizations in the private sector to begin with HRD.

A number of authors have explored the links between individual HR practices and corporate financial performance. For example, Rothwell and Kazanas (2006) reported that firms’ HR orientations (measured by the effective recruitment of employees, above average compensation, and extensive training and development) were related to return on assets, growth in sales, and growth in stock values. Johnson (2001) examined the impact of strategic HRD effectiveness (ratings of how effectively a variety of HR practices were performed) on a number of performance variables. He found that strategic HRD effectiveness was directly related to employee turnover and the relationship between this measure and return on equity was stronger among banks with higher capital intensity (greater investments in branches). This is exemplified by Terpstra and Rozelle’s (1993) study of the
relationship between recruiting / selection practices and firm performance, where they found a significant and positive link between extensiveness of recruiting, selection and the use of formal selection procedures and firm performance. Cascio (1991) argues that the financial returns associated with investments in progressive HR practices are generally substantial. Russel & Russel (2005) demonstrated a link between the adoption of employment training programs and financial performance. The use of performance appraisals (Borman, 1995) and linking such appraisals with compensation has also been consistently connected with firm profitability. (Gerhart et al 2007). Koch and McGrath (1996) reported that firms using more sophisticated staffing practices (planning, recruiting, and selection) had higher labor productivity. Huselid (1995) reported that HR practices can influence firm performance through provision of organization structures that encourage participation among employees and allow them to improve and redesign how their jobs are performed. Green (1992) reported that organizations that vertically aligned and horizontally integrated HR function and practices performed better and produced more committed and satisfied HR function employees who exhibited improved individual and organizational performance.

Need for HRD-Overview

Organizations need to be dynamic and growth-oriented to sustain in the competitive environment. This is possible only through the competence of the human resources. To cope with the fast changing environment, organizations need to review their HRD approaches continuously. HRD is neither a concept nor a tool, but is an approach using different personnel systems, depending upon the needs and priorities of the organization. The basic assumption is the belief in human potential and its development by providing a suitable and congenial environment. According to Dayal and others, concern for development of people, have become important for two compelling business reasons. Firstly, competitions in the business have forced attention of organizations on cost of operations, sensitivity to market demands. These aspects of business cannot be served without full and sympathetic involvement of people at work. Secondly, consideration arises from the impressive developments in science, engineering and technology. The new production technology, automation and
application of electronic control systems has changed the ratio of skilled and unskilled jobs. New systems require new skills and certain minimum educational qualifications.

They need continuous up gradation of skills. Thus, development of people, decentralizations of decision making, flatter and different management practices than those followed in the past have become necessary for survival of business. HRD initiatives meet the need of these business imperatives. In the opinion of Nadler and Wiggs (1986) the ultimate purpose of HRD activities is “to make a difference” in the real world of costs, quality, quantity, accuracy and timeliness. HRD activities, as such, do not reduce costs, improve quality or quantity, or benefit the enterprise in any way. It is the on-the job applications of learning that ultimately can reduce costs, improve quality, and so forth. It has been rightly observed by Billimoria and Singh that “each human being is born as something new, something that never existed before. Each is born with the capacity to win in life, each has his own unique potentials, capabilities and limitations.” In the opinion of Prof. Ishwar Dayal ,HRD is an approach founded on the belief that people are capable of growth: given an environment that facilitates individual growth. Growth is, therefore, important for organizational growth.

According to Dayal, HRD is to make a person, a total person in terms of skill, maturity, competence, self-awareness, adjustment to the environment, and confidence. In the view of Dayal, HRD can be seen as a philosophy rather than as a programme. HRD is for both which prevents growth and which leads to growth. In this context, Khan also remarks; “HRD is the process of increasing knowledge, skills, capabilities and positive work attitude and value of all people working at all levels in a business undertaking”. According to Rao et al, HRD is a process by which people in various groups are helped to acquire new competence continuously so as to make them more self-reliant and simultaneously developing a sense of pride in them. HRD is an approach to the systematic expansion of people’s work - related abilities, focused on the attainment of both organizational and personal goals. Nadler observed, “HRD means an organized learning experience, within a time frame, with an objective of producing the possibility of performance change”. According to Rao, in
the organizational context, HRD is a process in which the employees of an organization are continuously helped in a planned manner to:

* Acquire or sharpen their capabilities that are required to perform various functions associated with their present or expected future roles; Develop their general capabilities as individuals, so as to discover and exploit their inner potentials for their own or organizational development purposes;

* Develop organization culture in which superior subordinate relationships, team work and collaboration among sub-units are strong and contribute to the professional well being, motivation and pride of employees.

Further, Rao defines human resource development (HRD) as essentially consisting of these three Cs: competencies, commitment, and culture. All three are needed to make an organization function well. Without competencies many tasks of the organization may not be completed cost effectively or with maximum efficiency. Without commitment, they may not be done at all or are done at such a slow pace that they lose relevance. Without an appropriate culture, organizations cannot last long. Culture provides the sustaining force and spirit for organizations to live. It provides the oxygen needed for them to survive. Its utility comes to the force especially when organizations are in trouble. Many people are not very clear as to the difference between HRD and personnel functions. As a result, personnel managers are automatically being designated as HRD managers performing personnel and industrial relations function. Indian Oil Corpn. (IOC), one of the leading public sector undertakings, has successfully implemented its HRD programme and has achieved worthwhile results. The basic principle of HRD philosophy is the belief in - (i) human potential and its development; (ii) Optimum utilization of human resources; and (iii) a harmonious balance between business strategy and HRD strategy, i.e., strategic planning and HRD should go hand in hand. According to this model, 00 & HRD efforts may tend to be wasteful exercise, if there are no opportunities to utilize the development of human capability. Similarly, all strategic options in terms of business plans will remain unfulfilled, if human resources are not made available to implement them. HRD is thus the responsibility of both line managers and HRD/Personnel
specialists. It is a co-operative and massive effort in the organization. Pareek & Rao have identified four basic partners of development viz.:

i. the self (the individual);

ii. the immediate superior (boss);

iii. HRD department and

iv. the organisation.

Rao & Pareek observed that there are six units in an organization which are concerned with HRD. These are: - (i) person (employee); (ii) role; (iii) dyad; (iv) team; (v) inter-team & (iv) the organization. The effectiveness of one unit (foci) will contribute to the effectiveness of others. HRD is an integrated process and cannot be thought of in isolation. According to Rao, major interventions of HRD are:

i. Performance and potential appraisal;

ii. Career Planning;

iii. Training;

iv. Organization development; and

v. Reinforcement.

HRD interventions may vary from one organization to another depending upon their needs, based on diagnostic studies. For example, role analysis was the core of its HRD appraisal as the first interventions of HRD.

This definition of HRD is limited to the organizational context. In the context of a state or nation it would differ. HRD is a process, not merely a set of mechanisms and techniques. The mechanisms and techniques such as performance, appraisal, counseling, training, and organization development interventions are used to initiate, facilitate, and promote this process in continuous way (Noe et al.2007). Because the process has no limit, the mechanisms may need to be examined periodically to see whether they are promoting or hindering the process. Organizations can facilitate this process of development by planning for it, by allocating organizational resources for
the purpose, and by exemplifying an HRD philosophy that values human being and promotes their development.

Implementation and Consumption of HRD: Stakeholder Differences

In recent years, there has been a growth of studies, which aim to highlight the benefits of human resource management (HRD). This stream of research has mainly focused on establishing a cause effect relationship between the use of various HRD practices and various outcomes considered related to firm performance, such as financial performance (Huselid 1995), productivity (Guthrie 2001), and employee retention and absenteeism (Wood & de Menezes 1998). These studies generally find a positive association between the usage of HRD, as reported by HRD directors or managers, and a firm’s performance. This has led researchers to conclude a relationship between HRD usage and firm performance is evident, with improved firm performance attributed to the use of effective HRD.

Less certain, however, is the issue of whether the relationship between HRD and organisational outcomes are robust, because the measures are biased towards one constituency (see Wright, Gardner, Moynihan & Allen 2005). One of the key concerns raised specifically relates to having HR managers report on the performance of their own HR practices, and the potential for this situation to lead to respondent bias (Wright, et al. 2005). It seems logical, therefore, in order to overcome the problem of respondent bias in studies of this nature that researchers gather data from multiple HRD stakeholders, or constituencies. A multiple stakeholder approach has appeal because many of the performance outcomes assessed are directly related to a particular HRD stakeholder perspective. Examples of performance outcomes include employee perceptions of the HRD experience in the workplace and individual level outcomes, such as absenteeism and turnover; employer implementation of HRD practices, such as quality programmes; and workplace level outcomes, such as reductions in reject rates or improvements in productivity levels. Thus, the reliance on data from only one HRD constituency could produce misleading performance assessment results.

The call for a multi constituency approach to HRD research is not new. Over 20 years ago Tsui (1984) and Salancik & Pfeffer (1984) called for this approach to be used. Nevertheless, the call has largely been ignored, with most studies continuing to
examine HRD through the views of a single constituency, namely the manager constituency (Huselid 1995, Becker & Gerhart 1996, Delaney & Huselid 1996, Delery & Doty 1996, Huselid, Jackson & Schuler 1997, Becker & Huselid 1995), with only a few exceptions (Mabey, Skinner & Clark 1998, Gibb 2001). This paper considers the theoretical rationale for using a multi constituency approach and agrees it is compelling. Subsequently, the paper reports an empirical study examining the differences between managerial and employee perceptions of HRD. The results show that the ratings of managers were significantly higher than the employees' ratings, both in the importance of HRD and on HRD implementation.

Multi Stakeholder Perspectives

It is well established that organisations are comprised of multiple stakeholders (Cameron & Eisenberger 1999, Tsui 1984), with organisational stakeholders defined as “... those individuals, groups, or organisations that have a contractual, ethical, financial and/or political interest (stake) in the decisions or actions of a particular organisation.” (Blair, Savage & Whitehead 1989: 13). While these stakeholders may be in competition with each other, the relationship between the organisation and its stakeholders can also be viewed as one of ‘mutual interdependence’, with the organisation endeavouring to respond to stakeholder concerns, to maximise the synergistic potential of these relationships. HRD, as a functional domain operating within an organisation, clearly has an effect on multiple stakeholders.

While calls for a multi constituency approach to HRD research have tended to be ignored, more recently there has been an acknowledgement that the employee voice should be heard (Guest 1998). The argument for taking cognisance of employee voice is compelling because it “… acknowledges the important position of employees as stakeholders in their own right.” (Guest 2001: 1094). Commitment models of HRD, such as the Harvard model (Beer, Spector, Lawrence, Quinn-Mills 1984; Walton 1986), regard employees as being important in themselves, as well as a resource to meet organisational goals. This view is supported in the subsequent models of HRD, such as high commitment systems (Wood & Albanese 1995), high commitment management, or high performing work systems as they are known in the United States (Hutchinson, Purcell & Kinnie 2001). These models claim that the primary purpose of
the HRD function is to serve and meet the needs and expectations of a number of different constituency groups, namely "... executives, managers, and employees." and the "... fulfillment of many employee needs is taken as a goal rather than merely a means to an end." (Walton 1986).

While the strategic HRD model (Fombrun, Tichy & Devanna 1984) may not see employees as important in themselves, all variants of HRD are ultimately concerned. Indeed, there is widespread endorsement for the premise that it is through the effective management of people, organisations are likely to achieve their objectives and goals. However, even if the concern is only with outcomes such as ‘profitability’, getting employee views is still important. Arguably, if employees are dissatisfied in the workplace, high levels of dissatisfaction in the long term are likely to impact on profitability.

The use of managerial views on HRD, therefore, does not reveal how satisfactorily HRD is achieving the objectives of other relevant constituencies. As Connolly, Earley and Ekegren (1989) have stated:

... individuals become involved with an organisation (as owners, managers, employees, customers, suppliers, regulators, etc.) for a variety of different reasons and these reasons will be reflected in a variety of different evaluations. It appears somewhat arbitrary to label one of these perspectives a priority as the 'correct’ one. Thus, it is likely that divergent stakeholder groups will evaluate HRD differently, and these differences will reflect the differing objectives being pursued. Consequently, in practice there is a strong likelihood that there will be a gap between the managers’ and the employees’ perceived levels of HRD related attributes.

Compared with MNCs from other countries, Japanese MNCs have a strong tendency to transfer their parent country’s HRD practices, which are called the ‘Japanese-style HRD’, and to control their local subsidiaries through the overseas assignment of parent country expatriates (Peterson & Spring 1997). It is generally known that Japanese MNCs are largely group oriented, and emphasise harmonious work relationships and teamwork. They also tend to adopt culturally distinctive HRD practices to elicit the employee’s sense of loyalty and commitment to their organisations. For example, the seniority wage and promotion system, lifetime
employment, extensive training programmes, and group oriented approaches (Gomez-Mejia & Coombs 1991,) are features of Japanese firms. Traditional staffing of young graduates with learning potential is viewed as being critical as Japanese firms expect the new recruits to assimilate the organisational culture (Pucik et al 1984). Mid career employees are generally not recruited. Under the paternalistic management pay and promotion systems decisions have traditionally been based principally on age and seniority, rather than on job classification or performance. Although this approach helped strengthen the intention to stay (Befu & Cernosia 1990), evidence suggests that the importance of seniority has declined in pay and promotion (Clark & Ogawa 1992, Morishima 1992). Efforts such as replacing seniority with merit were made to decrease the emphasis on seniority as being the main criteria for salary increase. This change is partly due to the economic slump and the elevated labour costs of seniority practices (Mroczkowski & Hanaoka 1989). In addition, the younger Japanese employees may be changing towards a more individualistic orientation. Japanese firms invest heavily in training employees (Hashimoto 1990, Mueller 1992). Apart from equipping employees with skills, training also integrates employees in the firms through socialisation and the immersion of organisational culture (Pucik 1984).

In contrast, Western MNCs reward performance, not seniority (Mroczkowski, Linowes & Hanaoka 1992). Pay is contingent on performance and the performance reward tie is strong and mainly individual based. This nature of the reward system reflects HRD practices that are close to their individualistic national values in motivating employees for superior performance (Hofstede 1980). Monetary rewards are generally integrated with the benefits, job contents, and prestige rewards to form attractive compensation packages. Benefits are extensive in the United States (U.S.), but are often less salient to employees than pay. This is because U.S. employees generally consider most benefits as entitlements. Promotion decisions are also based on capability and merit (Mroczkowski, et al. 1992). High performers are identified and given extra attention and training for succession planning. However, training can also be a punishment for poor performance (Von Glinow & Chung 1989). Western MNCs tend not to hesitate in terminating poor performing employees given the economic nature of the employment contract. In short, the Western, and particularly U.S. management systems are characterised by high individualism,
 impersonality in relationships, emphasis on pay as a main motivator (money oriented), and high inter firm mobility (Zhuang 1992).

Performance Appraisal

Performance appraisal of some type is practiced in most organizations all over the world. A written assessment to which the employee has no chance to respond is still common in most countries, particularly the developing countries. Many studies indicate that this type of appraisal serves no purpose. It is time that more organizations begin to utilize the performance appraisal interview between the manager and the subordinate during which the subordinate's strengths and weaknesses are discussed, concerns are shared and the subordinate is given the opportunity to defend or improve any deficits in his or her performance.

An HRD-oriented performance appraisal is used as a mechanism for supervisors to:

- Understand the difficulties of their subordinates and try to remove these difficulties;
- Understand the strengths and weaknesses of their subordinates and help the subordinates to realize these;
- Help the subordinates to become aware of their positive contributions;
- Encourage subordinates to accept more responsibilities and challenges;
- Help subordinates to acquire new capabilities;
- Plan for effective utilization of the talents of subordinates.

In HRD organizations, every supervisor has the responsibility to ensure the development of his or her subordinates in relation to the capabilities required to perform their jobs effectively. Generally, the supervisor schedules individual meetings with each employee to discuss the employee's performance, communicate the performance areas that need attention, and jointly establish areas to be worked on or goals to be achieved by the next scheduled discussion. Such performance appraisal interviews may be scheduled every three months or once or twice a year. Goals and objectives that have been agreed on in each meeting are reviewed in the next meeting. During this review, the supervisor attempts to understand the difficulties of the
subordinate and to identify his or her developmental needs. Before each review, the employee prepares for the discussion through self-assessment, identifying factors that have contributed to his or her performance and factors that hinder it, as well as the types of support that he or she needs from the supervisor or others in order to do better in the next period. The supervisor also prepares for the meeting by listing observations, problems, suggestions, and expectations. During the appraisal meeting, the supervisor and subordinate share their observations and concerns. Each responds to the subjects raised by the other. Such discussions help to develop mutual understanding, and the data generated are reported to higher management and is used in making decisions about individual employee development as well as developmental needs of the work group or the entire organization.

**Potential Appraisal and Development**

In organizations that subscribe to HRD, the potential (career enhancement possibilities) of every employee is assessed periodically. Such assessment is used for developmental planning as well as for placement. It is assumed under this system that the company is growing continuously. It may be expanding in scale, diversifying its operations, introducing technological changes or entering new markets. A dynamic and growing organization needs to continually review its structure and systems, creating new roles and assigning new responsibilities. Capabilities to perform new roles and responsibilities must continually be developed among employees. The identification of employee potential to ensure the availability of people to do different jobs helps to motivate employees in addition to serving organizational needs.

Every year or two, the supervisor of a group of employees assesses the potential of each of them to perform different (usually higher level) functions on the basis of the supervisor's observations and experiences during that period. Of course, many supervisors see their subordinates doing only those jobs to which they are assigned. The ideal way to judge a person's potential would be to try the person on each job for which his potential is being assessed. This is not feasible in most organizations, so simulation activities are prepared to provide some information about the potential of employees in specific areas. Any employee can request such assessment. It should be
clear whether or not there is a position available in the company to which the employee could be transferred or promoted.

**Feedback and Performance Coaching**

Knowledge of one's strengths helps one to become more effective, to choose situations in which one's strengths are required, and to avoid situations in which one's weaknesses could create problems. This also increases the satisfaction of the individual. Often, people do not recognize their strengths. Supervisors in an HRD system have the responsibility for ongoing observation and feedback to subordinates about their strengths as well as their weaknesses, as well as for guidance in improving performance capabilities.

**Career Management**

The HRD philosophy is that people perform better when they feel trusted and see meaning in what they are doing. In the HRD system, corporate growth plans are not kept secret. Long range plans for the organization are made known to the employees. Employees are helped to prepare for change whenever such change is planned; in fact, the employees help to facilitate the change. Major changes are discussed at all levels to increase employee understanding and commitment. Most people want to know the possibilities for their own growth and career opportunities. Because managers and supervisors have information about the growth plans of the company, it is their responsibility to transmit information to their subordinates and to assist them in planning their careers within the organization. Of course, the plans may not become reality, but all are aware of the possibilities and are prepared for them.

**Training**

Training is linked with performance appraisal and career development. Employees generally are trained on the job or through special in-house training programmes. For some employees (including managers) outside training may be utilized to enhance, update, or develop specific skills. This is especially valuable if the outside training can provide expertise, equipment, or sharing of experiences that are not available within the organization.
In-house training programmes are developed by in-house trainers or consultants hired for the task, and periodic assessments are made of the training needs within the organization. The effects of all training programmes are monitored and added to the data concerning training needs. Managers and employees who attend in-house or outside training events also are expected to submit proposals concerning any changes they would like to suggest on the basis of their new knowledge. The training received by employees is thus utilized by the organization.

**Organization Development (OD) or Research and Systems Development**

This function includes research to ascertain the psychological health of the organization. This generally is accomplished by means of periodic employee surveys. Efforts are made to improve organizational health through various means in order to maintain a psychological climate that is conducive to productivity (Lobel 1991). The OD or systems experts also help any department or unit in the company that is having problems such as absenteeism, low production, interpersonal conflict, or resistance to change. These experts also refine and develop various systems within the organization to improve their functioning.

**Rewards**

Rewarding employee performance and behavior is an important part of HRD. Appropriate rewards not only recognize and motivate employees; they also communicate the organization’s values to the employees. In HRD systems, innovations and use of capabilities are rewarded in order to encourage the acquisition and application of positive attitudes and skills. Typical rewards include certificates of appreciation, newsletter announcements, and increases in salary, bonuses, special privileges and desire training. Promotions generally are not considered as rewards because promotion decisions are based on appraisals of potential whereas most rewards are based on performance. Rewards may be given to teams, departments, and other units within the organization as well as to individuals.

**Employee Welfare and Quality of Work Life**

Employees at lower levels in the organization usually perform relatively monotonous tasks and have fewer opportunities for promotion or change. This particularity is true
in developing countries. In most countries, many employees belong to trade unions. In order to maintain their work commitment and motivation, the organization must provide some welfare benefits such as medical insurance, disability insurance, and holidays and vacations.

Quality-of-work-life programmes generally focus on the environment within the organization and include: basic physical concerns such as heating and air conditioning, lighting, and safety precautions; additional physical amenities such as food and beverage facilities, recreation, and aesthetics; and psychological and motivational factors such as flexible work hours, freedom to suggest changes or improvements, challenging work, and varying degrees of autonomy. HRD systems focus on employee welfare and quality of work life by continually examining employee needs and meeting them to the extent feasible. Job-enrichment programmes, educational subsidies, recreational activities, health and medical benefits, and the like generate a sense of belonging that benefits the organization in the long run.

**Human Resources Information Systems**

All appropriate information about employees should be stored in a central human resources data bank (usually by means of computer). This includes all basic information about each employee, training programs attended, performance records, potential appraisals, accomplishments etc. This data is utilized whenever there is a need to identify employees for consideration for special projects, additional training, for higher-level jobs (Lillie 2004).

**HRD Function in Shipping Industry:**

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 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 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. 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, 1983).
Shipping is one of the safest and most environmentally benign modes of transport (www.marisec.org/flag-performance). Much of the attention in services has been found on the professional, financial and telecommunications areas. Sometimes forgotten is the fact that the physical transportation of goods in international trade is itself a service (White, 1988). In the last half century, the shipping industry has experienced a massive expansion in demand reflecting the growth in volume of seaborne trade, a growth to which technology has responded with, for example, the introduction of containerization and gas-carrying capacity. There have also been changes in the organizational structure with the appearance of management companies, and the extension of ‘flagging out’ and ‘second registers’ (McConville, 1999). Movements combined with changes in regions where the recruitment of seafarers took place from their home nation to be put onto an international recruiting basis, with the development of the Asian labor market. Despite all these comparatively rapid and profound changes in the industry, labour is the primary factor of production and is still organized on board ship on the basis of a steep hierarchical structure of officers and ratings- a construction that developed from the changeover from sail to steam propulsion half a century or more earlier (McConville, 1975).

During the last decade or so, force majeure events have directed the shipping industry to focus on its sea-going manpower. The on-going issues have been both concerned with quality and quantity of seafarers. These concerns have been reflected in the increasing amount of academic work and international legislation on the so-called ‘human factor’. However, there are still many facets of it that have not been explored and that might give a better understanding of the maritime manpower system (Obando et al., 1999). Competitiveness in many sectors of the maritime industry may be achieved through the efficient and effective organization of a firm’s economic resources. Neo-classical economic theory suggests that these resources include land, labour and capital (Panayides and Gray, 1999). Effective human resource practices lead to competitiveness. Job analysis is the process of obtaining information about jobs i.e. information about the tasks to be done on the job, as well as personal characteristics (education, experience, specialized training) necessary to do the tasks. Job analysis are essential for sound HR management as they provide a deeper understanding of the behavioral requirements of jobs in turn creating a solid basis to
make job-related employment decisions (Cascio, 1998). Change in profile of jobs is happening speedier than in the past and absence of job analysis data can cost organizations dearly. Hence, job analysis exercise should be conducted at regular intervals (Kandula, 2004). The process of analyzing and identifying the need for and availability of human resources for organization to meet its objectives is human resource planning (Mathis and Jackson, 2004). Human resource planning is not only concerned with ‘hard issue’ of acquiring the right number of personnel but also with the ‘soft issue’ of quality of manpower including creativity, innovativeness, flexibility, risk taking and problem solving (Prasad, 2005).

Recruitment is a form of business competition. Just as corporations compete to develop, manufacture, and market the best product or service, so they must also compete to identify, attract, and hire the most qualified people. It demands serious attention from management, for any business strategy will falter without the talent to execute it (Cascio, 1998). Recruitment and selection occupy attention of employers since these activities involve: (a) addition of manpower and hence, and (b) additional cost (Prasad, 2005). The step immediately succeeding the selection is ‘placement’. Placement refers to the actual procedure wherein an individual is assigned with a job. It also involves assigning a specific rank and responsibility to an employee. This decision is taken after matching the requirements of a job with the qualification of a candidate (Jyothi and Venkatesh, 2006). Socialization is the process by which an individual learns to appropriate the values, abilities, expected behaviors, social knowledge essential for assuming an organizational role and for participating as a member of the organization (Jyothi and Venkatesh, 2006).

Companies must develop customer-oriented workforce to deliver service quality. After hiring the right people with the right attitude, companies must train them for the purpose (Kundu, 2000). For providing quality service, employees need ongoing training in the necessary technical skills and knowledge and in process or interactive skills. Training might take a variety of forms in organizations but all must view it as an important investment for future success (Zeithmal and Bitner, 2004). Performance is defined as the record of outcomes produced on a specified job function or activity during a specified time period (Bernardin and Russell, 1993). Performance
management isn't just a once an year assessment; effective managers incorporate performance review and feedback as part of their day to-day communications with employees (Webb, 2004). Performance appraisal can identify employees who should be retained, and a pay-for-performance compensation plan can be applied appropriately to reward and encourage high and average performers to remain with the company (Berry, 2004).

Appraisals continue to be used widely, especially as a basis for tying pay to performance (Schellhardt, 1996; Cleveland, Murphy and Williams 1989). If competencies are the wheels for managing knowledge work, rewards (both extrinsic and intrinsic) are the engine (Kochanski and Risher, 1999). Compensation is the foundational rewards that are primarily financial in nature and satisfy financial needs for income. Rewards bridge the gap between organizational objectives and individual expectations and aspirations. Effective, organizational reward systems should provide four things: a sufficient level of rewards to fulfill basic needs, equity with the external labor market, equity within the organization, and treatment of each member of the organization in terms of his or her individual needs (Lawler, 1989). A fringe benefit is an indirect reward given to an employee or group of employees as a part of organizational membership (Mathis and Jackson, 2004). On account of their enormous costs and the financial commitment which is made for the future, benefits planning has become a critical component of HR planning processes (Bernardin, 2006). The application of skill or competence leads to performance and performance is the criterion for evaluating effectiveness. Therefore, a pay-for-competence program enhances productivity and product quality, reduces absenteeism, turnover, and accident rates (Jyothi and Venkatesh, 2006).

A Human Resource Information Systems (HRIS) is defined as interrelated components working together to collect, process, store and disseminate information to support decision making, coordination, control, analysis and visualization of an organization's human resource management activities (Laudon and Laudon, 1998). HRIS is an integrated system designed for providing information used in HR decision making (Mathis and Jackson, 2004). It is a system used to acquire, store, manipulate, analyze, retrieve, and distribute information related to company's human resource
Because of the increasing numbers of working mothers and two-income households (Cook, 1998; Hall and Richter, 1998), organizations have become more interested in assisting individuals to deal with conflicting demands between their work and family roles. Employers are beginning to realize that individuals may experience role conflict and difficulties in dealing with travel, child care, household tasks, and job transfers, and may have trouble in setting priorities for their various roles and responsibilities (Greenhaus 1987; Lobel, 1991). This may be especially true for dual-career couples because of their high levels of career commitment. Work-life balance is a state where an individual manages real or potential conflict between different demands on his/her time and energy in a way that satisfies his/her needs for well being and self-fulfillment. People who wish to be fulfilled, need to allocate time and consideration to: themselves (me-time) i.e. recharging their batteries, taking care of their own physical and emotional needs; close others i.e. family, close friends and other people with whom they have strong emotional ties; paid employment as the means to finance the fulfillment of various needs; distant others for example-involvement in voluntary activities for the larger community (Clutterbuck, 2004).

A career is sequence of positions held by a person during the course of a lifetime. It comprises of series of work related activities that provide continuity, order and meaning to a person’s life (Schein, 1996). This is an objective view of a person’s career. There is also a subjective element in the concept of career. A career consists of the changes in values, attitudes and motivation that occur as persons grow older (Hall, 1976). A person’s career is shaped by many complex factors, e.g., performance, education, experience, influential parents, caste links and a certain amount of luck (Sullivan, 1999). Career planning shapes the progression of individuals with an organization in accordance with assessments of organizational needs and the performance, potential and preferences of individual members of the enterprise (Armstrong, 1999). A career development system is a formal, organized, planned effort to achieve a balance between individual career needs and organizational workforce requirements (Leibowitz, Farren and Kaye, 1986; Farren and Kaye, 1984; Granrose and Portwood, 1987).
Diverse workforce (diversity) refers to the co-existence of people from various socio-cultural backgrounds within the company. Diversity includes cultural factors such as race, gender, age, colour, physical ability, ethnicity, etc. (Kundu, 2004). Dynamic companies look for people who are different from us because the diverse workforce may bring different talents, interests, and viewpoints (Simmons, 1996). The basic concept of managing diversity accepts that the workforce consists of a diverse population of people. It is founded on the premise that harnessing these differences will create productive environment in which everybody feels valued, where their talents are being fully utilized and in which organizational goals are met (Kandola and Fullerton, 1994). Ryder systems Inc, a logistics, supply chain, and transportation company, found that its diversity program resulted in fewer litigation costs (Noe et al., 2007). Attitude surveys are a valuable way of involving employees by seeking their views on matters that concern them.

Attitude surveys can provide information on the preferences of employees, give warning on potential problem areas, diagnose the cause of particular problems, and compare levels of job satisfaction, commitment and morale in different parts of the organization (Armstrong, 2002). Attitude surveys are developed by consulting firms, academicians, or others. They can also be custom-designed to address specific issues and concerns in an organization. But regardless of the type of surveys used, only surveys that are valid and reliable can measure attitudes accurately (Bracken, 2000). A customer’s decision to be loyal or to defect is the sum of many small encounters with a company and it is the company employees who control these small encounters (Horibe, 1999). Therefore it is necessary to achieve employee satisfaction to practice customer-centric strategic management. HR practices influence organizational performance and competitive advantage and those organizations which deploy good people management practices reap the benefits (Walker and Stopper, 2000). Even a highly successful company with a strong record of excellence in people management practices cannot achieve all-round success (Gratton et al., 1999) as changes take place slowly in the HRD area (Truss, 2001). To recruit and retain best talent, organizations not only need to be high performing but also seen to be of high character, credibility and integrity and value driven (Smith and Kelley, 1997). Organizations which adopt the ‘people as partners in progress’ policy demonstrate a distinct HR philosophy.
characterized by employment security, company flexibility, sharing of financial success with the workforce, development of good communication and consultation, and representative employee voice (IPA, 1997).

Performance results from fair-play. Fair process builds trust and commitment, trust and commitment produce voluntary cooperation, and voluntary cooperation drives performance, leading people to go beyond the call of duty by sharing their knowledge and applying their creativity (Kim and Mauborgne, 1999).

Innovation is not limited to the notion of high technology but it also includes new services. Innovation in its broadest sense implies both organizational and economic changes (Afuah, 1998). It generally entails dealing with new knowledge, such as collecting information and turning it into new products or services on time to the market and thus keeping the organization's market share and profits. Innovation therefore refers to the use of new technological and market knowledge to offer a new product or service to customers. The novelty can be in terms of lower cost, improved or new product attributes or simply new product. Two factors that determine a firm's ability to offer lower cost or differentiated products are the company's competencies and its endowments.

**HRD Climate and Innovation**

In the study of most admired companies undertaken by Nemeth (1997), it has been asserted that creativity and innovation may require a "culture" that is very different and, in a sense, diametrically opposed to that which encourages cohesion, loyalty, and clear norms or appropriate attitudes and behavior. According to Nemeth (1997),

"Some of the admired companies – those reputed to have not only good management and financial success, but also innovation – appear to be those whose leader had the creative idea. Under these conditions, a strong corporate culture emphasizing uniformity, loyalty, and adherence to company expectations would be advantageous. It is advantageous precisely because it can operate in a relatively monolithic way - full of energy, morale, and a tendency not to consider alternatives or problems. This is not the same as promoting creativity from within the organization. Cohesion, convergent thought, and loyalty help to implement idea but tend not to enhance the production of
a creative idea. Rather, flexibility, openness, and the welcoming of dissent are especially useful for stimulating creative thought.” (Nemeth, 1997)

In the study undertaken by Quinn, Baruch and Zien (1997), it was found that the most critical single factor in stimulating innovation is top management leadership. Only top managers can establish the tangible visions, focused strategies, and challenging, rewarding, support environments that most encourage innovation. In all their sample which are most innovative companies, top managers clearly expect, appreciate, and actively support innovation. They personally stimulate and champion with many essentials including the following: (Quinn, Baruch and Zien, 1997)

**Human Resource Development Practices**

In all organization, human resource development can play a significant role through its processes which refer to the deeply-embedded, firm-specific and dynamic functions. These become somewhat routines by which a firm attracts, socializes, trains, motivates, evaluates, and compensates its human resources in such a way that firm will achieve its organizational goals through their competencies.

Amit and Belcourt (1999) introduce a new perspective on the contribution of HRD to a firm’s financial performance. The ‘process’ perspective of HRD which is anchored in both the resource-based view of the firm and in institutional theory, links the human-capital and best-practices paradigms. It focuses on the unique ways in which organizations draw on past experiences, current culture and social norms to marshal its human resources to execute market strategies (Amit and Belcourt, 1999). Moreover, it builds on the organizational capital perspective, which views systems as ways to capture and deploy human-capital. Rumelt (1984) observed that the strategic firm is epitomized by a bundle of linked and idiosyncratic resources and resource-transformation activities. Huselid (1995) also demonstrated that organizations that bundle HRD practices achieve superior returns.

Many researchers have asserted that the key to organizational success lies in developing intellectual capital and acquiring a new set of thinking: creativity to yield an idea and innovation to translate the idea into a novel result (Roffe, 1999; Morgan, 1991), developing human resource to develop intelligence, knowledge and creative
potential at level of organization (Morgan, 1991). Developing managers to understand how technology can change both the structure of organizations and the nature and lifecycles of their products. Organizations without proper employee competencies cannot pursue competitive advantage by using organic behaviour management.

In sum, management for creativity and innovation include the ability to constitute effective work groups that represent a diversity of skills, and are made up of individuals who trust and communicate well with each other, challenge each other's ideas in constructive ways, are mutually supportive, and are committed to the work they are doing (Amabile, 1997).

**Size and Innovation**

In the expected severe competitive environment, firms which continuously innovate will most likely win. However, for the multinationals or the joint-venture firms which are on the average larger firms, it has been found that innovativeness is much more difficult to find (Doz, 1990). Yet, large firms contribute more than their share of new discoveries, new products, and expenditure on research and development when compared to smaller companies. Furthermore, larger firms have more opportunities not available to smaller enterprises. They can draw on a whole range of internally available technologies, combine them, and exploit them in multiple application areas.

But turning their potential strength into reality is all too often not achieved in large companies. This failure has frequently been put down to technological problems, the solution being greater investment in research and development. But in fact the challenge for large companies is of a different nature. In order to foster innovation, large firms need a different concept of organization and different attitudes and behaviors in top management. Doz (1990) concluded that innovation itself is not the problem. The problems are organization and management. This, therefore, points to the significant role of HRD in firms. The human resource management practices of the firms can facilitate or hinder the ability of middle level executives and technical specialists to sustain multiple perspectives and appropriate channels for resource allocation, as well as the flexibility of organization. Organizational resistance to changes and innovation processes in production and services can also be reduced or enhanced by effective HRD practices.
HRD as a Tool for Improving Service Quality

HRD practices can potentially affect SQ along three parallel channels. The first one is a control based channel, which refers to all practices taken by the organisation in order to sustain productivity and efficiency in the service process. One example for this channel is when service employees in a call centre of a firm are being measured for their number of calls per hour and the mean length of calls. The second way in which HRD might affect SQ is through a knowledge based channel, in which HRD practices are adjusted to the service delivery process. By shaping practices in a service oriented manner employees will be more aware of the service delivery process and SQ (Schneider & Chung 1996). The third way is via a motivational based channel, in which the organisation promotes practices that are focused on employees’ well being. Research (Schneider & Bowen 1993) has shown that adopting HRD practices that employees perceive as positive and considerate, such as employment security or a compensation system that acknowledges employee efforts and contributions, results in more service committed employees. The current research is focused on the knowledge and motivational based channels because such practices are directed toward employees’ well being as well as SQ.

Some studies that were conducted in service organisations corroborated the proposition of a positive relationship between employees’ perceptions of HRD practices and customers’ rating of organisational effectiveness (Schneider & Bowen 1993, Schneider & Chung 1996). The HRD practices that were chosen to be examined in this study are: leadership and supervision; training; compensation; promotion and career development; and feedback and recognition. These practices were chosen for three main reasons. First, these HRD practices are consistent with the universalistic view (e.g., Pfeffer 1994). Because they are universalistically approach oriented, some High Performance Work Practices (HPWP) enhances organisational performance and is appropriate for all firms (Tzafrir 2006). And according to the universalistic perspective, organisations from different sectors, across industries, and through different time periods are likely to benefit by using these HPWP (Delery & Doty 1996). Second, these practices could be valuable in achieving SQ for two reasons: (1) by providing the required knowledge for high quality service provision, and (2)
through enhancing employee motivation to provide customers with high quality service. Last, the chosen HRD practices are related to the dimension of employees' trust in their managers (Mayer, Davis & Schoorman 1995).

Employees in organisations that are characterised by high levels of service view the organisational leadership as putting a strong emphasis on meeting customer needs and delivering excellence in service through clearly stated goals and objectives (Pugh, et al. 2002). Leadership and supervision may contribute to SQ in two ways. Initially, from the knowledge based aspect, managers, by being responsive to employees' questions and concerns and providing them with the information necessary to promote high quality service, can enhance the quality of service given by employees (Schneider & Bowen 1985, Boselie & van der Wiele 2002). And secondly, from the motivational based aspect, the way managers treat staff affects employees' feelings of being valued, thereby affecting their morale and motivation to act according to the managers' expectations.

Promotion and career development could be related to SQ in knowledge as well as motivational aspects. From the knowledge based view, caring for career development and promoting service employees who are already service minded and customer oriented will strengthen the perceptions of employees as well as customers that the organisation is service oriented. Indeed, researchers (Schneider & Bowen 1993) found that organisational career facilitation is related to customer perceptions of SQ. From the motivational view, the promoted employees feel valued by the organisation, and understand that the organisation is willing to invest in them in the long term (Pfeffer 1994). In this way they are motivated to reciprocate to the organisation by investing efforts to provide quality service to customers.

Training is also a recognised essential component of high performance work systems. From the knowledge perspective, such service workers should be trained to identify and resolve problems, to promote changes in work methods and to take responsibility for quality. Adequate training enables the generation of a work force that is multi skilled, adaptable to rapid changes and has wide conceptual knowledge of the production system (Pfeffer 1998). From the motivational perspective, it is reasonable that employees would feel valued by the organisation that chooses to invest in their
professional development. Positive perceptions of training are associated with employees' perceptions of the organisation as having a strong service orientation (Schneider & Bowen 1993).

*Compensation* is another important facet of organisational success. First, it is a concern of equity and fairness. Employees whom expend more efforts and creativity in doing their job and see that their results benefit the employer will expect remuneration in exchange for their efforts. If employees do not receive any appreciable return, it is reasonable to expect that they will stop trying. Second, contingent compensation serves as a motivational tool, because employees know that they will share in the results of their work (Pfeffer 1998). Therefore, a compensation system based on excellence will result in increased employee performance (Boselie & van der Wiele 2002). Internal equity of compensation was found to be related to employees' perceptions of the organisation as having a strong service orientation (Schneider & Bowen 1993).

*Feedback* is a basic requirement for enhancing employee performance. From the knowledge aspect, employees need to know whether they are performing their job satisfactorily, and if not, how they might improve their job activities. Providing employees with structured and accurate information about their performance together with suggestions for improvement is an acceptable strategy that is likely to help them to focus on the evaluation of problematic areas, and hence, lead to better levels of performance. From the motivational aspect, employees who make an effort to improve their service performance will be more motivated to do so if they feel that the organisation and their managers recognise their efforts. Finally, a comprehensive and accepted evaluation system can provide valuable feedback to employees and assist managers in making decisions regarding the individual employee (Cleveland, Murphy & Williams 1989).

**Trust, HRD Practices, and Service Quality**

HRD practices are an important part of the social exchange that characterises employment relations, and in which the components of trust come into play. In the organisational setting, mutual trust has the potential to enhance cooperation (Mayer, et al. 1995), and increase the sharing of information between employees and
managers (Spreitzer & Mishra 1999) as well as among organisational units, which may eventually improve organisational performance (Collins & Poras 1997, Sako 1998). Trust, therefore, appears to be an essential intangible resource in organisations, which bonds managers and their subordinates (Tzafrir & Dolan 2004). Trust develops through the social exchange process in which employees interpret managerial practices, procedures, and actions and reciprocate to the organisation accordingly (Whitener 2001). When management uses procedurally fair practices it affects employees' trust in management because these procedures demonstrate respect for the rights and dignity of individual employees (Folger & Konovsky 1989, Gilson, et al. 2005). By offering promotion opportunities and adequate training, the organisation signals to employees that they are valued (Pfeffer 1998), and that the organisation will 'go the extra mile' to meet their organisational and personal needs (Schneider & Bowen 1993). In response, employees' trust in the organisation and their manager is likely to increase, and in this work climate job incumbents can be more willing to take a long term view of their job and organisational performance (Pfeffer 1998). In addition, leadership and supervision, which are perceived by employees as facilitating their work through decentralisation of decision making and the sharing of information, may lead to employees' feeling that management or their immediate supervisor trusts them (Pfeffer 1998), which can promote a platform for increased trust in management. Finally, performance appraisal and feedback that are perceived as accurate and satisfactory, and compensation that reflects equity and emphasises excellent performance has potential to enhance employee efforts and performance through the knowledge that their efforts will be noticed and rewarded (Tzafrir, Harel, Baruch & Dolan 2004).

Since employment relations are based on social interactions, employees are also engaged in a social exchange that is based on the norm of reciprocity (Gouldner 1960). Being psychologically and physically close to employees the customer is exposed to the organisational climate. Management should be aware of this closeness, which has a strong influence on a customer's perceptions of SQ (Schneider & Bowen 1993). Therefore, it seems that trusting behaviour, which is an integral part of the dynamics of employment relationships, is likely to impinge on the employee customer interaction, and consequently, contribute to customer perceptions of SQ.
Moreover, it is a contention in the literature, that trust is associated with positive and desirable organisational outcomes (Mishra & Mishra 1994, Mayer & Gavin 1999).

Evidence (Glade & Ivery 2003) has been presented to show the importance of organisational climate as a mediator between HRD and positive organisational outcomes. For instance, results of a study conducted in credit unions have shown that trust in management serves as a partial mediator of the relationship between perceptions of organisational support and organisational commitment (Whitener 2001). Another study (Aryee, Budhwar & Chen 2002) found that the relationships between distributive and procedural justice, and employees’ attitudes toward their work was partially mediated by trust in the organisation. In addition, it was demonstrated that trust in the employer mediated the relationship between a breach in the psychological contract, and the work outcomes of psychological withdrawal behaviour, civic virtue, as well as turnover intentions (Lo & Aryee 2003). Furthermore, there is a widely held perspective if employees perceive HRD practices as an indicator of organisational belief in them (Schneider & Bowen 1993), they will reciprocate to the organisation accordingly, through expressing their own commitment to the organisation (Settoon, Bennett & Liden 1996).

The exit of low performing employees is beneficial to an organisation. However, the exit of important and valuable human resources from the organisations leads to the loss of the tacit knowledge possessed by the leavers, and also has a huge effect on the cost of operation, as a result of the high cost of filling the positions that are vacant. Hence, turnover negates the benefit that should have been derived by organisations when they spend scarce resources attracting, selecting, socialising employees, and developing and retaining performing employees (Wright & Bonett 2007). Indeed, the cost of turnover has become an issue in recent times because of its drain on the operating profits of the organisations. For example, Hom and Griffeth (1995) stated that turnover cost is estimated at between 50 and 100 per cent of employee’s annual cost, and this cost does not include that of the tacit knowledge taken out of the corporation by the leavers. Moreover, a high rate of voluntary turnover is linked to low productivity (Huselid 1995), and poor future revenue growth (Baron, Hannan & Burton 2001). These negative effects justify the large number of studies on the
pathways to employee turnover. Despite the existence of these studies, the understanding of the pathways to employees' turnover is still 'one sided', emphasising the withdrawal model (Johns 2002).

Career Management

Career management is another commonly cited antecedent of employee development. Once individuals have planned their career goals, they require skills, competencies and values to execute their career goals with appropriate career management practices. In other words, the next step after career planning will be carrying out the plans through appropriate career management practices. Career management is an ongoing process of preparing, developing, implementing and monitoring career plans and strategies undertaken by the individual alone or in concert with the organisation's career system (Hall & Associates 1986, Greenhaus, et al. 2000). Indeed, career management is a continuous process of work life. Furthermore, a satisfying career can promote feelings of fulfilment while poor career decisions can have a devastating effect on a person's sense of well being (Greenhaus, et al. 2000).

In addition, changing environments, such as change of business strategies and direction, organisation downsizing, mergers and acquisitions and technological changes, will demand ongoing career management, resulting in the need to revisit career option and modify career paths (Greenhaus, et al. 2000). Research work by Greenhaus, Callanan and Godshalk (2000) supports the contention that effective career management can enable individuals to make informed decisions that are consistent with their talents, aspirations and values and improve organisation effectiveness. Many researchers argue that the career management initiative is a nexus between organisations and individuals where organisations endeavour to match individual interests and capabilities with organisational opportunities through a planned programme encompassing activities such as career systems, career counselling, job rotation and other career management tools and resources (Hall & Associates 1986, Martin, et al. 2001). Moreover, Brown (1998) contends that career management practices must support individuals in their efforts to develop the knowledge, skills, and behaviours that will enable them to be successful. The integration of both individual career planning and institutional career management
processes results in career development when the individual attains the career goals set (Hall & Associates 1986).

Morrison and Hock (1986) contend that career management represents the organisational perspective in the career development process. This feature is demonstrated when organisations endeavour to match individual interests and capabilities with organisational opportunities through a planned programme encompassing such activities as the design of effective internal career systems, employee counselling, job rotation opportunities and a blend of positional experiences with on and off the job training assignments (Hall & Associates 1986). Gutteridge (1986) agrees that career management involves specific HR activities, such as job rotation, potential appraisal, career counselling, and training and education designed to help match employee interests and capabilities with organisational opportunities. An effective career management practices will help promote employee insight, goal and strategy development and gather appropriate feedback and assist employees in using and developing skills and knowledge that will benefit the organisation and the growth and self-esteem of its employees (Greenhaus, et al. 2001, Martin, et al. 2001).

2.2 Research Gap

There has been very limited literature on the implementation of HRD within the shipping industry.

The adoption of HRD practice in the shipping sector is relevant to all its stakeholders. The multinational shipping organisations have experienced significant wide-ranging changes in recent years, in particular the introduction of more business-focused and customer-led approaches to how they operate (Williams R.M. 1979; Williams, S.L. 2002). There is increasing demand for improved quality and efficiency of service delivery and changing customer demands. These changes are coupled with strict financial controls and increased accountability. These organisations are increasingly concerned with ensuring that employees possess the competences and skills to be effective in this changing context. These challenges bring into focus the strategic role of training and development. The role of HRD was also investigated (by Gubbins, Garavan, Hogan & Woodlock, 2005) through a study.
employed by a combination of qualitative and quantitative methods to explore stakeholder perceptions. In general, the results indicated that senior management involvement in HRD is essential for perceived strategic integration. Respondents reported inconsistent practices concerning systems of learning transfer and the depth of evaluation.

Purpose Statement

This study addresses the importance by using multinational shipping companies as a case study to highlight the typical Human Resource Development related practices encountered. Questions were developed and a questionnaire devised to test the research hypotheses to meet the objectives. The characteristics, strengths and limitations as well as the challenges being posed for multinational shipping are reviewed for a clear understanding of the significance of the Human Factor related aspects. As an interim stage, during the course of the study, was done an analysis of the gap between actual Human resource development practices in shipping companies and their, in fact, the requirements as a response by the companies towards an ever increasingly external environment whose demands are to be continuously met. To test the HRD related dimensions, questions were devised and then tested and validated before distributing the questionnaire to multinational shipping companies. The mailing list for distribution of the questionnaire was gathered from the databases of both government and private sources.

The main objective of the study was to assess the human resource management practices being practiced in shipping companies, of course with a special emphasis on multinational ones. To achieve the main objective, the following sub-objectives were set:

1. To assess the practices regarding human resource planning in shipping companies.
2. To assess the performance appraisal systems used for assessing human resources in shipping companies.
3. To assess the status of and trends of motivational levels in shipping companies.
4. To assess the learning and development systems being employed within shipping companies.

5. To study and analyse the HR climate prevalent in shipping companies

This would require, in turn, a detailed examination of the following:

1. HR Function and its effectiveness in terms of the overall output of the HRD dept
2. HR practices pertaining to career planning of the employees
3. Organizational Values, as applicable from a HR perspective
4. Employee Communication, again from a HR perspective

The Justification

Much has already been written about the future of HRD and the challenges facing the discipline. Broadly speaking, the main thrust of contributions in this area has emphasized the importance of keeping the field relevant, adopting a more strategic focus, embracing the technological revolution and measuring the contribution of HRD to organizational performance. For their part, Gold et al. (2002) argue that increasing levels of economic activity based upon information and knowledge will shape the future landscape for the practice of HRD. They argue that HRD can continue to play a credible and useful role in organizations by understanding the tensions, the contradictions and their own propensity to add value to the development of the practice of others.

McGoldrick et al. (2002) has identified four themes, which they argue are likely to influence future research in the field of HRD. First, they argue that HRD has an important role to play in management and leadership development. In particular, they suggest that the notion of management competencies and the development of models predicting future skills needs is especially relevant. Second, they maintain that the links between HRD strategies and business strategies and performance need to be clearly elucidated in the context of increasing globalization and change. Third, they posit that HRD has a pertinent role in the design and organization of work and work processes at the level of the enterprise. Finally, they argue that HRD should focus on
individuals-based topic, much as employment strategies, career management, works identity and gender differences.

Ruona & Gibson (2003) has identified five challenges facing HRD in the future. First, they argue that HRD needs to adopt a more high-profile presence in organizations and be recognized for its contribution to the bottom line. Presently, they maintain that HRD is poorly represented in leadership positions and suffers from inadequate resources fuelling its undervalued status in organizations. Second, they argue that there is a strong need for the profession to demonstrate return on investment. They posit that this inability to evaluate training effectiveness is inhibiting the growth of HRD in organizations and the profession in general. Third, HRD needs to identify its core competencies and competitive advantage. This will allow the profession to define and differentiate itself and create its own unique identity. Fourth, they maintain that there exists a need to rigorously define the communities served by HRD and examine the role of HRD in the broader community. Finally, they suggest that HRD needs to move towards professionalization and embrace standards of practices and a certification policy. They insist that a failure to move in this direction will result in a loss of identity with the profession and failure to attract intelligent skilled personnel to the field.

The development of the profession is an important issue for the future of HRD. Warzynski and Noble (1976) address the process of professionalization in terms of five sequential stages: the identification and performance of a service in response to a pressing social need; the establishment of a university-based courses for the acquisition of specialized knowledge and training necessary to perform this service; the formation of a professional association; the licensing and certification of members under the law and the adoption of a code of ethics to regulate the conduct of members. The field of HRD has certainly advanced a long way since the publication of this paper and rereading the five criteria, it seems that it still has some way to go. In this regard, Chalofsky (2004) argues that the Academy of Human Resource Development needs to address in the near future questions of quality control and accreditation.