[Developing, Leading and Engaging People」

Lecture Title:

2. Developing People - From HRM to HRD

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Date: 4th July 2025   9.00 – 13.00hrs

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Masters in Human Resources Management

Learning Objectives

Following this session students will be able to:

- Critically and clearly distinguish between the focus of the Human Resource Management (HRM) and Human Resource Development (HRD) functions in organisations.

- Critically evaluate strategies and programmes addressing the spectrum of Human Resource Management (HRM) and Human Resource Development (HRD), considering their effectiveness, adaptability, and alignment with organizational goals. *Strategies for HRM: Talent Acquisition and Retention; Retention strategies; Performance Management; Compensation and Benefits; Employee Relations; Strategies for HRD (the focus of this module): Training and Development; Leadership Development; Career Development; Organizational Learning.*

- Learn about Evaluation Criteria: Alignment with Strategic Goals; Adaptability and Scalability; Employee Engagement and Satisfaction; Return on Investment (ROI); Inclusivity and Fairness.

Learning Method

- **Lecture focused on learning objectives and core content** as a key instructional process.

- **Formative assessment through participative learning tools and activities** will be utilised evaluating students' comprehension and academic progress throughout - with respect to understanding and applying HRM concepts.

Definitions:

- Human Resource Management (HRM): *Strategic approach to managing people and workplace culture and environment.*

- Human Resource Development (HRD): *Subset of HRM focused on learning, development, and performance improvement.*

Armstrong M. (2009)

Critically and clearly distinguish between the focus of the Human Resource Management (HRM) and Human Resource Development (HRD) functions in organisations.

Core Focus Areas of HRM

- Recruitment & Selection
- Compensation & Benefits
- Employee Relations
- Performance Management
- Compliance with Labor Laws
- Policy Formulation & Enforcement

Focus: Administrative and strategic management of employees.

- *"Human resource management has evolved from traditional administrative record-keeping into a strategic function that nurtures competitive advantage by aligning HR practices—such as talent acquisition, development, and engagement—with organizational strategy."*

Lee, Y. C. (2023).

Core Focus Areas of HRD

- Training & Development
- Career Development
- Organisational Development
- Coaching & Mentoring
- Leadership Development
- Talent Management

Focus: Enhancing employee capabilities and organisational learning.

"Employee capabilities—including their knowledge, skills, experiences, and abilities—are seen as valuable, rare, difficult to imitate, and hard to substitute … investing in employee capabilities through training, development, and continuous learning … prepares the firm for the future."

Singh et al. (2024),

• Drawing on resource-based view, in Operationalising employee capabilities post-pandemic crisis: a sustainable HR approach

Critical Differences Between HRM and HRD

Feature	HRM	HRD
Objective	Maximise employee performance	Improve employee capabilities
Time Orientation	Short to medium-term focus	Long-term growth focus
Scope	Broad (all HR functions)	Specific (development-focused)
Role in Strategy	Operational & policy alignment	Developmental & transformational
Interaction	Transactional	Relational and developmental

HRM vs HRD – Example in Action

- Scenario: New Technology Implementation

- HRM Role: Ensure compliance, update job descriptions, manage changes in contracts.

- HRD Role: Train employees, develop new skills, support continuous learning.

Overlaps Between HRM and HRD

- Performance Appraisal (used by HRM for evaluation and by HRD for training needs)

- Talent Management

- Employee Engagement and Retention

Despite overlaps, focus and goals differ significantly.

Strategic Importance

- HRM ensures efficient people management aligned with company goals.

- HRD creates a learning culture, fostering innovation and long-term competitiveness.

Conclusion

- HRM and HRD are interdependent but distinct.

- HRM focuses on managing employment relationships.

- HRD focuses on growing talent and capability.

- Both are crucial to sustaining organisational performance.

Evaluating Strategies in

Human Resource Management and Development

- Effectiveness, Adaptability, and Strategic Alignment

HRM Strategy – Talent Acquisition & Retention

- Effectiveness: Use of data-driven recruitment, employer branding

- Adaptability: Leveraging AI, remote hiring practices

- Alignment: Matching talent with strategic workforce planning

HRM Strategy – Retention Strategies

- Effectiveness: Engagement surveys, stay interviews

- Adaptability: Flexible work arrangements, personalized benefits

- Alignment: Reducing turnover to maintain institutional knowledge

HRM Strategy – Performance Management

- Effectiveness: Continuous feedback, SMART goals

- Adaptability: Agile performance reviews, digital tools

- Alignment: Driving individual performance toward business KPIs

HRM Strategy – Compensation & Benefits

- Effectiveness: Competitive benchmarking, total rewards

- Adaptability: Customizable benefits, equity-based incentives

- Alignment: Motivating performance and supporting retention

HRM Strategy – Employee Relations

- Effectiveness: Conflict resolution frameworks, open communication

- Adaptability: DEI initiatives, hybrid work policies

- Alignment: Fostering a positive, compliant workplace culture

HRD Strategy – Training & Development

- Effectiveness: ROI of training programs, skills gap analysis

- Adaptability: E-learning platforms, microlearning

- Alignment: Upskilling aligned with future business needs

HRD Strategy – Leadership Development

- Effectiveness: Succession planning, 360-degree feedback

- Adaptability: Coaching, experiential learning

- Alignment: Building leaders who embody organizational vision

HRD Strategy – Career Development

- Effectiveness: Career pathing, mentoring programmes

- Adaptability: Self-directed learning, internal mobility

- Alignment: Enhancing employee engagement and retention

HRD Strategy – Organizational Learning

- Effectiveness: Knowledge management systems, learning culture

- Adaptability: Communities of practice, innovation labs

- Alignment: Driving continuous improvement and innovation

Conclusion

- Integrated HRM and HRD strategies are essential for sustainable success

- Continuous evaluation ensures relevance and impact

- Strategic alignment is the cornerstone of HR effectiveness

Application of Learning – Case Study

- 🏛️ Case Context:

- XYZ Bank is an international bank facing heightened competition, digital disruption, and rapidly changing customer preferences.

- To secure long-term success, its leadership has adopted an integrated HRM (Human Resource Management) and HRD (Human Resource Development) approach.

Formative assessment

🏛️ Case Context: HRM & HRD Initiatives

- Culture Renewal & Strategic Alignment

- HR led a culture transformation, embedding values of innovation, customer focus, and empowerment.

- They deployed a systematic performance-management system linking individual goals with the bank's strategic priorities

🏛️ Case Context:

- Talent Development and Internal Mobility

- A robust training program for both technical (e.g., digital banking) and managerial (e.g., strategic leadership) skills was implemented.

- Internal mobility was promoted to encourage career progression and boost retention

🏛️ Case Context:

- Employee Engagement & Wellbeing

- Regular employee surveys were conducted, with results used to shape focused interventions.

- Enhanced wellness programs, mentorship, and recognition schemes improved morale

🏛️ Case Context:

- Digital Capability Building

- HR ramped up digital literacy via upskilling workshops and external partnerships.

- New hires were selected for digital acumen to complement existing staff

- Analysis Questions

1. Why is integration of HRM and HRD important for sustainable success?
2. How did the performance management system support organizational goals?
3. In what ways did training and internal mobility enhance employee capabilities?
4. How did employee engagement initiatives contribute to organizational learning?
5. How did digital skill-building drive sustainable change?

✨ Summary:

- Strategic Integration = Sustainable Performance

- XYZ Bank demonstrates how integrated HRM and HRD strategies—when aligned with strategic goals—can produce:

- A learning-oriented culture driving innovation

- A skilled workforce capable of adaptation

- High employee engagement leading to improved performance

- Operational agility through digital proficiency

- This holistic approach not only boosts current productivity but also builds long-term organizational capability and sustainability.

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- Learn about Evaluation Criteria: Alignment with Strategic Goals; Adaptability and Scalability; Employee Engagement and Satisfaction; Return on Investment (ROI); Inclusivity and Fairness.

1. Alignment with Strategic Goals

- Definition: Measures how well HRD initiatives support the organization's overall mission, vision, and strategic objectives.

- Why it matters: Ensures that resources are used to build capabilities that contribute to long-term business success.

- Indicators:

- Training objectives mapped to business goals

- Skills developed directly support strategic projects

- Executive sponsorship or leadership buy-in

2. Adaptability and Scalability

- Definition: Assesses whether HRD programmes can evolve with changing business needs and expand across departments or locations.

- Why it matters: Future-proofs learning initiatives and maximizes their organizational reach.

- Indicators:

- Customizable content or modular programs

- Use of digital platforms or LMS (Learning Management Systems)

- Ability to scale training for a growing workforce

3. Employee Engagement and Satisfaction

- Definition: Evaluates how employees perceive and respond to HRD programmes in terms of relevance, motivation, and personal growth.

- Why it matters: High engagement indicates that learning initiatives are meaningful and can lead to higher retention and productivity.

- Indicators:
- Participation rates in voluntary programmes
- Post-training feedback and satisfaction surveys
- Improved morale or reduced turnover in trained cohorts

4. Return on Investment (ROI)

- Definition: Quantifies the financial and performance outcomes relative to the costs of HRD initiatives.

- Why it matters: Provides data to justify continued or increased investment in HR development.

- Indicators:

- Pre- and post-training performance metrics

- Reduction in errors, rework, or downtime

- Cost savings or revenue generation tied to improved skills

5. Inclusivity and Fairness

- Definition: Measures whether HRD efforts are accessible to all employees regardless of background, and whether they promote equity in growth opportunities.

- Why it matters: Supports a diverse workforce and strengthens the organization's culture and reputation.

- Indicators:

- Representation of diverse groups in training programmes

- Accessibility of learning materials and methods (e.g., language, disability accommodations)

- Equitable promotion and development outcomes across demographics

Application of Learning – Case Study

- 🏛 Case Study: Greek Banks During the Economic Crisis

- Context & Challenge

- Between 2010–2015, Greek banks faced extreme economic turmoil -soaring non-performing loans (NPLs), recapitalization demands, branch closures, restructurings, and government interventions. Within two of the largest private banks, HR functions were under intense pressure. Strategic HR development (SHRD) faced setbacks even as the crisis demanded rapid organizational learning.

- The banks initiated tailored HRM responses (e.g. reductions, performance shifts) and attempted HRD actions (training and redeployment), but overall maturity of SHRD remained low .

Formative assessment

Case Study

- Key HR/HRD Observations

1. SHRD Maturity Declined Post-Crisis

- Interviews revealed that strategic HRD was often seen as theoretical—HRD practices became reactive, poorly aligned with long-term strategy

2. Tactical Agility Amid Uncertainty

- Both banks demonstrated "environmental integration"—HRD activities responded swiftly to emergent operational needs such as compliance and risk management .

3.Constrained Investment in Employee Development

- Budget cuts limited extensive training programs; focus shifted to urgent skills like regulation, digital tools, and compliance.

4. Stakeholder Perception Gaps

- Differences emerged between frontline employees, managers, and HR staff in how strategic and practical SHRD was—pointing to challenges of uniform implementation

Analysis Questions

1. How did the crisis affect strategic HR development?

2. In what ways did HRD remain agile and responsive?

3. Why did stakeholders perceive SHRD as more theoretical than real?

4. What HRM strategies could have better supported strategic HRD?

5. What lessons does this hold for future crises?

Analysis Questions & Model Answers

1. How did the crisis affect strategic HR development?

- Model Answer:

- HRD shifted from strategic to transactional. Training became ad hoc—centered on crisis needs rather than long-term capability-building—resulting in a loss of strategic coherence .

2. In what ways did HRD remain agile and responsive?

• Model Answer:

• Despite declining strategic focus, HR kept pace with urgent demands—e.g., compliance workshops, digital upskilling, and new regulations—showing flexibility even under resource constraints .

3. Why did stakeholders perceive SHRD as more theoretical than real?

- Model Answer:

- Without consistent strategic alignment, HRD was fragmented. Frontline staff experienced minimal development, while HR viewed initiatives as crisis-response rather than part of a unified strategic plan.

4. What HRM strategies could have better supported strategic HRD?

Model Answer:

Integrate SHRD within crisis response—link training directly to business resilience and future needs

Maintain baseline development programs to support long-term adaptability

Ensure transparent communication and manager involvement to align stakeholder perceptions

Use blended learning to minimize cost while furrowing critical skills

5. What lessons does this hold for future crises?

Model Answer:

Strategic HRD must flexibly align with both current crisis needs and future capabilities

Agility doesn't have to mean tactical only—foundational training can continue during economic downturns

Communication across stakeholder groups ensures SHRD efforts aren't perceived as tokenistic

A mature HRD framework enables resilience and faster recovery post-crisis

References

- Armstrong M. (2009) Handbook of Human Resource Management Practice - Kogan Page 11th Edition

- Lee, Y. C. (2023).

- Human Resource Management: Nurturing a Competitive Advantage. Industrial Engineering & Management - OmniaScience

- Singh et al. (2024), Operationalising employee capabilities post-pandemic crisis: a sustainable HR approach - Review of Managerial Science

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