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INCREASING THE AWARENESS OF HUMAN RESOURCE DEVELOPMENT
ACTIVITIES IN SMALL FIRMS

by

Hanacho Michael Nmomo

A Dissertation
Submitted to the
Faculty of The Graduate College
in partial fulfillment of the
requirements for the
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Western Michigan University
Kalamazoo, Michigan
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ABSTRACT

INCREASING THE AWARENESS OF HUMAN RESOURCE DEVELOPMENT (HRD) ACTIVITIES IN SMALL FIRMS

Hanacho Michael Nmom, Ed.D.

Western Michigan University, 2004

Much of what is known today concerning organizational human resource development efforts (those being employee training, education, and development activities) has steadily and favorably come from large firms. Conversely, very little is known about the extent of HRD activities in small firms, especially those with fewer than 300 employees. To correct this imbalance of awareness the primary aim of this study is to delineate the learning activities of four successful small service-oriented firms in Kalamazoo (Michigan) county.

The study sample consists of seven “purposeful informants”. A mixed-method case study, employing the quantitative and qualitative fact-finding strategies of a simple survey questionnaire and semi-structured interviews, was deployed. All seven questionnaires distributed were dutifully returned.

Results from the study indicate a high level of awareness of HRD concepts among the participants of this study. Cumulatively, a 97% level of HRD concept cognition was ascertained. Semi-structured interview responses overwhelmingly confirmed an impressive level of appreciation of the strategic position HRD plays in the participating firms. The findings suggest these successful firms view their employees as resourceful

assets or capital, needing occasional and intermittent skill, knowledge, and aptitude (SKA) upgrading to remain viably productive. Developed and trained employees in return are expected to help the organization remain competitive.

Additional important findings are:

- 1) these four firms are concerned with remaining afloat by using niche-marketing and product/service diversification;
- 2) that informal learning techniques, specifically on-the-job interventions, dominate small firms' HRD landscape due to its immediacy in application, as well as its situational, social, and resource utilization cost-effectiveness;
- 3) that each firm's HRD activities are part and parcel of their human resource manager's responsibilities.
- 4) Moreover, the style of learning interventions selected are dictated by the firm's idiosyncrasies, business goals and objectives, customer expectations, expendable resources, and government directives.

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– NO PAIN – NO GAIN –

Hanacho Michael Nmom

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CHAPTER I

INTRODUCTION

American companies, large and small, like their counterparts worldwide, will continue to do well in the global market. But what sets America aside from others is that her markets continue to draw investments globally, ensuring worthwhile economic dividends for those willing and able to take the risks associated with small business ventures. In spite of the current economic slowdown, America hopefully will remain the land of milk and honey, engendering the spirits of capitalism (Kanter, 1995). However, economic progress is always in a state of flux and not perpetual as “change” itself. Without the consistent monitoring and upgrading of employees’ skills and competencies in relation to current and future technological means of production, reliable resource supplies and market forces, no company will survive (Brinkerhoff, 2001). No sector of the economy does this better than small servicing businesses because dereliction of duties in upgrading employees’ skills, knowledge and aptitudes (SKAs) is tantamount to digging their graves (Rice, 2002). Promoting lifelong learning by means of training, education, and development or human resource development (HRD) activities is a major concern for small firms. They have to employ knowledge workers with flexible multifaceted and transferable skills if they are to remain competitively viable (Herriot & Pembleton, 1995; Doyle, 2003).

Small firms have been responsible for a lion's share of the jobs created (Kanter, 1995) so far. In fact, their organic structure (Field, 1997; Robbin, 2000) enables them to wage wars against employees' obsolescence with each new technological wave. Hence it is sad to report that small firms' HRD efforts are being swept under the rug. Only large companies HRD efforts are mentioned and made visible in the organizational learning literatures (Matley, 1997).

There is no denying the fact that small firms play important roles in the economic prosperity of any nation. This is particularly true in the Western world and in emerging capitalistic nations of the Asian countries (World Development Report, 1990). During the 1980's in the United States (US), firms employing less than 100 people created more than six million jobs (Dashpande & Golhar, 1994; Wiatrowski 1994). The same conclusion could not be reached concerning Fortune 500 firms, whose employment capacities shrunk by more than a million people (Holt, 1993) during the same period. From the pioneering study of Birch (1979), longitudinal employment data consistently confirms that small businesses account for a disproportionate share of the new job created in North America. In the 1990's alone, small firms produced about 75-90 percent of the net job gained in U.S. economy (Mathis & Jackson 1991; Small Business Administration, 1996).

Since small firms (those with less than 300 people) employ substantial numbers of the workforce, their success and survival is deemed essential for the economy. To succeed in local, national and/or global market, small enterprises need highly committed, knowledgeable, trainable, skilled and semi-skilled work force. This workforce is

expected to produce quality goods and services at low cost. To generate such a workforce a firm, large or small, has to strategically implement appropriate human resources development (HRD) functions like training and development programs (Brinkerhoff, 2001). Despite the small firms' prominent existence, their HRD's interventions are underused, understudied and misunderstood. Even textbook materials and symposiums on human resources issues generally pay considerable attention to physical capital, finances marketing and planning concerns than on potential human capital. After all, it has been said many times that human beings are the most important capital or asset of any company (Ouchi, 1981; Schultz, 1961; Becker, 1964). Furthermore, there is decidedly a literature review bias in favor of large organizations' HRD issues (Hess 1987; Ryne & Boudreare 1986). Consequently, one should not be surprised to find that most empirical studies of successful organizations have been done on large firms with well-established human resources departments (Rowden, 1995). A case in point, in the Peters & Waterman study, they "didn't look extensively at small companies" since their primary focus was "with how big companies stay alive, well and innovative." Few firms in their sample "had annual sales of less than \$1 billion or histories shorter than twenty years (1982, p 22). Nevertheless, most U.S. enterprises are characterized as small to mid-sized with annual sales well under \$10 million (Lee, 1991).

This favorable tilt exists even today in spite of the fact small firms are the bedrocks of most economies; and the fact that large and small enterprises are generally concerned about the welfare of their respective employees, bottom-line notwithstanding. Even worse, small businesses' employees "trainability" impact them more than large

firms due to size, money, fleeting employment relationships, cutthroat competition, and unforeseen contingencies. For example during hard-times, government tends to respond favorably to large firms plight (for example, Chrysler Bailout in the 1980's).

Historically, small firms have been left to fend for themselves in spite of the ups and downs swing of the local, national and global economies (Rice, 2002).

Paradoxically, this ever-present economic pendulum does not seem to deter many Americans from the naïve quest of someday becoming a small business proprietor. Proof of this capitalistic spirit was discovered when Buss (1995) reported that about 30 percent of Americans constantly think about starting a new business, but only 4 percent succeed in their ventures. Not surprisingly, this inescapable eventuality is due to cutthroat competition, environmental uncertainties, inexperience (lack of acumen) and lack of capital. Against all odds, the resiliency of small business tends to increase its attraction to people wishing and wanting to control their own destiny whereby thousands spring up yearly (U.S. Census Bureau, 1996). However, 80-85 percent of them die within their first five years of operation (U.S. Small Business Administration, 1990). Therefore, one could reasonably infer that those who survived and still remained in business adopted what Rothwell & Kazanas (1989) called the “context shifting” strategy.

“Context Shifting”, according to the aforementioned authors, is giving learners and decision-makers the opportunities to place themselves artificially at a future point in time, to think about problems likely to be encountered and then retrace their footsteps to the present in order to determine future learning needs (p. 188).

It is an HRD effort in “assessing future business needs by stepping back to the present, but looking to what performance, product and services will be needed at a future

time” (Rothwell & Kanzas, p. 188). This is similar to analyzing what is happening as well as what should be happening either simultaneously or separately. Obviously, this appraisal and envisioning encompasses environmental scanning: examining future trends outside the organization relative to its strengths, weaknesses, opportunities, and threats (SWOT); front-end analysis: assessing who the learners will be, what will be learned and instructional curriculum; and finally, simulation: role-playing in light of organizational goals and objectives, as well as customer needs and expectations. It is, in short, strategic HRD auditing process in a proactive manner (Burns, 2001; Hales & Westgaard, 1995; Rothwell & Kanzas, 1989). This effort reflects human resource planning as well.

It is a retrospective and forward-looking coping mechanism towards unforeseen contingencies that is necessitated by the organic structure of small firms (Robbin, 2000). In no small measure, small firms are prone to wither during economic upheavals which could be attributed to having large pools of employees that need constant skill-upgrading in order to cope with the emerging technological changes, but most do not have the means to do so (SBA, 1998). Training and development interventions are not cheap; therefore, should be done wisely.

If the society agrees that small firms are the bedrocks of most economies and that employees’ learning potential and opportunities are paramount to organizational success, then small firms have no choice than to train their core employees just like large firms do. This is vitally necessary when the prospective trainees’ future jobs are hanging in the balance or responsibilities are bound to increase as a result of promotional opportunities, fierce competitions, downsizing, job enlargement or simply newly challenging tasks. It

should be noted that in exchange for receiving some training, employees are expected to reciprocate in kind. This is done by being proactively productive, loyal, and committed. And this is the psychological contract that tends to exist between the employers and employees of any company (Herriot & Pemberton, 1995), see Table 3, p. 64.

Objective of the Study

Compared to large firms not much is known about the extent of HRD interventions in small firms (those employing less than 300 employees). Therefore the main purpose of this study would focus on the delineation of the training and development activities of small service-driven companies. Most importantly, information will be ascertained from key organizational members with decision-making authority concerning the types of HRD efforts in place and the strategic position of HRD staff in the organization. Knowledge of these facts will help to establish how organizational human resources are valued in small firms. In no small measure, this study will try not only to expand but also demystify as well, the smallness of knowledge concerning human resource development activities of the small servicing firms in the Kalamazoo area.

Significance of the Study

Currently not much is known or published about the existence of Human Resources Development (HRD) activities of small enterprises. In most cases where such responsibilities are done, they may be handled informally without an identifiable department, unit and/or somebody at the helm (Little, 1986; Hornsby & Kratko, 1990;

Rowden, 1995; Greer, 2001). They may even be carried out by a small group of people under the leadership of an HRD manager (Blanchard & Thacker, 1999).

When small businesses are not being recognized for their enormous contributions to the local, national and global economies, something is amiss. Indeed, when a major contributing component to the economic engines of business ventures is ignored, as is the case with small business human resources development activities, an investigation is deemed necessary. In the eighties, Fortune 500 firms (those employing about 1000 people or more) decreased their workforce by over a million (Holt, 1993). In contrast, small firms (those averaging 20 to 300 employees) created more than six million jobs. While 98 percent of all businesses could be characterized as small relative to their sizes (Dumaine, 1992; Megginson et al, 1988), larger firms had about 1 percent of the market shares. Similar conclusion could be made about Kalamazoo business environment. Small firms dominate the landscape, employing most people and occupying about 99 percent of the entire market shares (Rice, 2002).

In accepting the empirical findings that the economic well-being and vitality of some regions (Kalamazoo included) in the U.S. solely depends on small business activities (Rowden, 1995), one then is left to wonder why their human resource endeavors or HRD functions are ignored. Yet, it has been overwhelmingly accepted that the success of any enterprise is at least partially attributable to how their human resources (employees) are treated or valued; either as assets, capital or investments. How they are formally and informally trained and developed in order to cope with the business climate's exigencies and contingencies therefore matters. No firm survives without the

constant monitoring and upgrading of their employees' skills, knowledge and aptitudes (SKAs) (Brinkerhoff, 1987).

It is no wonder that both the Human Capital/Asset (HC/A) and Human Relations (HR) theorists, collectively agree on the following principles (Aldisert 2000; Owen 2001) that:

1. Human capital is the collective SKA of a firm's workforce.
2. A person's value as human asset stems directly from the congruency between the SKA's competencies and assigned jobs.
3. Firms' human capital is a form of wealth that creates more wealth, depending on how it is valued.
4. When firms enhance the value of their employees, in return, the firms aggregate capital increases.
5. When employees feel valued, the tendency to work extra hours willingly is increased; the reverse is also true, thus, they work with resentments.

The traditional view of HC is confining, limiting it to only three elements – skills, knowledge and aptitudes. But HC is more than that (Lengnick-Hall, 2003, pp. 46-47) as its expansive variables reveal:

- **Motor Skills:** The ability to grasp, place, move, and manipulate objects in coordinated movements
- **Information Gathering (perception) Skills:** Sensory, perceptual, and interpretive capabilities

- **Information Processing (cognitive) Skills:** Ability to reason, reflect, analyze, synthesize, and make decisions
- **Communication Skills:** Ability to listen, talk, and share information and ideas
- **Experiential:** Know how from repeated practices or having done the work before
- **Knowledge:** Knowing self, the job, the organization, the culture, and the environment
- **Social (recreational) Skills:** Ability to interface, mingle, coordinate, and collaborate productively with others
- **Personal Values (behaviors determinants):** Values that dictate and shape perceptions, performance, and attitudes.

Against some of the commercial rationale that HRD efforts should be regarded as an expense account, Szilagyi, (1988) asserted that the heart of success in all areas of organized life lies in the systematic human resource development:

In today's complex and dynamic environment, it is no longer necessary to debate whether training and development [human resource development] activities are luxuries in which only large organizations can indulge in prosperous times. Most organizations, large and small, have to realize that developing an effective workforce is no more a luxury than having a sales or account department. It is an accepted fact that training and development are necessary for the spirit, survival, and performance of an organization – it must develop those who will manage the organization in the years to come (p. 382).

As highlighted above, understanding the HRD practices of small firms (service-driven ones, in particular) would help to clarify the notion that small firms value their employees as much as large firms do. Although differences may exist between large and

small firms in the way HRD duties are handled, small firms still have the same worries and interests as large firms. Highest on this list is the concern for business survivability. This very issue, of course, demands that attention should be given to employees' valuation, which ordinarily should stem from an organization's learning-training and development opportunities. As such, it would be prudent and valid to investigate the extent to which the HRD concepts and strategies being promoted in the literature of organizational learning apply to small businesses.

Critical Research Questions

The following questions will provide the road map for the study.

1. How is human resource development (HRD) conceptualized by the organizational members?
2. What formal and informal interventions related to employees training and development, organizational development and career development to improve individual, group and organizational effectiveness take place in your firm?
3. Are there verifiable linkages between human resource development and management concerns?
 - a) Does the manager of you HRD function have regular contact with other key managers in the organization?
 - b) Do you allocate resources of the HRD function based on the priorities of the organizations?

- c) Does your organization have a formal corporate training and development mission statement and/or corporate HRD policies?
- d) Do you periodically review and/or revise your organization's formal training and development mission statement and/or corporate HRD policies?
- e) Do you have a top management group or collection of top managers that involve themselves in the policies and activities of the HRD function?
- f) Do you or your HRD manager participate in corporate strategy sessions with key staff persons and senior managers?

Limitations

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

1. This study will consist of four small service-oriented firms located in the Kalamazoo area.
2. The study samples are purposeful and not randomly selected. Hence, there will be no reliability and validity check; and generalization is limited.
3. This study does not intend to examine the actual human resources (employee) performance but the HRD system instead.
4. Semi-structured interviews with key members of the organization will be conducted. Therefore, findings will be interpreted in accordance with interview protocol.

5. The study is limited by self-reporting biases inherent in survey research.

Assumptions

The research assumes the following:

1. The interviewee will know more about the topic than the interviewer.
2. The best the interviewer can hope for is to raise topics by facilitating, probing, and prompting; having little control over the details of the situation and passively collecting data.
3. By virtue of his/her authority and experiences, the interviewee will exercise some control over what the interviewer does.
4. Firms are not necessarily expected to have established Human Resource departments or Human Resource Development departments to execute their training, education, and development activities. In fact, these organizational learning interventions may be carried out on a need-to-use basis and be organized by the human resources manager.

Definitions Of Terms

For the purpose of this study, conceptual definitions are furnished herewith.

Audit Trail

Taking stock of happenings in research. It is more or less keeping records of experiences encountered, contacts made, and amount of time spent on research-related tasks.

Critical Mass	That proportion or number of trainees deemed appropriate for learning interventions. The proportion is dictated by a firm's resources capacity in relation to its business engagements.
Distributive Justice	Concerned with whether people believe that rewards or outcomes are allocated equitably. It has to do with fair distribution of perks to employees relative to their contributions.
Human Capital (HC)	Viewing people (employees) as the most important organizational asset, worthy of investment.
Human Resource Development (HRD)	Term used to indicate the training, education, and development of employees. The aim is to increase their productive potential and also to actualize their needs. It is also a profession and/or discipline devoted to increasing individual, group, and organizational performance capabilities, efficiencies, productivity, adaptability, and sense of well-being.
Human Resources	The sum of human (employees) energies, abilities, aptitudes, knowledge, and talents which are or which potentially can and should be applied to the production of goods or the rendering of useful services.
Front-End Analysis	Analysis done to identify problems and their subsequent suitable solutions or interventions thereof. It entails the finding of differences between what employees are expected to do and what they have done, and what they are expected to learn and what was demonstrated to have been learned.
Job Enlargement/Enrichment	The lateral widening of job assignments or horizontal job load as the employee is doing more, and more diverse, activities than previously assigned. The aim is to make use of more of the employee's potentials and increase performance motivation.

Job Rotation	The systematic or intermittent shifting of job assignments in order to reduce monotony and increase skills, knowledge, and aptitude.
Learning Organization	An organization/entity where everyone actively shares in the learning taking place within. In this atmosphere organizations facilitate its members' transformation through continuous learning opportunities.
Paradigm	A shared set of assumptions, a way of perceiving the world of work, people, and things around us.
Poaching	The stealing of rival resources, especially employees, in order to gain a competitive advantage by offering attractive contracts.
Procedural Justice	Relates to perceptions people have concerning fairness and impartiality with jobs and how people are graded, appraised, and promoted. It is the mechanism through which distributive justice is delivered.
Prolonged Engagement	Maintaining serial contact with study sites and participants, on the part of a researcher, for a justifiable period of time to encourage trust between participants and the researcher and the research project.
Strategic HRD	Process of responding to and influencing organization's learning strategies. It is a forward-looking, actionable learning mechanism geared toward organizational and individual behavior changes.
Tacit Knowledge	Knowledge gained through experience and social interactions; hidden but important knowledge acquired through exposure to things, events, and people.

Organization of the Study

Chapter I presents an overview and introduction, stating the objectives and significance of the study. It also contains the study guide (critical research questions), limitations, assumptions and conceptual terminology definitions.

Chapter II presents a review of relevant literature. It starts by discussing the history of HRD concepts, the valuation of employees as human capital/assets, and the nature and importance of HRD interventions in small firms.

Chapter III outlines the methodology of the study. It is centered on the study design – integrative case study – and its subsets: population frame, sample frame, research instruments (survey questionnaire and semi-structured open-ended interview questions), data collection mechanisms, and, validity and reliability issues.

Chapter IV focuses on the analysis of the results/findings, both quantitative and qualitative.

Chapter V contains the conclusions, recommendations, and future research ideas reached in light of the study findings and pertinent literature review highlights.

CHAPTER II

REVIEW OF LITERATURE

This literature review is primarily concerned with looking at evidences that will widen the knowledge of the HRD activities taking place in small firms. As little information is provided on small firms' HRD functions, concentration will be targeted at issues such as (a) Human Resource Development concepts, (b) Human Capital (HC) concepts, (c) the nature of HRDs in small firms, and (d) the criticality of HRD to small firms.

Emergence of the HRD Concept

The idea behind the term – human resources development – began a long time ago. Nadler & Nadler (1992, p. 9) said “HRD is probably as old as the existence of people on this earth, since from the earliest time it has been necessary for people to learn the competencies needed for survival.” A more current model started prior to the Industrial Revolution era. During this period marked as the “employee skillfulness” upgrading skills was done informally within the family-owned businesses. Children learned from their parents and/or elderly relatives. As time went along, the era of “employee efficiency” emerged – from the pioneering works of Frederick Taylor and Henri Fayol, who were dubbed as fathers of “scientific management”. During the 1800s – 1920 when employee efficiency took hold the main concern for management was the

net-gain from costs of final products or services. Emphasis on “production efficiency” was drawn from the (a) elimination of guesswork, (b) utilization of systematic methods for the selection of workers and training them for specific jobs, and (c) establishment of clear divisions of responsibilities between owners/managers and workers by goal setting, planning and supervision.

As family businesses expanded and grew larger, human relation problems between management and rank and file employees erupted in response to the increased complexity of organizations. Workers started to resent management directives. The resultant effect was the unending occurrences of conflict and revolutions. Labor unrest abounded (Doyle, 2003) due to the difficulties inherent in harmonizing the social system (people and their interaction and relationships with one another) with the technical system (the machines they use in their work, p. 17). To solve these problems, German sociologist, Max Weber, proposed the concept of bureaucracy as the only viable fighting strategy for management of large organization’s dysfunctional human relations. Still, behold to many scientific management principles, Weber’s classical theory was only an “attempt to minimize the frustrations and irrationality of large organizations in which the relationships between management and workers were based on traditions of class privilege” (Owen, 2001, p. 39). Being only an expansive viewpoint, Weber’s serious contributions to management of organization lies in our understanding of division of labor, organizational hierarchy and power, and defined lines of authority.

Weber’s strong identification with organizational bureaucracy was not only his valuable contributions to our understanding of the world of work. His pronouncement of

American capitalism in The Protestant Ethic and Spirit of Capitalism single-handedly exalted the virtues of entrepreneurship. He saw capitalistic adventurousness as a “calling” just as church leaders see theirs. Consequently, he regarded “hard work” as a moral obligation.

The pervasiveness of small businesses in the American economy stemmed from the self-reliant, risk-taking, innovative and profit-making mindedness embedded in the American culture. Not surprisingly, the tendency of people wanting to ‘get a piece of the pie’ and subsequently good living helps to explain the upsurge of small firms in a particular industry (Coase, 1958). Weber’s exaltation of the American’s capitalism is clearly encapsulated in Park’s (1996) assertion that:

One of the fundamental precepts of American culture is that America is the place where the penniless individual can work hard and achieve prosperity, where the free-market economy assures rewards commensurate with productivity and where non-productive people would not be allowed to usurp the rewards of others (p. 1).

From the aforementioned quote, one should not wonder why the society cherishes the “self-made” person. The inclination to ‘pull oneself up from the bootstraps’ has become a strong cultural dictum. The notion of working hard and its aftermath – getting rich – ironically corresponds with 50 Cent’s (a rap musician) song entitled “Getting Rich or Die Trying.”

The upheavals, which arose during the Industrial Revolution Era, gave rise to the concern for “Employee Satisfaction”. For instance, the famous Hawthorne Studies of the Chicago Western Electric Company’s employees of the 1930s under the direction of Dr. Elton Mayo of Harvard University and the Human Relations Movement by Mary Parker

Follett demonstrated that when employees felt valued, they contributed more. It is quite understandable that when management are concerned with their employees' welfare, productivity and higher morale ensue. As part of a psychological contract, promotional opportunities and learning have been found to correlate positively with employees' sense of fair distributive and procedural justice. In other words, employee satisfaction tends to move upward (Baron & Kreps, 1999; Tobin, 1990) when they are regarded as an "asset" instead of an expense account.

The last and current eras (from 1945 to present) were and are geared toward the enhancement and worthiness of employees. HRD emphasizes that people should be regarded as an organization's greatest asset and, therefore, should be managed and developed as stringently as physical capitals and financial assets (Doyle, 2003). The contemporary view of employees is that they are valued assets regardless of their job assignments and/or positions within the firm. This view recognizes the employee as the heart of any organization. This employee enhancement period showcases the constellation of strong and progressive HRD ideologies in organizational life. Highly valued employees are seen as instrumental in sustaining a firm's competitive advantage. With an employee-centered orientation, firms realize that only those best able to spot business opportunities, to learn rapidly, and to garner strong employee commitment are well positioned to reap the full benefits of organizational human capital contributions.

Furthermore, the 'phenomenological' aspects (Lee, 2003) of employee enhancement allowed firms to see their workforce as the pre-eminent capital. This higher level of appreciation has led to what Ashton (2002) has ascribed as high performance

work organizations (HPWOs). These organizations, large or small, adhere to the following guidelines:

1. work re-engineering/employee involvement – whereby work skills are enlarged through multi-skilling responsibilities, and job rotation and enrichment, creating a revolving door of continuous learning opportunities;
2. high performance practices – facilitated by the most cost-effective formal and informal learning mechanics oriented toward performance-improvement;
3. information/knowledge sharing practices – accomplished through frequent team briefings, circulated general meeting agendas, news letters, memos, and financial information, all pertaining to the firm's modes of operation. The aim is to make sure that employees are kept abreast of relevant organizational issues; and,
4. commensurable reward system – designed to instill a sense of fairness.

Rewards/perks are distributed in relation to the employees' productivity.

From the four perspectives, one is made to understand that issues relating to how employees were and are treated have endured for years. Consequently, HRD ideas stem from the fervent belief that firms (large or small) will reap the rewards of greater worker motivation, participation, and improved job performance by increasing job satisfaction, through job enlargement, enrichment, challenging tasks and promotional opportunities (Maslow, 1970; Herzberg, 1968; McGregor, 1985). From these varying concerns is the realization that only HRD interventions will cause their achievement (Brinkerhoff, 2001). As an appendage to the HRD view, the humanistic perspective as proposed by

organizational psychologists (Knowles, 1985), expanded the vitality of HRD efforts within an organization. Proponents of this view are convinced that HRD practitioners are made up of people who are concerned with employees' motivation. In short, they are concerned with what makes employees respond favorably to management directives and positive dictums. Because, as Combs (1962, pp. 83-98) wrote "People are always motivated; in fact, they are never unmotivated. They may not be motivated to do what we prefer they do, but it can never be truly said that they are unmotivated." The implication of this quotation is that motivation is the internal engine of human effort. As such, labeling an employee as "deadwood" and "burnout" and subsequently targeted for "weeding out" as being unmotivated, is invalid. Through HRD interventions, organizations would be strategically positioned to know and increase workers' motivation or internal sense of fulfillment by matching their SKAs with interesting, challenging fulfilling responsibilities (Owen, 2001). This is why HRD efforts are deemed crucial to any organization especially with regards to employees' loyalty, trust and respect for management.

Much of what is known today about HRD comes from industrial-psychological theories of motivation, behavioral theories of job enlargement and enrichment and from organizational-behavioral theories of better communication and employee participation (Applebaum & Bath, 1994).

From the mouth of Sheppard (1967) of the Upjohn Institute, we now know that the practice of human resources development or better said, "developing resourceful humans," has been generational without any public pronouncement. That is to say

without being operationally conceptualized until recently. The works of these three giants: Nadler (Developing Human Resources, 1980.), Schultz (Human Capital, 1961), and Knowles (Adult Learners, 1973) changed all that and subsequently brought respect to the HRD discipline or profession. Their works not only accelerated our deeper understanding of the HRD concept, it literally wiped out the incidental, peripheral and uncertain status to one that is held in high esteem, central and essential (Fest, 1979). According to Chalofsky & Lincoln (1980, p. 7) HRD is primarily concerned with “how individuals, groups, and organizations change through learning.” In fact, HRD activities have been taking place within the family domain prior to spreading externally within communities: churches, schools and organizations.

By definition, HRD can be seen in either utilitarian or humanistic viewpoints. Its utilitarian concept lies on the notion that “investing in people to make the most productive use of their talent” is organizationally oriented. The other aspect, the humanistic perspective, centers on “enabling people to develop their individual talents for their own sake” and usage (Getzel & Guba, 1957; Burton, 1992), an ideographic orientation. HRD, after all, is an “asset-developing” and action-oriented function (Zemke, 1981). This understanding is exemplified in the following statements:

Development of workers is to help them to acquire new skills – both work skills as well as human skills...[which] include skills of collaboration, communication, group work, confrontation, collective action, positive assertion, empathy, helping skills and organizing groups, etc. These are as necessary as technical skills, if not more so (Khandelwal, 1985).

The asset-producing function of HRD is even more convincing when Fest (1979, p. 86) inferred that its focus should be to help workers become “contributing human beings, and human beings to be committed workers.” Additionally, it should assist in transmitting organizational paradigms, aligning workers’ behavior with the culture and values of the organization.

Human Capital (HC) Concept

The tenet of HC is that human skills, knowledge, and aptitude (SKAs) are not only the sources, but are ultimately, the cause of present and future organizational productivity. This means that employees are the most valuable organizational asset or capital. Asserting that people are productive capital, HC theorists caution that employees should not be regarded as mere operational costs to be minimized. Thus, regarding HC as assets locked inside of people, it should be nurtured individually or organizationally during the pre- and employment periods through training, education, and development interventions.

With the above rationalized impetus HC proponents such as Ginzberg (1966), Schultz (1971), and Becker (1964) concluded that the lack of SKAs in the public and private sectors’ work-force will perpetually remain a serious constraint on industrial growth and success. Even worse, these human deficiencies have the bandwagon effect of suffocating the economic revitalization efforts of nations. Obviously, the importance of having a capable and qualified workforce in every sphere of human endeavors can hardly be overemphasized. Clearly, of all the factors of production essential for the exploration

and exploitation of natural resources, none is perhaps more important as skilled labor. As such, people's skills and abilities, which in the past have been frequently underused and undervalued, should be seen in a different light – as resourceful assets (Schultz, 1961; Nwachukwu, 1980; Doyle, 2003).

Certainly, the most important concern of any economy is the rate at which a reliable source of supplies (production inputs) and a capable workforce can be achieved and sustained. This attainment is within the realm of HRD activities. Not surprisingly, HC advocates contend that no nation can achieve or arrive at sustainable economic and social development without having sufficient supplies of qualified people. For instance, the economic power of Japan, South Korea, Hong Kong and Taiwan are cases in point. The success of these newly industrialized societies (NIS) is squarely attributed to their competent labor pool. It should be noted that their economic prosperity happened in spite of lacking significant natural and mineral resources (World Bank, 1990), which serve as inputs or raw materials for their manufacturing processes.

The need for human capital investment cannot be overstated since it is the main cause of large increases in the production capacities of industries than machines (Carnevale, 1982). In agreement, Meier (1989) made the following statements:

The effective use of physical capital itself is dependent on human capital. If there is under-investment in human capital, the rate at which additional physical capital can be productively utilized will be limited, since technical, professional and administrative people are needed to make effective use of material capital (p. 451).

Organizations should never view their human capital in the same light as other capitals. According to Tobin (1993) they (employees) should be regarded as “knowledge assets.”

This same recognition was memorably reached by Drucker (1993) when he virtuously stated:

The productivity of knowledge is going to be the determinant factor in the competitive position of a company, an industry and entire society. No country, industry or company has any “natural” advantage or disadvantage. The only advantage it can possess is the ability to exploit universally available knowledge. The only thing that increasingly will matter in national and international economics is management performance in making knowledge productive (p. 193).

In the organizational context, productive knowledge is formally and tacitly acquired through human resource development efforts (Brinkerhoff, 1987; Nadler, 1979; Realin, 2000). Therefore, to sustain a competitive advantage, it behooves organizations to train and develop their workforce. In fact, this advantage can only be achieved not through technology but through the uniqueness of an organization’s human capital formation.

Like physical capital, HC can and does depreciate over time. This eventuality comes from two sources: (a) idleness or lack of practice time, and (b) discovery and inventions which continually put production method into a state of flux (McGregor, 1991). But there is good news concerning HC. It can be revived with use and cheaply so, especially when trainable employees (as described on page 29-30) are given the chance to reinvigorate their performance capabilities via formal and informal learning mechanisms.

Human capital relevance lies in the fact that it embodies in people. There are two type of HC - general and specific or a combination. While general human capital is acquired mostly through formal education, specific HC is obtained by means of non-formal education, on-the-job experiences, and technical training and development

programs. Other distinctive differences between the general (generic) and specific (task-focused) have to do with time consumption and transferability. The society does not expect a hamburger flipper at Burger King to consume more time acquiring that skill than a brain surgeon in the hospital. Rather, the reverse is the case here. To become a doctor or nuclear physicist demands more sacrifices than being a grocery bagger or working in the fast-food industry. On the issue of transferability, general HCs are more easily transferable within and between firms than with specific HC. The latter is strictly firm/industry oriented and usually the basis for industrial competitive advantages, more prestigious and with higher earning potentials, so said economists and human asset proponents (Becker, 1964; Schultz, 1971; Ginzberg, 1966). Earlier, Schultz (1961, p. 3) released his heartfelt frustration of the societal ignorance about HC's importance in the world of work, saying:

The failure to treat human resources explicitly as a form of capital, as a produced means of production, as the product of investment, has fostered the retention of the classical notion of labor as capacity to do manual work requiring little knowledge and skill, a capacity with which according to this notion, laborers are endowed about equally. The notion of labor was wrong in the classical period and it is patently wrong now.

Like other organizational assets, HC can be regarded as either core or peripheral assets (Barney, 1991; Quinn, 1992). Core asset is particularly vital to the competitive advantages of a firm (Porter, 1985) and demands continual internal development to avoid the possibility of stagnation and obsolescence. According to Bettis et al (1992), acquiring these kinds of skills from outside (outsourcing) might hinder the firm's competitive standing by diminishing its stock of core capabilities. A lot of resources –

money and time – are needed to acquire them. Therefore, small firms will be better off outsourcing general HCs than specific ones. Both, of course, need constant monitoring and upgrading in order to remain economically and strategically viable; but the degrees of resources to be spent per each differs.

Unlike physical capital, “human capital is a moveable asset and people, not organizations, control its movement” (Davenport, 1991, p. 7). With the realization that people are both owners and investors of their HC, management should therefore treat employees with due diligence. What any organization has to do is sensibly pry, develop and reward potentially productive workers, hoping for a long-term psychological employment contract in return. When reliable and dependable employees suddenly leave their job, especially at their most productive period, taking their capital along the way, a company loses that competitive edge. What a loss. Productive employees are an organization’s vital currency and should be constantly nurtured.

In Dunkelberg & Cooper’s (1990) study on the complementary or substitutability of human and financial capitals, the former is found to have high leveraging capabilities than the latter. This significant difference is more pronounced and felt in the small business early life cycle. Furthermore, the study also revealed that human capital is idealistically complementary and not a substitute of other organizational capitals. They concluded by asserting that the higher the quality of HC, the higher the competitive advantage accruable within the organization.

HRD's Main Constitution

Every organization has three categories of resources: physical, financial and human. Physical resources are the fixed assets comprised of machines, materials, facilities, equipment, and the components of other products' parts. They are tangible and can be seen and touched; they are as well, very important to organizations (Gilley & Eggland, 1989). Financial resources (money) are regarded as the liquid assets of an organization. They are made up of cash, stocks, bonds, investments, and operating capital. Like physical assets, they are essential to the firm's survivability. A positive ranking of this asset very much reveals the credit worthiness of a firm and its financial health as perceived by both the general public and investors (Gilley & Eggland, 1989).

Human resources: the most important of all the organizational assets is primarily made up of company employees (Nwachukwu, 1980). Their overall financial worthiness is hard to calculate due to its intangible nature in spite of the concreteness of employee earnings. They are the engines that propel the processes of manufacturing goods and services. Their intangibility is the sole reason why small firms have difficulties investing heavily in HRD interventions. The lack of enthusiasm for expensive HRD intervention, as purported by anti-HRD proponents, is that no immediate recuperation of funds is seen and associated benefits are not easily extrapolated (Field, 1997). Like fiscal resources, human resources do depreciate over time especially when they remain dormant but can easily be reinvigorated through HRD efforts. One valuable measure of an employee's worth can be assessed from the cost of "recruiting, hiring, relocating, lost productivity, training, and orientation" (Gilley et al, 2002). Another measure is that of the value of a

well-trained, highly skilled and knowledgeable employee, as compared to that of an incompetent one. This manifests itself through an employee's efficiency, effectiveness, high productivity, increased morale and positive sense of well-being. Is it not quite ironic that while organizations have long ago learned to value people for their purchasing power (always cherish the customer as king), they are late in bestowing the same recognition on their own people – employees – as critical resources.

HRD as defined by Nadler & Nadler (1990) is “a systematic, organized learning experience provided by employers within a specific period of time to bring the possibility of performance improvement and/or person's growth” (p. 6). Nadlers' succinct definition goes to the point of what constitutes HRD. According to them, there are basically three areas of focus, namely (1) training – which is the systematically development of SKAs for current jobs; (2) education – which is the process and series of activities aimed at enabling someone to not only assimilate and develop the SKAs but to broaden ones' values, understanding and definition of problems and solutions of a variety of human concerns; (3) development – is geared toward the general enhancement and growth of SKAs acquired through the conscious (formal) and unconscious (informal) learning. All three aspects of HRD interventions are meant for employees' learning and development of competencies and growth (Nadler, 1979, 1980).

Ideally, only three groups of employees could optimize their performance potentials via HRD interventions. These people are the trainable employees because according to Douglas, Klein, and Hunt (1985), they possess the following characteristics:

- Those who can improve their performance and deficiencies on the present job.

- Those who have the ability to assume jobs that require additional skills and increased responsibilities,
- Those who are in the process or anticipate changing jobs that require different or greater skills (p. 284). This entails job enlargement and enrichment, culminating in the assumption of leadership assignments.

One should be cognizant of the fact that in the minds of business owners and manager, no clear differentiation can be drawn between training and education. These two words are used interchangeably. What matters is that each, or both, are concerned with the ultimate upgrading of employees' SKAs for present and future job assignments. In conclusion, the following definition of HRD by Pace et al (1991), summarizes the essential elements of HRD constitution:

Human resource development is the integration of individual development, career development, and organizational development roles to achieve maximum productivity, quality, opportunity, and fulfillment for organizational members as they work to accomplish the goals of the organization. (p. 7)

Mager and Pipe (1970), Harless (1974), and Brinkerhoff (1989) concurred with the above assessment as the right people who would benefit most from HRD interventions in any industry. On the aggregate, these people are referred to as the “critical mass” as they are deemed as the right candidates for HRD interventions.

Another integral part of HRD has to do with organizational development (OD). OD by definition is the long range efforts targeted at changing the culture of the organization and group. It is system focused as it relates to the structure and functioning that deals with intra-unit and inter-unit relationships. HRD activity that has OD concern

is the interpersonal relations (how people interact) and the notion of right group behavior (what people should do) according to Rothwell and Kazanas (1989). This aspect is very much dictated by the organizational culture and leadership infrastructure (Warfield, 2002).

Career development is another channel through which HRD efforts are disseminated organizationally. It primarily has to do with finding the congruency between employees' SKAs and the right job assignments. This is a placement issue. In fact, it has been found that individual work performance is highly related to how his or her SKAs match with job responsibilities. Where no match exists, no reasonable levels of productivity will emerge (Brinkerhoff, 1987). The resultant effect of no congruency between SKAs and job assignments leads to employees' de-motivation, restlessness, and low productivity, costing employers billions of dollars. That's why HRD staff perform career-counseling functions.

The Nature of HRD in Small Firms

The phrase "liability of smallness" has been used to refer to the effect of company size relative to the amount of HRD activities in small firms. It is only meant to convey the notion that small firms have relatively fewer people in charge of organizational learning efforts as compared to large organizations. This speaks volume of why fewer HRD activities are implemented in small organizations. Hence, considerable attention is paid to large firms. Indeed, it has been found that where and when small firms' HRD activities are executed, they were disjointed, sporadic and in ad-hoc fashion (Heneman &

Berkely, 1999). These same two authors also asserted that small firms' human resources practices were not inclined to use temporary help. As such, they are not receptive to peripheral employees.

Reviews of small firms' organizational learning engagements reveal the following:

1. Employees in small businesses get substantially less training than their counterparts in large firms due to the prohibitive cost involved. Therefore, not having the economic wherewithal (funds) limits the extent of training and development efforts in small firms.
2. Small business managers have limited understanding of the concept of training. So less activities (learning) are included under such heading – training.
3. Unlike their co-equals (in terms of job responsibilities) in large firm, small firm managers are not versed in accounting, which would enable them to keep accurate records of all training costs. They rely so much on their accountants, most whom are outsourced.
4. Training efforts are reactionary, not proactively oriented. Additionally, they are informal than formal; predominately, job-skill related and delivered in-house as part of the job.
5. Some of the formal learning is primarily generic and not specific-skill oriented.

According to Onah (1981), most managers of small firms are of the opinion that employees' SKAs should be acquired from educational institutions prior to their employment. Furthermore, due to their myopic view of investment dividends – short range only, their large-scale use of structural (formal) learning approaches are very much in doubt. This is compounded by their belief that much of what is being taught outside is attitudinal in nature (Cooper & Lybrand, 1994). They tend to see no justification in large-scale and long-range HRD efforts. Even worse, in small service-driven companies where employees' high rate of turnover is the norm, investing less in HRD, paradoxically makes much sense. After all, why should owners/managers invest more on people who are expected/bound to leave or quit without formal notice? It is no wonder small private organizations feel less committed or reluctant to having substantial resources devoted to HRD intervention (Onah, 1981). Hamlin (1995) also discovered that “most organizations have not trained at all but have obtained their skilled laborers by poaching” (p. 265).

Criticality of HRD Management in Small Firms

Commendations to Chalofsky and Reinhart (1988) for their insight on the visibility of growth of HRD, both in large and small organizations. They assert that the days are gone when HRD intervention should be regarded as a luxury reserved for large companies, or as rewards solely kept for productive workers. Indeed, HRD should not be regarded as an activity that tends to keep idle employees occupied during downtime. From their study, they discovered that “HRD today is a bottom-line, strategically

important part of business enterprise [...and that] organizations' HRD resources be considered as assets" (p. 7).

The visibility and recognition of HRD nation-wide could also be ascertained from the conclusion reached by the American Society for Training and Development (ASTD, 1986).

Human resource activities are no longer a group of diverse practices on the peripheral of a few organizations. The importance to the American economy of a work-related learning is at least widely recognized. As organizations return, in turbulent times, to basic questions about their nature and purposes, the contribution of skill and behavior development to corporate performance is clear. Consequentially, the field has moved far beyond isolated attempts to give specific skills to workers to include complex strategic systems for solving critical organizational problems and meeting challenges in the global market (p. 4).

The depth of HRD activities could be assessed from billions of dollars spent in public and private organizations' learning interventions. ASTD estimated that \$210 billion per year has been spent on employees' formal and informal learning. In 1996 in US, firms with about 100 employees spend roughly \$56 billion for training (Training, 1996). The trend in spending has continued to move upward from \$43 billion in 1991. In aggregate, considerable huge sums are allocated per year for companies HRD activities (Blanchard & Thacker, 1999).

At long last, managers of small and large firms have unequivocally accepted the idea that no business will survive to the point of maintaining its competitive edge without the vital contributions of its HRD efforts. Hence, they are willing to spend as much as organizationally possible to keep and attract trainable and productive employees. Recognizing the strategic linkage between HRD and organizational successes,

management has begun to inculcate into the minds of organizational stakeholders that employees' education and training drives business. One way this is done is by incorporating HRD concepts into the organization's mission statement (Senge, 1990). This incorporation has led to what Senge called the "learning organization" whose main purpose is to "address the value of knowledge and learning for the purpose of business success and survival." The hallmark of the learning organization process is the continuous learning and practical application of knowledge gained. Management supports continuous learning because it promotes the acquisition, testing and applications of SKAs gained via HRD functions. This support is especially higher when SKAs are applied to the adaptability and readiness of the organization to the eventuality of external forces – waves of new technologies, market competitiveness, government directives – and internal forces – human relations issues: this relates to the harmonizing of social and technical systems (Doyle, 2003; Robinson, 1988).

Realizing the importance of learning, management has begun to merge HRD purposes or philosophies and organization's mission statement into a unified philosophy. This is particularly true of small organizations where ideas and solutions tend to come from everyone, irrespective of their functions, job description, or location (Tobin, 1993). The strength of "smallness" lies in small firms' proclivity to adapt and adopt with ease the five principles for learning organization (Senge, 1990; Tobin, 1993).

- Everyone is a learner – reinforcing individual ownership of learning responsibilities

- People learn from each other – emphasizing social interaction that engenders collaborative and group learning since organizations are social entities. This underlies the social/relationship capital concerns of organizations.
- Learning enables change – realizing that learning is an internal matter with external affirmation.
- Learning is continuous – and it is boundless, taking place everywhere and not just in classrooms, but by formal and informal means.
- Learning is an investment, not an expense – learning only occurs in living things, such as organizational employees. Other resources are at the mercy of human and technological manipulation. Without the uniqueness of their employees' SKAs, no differentiation could be made from competitors. In the same vein, realization of a competitive advantage is a pipe dream if companies ignore such investments. (Pfeffer, 1994).

Grounded within the systems thinking perspective, organizational learning paradigms provide firms – large and small – the mechanisms to cope with the concerns for changes necessitated by competitions, emergent technologies, customizations of products and services; all leading to continuous improvements that ultimately will yield continuous profit and productivity (Tight, 1996). Performing as “change agents,” HRD people and programs are expected to make things happen via on-the-job and off-the-job coaching, formal and informal learning interventions, mentoring and assessing the organization's and employees' learning propensities, strengths and weaknesses (Robinson, 1988). This particular HRD function is critical, as it tends to engender both

management and employees' interest in accepting and committing to the changes needed for the firm's survival and growth. It initiates the reactive and proactive responses of organizational learning.

In spite of the fact that people (HC) are the master economic resource (Burton, 1992), much of today's firm's profitability tends to flow from the de-skilling of jobs and replacing employees with machines (Doyle, 2003). Therefore, the need to have comprehensive or expensive learning interventions, which would have benefited many employees, even a firm's rival if the trained employee suddenly exits the sponsoring firm, seemingly has less chance to be considered because there is no economic incentive to do so when such a loss is imminent. Moreover, the incentive (profit maximization) is there when a firm could easily hire from a pool of skilled and experienced laid-off workers.

Thayer (1997) and Marshall (1995) respectively discovered the aforementioned trend in their studies. Their findings revealed that only 25% of the US workforce received training yearly. Most of these trainees are college/university graduates, particularly from large firms, receiving a high dose of off-the-job external HRD interventions.

It is equally important to know that while large firms are mostly concerned with restructuring through mergers and downsizing, and of course, outsourcing, small firms are pre-occupied with hiring downsized, skilled, laid-off workers. Paradoxically, small firms are viewed as performing the role of messiah – restoring the hopes of downsized employees. Disturbingly, many small firms do not see any economic justification in hiring and expensively training young people whose loyalty and reliability are always

found wanting. Indeed, many thriving small firms are not growth-oriented, and therefore do not have the capacity to hire and train more people. Their mode of operation is encapsulated in “life-style” mechanisms (Birch, 1979; Acs, 1999). The goal is to be able to make enough money to live comfortably, have either a local or community operation – begin small and remaining small throughout their life cycle (SBA, 1995; Brown, et al, 1990).

Thayer’s (1997) analyses of the long-term ramifications of organizational selective training practices demand that attention should be given to the leftovers – those wrongly considered not suitable for HRD interventions. What is more astonishing is that companies do not mind paying higher salaries to few employees with multiple responsibilities at the expense of hiring and grooming young workers. What a mistake. These young people are eventually going to run the nation’s future economic activities (Doyle, 2003). Ideally, what most employers, especially the small ones, want are people who can “hit the ground running” and also “add value from the start,” Moon and Geall (1997). This very notion was clearly articulated by Crutchfield (2000, p. 16) when she posited “organizations need people who can make the most of shrinking budgets and limited resources. The key to getting the most from existing resources is to have developed people as part of the system.” Furthermore, a majority of small employers are of the opinion that their business income taxes should be specifically channeled to training and producing skillful and suitable workers at institutes of higher learning (high school, college) (Ona, 1981).

The advent of computer-aided “smart machines” has strongly reinforced decisional attitudes of management to choose machines over people (Doyle, 2003). The increasing costs associated with the up-skilling of human potentials have compelled advocates of the “machine school of thought” – technocrats - to advise and convince organizations’ decision-makers to have such preferences. They contend that, “humans are expensive, unreliable, prone to error, puny, unpredictable, intractable, truculent, and limited in many other ways.” On the contrary, HRD human-relations protagonists are of the opinion that “humans are superior economic resources; they are flexible, creative problem solvers, capable of high level planning, fault diagnosis and correction, and who can make good evaluations of the evidence” (Doyle, p. 164).

Both camps’ convincing arguments have backing. But what is needed is a confluence of minds. Fortunately, the best can only be achieved when and where human limitations are compensated for and also complimented by machines so that full organizational and human potentials can be realized (Doyle, 2003). This is why human resource development activities should be essentially fostered in every organization. Thus, the amalgamation of both physical and human resources demands that HRD should be in position to play strategic/transformative roles (Brinkerhoff, 2001, Rothwell & Kanzas, 1987). Even Meier’s (1989) and Drucker’s (1993) quotations on pages 24-25 call for this strategic alliance. The aim of which is to create a conducive and effective socio-technical system that would take into account the interdependent relationship between machines, people, and the organization at large (Pace et al, 1991). In this vein, an “integrative action” is constantly being sought between human and non-human

resources (Kanter, 1983) of the organization. To sustain a competitive edge, decision-makers should imperatively seek concerted efforts from all corners of operations, especially between workers and machines.

The importance of HRD intervention is acknowledged in the following (Pace, Smith, & Mill, 1991) assertion that:

Where people exist, HRD should also exist. Where people lack the knowledge, skill and attitudes to contribute effectively to accomplishing goals, HRD specialists should be involved. Where employees seek to move into new positions or assume new, greater or broader responsibilities, and HRD specialist is needed. Where the environment, technology and markets for products come into existence or change, HRD specialists are needed to help prepare employees for change (p. 10).

There is nothing more gratifying than that of doing the right thing at the right time (Spike Lee, movie, *Doing the Right Thing*). Lee's statement is the essence of effective management of organizational resources with the aim of sustaining a competitive advantage. Highly skilled, productive and motivated workers should be handled gingerly since they are the driving force behind organizational survival and profitability (Pfeffer, 1995). They are prone to existing the firm early if their frustration reaches an intolerable height. As a peacemaker, HRD involvement is deemed crucial to resolving the conflicts between management and rank and file. Because future jobs will require workers to have extensive education and training (Carnevale, 1990) in order to perform at their best, organizations' human capital concerns are bound to be on the upswing. As a result, the need for HRD programs in both large and small firms will be accelerated. In light of this fact, Koa (1991) inferred the importance of effective small businesses' human resource management, saying:

Developing a human resource perspective is indispensable for the entrepreneur because it provides crucial leverage for influencing the development of the organization as well as the people in it... The human resource function is critical in identifying and drawing the right people into the organization. It has a significant effect on people's progression in the organization through training, promotion, systems, and career planning (pp. 10-11).

Undoubtedly, effective management of human resources is vital for small firm survivability in the cutthroat business environment (McEvoy, 1984). The argument against training as investment is awash (futile) since it is only through HRD engagements that small firms can keep pace with the organizations' changing needs (National Research Council, 1993). It is on this basis that Hirschhorn wrote:

We cannot think of training as a narrow activity confined to classroom experience and designed to give workers particular technical skills. That image of training is not wrong; rather it is too limited. Training is a vehicle for organizational change and therefore facilitates organizational functioning in many ways. It helps people take up new roles and levels together in new ways; it creates a shared language of problem solving which helps people from different functions work together; it helps shape a climate in which people believe that management cares about its people. Technical skill acquisition is one important subset of training's broad purposes but it is only a subset (p. 7).

Employers need to constantly upgrade their workforce skills, knowledge and aptitudes so as to stimulate and activate employees' proactive responses to the emerging technological innovations, exigencies, and increased responsibilities, thereby remaining productive, employable and loyal (Pickford, 2003). Hirschhorn's perspective on training is a holistic one that propels HRD functions into a strategic leadership position organizationally (Sange, 1990). In fact, the economic, technological, social, and political context within which businesses operate is in a state of perpetual motion. It is imperative for

organizations to adapt to and adjust to these changing phenomena in a proactive way in order to keep afloat (Buckley & Caple, 1990). A practical solution for this emergent reality is the institutionalization of human resource development function within an organization (Nadler, 1990).

How can a firm make learning its property? The answer lies in making it arise from work itself. Learning arising from work has become natural, practical, applicable, experiential, reflectively integrative and even fun (Realin, 2000). It is in this work-based learning that all the abovementioned variables are found. Work-based learning incorporating “knowing what” - declarative knowledge - and “knowing how” - procedural knowledge (Anderson, 1982) - are entrenched in small firms’ learning imperatives (just-in-time and on-the-job learning, apprenticeships, mentoring, coaching, job rotation and orientation). The reality checks in the work-based learning is that it has three key drivers (Brinkerhoff & Gill, 1994; Realin, 2000):

1. Viewing learning as acquired through action and centered on the task at hand (just-in-time learning).
2. Viewing knowledge creation and utilization as collaborative and collective activities whereby learning becomes everyone’s job (holistic perspective), and,
3. Using demonstration to foster learning-to-learn aptitude and the free questioning of fundamental assumptions behind organizational learning practices (meta-cognitive concept, Meisel & Fearon, 1996).

Finally, their staffing/advisory roles as enumerated below shows that HRD people are bestowed with the responsibility of defeating individual and organizational “ignorance and incompetence” (Pace et al, 1991).

HRD Strategic Staff Functions/Roles

1. *Administrator*. The role of providing coordination and support services for the delivery of HRD programs and services.
2. *Evaluator*. The role of identifying the impact of an intervention on individual or organizational effectiveness.
3. *Individual Career Development Advisor*. The role of helping individuals to assess personal competencies, values, and goals to identify, plan, and implement development and career actions.
4. *HRD Manager*. The role of supporting and leading a group’s work and linking that work to the total organization.
5. *Instructor/Facilitator*. The role of presenting information, directing structured learning experiences, and managing group discussions and group process.
6. *Marketer*. The role of marketing and contracting for HRD viewpoints, programs, and services.
7. *Materials Developer*. The role of producing written and/or electronically mediated instructional materials.
8. *Needs Analyst*. The role of identifying ideal and actual performance and performance conditions and determining causes of discrepancies.
9. *Organizational Change Agent*. The role of influencing and supporting changes in organization behavior.
10. *Program Designer*. The role of preparing objectives, defining content, and selecting and sequencing activities for a specific intervention.
11. *Researcher*. The role of identifying, developing, or testing new information (theory, concepts, technology, models, hardware) and translating those into implications for improved individual or organizational performance.

Source: Pace et al, 1991

Analyzing Hollenbeck’s 1993 study on workplace education, two concerns of small firms were brought to light pertaining to their HRD deliberations. Firstly, small firms offer HRD for two reasons: (a) internal pressure, providing it as a benefit and not as an investment because it is geared toward employee well being; and (b) external pressure, to meet customers’ requirements/expectations, to improve customer relations,

and to wage war against competitors. Secondly, small firms do not provide HRD due to (c) ignorance of the accruable benefits and (d) being extremely deliberative about evaluating the benefit of any intervention to the company, subsequently resulting in not having HRD functions timely and optimally executed. Sadly, lacking the necessary information needed to make HRD decisions, such programs are left to perish or deferred to sometime in the future. On the other hand, the study of personnel practices of small firms by Hornsby & Kuratko (1990, July) provided a positive picture. It revealed that small firms have favorable opinions about on-the-job training (OJT). In short, a 98% favorable rating was ascertained from firms employing less than 50 people. Remarkably, those above 50 employees have perfect scores, a 100% approval rating of company OJT efforts. OJT's highest ranking is followed by coaching, seminars, and computer-aided instruction, ascendantly.

OJT's universal appeal stems from its economic efficiency and procedural practicality (Megginson et al, 1991). This procedure is usually in the format listed in Table 1.

Overall, OJT involves experimental, sequential and experimental learning, all of which are incorporated in HRD practices. Strategically executed HRD invariable helps line workers to be more productive, both within and outside the organization, especially in their personal and customer-relations skills (Looy et al, 1998; Swartz & Iacobucci, 2000).

Table 1

OJT Goals and Objectives

GOALS	OBJECTIVES
Information gathering and processing	⇒ Telling workers what needs to be done ⇒ Telling workers how to do the job
Simulation and demonstration	⇒ Showing workers how to do the job ⇒ Letting workers do the job under the trainer's guidance
Formative and summative evaluation	⇒ Telling and showing workers what they did right, wrong, and how to correct the activity
Mastery enhancement	⇒ Repeating the process until the learners have mastered the job. Subsequent job performances are tacitly and tactfully done.

CHAPTER III

METHODOLOGY

This chapter deals with the procedures to gather the needed data for the study. It is comprised of the study design – integrative case study – population frame, sample frame, data collection, and validity and reliability issues. Primarily, this section is concerned with the mechanics of ascertaining the relevant data.

Since the principal aim of this mixed-method case study is to uncover the extent of Human Resource Development (HRD) activities of small servicing firms in the Kalamazoo area, a combined qualitative and quantitative case method is deemed appropriate. This method is similar to what Denzin (1978) called “triangulation”, and John & Lee-Ross (1998) referred to as the “integrative” case study method.

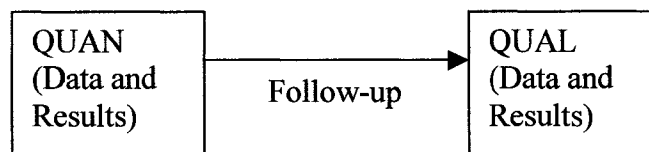
The reasons behind this choice are two-fold: first, two different techniques can be used to support or test each finding; and, secondly, a multifaceted way of thinking and making decisions is usually the pragmatic way of doing qualitative investigations (John & Lee-Ross, 1998). It also relates to how people go about making sense of things they encounter daily. Getting a broader viewpoint on important issues is far more preferable to having only limited understanding. Using multiple sources of information prior to making decisions on issues that matter is the business leaders’ preference (John & Lee-Ross, 1998). Hence, the integrative case method usage is commonplace in the business arena. Indeed, they are found to be refreshing as they permit the overlapping of mutually

supporting data that tends to increase people's understanding of complex issues like HRD interventions.

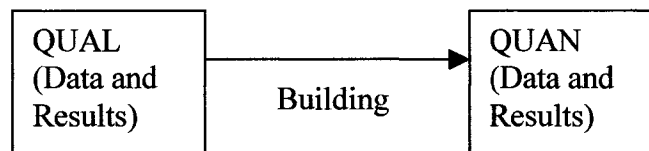
Figure 1

Methodology Conceptual Framework

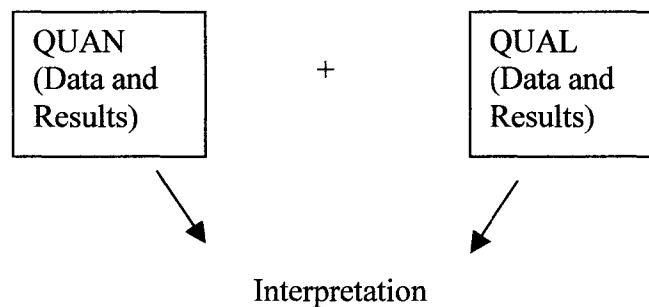
I. Explanatory Mixed Method Design



II. Exploratory Mixed Method Design



III. Triangulation Mixed Method Design



Source: Adapted from Cresswell, J.W. (2002)

The freedom to use multiple data gathering techniques is one of the embedded strengths of the integrative case method. It engenders not only the within-case but also

between-case analysis (Patton, 2002). In short, it makes comparative analysis possible. Bear in mind that no proposed research project is error-free (Marshall & Rossman, 1999). Patton (2002) also reaffirmed the nonexistence of a perfectly designed study and the existence of trade-offs. These trade-offs are the contingent and flexible stance that allows the researcher to adapt his/her research questions to the data as he/she sees fit along the way. Even better, this versatility enables the use of inductive reasoning and/or viewpoints on the subject matter under study. The aftermath of course is that of creating the groundwork for generating hypotheses that may arise from the data (Patton, 2002).

As most service organizations are preoccupied with employees interacting with customers much of the time, a qualitative research approach is well suited to handle the intricate responsibilities of its HRD concerns (John & Lee-Ross, 1998). The qualitative method is right for this study as it would enable the researcher to probe deeply, uncovering subtle, complex, and even mundane issues (Gummerson, 2000; John & Lee-Ross, 1998) pertaining to the dynamics of HRD activities of small firms, particularly the service-oriented ones. As Gillham (2000) discovered, this method of inquiry not only focuses on what people relate to you but also on what they do as well. Additionally, it naturally permits the researcher to view issues from different perspectives allowing the researcher to commence without:

A prior theoretical notion (whether derived from literature or not), because until you get in there and get hold of your data to understand the context, you won't know what theories (explanations) work best or make most sense (Gillham, 2000, p. 22).

Another obvious strength of qualitative inquiry is its “work-in-progress” status. Ending arrives only when the researcher has determined that enough data has been collected and that redundancy will ensue if one continues. That is why this method is economically time consuming and ultimately requiring small samples (Patton, 1990; John & Lee-Ross, 1998). The use of purposeful or criterion-referenced sampling helps to minimize the levels of errors to be encountered (Wellington, 2000) when participants are few in number.

What is remarkable about qualitative research is that most work is done reflectively, conceptually, contextually, and interpreted naturalistically (Yin, 1989; Merriam, 1998; Schram, 2003). It is on this basis that (Flinder & Mills, 1993, p. xi) wrote:

We find neither definite nor conclusive answers to the questions of what makes a qualitative study qualitative. Like a friend’s face in a crowd, we recognize a qualitative study when we see one; it’s features seem unmistakable, but few of us can explain why. That familiar face, the melody of a song, or the aroma of food is among the many aspects of everyday life we learn to recognize from repeated, first-hand experience. Our knowledge of it is largely tacit, and so, it would seem is our knowledge of qualitative research.

Strauss and Corbin (1990) and Gillham (2000) also claimed that qualitative inquiry can yield a better understanding of any phenomena about which little is known. Yin (1989) suggests that it is best suited when “how, what, and why” questions are raised on important contemporaneous issues. This relates very much to HRD concerns. Furthermore, Rubin and Rubin (1995) posited that it generates new insights on things, which have much information already but for which quantitative methods alone cannot

do justice. Such is the essence of qualitative methodology. Being an empirical investigation into a real-life context, the boundaries between the phenomenon and study environment will not be clearly evident (Yin, 1989). Therefore, questions will be asked about contemporary issues over which the research will have little or no control. This method is most useful where perceived complexity exists (Cronbach et al, 1980).

The following information gathering instrument (structured questionnaire and semi-structured interview questions, see also Appendix C) elicited the quantitative measures, while the semi-structured interview questions provided qualitative measures.

Structured Questionnaire

This questionnaire is concerned with your familiarity with Human Resource Development (HRD) concepts. Please circle your responses for each statement according to the following scale¹:

SA	=	Strongly Agree
A	=	Agree
D	=	Disagree

- | | | | | |
|----|---|----|---|---|
| 1. | I am familiar with the term “human resource development.” | SA | A | D |
| 2. | Company employees are considered valuable assets/resources. | SA | A | D |
| 3. | Employees’ skills, knowledge, and attitudes can be improved through effective HRD interventions. | SA | A | D |
| 4. | Training should be provided to employees who would be able to do something more but don’t currently know how. | SA | A | D |
| 5. | Training is provided to wage against employee performance regression or obsolescence. | SA | A | D |

¹ Two additional categories of response, SD (strongly disagree) and DK (don’t know or undecided) were also offered but received zero responses so, for brevity sake, were omitted from this report.

- | | | | | |
|-----|---|----|---|---|
| 6. | Developing employee aids in organizational development. | SA | A | D |
| 7. | Our organization pays attention to efforts that individuals make to improve their own ability to learn. | SA | A | D |
| 8. | Our organization uses external resources, such as training centers and community colleges, to facilitate employees' learning. | SA | A | D |
| 9. | Education should be geared towards growth, promotion, task enlargement and future assignments. | SA | A | D |
| 10. | Our organization provides employees with tuition reimbursement for job-related external training and education. | SA | A | D |
| 11. | Development should be focused on the betterment of employees' positive feelings toward the organization and co-workers. | SA | A | D |
| 12. | HRD makes organization policies, rules and regulations both visible and viable. | SA | A | D |

When my organization provides HRD interventions (training, education, or development) they are based on the following reasons:

- | | | | | |
|-----|---|----|---|---|
| 1. | Improve workforce morale | SA | A | D |
| 2. | Help to create a better corporate image | SA | A | D |
| 3. | Improve the relationship between subordinates and their boss | SA | A | D |
| 4. | Provide trainees the avenue for organizational and personal growth | SA | A | D |
| 5. | Help employees adjust to change | SA | A | D |
| 6. | Aim of developing leadership skill | SA | A | D |
| 7. | Leads to improved profitability | SA | A | D |
| 8. | Aimed at eliminating sub-optimal performance or behaviors | SA | A | D |
| 9. | Helps to orient new employees and those taking new jobs through transfer or promotion. | SA | A | D |
| 10. | Helps eliminate fear, stress, and frustration associated with taking up new and/or more job responsibilities. | SA | A | D |

Semi-Structured Interview Questions

The semi-structured interview guide questions were as follows:

- 1) What is the role of Human Resources Development (HRD) in your organization?
- 2) Does your organization have a formal corporate training and development mission statement and/or corporate HRD policies?
- 3) Does your organization periodically review and/or revise its formal training and development mission statement and/or corporate HRD policies?
- 4) Is there a top management group who involves themselves in the policies and activities of HRD functions?
- 5) Does an HRD manager participate in corporate strategy sessions with key staff and senior managers?
- 6) Does your organization allocate resources to HRD functions based on priorities of the organization?
- 7) What are the formal and informal interventions your organization takes with regard to organizational, employee and career development, and training?
- 8) How do you measure the success of these interventions?

While the survey questionnaire is meant to address the “awareness” of HRD concepts, the semi-structured questions are meant to capture the strategic position of HRD functions.

Population Frame

The population frame came from various service-oriented firms considered to be small businesses located in the Kalamazoo area. Only firms averaging 20 to 300

employees were targeted. By definition small firms are those employing about 100 employees (Wiatrowski, 1994; Szonyic & Steinhoff, 1983; Blanchard & Thacker, 1998). Other definitions have it at “200 or less” or “not more than 500 employees” (Koa, 1991; Deshpand & Golhar, 1994; Banks, Bures, & Champion, 1987; Hollenbeck, 1993). These are quantitative definitions of small business. Qualitative characteristics are also vital in describing firm size. Information from the Committee for Economic Development report states that at least two of these conditions:

- Management is independent since the manager usually owns the firm
- Capital is supplied and ownership is held by an individual or a few individuals
- The area of operation is mainly local, although the market is not necessarily local

must be met to qualify as a “small firm.” The aforementioned data illustrates that firms’ employment capacity is a relative term. In any case, the four targeted (sampled) firms in Table II are small compared to Fortune 500 firms. Many of them are found not to have formalized/centralized Human Resource Departments, especially those with less than 50 employees.

Coming from service organizations, participating firms in the likes of automotive sales and repair services, janitorial services, building materials supplies and installation, and mortgage banking services are represented in the study sample.

As the following list indicates, four service-oriented firms were chosen for this project. According to Herzenberg (1998) this sector of the nation’s economic enterprises is experiencing the fastest growth (see Figure 2, p. 55). Most of these firms’ activities are entrenched with the constant employees’ interactions with the public/customers. Therein

lies the need for effective HRD interventions in employees' relationship capital building with the aim of engendering customer loyalty (Lengnick-Hall, 2003). In light of this situation, a purposeful or criterion-referenced strategy (Patton, 1990, 2002; LeCompte & Preissle, 1984) was adopted. Criterion-referenced tactics help the researcher develop a list of salient attributes essential for the case-study research. Purposeful sampling enables one to learn a great deal about issues of key importance from a selected few. This tactic literally compensates for the time-consuming nature of qualitative studies by selecting only "key informants." Key informants are described as individuals who know the most about the subject of study (Brinkerhoff, 2003) or as those possessing "special knowledge, status or communication skill and who are willing to share that knowledge with the researcher" (LeCompte & Preissle, 1984).

Sample Frame

Table 2

Profiles of Sampled Service Firms

Cases/ Firms	Years in Business	Estimated # Employees	Offerings/Services	Credit Worthiness	Gross Income (in millions)
A	>10	100	Auto sales and repair	Excellent	\$20-50
B	>10	250	Janitorial	Excellent	\$2.5-5
C	>10	25	Building supplies and installation	Excellent	\$2.5-5
D	<10	75	Home mortgage services	Good	\$2.5-5

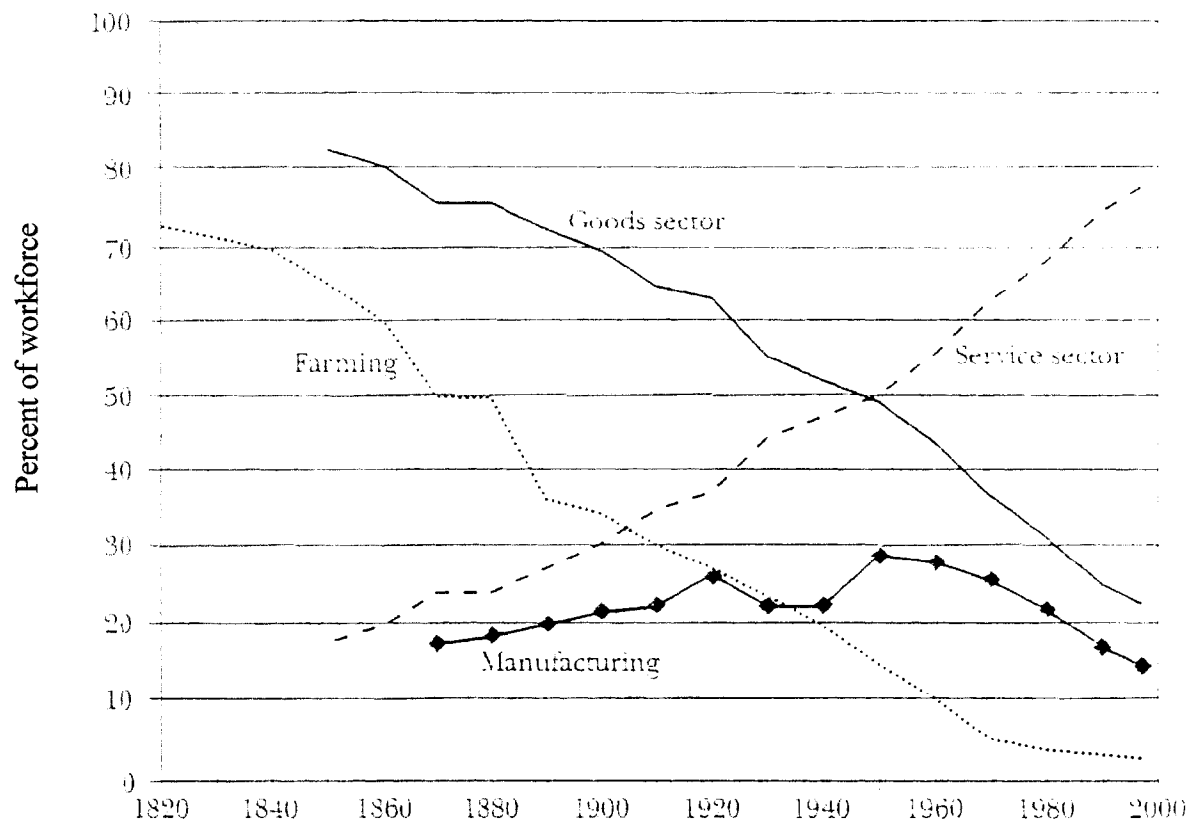
(Source: Adapted from Michigan 2003-2004 Business Directory)

By definition, purposeful samples are precisely key informants. It requires that only those who know a great deal about the subject matter and are also capable of

supplying newsworthy information be rightly sampled as participants (Brinkerhoff, 2003; Patton, 2002).

Figure 2

Growth of the Service Sector



Note: The goods sector is made up of farming, forestry, fishing, manufacturing, construction, and mining. The service sector includes the rest of the economy.

Sources: U.S. Department of Labor, Bureau of Labor Statistics, Current Employment Statistics Survey and Current Population Survey; U.S. Department of Commerce, Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970*, Part 1 (Washington, D.C.: U.S. Department of Commerce, September 1975), p. 138.

In light of Rowden's (1995) assessment of a firm's success status, using only a 10-years of service benchmark, the sampled firms' profiles (Table 2, p. 54) have

demonstrated their staying power. Their credit worthiness, gross income plus longevity, appropriately indicate that they are successful operations with growth orientations and potential. Small firms are notorious at dropping out in high numbers during the early phases of the business cycle (Acs, 1998; and Burns, 2001). This exodus should not be surprising as firms are peppered with uncertainties and turmoil. As such, only those with foresight and effective management/leadership tend to survive and prosper. Worse, this turbulence is felt more acutely by small firms than large ones. Moreover, the assertion that 'for every one job gained or created, ten jobs are lost in return,' disturbingly suggests that small firms have much to do or to prove to remain alive past the first three years of operation (Gould, 2002; Burns, 2001). Nevertheless, at any one time, small firms are found starting up, expanding, contracting, and terminating showing the resiliency of entrepreneurship. That is the beauty of free-enterprise based societies where enterprising people are uninhibited to exercise their tenacity in business.

Data Collection

Pre-interview

The first stage of this research was the furnishing of two critical letters by hand to potential key participants. While the introductory letter mainly addressed the rationale for the study, asking for voluntary but essential participation in the project, the second letter contained the research questions mentioned earlier in this report. It also dealt with the purpose of the study and offered assurance of confidentiality. Two weeks elapsed between the first and second letter mailings. The survey questionnaires were personally

collected from each participant after a three-week period. For those absent when the initial collection was scheduled, follow-up letters were delivered, encouraging them to complete the survey in due time. In the main, three letters: introductory, participative-instrumental, and follow-up were deployed in this study.

In the interim, a series of contacts in person (unofficial visitations) and by phone were made. These were done for the following reasons: 1) to lay the groundwork for the mutual respect necessary for the interview protocol and process, 2) to implicitly inform participants that their opinion and suggestions, in short, their answers will be seriously respected, 3) to assess the suitability of the participants for the study, and 4) to ask for permission for the use of any recording device during the interview. Some observations and the glancing over of some documents were made during these courtesy calls. The researcher learned a great deal during these informal contacts. The last visit was strictly used for clarification purposes. Some clarifications were also handled over the phone.

Interview

Three weeks passed before the first semi-structured interview was held. The pre-interview time allowance was deemed necessary and purposeful since it helped to ready interviewees in their supply of sufficient data (responses). This time provision also accelerated the smooth exchanges of information or rapport between the interviewer and interviewees. It expedited the interview protocol. Time spend per firm depended on the sufficiency of data gathered and participant's accommodation. Mindful of the dynamics expected in such human contacts, and particularly at the participant's workplace,

Seidman (1998) cautioned researchers to view interviewing as a social relationship building activity. Two important visitations, lasting about one and a half hours each, were made during the interview process. In total, seven important people were interviewed; one participant per bank and two persons per janitorial, building materials and suppliers, and auto sales and repair enterprises.

All of the above efforts were geared toward the assurance of the dependability and trustworthiness of the research. They are all related to what Crutchfield (2000) referred to as “prolonged engagement” and an “audit trail.”

Validity and Reliability

Face validity of the research instruments was assessed by circulating them among colleagues, followed by a critical group discussion to strengthen their authenticity. Additionally, the fact that these research questions are derivatives of HRD subject matters invariably attested to their trustworthiness, responsiveness, and persuasiveness. According to Schram (2003) the determinants of research questions “goodness of fit” lies on their propensity to provide the needed answers; that being to make participants mindfully and retrospectively responsive. This requirement was met in this study as all participants completed and returned the instrument (survey questionnaire) and participated in the interview.

The multiple method strategy (triangulation or integrative) adopted for this study minimized the chance of intense personal biases. Moreover, having data coming from different methods of inquiry – observations, review of documents, semi-structured

interviews, survey questionnaire, informal courtesy calls, unquestionably enhanced the credibility of the research findings per case. Additionally, it engendered the comparative analysis of responses given by various participants against each other (see page 91).

Since sampling is done selectively and purposefully, the research findings cannot be generalized in a quantitative-statistical mindset outside the scope of the study. The ultimate aim, if possible, will be to generate what Stake (1995) called “particularization” or Schram (2003) referred to as “contextualization”, whereby all data are considered in light of the environment from which they came. In this vain, the consumer of the research study is free to decide whether or not the findings are applicable to his/her particular situation.

Conclusion

In order to understand the extent of small service-driven firms’ HRD interventions, a mixed case method strategy was adopted. This method is considered to be the best pragmatic way to deal with the exigencies of small firms’ HRD activities (Johns & Lee-Ross, 1998). Small firms are dynamic entities where organizational and environmental conditions are always in a state of flux. These changes impact the HRD interventions. While the survey questionnaire provided the “what”, the semi-structured questions purposefully provided “why” answers in relation to HRD activity dynamics. Answers ascertained from the integrative approach invariably lent credibility and confirmability to the research findings (Strauss & Corbin, 1990; Ryan, 1995; Johns & Lee-Ross, 1998). Furthermore, the combined data from different sources offered by the

study participants corresponded to what Yin (1989) coined as the “chain of evidence.” This makes it possible for researchers to do comparative analysis of data thereby authenticating the results.

CHAPTER IV

ANALYSES, INTERPRETATIONS AND FINDINGS

Analysis and Interpretations

This chapter is strictly devoted to the descriptive analysis, interpretation and findings of the four cases studies. The survey questionnaire containing 22 questions with three response categories: strongly agree, agree, and disagree plus eight guiding questions for the semi-structured interview were the mainstay of the casework. These two instruments are part of the methodology chapter. While the survey questionnaire was used for exploratory purposes, thereby revealing the extent of HRD concepts awareness within a firm, the semi-structured interview were particularly focused on explaining, the “what, how, and why” of an organization’s HRD functions. It was not unusual for both parties – interviewee and researcher to delve into tangential matters outside the prepared script and to be interrupted politely by co-worker intrusions. That is the beauty of conducting qualitative studies such as this one.

Case Profiles

Case A: Automotive Sales and Repair

This well executed family business has been in existence for more than twenty years. Its business operations are centered on the selling and servicing of new and used

cars. Service operations are done in the body shop, repair/maintenance and detailing facilities, all within the same compound.

Located in Kalamazoo, this firm employs about 100 people with an estimated \$20 to \$50 million annual gross revenue. Number of years in business and its earning potential shows that this firm is both a successful and a lucrative enterprise Table II).

Technicians are paid on a flat-rate basis according to the standard time expectation for the work performed per automobile and not on the amount of time spent, thus efficiency rules. Spending less time doing the job well earns the technician more money, and visa versa. Each technician owns his working tools. Established mechanics tend to have more tools; and, with more working knowledge plus the proper tools to perform the task more rapidly, earn higher incomes on aggregate. Tools salespeople are encouraged to come and peddle their wares every week and also to collect payment from those technicians doing their transactions on credit. After repairs are done the car is tested before final delivery to the owner. Subsequently, the repair orders are routed to the cashier for payment and record keeping.

This firm's HRDs are overwhelmingly informal and purposeful, popularly executed through on-the-job learning, coaching, mentoring, and personal interactions. Company auto technicians – mechanics and body shop workers – occasionally receive formal (outside) HRD interventions at vendor's (GM, Chrysler, Ford) learning centers at vendor expense. Reciprocally, and infrequently, experts from various vocational orientations and backgrounds are sent by vendors to conduct formal and informal workplace learning at the company's site. Most of the discussions are generally toward

the acquisition of declarative knowledge (knowing what), especially for the sales people on new car model features. Procedural knowledge (knowing how) is furnished as well to auto technicians and body shop floor people (Realin, 2000; Ford et al., 1997). Mechanics generally are required to possess basic computer literacy in order to conduct auto-diagnostics. “Job aids” which are descriptive documentation of task procedures supplementing the available computer-based tools, are available as well. In certain, but few instances, both sales and auto technicians (mechanics) are sent out at the company’s expense to receive ad-hoc task driven HRDs either at local colleges or at a vendor’s learning center.

HRD functions are carried out in order to keep workers abreast of technological advancements in the automotive industry; to be aware of what competitors are doing to attract and steal customers; and most importantly, to capture and retain loyal customers. These aforementioned objectives are achieved by means of both formal and informal learning interventions. They are further supported by the monthly subscriptions of automotive magazines. Remarkably, these HRD offerings are dictated only by needs and usages (immediate applicability) and not by faddish ideology or by subjective idiosyncratic hunches. All of these interventions are done to enhance not only the employees’ and organization’s performance potentials but also to harness productive communication and understanding between superiors, subordinates, and customers. Indeed, almost everything done in the name of training and development is aimed at improving customer services, securing market share, and profitability (Contu & Willmott, 2003).

Procedural and distributive issues are usually found embedded in the firm/employee *psychological contract*. This contract mediates employee and firm expectations. Accordingly, Moorehead & Griffin (1995, p. 52) defined psychological contact as follows:

[It] is the overall set of expectations held by an individual with respect to what he or she will contribute to the organization and what the organization, in return, will provide to the individual.

Fortunately, Herriot & Pemberton (1995, p. 17) succinctly laid-out what psychological contract is all about as depicted in Table 3.

Table 3

Psychological Contract Platform

Employee's Offerings	Organization's Offerings
Loyalty – long term employment	Security of employment
Conformity – doing the espoused and expected	Promotion prospects
Commitment – exceptional, exemplary, performance	HRD – training and development
Trust – doing exactly what has been promised	Taking care of employees during trouble times

Many service organizations are labor intensive; successful firms tend to rely heavily on their workers. This dependency makes service oriented workers important (Peter et al, 2003) to a firm's successful operation. Thus, as Weiss (1987, p. 90) wisely proffered, the selection of trainees is as important as making hiring decisions. He felt that though "good selection doesn't guarantee success, poor selection guarantees failure."

Apparently careful considerations are made before HRD decisions are reached as evidenced by the comment made by the Case A human resources manager saying:

These people have always proven their productive and performance worthiness, their readiness to learn and their sociability; and, we definitely bank of them to transfer whatever they've learned to others. They look after us by their productivity, and we look after them by clearing ways for their career advancement within.

Evidence that a reciprocal psychological contract is operating at this firm is present when one technician said,

I have only been there for three years; remarkably, I have gone to three expensive task-driven trainings in Detroit. I guess my personal relationship with my boss, which of course is mutually driven, has much to do with my selection. Yes, performance record and other factors were considered, but the long existing and respectable relationship with my immediate boss gave me the edge. That's a rarity, but I am deeply glad to receive these experiences. Thank goodness I work for this company.

The above anecdotal evidence only goes to show that ones social relationship connection, especially with his or her immediate boss, is worth nourishing. It is through this social interaction that one's perception of fairness [distributive justice for the employee and procedural justice for the boss] is ascertained (Doyle, 2000; Swartz & Iacobucci, 2000). Yes, formal qualification (diploma or certification), experiences and productive performance records are all important but one's social interaction with co-workers, customers and superiors unavoidably affects his/her eventual selection for any HRD intervention. The old adages 'who you know is sometimes more important than what you know' and 'where you stand very much depends on where you are sitting,' are crucial decision-making determinants.

This information suggests that the law of reciprocity is always in place when decisions are made with regard to employees' learning interventions. In essence,

harnessing the awareness of the psychological contract's dichotomous expectations helps in the establishment of reciprocal relationships between HRD officials, organizations and trainees. Invariably, management gets what it wants from employees and visa versa, thereby ensuring community of practice (Contu & Willmott, 2003; Wenger, 1998). According to these authors, "community of practice" is the spontaneous or natural sharing of information with the trust and mutual understanding between people for the betterment or growth of the relationship in question: at the one-on-one, group, organization and societal levels. Therefore, HRD decisions are purposeful, calculative, and meant to coincide with the overall organizational goals (Nadler 1979; Chalofsky & Reinhart, 1988). In this regard, HRD is seen as a strategic function of equal importance as physical and financial capital (Davenport, 1999).

When "quality services which usher customer loyalty" is the firm's number one priority, those often chosen for outside learning are felt to have impeccable and reassuring personal qualities that tend to enhance the firm's reputation. The selected individuals are perceived as exemplary representatives of the firm's good image. This, of course, proves that trainee-selection decisions on HRD matters are deliberate ones.

In sum, most of this firm's HRDs are overwhelmingly informal and purposeful, executed through on-the-job learning, coaching, mentoring, and personal interactions. Occasionally, formal task-centered learning opportunities are sponsored either by the firm or the vendors. These interventions are done to enhance productive communication and understanding between customers, employees and their bosses. Given that the need for specific training interventions is often related to achieving a competitive advantage

and that HRD resources are limited, the selection of trainees is often influenced by the perceived allegiance to the psychological contract inferred between managers and their subordinates in relation to the ultimate organizational goals – viability and growth. Although reciprocity between two parties (decision-makers and the affected) is ever present, no action is taken without also considering the cost/benefits analysis.

Synopses of Case A's Semi-Structured Interview

Not having a designated HRD staff or department does not prove Case A's negligence or disregard for its human capital. As is common with small firms, the Human Resources manager is the HRD specialist as well for this company. The heart of his tasks lies in projecting and executing the firm's learning interventions based on customer expectations, competitors' activities, and technical advancement exigencies. This firm's mission statement is the guidepost of organizational and employee behaviors. The HRD mission statement, one of continuous improvements through learning, is part and parcel of the overall company's mission statement. Making employees productively efficient personally and organizationally is what HRD is all about (Burton, 1992). Remedying current employees' performance deficiencies, initiating productive behaviors or changes in behavior through learning interventions, and enabling congruencies of performance expectations between line and staff workers are a few of this HR manager's primary HRD duties.

The Human Resources manager's statement that "our employees are our key resource and nothing will happen without them" signifies that this company views its

employees as just as valuable, if not more so, as physical and financial resources. In recognition of this fact he added that “HRD activities should remain proactively vigilant, otherwise” business operations will vanish as “barracudas (competitors) waiting on the side won’t hesitate to swallow them up.” Competitors do not “give a darn about us.” He felt that employees armed with HRD interventions are superbly equipped to fight and cope with situational changes brought about by market experiences, technological innovations and societal demands.

Everyone’s action has a ‘round about’ impact on someone else’s behavior. In light of these ‘interactional consequences,’ top management always gets involved in HRD issues. For instance, floor managers and supervisors recommend subordinates for training to Human Resources who, in turn, executes the request if/when sanctioned by top management. All of these interconnected transactions take place in order to ensure the alliance of interests between that the individual, department, and organization at large. Furthermore, it is aimed at espousing the value of its employees as human capital and also to showcase the organization’s collaborative decision-making process. More importantly, receiving top management sanction conveys that HRD activities are justifiable.

Money is not endless and therefore should be used wisely, the human resource manager remarked. Prioritization of needs is the only way to go otherwise most of our HRD efforts will be ineffectual, bordering on faddish appeals. Without clarifying how the limited funds will be used to accomplish organizational goals – survival, success, growth, and the employees’ sense of self-worth, HRD’s position within the firm will

diminish. Prioritization of HRD efforts ensures the maximization of the organization's most valuable resource – its employees, especially to guard against poaching and/or early exit of disgruntled but well-trained employees. Companies pay dearly when any of these incidents happen.

Case B: Cleaning Enterprise

This family cleaning enterprise has been operational for more than twenty years. It has two main categories of customers: other business enterprises and domestic households. Aiming to remain competitively viable, this firm offers integrated packages of cleaning services like janitorial, windows, carpets and tile, construction, pressure washing, concrete floor coating, terrazzo floor stripping and waxing/sealing, lawn maintenance and snow plowing. Providing satisfactory services in the form of neat and tidy appearances of commercial and domestic facilities is the firm's main concern. After all, first impression matters in business negotiations and contracts, especially when dealing with outsiders.

Located in Kalamazoo, it employs about 200 people, most of them part-time workers earning slightly above minimum wage. The firm generates about \$2.5 to \$5 million annually. In this labor-intensive organization not much is spent on HRD efforts as laborers are easy to come by. High turnover of employees is the norm. Indeed, the overall capital intensity (that is, the level of expenditures on human and non-human investments) is very low in comparison to other businesses. This reduces the motivation to spend on tasks not immediately translating into income. Therefore, spending much on

HRD efforts is a pipe dream. As with many other small firms, the Human Resources manager oversees HRD activities.

Workplace learning usually takes hold by means of on-the-job training, mentoring and coaching where old timers and exemplary workers are at the helm of such interventions. Learning by doing is the prevailing mode of acquiring skills, knowledge, and aptitude (SKAs).

Since entry into this industry is not difficult to achieve, requiring one or two people and inconsequential expenditures on capital outlay, the competitive edge is gained through quality services offered at reasonable prices. Although not always, the lowest bidder often gets the cleaning contracts, precipitating price wars among rivals which inadvertently benefits customers. As this situation ensues, only those with strong foundations – productive human capital, funds, a good reputation gotten through quality services, and customer loyalty – will and do survive (Reid, 1993).

The low wage status of the hourly workers and few prospects for upward career mobility (unless one owns or manages the company) makes the cleaning industry a prime target for high employee turnover. No doubt these workers are easily replaced but they also have the power to open up their own businesses and steal customers from their previous employers. This incidence is more pronounced in firms providing only basic cleaning services like picking up office/home trash, vacuuming carpets, mopping floors, cleaning toilets, wiping off soiled glasses and so for. Fortunately, Case B provides a plethora of services as listed on the previous page.

Synopses of Case B's Semi-Structured Interview

According to the human resource manager, the HRD function is charged with (a) employee recruitment, (b) documentation of employees' performances and most crucially, (c) to train, develop, and encourage employees to do better jobs. Seemingly, both HRD and human resource functions are interwoven, and performed by one person – the human resources manager (participant).

Completely presented in the company's personnel handbook, HRD's mission statement is embedded in the firm's overriding mission statement. This statement emphasizes that quality services and better social interactions between customers and employees ultimately lead to productive relationship building (Swartz & Iacobucci, 2000; Lengnick-Hall, 2003). The primary goal, of course, is to capture customers' commitment and loyalty.

The janitorial business is a cutthroat business with very little capital outlay. To survive and prosper the firm must have reliable and dependable employees that are equally productive, their low wage status notwithstanding. It is on this ground that HRD activities are deemed crucial. Performing this people-improvement process, HRD helps to upgrade the firm's janitorial skills thereby increasing its productive potentials. Periodic reviews of the firm's HRD policies are made in light of what the rivals are doing; organizational and employee expectations taking into account these issues: career opportunities, fair and competitive wages, working conditions (making it more conducive and attractive to stay with the firm); and mostly, customer concerns.

The president/owner, general manager, field supervisors, and the human resources manager are the key officials regularly involved in the discussions of organizational human resource matters. This group of people periodically convenes to provide solutions on matters of vital interest to the firm. Concerns like employee grievances, customer complaints, market positioning, service and price comparability, and the turnover proclivities of productive workers are the agenda topics.

As one participant said, “We have to do everything organizationally possible to retain these employees. [If they are] feeling alienated and unfairly treated these good workers are likely to leave and open up their own cleaning business. In short, they’re likely to become our future rivals, stealing our customers and siphoning off some of our workers, especially the disgruntled ones.”

The allocation of HRD resources is based on company priorities. For instance, only one, two, or at most three employees are selected for the ad-hoc outside HRD interventions. These selected trainees are presumed to have the interest of the firm at heart and therefore aspire to long-term employment. Field supervisors and exceptionally productive janitors tend to have the edge during the rare opportune moments when employees are being selected for outside learning interventions. These learning exercises are done at the firm’s expense. Topics often covered range from knowledge of cleaning products’ chemical compositions and their effect on human exposure, degrees of physical dexterity needed in the manipulation of new cleaning equipment, and time allotments per assigned tasks. These fellows are expected to pass on whatever they have learned to others not attending the seminars, workshops, and so forth.

Employees are generally given basic orientation when they are newly on-board. Additionally, they are shown how they can continue their training throughout their employment life with the firm. Information pertaining to all these opportunities is found in the employee's handbook (Table 4). Every training effort is geared toward increasing employee performance (Brinkerhoff, 1987; Nadler, 1980).

Table 4

Topics Commonly Covered in the Employee Handbook

Welcome message to employees	Use of telephones
History of company	Prohibited acts
Introduction to company's products and services	Absence from work and reporting absences
Your future with the company	Pay policies
Hours of work	Accrued vacation pay for terminated employees
Holidays	Loss of time due to death in immediate family
Insurance	Overtime pay
Hospitalization and surgical benefits	Shift pay differential
Group life insurance	Pay period
Jury duty	Profit-sharing plan
Military leave	Bonuses
Parking facilities	Suggestion system and awards
Personal appearance and work habits	Retirement plan
Cleanliness	Training program
Dress	Safety and accident prevention
Leaving the plant premises during work hours	Disciplinary procedures
Personal debts	Termination of employment
Personal work	Vacation

Source: adapted from Pickle & Abrahamson, 1990.

Overwhelmingly, this firm's HRDs are informal, ranging from on-the-job training to coaching/mentoring and social interactions. These learning experiences are primarily lead by experienced workers (field supervisors and crew leaders).

HRD successes are not neatly assessed in quantitative but in qualitative indexes. Typical examples are one's performance on the job, his/her ability to work with others, how satisfied he/she remained while employed, level of official grievances and career aspirations within the company; all of these are success/failure measurement indicators. Signed documents and pay raises are other indexes. Positive records on most of these variables tend to project approvingly the positive public image of the firm.

Case C: Building Materials Supply and Installation Service Firm

This service-oriented building materials supply and installation company is located in Portage and within Kalamazoo County. It has been a family owned business since 1971. Presently, it is managed co-preneurially (owned and managed by a couple) after the sudden death of its founder six months prior to the study period. This co-preneurial couple is comprised of the daughter of the deceased and her husband. Both had received in-depth incubation training on the rudimentary affairs of the business from the now deceased founder. This is evidenced by the fact that this couple has been working in the executive capacities for more than ten years. They interned in the company while in college a long time ago. Although shocked by the sudden death of the founder, this couple has been thoroughly prepared for their respective business responsibilities as general manager (husband) and human resources manager (wife).

Employing about 25 people on a permanent basis, these employees are of two camps: the outsiders – those doing the installations and repair work, and the insiders – those working out of neatly cubicled offices, the management cadre, office workers, and

sales people. Every employee's job is directly or indirectly tied to the eventual selling of household building materials – doors, windows, kitchen cabinets and bathroom fixtures; and their subsequent installation and repair services. This business makes about \$2.5 to \$5 million annually.

Being constantly in touch with potential and actual customers, sales people's interpersonal skills are of prime importance, thus requiring situational and occasional fine-tuning (Looy et al, 1998; Swartz & Iacobucci, 2000). In fact, their training is considered as important as capturing one lucrative customer. Once again, this consideration shows the importance attached to HRD efforts. Undoubtedly, actual business relationships are established when sales transactions are consummated with customers. Other important business activities flow from such contractual obligations. It is no wonder that sales peoples' persuasive, interpretive, and diagnostic tasks on product/service selections, features, installation and repair techniques very often lead to "closing" sales. Closing sales that finalizing customers' purchasing contracts are usually what keeps the ball rolling in service-oriented organizations (Herzenberg, 1998; Looy, et al, 1998; Swartz & Iacobucci, 2000). Therefore, keeping sales people current on the customers' exigencies is one of the key tasks of the human resources manager. She is also in charge of the firm's HRD affairs.

Sales people are currently kept abreast of emergent HR/HRD issues through monthly subscriptions on home building materials matters. Intermittent vendors' seminars contribute immensely as well. Information from the Kalamazoo Home Builders

Association also helps in keeping sales people aware of the industry's current and emerging work-related issues.

The mainstay of this firm's HRD efforts is predominantly on-the-job training. It is followed (not in linear order) by apprenticeship, coaching, mentoring, and computer-aided instructions specifically tailored for the sales/designer staff consumption. Apart from the specific interpersonal (relationship capital) orientation of the sales and installation people, every employee is regularly reminded that customers are the ultimate source of the firm's survival. This is evidenced in the phrase "customers are why we are in business," which is printed at the perforated edge of the firm's paycheck stub. It inspirationally highlights the company's considerable regard for its customers. Hence, vigilance is exercised in developing the skills and operations needed to smoothly and efficiently satisfy customer demands and expectations. These are what keep HRD functions in this firm contemporaneously alive and vibrant.

Local economic trends on housing construction and remodeling affect this firm's business operations. During peak periods more temporary employees are hired not only to speedily satisfy customer demands but also to meet company deadlines. Knowing that customer loyalty is a fluid currency, and that rivals will spare no chance to entice disgruntled or dissatisfied patrons, the firm does its utmost to capture the customer's interest. This is strategically achieved by (a) slick promotions on paper and electronic media, (b) word-of-mouth from patrons, (c) offering affordable prices for its products/services, (d) insuring on-time deliveries of supplies and services, and (e) networking with the vendors to secure reliable and dependable procurement of quality

housing materials. The ultimate goal of course is to remain viably productive and profitable and to keep its competitive edge.

Synopses of Case C's Semi-Structured Interview

The essential role of the firm's HRD functions is that of contemporizing employee skills, knowledge, and aptitudes (SKAs) in order to make them respond proactively to customer and industrial demands. Not surprisingly, the reinvigoration of employee productive potentials is a matter of considerable importance. The HRD role is in the domain of the human resources manager, however, decisions on HRD matters are arrived at collectively after receiving input from other core members of the organization.

For the most part, its main HRD activity is done through on-the-job learning interventions – coaching, mentoring, apprenticeships, and casual conversations with both customers and vendors. Employees are not hired en masse but rather on an individual basis. As a result, there exists no need for an officious HRD staff or department. This responsibility is exclusively in the hands of the human resources manager. One-on-one training methods predominates the learning landscape. Exceptionally and experienced employees are paired with inexperienced or problematic ones. This arrangement is crucial during the orientation period. The new employee is inductively schooled on the firm's business history, politics, procedures, rules and regulations, benefits, and ultimately its culture (Megginson et al, 2000; Owen, 2001). Obviously, HRD efforts are exercised immensely during employees' induction phase.

Dealings associated with customer acquisition and loyalty maintenance receive the most attention. The trustworthiness of the procurement people (vendors) also gets considerable emphasis as their services and products are vital to the firm's viability. As a consequence, the occasional educational seminars provided by these vendors are received with open arms, enthusiastically.

Generally this firm's HRDs are done on the need-to-use basis. Outside training in particular is carried out after the Human Resources manager conducts a cost-benefit analysis. Assurance of SKA transferability and the costs associated with employee down time are factored in during the decision-making process. According to the HR manager, the 80/20 rule, which emphasizes maximum gains from minimal costs, comes in handy for making HRD decisions. Indeed, this rule is the application of the Pareto optimality principle (Barry, 1990; Schenner, 1995) and is widely used in almost every human resources development endeavor of this firm. Consequently, only one or two employees are allowed to receive outside HRDs and on a short-time basis. In return, these workers are expected to pass on the essentials of what they have learned to others after training.

The majority of interventions are informal, generally revolving around joint discussions on vital HRD issues. Four officers – the president/chief executive, the human resources manager, the sales manager, and the field operations supervisor are prominently involved in such discussions. Issues are discussed in an open forum and members are expected and even required to bring to bear concerns of their respective subordinates. Although consensus is the norm, using a "beta" leadership style, emergencies and unforeseen circumstances demanding swift actions allows the HR

manager to adopt the “alpha” management style on urgent HRD matters (Rosener & Schwartz, 1980).

Case D: Home Mortgage Banking

This home mortgage banking company is openly a processing service firm. Located in Kalamazoo, it has been in business for about six years. Its operations entail minimal and even outright no contact between employees and customers. In essence, services take place in the absence of the firm’s sources of income. As such, customers are not necessarily a vital source of evaluative information (Herzenberg, 1998; Swartz & Iacobucci, 2000). What customers see are outcomes in the form of prepared financial statements, which are more important than the processes undertaken to produce them.

About 75 people are employed, 40% are permanent part-time workers. The firm makes about \$2.5 to \$5 million per year. Training is generally focused on improving processing speed with minimal errors via the use of optical imaging computer-aided equipment. With the exception of the management cadre, most receive above minimum wage. Rank and file positions are generally filled with people without college degrees who have basic computer literacy skills. Their promotions or advancements are distilled from their demonstrated competencies and quality of social interactions with the bosses and other co-workers.

Unarguably, formal outside HRD experiences are mostly reserved for management staff. Exceptions are made sometimes for highly efficient employees who are tapped for increased job responsibilities and eventual promotions. But these rear

opportunities pale in comparison with the ones in existence in other small firms that are both process and outcome oriented. Automotive and building materials service organizations are such enterprises. The nature of business in these latter firms is such that constant mingling with customers is the norm. Reducing or eliminating such contact would not only be costly, it definitely guarantees these companies' death warrants (Herzenberg, 1998; Swartz & Iacobucci, 2000).

Synopses of Case D's Semi-Structured Interview

Despite being a process oriented firm the human resources manager (participant) insisted that the firm's HRD roles are constructed on (a) attracting productive employees by means of the internal socialization process, (b) employee retention, (c) best practice in leadership and management, (d) the development of a culture of "focus and execution", and (e) providing professional development and career advancement opportunities.

The nature of any firm's business operations heavily dictates what type(s) of learning interventions are suitable. In the case of this firm, informal one-on-one training is the most preferred remedy. This feeling is made more succinct and informing in the following interviewee's statement:

We don't do much training since most of our jobs are routine operations. But when we do, it centers on procedural knowledge requiring one-on-one corrective/ remedial actions. It is task-focused intervention aimed at performance deficiencies. We do also offer off-site learning but they are few and far between, and reserved only for middle-level aspirants.

The corporate training policy is geared toward making them (employees) into more productive and happy workers. Various department heads and supervisors are

deeply involved in the formation of corporate HRD policies as enumerated above.

Therefore, periodic reviewing of such policies is a joint undertaking with the HR manager heading discussions and dialogues. The human resources manager who is also in charge of HRD functions is conspicuously active in corporate strategy sessions. It is during any of these meetings that HRD priorities are laid out. “It is absolutely imperative to align HRD activities to overall corporate goals and objectives” so said the interviewee. Indeed, HRD activities are derived from of the firm’s goals and objectives.

Findings

Being totally aware of HRD concepts and perhaps regarding their employees as productive resources, the four cases studied have on the aggregate predictably focused their HRDs on acquiring new skills, improving old skills, learning new ideas about customer expectations and competitor actions, and to prepare employees to occupy new positions within the organization. These activities fall within the cognition that learning is a vital prerequisite for adequate performance in one’s job, whatever it may be (Robinson, 1988). Another essential concern is that of having HRD activities executed at the right time and place with minimum disruption of normal organizational functions factoring in trainees’ down time, and fair distributions of responsibilities and earnings to compensate for the trainees’ absence. Although not mentioned but inferred, HRD roles are used to perpetuate the companies’ image, attract suitable job candidates and to retain productive employees.

Responses to question 1 of the semi-structured interview, which asked about the role of HRD in each organization was reported in each case profile at the start of this chapter. Many statements in the structured survey also combed out this information. Combining the results from the survey questionnaire and the semi-structured interview responses listed in chapter three, positive assertion is made that HRD activities are strategically linked to organizational successes. Analysis of the case profiles indicates the study sample consists of successful enterprises. This inference is more interesting as small firms are prone to experiencing accelerated death within the first three years of service engagement (Burns, 2002). Having accumulated an average of 16 years of business experiences, the sample's record surpassed Rowden's (1995) 10 years success benchmark. Furthermore, since about 50% of newly registered small enterprises do not aspire to "growth" orientation, but rather are content to sustain a comfortable lifestyle/living through their hard work, these firms' longevity while remaining small is a remarkable achievement. Recognition of a firm's need for growth is distilled from one participant's commentary saying, "Yes, growth is a problem, but if you don't grow you die, so what is the alternative? Grow the right way."

This means having a sufficient amount of all the organizational resources to optimize the firm's productivity. One of these resources and the most salient one is the firm's human resource. It is primarily human capital that engenders the performance maximization of the other resources – facility, technology, machinery, and financial. Human resource contributions are indispensable and indisputable. Developing them

through the rejuvenation of employee skills, knowledge, and aptitudes (SKAs) is the primary responsibility of HRD interventions (Nadler, 1979).

Results

Table 5a

Survey Questionnaire Raw Data Record of the 88 Responses to 22 Questions (3 Responses per Question)

	CASE A			CASE B			CASE C			CASE D		
	Automobile Sales & Service			Janitorial			Building Materials Supply			Mortgage Loan Company		
Ques.#	SA	A	D	SA	A	D	SA	A	D	SA	A	D
1	✓				✓		✓				✓	
2	✓			✓			✓				✓	
3	✓				✓		✓				✓	
4	✓			✓				✓			✓	
5		✓		✓				✓				✓
6	✓			✓				✓			✓	
7	✓			✓				✓			✓	
8	✓				✓			✓			✓	
9		✓			✓		✓			✓		
10	✓				✓				✓	✓		
11		✓			✓			✓			✓	
12	✓				✓			✓			✓	
13		✓			✓			✓		✓		
14		✓			✓			✓			✓	
15		✓			✓				✓		✓	
16		✓		✓				✓			✓	
17		✓			✓			✓			✓	
18		✓			✓			✓			✓	
19		✓		✓				✓			✓	
20		✓		✓				✓			✓	
22		✓			✓			✓			✓	
22		✓			✓			✓			✓	
TOTAL	9	13	0	8	14	0	4	16	2	3	18	1

Table 5b

Summary of Individual Case Response Data

Response Category	Case A	Case B	Case C	Case D	Cum. %
Strongly Agree (SA)	9 (41%)	8 (36%)	4 (18%)	3 (14%)	24 (27%)
Agree (A)	13 (59%)	14 (64%)	16 (73%)	18 (82%)	61 (69%)
Disagree (D)	0 (0%)	0 (0%)	2 (09%)	1 (04%)	3 (03%)
	22 (100%)	22 (100%)	22 (100%)	22 (100%)	88 (100%)

The responses to the structured questions presented in the survey indicate that the four small businesses studied have an impressive 96% level of awareness of HRD concepts. It understandably demonstrated that for these firms human capital is held in high regard as with their other forms of capital: facility, finance, and equipment (Coraine & Donaldson, 1984).

The above result was impressively reinforced during the semi-structured interview. There is an apparent consistency between the reported awareness and the demonstrated HRD strategic positions as evidenced in the 85% emphatic “YES” responses (Table 6) during the semi-structured interview, particularly for the questions covering policy development and review, management involvement, and allocation of resources (questions 2-6, p. 52).

Table 6

Semi-Structured Interview Response Quantification (Nominal)
Responses with Emphatic “yes/no” Answers to Interview Questions 2-6

Question #	Case A	Case B	Case C	Case D	
2	Yes	Yes	No	Yes	75% Yes / 25% No
3	Yes	Yes	No	Yes	75% Yes / 25% No
4	Yes	Yes	Yes	Yes	100% Yes
5	Yes	Yes	Yes	Yes	100% Yes
6	Yes	Yes	No	Yes	75% Yes / 25% No

Summary: 17 “Yes” (85%) and 3 “No” (15%)

Three of the four cases as shown above provided emphatic “YES” answers preceding full responses to all of the aforementioned questions. Only one case, the building material supplies and installation firm provided three “NO” and two “YES” responses to the guide questions. All four firms claim to involve top managers in HRD decision-making as well as include the HRD manager in strategic company planning sessions. Areas of concern for this study were Case C’s latent (undeclared) HRD policy and Case D’s strict adherence on limited outside HRD resource allocations. It leaves one to wonder whether their espoused rhetoric on seeing their employees as capital or investment corresponded to “real” actions taken to enhance their employees’ productivity potentials. Is there dissonance? Future research will tell. The shape of the intervention reflects the strength of each company’s commitment to HRD within the constraints of their available resources, which can appear in many forms: time, money, and/or personnel.

Informal learning interventions, which are the darlings of these four studied firms, are mainly carried out through on-the-job training, coaching, mentoring, publications, and via casual conversations. These one-on-one learning mediums are usually manned by experienced old timers and sometimes by exemplary performers. Not surprisingly, these impromptu teachers are found to enthusiastically pass on their wealth of knowledge and skills to their younger and less experienced aspirants. As one participant put it,

I am lucky to have learned from the best. He took time in grooming me on the nuts and bolts of this firm’s business. This one-to-one experience is like receiving parental guidance, constructively critiquing my performance and offering valuable tips on how to better myself along the way.

This disproportionate prevalence of informal learning methods stems from its expected immediate transferability of SKAs back to the job. The fact that productivity is maintained while learning is simultaneously taking place makes it more palatable to top management approval. Furthermore, costing virtually nothing in terms of off-the-job trainee wages, outside expertise charges, accommodations and transportation costs, and having fewer logistical headaches, makes it more attractive than formal interventions. Getting the most immediate return on their investment is a guideline for HRD decisions. This is why on-the-job learning (informal) assumed a dominant position in all the cases. Inadvertently, the sharing of tacit knowledge, skills and relevant information from experienced workers to less experienced colleagues helps usher in a sense of ‘community of practice’ (Contu & Willmott, 2003). This subsequently helps to insure mutual understanding and trust between both parties. Social connections or interpersonal relationships tend to affect one's career mobility as “who you know” helps pave the way up one's career ladder. Therefore, nourishing such relationships, especially with the influentials at work, is worth doing. As illustrated in these four cases, positive social relationships or lack thereof, is definitely a resourceful asset or an impediment in the developmental scheme of things. No doubt, the former is much more preferred. The impact of such relationships, especially with one's boss was posited by one of the participants who said,

I got selected not necessarily because of impeccable paper qualifications, experiences, and production records, but because my boss thinks so. It is rather due to my strong mutual relationship with my boss and co-workers; and doing exactly what he wants without hesitation is a plus in my book. And, jovially discussing trivial matters tops it off.

Consequently, harnessing a positive reciprocal relationship should be the goal of every employee who is desirous of continued employment and advancement with his/her current employer (Realin, 2000; Lengnick-Hall, 2003).

Formal HRDs require more resources than informal interventions. They tend to remove the recipient (trainees) temporarily from their income-producing sphere. As such, formal HRDs are found to be the prerogative of top and mid-level managers, supervisors, and a few exceptional workers. These candidates are presumed to be capable of quickly acquiring transferable skills that would lead to multi-faceted responsibilities. It is the hope of sponsoring firms that these trainees' acquired capabilities can be applied to new assignments that are dictated by business exigencies. These adaptive skills are what Borman & Motowidlo (1993) called "contextual performance abilities." This entails, according to these authors, an employee's readiness to take up new roles or to do something needed outside their formal job description requirements. In Lengnick-Halls' (2003) opinion, it means being proactively ready to tackle new challenges with surety and maximum calmness. In the final analysis, small firms' HRD activities pertaining to external-formal interventions are both calculative and deliberative decisions. Every spent effort and financial resources are geared toward the achievement of organizational goals and objectives.

Finally, these four cases have concerns on customer loyalty. Neglecting this fact will be suicidal and dangerous. Customers are the primary source of service companies' income. They are the most important outside asset. As Sam Walton, founder of Wal-Mart stores once said,

The [customer] is the only boss. And, he can fire everybody in the company from the Chairman on down, simply by spending his money somewhere else.

To guard against this ignorance/neglect, three of the four firms imperatively offer different products and services in order to capture profitable market share. By so doing, they hope to sustain their customer loyalty and competitive edge. Another way of achieving this goal is by the personalization/customization of the firms' offerings to the needs/requests of the customers. This entails fitting products and services to the unique needs of individual customers. This is called 'niche marketing or market positioning' (Burns, 2001; Swartz & Iacobucci, 2000). The practicality of niche marketing, which is adopted by all four cases, lies in the following elements:

- Understanding what their customers want and what makes them respond favorably to the firm's offerings
- Specializing in providing quality servicing and not in the intricacies of operational methods
- Emphasizing their firm's inherent strengths: innovation, flexibility, and personalization of service
- Employing non-price strategies like using their customers as their promotional mouthpiece maintaining a neat business environment, on-time deliveries of supplies and services, using approachable and communicative employees.

All of these business subtleties will directly or indirectly get their solutions from human resource development functions. In as much as service organizations continue to have the business goal of satisfying the varying needs of their customers, HRD will

always be present to enable the development of appropriate task and interpersonal skills needed to facilitate these objectives. Working in the capacity of the organizational change agent (see Table 1, p. 43) HRD roles will ever remain indispensable as businesses compete for customer loyalty and vendor procurements, attracting new, skilled applicants and developing productive workers (Herriot & Pemberton, 1995).

HRD approaches in small organizations are idiosyncratic, individualistic, and pertain only to small firm concerns. Based on the four cases studied, the need to understand each firm's rationale in relation to the other firms' rationale is a useless proposition. First they offer different product/services, have different business experiences and dissimilar human capital capacities. But what they all have in common are that of (a) ultimately satisfying their customers' needs and expectations; (b) providing HRD for their respective employees in order to remain productively viable; and (c) monitoring what their competitors are doing. Most importantly, each firm's HRD activities are done at the behest of top management through their human resource manager's official capacity.

Other noteworthy findings contradicted some of the literature review analysis of small firms' HRD practices as follows:

- 1) small firms' HRD practices are disjointed (Heneman & Berkley, 1999). This statement has been disproven in this study. The HRD practices of the four firms studied are diagnostically and deliberatively oriented with an eye to sustaining a competitive advantage in relation to achieving organizational goals and objectives. Their HRD aims are not only to make their workforce committed, productive and efficient, but

also to satisfy their customers' needs and expectations. Their strategic pre-dispositions are overwhelmingly ascertained in their respective responses to the ten "why" HRD survey questions and the five "how" semi-structured survey questions 2-6 (p. 42-44).

2) small firms are anti-outsourcing (Heneman & Berkley, 1999). This assertion is unsubstantiated. In the context of this study, the four small firms utilize outsourcing – temporary help during peak seasons to compliment their production capacities in order to meet or satisfy their customer demands. This strategic move is being driven by the economic considerations and their social consciousness. The latter concern relates to their messianic responsibilities; giving people – laid off workers and new employment aspirants – the chance to make a living during hard times. All things being equal, some of these peripheral employees are bound to get long-term employment subject to the firm's economic situation.

3) small firm managers have limited understanding of HRD concepts. This inference has no solid standing in view of the information gathered in this study. The HR managers of the small firms sampled, also known as the purposeful informants, have provided rich information which attests to their profound understanding of HRD concepts and its strategic importance to their organizations' economic and social propensities to remain progressively aloft (refer to the case profiles and synoptic analyses, pp. 62-82)

Table 7
Comparison of HRD Approaches of the Four Study Cases

	Case A: Auto Sales/Repair	Case B: Cleaning	Case C: Building Material Supplies And Installation	Case D: Home Mortgage Bank
Summary	Focused on developing relationship and performance skills with emphasis on efficiency in: ■ Closing sales ■ Maintenance services	Emphasis on speed of operations on account tasks: ■ How many accounts cleaned and jobs well done ■ Improved social contacts with customers	Centered on developing better communications with customers in order to close sales and secure subsequent installation contracts. ■ Delivery of services ■ Delivery of supplies	Focused on outcome with emphasis on process efficiency. ■ Neatly prepared financial reports ■ Speed and accuracy of operation
Aim	Sustained customer loyalty	Sustained customer loyalty	Sustained customer loyalty and satisfied first-timers	Customer (other banks) satisfaction
Hrd Planning	■ Deliberative ■ Hire qualified people, hence less rigorous training ■ High wages ■ Higher wages ■ Content is technology & market driven	■ Reactive/semi-deliberate ■ Hire able bodies ready for basic training, 1 to 2 hours at most ■ Minimum and above minimum wages ■ Content is market-driven	■ Calculatively deliberate ■ Highly qualified people needing less formal training ■ Higher wages ■ Content is industry innovations and market-driven	■ Reactive ■ Hire people with basic computer skills ■ Above minimum wage ■ Content is technology driven
Methods	■ Combination of formal and informal; more often the latter ■ Vendor sponsorships off- and on-site, infrequent ■ Job aids (support documents) ■ Publications/ newsletters ■ Social interaction	■ Primarily informal ■ At company's expense on-site, occasionally off-site ■ Job aids (support documents) ■ Social interaction	■ Primarily informal ■ Vendor sponsorships off- and on-site, infrequent ■ Trade shows, professional association ■ Job aids (support documents) ■ Publications/newsletters ■ Social interactions	■ Informal, pure and simple ■ Professional association certifications ■ Job aids (support documents) ■ Social interactions
Evaluation (By Superior)	Formative / Summative based on ■ Manufacturing processes ■ Customer complaints	Summative based on ■ Customer complaints	Formative / Summative based on ■ Vendor-supplied information ■ Customer complaints	Summative based on ■ Supervisor's reaction
Organization Service Type	■ People processing (sales staff) ■ Tangible actions directed at customer tangible goods (customers and cars) ■ Possession processing ■ Tangible actions directed at tangible goods (technicians and customers' cars)	■ Possession processing ■ Tangible actions directed at tangible possessions (employees' cleaning and customers' facilities)	■ People processing (sales staff) ■ Tangible actions directed at customers' goods (customers and building materials) ■ Possession processing ■ Tangible actions directed at tangible goods (installers and building materials tasks)	■ Information processing ■ Intangible actions directed at intangible assets

Table 7 - Continued

System	■ Semi-autonomous	■ Labor intensive	■ Semi-autonomous	■ Tightly constrained
	■ Socialization with customers		■ Socialization with customers	
	■ Computer-assisted		■ Computer-assisted (sales)	■ Computer-assisted
	■ Technicians physical input at his own pace, income stemming from standardized payments for completed tasks	■ Much physical input from supervisors/crew leaders	■ Installers physical input at his/her own pace	
	■ Semi-bureaucratic	■ Bureaucratic	■ Democratic	■ Bureaucratic
	■ No internal HRD official	■ No internal HRD official	■ No internal HRD official	■ No internal HRD official

Sources: adapted McGoldmick et al, 2002; Swartz & Jacobucci; and Herzenberg, 1998.

CHAPTER V

CONCLUSIONS, RECOMMENDATIONS AND FUTURE STUDIES

Conclusions

Small business concerns have gotten their due recognition because of the seminal work of Birch (1979) expressing their profound contributions to the economy. In fact, their recognition has been felt in the economic activities of the free-world economies. This is evidently shown in the proliferation of small businesses in every walk of life as a result of globalization, intensified competition from new entrances into deregulated industries such as the ones under study and the presence of computer technologies. All of these variables are putting tremendous pressure on small firms, leading to new demands for continuous learning. Suffice it to say that fierce competitions within the service firms studied have culminated in the upgrading of their present employees' SKAs. Although mostly done through informal learning methods, formal learning approaches requiring more capital expenditures on their human capital are employed as well.

Tremendous amounts, in billions of dollars (Brinkerhoff, 2001), are spent each year to reinvigorate the workforce SKAs. Formal learning expenditures far outstrip the costs associated with informal learning. Understandably, the latter is primarily executed at the work sites while the former occur primarily outside the business premises. Outside HRDs occasionally receive help from the firms' vendors or professional and trade associations.

All of the above experiences are precipitated by the firms' attempt to satisfy the unquenchable tastes of their customers. Certainly, the pressures (internal and external) in meeting varying customer needs and expectations demand that HRD activities be institutionalized officially or indirectly. What matters is that someone should be in charge of the employees' continuous learning endeavors if the company wants to remain in business. Training, education, and development are words used largely interchangeably to convey the concept: Human Resource Development.

In small businesses like the ones studied, the human resources manager is solely responsible for HRD functions. A firm's smallness in terms of its human resources capacity and finance makes it infeasible to designate a separate entity or office with that specific duty. On-the-job learning conspicuously dominates the educational landscape. It is no wonder why informal learning, OJT in particular, is held in high regard when one looks at these conditions:

1. Firstly learners learn while performing their duties; OJT is actionable learning
2. Secondly, experienced and skillful employees are enthusiastically in charge sharing their wealth of tacit and explicit knowledge with their less experience protégés ushering in community of practice and knowledge, and assuring community of willing learning partners
3. Thirdly, informal training saves resources and is immediately applicable.

One of the remarkable qualities of human capital (HC) is that the employee is the primary investor. It belongs to the worker. HC goes and stays when and where the employee decides (Davenport, 1999). Firms gain by adding value to it through HRD

efforts and only reap its benefit if and when the employee decides to engage in long-term employment with the same firm sponsoring the training. On the other hand, other firms gain if the trainee suddenly exits the sponsoring company. The trained employee may also decide to become a business proprietor instead, making use of his/her training and work experiences for more personal gain. This uncertainty is what keeps company's HRDs going because it has to guard against wasteful expenditures on some employees who are determined to leave under any circumstances.

Recommendations

From an economic standpoint, small firms such as the ones studied, must and should have HRD in place in order to provide the knowledge, skills, and aptitudes (SKAs) needed in the ever-changing mode of business operations. There is no doubt about it; it takes human beings to mobilize all sorts of capitals, exploit needed resources, recognize or create markets, and satisfy the needs emanating from these market consumers. Thanks to the works of these three giants (Becker, 1964; Schultz, 1961; Nadler, 1979) they single-handedly brought the concept of human capital (HC) visa-vis human resources development (HRD) into the popular consciousness of this era.

HRD by definition is charged with the upgrading of employee SKAs in order to keep them abreast of changes occurring in the complexities of business environments, demanding new ways of doing old things and/or doing new things, and doing them well, of course. Therefore, HRD is responsible for the preparations required for employees to take up new job assignments, challenging and expanding responsibilities and their

upward career mobility. The overall effect of this continuous HRD is the accrual of benefits for the employees and their employer/company through improved performance resulting in improved income. Ultimately, the goal of HRD is to make employees and companies productively efficient, organizationally and personally. This goal is usually embedded in the HRD policy/mission statement(s). However, this statement(s) should delve not only into what employees or organizations should do to survive, but, seriously on what should be done and/or learned to thrive. Every employee should have a clear understanding of the firm's values, targets, and output ascertained from HRD interventions.

Meanwhile, one should not lose sight of the fact that the genesis of all businesses, small ones in particular, often began as family ventures. And that HRD has been in existence since time immemorial, starting in the family, community, and eventually in organizations – profit and not for profit. The only problem was that HRD concepts were not recognized as such during the early times of the twentieth century. Commendations to Dr. Harold Sheppard of the Upjohn Institute, Washington, D.C., for bringing this hidden fact out. HRD is not a new concept; it is just an old idea with new perspectives, primarily serving the same purpose – developing resourceful humans and resourceful organizations (Burton, 1992).

Just as high premiums are placed on sustaining customer loyalty, the same moral imperative should be attached to retaining, retraining, and attracting new blood into a firm's human resources pool. Sustaining high caliber employees is just as important as developing niche markets in order to gain competitive advantage in the industry. After

all, consumers' loyalty is gained through the services rendered by companies' human resources.

HRD awareness alone cannot maximize these service firms' human resource potentials. Organizations' and employees' productive capacities will continue to rise when HRD activities are realistically actuated. Servicing firms like the ones studied should know that the problem of HRD lies not only in the content and quantities of skills, knowledge, and aptitudes (SKAs) but also in the qualities thereof. New ways of doing things enhanced by information technologies in the workplace will continue to put pressure on companies to upgrade their human capital. HRD should always stand by to facilitate this function as well as monitor the trends on performance technologies. This awareness will help companies provide the quality and quantity of services needed to satisfy the relentless demands of consumers.

The resurgence of small firms, particularly in service organizations like the ones studied (see Figure 2, p. 55), will continue to demand the implement of HRD functions in order to cope with the changes coming from competition on quality of services, price wars, and customization. In spite of large businesses' political clout, social standing, and economic prowess, smallness is pervading the business environment. This sentiment is echoed in the following excerpt from *The Economist*:

Despite ever larger and noisier mergers, the bigger change coming over the world of business is that firms are getting smaller. The trend of a century is being reversed. Until the mid-1970s the size of firms everywhere grew; the number of small, self-employed fell...no longer. Now it is the big firms that are shrinking and small ones that are on the rise. The trend is unmistakable – the businessman and the policy makers will ignore it at their own peril (1990, p. 5).

The aforementioned trend will continue to keep HRD in business. It is this function that is realistically suited to handle organizational changes through education and training.

As the case respondents have repeatedly emphasized, small servicing firms should and must focus their HRD efforts on matters of critical importance. Among the issues that should be dealt with are niche marketing or product/service positioning, customer relations, internal relationship building between line and staff workers, and external productive networking with vendors and other businesses. Ignorance of these linkages would cause wasteful expenditures of HRD resources. Furthermore, as the current rate of technological change has increased the SKA requirements of a variety of jobs placing a higher premium on employee's flexibility (multi-skilling capability), organizational HRD policies should be regularly reviewed to reflect these changes. Organizations should be aware of the fact that most workers need supplementary (performance-driven) and complementary (relationship-driven) skills to remain competitive and/or employable in their current jobs.

It will be equally foolish for HRD efforts to be aligned with fanciful, esoteric, and ill-defined learning approaches, when the most efficient, economical, understandable medium of learning will produce what is needed more efficiently. Therefore, small firms' HRD efforts should be situational driven and practical, using either formal, informal or a combination mode of learning appropriately. Small firms' HRD should be based on organizational priorities and on a need-use basis; any deviation might cause the lowering of the HRD position organizationally.

HRD policy must echo management policy. For this reason, whoever is in charge of an organization's training, education, and development learning activities needs to convince top management that such activities should be included in corporate planning in order to meet the organization's expectations. Training policy should be simple and understood by everyone involved, from top management to rank and file. How it should be carried out needs to be clear to all as well.

Small firms will do better if their HRD efforts are cognizant of these facts: (a) the fluctuating demands of customers require ever changing employees' SKAs to meet the arising needs, and (b) gone are the days when new entrants into the workforce are the only source of new ideas, visions and increased performance potentials. Instead, small firms need workers who are motivated, committed, and trainable throughout their employment life with a particular firm. Most importantly, small firms should be made aware that an educated and trained workforce is essential to maintaining a competitive advantage.

Finally, human skill, knowledge, and aptitudes (SKAs) plus their working capabilities can be enriched in many ways. The most obvious means employed in the four firms studies are the informal on-the-job learning (predominant). Of equal importance, are their intermittent formal (outside) learning interventions. These learning systems help in the formation and fortification of their various productive capacities or human capital. In today's world economy, technology can be purchased, utilized and installed within a few days. Therefore, the key to sustaining a competitive advantage lies not easily in the duplication of technologies, but primarily in the uniqueness of a firm's

human capital potentials. In light of this reality, investing in a firm's human resources should be a top priority; though it should not be seen as an end in itself. Firms should not institutionalize HRD activities without foresight and considerable deliberations including those who are to be affected. One particular way of remaining proactive to consumer demands and expectations is for organizations, large or small, to adopt learning organizations' principles (Sange, 1990). The aim, of course, is to make organizations and their employees resourceful in their daily endeavors.

Future Studies

Achieving a 97% level of awareness of HRD concepts is an impressive feat. But one is left to wonder if the participant's educational backgrounds, employment experiences, and encounters with HRD issues affected their responses. What about the organizations' attitude on HRD matters, starting with the owner/manager? These issues need to be investigated before one can conclude affirmatively that the attained study results are either substantive, episodic, or a fluke.

In order to have profound understanding of the impact of HRD in small businesses, study should be conducted on the attitudes of owners/managers on the subject matter. This study's findings could be elevated if and when recipients of HRD interventions (trainees) are included as well. Since HRD activity is influential and strategic, does this also connote its leadership role organizationally?

APPENDIX A

HUMAN SUBJECTS INSTITUTIONAL REVIEW BOARD (HSIRB)
APPROVAL LETTER

WESTERN MICHIGAN UNIVERSITY



Human Subjects Institutional Review Board

Date: November 25, 2002

To: Hanacho Michael Nmon, Student Investigator for dissertation

From: Mary Lagerwey, Chair

A handwritten signature in cursive script, reading "Mary Lagerwey".

Re: Approval not needed

This letter will serve as confirmation that your project "Human Resource Development (HRD) Intervention in Small Business Firms in Kalamazoo" has been reviewed by the Human Subjects Institutional Review Board (HSIRB). Based on that review, the HSIRB has determined that approval is not required for you to conduct this project because you will be studying systems and not individual human subjects. Thank you for your concerns about protecting the rights and welfare of human subjects.

A copy of your protocol and a copy of this letter will be maintained in the HSIRB files.

APPENDIX B

**LETTERS TO PARTICIPANTS: INTRODUCTORY,
PARTICIPATIVE, FOLLOW-UP**

INTRODUCTORY LETTER

Dear Employee Training Coordinator,

Not too long ago, small firms were a neglected entity of our economy. But the seminal work of Birch (1979) changed all that. Currently attention has been shifted away from large to small firms as a result of their pivotal role in job creation and economic growth. Nevertheless, much of what has been written positively on small firms centered on their capabilities in securing investment capital, suitable business location and facilities, executable business plans, cash flow and so forth. In the same vein, very little has been said about the valuation of their employees as human capital or investment.

It is my wish to use this study to increase the awareness of small firms' human resource development (HRD) activities. HRD is referred to as organizational investment in their employees' development through training, education, and development. The aim of course is to increase their employees' performance potentials thereby making organizations to remain viable and proactively competitive. It is on this basis that employees will be valued as resourceful inputs just like other organizational infrastructures and currencies. This is what this study is all about.

With your full cooperation and understanding, much can be ascertained about small firms' HRD efforts. I will be contacting you in about two weeks with the hope of ascertaining your willingness to voluntarily participate in my study captioned **INCREASING THE AWARENESS OF SMALL FIRMS' HUMAN RESOUC** DEVELOPMENT.

Your prompt and favorable reply will be highly appreciated. I can be contacted by phone at 269-384-9982 or through my advisor, Dr. Charles Warfield, at 269-387-3890 or by e-mail at charles.warfield@wmich.edu. Thank you in advance for your cooperation and contribution to this study.

Sincerely,

Hanacho Michael Nmom
Doctoral Candidate
Western Michigan University

PARTICIPATIVE LETTER

Dear Employee Training Coordinator,

My name is Hanacho Michael Nmom, and I am a doctoral candidate in Teaching, Learning and Leadership at Western Michigan University. I have spoken with some of you about the study I am conducting entitled "Increasing the Awareness of Human Resource Development (HRD) Activities in Small Firms." The study intends to clarify the extent of HRD activities in small firms.

To gather the necessary data I would like to conduct a semi-structured interview with you or with those whom you decide can be of most assistance. Because your time is very important I have enclosed a copy of the questions I am most interested in discussing with you. I will contact you shortly to arrange a time for the face-to-face interview. Your help is very important to the success of this study. Please make enough time available so sufficient and accurate data can be gathered during the interview.

No personal or company names will be used in the final report of this study. Study data will be obtained only by the researcher (me) and will be used only for this research purpose. Your participation in this study is strictly voluntary.

If you have any questions concerning this study, I can be contacted by phone at (269) 384-9982 or through my advisor, Dr. Charles Warfield at (269) 387-3890 or by email at charles.warfield@wmich.edu. Thank you in advance for your understanding, cooperation, and contributions to this study. I look forward to meeting with you soon.

Sincerely,

Hanacho Michael Nmom
Doctoral Candidate
Western Michigan University

enclosure

FOLLOW-UP LETTER

Dear Employee Training Coordinator,

My name is Hanacho Michael Nmom, and I am a doctoral candidate in Teaching, Learning and Leadership at Western Michigan University. I have spoken with some of you about the study I am conducting entitled "Increasing the Awareness of Human Resource Development (HRD) Activities in Small Firms."

Just over a week ago, I personally delivered to you a complete research kit of my project. However, to date I have not received a response from you. Indeed, I am particularly desirous of obtaining your immeasurable participation, as your experience will contribute greatly toward clarifying the degree of HRD activities in small firms.

It will be highly appreciated and helpful if you will make provision for the desired semi-structured interview to be conducted before October 3, 2003. Other aspects of this research cannot be carried out without your full participation. Your responses for this study will be held in the strictest confidence.

Nothing will please me more than to immediately and personally deliver to you another complete package of my research project in order to get you on board. If you have any questions concerning this study, I can be reached at (269) 384-9982 or through my advisor, Dr. Charles Warfield at (269) 387-3890 or by email at charles.warfield@wmich.edu.

Once again, thank you for your contribution to this study. I am anxiously looking forward to meeting with you very soon.

Sincerely,

Hanacho Michael Nmom
Doctoral Candidate
Western Michigan University

APPENDIX C

INFORMATION GATHERING INSTRUMENT: TERMS AND DEFINITIONS; STRUCTURED SURVEY QUESTIONNAIRE AND SEMI-STRUCTURED INTERVIEW QUESTIONS

The Information Gathering Instrument has three segments: (1) Terms and Definitions of HRD components, (2) Structured Questionnaire, and (3) Semi-structured Interview Questions.

1) Terms and Definitions

Human Resource Development (HRD) is a professional field that employs organized learning experiences to positively enhance the skills, knowledge and attitudes (SKAs) of the learners, usually employees. The goal is to bring about growth for both the individual and organization within a certain timeframe. Organized learning experiences usually take the form of:

Training: These are the learning activities, such as apprenticeships or role-modeling that are focused in present job performance deficiencies of the learner.

Education: These are the learning activities that enhance the learners' SKAs for future job responsibilities, e.g., promotions, cross-section or lateral job reassignments, and new tasks.

Development: These are the learning activities aimed at invigorating the learners' attitudinal well-being.

2) Structured Questionnaire

This questionnaire is concerned with your familiarity with Human Resource Development (HRD) concepts. Please circle your responses for each statement according to the following scale²:

SA	=	Strongly Agree
A	=	Agree
D	=	Disagree

- | | | | | |
|-----|---|----|---|---|
| 1. | I am familiar with the term “human resource development.” | SA | A | D |
| 2. | Company employees are considered valuable assets/resources. | SA | A | D |
| 3. | Employees’ skills, knowledge, and attitudes can be improved through effective HRD interventions. | SA | A | D |
| 4. | Training should be provided to employees who would be able to do something more but don’t currently know how. | SA | A | D |
| 5. | Training is provided to wage against employee performance regression or obsolescence. | SA | A | D |
| 6. | Developing employee aids in organizational development. | SA | A | D |
| 7. | Our organization pays attention to efforts that individuals make to improve their own ability to learn. | SA | A | D |
| 8. | Our organization uses external resources, such as training centers and community colleges, to facilitate employees’ learning. | SA | A | D |
| 9. | Education should be geared towards growth, promotion, task enlargement and future assignments. | SA | A | D |
| 10. | Our organization provides employees with tuition reimbursement for job-related external training and education. | SA | A | D |
| 11. | Development should be focused on the betterment of employees’ positive feelings toward the organization and co-workers. | SA | A | D |
| 12. | HRD makes organization policies, rules and regulations both visible and viable. | SA | A | D |

² Two additional categories of response, SD (strongly disagree) and DK (don’t know or undecided) were also offered but received zero responses so, for brevity sake, were omitted from this report.

When my organization provides HRD interventions (training, education, or development) they are based on the following reasons:

- | | |
|---|--------|
| 1. Improve workforce morale | SA A D |
| 2. Help to create a better corporate image | SA A D |
| 3. Improve the relationship between subordinates and their boss | SA A D |
| 4. Provide trainees the avenue for organizational and personal growth | SA A D |
| 5. Help employees adjust to change | SA A D |
| 6. Aim of developing leadership skill | SA A D |
| 7. Leads to improved profitability | SA A D |
| 8. Aimed at eliminating sub-optimal performance or behaviors | SA A D |
| 9. Helps to orient new employees and those taking new jobs through transfer or promotion. | SA A D |
| 10. Helps eliminate fear, stress, and frustration associated with taking up new and/or more job responsibilities. | SA A D |

3) Semi-Structured Interview Questions

The semi-structured interview guide questions were as follows:

1. What is the role of Human Resources Development (HRD) in your organization?
2. Does your organization have a formal corporate training and development mission statement and/or corporate HRD policies?
3. Does your organization periodically review and/or revise its formal training and development mission statement and/or corporate HRD policies?
4. Is there a top management group who involves themselves in the policies and activities of HRD functions?

5. Does an HRD manager participate in corporate strategy sessions with key staff and senior managers?
6. Does your organization allocate resources to HRD functions based on priorities of the organization?
7. What are the formal and informal interventions your organization takes with regard to organizational, employee and career development, and training?
8. How do you measure the success of these interventions?

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