

# Human Resource Development: A Field in Transition

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## Introduction

The seeds of the area of specialization called Human Resource Development (HRD) may be traced to the evolution of the following multidisciplinary fields of study—Human Resource Management (HRM) and Industrial Relations (IR).

HRM and IR evolved with the development of society itself. HRM's first school of thought called the Custom Management School was accompanied by a unilateral type of decision making process (Theory X). This autocratic unilateral management style prevailed during the communal, tribal and feudal stages of society. Despite the introduction of the Scientific Management School in workplace management, the unilateral decision making process continued to be the dominant IR process during the industrial revolution in Europe, America and Japan.

HRD processes were limited to skills training in repetitive work in order to enhance industry productivity. Employee motivation was centered on the carrot and stick approach. The stick represents the harsh rule making IR process that constantly threatens lay-offs in face of surplus supply of labor. The carrot represents productivity-based pay within the framework of profit maximization. The workers' welfare and working conditions were neglected.

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Management theories and technologies developed during this period were focused only in the traditional decision making processes—recruitment, testing, hiring, skills development, and compensating workers based on their productivity. Management was adopting new technologies that were displacing labor. This often resulted in exploitative work relations and the rapid growth of trade unionism and collective bargaining. Production pegging and collective bargaining on the part of the workers proved the inadequacy of the traditional management theories and technologies

Industrialization under capitalism was threatened by labor-management antagonism, trade union militancy, and the threat of socialist uprising. At the societal level, economic recessions and depressions placed the classical economic doctrines that guided industrialization under heavy doubt. At the firm level, management is confronted with low worker morale, strikes, work slowdowns, and even sabotage. New philosophies and technologies in HRD, HRM and IR have to be conceptualized, developed and experimented in order to save and revitalize the industries and economies towards greater productivity and growth.

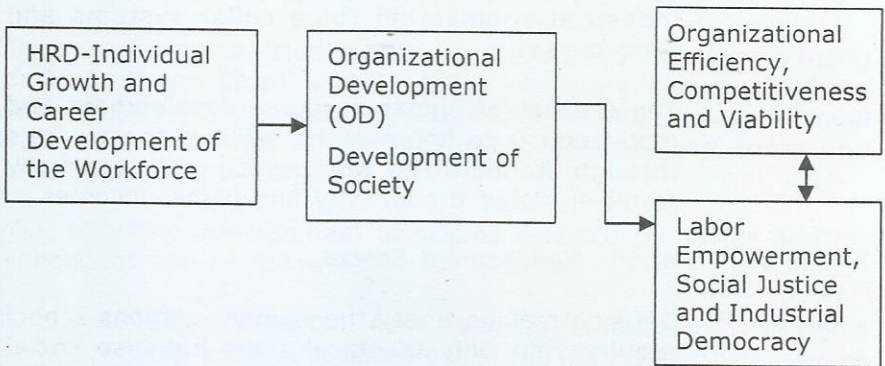
As the industrialization matured and intensified into the global stage, the Human Behavior School of management introduced more participatory decision making processes (theory Y) like the consultative, bipartite, tripartite and committee or council type IR processes. These new forms of management styles are fast replacing the unilateral decision making IR processes.

### **Defining Human Resource Development**

HRD is concerned with the advancement of knowledge, skills and competencies, and the improved behavior of people in an organization or society. It is concerned with both individual growth and people's career development, as well as with organizational development (OD).

Individuals, therefore, need to grow within an organization. This individual growth should be focused on performance improvement so that the organization can benefit from individual growth through improved organizational efficiency, competitiveness, and viability (or the ability to produce optimum surpluses through a motivated work force).



**Figure 1: The HRD Framework**

### Origins of HRD: From the HRM Schools of Thought

There are three schools of thought in management. These are the custom management, scientific management, and human relations management schools.

#### 1. Custom Management School

- Decision making in this school is guided by customs and traditions, that is, to each his own best method.
- Practitioners are mostly empiricists; no theory and mostly practices. (e.g. "This is the way my father did it.")
- Training and human development are done through methods passed on from previous generations and customary practices.

#### 2. Scientific (Classical) Management School

- Decision making is guided by scientific methods which verifies or rejects theories via controlled experimentation.
- The best work method is the standardized method.
- Workers are developed to suit the requirements of the production systems (machines).

- The organization is seen as an economic-technical system, focused on management sciences and industrial engineering (blue collar systems and procedures).
- The concept of human resource development and motivation is to improve the skills of the workers through standardized work which will eventually result in higher productivity and higher incomes.

### 3. *Human Relations Management School*

- Decision making under the human relations school requires not only technical skills but also social skills.
- Workers are not only motivated by economic incentives but by diverse social and psychological factors like feelings, values, attitudes, norms and expectations.
- Productivity is associated with worker satisfaction.
- Standardized or repetitive work leads to boredom and informal organizations which develop norms that are often not congruent with the bureaucratic rules.
- There is a need to modify the traditional autocratic leadership style (Theory X) to a more democratic or participatory style (Theory Y) to lessen labor-management tensions.
- Teambuilding technologies were now developed to align individual needs and aspirations to that of the organization. These were incorporated in HRD in order to develop and align individual attitudes and aspirations to that of the group, organization or society.

### **Frederick Taylor's Scientific Management Principles**

Frederick Taylor (1856-1915) is known as the father of scientific management. He was a US engineer and a management



practitioner who conducted experiments on the standardized methods at Midvale plants.

Taylor's associates included Henry Gantt (scheduling planning tools) and Frank and Lillian Gilbreth (time and motion studies) whose experiments included planning layout that minimized wasteful hand and body motions, and redesigning appropriate tools and equipment in the workplace.

The scientific management principles espoused by Taylor and his colleagues are as follows:

1. *Development of best methods* (standardized) in doing the job and replacement of the individual rule of thumb and custom-oriented methods.
2. *Scientific selection, training and development of workers* to suit the production systems.
3. *Supervision of workers* to assure compliance with the scientific and standardized work methods.
4. *Division of responsibilities between management and workers.* Management is tasked as the leader and decision maker in performing the basic functions of planning, organizing, commanding, coordinating and controlling (Henri Fayol).

### **Henri Fayol's 14 Administrative Principles**

The French engineer Henri Fayol (1916) is regarded as the father of the management theory of organization. Fayol defined and identified the five administrative processes—planning, organizing, commanding, coordinating, and controlling (POCCC). These administrative processes were first studied and applied in government, military, religious and large organizations, and later on adopted in a growing number of private business organizations. Fayol's POCCC administrative processes were later revised by behavioral school theorists into planning, organizing, leading (actuating) and controlling (POLC). Later, under the Total Quality Management (TQM) philosophy, they were further modified into Planning, Doing, Checking and Acting (PDCA).

Henri Fayol's 14 administrative principles are as follows:

- I. *Coordinative Principle.* There should be unity of action to pursue the organization's objectives.
  1. *Discipline.* Everyone should comply with company rules and regulations.
  2. *Unity of Command.* An employee should receive orders from one supervisor only.
  3. *Unity of Direction.* There should be only one head and one plan for the organization.
  4. *Willingness to Serve.* The employee's personal goals and interests should be subordinated to the organization's goals and interests.
  
- II. *Scalar Principle.* Emphasis on hierarchical form of organization and authority.
  5. *Centralization* is needed for control purposes.
  6. *Chain of Command* (or scalar chain). The channel of authority emanates from the head of the organization to the lowest rank.
  
- III. *Functional Principle.* Tasks are organized into departments or units.
  7. *Division of Work.* Specialization of work is applied for more efficiency.
  8. *Orderliness.* Every member should have a place (or position) and a function in an organization.
  9. *Apprenticeship and Probation.* Time is needed for the employee to adapt to his work and perform it well.
  
- IV. *Staff-Line Principle.* Line management exercises authority and the staff gives services and information.
  10. *Authority and Responsibility.* Authority is the right to give orders and the power to exact obedience. Responsibility is to be answerable to the consequences of one's decisions.
  11. *Compensation* should provide for the employee's needs.



12. *Equity and Sense of Justice* should pervade in the organization.
13. *Initiative* should be present at all levels of the organization.
14. *Esprit de corps*. Teamwork and good interpersonal relationship among workers are needed.

The scientific management school resulted into the division and specialization of work among management as the work processes at the shop level continued to expand. This is the contribution of Max Weber on the creation of a bureaucracy in an organization.

Bureaucracy is defined as structured characteristics and norms used in a complex organization. It is a technology of departmentation or the division of work through specialization among management functions for efficient organizing.

A bureaucratic form of organization is appropriate in big organizations with routine activities (e.g., assembly-line operation) but not very applicable in highly flexible organizations with not-so-routine activities (e.g., service organizations) where creative and innovative methods are required.

A bureaucracy is characterized as follows:

1. Each member of an organization occupies a position with specific power, authority and compensation.
2. Fitness for office is determined by technical competence.
3. The organization is governed by rules and regulations.

There are several forms of departmentation. These are:

1. *By functional areas*: e.g., finance, purchasing, production, marketing, accounting, administration, human resources management, etc.
2. *By geographical areas*: Metro-Manila, Luzon, Visayas and Mindanao.
3. *By product lines*: Ladies' wear, men's wear, children's wear, etc.
4. *By matrix organization*: combination of some of the above.

## The Behavioral School of Management

The classical school of management developed during the industrial revolution in Europe increased the productivity of workers. But the repetitive work resulting from the standardized work brought alienation and boredom. Despite the economic incentives to produce more, workers were restricting outputs or pegging production.

This new phenomenon was explained not by the management engineers but by behavioral scientists like Elton Mayo (1927-1932) who pioneered the human relations movement in the experiments he conducted at the Hawthorne plants of Western Electric Co.

*Behavioral science* is a field of study that explains and predicts human behavior. Industrial psychology and industrial relations (IR) focus on human behavior in the workplace.

## Principles of the Human Relations School of Management

*Elton Mayo* and company developed the following principles of the human relations school of management:

1. *Informal organizations* limit the control of the formal organization and the management bureaucracy on workers.
2. The '*psychosocial factors*' are important determinants of employee motivation (the stimulus-response [S-R] behavioral science technologies developed from the theories of B. F. Skinner, J. Watson, and I. Pavlov; and the stimulus-organism-response [S-O-R] technologies derived from A. Maslow, F. Herzberg, and S. Freud, among others).
3. The *idea of a social system* was introduced to describe the total organization of the group and the relationship that controlled its operations (George Homans).
4. *Organizational behavior is social*. A person acts in accordance with the expectations and sentiments of some other persons or a group of persons.

The rise of the human relations school of management did not mean that the scientific management school became obsolete. The scientific management school is also called the classical management school. The theories and principles developed by Taylor and his colleagues in other words, have not become



irrelevant. As a matter of fact, the human relations school only improved or innovated upon the classical school making it more relevant today.

### **Industrial Relations as a Field of Study**

While the discipline of management focused on decision making processes at the firm level, Industrial Relations (IR) was concerned with workplace development and management at the societal level.

R. Cox (1971) observed that "the concept of IR is historically a product of western liberal democratic societies which have evolved a capitalist form of industry, powerful autonomous trade unions and patterns of collective bargaining between unions and employers in which states have played a greater or lesser role. From this historical evolution has grown a body of social science theory which uses the term industrial relations to refer to these interactions."

As an academic discipline, IR was formally established in 1920 at the University of Wisconsin in the USA with John Commons as chair. It was an area of specialization at the Economics Department tackling labor legislation, labor history and industrial government, labor management, and causes and remedies of unemployment. In 1922, a Center in Industrial Relations was established in Princeton University within the Department of Economics. Likewise, an Industrial Research Department was set up at the Wharton School of Finance and Commerce at the University of Pennsylvania (Wharton School) in 1921.

In the 1930s, the IR discipline spread to several other universities; four in the USA, one in Canada, and one in the United Kingdom. They were housed mostly in business schools—the Massachusetts Institute of Technology (MIT), Stanford, Michigan and the California Institute of Technology. In Canada, an industrial relations section was established at Queen's University. Most of these academic IR programs were funded by business persons and institutions, the most notable being the Rockefeller Foundation (Kaufman, 2004).

The basic concerns of the IR programs in the academe were industry productivity, labor-management cooperation, industrial

peace and industrial democracy. As John D. Rockefeller, Jr. (1918, as cited in Kaufman, 2004, p. 83) observed, "In the battlefields of France, this nation poured out its blood freely in order that democracy might be maintained at home and that its beneficent institutions might become available in other lands as well. Surely, it is not consistent for us as Americans to demand democracy in government and practice autocracy in industry."

### **The Rationale of the IR Academic Programs**

After the First World War, all the industrialized countries suffered social and labor problems caused by low wages, long hours and deplorable conditions of work, the hostile relationship between capitalists and labor, and the looming threat of a socialist revolution following the success of the Bolshevik Revolution in Russia.

Cox (1971) and Kaufman (2004) observed that the situation provided the intellectual roots of the multidisciplinary study of IR. One group of social scientists, composed of socialist scholars like Karl Marx and V. I. Lenin, explained the contradictions within the capitalist system and the resultant social problems of capitalist development. Their prescription to this social malaise was a socialist revolution that would transform the capitalist system into a socialist society. The socialist revolutionary movement would be initiated by intellectuals within the party of the working class (the Communist Party) and the trade union movement.

Marx's theory of economic development "proved to be one of the most influential ever written and had a profound impact on thinking across the world concerning labor and industrial relations. Indeed, part of the driving force behind the development of neoclassical economics was to find an effective answer to Marx" (Kaufman, 2004, pp. 47-48).

Marx proposed that workers through their trade unions, collective actions and strikes can temporarily seek relief from capitalist exploitation by bargaining for better wages and working conditions. The larger historical mission of the worker is political liberation through a social revolution that will end private ownership of the means of production and the capitalist system.

The scientific management school of Taylor was not able to counter the Marxist challenge. Instead, Taylor was criticized for propagating



ideas and technologies that will "squeeze the last drop of blood from the workers" (Kaufman, 2004, p. 68). Three things were brought against the scientific management school. The first was that workers were treated as machines. The second was that Taylor was anti-union. And finally, that his management school of thought was inherently elitist and undemocratic.

### **Alternative Thoughts to Marxism and Classical Schools**

One alternative to Marxism and possible solution to the labor problems in a capitalist system was another variation of socialism advanced by anachro-syndicalist socialists. Among its proponents in the 1820s and 1830s were Charles Fourier, Simonde de Sismondi, Claude Henri de Saint-Simon, Joseph Prodhoun, Auguste Blanqui and Michael Bakunin.

According to Prodhoun, the objective of anarchism is to decentralize civil order to the lowest possible level by organizing people and communities into self-governing communes, cooperatives and mutual aid societies. Like Marx, Prodhoun advocated the abolition of private property. The two, however, differed on their views of state ownership of the means of production. Prodhoun argued that state monopoly ownership of the means of production will lead to more tyranny and exploitation of the working class.

In the Philippines, Isabelo de los Reyes, the founder of the first labor federation in the country, introduced an anachro-syndicalist type of socialism in 1901. De los Reyes learned this type of socialism while in prison in Madrid, Spain for his reformist struggle against Spanish colonial rule. He went back to the Philippines in 1901 to continue the reformist struggle and learned that the American colonial administrators continued to implement all the repressive Spanish laws in the country.

Another school of political economy was the German historical-social school. This school is the middle ground between the two most influential schools in political economy—the English classical/neoclassical school and the Marxist/socialist school. The two occupy the extremes in the ideological fulcrum: the first advocating capitalist employment relationship, free markets and laissez-faire; and the latter advocating state owned means of production and worker-owned and managed industries.

The German historical-social school, a mixed type of political-economic system, represents the middle ground between the two extremes. It argues that the government of any nation must design an economic system and policy that is grounded on its strategic national interest. This school was based in various German universities and organized as the Society of Social Policy. It was founded in 1872 by German social scientists. The school later spread to America, Japan and Sweden. It is this school that has contributed most significantly to the roots of IR disciplines in the Americas, England and Japan.

Among the original writers from this school in the 1840s were Wilhelm Roscher (*Principles of Political Economy*, 1843) and Friedrich List (*National System of Political Economy*, 1841). Some of its prominent scholars include Lujo Brentano, Gustav Schomoller, Werner Sombart, Adolf Wagner, Max Weber, Sidney and Beatrice Webb, Selig Perlman, Richard Ely and John Commons.

The German social scientists did not subscribe to the classical school's model that economic activities should be guided by pecuniary motives and self-interest. They emphasized that human behavior is shaped by social and cultural institutions. Guided by national interests, state institutions play important role in determining the rules and norms that govern the relationship among workplace actors and their respective ideologies.

In tackling social and labor problems in Germany, the German economists were generally supportive of trade unions and government and corporate welfare programs. The focus of Bismarck's program of government, for example, was a series of social insurance laws such as health insurance, accident insurance (1884) and old-age pensions (1889). These institutional programs, according to Kaufman (2004), would make the workers equalize rather than destroy the free market economy. In this sense, the German historical-social scientists did not subscribe fully to the Marxist's antagonism of the free market economy. For them, the free market should not be destroyed but regulated for the national interest.

### **The Non-Marxist View of Trade Unions**

The institution of IR programs in the academic circles in industrialized countries was focused on alternative views of trade unions, labor-management relations policies, industrial peace and



industrial democracy. In the United States, following the great depression of the 1930s, the IR programs served as the mechanism to conscientize the capitalist system itself, thus saving it from self-destruction.

As pointed out earlier, Taylor's scientific management school has contributed to both the rise and the decline of the capitalist system. Scientific management and assembly line production system brought industry productivity and rapid growth of enterprises, accumulation of profits, and the country's economic development. But in the process, labor was dehumanized, given low wages and exposed to poor working conditions, subjected to an autocratic decision making process, and their trade union organizations suppressed and repressed.

The Marxist views of trade unions and their alternatives were expounded by various scholars in the IR fields of studies. Richard Hyman, Maurice Cornforth and other Marxists scholars expounded on the Marxist perspectives in their studies of IR. On the other hand, non-Marxist writers expounded a different view of trade unions. Among them were Sydney and Beatrice Webbs in 1896, John Commons in 1925, and Selig Perlman in 1928.

The Webbs of the United Kingdom contended that the trade union movement is opposed to communism. The workers do not want to change their status as wage earners. They are concerned with the improvement of their working conditions and the elimination of competition among workers over jobs. The Webbs concluded that the ultimate goals of the working class are confined to the classical area of trade unionist interest—"economic interest" and "conditions of work." The main function of the trade union is to enforce a "common rule" for trade in the shop through three alternative methods—mutual relations, collective bargaining and legal enactment.

John Commons in 1925 departed slightly from the prevailing view of trade unions. He regarded the trade union movement as a "liberating force which helped establish institutional government in the industry and delineate the power of one of the parties over the other."

Selig Perlman in 1928 treaded along the traditional ideas of the Webbs that the trade union movement is not interested in displacing management or in uniting the working class to achieve these aims. "Whatever policy labor adopts," wrote Perlman, "be it a

political program or intervention of management affairs, its ultimate aims are limited to the control and ownership of the job within the framework of the existing social order."

### ***The Divergence Between IR and HRM***

There are at least two differences in the IR and HRM fields of study during their early beginnings. The first is the nature and scope of work, and work relationship. IR was more concerned with organized or unionized relationship in the workplace while HRM was more focused on individual work relationships between labor and management. IR considered the political-economic systems as society's workplace and looked into the various actors' inter-relationships. HRM was more concerned at the firm-level workplace and work relationship.

The second major divergence between IR and HRM is the difference in perspectives and academic disciplines of their respective theoreticians. The original IR theorists were political-economists, i.e. Karl Marx, Friedrich List, John Commons, etc.; while those of HRM were applied scientists, engineers and management practitioners like Frederick Taylor. Whereas the IR social scientist's perspective in improving work and work relations is through industrial democracy, social justice and societal changes; HRM's perspective was to improve work relations via increased productivity in the enterprise.

### ***The Convergence Between IR and HRM***

IR is the study of human relations in the workplace and HRM is the study of the management of people in the workplace. But human relations and the management of people are essentially focused on the same concerns and scope.

John T. Dunlop defined the main IR process as rule making, and the basic HRM process as decision making. But rule making is also decision making. Based on current literature in IR and HRM, both disciplines are concerned with organized and individual relationships.

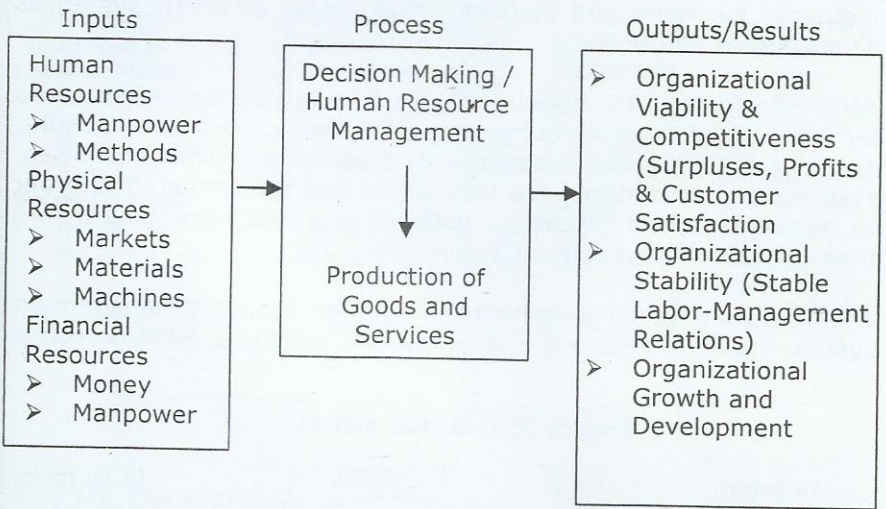
As to the goals of IR and HRM, both disciplines are concerned with worker empowerment and productivity since the two concepts, while seemingly contradictory, may also be very complementary.



As to the inputs of both IR and HRM systems, the same environments (economic, legal-political, and social-cultural) affect their processes. Organizational development is a major component of both IR and HRM studies. OD is concerned with how and why an organization is able to adopt or initiate changes in the environment.

In the systems of management and production (firm-level), human resources, along with physical and financial resources, are the basic inputs. This is illustrated in the systems model in figure 2:

**Figure 2: Management and Production Systems Model**



Management's main concern is decision making. Management has to plan, organize, motivate, and control the people involved in the production process in an organization. If the functions of management are done in an efficient manner, the organization will be viable, competitive, and profitable. This will lead to organizational stability and development.

Management is likewise concerned with the organization's human resources which are its main competitive advantage. Employees should be knowledgeable and skilled in performing their day-to-day operations. Labor and management should have harmonious relations based on common values, vision, missions, and goals.

The other resources are physical: composed of markets (demand for goods and services), materials and machines (or hardware technologies which include equipment, tools, parts, facilities, etc.), and financial resources (composed of money and its sources—savings, equity, loans and other forms of indebtedness like bonds and securities, grants, aids, etc.).

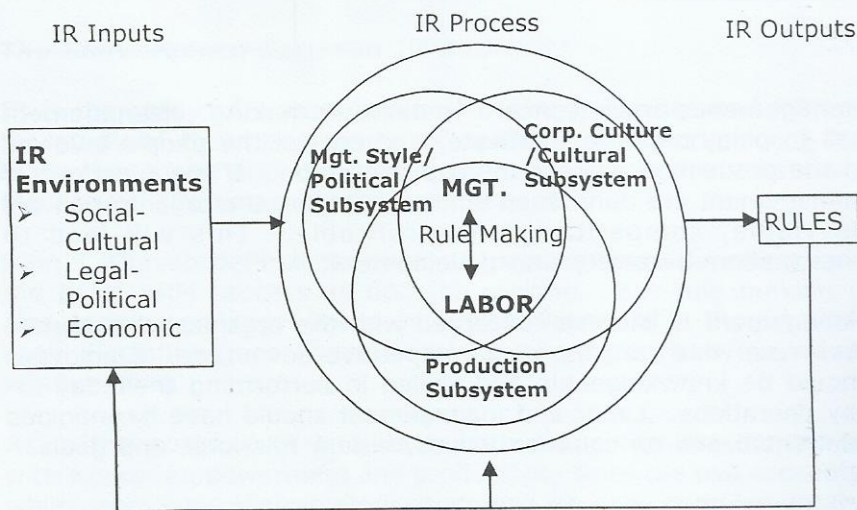
### **HRM and the IR Systems**

From a macro perspective, HRM is also the system of industrial relations whose main process is rule making. Rule making is the consequence of labor-management interactions in order to achieve industrial harmony and stability. The model of an IR system is illustrated in Figure 3.

As shown in the IRS model in Figure 3, rule making is influenced by managerial style or corporate governance, corporate culture, and the systems and processes in production. Rules, policies, systems and procedures are formulated and reformulated in order to harmonize the relationship between the two workplace actors through labor-management interactions.

The IR system model is similar to the Human Resource Management system model in Figure 4. Like industrial relations, HRM (which is

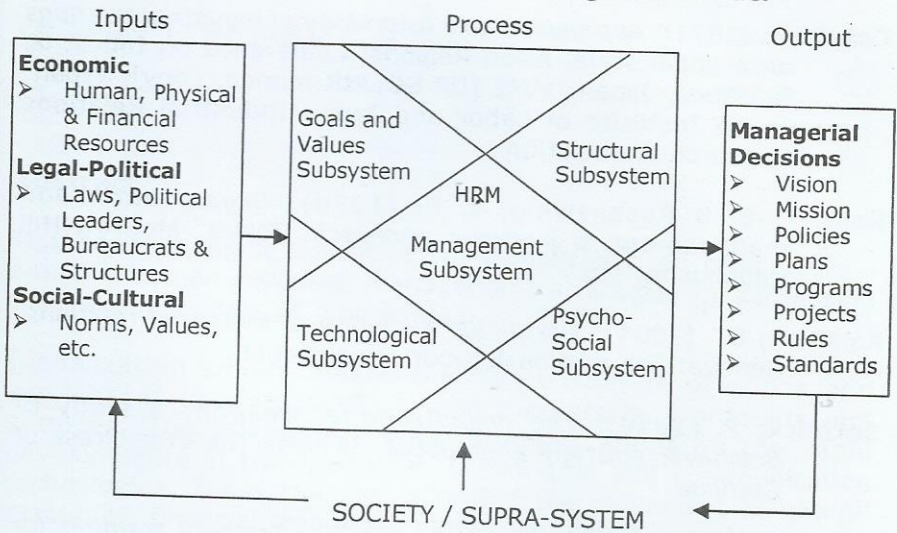
**Figure 3: THE IRS MODEL**





focused on decision making) is the central subsystem in a workplace. Management decision making is affected by the other subsystems in the organization, specifically: goals and values, structural, technological, and psychosocial subsystems. The major managerial decisions like the corporate vision, values, mission, policies, plans, programs, projects, rules, and standards, guide the operations of the entire organization.

**Figure 4: Human Resource Management Model**



### The HR Department

The professional practice of HRD, IR and HRM at the organization level is usually with the Human Resource Department, the IR Department or with the Organizational Development and Planning Department of an enterprise. The HR Department is basically a service or staff department which assists the line managers in the performance of HRM and IR functions. It is similar to the accounting, administrative, and other service departments. The HR department performs line functions within its department only.

At the societal level HRD, IR and HRM functions are practiced in training and educational institutions, government agencies, and non-government organizations that service societal needs.

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