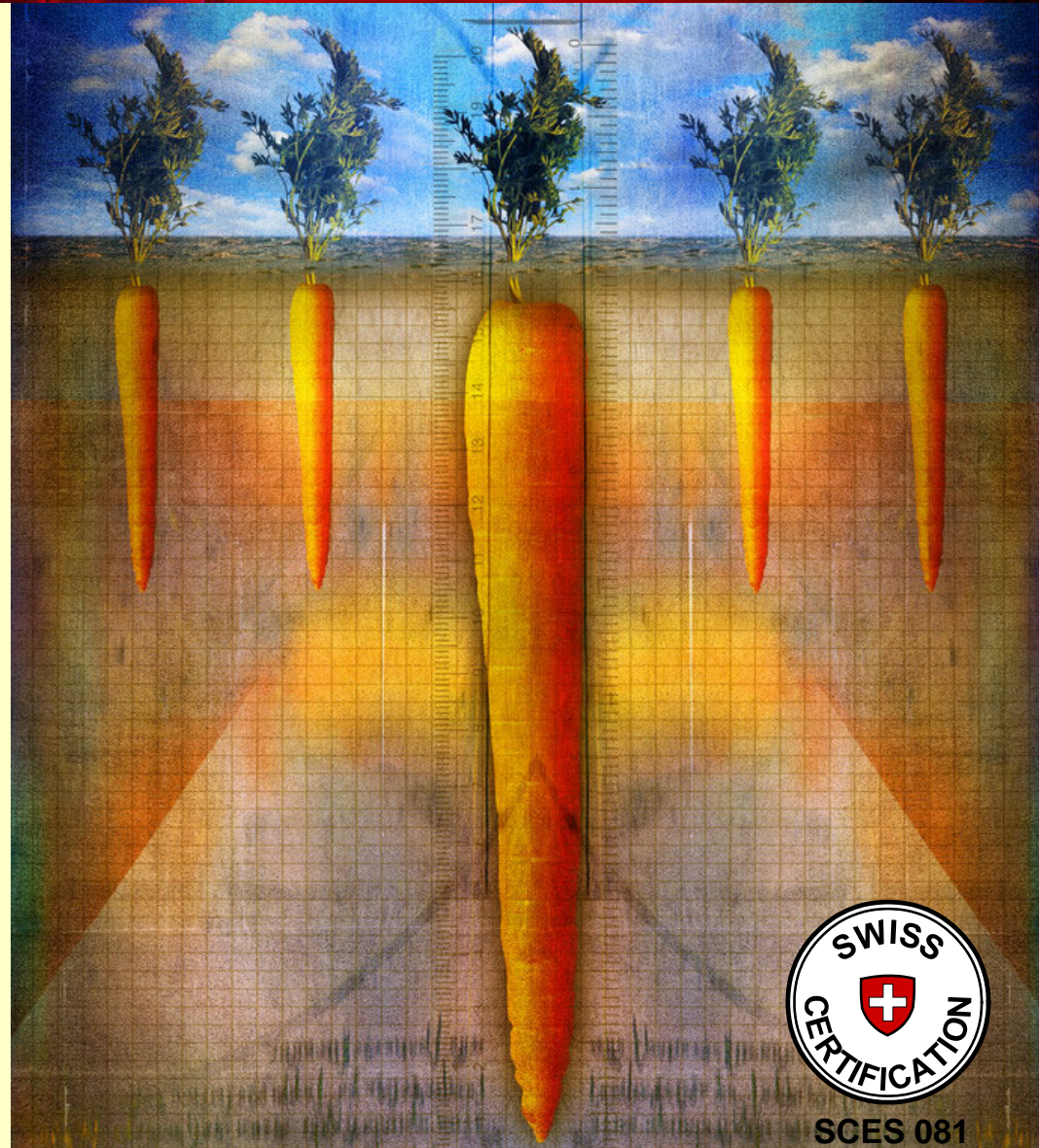


# 2005 APFHRM Conference on HRM and Development for Globalising Enterprises

## “Quality in T&D: A Strategic HR Function of Companies Competitiveness”

By

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# Objectives

1. Review the core functions of strategic HRM in global economy
2. Introduce an effective tool in managing the human capital development process and its impact on bottom line - ISO 10015
3. Reflect on the challenges facing HR function in making transition from administrative orientation to strategic and quality orientation



# The business environment today is more complex and challenging



- **Fast changing markets (innovation, price, new entrants)**
- **Continued Technological development**
- **Networked organisations and relations**
- **Changes in paradigm**





# Achieving sustainable competitive advantage

- ✿ a company has to have the capacity and capability to
  - ✿ tap its special skills/core competencies and respond to customer's needs and competitor's moves
  - ✿ Sustain its core competencies

**Premium on Human Capital**



**"Access to competencies,  
rather than access to cash,  
is the most critical driver of growth."**

*C.K. Prahalad*

*Management educator and author, "Competing for the future", "Leading the Revolution" with Hamel*

# HR Management



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- ✿ a continuous *process* to ensure the appropriate knowledge, skills and behaviours available in the organization in order to satisfy the needs and goals of the business



# Strategic Function of HR



- ❖ *Acquire* human capital through effective recruitment
- ❖ *Retain* human capital through effective rewards (compensation, career development and other means)
- ❖ *Maintain* quality of human capital through effective training
- ❖ *Increase* value of human capital through effective learning and development



# HR as Strategic Partner

- ✚ Is to identify the HR practice that make the business strategy happen
- ✚ Is to determine the strengths and weaknesses of the organisation through organisational diagnosis
- ✚ Is to quantify the HR interventions in tangible terms (e.g., cost-benefit analysis, reporting on *human assets* on the balance sheets)





# Challenges?



## Training as a strategic action

- ✚ To establish new deliverables
- ✚ To sustain strong partnerships with both internal and external customers
- ✚ To see the “big pictures” and to deploy resources to address the big picture



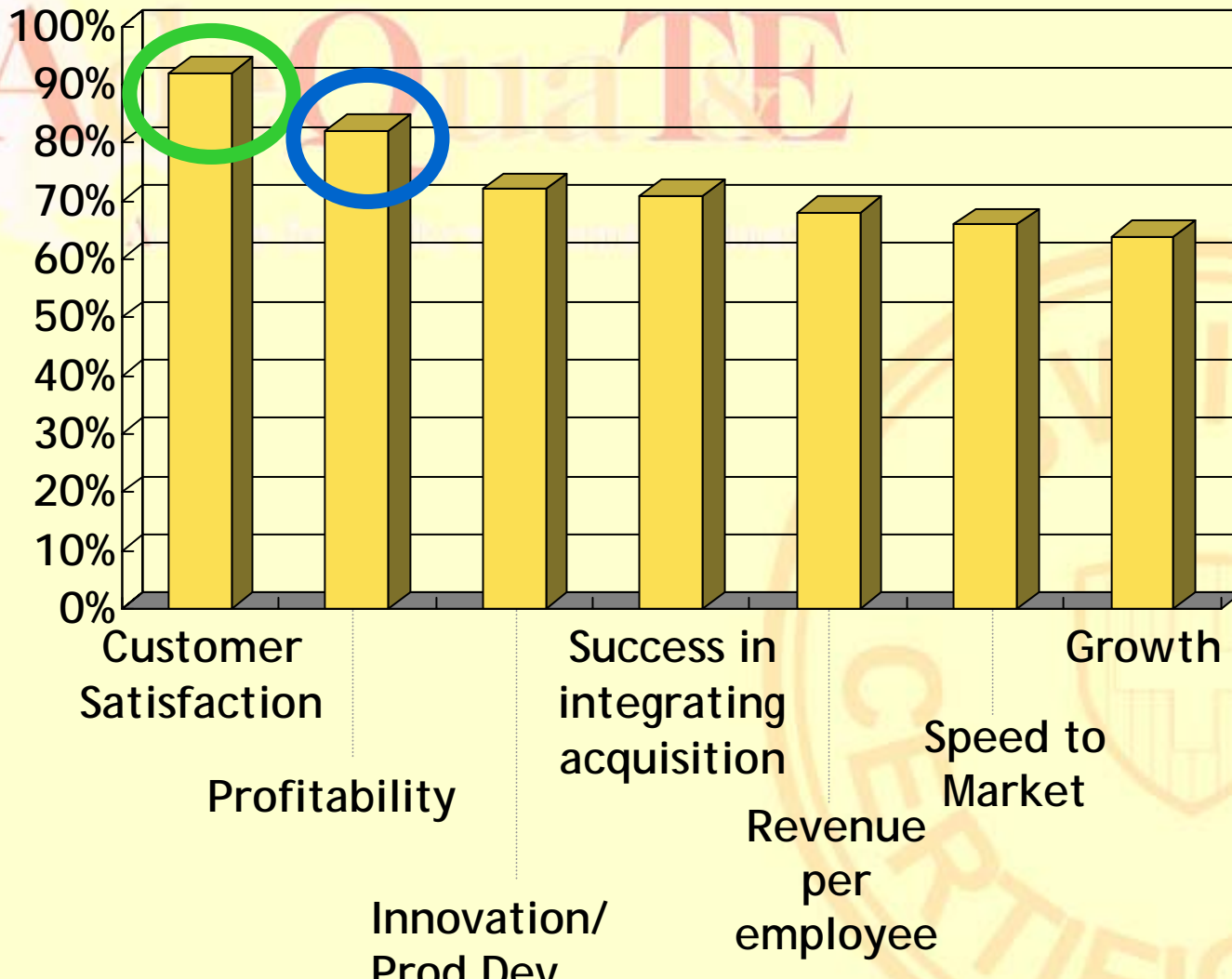
# Human Capital Management: CFO's perspective

- ✿ Survey in 2002 by Mercer HR Consulting
- ✿ 180 responses, representing companies from the West
- ✿ 69% with annual revenue over 1 billion
- ✿ 71% with international operations
- ✿ On average, companies spend 36% of revenues on human capital expenses

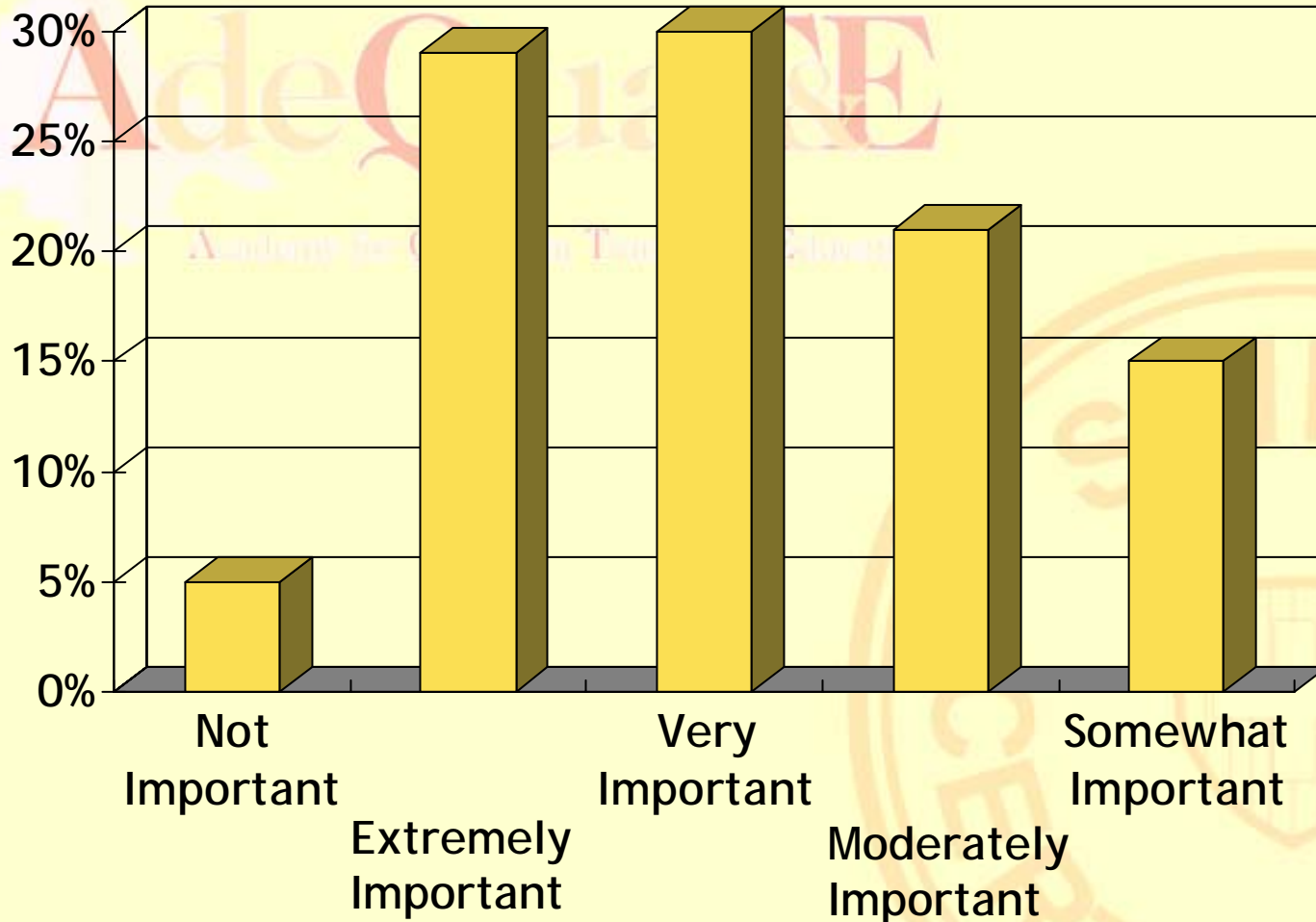


# Effect of Human Capital on Business Outcomes

Mercer HR Consulting, 2002



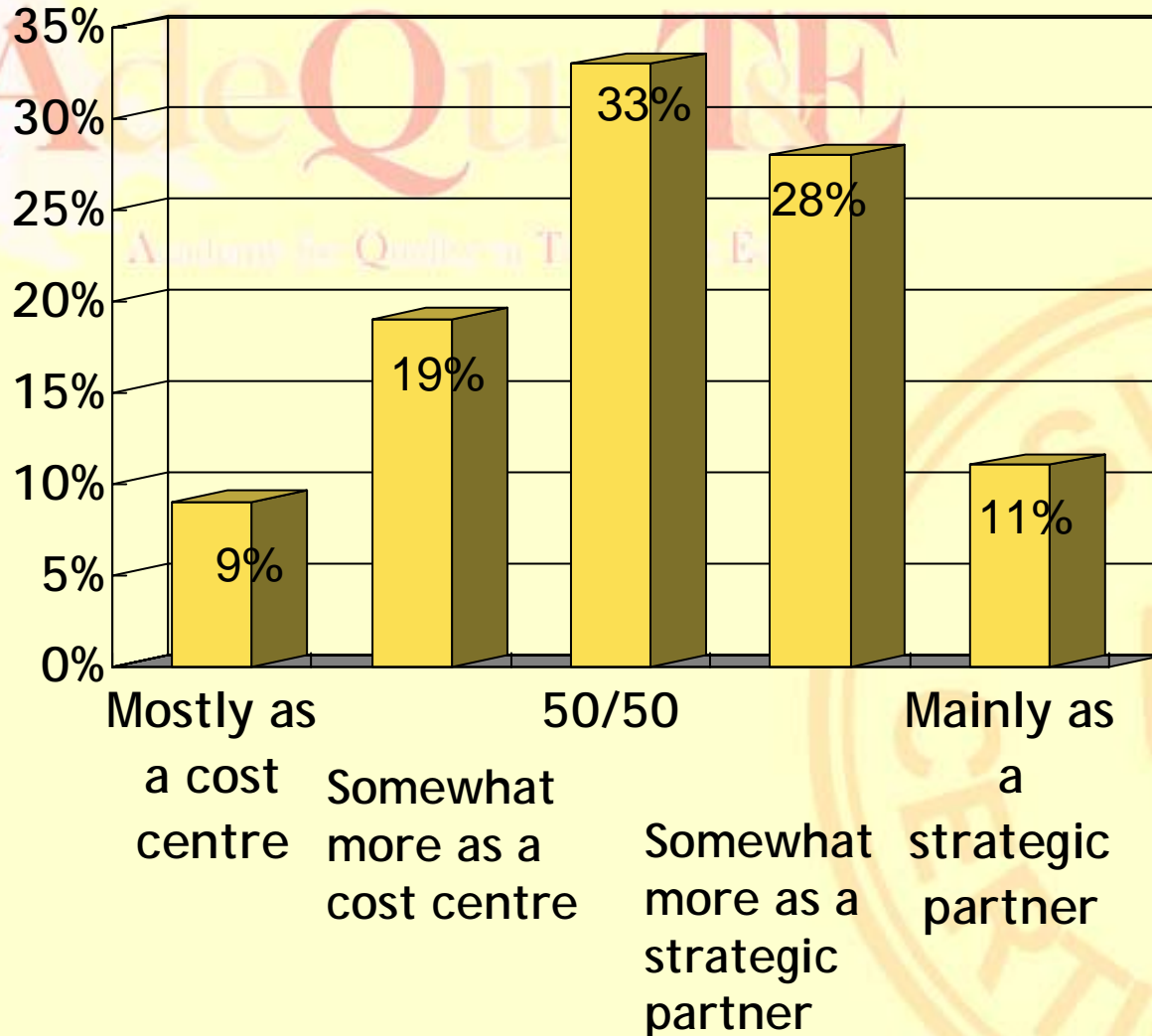
# How important is the value of human capital in determining the price of acquisition?





# HR Function - Cost Centre? Or Strategic Partner?

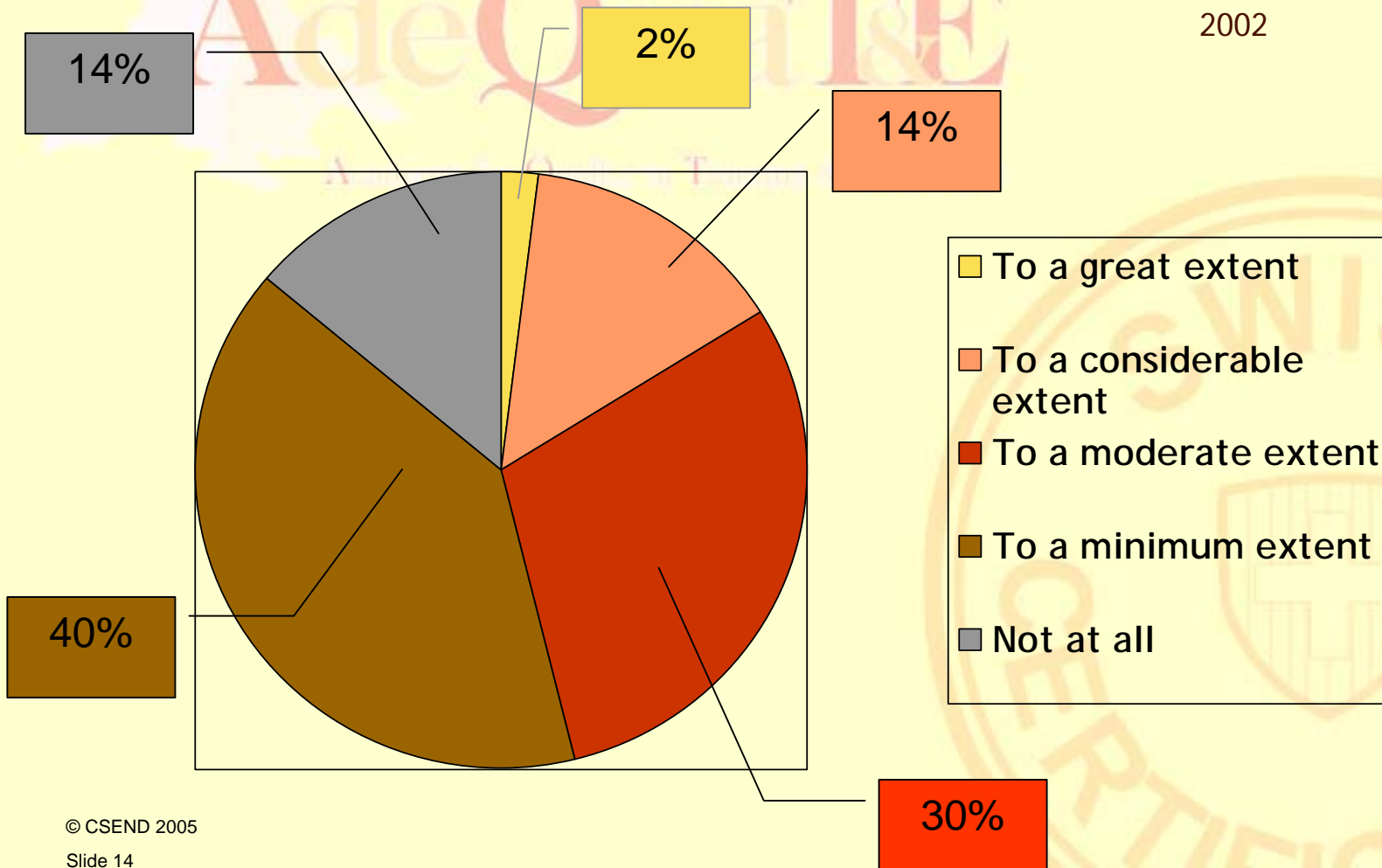
Mercer HR Consulting, 2002



# ROI in Human Capital

To what extent do you know the return on your aggregate investments in human capital?

Mercer HR Consulting,  
2002



# Business Unusual



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**Hard Data,**

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**Soft issues!**



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# Training Evaluation (Phillips' model)



Ad

## Levels

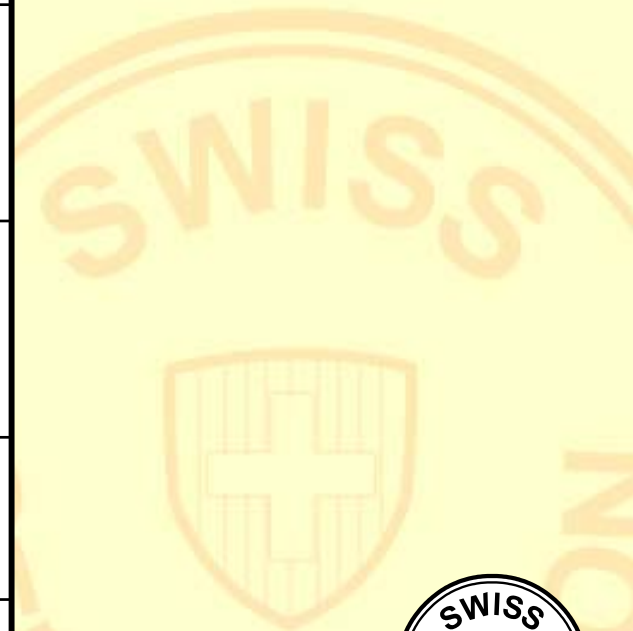
1. Reaction, Satisfaction, and Planned Action

2. Learning

3. Application and Implementation

4. Business Impact

5. Return on Investment



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# Evaluation Frameworks Compared to Cost-Benefit Analysis

	Kirkpatrick's	Phillips'	CBA
Reaction	✓	✓	
Learning	✓	✓	
Application/Beh.	✓	✓	
Impact/Results/ Benefits	✓	✓	✓
ROI		✓	✓
Effect of Programme		✓	
Determining Cost		✓	✓
Quantify Benefits		✓	✓
Intangible Benefits		✓	✓

# ROI: The Basics



*...Comparing COSTS & BENEFITS to arrive at:*

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$$\textcircled{1} \text{ BENEFIT TO COST RATIO} = \frac{\text{Annual Benefit}}{\text{Annual Cost}}$$

$$\textcircled{2} \text{ RETURN ON (TRAINING) INVESTMENT(\%)} = \frac{\text{Net Annual Benefit}}{\text{Annual Cost}} \times 100$$



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# Why a specific training management system?

- ✿ To standardise the process
- ✿ To reduce variation
- ✿ To collect quantifiable (“hard”) data
- ✿ To increase the credibility of “L&D” aspect of HR function
- 👍 To ensure the “business objectives” being served by “L&D” investment



# The Comprehensive Solution!



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ISO 10015!!!



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# What is ISO 10015?



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The ISO 10015 Standard is a quality assurance standard for training. Its function is to ensure the impact and the effectiveness of training systems and programmes in your organisation.



# DEVELOPMENT OF ISO 10015 - HISTORICAL MILESTONES *(cont'd)*



*International meetings took place in:*

Budapest



1993

Paris & Toronto



1994

Frankfurt & Durban



1995

Geneva & Tel Aviv



1996

Goteborg & Rio de Janeiro



1997



# DEVELOPMENT OF ISO 10015 - HISTORICAL MILESTONES *(cont'd)*



## AdeQuaTE

ISO 10015 was published on  
December 15, 1999 after  
receiving overwhelming majority  
vote from ISO membership



# Benefit 1



# AdeQuaTE

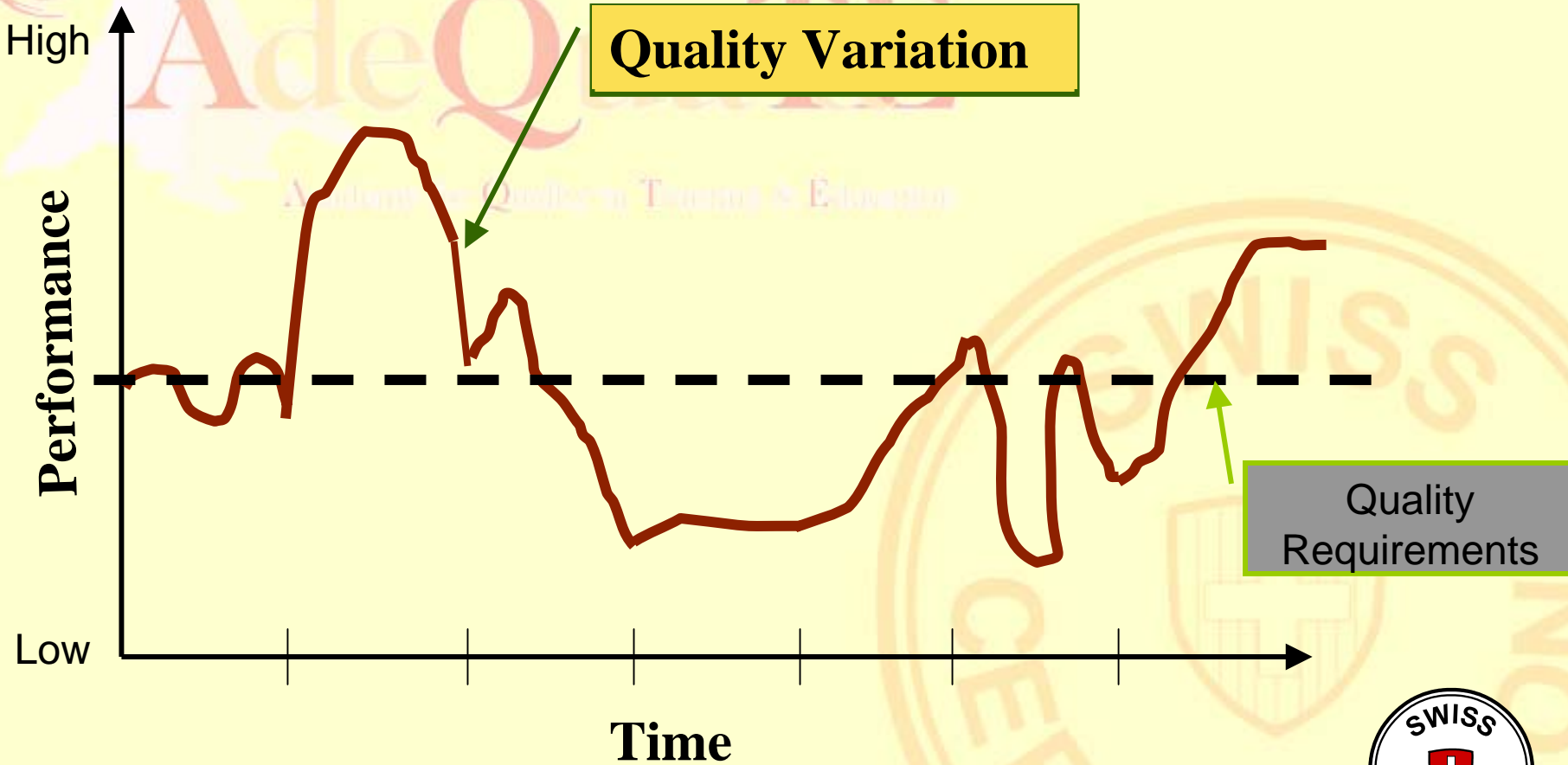
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- ❁ It provides a process control procedure to reduce variation of quality of products/services or outcomes





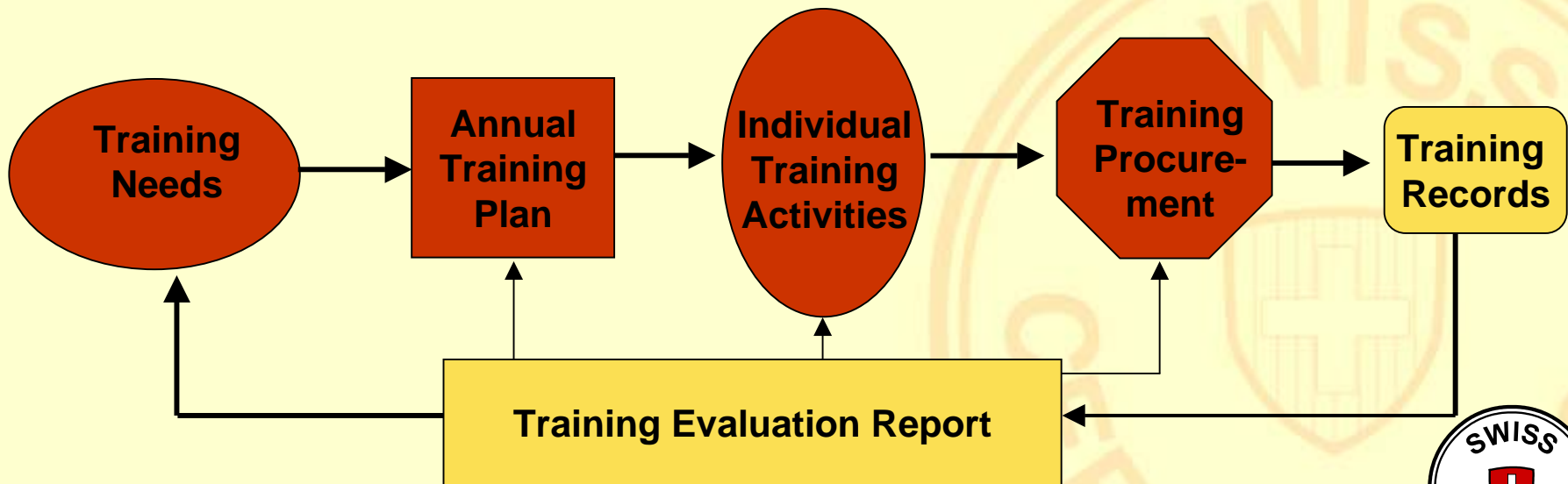
# Training Performance Overtime



# Benefit 2

It provides a monitoring system regarding the functioning of the whole supply chain (work processes) on a on-going basis

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# Benefit 3



- ✚ It provides a participation vehicle which engages the services provider with line managers and other multi-level users in an on-going dialogue and partnership



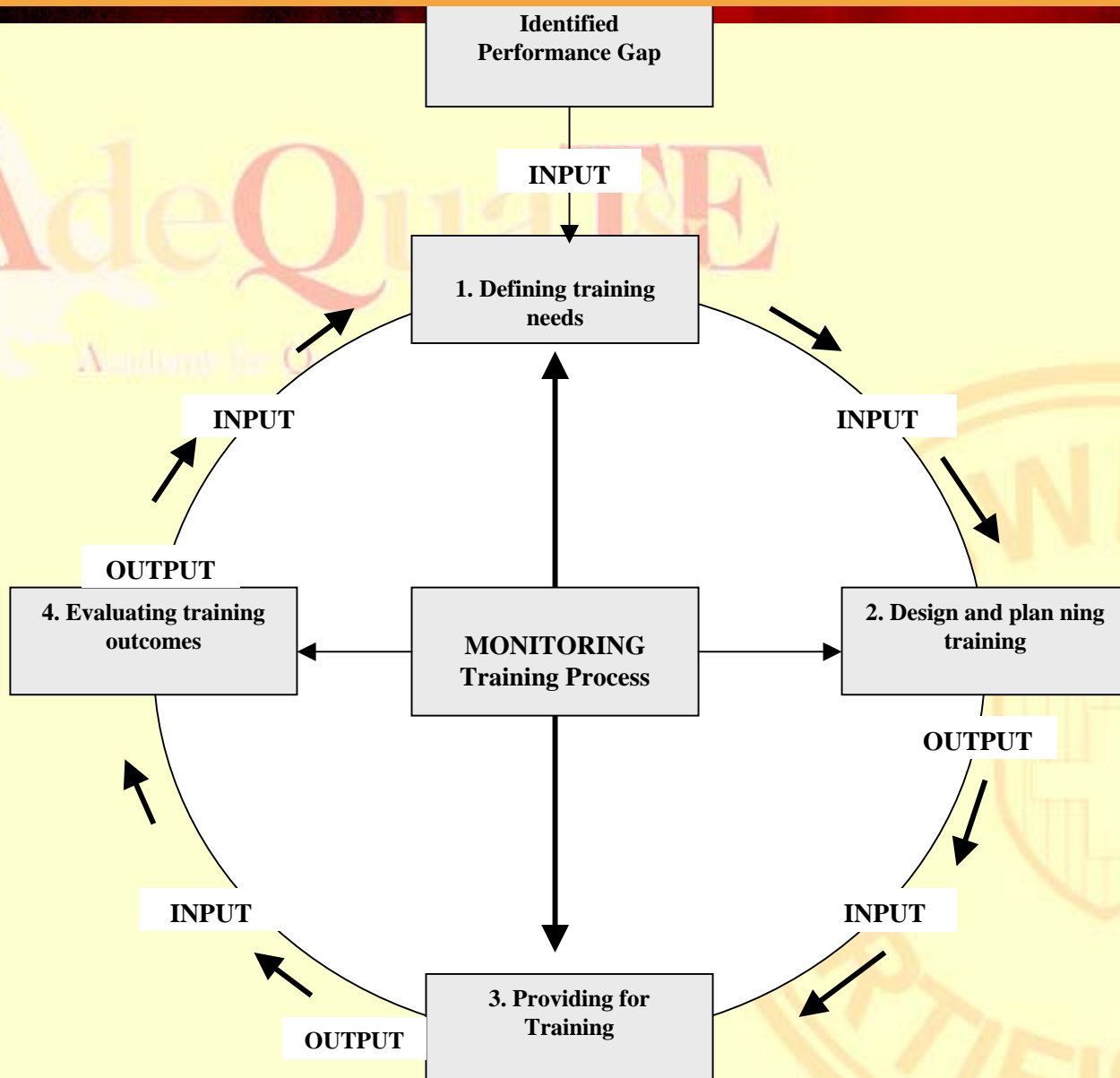
# Benefit 4



- It aligns the training services with the business objectives and targets training investment at the critical mass that would contribute to the performance the company.



# Training Process



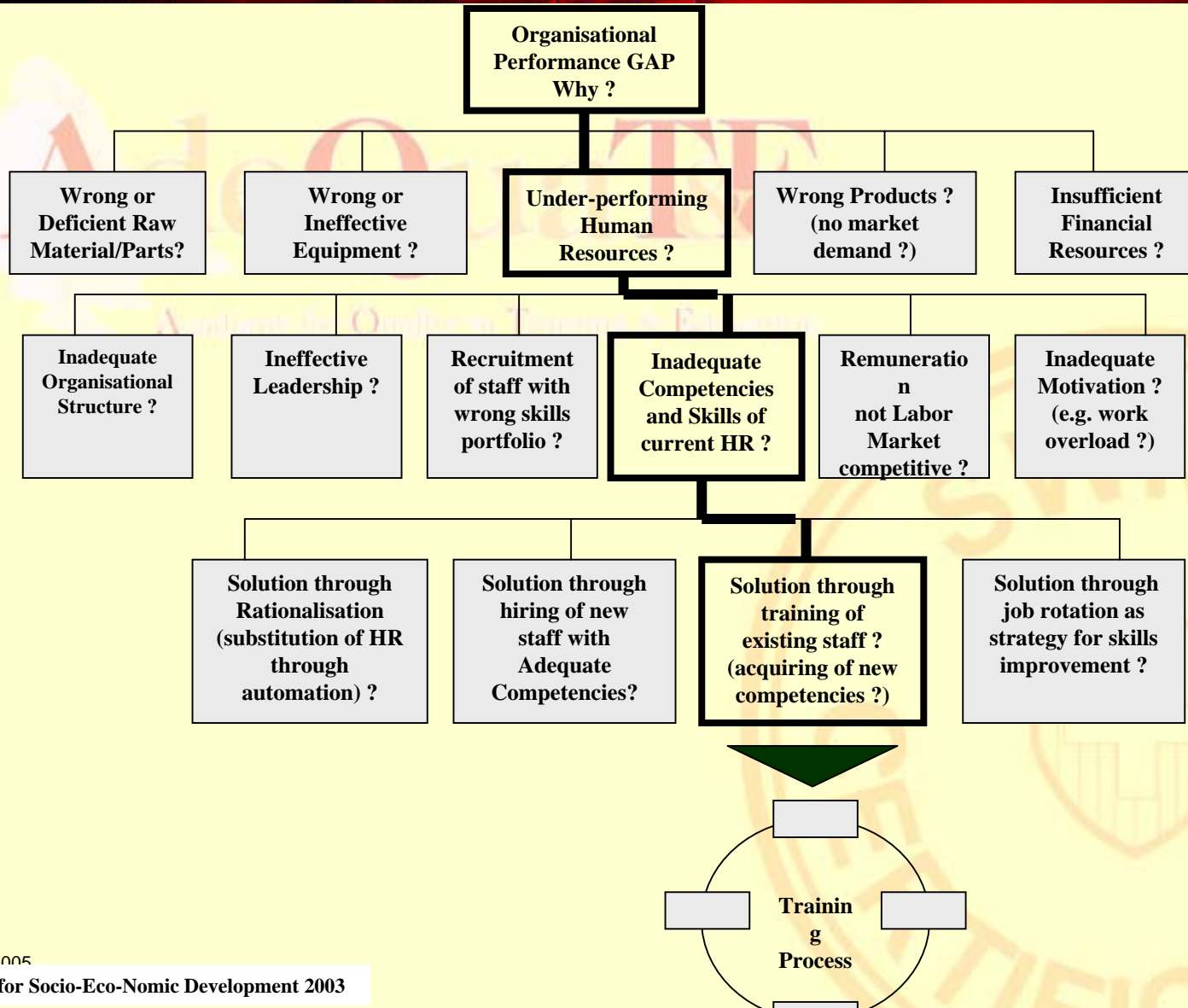
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SWISS



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# Linking Training with Organisational Performance





# What is ISO 10015?



The ISO 10015 Standard is a quality assurance standard for (education) and training.

Its function is to ensure the impact and the effectiveness of training systems and programmes in your organisation **so that a higher Return on Investment (ROI) can be attained.**



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# Shared Principles



- Aligned with ISO 9001:2000
- Shared with other quality award programmes, for instance, the Malcolm Baldrige Quality Award, the European Quality Award etc.
- Customer focus, leadership, involvement of people, process approach, system approach to management, continual improvement, factual approach to decision making, mutual beneficial supplier relationships



# ISO 10015 - strengths

- ✿ is recognized and used world-wide
- ✿ has the process approach and customer orientation
- ✿ is generic and applicable to all organizations
- ✿ is strategic
- ✿ integrates different performance management tools and HR practices into a shared platform
- ✿ aligns L&D processes with strategic planning & line management practices
- ✿ is driven by comprehensive data and a just-in-time tracking system



# Conclusion 1

- Human capital is a key factor of corporate competitiveness
- Human capital is generated through excellence of education and life long learning
- Investment in training and development is crucial for companies' bottomline
- T&D without quality assurance represents a high risk of wastefulness, sub-optimal use of resources, demotivation of staff and possible labour turnover
- ISO 10015 provides the foundation of effective & efficient use of training resources and ensures collection of data needed for calculation of ROI



# Conclusion 2

- ❖ To install the ISO 10015 system presents a fundamental paradigm shift for traditional approach to personnel function
- ❖ To be successful in using ISO 10015 as a management tool demands organisational culture re-orientation and capability development of the HR function
- ❖ Challenging but has to be done otherwise organisations jeopardise their survival





**Thank You!!**

