

Identifying Determinants of Organizational Development as the Key Developers of Employee Soft Skill

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Abstract: The purpose of this article is to identify the determinants of organizational development as the key developers of employee soft skills. Various studies have been taken where determinants of organizational development defining soft skills in employees are discussed. However, the current study is different in Pakistani industry context as the link was missing about the determinants of organizational development which in synchronized way help in developing soft skills in employees of firm. This research uses explanatory approach; incorporating secondary data extracted under the light of existing school of thoughts paired with quantification through data collected from respondents in Pakistani corporate sector. Hypotheses are tested using structural equation model (SEM) technique. **Results** This research showed an affirmative link between determinants of organizational development and development of soft skills in employees. Finally, the study proposes enriching insights on few missing links that can be researched and triggered achieving maximized outcomes.

Keywords: HRD; Organizational Development; Behavioral Training & Development; Employee Performance

JEL Classification: O15

1. Introduction

A main strength for any organization to harmonize dynamic markets is organizational learning. An organization's ability to learn is a key strategic capability to compete in modern markets. This article is an effort to get deep rooted understanding of learning role to organization's competitive edge by assessing how organizational learning, considered as vibrant capability forming firm's tactical flexibility and aggressive strategy execution to finally polish consumer, fiscal, and marketplace related show (Santose, 2012). The current study aims at determining

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the impact of behavioral training and development synergized with human resource development and organizational learning in developing soft skills in employees. The authors have reviewed extensive literature which laid down the foundation for identifying the determinants of organizational development such as human resource development (HRD, organizational learning (OL) behavioral training and & development (BT & D).

The role of organizational learning (via exploratory learning and exploitative learning) in this process is analyzed during the whole scenario as well. There is a strong positive relation between human resource management (HRM) and employee performance management (Li et. al., 2012).

Employee performance management advocates aligning HRM practices in specific ways that make sure running and expected performances of employees will direct towards as a whole organizational learning (Den Hartog, Boselie & Paauwe 2004). We found evidence from previous literature that Organizational learning is supporting for new ventures to cater opportunity and boost efficiency through better organizational performance (Li et. al., 2012). We discussed more that connecting social capital theory with the organizational learning angle, we discussed not only the way OL affects the connection between managerial ties as main social capital and new ventures' opportunity capture, but also enlarge opportunity capture researches from entrepreneurs' endogenous traits to their exogenous relationships.

The main reason for undertaking this research study is that in Pakistani corporate Industry it has been evidenced that organizations invest a lot in recruitments and training employees with respect to hard skills i.e. those associated with the functional perspectives of their jobs. However, employees are lacking soft skills which can only be developed and enhanced if behavioral training and development becomes an integral part of organizational development strategy. Therefore, it is eminent to inspect the impact of all of the facets of organizational development so that an integrated OD may result in better employee performance.

Hence the current research aims to identify the determinants of organizational development and its impact on developing soft skills in employees.

The following research questions are central to this study:

1. How determinants of organizational development are associated with organizational development?
2. What is the influence of organizational development on developing soft skills in employees?

2. Theoretical Background

The past literature advocates that organizational learning is focal point for new findings to shape value and grab opportunity (Hsu & Pereira, 2008; Li et al., 2012; Short et al., 2010; Simon, 2011). In the previous literature added as well, exploratory learning and exploitative learning are viewed as the most important factors (March, 1991). These can readdress and fine tune in social capital (Zhao, 2011) and perk up firm presentation (Lumpkin, 2005).

Furthermore, these are viewed as synthesized forces which work for collective superior and are obviously beneficial for firm and attached institutions (Lin, Peng, Yang, & Sun, 2009) added (Yang, Lin, & Peng, 2011) connecting social capital theory with the organizational learning angle. We not only explain how organizational learning affects the association between managerial ties as important social capital and new ventures' opportunity capture, but also expand opportunity capture research from entrepreneurs' endogenous traits to their exogenous relationships. We can find evidence from previous literature which that organizational learning is mainly essential for resource management of new ventures in vibrant environments (Short et al., 2010; Sirmon et al., 2007).

The existing literature emphasizes that organizational learning is especially important for resource management of new ventures in dynamic environments (Short et al., 2010; Sirmon et al., 2007). Organizational learning types include exploratory learning and exploitative learning have different features (Lin et al., 2009; Yang et al., 2011). Exploratory learning means the learning of product and process development skills that are exclusively unique to running experiences of the firm. The focal words in exploratory learning actions are "search, variation, risk taking, experimentation, play, flexibility, discovery, and innovation" (March, 1991, p. 71).

Exploratory learning stress is on experimentation with new options, since it happens beside an exclusively different path through the processes of determined variation, planned experimentation, and play (Benner & Tushman, 2002; Gupta, Smith, & Shalley, 2006; Yang, Liu, Gao, & Li, 2012). Contrarily, exploitative learning means the learning from the knowledge and skills that are well-known with the firms' running actions. Exploitative learning endorse "refinement, choice, production, efficiency, selection, implementation, and execution," and it concentrate on "the refinement and extension of existing competencies, technologies, and paradigms exhibiting returns which are positive, proximate, and predictable" (March, 1991, p. 85).

The chief stress of exploitative learning is on organize, competence, and consistency (Auh & Menguc, 2005). First, we have to find out whether learning from experience cashed in diverse acquirement scenario is confined to affecting succeeding results of same scenario dealings. Second, we consider whether

learning scenario in reaction to preceding gain and losses vary across attainment scenario, learning is diagnosed with regard to an unexploited organizational goal uneven in attainment completion of an openly announced transaction. Organizational learning theory propagate that experienced-based learning endorsed result via its effects on knowledge creation and convey, and by suggesting changes to organizational practices, strategies, and structures (Cyert & March 1963; Levitt & March, 1988).

Empirically, positive results due to added experience are one the major findings in organizational learning (Argote, 2012). As a result, scholars have advanced organizational learning theory in three major directions. Firstly they stressed on role of experience with extent to codification instead of accumulation of experiences (Hayward, 2002; Zollo, 2004). Secondly they diagnose the probabilities of events which moderate the mode in which experience affects learning (Haleblian, 1999) or aim firm operations (Brutton, 1994). Thirdly, scholars have aimed afar the conventional judgment of learning depending on the beneficiary monetary performance subsequent to explicit agreement.

Organizational learning can be explained as a procedure through which firms deduce inference from practice into practice into understanding or daily activities such that their understanding or succeeding actions modified methodically (Argote, 1999; Cyert & March, 1963). Experiential learning theory suggests that experience is the main reason of establishing routine. Routines are combined, recurring, and constant pathways of actions within organizations (Nelson, 1982). Routine developed through practice exercise by employees of an organization.

Beyond above discussed actions routine can also covers executive level decision making accompanying by administrative and operations actions to postulate organizational events (Finkelstein, 2002; Winter, 1987). Despite enormous research on organizational learning in mergers and acquisition we have least knowledge of it that how and what level of experimental learning we got from past failures. HRM mechanism must make sure low employee absenteeism, greater satisfaction, and commitment. These HRM recommendations have been focused in many of the main HRM employee performance models that have been offered, established and experienced in the literature over the past couple of decades (Pauwe, 2009). Pauwe and Richardson (1997) added that satisfaction of academic employees could harmonize connection among HRM practices, context and quality of task's employee deliver.

Outcomes of the study propose that an inclusive loom to performance management evolves fine results provided there are strong linkages among elements of employee management otherwise troubles arises. The results are same with different studies that there exist connection among HRM processes and attitudes are correlated. It is found that where performance appraisals are less consistent, the

appraisal reviews may have a bigger brunt on following job performance (Howell, 1986).

In addition, Cederblom (1982) advocates that appraising of old employees has little impact on their succeeding performance. Above discussed phenomenon could be different due to nature of job and industry analyzed (Dorfman et al., 1986). Effectiveness of review is valid if it is not done in long time. Additionally, Latham and Wexley (1994) stressed for sharing results of reviews more frequently if change in behavior of employees is needed. Seemingly, Augustine (1994) added more that this must be exercised on regular basis for sound results otherwise this exercise may fulfill documentary proceedings but worth less.

Managing employee performance in the multinational context necessitates examining differences in employee's cognitive processes. Investment in human capital is beneficial as suggested by many job related factors. Result oriented employees having proactive approach are valued. Organizational learning or Learning organization have been used interchangeably in many circumstances. While first one means the collaborative learning method of persons and second one is considered as the temperament and/or uniqueness of an organization that might sponsor a nonstop organizational learning process (Song, 2009).

Furthermore, HRD can participate in edifice organizational learning environment by cheering nonstop learning, discussion and investigation, group learning, and empowerment (Yang & Yang, 2004). HRD policies are essential to recruit, train, retain and polished employees for improvement of performance. The outcomes reveal that practices can be identified along intra organizational relationship, competence management, performance and stress management (Lim, 2011). Furthermore, HRD can add to build implanted systems, organization links, and structural headship. For instance, HRD can assist organizations put up an organizational environment of unwrap communication that facilitates individuals for feedback; listen to others' viewpoints, and support questioning and feedback.

Thus the extensive literature review sum up with the development of hypothesis given below:

H1: Human Resource Development (HRD) serves as a substantial determinant of organizational development

H2: Organizational Learning (OL) serves as a substantial determinant of organizational development

H3: Behavioral Training & Development (BT & D) serves as a substantial determinant of organizational development.

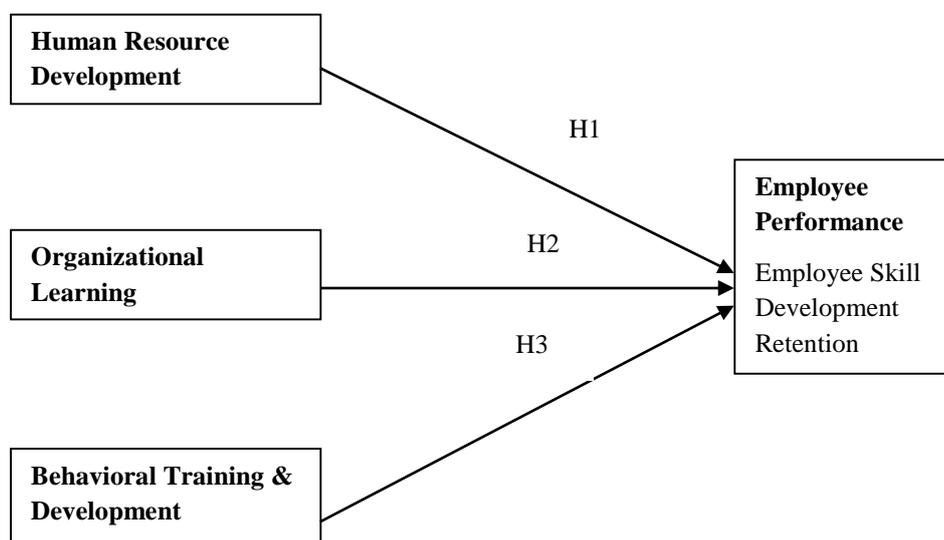


Figure 1. Theoretical Framework

3. Research Method

3.1. Sample

Target population for this research was managers and employees working in different service and industrial sectors organizations in Pakistan. Total 230 research questionnaires were distributed by research assistants, amongst all 189 questionnaires were filled and sent back. The special designed questionnaire asking about employee's soft skills sparked interest in respondents. That's why response rate was too significant.

3.2. Instrument and Measures

The research is conducted to determine the outcome of determinants of organizational development on developing soft skills. So there are total two variables in this research. Organizational develop as independent variable and development of soft skills as dependant variable. The instrument to analyze determinants of organizational development consists of 16 items and is inquired on 5-point Likert scale (1 for strongly agree and 5 for strongly disagree). The endogenous variable is development of soft skills in employees.

3.3. Procedure

Questionnaires were circulated to managers and employees working in different service and industrial sector organizations in Pakistan. Questionnaire has two parts. First was asking about respondents demographics. And the other part was related to

exogenous and endogenous variables. Questionnaires were circulated as in first stage, the self-explanatory questionnaires were circulated by research assistant to respondents, and in second stage questionnaires were collected. A reminder call was also sent time to time to get high response.

4. Results and Discussions

The reply rate of 82% was witnessed as 230 questionnaires were distributed and 189 questionnaires were acknowledged back. Researcher did not find statistical disparity between personal and professional qualities of respondents. Which means outcomes can be generalized to bigger population.

Mean, standard deviation, and cronbach’s of the data is presented in table 1. The outcomes of this research are strongly positive. The outcomes depict that employee performance has the largest mean and organizational learning has the lowest mean.

Table 1. Descriptive Statistics

Variables	Items	N	Mean	SD	Cronbach’s Alpha
HRD	3	189	3.9298	1.65071	.839
Organizational Learning	2	189	3.7214	.92707	.614
Behavioral Training& D	2	189	3.8976	.89271	.788
Employee Performance	5	189	4.6786	2.19453	.842

Table 2 declares Pearson correlation analysis of identifying the determinants of OD as the key developers of employee’s soft skills. Table 2 shows significant connection amid determinants of development soft skills in employees; it shows a bit lower value of affirmative prejudice than determinants of soft skills development. At the same time, Table 2 tells a key affirmative affiliation amid exogenous and endogenous variables. So, it ropes our hypothesis H1, which points out the optimistic correlation between the determinants of OD as the key developers of employees soft skills.

Table 3 tells regression weights of the examination. The charge of P ought to be less than 0.05 for approval of hypothesis. The charge of P for these results is fit lower than 0.05. Therefore, we acknowledge our proposition. Evidence of strong affirmative bond between determinants of OD and developing of soft skills in employees exist. The investigation has sound support from various authentic sources as quoted in strength in literature review segment

Table 2. Correlations

		HRD	OD	BT&D
IVs	Pearson	1	1	1
	Correlation			
	Sig. (2-tailed)	189	189	189
	N			
EP	Pearson	.877	.787	.678
	Correlation	.000	.000	.000
	Sig. (2-tailed)	189	189	189
	N			

Table 3. Regression Weights: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P	Label
EP <--- HRD	.595	.052	7.496	***	Accept
EP <--- OD	.369	.057	6.664	***	Accept
EP <--- BTD	.465	.042	9.645	***	Accept

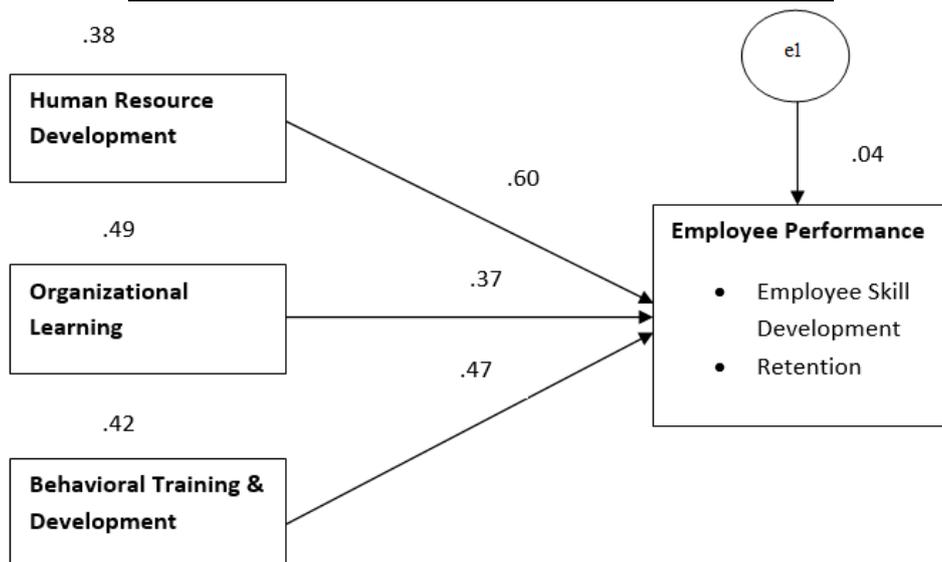


Figure 2. Structural equation mode

5. Conclusion

This research is conducted to identify determinants of organizational development as a key developer of soft skills in employees. This is a valuable study as it tested that how organizational development supports developing soft skills in employees. The study is unique as it investigated while identifying determinants of

organizational development as developing soft skills in employees in Pakistani service and industrial sector. This study proved positive relationship between determinants of organizational development as a key developer of soft skills in employees. Projected model in this research is established by using numerous analysis and structural equation modeling technique (SEM). By deploying all determinants of organizational development entirely, user of this information shall be able to get closer towards an efficient use of recommendation of this research. The Research also established basis for researchers with constructive upcoming references.

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