

# WHEN HR LEARN TO BE A LEADER AND MAINSTAY TO REDUCE THE COST BY COST AND LOSS EVALUATION OF HUMAN RESOURCE MANAGEMENT

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## ABSTRACT

Thailand's real estate industry has been growing steadily and has been highly competitive. In business, Return On Investment (ROI) was important, so the administrative team had to considerate it before an investment. There was no exception even it was the investment on human beings because we had to find out to what extent the investment was worthwhile. This caused in the role of new HR generation to changes. They have to be both business partners and business players. When the organization changed, it was expected that the HR team had to be leaders or mainstays for the changes. In fact, HR team couldn't be the actual players as expectation. Moreover, they could not be away from their routine orbit. There was the issue that the HR team should develop their management ability to become expected partners and players.

In the study, the authors tried to find out the thrust causing potential to develop HR team to play a role as business partners and business players. The study focused on the topic of "How to drive HR team with more powerful and reach as expected level-player", the way to drive and link HR Cost and Loss deployment which were based on World Class Manufacturing (WCM) and Total Productive Management (TPM) organization development system that they were likes principle pillars of management. In other words, it was called 'people development'. The authors summarized some of the methods to evaluate the loss that occurred and also considered preliminary cost (Solving Efeso, 2011) in order to find the motivation in management. When the loss was considered in the monetary form, there was a driven force to reduce loss which was the way for organization development. The authors expected that HR team would be actual business partners and business players.

**Keywords:** HR cost and lost identifications, HR business partner, cost and lost development

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## Introduction

Currently, administration team adopted an alternative or a new idea for management, so Return On Investment (ROI) was used to find out whether the investment was worthwhile or not (Anna, 2014). They even invested in human resource management such as the expansion of training, development of an expert and/or specialist in each various areas (Naratip, 2012). This was different from human capital which focused on understanding the human characteristics in the existing capital and developing these humans to increase their abilities. However, ROI was an approach to use the existing human capital for the most benefits. What does ROI refer to? That is the question which HRM had to be answer (GEO-LEARNING, 2012). Nowadays, not only HR department, but every department in organization looked at how they would develop their performance. In addition, they also looked at the tangibility such as money or resources to be used to succeed in maximum efficiency. In the current situation, HR team had to enable their organization to survive with a great potential in the competition. To achieve the goals of management and business result, it was not surprising issued if the HR had to trackback the results of the performance and resources that had been used especially focus on labor cost and losses due to manpower affected. Mark (2014) mentioned in "THE HIGH COST OF LOW PERFORMANCE 2014" that 88 % of the administrators understood and knew that the most important thing they should do was to follow strategic plan whilst 61 % agreed that their companies tried to fight to reduce the gaps among different strategic plans. These gaps showed that the administrators lacked of the mutual understanding among themselves. Although there were some changes in some parts of the projects that were in operation, the administrators had to adjust to the changes to make the projects successful. However, in order to run the project efficiently, every project had to have the strategic plan at the beginning. Every department had to prepare for the strategy's changes which were unavoidable (Terdtoon, 2012) In fact, the traditional HR had to understand in the organization's capital (Worawat,

2012 & Naratip, 2012).

When overall financial aspect was considered, HR Department was seen as the cost center or the department to spend money. HR was not seen as the profit center or the department that did not made money. Although there was new concept that HR had to be both actual business partner and business player, the HR in Thailand still did the same routine. The reason why HR department could not be the actual business partner and business player that the organization might not expect HR to go away from its routine orbit. HR department was also inexperienced in business management (Narongwit, 2013).

Lingmin (2013) discussed about the cost derived from HR and summarized it in the perspective of organizational time management. Its application in production of products or services and manpower management was the main cost spent directly and indirectly according to time. The cost also included the investment on both human and inhuman. In this study, understanding the cost is to find whether the cost was worthwhile or not, so it was necessary to study ROI because it had direct impact on the organization's return which was the important aim for running the business.

Anne-Marie, Aaron, and Dimple (2009) stated that the organization had to reduce cost of managing human resources which was the problem that many organizations faced. In fact, labor was the major cost of the organization and the business sometimes had labor costs which were as high as 90 percent of the cost. This was the reason why some organizations had to reduce this sum amount of money in a short, medium and long term through HR Department. The problems or issues required understanding for HR were as follows:

1. Cost reduction should be done continuously, but it shouldn't have an effect on the confidence of customers and the production of the goods and services.
2. How the HR manage the other department's leaders if they have to cut their costs or do their cost reduction.
3. There should be the consensus on the increase

of wage rates because it would immediately affect the direct costs.

4. Be careful of cost reduction while recruiting and hiring employees in the situation of labor shortage or when there was greater flexibility in the labor market, which would affect the possibility of turnover.
5. There is the pressure to pay bonuses which are paid traditionally every year.
6. The goal of HR is to create the most potential and efficient manpower.

Anne-Marie and et. al. stated that HR had to answer the two issues that were related to reducing labor costs and wages in the business: 1) How can HR reduce its operating cost? 2) How can HR support the business in reduction cost? This agreed with the concept of Narongwit (2013) and Naratip (2012) that asked HR to participate in making profit for its organization. Therefore, HR had to consider 2 principles: 1) How to maximize Human capability? and 2) How to minimize human cost? For the first question, if HR could maximize human capability, it could make more profit to the organization. It was certain that if the personnel of the organization exerted their potential, the production of each person to become higher. This could make higher income and profit for the organization. For the second question, when the organization could minimize in human cost, the organization could also make profits. If the cost of human resource management reduced, the organization would surely have more profits. However, minimizing human cost didn't mean reduction of salary or welfare. It meant that the total cost of management had a low percentage compared to revenues or profits of the organization. This might mean that employees in this organization might have a higher salary than those of any other organizations. However, this organization might employ fewer employees than other organizations (Narongwit, 2013).

According to the Office of the Royal Society, the Engineering referred to the course concerning the knowledge of mathematics and natural sciences which was applied in many fields. Engineering creatively applied scientific methods to design and develop machinery, tools or production process and to take

advantage of these things. With a better and clearer understanding about the tools, engineering could be used to forecast the behavior of those machines under specific conditions. The intended use, the worthiness of the operation cost and the safety to life and the property were all the things that had to be taken into consideration and how we application and looked HR in the perspective of engineering process. (Worapat, 2012) Morgan and Jessica, (2013) conducted the research by using engineering mathematics and social science theories to explain the human knowledge and skills in order to find the approach based on engineering to develop working pattern. This was called "Humanistic Engineering" which was used to explain HR management with the combination of humanities, social sciences and engineering. They also concluded that problem solving skills were guidelines to develop or solving the problems. Solving skills were presented with consistent of 3 principles: role of humanities, social sciences, and engineering skills. Morgan H. and Jessica S. summarized that there should be reference of systems and the evaluation of interaction level. This should cover social context in the form of challenging engineering design which focused on learning based on engineering expectation.

To develop the organization, HR was also expected to participate in making organization's profitability. HR had to be continuous improvement agent that supported and maintained the organization all the time. HR had to be changes management agent. According to organizational development, HR was expected not only to be the leader or backbone in organizational changes but also to reduce the cost of the organization (Terdtoon, 2012).

The several problem that HR will be faces moreover of the problems of its workload and routine. First of all, HR had to improve their ability and search for knowledge of both business and other concerning areas that may have never participated before such as Finance cost and loss tern. Others more, they should increase their potential to be leader or backbone from the mentioned problems, which HR had to be an actual leader on problem solving (Narongwit, (2013).

Authors, who were appointed to this mission with the several conditions. First, the personal background was that they were production engineer skills and were responsible for a Line in meaning HR management for over 10 years and played with supervision skills, which many levels of subordinates such as labors, skilled workers, chiefs, engineers, and production managers. Second, the new challenges with the mission of develop the organization to be World Class Manufacturing had to develop all departments and/or functions in the organization. Third, the developed HR team is the team of organization developer whichever was called HR, HRD, Recruits, Admin, People Development, Training, Training & Education, Payrolls, Employee relations, and/or etc. The mission of develop HR to be "World Class HR". Moreover, the important method used the perspective meaning of engineering with human resource management to drive and let HR team understanding, the relevant HR in business result. In conclusion, the target that measurement in monitory was powerfully drive an improvement to reduce the expenses or cost which defined as losses and drive the way to develop the organization to be World Class level (Solving Efeso, 2011).

**The objectives of the study:**

1. To study how to develop HR to be the leader or mainstay of changes and organization development.
2. To study the form and method of implementation that is consistent with the HR operation, especially financial and human resource costs.
3. To study and understand the loss of the organization which is consistent with HR.

**The Expected Results:**

1. To find the guidelines to develop HR to be the leader or a mainstay for the transforming and developing the organization.
2. To have the guidelines of the financial term

for HR cost and losses defined systems which HR should know and able to application.

3. To understand the loss of the organization this is consistent with HR responsibility defined through the implementation of the WCM or TPM methodology.

**1. The Cost and Loss in People Development Pillar on WCM and TPM application.**

**1.1 Cost and its definition and basic principles**

In the perspective of the organizational development project, there were both application systems: World Class Management (WCM) and Total Productive Maintenance (TPM). From the author's perspective, WCM was to raise the organization to the world class level. The system had been developed and used since 1980. TPM was an another system that can make the organization to operate excellently. These two approaches made an effort for HR to apply engineering stages to change the organization (Luan, Kovalevsky, Silvia, Manon, & Pedro, 2013). According to People Development Pillars, it was the pillars that led the organization to be WCM (Solving Efeso, 2011). When these pillars were combined with the reduction of the losses of the organization, the main principle was to search for the cause of the losses (Loss Intelligent) and let actions to eliminate the losses by using the method of Losses Eradication. In addition, HR team had to find how to prevent losses as permanently (Loss Prevention). Fig.1. showed the main principle of WCM which indicated that "If organization can understand the loss, it has opportunities to save or reduce the loss". So, that HR had to look for the opportunity from the losses and try to develop the organization to make continuous improvement. Moreover, HR needs to drive and mainstay to learn others areas and to define the losses that will manage people competency to identify the loss and to guide the way to improve and continuous improvement.

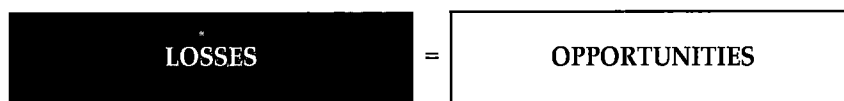
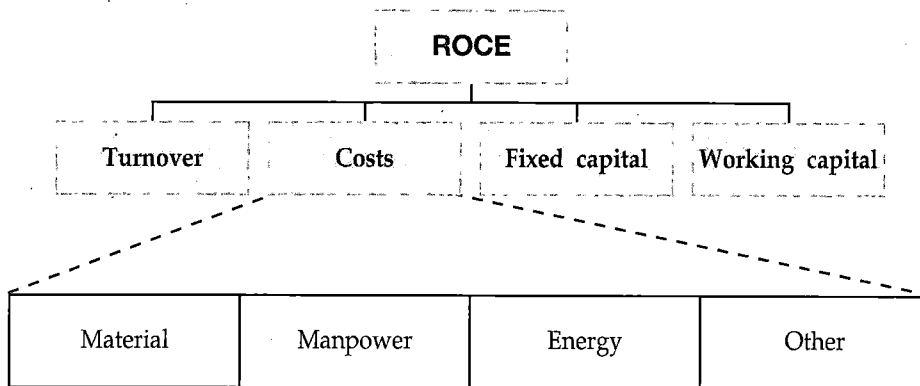


Figure 1 Loss equal opportunities in WCM Methodology; Source: WCM methodology (Solving Efeso, 2011)

The cooperation of all involved in the organization (all involvement), the organization had to be interested in eliminating losses continuously (Systematic Loss Elimination). The loss in WCM perspective was the cost that the organization had to over pay for the added value. However, WCM perspective by appreciate with the customers' perspective that the loss meaning to organization paid which didn't have an effect on value added on the products or services. When the loss was in the form of cost, HR had to consider whether it was worthwhile or not, the mandatory in finance term call Return On Capital Employ (ROCE) or Return On Investment (ROI). HR team had to look at how much return the company and earn from the capital that the

company invested in People. It was similar to the evaluation of Return On Asset (ROA). However, the denominator of ROA was based on total assets. An example for the businesses, which did not have any other incomes because they ran only one business and invested only main part of Capital Employed. So, labor or manpower is like there was the main property that was necessary for the company to run its business. When compared with return that their employees payback and the value showed that the return was worth investing or not. The more value of the ROCE, ROI or ROA, the better the organization was. The second figure would help HR's readers to understand the organization's basic funding and ROCE.



**Figure 2** The components of organization's basic funding of ROCE; Source: WCM methodology (Solving Efeso, 2011)

According to Fig.2, the organization focuses on the cost which was the main component consisting of 4 major elements including 1) Material, 2) Man Power, 3) Energy, and 4) other expenses. This was consistent with WCM methodology (Solving Efeso, (2011); Naratip, (2012)).

Labor wages were another principle component of operational cost of the organization. If HR understood these issues, it means that they started to understand the concept of the cost. This issue was that would lead to the losses reduction in the usages of resources or labor. The steps for losses reduction or loss improvement were as follows:

1. *Understanding KPIs*; search for the inconsistency

in running the business and follow-up the results of the operations by using the principles of metrics or Key Performance Indicators (KPIs) to understand the loss that occurred and was related to each KPI, then, look from the start of the measurement and write a comparable level that able to measurement (Start point of KPI) and finally determine the targets (Target of KPI) clearly.

2. *Definition of Cost and Loss related to KPIs*; prioritize in each particular element especially the element concerning to HR such as labor which was the major issue and was consistent with actual businesses. Most were transformed into the worth of the money and it was necessary to define it as the clear indicator).

3. *Losses Measurement*; Change the indication intern of Cost and loss and defines or search for a method of evaluation losses.

4. *Loss Deployment*; for the evaluation to make sure to look at priority of the losses distribution.

5. *Action as continuous improvement*; Action on the 1<sup>st</sup> priority and implement for the ways to eliminate loss by continuous integration.

### 1.2 Losses and classify the loss systematically (Loss Deployment)

Loss Deployment was the method to find the real cause of the losses and result with the prioritization. In term of HR or People Development Pillars, how to identify the loss that was the issue in which the authors were interested in and presented the basic concept in this study. The way to establish how to evaluate the loss, depending on scientific and/or engineering principles which were used for the analysis (Morgan H, and Jessica S, 2013). The authors preferred to use the stages of People Development pillar that presented in WCM and TPM steps combined with other human resource experts' approach. The followings were developing to the stages of HR loss deployment and improvement in 4 stages as shown below.

#### *Stage 1 (Vision and Mission):*

The Vision and mission should be determined clearly (Narongwit S., 2013). This was the key in moving from the traditional HR to the modern HR. If HR did not understand the strategy of the organization and were unable to plan HR strategy consistent with the corporate goals, they would lose the opportunity to participate in making profits to the organization. This strategy would allow HR to convert the goals of the organization to be HR's strategic plans or projects. In addition, that will be the commitment of Executive team (Management Commitment) would be created to express the intention that HR team was ready to operate seriously.

However, the reason of strong focuses on the commitment because that didn't have to interfere with the routine work because it would lead to the abandonment of the set goals.

There was an example to raise HR to reach standard for World Class level perspective that "The people development pillar would ensure the competency and organization development was in accordance with company targets and the environment changes" (Solving Efeso, 2011). The main missions were as follows:

1.1 Provide trainings which should be in accordance with the need and responses to the organization's goals.

1.2 Support all aspects of organizational development (Pillar) to raise organizations to meet world-class standard.

1.3 Support the HR to eliminate the loss caused by the nonstandard and lack of skills.

1.4 Create the context which is beneficial to the changes of organization and make the organization to be a learning organization.

From the vision and the set missions, HR didn't seem to see any perspective to the cost and loss. In the way to build consensus in business and measurement related to vision and mission, HR should interpret the term of cost and losses the organization missed. The next step was to identify the basic loss (Loss Identify) and measurement.

#### *Stage 2 (Preparation Phase):*

HR had to explore the original structure or background (Foundation). This was an exploration stage. The foundation consisted of HR basic environment and the specific indicators that were determined in the HR Department (Basic KPIs). In addition, most basic indicators should be consistent with WCM principles based on People Development pillar. The following were indicators, shown in Table 1 (Solving Efeso, 2012).

**Table 1** Loss Measurement from KPI, basic routine of HR, Source: World Class Manufacturing, Solving Efeso (2011)

KPI	Measurement List	Loss Measurement
1. Absenteeism	<ol style="list-style-type: none"> <li>1. Most organizations measure absenteeism from the number of the days the employees are absent or ask for leave (sick or business) and etc.</li> <li>2. The absenteeism may refer to percentage (%) from the total working hours.</li> <li>3. There may be tracking in the OT and total extra working hours.</li> </ol>	<p>The loss is estimated to find the actual value of the money that companies pay. If the spent money was higher than it would be in normal circumstances, it caused the loss. WASHINGTON EMP. ASSOCIATION ((2005)</p> <ol style="list-style-type: none"> <li>1. Lost wages/salaries (in the case of paid sick leave)</li> <li>2. Benefit payments</li> <li>3. Premium pay of temporary help</li> <li>4. Premium pay for overtime work</li> <li>5. Substandard production (quantity and quality)</li> </ol>
2. Turn over	The percentage of turnover compared with the total workforce.	<p>The loss which was figured out in the cost of turnover or Turnover Cost (Heather B. and Sarah J.G., 2012) and WASHINGTON EMP. ASSOCIATION (2005). The losses also include various charges as follows:</p> <ol style="list-style-type: none"> <li>1. Annual salary of position</li> <li>2. Annual salary plus benefits: Line 1 x 1.30</li> <li>3. Turnover cost of position: Line 2 x .25</li> <li>4. Total number of HC in the position who left during the year</li> <li>5. Total cost of turnover: Line 3 x Line 4.</li> </ol>
3. People Develop Ratio (%PRD)	There may be the measurement of the skills that increase when working in the organization (based on WCM), so organizations need a reliable system for assessing the actual skills.	<p>The loss was figured by the amount spent to develop employees, such as the total amount spent on annual trainings cost, the increased rate of employees develop their skills. The skills can be comparing with current year by year, month by month or department to department, etc. The amount of money spent for skill and knowledge development was not losses. If the money spent on people development makes low proportion in production, this causes the loss in the comparable targets.</p>
4. Training hours.	Most organizations measure the number of hours of training per head or per person.	<ol style="list-style-type: none"> <li>1. Losses from Free Seat cost perspective occur when the trainees do not attend the total number of hours planned. They miss some training hours and so on.</li> <li>2. Loss of not passed or failed on training class examination and calculation with re-training and/or re-exam.</li> </ol>

**Note:**

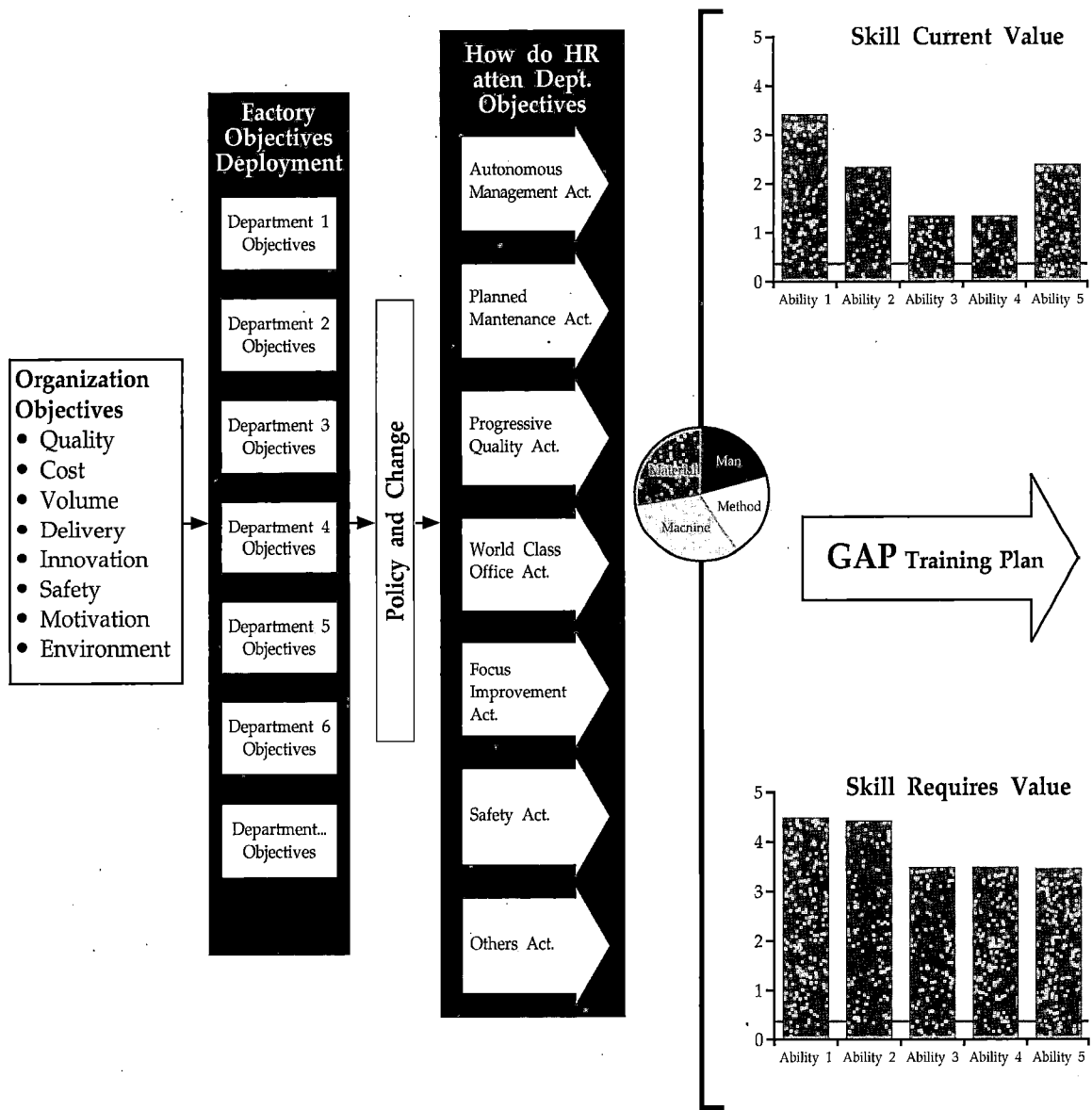
- 1) If the organizations have indicators listed above, they can see their financial value and cost.
- 2) There were no exceptions for loss measurement, or it must be carried out without any exceptions because it can indicate the issues based on the concept and theory.
- 3) Assessment was still done without any exceptions. It was the step to improve the prioritization of the tangible issues based on WCM.

From the survey of the indicators of KPI system (Gabcanova , 2012), it was found that every organization had all elements of basic structure. However, HR just changed its perspective to calculate financial value, such as the loss of turnover affecting sales and the losses due to the absence of total labor costs. This helps HR to decide easily to choose the issues to carry out according to the value of the lost money. The key issues to follow the second stage were the efficiency of the assessment.

Calculation made by the organization or HR could define the losses. The way to calculate these losses had to be developed and improved continuously.

**Stage 3 (Pilot Phase):**

It was a process to make HR become more systematic in business by looking at the cost composition. There had been the loss that HR unknown or understand before.



**Figure 3** Overall structures of Development and how to minimize the organization’s loss for People Development Pillar; Source: WCM People Development (Solving Efeso, 2011).



There was also the loss from the preparation of staff for improving knowledge and skills which had to be consistent with previous work in the position. The incurred losses were shown in Fig.3 in which the losses were seen through the analysis of 4M1E (Naratip, 2012). According to the assessment of production engineering (Oraphun & Niwit, 2010), stage 3 was the assessment to find the causes of the problems consisting of 5 elements: 1) Man, 2) Method, 3) Machine, 4) Material, and 5) Environment to find causes of losses. From the analysis of the causes of the problem with 4M1E (Oraphun & Niwit, 2010), if the assessment was done by HR team and found that the losses incurred was caused by man or method, it could be concluded that the pillars of People Development

would be responsible for the losses as it was their major duty. The methods and principles of WCM shown in Fig.4 was the example of the cause of the loss in one of the production processes. In fact, 4M1E was an additional element to find the cause of the loss. The results of the analysis were computed from the following formula.

$$\begin{aligned} & \text{Method } 384 (35\%) + \text{Man } 41 (4\%) \\ & = 425 \text{ units } (39\%) \end{aligned}$$

When the figures were replaced to the formula by using the price per unit, the results showed the operational losses for which People Development had to be responsible for. Then HR could use the process to reduce the losses to the problem. The example was the quality issue and it was evaluated by means of engineering methodology.

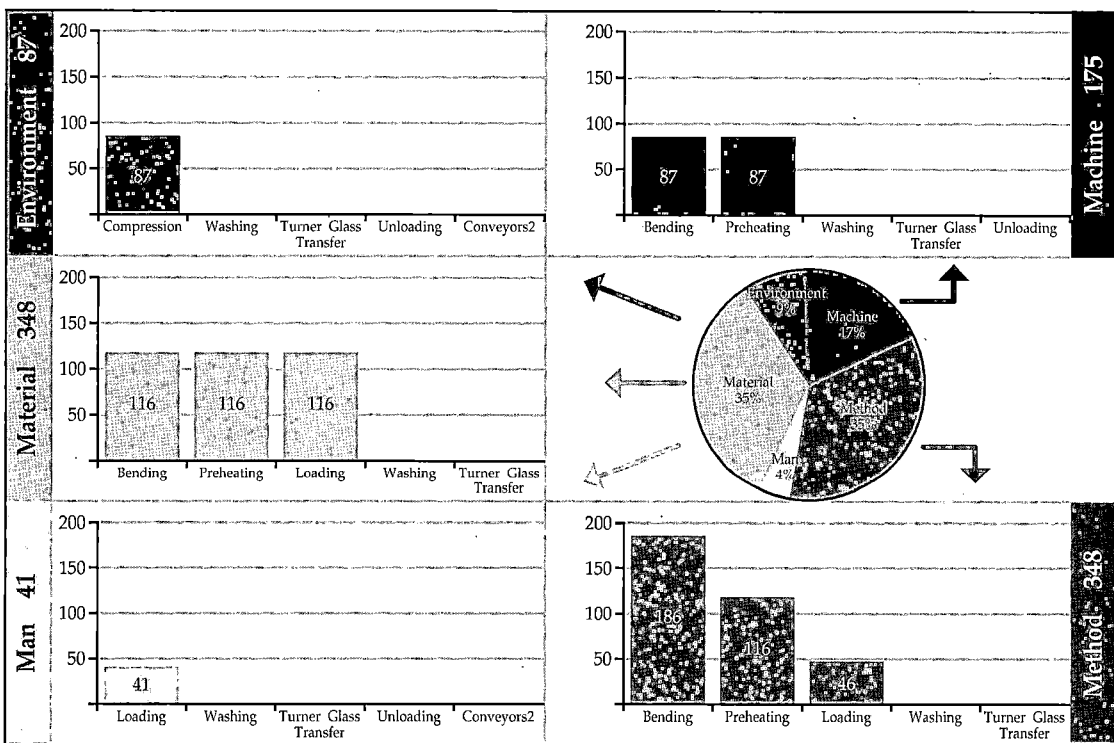


Figure 4 The ideas for finding the causes of losses in the production process by 4M1E; Source: World Class Manufacturing: Quality (Assuring, 2014)

The evaluation by 4M1E had been generally used in all parts of the organization to work out for the causes of the problems and the ways to solve them. For example, the problems were caused by the waste of production quality and other areas.

They were often found that they were related to each organization function as example of the occupational of Health Safety including the causes of the accidents, the risks of environmental protection, the analysis of employee illness, the losses caused

by the maintenance, and the solution was analysis of the breakdown causes. In addition, the losses were also caused by production, and the solution was the analysis of total production daily, hourly, and etc. Therefore, it could be concluded that all of the losses were caused by man and method (Solving Efeso, 2011).

**Stage 4:** Losses for advanced in business system, This section was included in the study. The concept for assessing the loss of 7 principles based on Lean System, which was advanced assessment for the losses. Wittaya (2011) wrote the article entitled "Analyzing Lean Concepts: the Destruction Caused by Waste. In the perspective of lean concepts, there were 7 wastes perceived by customers. In fact, there were not only seven wastes that we learned from the textbooks and in seminars. The wastes known as the seven aspects were interpreted in the context of Toyota Product System (TPS). This was the reason why some people confused and had conflicts when they made the efforts to apply the theory with other products. "Lean concept" was that of the automotive industry, so it was suitable for production. It didn't suit our organization which provided services. When the concept was applied, where would the problems be? Were the problems from the seven wastes? If we understood the lean theory in the abstract level not the concrete level, the just-in-time production meant no waste time or with zero inventory. This was a superficial or perfunctory comprehension. At the present time, if we applied the universal concept, we had to understand it profoundly by using the analysis. We should understand brought the abstract and context to synthesize and make it tangible (concrete). Whether the theory was applied to the production or not, we had to find the actual causes by using 4M1E and we found the problem and could solve it.

The wastes were grouped in category consisting of machine, raw materials, labors, and production method. In conclusion, the finding of the losses was the HR's or People Development pillar responsibility, and in fact there were two major causes.

1. The loss or waste caused by incomplete understanding of missed alignment with standard

instruction (Method)

2. The loss or waste caused by the lack of skills and competency (Man)

### 3. The Results of the Study

3.1 Regarding to the purpose of the study was to find out the guidelines for developing HR team and improving its management approach which the perspective of HR as the leader or backbone to organization changes and/or develop the organization to be World Class level.

First of all, HR was in the preparation stage of development. They had to prepare both the vision and mission to be consistent with the policies and strategies of the organization. When there was a determined intention, which HR had to study various issues concerning the forms, methods, and indicators appropriate to its operation. However, there was an argument that HR had original routine which kept them busy all the time (Narongwit, 2003).

Second, HR had to review the KPIs for the plans that led the employees to contribute to profitability. If as long as we still measured whether the provided trainings were scheduled as planned or not, whether we could recruit employees on time, the percentage of employees' sick leaves were, or the percentage the turnover was; We had no chance to speak or state that we were involved in making profit to the organization.

Third, the Modern HR modern performance indicators needed to measure productivity per staff, revenue per staff, overhead cost, etc. These performance indicators would help HR go out and work with other departments rather than work on their own. For example, in the measurement of per staff productivity, in the past HR let productivity ask for more workers if they couldn't achieve their goals. We now need to study why the productivity department asked for more workers and then we consider whether it is necessary to hire more workers.

Moreover, we had to find out "what else we could do to the problem?" For example, in vacancy position, could we hire new contractors, new staff or could we adjust or balance from others production position. The evaluation presents cost of hiring contractors might be lower than other options.

In conclusion, when the performance indicators of the HR changed, their roles would change accordingly. Therefore, HR had to make corrections and design their operations that could actually solve the problems. The interesting issue for further study was to find the model to reduce the workload of HR and reduce the cost of the organization when there were changes in the environmental context (Mark A. Langley, 2014).

3.2 What HR should improve business abilities? HR had to be aware of the financial term and the cost of human resources if the mission of HR regarding to the organization survival. The steps that motivate HR to understanding this as follow. First of all, HR departments had to cooperate with implementing the specific principles and procedures. Second, the allocation for the development of knowledge and financial capacity were an issue in which HR had to be interested. Finally, in other issues that HR team should know were plenty of financial curricula used to develop human resources, such as Finance for none Finance curriculum. It was the main function of HR to pay attention and interest in the courses in concerning knowledge management to reduce the corporate's cost so the corporate performance is to succeed strategy (GEO-LEARNING (2012), Narongwit S. (2013), Wittaya S. (2011), Mark A. L. (2014)).

3.3 Understand the organization's losses which were perceived by HR. This was able done through the implementation of a development application model of WCM or TPM. By managing of both systems, there were three assumptions. (Solving Efeso, 2012)

3.3.1 The lack of skills and poor communication of standards cause up to 50% of the losses. In every loss the basic principles 4M1E could be used to evaluate and it always find faults. However, just minor causes were defined.

3.3.2 The existing training system can hardly bridge the competence gap. We should evaluate this by; the following questions.

3.3.2.1 Have organization carried out a competency mapping consistent with the skill really required to each profile?

3.3.2.2 Have organization analyzed gap between idea and actual situation?

3.3.2.3 Have organization properly trained your people to be ready to start their work?

3.3.3 The "next-to-Nelly" system or learning from experienced workers was no longer effective with and increasing complexity and speed. What should HR do? (Solving Efeso, 2012)

In conclusion, currently in all establishes to the changes and/or organization development. The developer or consultancies are perspective that HR team should be the Leader and/or mainstay of each objective. The questions that asking to organization which "Does HR play Leader's role?", "Does the HR have potential performance to be?", and the necessary points that "Are HR commitment to be?" The entire questions are showed the responsibility and translations in vision and mission of HR. If the answers were positively that was a good sign to continue and to able to be Leader. And if not, each organization should re-review the vision and mission of management to have clear direction.

All the losses were caused by Method and Man according to the evaluation to determine the cause of the problem by 4M1E. Most causes were found by the internal evaluation of the department responsible for them. Therefore, each department had to set their own guidelines for reducing losses. If they couldn't solve the problems, the problems were eventually reported to HR. Then HR helped them manage the trainings, so it was not surprising that HR was only alliance or supporter to the development or changes of the organization. On the other hand, If HR moves direction of focus on the result as value of money or cost, it will more motivate HR team and others to understand HR much more as before. However, with the same development path of WCM, HR would be pillars or protagonists of People Development. It is a useful tool that they propose to calculate the loss caused by Method or Man and then created KPI for the organization development to reduce those losses in all functions on organization (Solving Efeso, 2012). Summit, Pankaj and Ravi (2013) in the competitive environment which continuous and unpredictable

changes, the manufacturing had to be more and more agile and effective and to perform in accordance with the changes of market which was determined by customers who demanded for new models and new modern products. The services required by customers were also changing. All of these forced the organization to constantly evolve. This was also an issue that made HR to accelerate the development of their staffs and HR had to be ready for changes and start to play as Leader or mainstay.

The final of all that People Development pillar which under responsible of HR to manage all human resource to corporate to aligned with the learning organization at the end of application whose characteristics should be. The consistent with WCM features which were as follows: 1) Organization having high ability to respond to changes management and having professional (proactive) operations based on Nelson Burns models (Solving Efeso, 2012) whereas the operations should be in line with the changes taking place both inside and outside the organization, and 2) Managing capabilities for the enterprise standard had a commitment to find ways to ensure that the learning process had to be used in their daily work.

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