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CHAPTER 12
EMPLOYEE TRAINING AND DEVELOPMENT

Learning Objectives

1. Define human asset accounting.

2. Describe the orientation process.

3. Define training.

4. Define needs assessment.

5. Discuss vestibule training, apprenticeship training, and computer-based instruction.

6. List and define the most popular methods of management development.

7. Describe an assessment center.

8. List the steps involved in the evaluation of training and management development.

Chapter Overview

The best way to meet the competitive and workplace challenges of the 21st century is to have a highly trained work force. Training is critical in our modern technologically oriented world. Managers, even though they recognize the value of training, need to re-focus their attention to this vital area. Almost all advocates of total quality management stress the importance of training in lowering costs and increasing productivity.

Training can be broken into two distinct phases. Training of the work force and training for the managers (called management development) of the organization are separate but related tasks. Several methods for training the work force have developed over time. These methods, such as vestibule, apprentice, and computer-based instruction, are discussed in some detail. However, prior to the selection of a method of training, the organization must (through a needs assessment process) determine exactly what its training needs are and who needs to be trained in what way. The astute manager must always remember that training is an on-going process and is never complete. Just as the organization grows, so must the training effort change and expand.

Management development is just as important as the training of employees in the work force. In many instances it is more difficult to determine the needs of management than that of the average employee. In order to accomplish effective management development, senior management must evaluate and forecast the training needs of the management staff. Managers must constantly prepare themselves to make decisions and to accomplish the leadership function. The more management is willing to participate in the development process, the more they will serve as positive role models for the work force. Leadership by example is important to any successful training effort.

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Lecture Outline

I.   Introduction

  A. **Human asset accounting** involves determining and recording the value of an organization's human resources in its statement of financial condition.

  B. Although it is not an acceptable accounting practice, human asset accounting does recognize the value and importance of human assets or resources to the organization.

Key Term # 1; Learning Objective # 1; Review Question # 1

II.   Human Resource Development Process

  A. Enhancing the quality of an organization's human resources involves many activities.

  B. The work force must be trained.

  C. Management skills must be upgraded through management development.

  D. The human resource department is at the heart of the training and development function.

Figure 12.1

III.   Orientation

  A. **Orientation** is the introduction of new employees to the organization, their work unit, and their jobs; it can be unplanned and unofficial or highly structured.

  B. Objectives of company orientation programs:

   1. Reduce new employee stress.

   2. Reduce costs of integrating new employees into the organization.

   3. Reduce turnover because of not understanding the rules and culture of the organization.

   4. Reduce time required to integrate employees into jobs.

   5. Help the employee adjust to his/her work team or work environment more quickly.

  C. Types of orientation:

   1. General organizational orientation—presents topics of relevance and interest to all employees; usually given by the human resource department.

   2. Departmental and job orientation—covers topics unique to the new employee's specific department and job; usually given by the new employee's manager.

  D. An orientation kit is generally given to all new employees.

  E. Difficulties with the orientation process:

   1. Information overload.

   2. Too much paperwork.

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3. Unnecessary information.

4. Too much "selling" of the organization.

5. Lack of support from long-term employees.

6. No long-term orientation.

7. No accurate follow-up.

8. Failure to correct weaknesses in the orientation program.

F. Orientations have a strong impact on the performance of new employees.

> Key Term #2; Learning Objective #2; Review Questions #2, 3; Management Illustration 12.1

IV. Training Employees

A. **Training** involves the employee acquiring the skills or learning concepts to increase his or her performance.

B. A **needs assessment** is a systematic analysis of the specific training activities required by a business to achieve its objectives; three levels: organizational, department, or individual.

C. Potential steps in the needs assessment process:

1. Define the objectives of the assessment process.

2. Identify data necessary to conduct the assessment.

3. Select a method for gathering the data.

4. Gather the data.

5. Analyze and verify the data.

6. Prepare a final report.

D. After determining training needs, objectives must be established for meeting these needs— what the organization, department, or individual is to be like when the training is completed.

1. Instructional objectives—what, who, and when?

2. Organizational and department objectives—what impacts will there be on outcomes?

3. Individual performance and growth objectives—what impacts will there be on outcomes?

E. Methods of training include:

1. **On-the-job training** (OJT)—normally given by a senior employee or supervisor; training in which the trainee is shown how to perform the job and allowed to do it under the trainer's supervision; may use job rotation or cross training.

2. **Vestibule training**—procedures and equipment similar to those used in the actual job are set up in a special working area called a vestibule; trainee learns at a comfortable pace without the pressures of production schedules.

3. **Apprenticeship training**—an employee is given instruction and experience, both on and off the job, in all of the practical and theoretical aspects of the work required in a skilled occupation, craft or trade; programs require one to five years.

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4. Classroom training—conducted off the job; probably the most familiar training method; may include lectures, audiovisuals, or experiential methods.

5. **Computer-based training**—allows the trainee to absorb knowledge from a preset computer program and advance his/her knowledge in a self-paced format.

F. Make training meaningful

1. Reinforce previous training.

2. Reward for performance.

3. Get feedback regarding progress.

4. Set standards and measure performance.

5. Allow for practice and repetition.

6. Always allow for individual differences in learning rates.

> Key Terms #3, 4, 5, 6, 7, 8; Learning Objectives #3, 4, 5; Review Questions #4, 5; Management Illustration 12.2

V. Management Development

A. **Management development** is concerned with developing the attitudes and skills necessary to become or remain an effective manager.

B. Needs assessment determines management development needs.

1. Organizational needs

a. Problems within the organization—grievances, accidents, turnover, absenteeism, etc.

b. Other challenges—new business ventures, increased competitive threat, revised corporate vision or mission, etc.

2. Needs of individual managers—poor performance, problem situations, promotions, etc.

C. Establishing management development objectives

1. Instructional objectives

2. Organizational and departmental objectives

3. Individual performance and growth objectives

> Key Term #9; Review Question #6; Figure 12.2

VI. Methods Used in Management Development

A. Understudy assignments are used to develop an individual's capabilities to fill a specific job; the trainee works for the incumbent jobholder.

B. **Coaching** is carried out by experienced managers and emphasizes the responsibility of all managers for developing employees; managers advise and guide trainees in solving managerial problems.

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    C. **Job rotation** is designed to give an individual broad experience through exposure to many different areas of the organization; assignments usually last from six months to one year.

    D. Special projects and committee assignments require the subordinate to learn about a particular project or area of the organization.

    E. Classroom training:

        1. Lectures—instructors control the situation and present material exactly as desired.

        2. **Case studies**—present real and hypothetical situations for the trainee to analyze.

        3. Role playing—trainees act out different roles in a realistic situation.

        4. **In-basket technique**—requires each trainee to answer one manager's mail and telephone calls.

        5. **Business games**—provide a setting of a company and its environment and require a team or players to make decisions involving company operations.

    F. Management education through academic (undergraduate, MBA, or executive MBA) or special seminar programs; training relies on outside sources.

    G. **Assessment centers** utilize a formal procedure to simulate the problems a person might face in a real managerial situation to evaluate the employee's potential as a manager and determine that employee's developmental needs.

Key Terms #10, 11, 12, 13, 14, 15; Learning Objectives #6, 7; Review Questions #7, 8; Figure 12.3; Management Illustrations 12.3, 12.4

VII.   Evaluating Employee Training and Management Development Activities

    A. Four areas are of chief concern:

        1. Reaction—how well did trainees like the program?

        2. Learning—what was learned?

        3. Behavior—did job behavior change?

        4. Results—did the change match the training objectives?

    B. It is always difficult to measure the effectiveness of training programs.

Learning Objective #8, Review Question #9

Barriers to Student Understanding

1. The first barrier to understanding comes from not appreciating how truly valuable and expensive human resources are to the firm. One way to reinforce this concept is to have students do brief research on how expensive it is to hire and train an employee. Most libraries will have some documentation on this issue. The students may use any type of organization as an example. By

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seeing the cost, an impression will be made on the students about how important that it is to adequately train and then retain the employee.

2. The second barrier faced by the students is in understanding the needs assessment process. Since most will have never experienced this process first hand, it is somewhat difficult to explain how it is done. One way to illustrate the concept is to take a popular business that students are all familiar with (such as McDonald's) and ask them to list all information they would like to have about potential employees, what training would be necessary for them to begin work, how would they learn about the organization, how should their training progress be monitored, who should do the training, and what would be some of the problems encountered? These questions help the students to understand the complexity of the training process.

3. Do the same (as in #2) for a management trainee in the organization. How does training change, what additional skills are necessary, and how should progress be evaluated? How is management training different from employee training?

4. Ask students if they have ever had any experience with the different methods used for training. By getting comments from those that have, the class can discuss the relative merits of the methods and thereby gain better understanding of the methods.

Key Terms

1. Human Asset Accounting
2. Orientation
3. Training
4. Needs Assessment
5. On-the-Job Training (OJT)
6. Vestibule Training
7. Apprenticeship Training
8. Computer-based Training
9. Management Development
10. Coaching
11. Job Rotation
12. Case Study
13. In-Basket Technique

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14. Business Game

15. Assessment Center

Suggested Answers to Analyzing Management Skills

● Do you feel that you would be more attracted to work for a company that has a good employee-training program? Why or why not?

Student responses this question will vary somewhat, although effective training is important to most employees. Students who like learning and being fully equipped to perform will want to work for a company with a good employee-training program. However, other students may prefer to learn on their own and not like the structure that a good employee-training program offers.

Suggest Answers to Applying Management Skills

● Do you feel that management skills can be learned?

While some students may be naturally better at managing, planning, and organizing than others, effective management skills are learned through effective training programs.

Answers to Review Questions

1. What is human asset accounting?

   Human asset accounting involves determining and recording the value of an organization's human resources in its statement of financial condition.

2. What is orientation?

   Orientation is the introduction of new employees to the organization, their work units, and their jobs.

3. Describe two distinct levels at which orientation is normally conducted within organizations.

   - **General organizational orientation—**presents topics of relevance and interest to all employees.
   - **Departmental and job orientation**—topics unique to the new employee's department and job.

4. What is training?

   Training is a process that involves acquiring skills or learning concepts to increase the performance of employees.

5. Describe the following methods of training: *a) On-the-job, b) Job rotation. c) Vestibule. d) Apprenticeship. e) Computer-based training.*

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a. **On-the job training**—an employee learns, usually under a senior employee's guidance, while actually doing the job.

b. **Job rotation**—an employee learns several different jobs and performs each for a time. Also called cross training.

c. **Vestibule**—procedures and equipment similar to those used in the actual job are set up in a special working area called a vestibule. The trainee can then learn from a skilled person without the pressure of a production schedule.

d. **Apprenticeship**—an employee is given instruction and experience, both on and off the job, in all the theoretical and practical aspects of a skilled occupation.

e. **Computer-based training**—the trainee reads material on the subject and answers questions on a computer video display.

6. What is management development?

    It deals with developing the attitudes and skills necessary to become and remain an effective manager.

7. Describe the following methods used in management development. *a) Understudy assignments. b) Coaching. c) Job rotation. d) Special projects and committee assignments. e) Classroom training*.

    a. **Understudy assignments**—requires the person who will someday have a specific job to work for the incumbent to learn the job.

    b. **Coaching**—experienced managers advise and guide trainees in solving management problems.

    c. **Job rotation**—gives a manager broad experience in many different areas of the organization.

    d. **Special projects and committee assignments**—the subordinate is required to learn about a particular subject or serve on a given committee.

    e. **Classroom training**—can take several forms: lectures, case studies, role playing, in-basket, and business games.

8. What is an assessment center?

    It is a place where simulated problems similar to actual on-the-job situations are used to select and develop managers.

9. Describe four areas in the evaluation of training and management development.

    a. **Reaction**—Did trainees like this program?

    b. **Learning**—Did the trainee learn principles, facts, and concepts?

    c. **Behavior**—Was there any change in trainee behavior as a result?

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    d. **Results**—What was the measurable impact of the training or development program?

Suggested Answers to Skill-Building Questions

1. Discuss the following statement: Why should we train our employees? It is a waste of money because they soon leave and another organization benefits.

    Effective training may actually help to reduce turnover that is the consequence of employee frustration because a lack of knowledge. Moreover, while most employees will leave one organization for another at some point, training ensures that employees work as efficiently and effectively as possible while they work for your organization. Training, or the lack of it, greatly influences employees' job attitudes and productivity. In addition, some skills become obsolete, and new skills may be necessary.

2. Outline a system for evaluating a development program for supervisors.

    Student systems of evaluating a development program for supervisors will differ based on their assumptions. Nevertheless, the evaluation program should assess the trainee's reaction, learning, behavior, and results. Moreover, the evaluation program may want to consider whether the development program is carefully tied to the focus of the corporate mission, is related to the organization's strategic plan, is supported with a sincere commitment on the part of senior management, and works to provide the proper motivation for participation.

3. Discuss the following statement: Management games are fun, but you don't really learn anything from them.

    If participants simply attempt to determine the key to winning, they may not learn as fully as possible. The facilitator's job is to integrate the theories, concepts, and actions that are important to winning so that the game might be more effectively utilized as a learning experience.

4. Why are training programs generally one of the first areas to be eliminated when an organization must cut its budget?

    Often the results and benefits of training programs are not immediately felt. However, while it may take some time, a lack of training of both employees and managers will eventually be experienced by the organization. Many organizations fail to adequately evaluate their training efforts. However, even when great care is taken in designing evaluation procedures, determining the exact effects of training on learning, behavior, and results is difficult.

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Skill Building Exercise 12.1

Training Methods

After the presentations have been made, ask your students which of these methods they have experienced. Did their experiences reveal the same strengths and weaknesses as brought out by the presenters? If not, what were the differences?

Skill Building Exercise 12.2

OJT

1. Answers will vary. This gives students an opportunity to structure a training program and think about the influential impact of training and its format.

2. To evaluate the effectiveness, look at its effectiveness through the trainee responses. Assessing what was learned through follow-up, this includes observing how behavior changes. Also, assess effects through turnover and cost factors.

Suggested Answers to Case Incident Questions

Case 12.1 Starting a New Job

1. What do you think about the philosophy of this company on a new employee's first few months on the job?

   Answers will be opinionated to an extent but should include recognition of poor concern for the employee's comfort and inspiration.

2. What suggestions do you have for Jack to help his company avoid similar problems of employee turnover in the future?

   Be up front and plan the hiring of employees to coincide with actual opening availability.

Case 12.2 A New Computer System

1. What suggestions would you have to motivate John to train on the new computer systems?

   This may be difficult. John needs to see the link between promotion and learning computers. When he does, through careful explanation, his reluctance may disappear. Threats and cajoling probably won't work.

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2. What methods of training would you recommend for John?

A combination of programmed learning (computer-assisted instruction) and classroom (lecture, demonstration) would be appropriate.

Suggested Student Projects

1. Interview a human resource director, and write a brief report about what his/her organization does in the area of training.

2. By reviewing contemporary business literature, find an abstract, an article, or story on training.

3. Interview a representative of a placement firm (employment agency), and record his/her thoughts on training. What seems to be the most popular training methods used today in the workforce?

4. Interview a junior management trainee and record his/her thoughts and experiences with his/her management development program. Banks, fast-food companies, and retailers are usually the most available and cooperative.

5. Write a short two-page paper describing how you would like to be trained. You may use an example of where you would like to work, if that will help you to organize your thoughts. What training methods do you not like?
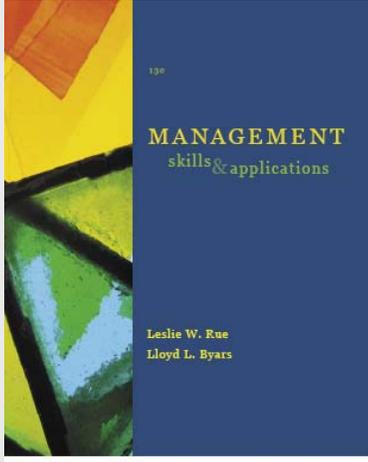
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MANAGEMENT
skills & applications

Leslie W. Rue
Lloyd L. Byars

Chapter 12

Employee Training and Development

Learning Objectives

After studying this chapter, you will be able to:

1. Define human asset accounting.

2. Describe the orientation process.

3. Define training.

4. Define needs assessment.

5. Discuss vestibule training, apprenticeship training, and computer-based instruction.

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Learning Objectives (cont'd)

After studying this chapter, you will be able to:

6. List and define the most popular methods of management development.

7. Describe an assessment center.

8. List the steps involved in the evaluation of training and management development.

12-3

Human Asset Accounting

- Involves determining and recording the value of an organization's human resources in its statement of financial condition.
  - Though not an acceptable accounting practice for tax or financial reporting purposes, it recognizes that the quality of an organization's human resources is an important asset.

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Human Resource Wheel

Figure 12.1

12-5
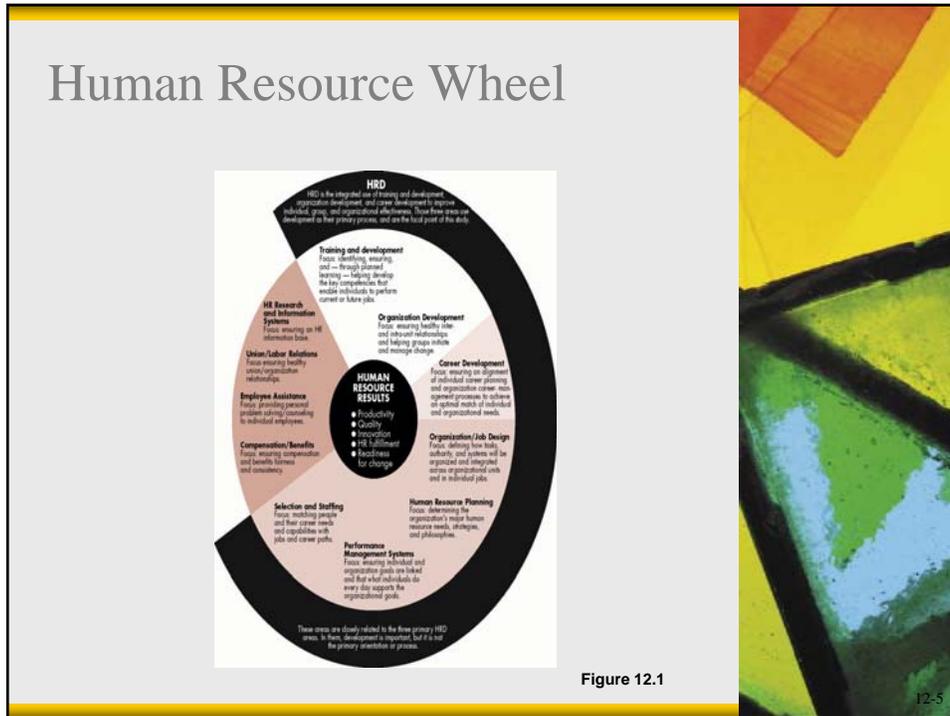
Orientation and Orientation Programs

- Orientation
  - Introduction of new employees to the organization, their work units, and their jobs.
- Objectives:
  - Reduction of new employee stress.
  - Lower start-up costs of integrating the new employee into the organization.
  - Eventual reduction of turnover due to failure to understand the rules and culture of the organization.
  - Reduced time required to integrate the employee into the job.
  - Helping the employee adjust to his or her work team or work environment more quickly.

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Types of Orientation

- Orientation usually should be conducted at two distinct levels:
  - General organizational orientation
    - Presents topics of relevance and interest to all employees.
    - Normally given by the human resource department.

  - Departmental and job orientation
    - Covers topics unique to the new employee's specific department and job.
    - Usually handled by the new employee's manager.

12-7

Orientation Kit Essentials

- Organizational chart.
- Map of the organization's facilities.
- Copy of policy and procedures manual.
- List of holidays and fringe benefits.
- Copies of performance appraisal forms and procedures.
- Copies of other required forms (e.g., expense reimbursement form).
- Emergency and accident prevention procedures.
- Sample copy of company newsletter or magazine.
- Telephone numbers and locations of key company personnel.
- Copies of insurance plans.

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Orientation Problems

- Information overload for the new employee.
- Too much paperwork.
- Unnecessary information.
- Too much "selling" of the organization.
- Lack of support of existing employees.
- Lack of a long-term orientation.
- Lack of accurate follow-up.
- Failure to correct weaknesses in the orientation program.

12-9

Training and Needs Assessment

- Training
  - Acquiring skills or learning concepts to increase the performance of employees.
- Needs assessment
  - Systematic analysis of the specific training activities a business requires to achieve its objectives.
  - Involves the following steps:
    - Define assessment objectives.
    - Identify necessary data.
    - Select data collection method.
    - Gather data.
    - Analyze and verify data.
    - Prepare final report.

12-10

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Establishing Training Objectives

- Training objectives can be categorized as follows:
  - Instructional objectives
    - What principles, facts, and concepts are to be learned in the training programs?
    - Who is to be taught?
    - When are they to be taught?
  - Organizational and departmental objectives
    - What impact will the training have on outcomes such as absenteeism, turnover, reduced costs, and improved productivity?

12-11

Establishing Training Objectives (cont'd)

- Individual performance and growth objectives
  - What impact will the training have on the behavioral and attitudinal outcomes of the individual trainee?
  - What impact will the training have on the personal growth of the individual trainee?

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Methods of Training

- On-the-job-training (Job rotation or cross-training)
  - Training in which the trainee is shown how to perform the job and allowed to do it under the trainer's supervision.
  - Advantage
    - Allows flexibility.
    - No special facilities.
  - Disadvantage
    - Haphazard or negligent training due to work pressures.

12-13

Methods of Training (cont'd)

- Vestibule training
  - System in which procedures and equipment similar to those used in the actual job are set up in a special working area called a vestibule.
  - Advantage
    - Trainer can stress on theory and use of proper techniques.
    - Student can learn by doing the job.
  - Disadvantage
    - The method is expensive.
    - Employee must adjust to the actual production environment.

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Methods of Training (cont'd)

- Apprenticeship training
  - System in which an employee is given instruction and experience, both on and off the job in all aspects of a skilled occupation, craft, or trade.
- Classroom training
  - Most common methods are lecture, discussion, audiovisual methods, experiential methods, and computer-based training.
  - Commonly used classroom training methods
    - Lecture
    - Discussion
    - Audiovisual method
    - Experiential method
    - Computer-based training

12-15

Making Training Meaningful

- In order to make training more meaningful, managers must avoid some pitfalls.
  - Lack of reinforcement.
- Methods to effective learning
  - Praise and recognition.
  - Feedback.
  - Setting standards for trainees and measuring performance against the standards.
  - Repeating a job or task several times.
  - Pace of the training should be adjusted to the trainee.

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Management Development

- Management development
  - Process of developing the attitudes and skills necessary to become or remain an effective manager.
- Management development needs
  - Overall (aggregate) organizational needs.
    - Analysis of problem areas within the organization.
    - Undertaking new business ventures, increased competitive threat, and a revised corporate vision or mission are all usually reasons for such a reevaluation.
  - Development needs of individual managers.
    - Planned promotions or reassignments also often indicate the need for development.

12-17

Management Development (cont'd)
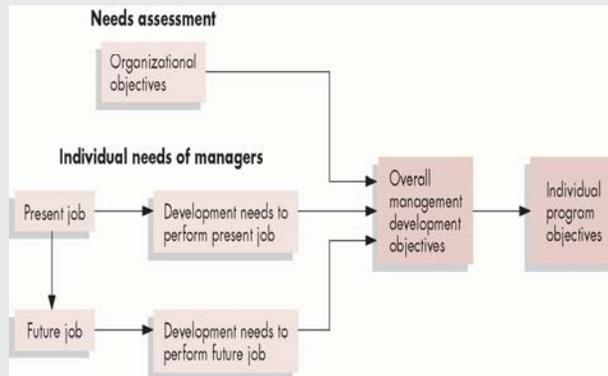

Figure 12.2

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Management Development Methods

On the Job	Off the Job
Understudy assignments	Classroom training
Coaching	Lectures
Job rotation	Case studies
Special projects and committee assignments	Role playing
	In-basket techniques
	Business games
	Assessment centers

Figure 12.3

12-19

Management Development Methods (cont'd)

- Understudy assignments
  - Advantage
    - Heir to the job realizes the purpose of training.
    - Can learn in practical and realistic situations.
    - Is not directly responsible for operating results.
  - Disadvantage
    - Learns the bad as well as good practices of the incumbent.
    - Expensive when maintained over long periods.

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Management Development Methods (cont'd)

- Coaching
  - Advantage
    - Trainees gain practical experience.
    - Trainees see results of their decisions.
  - Disadvantage
    - Coach could neglect training responsibilities.
    - Coach could pass on inappropriate management practices.

12-21

Management Development Methods (cont'd)

- Job Rotation
  - Process in which the trainee goes from one job to another within the organization, generally remaining in each job from six months to a year.
    - Advantage
      - Trainees can observe the way management principles can be applied in various environments.
      - Practical training allowing trainee to get familiar with the entire organizational operations.
    - Disadvantage
      - Delegated menial assignments in each job.
      - Tendency to leave the trainee in each job longer than necessary.

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Management Development Methods (cont'd)

- Special Projects
  - Special projects require the trainee to learn about a particular subject.
  - It is critical that the special assignments provide a developmental and learning experience for the trainee and not just busywork.
- Committee Assignments
  - Committee assignments, can be used if the organization has regularly constituted or ad hoc committees.
    - An individual works with the committee on its regularly assigned duties and responsibilities.

12-23

Management Development Methods (cont'd)

- Classroom Training
  - Lectures
    - Although the lecture is useful for presenting facts, its value in changing attitudes and teaching skills is somewhat limited.
  - Case studies
    - Training technique that presents real and hypothetical situations for the trainee to analyze.
      - Advantage
        - Brings a note of realism to the instruction.
      - Disadvantage
        - Techniques are often simpler than the real situations managers face.
        - Participants often lack emotional involvement.
        - Success depends heavily on the skills of the instructor.

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Management Development Methods (cont'd)

- Incident method (variation of case study)
  - Trainee is initially given the general outline of a situation. The instructor then provides additional information on request.
- Role playing
  - Trainees are assigned different roles and required to act out these roles in a realistic situation.
  - Videotaping allows for review and evaluation of the exercise for improved effectiveness.
- In-basket technique
  - Simulates a realistic situation by requiring each trainee to answer one manager's mail and telephone calls.

12-25

Management Development Methods (cont'd)

- Business games
  - Generally provides a setting of a company and its environment and requires a team of players to make decisions involving company operations.
  - Advantages
    - Simulate reality.
    - Decisions are made in a competitive environment.
    - Feedback is provided concerning decisions.
    - Decisions are made using less than complete data.
  - Disadvantage
    - Many participants simply attempt to determine the key to winning.

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Management Education

- Can occur within the confines of the academic or special (seminar) education environment.
  - At their best, these programs can provide fresh ideas, strategies, and perspectives for the manager-student.
  - At their worst, they may lack real-world application and be a waste of time.
    - Complaints range from the courses being too lengthy, drain the energy of employees, and may encourage career moves and employment changes.

12-27

Assessment Centers

- Utilizes a formal procedure to simulate the problems a person might face in a real managerial situation to evaluate the person's potential as a manager and determine the person's development needs.
  - Exercises involve the participants in decision making, leadership, written and oral communication, planning, organizing, and motivating.
  - Difficulties
    - More expensive than other methods.
    - Employees come from different levels in the organization.
   - Certain exercises may be only remotely related to the on-the-job activity at the organization in question.

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Evaluation of Training

- Reaction
  - How well did the trainees like the program?
- Learning
  - What principles, facts, and concepts were learned in the program?
- Behavior
  - Did the job behavior of the trainees change because of the program?
- Results
  - What were the results of the program in terms of factors such as reduced costs or reduction in turnover?

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