

4.1 HUMAN RESOURCE DEVELOPMENT AND RETENTION



Objectives

By the end of this section, you should be able to

1. describe the difference between training and education
2. explain transfer of training
3. compare and contrast the various on-the-job training methods
4. compare and contrast the various off-the-job training methods
5. describe the advantages and disadvantages of on -the-job and off-the-job training

Introduction

Training and development are important activities in all organizations, large and small. Every organization, regardless of size, needs to have well-trained employees who are prepared to perform their jobs. The terms training, education, and learning all refer to a similar process: it is the process that enables people to acquire new knowledge, learn new skills, and perform behaviors in a new way. Although training and education are quite similar, a distinction usually is made between them. **Training** refers to the acquisition of specific skills or knowledge. Training programs attempt to teach trainees how to perform particular activities or a specific job. **Education**, on the other hand, is much more general and attempts to provide students with general knowledge that can be applied in many different settings.

To illustrate the differences, teaching an employee how to use a specific computer program that has already been written to produce a computerized payroll is an example of training. Teaching an employee how to program a computer using basic computer language is an illustration of education. Detailed instruction on how to use a specific program to produce a payroll helps the employee perform a specific activity. But learning how to use a computer language helps the employee obtain general skills that can be applied to many different situations.

Another distinction between training and education concerns their effects on the range of responses. Training tends to narrow the range of responses so that all employees who have been trained will make the same response in a specific situation. Education, on the other hand, tends to broaden the range of responses so that individuals who have obtained a general education will respond to a particular situation in a variety of different ways.

Although we usually associate education with formal schooling, it is also an important part of the learning that occurs in business. Many of the training and development programs in industry combine both education and training. Management development programs, in particular, teach general knowledge that managers can apply in a variety of situations.

Transfer of Training



Because training often occurs in a special environment, an important issue is whether the learning will transfer to the actual job situation. **Transfer of training** occurs when trainees can apply the knowledge and skills learned in training to their jobs. If the learning that occurs in one setting does not transfer to the actual job situation, then the training has failed. For example, human relations training programs have been criticized frequently for their lack of positive transfer of training.

Three transfer-of-training situations are possible.

1. positive transfer of training, when the training activities enhance performance in the new situation
2. negative transfer of training, when the training activities inhibit performance in the new situation
3. no observable effect of training

The conditions that determine whether positive, negative, or no transfer of training will result depend on the similarity of the stimulus and the response within the training and actual job situations. As shown in [Exhibit 4.1](#), four situations are possible.

		LEARNED RESPONSE	
		Similar	Different
STIMULUS ENVIRONMENTS	Similar	Large Positive Transfer +	Large Negative Transfer -
	Different	Small Positive Transfer +	No Transfer O

Exhibit 4.1: Predicting the Transfer of Training

1. When the stimulus environments and the learned responses are the same in both the training situation and the job situation, a strong positive transfer of training will result.
2. When the stimulus environments of both situations are similar but the learned response is different than the response required on the job, a negative transfer of training will result. The responses that the trainee has learned are inappropriate for the new situation.
3. When the stimulus environments are different but the responses are the same, a slightly positive transfer of training will result. The learner has mastered the response, but it needs to be associated with a new stimulus.
4. When both the stimulus environments and the responses are different, no transfer of training will result.

The transfer-of-training problem can be illustrated by the example of learning to drive a car. In some driver education classes, the trainee sits in a simulated automobile while watching a video. The trainee operates the steering wheel, brakes, and turn signals in response to the curves, stop signs, and other stimuli shown in the video. When the trainee is in a real automobile and observes a stop sign, there will be positive transfer of training in learning how to stop because the stimulus is similar to that experienced in the simulated car and because the response of pushing on the brakes and coming to a stop is also the same. However, if the simulated car has an automatic transmission and the actual car has a standard transmission, then the trainee's ignorance of how to operate a clutch will create a negative transfer of training because the desired responses are different given the same stimuli-the trainee will make an incorrect response.

Numerous factors influence the transfer of training, including factors associated with the design of training and how it is presented, factors associated with the trainees and whether the new learning is important to them, and factors associated with the work and whether the environment is conducive to changed behavior. In a survey of trainers, the three factors ranked as the most serious impediments to effective transfer were a lack of on-the-job reinforcement, interference from the immediate environment, and a nonsupportive organizational climate. Some trainers have found that the most effective strategy for minimizing the transfer problem is to require the participants to develop a thorough action plan as part of the training program. If they have visualized and described in writing how they plan to apply the training, they are more likely to implement it.


CERTIFICATION CENTRE

Learning Styles




People differ in their preferred style of learning. Some people are visual learners and learn best by seeing models, videos, and diagrams; some are auditory learners who learn best by verbal discussions and explanations; and some are kinesthetic learners who learn best by handling objects, manipulating parts, or constructing models.


VISUAL LEARNERS learn best through seeing

 slide presentations
videos
diagrams

AUDITORY LEARNERS learn best through hearing

 lectures
discussions
audio recordings

KINESTHETIC LEARNERS learn best through touching

 handling objects
constructing models

On-the-job Training Methods



Training and development techniques can be conveniently categorized as on-the-job or off-the-job techniques. Some training techniques, such as classroom instruction, are fairly standard and typical; others, such as taking a group of executives on a wilderness survival adventure, are unusual and novel. On-the-job techniques are used more frequently than off-the-job techniques, probably because they focus on increasing immediate productivity. Off-the-job techniques tend to focus more on long-term development and education rather than on short-term training for production.

Job-Instruction Training

Job-instruction training (JIT) has been the most popular method of training for most blue-collar and some white-collar employees since it was first described by the War Manpower Board during World War II. Before the actual learning occurs, job-instruction training requires a careful analysis of the job to be performed, an assessment of what the trainee knows about the job, and a training schedule. Job-instruction training begins with an introductory explanation of the purpose of the job and a step-by-step demonstration by the trainer of the job operations. After the trainer has demonstrated the job enough times for the trainee to comprehend the steps, the trainee is given the opportunity to try it alone.

During the demonstration, the trainer describes what is being done and why. The trainees also describe what they are doing while they are practicing. During the early practice sessions, the trainer maintains a close watch on the trainees to provide accurate and immediate feedback on their performances. As practice continues and the trainees reach satisfactory levels of performance, the close supervision is discontinued. However, periodic checks are made to ensure that the performance continues to be satisfactory.

Apprenticeships

Apprenticeship training refers to the process of having a new worker, called an apprentice, work alongside and under the direction of a skilled technician. In many of the skilled trades, such as plumbing, electronics, and carpentry, apprentice training is mandatory for admission into the trade. These programs may be defined formally by governments or trade organizations and usually include a required number of hours of structured, on-the-job training and job-related education.

After an apprentice has worked under the direction of a skilled technician for a specified number of years, the apprentice becomes a journeyman. The effectiveness of apprenticeship training largely depends upon the ability of the skilled technician to supervise the learning process. Individual differences in apprentices need to be recognized, and job assignments and instruction periods need to be carefully sequenced to maximize learning.

Internships and Assistantships

Internships and assistantships provide training similar to apprenticeship training; however, assistantships and internships typically refer to occupations that require a higher level of formal education than that required by the skilled trades. Many colleges and universities have developed agreements with local organizations to provide internship opportunities for students. These internships are part of what is called a **cooperative education** project. The students are employed by a business organization and work just the same as other full-time employees. However, they also perform under the direction of a faculty member from the school or college where they are students. Students are frequently expected to write reports describing their experiences and what they have learned, and they typically receive academic credit toward graduation for such experiences.

Often the success of an internship program depends on whether the interns are treated as well as actual employees. When they are given orientation training, are assigned a mentor, and are given meaningful assignments, interns are most likely to have a worthwhile experience and to make valuable contributions to the organization.

Returns

Individuals who have left the workforce for a period of time may have difficulty restarting their careers. An increasing number of employers are providing return-to-work programs called returns. These opportunities are similar to internships but are designed to help those with past work experience who have been away from the workforce for a variety of reasons. Parents who have spent time at home with young children, members of the military returning from active duty, people who have been unable to work due to illness, and those who have elected to take a break from their careers for personal reasons can benefit from returns, which help them reintegrate into the workforce without starting over in an entry-level position.

The focus of a returnship is to get the participants up to speed with technology, skills, or procedures that have changed in their field since they last worked in their career. Returnees also have the opportunity to become comfortable working again, interacting with coworkers, and navigating a workplace environment. Participants in returnship programs are paid commensurate with their past work experience. Returnships generally last between several weeks and a few months. As with an internship, some participants are offered regular full-time jobs with jobs with the sponsoring company at the end of their returnships, and all participants gain valuable experience to add to their resumes.

Returnships also benefit the employers who sponsor them. Returnees represent a previously untapped source of talent that can bring experience, maturity, and diversity to the organization.

Job Rotation and Cross Training

Job rotation and cross training are learning techniques that are usually reserved for managerial and technical occupations. Cross-training involves giving trainees a series of job assignments in various parts of the organization for a specific period of time, such as a few days or several months. The idea is to expose individuals to a number of organizational challenges by rotating them through various key departments. In each department, trainees take responsibility for specific results. Trainees become personally involved in departmental operations by accepting functional responsibility with ample opportunity to exercise judgment and decision making. This responsibility should be supplemented with supportive coaching from an immediate supervisor in each job assignment.

When two employees in different departments swap or exchange jobs for a defined period, this practice is often called job swapping. Typically, the employees have similar knowledge and skills, which allow them to cover for each other while on the job swap, and they eventually go back to their original positions. Like cross training, job swapping allows employees to gain new perspectives and increase their knowledge of other departments and the challenges they face.

Cross training can also occur in work groups where group members learn to perform all of the jobs in the group. This training often occurs as on-the-job instruction, and employees who are cross trained usually are compensated for their increased skills. The advantage of cross training in work teams is that the teams are generally, more productive due to the added flexibility in assigning jobs when someone is absent or leaves.

With job rotation and cross-training, trainees gain an overall perspective of the organization and an understanding of the interrelationships among its various parts. Trainees can also become clearer in their career aspirations and their commitment to the organization. Cross-training is an excellent method for preparing high-potential specialists for future executive responsibilities. It compels people to broaden their perspective by acquainting them with various people, processes, and technologies. Movement from one position to another provides managers with exposure to a

number of different job functions and a broad grasp of the overall purpose of an organization. New management trainees may be rotated through different jobs, usually lasting four to six months, to allow them to experience a broad range of functions that occur within an organization.

Action Learning: Project Assignments and Committee Assignments

Action learning involves assigning trainees to real projects or committee assignments and having them learn while doing. It is based on the premise that it makes more sense to put promising people to work on real business problems than to have them passively sit through formal training. Project and committee assignments typically require trainees to gather a considerable amount of information from many different functional areas before recommending a solution. The committee may be comprised totally of new trainees, or a trainee may be assigned as a member of a regular executive board to gain the opportunity of interacting with other executives and observing how they perform.

Coaching and Counseling

Coaching and counseling activities are critical training activities in all on-the-job training techniques. Each technique requires systematic feedback on performance, encouragement by the trainer, and patient explanations of how to perform a job accurately.

For coaching and counseling techniques to function effectively, the proper relationship must be established between the trainer and the trainee. Coaching will not be effective if the trainer perceives the trainee as a rival. The trainee must be able to trust the feedback that is received from the trainer. The trainer also must recognize the trainee's dependency on him or her for information and must allow sufficient time for the trainee to develop the new behavior. Coaching and counseling require time, and the trainer cannot begrudge the time spent in helping the trainee to develop. The trainer should remember that developing the trainee is part of the job of being a coach and that the reward for coaching is seeing improvement in the learner's performance.

An effective coach must

1. act as a good model with whom the trainee can identify
2. set specific goals to help guide the trainee's behavior
3. provide timely feedback on performance
4. provide the proper reinforcement and encouragement necessary for performance improvement.

Off-the-job Training Methods



Independent Study

The most important form of training and development consists of independent learning by people trying to train themselves. Learning is an individual responsibility and training works best when employees are internally motivated to learn. Employees are increasingly relying on informal learning methods to train themselves in what they need to know. These informal methods provide immediate answers to questions and include such tactics as asking colleagues at work, posting inquiries on a blog, or searching the internet. One survey estimates that 70 percent of employee learning happens informally on the job.

The most frequent kinds of formal self-study activities are reading books and professional magazines, taking special courses through a local university, and attending professional meetings. Distance education through universities and educational institutes provide opportunities for employees to take college-level courses and obtain both undergraduate and graduate degrees without ever having to leave home.

The tremendous increase in new technology has increased the need for employees to train themselves. For individuals who are highly motivated, individual study and special training are excellent ways to increase job knowledge and skills. Independent study is especially important for employees who assume the responsibility of maintaining their own job skills. Although most employees do not have the motivation to undertake a special study program as an ongoing form of personal development, they can be motivated to do so if there are adequate opportunities for promotion and pay increases.

Independent study has become much more convenient and inexpensive as a result of university professors who have created internet-based courses containing lectures and other course materials. These courses, called massive open on-line courses (MOOCs), are available to students anywhere in the world who have internet access. Although they can enroll in a class for free without being admitted to the university, they are normally required to pay tuition to receive credit for the course.

Some of the most popular MOOCs provide training in business fundamentals, such as finance, strategy, and organizational behavior. Although the completion rate of these courses is very low, usually less than five percent, they provide valuable training for whatever time a student is involved.

Online courses allow employees to pursue their educational objectives without leaving their jobs to become full-time students. An important advantage of online courses is greater flexibility for employees to adjust their academic assignments and deadlines with hectic work and family demands. Some universities offer accredited degree programs to students after they complete a sufficient number of online courses while other universities offer degrees through a combination of online and in-class courses called blended learning.

Although many HR managers are skeptical about the value of online courses, this skepticism is gradually fading; online courses are increasingly being seen as equivalent to other classes even though students cannot participate in classroom discussions. The disadvantages associated with missing a class discussion are largely offset by the benefits that come from chat board discussions, video-recorded lectures, and written assignments. Requiring students to provide written responses forces them to think more carefully about the issues, thus producing higher quality responses.

Some of the important issues to remember when considering an online course are the reputation of the school offering the courses, how the material is presented, how the students will be evaluated, the time needed to complete the assignments, the costs, and the students level of self-discipline. Online learning requires enormous commitment and self-discipline. People who are prone to procrastination seldom succeed in online courses and would probably do better in an in-class experience.

Tuition reimbursement programs provide a valuable incentive for employees to pursue additional education. Some companies reimburse employees for any course they take, whether they are seeking certification, pursuing a degree (associates, undergraduate, or graduate), or just furthering their education. Other companies only reimburse courses that are directly related to the employee's present position or have a direct relationship to a possible future position. Some companies pay the employee's tuition up front, while other companies reimburse employees after they provide evidence that they passed the course. Some companies provide 100% reimbursement for both tuition and textbooks, while other companies only provide partial reimbursements that depend on the course grade. Companies are encouraged to monitor their tuition reimbursement programs to ensure that they are meeting their strategic goals. Companies that monitor their tuition reimbursement generally continue funding them because their programs are cost-

increase computer and technology skills, stimulate personal career development, increase retention, and benefit effective: they improve job performance, enhance decision making and leadership competencies, make employees more adaptable to change.

Corporate Universities

Some organizations have invested heavily in training and development by creating a corporate university where employees can either attend classes on a corporate campus or in a virtual learning environment through e-learning. In some cases, organizations have created their own corporate universities because the skills and knowledge they required were not available in the labor force. The instructors at corporate universities include company trainers, executives, subject matter experts, external consultants, and university professors. Corporate universities are funded in two ways: as a line item in the annual budget or on a per-use basis by department, known as pay-as-you-go.

Corporate universities have grown in popularity and sophistication because they reduce the costs of training and make learning more convenient and adaptable. They are also praised for encouraging a learning culture, driving strategic change, and fostering creativity and innovation. Companies can expand their training and improve the flexibility of delivery through e-learning, such as webinars and teleconferencing. In corporate classrooms, executives can engage in face-to-face discussions where they share best practices and learn from each other. The challenges of integrating and preserving critical knowledge is facilitated by corporate university training where companies provide a complete learning life cycle that includes everything from orientation training to executive training.

Vestibule Training

Vestibule training is similar to on-the-job training except that it occurs in a separate training area equipped like the actual production area. The training that occurs in a vestibule is usually some form of job-instruction training. In vestibule training, however, the emphasis is on learning as opposed to the emphasis on production in job-instruction training. Vestibule training is typically used for teaching specific job skills.

Vestibule training provides several advantages over other forms of off-the-job training. A major advantage is that positive transfer of training results because the environments of the vestibule and the actual job setting are similar. Other advantages are that vestibule training provides ideal learning conditions, such as immediate reinforcement, accurate feedback on performance, and an opportunity for practice and repetition without excessive concern about making mistakes. However, a separate vestibule area that is used only for training can be expensive to maintain unless training sessions are held frequently.

Lecture

An efficient means of transmitting large amounts of factual information to a relatively large number of people at the same time is the lecture. The lecture is the traditional method of teaching and is used in many training programs. A skilled lecturer can organize material and present it in a clear and understandable way. If the trainees are ready to receive it, a well-prepared lecture may succeed in transferring conceptual knowledge. However, a lecture does not allow active

participation by the learners. Furthermore, since the lecture is a one-way communication process, it provides no practice, no feedback, no knowledge of results, and it may inhibit the transfer of learning.

Case Studies

Case studies are used extensively in many business classes. They are designed to promote a trainee's discovery of underlying principles. Most cases do not have a single correct solution. Instead, a trainee is expected to analyze the problem and consider alternative solutions. Even though trainees may not agree on the best solution, a fair amount of agreement about the relevant issues should exist. Some cases are short and focus on a specific problem or issue. Other cases are long and unstructured, encouraging participants to consider a variety of diagnostic approaches and alternative solutions.

The success of the case method as a training technique depends largely upon the skill of the discussion leader. Effective case discussions require skilled trainers who know when to focus the group's discussion on particular topics and when to allow free-floating ideas and exploration into alternative issues.

Conferences and Discussions

Conferences and group discussions are used extensively for making decisions; however, they also can be used as a form of training. Conferences and discussions provide forums where individuals are able to learn from one another. A major use of group discussion is to change attitudes and behavior. Numerous studies have shown that individuals are much more inclined to change their attitudes if they participate in a group discussion and arrive at a group consensus regarding a topic than if they listen to a lecture. An example of a group discussion that can be an effective means of training is one in which supervisors discuss the performance-evaluation procedure and develop common criteria for evaluating performance. One study showed that a group of supervisors who discussed their performance evaluations among themselves were more consistent and accurate in their ratings than supervisors who listened to a lecture or who were simply given performance-evaluation guidelines by personnel. Group discussions have also been used successfully in empathy training to help nurses and other hospital workers develop greater sensitivity in caring for patients.

Role Playing

In a **role-playing** situation, participants assume specific characterizations and act out a particular situation or problem. Rather than simply talking about what the solution should be, the participants attempt to solve the situation as if they were the real individuals involved. Role playing usually creates a higher level of participation and enthusiasm among the participants than regular group discussion. Some participants enjoy role playing because it provides an opportunity to display their talents. Other participants, however, feel embarrassed and uncomfortable.

One of the most effective uses of role playing is to facilitate attitude change. The best procedure for changing attitudes is to have participants play roles in which they are asked to express attitudes that are the opposite of their own personal feelings. A similar procedure is to ask participants to play the roles of people with whom they typically conflict. These situations are called counterattitudinal role playing and **role reversal**. In such situations the trainees are forced to verbalize a set of opinions that are contrary to their own private opinions. When individuals participate in counterattitudinal role-playing, their private opinions typically shift in the direction of the arguments they present. This suggests that an effective training technique for reducing the conflict between a supervisor and a union steward might be to have them reverse roles in a training situation and try to resolve their differences.

The effectiveness of role-playing can be increased by the use of video recordings and freeze framing. Video replays allow trainees to observe what they did and decide what they need to change. **Freeze framing** consists of pausing a role play episode and asking the participants and possibly observers to critique what is happening. Freeze framing is especially useful for learning managerial skills. At timely moments the trainer instructs the trainees to freeze their action and then asks the trainees to critique their own performance and to suggest other strategies that might have been tried. The rest of the trainees are also given an opportunity to provide input.

Simulations and Business Games

Simulations refer to creating an artificial learning environment that approximates the actual job conditions as much as possible. Simulations have been used extensively for learning technical and motor skills. Pilot training is facilitated by using a flight simulator that reproduces the cockpit of an airplane. One simulation for training Air Force pilots allows the trainees to fly missions against manned and computer-generated threats. Pilot trainees receive feedback on whether the responses they make are correct or incorrect. The Air Force also has a very elaborate simulator that is a replication of an actual missile control room that is used to train missile crews.

Many different kinds of learning situations can be simulated with or without the use of a computer. The in-basket simulation is one of the simplest forms of simulations. In this exercise the trainee is asked to assume the role of a new manager or supervisor confronted with a set of instructions describing the new job and a series of memos outlining problems that need to be resolved. The trainee is given a limited amount of time, usually two hours, to read the memos and respond as if it were a real-life situation. The trainee makes decisions, replies to the memos, schedules meetings, and may even develop agendas for the meetings. Afterward, the trainee's decisions are evaluated, and feedback is given about the advantages and disadvantages of alternative actions.

Business games provide learning opportunities for trainees to make business decisions as if they are managing a company. These games tend to be highly motivating because they incorporate many of the fundamentals of game mechanics, such as competition, immediate feedback, risk, variable rewards, and clear goals. In one simulation, the Business Management Laboratory, participants are asked to assume the leadership of a small manufacturing company competing with

companies managed by other trainees. The participants make decisions on production, pricing, hiring and training new sales representatives, and other production and financial concerns. The decisions are analyzed by an algorithm that approximates real-life conditions, and the participants receive reports, such as an income statement and a sales report, similar to the reports actually received by managers.

Computer simulations allow participants to examine the long-term effects of their business decisions in a relatively short period of time. If they make bad decisions, they can learn from their mistakes without having to suffer the actual consequences of real-life circumstances. Business simulations also motivate students to learn on their own. Students will voluntarily master even difficult concepts, such as break-even analysis and linear programming, if making an effective decision requires it.

Programmed Group Exercises

Programmed group exercises, sometimes called **experiential group exercises**, involve trainees working together in a discussion group to solve a specific problem. Although the problem may be artificial, the participation by each trainee within the group is not artificial. Participants interact with each other as if they were in a real problem-solving situation. After the decision has been reached, participants discuss what occurred, analyze the group processes, and analyze the behavior of each person in the group. Valuable learning occurs not only during the actual exercise but also during the following discussion.

One of the best-known experiential exercises is the moon-landing exercise. In this exercise the participants assume that they have crash-landed on the lighted side of the moon. They are asked to rank 15 items in order of importance in helping them travel 200 miles to reach the mother ship. Each participant ranks the 15 items, then groups of five to seven participants try to reach a consensus ranking. The groups often experience conflict in attempting to reach a consensus decision. Many important group processes can be observed during this exercise, such as leadership, communication, persuasion, decision making, problem solving, and conflict resolution. The most important insight for the participants is not whether 50 feet of nylon rope is more or less important than a magnetic compass for survival on the moon but how they can interact with each other to allow the maximum sharing of knowledge.

Most assessment center activities include programmed group exercises that require participants to work together on various group exercises. Therefore, these activities are useful in identifying potential managers as well as in providing training. Assessment-center activities help employees achieve greater self-awareness and learn valuable principles of management and supervision. Some companies have found that the observers learn as much as the participants, if not more. As a side benefit of the training they receive, the observers learn which behaviors they should acquire to increase their own effectiveness.

A popular form of experiential exercise is **outdoor experiential training (OT)** known variously as outdoor challenge training, adventure learning, executive challenge, outdoor management

training, and personal growth training. These programs are intended to improve the effectiveness of managers in such skill areas as teamwork, problem solving, risk taking, self-esteem, and interpersonal communication. These programs include wilderness experiences and ropes courses. Wilderness experiences typically involve participants in living outdoors and engaging in such activities as sailing trips, backpacking, whitewater rafting, canoeing, extended camping, and mountain climbing. Ropes course activities include rock climbing, rappelling, crossing canyons by rope, and constructing barges to cross lakes. Limited studies evaluating the effectiveness of these courses suggest that they improve the overall functioning of work groups and that these improvements persist for more than a year.

Television and Video

Visual training materials can appear in several forms that include television, video recordings, and computer-generated presentations. The media may portray actual people in real-life situations, or they may be animated cartoons. Both actual and animated videos serve useful purposes. Real-life photography can make the training seem real and factual, but drawings can emphasize expressions, emotions, and ideas with few conflicting stimuli.

Television has become increasingly popular as a method of presenting business training. Some organizations have their own private networks that present training programs produced by the company. Another use of television is teleconferencing, which broadcasts programs that may be created live in broadcast studios located hundreds of miles apart.

Video recordings can be used for many purposes. Athletes often watch videos of their performances to identify their mistakes. They also watch recordings of their opponents to identify weaknesses that they may use to their advantage. Recording actual behavior can be just as useful for management trainees. The trainees can observe how they responded in a particular situation and can diagnose their behavior.

Many training videos have been developed to portray particular insights about management, supervision, and other technical skills. A major advantage of presenting information by video rather than by lecture is that videos can be edited to minimize the amount of distracting information and to maximize learning. Geographically dispersed companies have found videos a convenient way to transmit new ideas from headquarters or a training office.

One of the most promising uses of videos is to illustrate correct behavior patterns for imitative learning. Social cognitive theory has shown that observing the behavior of others is one of the most effective ways of developing new skills. Watching recorded video of effective management behaviors is a powerful learning tool for management trainees. An excellent way to help supervisors learn new skills is to let them see how effective supervisors behave in situations similar to their own.

Asynchronous Learning Networks

Asynchronous Learning Networks (ALN) are networks of people designed for anytime, anywhere learning. ALN combines self-study with substantial, rapid, asynchronous interactivity with others who are involved in the learning process. In ALN, learners use computer and communications technologies to work with remote learning resources, including coaches and other learners, but without the requirement to be online at the same time. The most common ALN communication tool is the internet.

By this definition, a web-based workshop that requires frequent online conferencing and collaboration with others is an ALN. Another example of an ALN is a text- or computer-based training course that requires learners to use email to discuss assignments with each other and with the coach. AL also encompasses in- person orientation meetings, proctored examinations at a specified time and place, occasional synchronous online chat sessions, and lab sessions for near-campus learners.

By this definition, teletraining, which is based primarily on a synchronous audio or video presentation or conference, is not an AL because teletraining requires learners and instructors to constantly be available at the same time. Video-recorded courses, mail-based correspondence courses, and computer-based training are not AL because they do not include substantial and rapid interactivity with others, even though the learner might send in a paper or test and receive a reply sometime later.

Computer-based Training

During the 1960s programmed instruction was the newest fad in training and education. Although it was not used extensively at that time, it eventually served as the model for the creation of computer-assisted instruction. **Programmed instruction** is an application of the principles of operant conditioning in which learners are presented with a series of concepts and after learning each concept they are required to demonstrate their understanding by answering multiple choice questions.

Computer-based training (CBT) refers to any form of interactive learning experience between a computer and a learner in which the computer provides the majority of the stimulus and the learner is required to make some form of response during the learning. Many companies use online learning as their primary source for internal training.

The concepts in computer-based training can be organized according to a logical sequence wherein earlier concepts serve as building blocks for more complex learning. This method is called linear sequencing, as opposed to a branching format that allows subsequent information to be determined by the learner's responses. If the response is correct, the computer proceeds to the next concept. If the response is incorrect, the computer explains why and provides additional information and another question to help trainees master the concept.

The performance of the trainees is used as an indication of whether the learning material is properly described and appropriately sequenced. If most trainees have difficulty with a particular

concept, then the material is rewritten to clarify it. The material is revised until most trainees can make the correct responses on their first time through the material.

One of the learning benefits of CBT is that each learner is required to respond to every question, something a traditional classroom does not typically provide. Other differences are the absence of embarrassment for wrong answers and the opportunity for learners to proceed at their own pace, or even go back to review if they desire. Computer programs are infinitely patient and repetition of a lesson can continue endlessly.

Hundreds of computer-based training courses have been developed, including programs for teaching basic literacy to nonreaders, instructing doctors how to diagnose ulcers, teaching executives how to manage, and training pilots how to fly. Producers of these programs claim that CBT training reduces the time required to learn by 30 percent or more in most cases and that retention is increased.

The number of developmental hours required to produce one hour of CBT ranges from 120 to 300 hours. Although most courses are expensive to develop, and the equipment is costly, CBT can be less expensive than other forms of training if a large number of students need to be trained, and the knowledge is not expected to change for several years.

New computer-based training opportunities have been developed by companies using their own intranets to provide information that can be updated and changed continually. An intranet that connects employees who may be geographically dispersed can be used to disseminate specific product information, safety training, and many other forms of information, including specific human resource policies and programs.

The internet allows learners to access information from various sources, such as trade organizations, professional associations, and government agencies. Excellent and timely information can be obtained from such locations as the ASTD Online, provided by the American Society for Training and Development, or the SHRM Fast Facts, provided by the Society for Human Resource Management. Many universities now offer college courses on the internet. These courses are completely paperless--the instructions and enrollment forms are on the internet, the text material is on the internet, hyperlinks to other relevant sites are contained in each lesson at appropriate locations, the exams are taken and scored over the internet, and essay questions are answered, submitted, and evaluated by email over the internet.

Tele-training and e-Learning

It is possible for a trainer to be in one location while the learners are in many other locations watching the trainer on a television or computer monitor. This type of training, also called teleconferencing, webinars, or e-learning, may even include multiple trainers broadcasting from different locations as a panel of experts with the capacity to interact with their audience.

In the beginning, e-learning focused primarily on technical and functional skills that were presented in a one-way format. Quickly, however, the content was enlarged to include training in

soft skills, such as team management, communication, decision making, leadership, delegation, and conflict resolution. Language skill acquisition, especially English, has also been a popular - learning topic. The delivery of e-learning has broadened to include self-paced interactive modules that allow managers to complete the training online with follow-up meetings in a virtual classroom via conference calls and also face-to-face classroom discussions.

Teleconferencing owes much of its growing popularity to its capacity to train many learners in different locations without the inconvenience or cost of bringing them together. The modes of teleconferencing, or tele-training, include computer, audio, video, or any combination of these three. Teleconferencing requires higher levels of skill for the trainers because they may be speaking only to a video camera and unable to observe how well their ideas are being received. Greater demands are also placed on the learners, who are encouraged to ask questions and provide feedback to the trainer. The comments of those who have participated in teleconferencing suggest that the motivation to learn is apparently not diminished by teleconferencing, and the amount of practice and transfer of learning do not differ between teleconferencing and traditional learning.

Mobile Learning

The flexibility and adaptability of electronic devices allows people to download training content onto mobile devices and watch or listen to it at any time and any place. This type of next-generation e-learning is called mobile learning, m-learning, on-demand learning, or disconnected learning. One method for making mobile training available is podcasting, which allows listeners to subscribe to training materials and download them to a mobile device, or companies can make it more convenient by syndicating their training and sending it directly to their employees. The employees can use a cell phone to access whatever training they choose whenever they want. Reference books and training resources that were originally designed for reading on a computer can also be viewed on a smartphone or a tablet. The advantage is obviously the flexibility and convenience of turning any situation into a learning experience. But the disadvantage is that most learning requires concentration and many settings are not conducive to intense concentration.

Microlearning

Microlearning is an emerging trend towards breaking training content into small units that can be completed quickly, usually within a few minutes. Each lesson typically focuses on just one learning objective, and learners are often at liberty to complete the lessons at their own pace, on their own schedule. Lessons can be completed on a computer or a mobile device and usually consist of videos, quizzes, games, simulations, podcasts, or slideshows. Some organizations "push" lessons to their employees' mobile devices every few days, while others have a library of content from which their employees can choose. Microlearning can also be used as a follow-up to more traditional online or classroom-based training.

On-the-job Versus Off-the-job Training



On-the-job Techniques

There are several advantages to on-the-job techniques that probably explain why they are used so frequently.

- No special space or equipment is usually required for on-the-job training.
- On-the-job training is practical since employees produce and earn while they learn.
- On-the-job training provides an immediate transfer of training.
- On-the-job training allows employees to practice what they are expected to do after training ends.
- On-the-job training allows trainees to associate with their future coworkers and to observe and model the behavior of these coworkers.

Off-the-job Techniques

Many activities that occur off the job help learners perform better. Most off-the-job training programs are viewed as supplemental rather than as central to learning the job. Off-the-job training generally focuses more on long-term development and general education than on the skills and information needed to perform a specific job. The types of off-the-job training programs may vary from brief conferences and workshops held during the workday to formal education courses provided by a college or university.

The major disadvantage of off-the-job training is that it does not provide immediate transfer of training to real job situations. However, the advantages of off-the-job training sometimes compensate for this lack of transfer. Removing the learner from the actual job situation may facilitate the learning process. Expensive equipment is not tied up during the learning process, and errors and waste do not become troublesome problems because trainees are not holding up an actual production process. Because off-the-job programs focus more on learning and less on

production, they provide trainees with an environment that is conducive to concentrating on new ideas and engaging in reflective thought.

Formal training opportunities away from the job also provide other benefits.

1. They allow executives to get away from job pressures and work in a climate in which party-line thinking is discouraged and self-analysis is stimulated.
2. They provide resource people and resource materials- such as faculty members, other executives, and books--that contribute suggestions and ideas for the executives to consider as they attempt to change, develop, and grow.
3. They challenge executives to increase their development and motivate them to improve.

Self-assessment

1. I can describe the difference between training and education.
2. I can explain transfer of training.
3. I can compare and contrast the various on-the-job training methods.
4. I can compare and contrast the various off-the-job training methods.
5. I can describe the advantages and disadvantages of on-the-job and off-the-job training.

CERTIFICATION CENTRE

4.2 Presenting the Training: Delivery

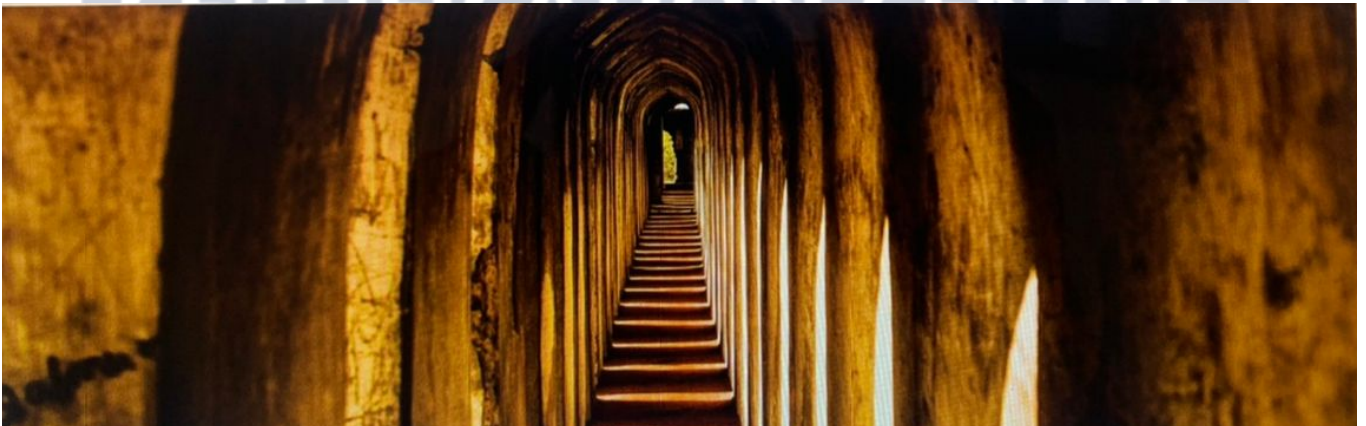


Objectives

By the end of this section, you should be able to

1. describe the comparative advantages of conducting employee training either onsite or off-site
2. describe the copyright restrictions that protect training materials

Facilities Planning



The effectiveness of a training program is enhanced if the training environment is conducive to the training methods and content. Environmental distractions can dilute or even destroy the acquisition of new knowledge and skills. Ideal learning environments depend on such variables as whether the training is on-site or off-site, as well as space requirements, seating arrangements, and comfortable temperatures.

On-Site Versus Off-Site

Training programs can be conducted on-site at each employee's work station or in designated conference rooms, or off-site in adjacent training buildings or some isolated location. Each of these locations have advantages and disadvantages depending on the kind of training being presented.

An employee's work station is the best location for teaching an employee how to perform a specific task, especially when the equipment and materials needed for training cannot be moved. On-site training tends to maximize the transfer of training, but it has the disadvantage of numerous distractions and ongoing job pressures. Another disadvantage is that employees can usually only be trained one person at a time.

The advantage of presenting training in a conference room is that it is convenient for employees to leave their work locations and return to them without having to take time to travel. The disadvantage is that the trainees are still so close to their work, both physically and psychologically, that they are distracted by work pressures. Knowledge that is relatively brief and uncomplicated can be effectively presented in a conference room.

The advantage of off-site training is that it forces trainees to leave their work stations and focus on the training content. Training that involves complex learning and reasoning is best presented away from the work site. New and unique environments, such as mountain retreats and beach houses, facilitate creative thinking and fresh approaches to important problems.

Environmental Considerations

A comfortable environment is essential for learning. Some of the most important environmental considerations are

- **Temperature:** the temperature should be maintained at a comfortable "living room" level, unless trainees will be active.
- **Lighting:** trainees must be able to see clearly, which usually means brightly-lit rooms unless there are visual presentations that require reduced lighting.
- **Ventilation:** enclosed rooms should have an adequate supply of clean, odorless air.
- **Sound:** except for small training groups, a public address system should be provided so all trainees can hear what is said, especially those who have reduced hearing capabilities.
- **Comfortable chairs:** trainees prefer chairs that are either padded or contoured to increase comfort. Armrests are nice but not essential.

There is a tolerance range for each of these factors and learning can be inhibited or prevented entirely if these tolerances are exceeded. For example, rooms that are too cold can make trainees so uncomfortable that they cannot concentrate or listen effectively. Rooms that are too warm can cause trainees to fall asleep during a presentation.

Training Materials



As part of the training design, trainers should give careful consideration to the kinds of materials that will help trainees learn the new information and remember it. The kinds of materials that are typically used include manuals, handouts, leader guides, and audio-visual materials.

Manuals

Training manuals typically contain a training schedule, an outline of the training, published articles and reports supporting the training, and copies of overhead transparencies. Having this information before them allows trainees to listen to presenters and read about what they are saying at the same time. Although most training is communicated verbally, written training materials that allow trainees to review what they hear are enormously valuable. Training manuals also help to organize the content and presentation of training programs.

Handouts

Trainers can use handouts effectively to help trainees learn the main points of their presentations and remember them. Handouts serve a variety of purposes.

1. Presentation outline: Some handouts are an outline of the presentation that trainees can use for note taking. Presentation outlines help to provide trainees with a broad perspective of the topic.
2. Supplemental information: Some handouts contain supplemental information that is too detailed or complex for the presenter to adequately cover. Significant quotations and detailed financial statistics are examples of information that ought to be presented in a handout.
3. Presentation highlights: Presenters who use PowerPoint presentations occasionally provide copies of their slides for trainees so they do not need to frantically copy them during the presentation.

Leader Guides

When training is presented by someone other than the person who designed it, a leader guide should be provided to facilitate the presentation. In addition to the learning content, leader guides should contain suggestions for how the information should be presented, additional insights supporting the training content, and discussion questions that can be used to lead a group discussion. If there are PowerPoint slides or other visual materials, they should also be accompanied by suggestions for how to use them effectively. The leader guide could also include essay and multiple-choice test questions to help trainers know what information is most relevant and to test the success of the training program.

Audio-visual Materials

Audio-visual materials can be used to supplement or replace other training methods. Because of the developments in technology, every training could be presented in some kind of audio-visual form. The most common forms in earlier years were films and video cassette recordings, then CDs and DVDs. In recent years, most training is computer-based.

Audio-visual materials should be carefully selected to supplement the training design rather than serve as a substitute for a careful presentation of insight and ideas. These materials are often very entertaining, and they can be used effectively to provide variety to a training session. However, they should not replace or eliminate all other training methods. For example, computer-based presentations should not eliminate meaningful discussions.

Copyright Statutes

A copyright is defined as the exclusive right or privilege of authors or proprietors to print or otherwise multiply, distribute, and sell copies of their literary, artistic, or intellectual creations when the copyright is obtained in compliance with the copyright statute. A copyright extends to derivative works that come from copyrighted material.

While there is no international copyright law, most countries have copyright statutes, and many have agreed through treaty to respect copyrighted works from other countries. Copyright statutes have been passed to protect the rights of authors and inventors to profit from their writings and discoveries. These statutes have important implications for training when the materials that trainers want to use are covered by an exclusive copyright. Trainers have a legal and moral obligation to obtain permission or pay the respective fees to use copyrighted materials.

Copyrighted materials should not be used in training unless they have been properly purchased or unless written permission to use them has been obtained. Trainers are usually free to make one copy of copyrighted material if it is for their own use, but materials should not be copied and placed in a training manual or used as a handout unless the right to do so has been purchased or permission for duplication has been granted. Copyrighted audio-visual materials can be viewed by

a trainer without having a license agreement or paying a fee, but these materials cannot be shown to a group of trainees unless the trainer has a license agreement.

When trainers plan to include copyrighted material in their training materials, they need to obtain permission if they are using more than 250 words from a book-length work. For journal articles or articles from books of readings, permission is required for use of more than five percent of the entire work. Permission is necessary for even one line of poetry or a song.

Permission is not needed for information that is in the public domain. Publications by the federal government are usually in the public domain unless they contain materials that have been copyrighted by private sources, such as research studies. Materials that are old are also part of the public domain if they exceed the life of the author plus 70 years.

HR managers and trainers should remember these important cautions regarding copyright infringements.

- Copyright protections apply to more than just written publications. They also apply to photographs, graphic and architectural designs, software programs, videos, music, movies, maps, charts, and tables.
- "Original tangible expressions" are copyrighted from the moment they are created even though they have not been registered with the U.S. Copyright Office and they do not have a copyright mark and year.
- A copyright infringement does not require an exact copying of the original; paraphrasing or simply changing a few words does not eliminate infringement if the material is still substantially the same.
- Music and video clips that are used in training without permission are a copyright violation even though the trainer has purchased personal copies from a legitimate vendor. Such copies are intended for the consumers own enjoyment and not for public consumption.
- The copyright remains with the author unless the author assigns the copyright to another. The copyright for works made for hire (whether by an employee or by an independent contractor) belongs to the employer.
- Copyright infringements can be easily avoided by simply obtaining permission, which is not especially difficult. Most authors are delighted to grant permission to use their works unless it reduces their sales or is expected to generate a profit, in which case the author usually requires a share of the profits.

Self-assessment

1. I can describe the comparative advantages of conducting employee training either onsite or off-site.
2. I can describe the copyright restrictions that protect training materials.

4.3 Evaluation of Training Effectiveness



Objectives

By the end of this section, you should be able to

1. explain the types of criteria that can be used for evaluating training programs
2. list the various sources of data that could be used in evaluating training programs

Introduction

The three phases of training and development consist of assessing training needs, developing and presenting the training, and evaluating the training program. Many programs are not evaluated because evaluation takes time and effort. Nevertheless, evaluations are important because feedback helps in the design of future programs and ensures that training programs meet organizational needs.

Criteria for Evaluating Training



The criteria for evaluating a training program should be determined by the training objectives. If a training program is designed to disseminate new information, then the effectiveness of the training should be determined by how well the information was disseminated. Most training programs attempt to accomplish several objectives, such as to change behavior, to provide new information, and to make an organization more effective. Consequently, most evaluations should utilize multiple criteria. Donald Kirkpatrick's model proposes four criteria for evaluating training programs.

1. reactions
2. learning
3. behavior
4. results

Reactions of Participants

How well did the trainees like the program? Since the trainees are the consumers of the product, how well they liked the program is important information for evaluating the program. Did they feel that the information was worthwhile? Was it presented in a way that was meaningful and interesting? Did they believe the program was well-prepared and carefully organized?

These reactions can be obtained by having participants complete a simple questionnaire at the end of a training program. Although care is needed in designing the questionnaire to minimize response biases, the process of assessing participant reactions is quite easy. In fact, the ease of assessing participant reactions probably explains why this is the only information that is typically obtained regarding the effectiveness of most programs

Learning New Skills and Competencies

To what extent did the trainees learn and retain the information presented in the training program? Most training programs present knowledge that the participants are expected to learn. How well the participants learned and retained this information should be determined through the use of evaluations similar to the examinations schools and colleges use to see how much students have learned. These tests can be based on traditional evaluation methods: true-false questions, multiple-choice questions, and essay exams.

Although many trainers are apprehensive about administering an exam, the participants usually respond more favorably than the trainers anticipate. In fact, when participants know in advance that they will be examined on the content of a training program, their attentiveness and retention usually increase.

Behavioral Changes

To what extent did the behavior of the trainees change as a result of the program? For example, if a time management seminar is expected to help trainees use their time more effectively by setting priorities and by developing "to-do" lists, did the participants actually change their behavior as a result of the training?

Changes in behavior can be assessed by two major methods. First, individuals can assess changes in their own behavior with a simple self-report questionnaire. Second, changes in behavior can be assessed by the observation of others. Supervisors, for example, can be assessed by their superiors or their subordinates. Several useful profiles have been developed to evaluate changes in a supervisor as perceived by subordinates.

Measurable Results

What final results were achieved from training-reduced costs, reduced turnover, improved productivity, or greater profitability? The primary reason for presenting most training programs is to improve organizational performance. The question, then, is whether the organization is actually performing more effectively or efficiently as a result of the training effort. After a training program on safety, is the frequency or severity of accidents declining? As a result of a new-employee orientation program, is the percentage of employees who leave within the first 60 days declining? As a result of a supervisory training program, are the departments of the trained supervisors obtaining higher levels of productivity, profitability, or morale?

Similarly, Jack and Patricia Phillips propose that organizations develop evaluation criteria from the following levels of training objectives.

1. reaction and perceived value

2. learning and confidence
3. application and implementation
4. impact and consequences

5. return on investment

This approach particularly emphasizes the importance of focusing on **application objectives**, which explain how the skills gained in a training program will be applied by the trainees on the job, and **impact objectives**, which describe how the application of the new skills by the trainees will impact the organization.

The ultimate measure of results for a training activity is return on investment. How much did the training cost in both direct and indirect costs and what are the financial returns from it? This is called a **utility analysis** and a formula for measuring the utility of a training program has been proposed that combines the performance improvements generated by the training, the economic value of this improvement, the number of people trained, how long they remain with the company, and the direct and indirect costs of the training.

Sources of Data



Training directors have a large variety of different variables they can use to evaluate training effectiveness. The ideal circumstance is to have data that specifically measure each variable being considered. For example, to know how a training program influences job satisfaction, direct measures of job satisfaction would provide the most specific data. Unfortunately, direct job satisfaction measures are often not available, so trainers may be forced to rely on indirect measures, such as absenteeism, turnover, or grievance rates. These variables are related to job satisfaction, but only indirectly.

Archive Data

Archive data refer to the kinds of information contained in the human resource files. To comply with federal legislation, companies are required to maintain extensive information in their files and this information can be effectively used to assess the value of training.

This information is referred to as **unobtrusive measures** because the nature of the data and the way they are obtained do not influence how employees behave. The advantages of using archive data are that they already exist without having to be collected and they may cover a fairly lengthy historical period, thereby providing a long-term perspective. Some of the types of information that are frequently available in the human resource files include accident records, affirmative action records, application forms, attendance records, attitude surveys, disciplinary records, exit interviews, grievance reports, insurance records, interview records, job specifications, medical records, payroll records, performance evaluations, salary- increase records, test scores, and turnover statistics.

Questionnaires and Surveys

A carefully developed questionnaire can be administered to a large sample of employees, and the information can be conveniently analyzed and interpreted. The popularity of questionnaire data for research purposes is largely attributed to the ease of administration and convenience of analysis. However, the disadvantages of questionnaires are that they are time consuming to develop and the data can only answer the specific questions in the questionnaire. If all the relevant issues are not covered in the questionnaire, the information obtained will be inadequate.

Performance Tests

Training that focuses on helping employees learn specific skills can be evaluated by asking the employees to demonstrate the skills in a controlled setting. A five-minute timed typing test, for example, is a useful performance test to check the progress of a typing trainee. The process of developing a performance test involves identifying a defined and central segment of a job that can be performed under controlled circumstances. Measures of both quantity and quality of performance should be recorded. Performance tests are especially relevant to jobs that produce a physical product that can be counted.

Interviews

Interviews are an effective way to learn how employees feel about training and what they think should be changed. The advantage of an interview is that it is a rich source of information in the sense that it provides information about a broad range of topics. The major disadvantage of interviews is that they are time consuming and only a limited number of people can be interviewed.

Simulations

Simulations are similar to performance tests; however, they are not necessarily composed of a segment of an actual job. Simulations provide an opportunity for trainees to practice what they have learned in a defined setting where their performance can be observed. Computer simulations allow trainees to diagnose problems and make business decisions in an environment that has been constructed by the trainer. Many decisions can be made in a short time and the implications of the decisions can be evaluated without having to suffer the actual consequences of a real-life setting.

Ratings/Checklists

Ratings and checklists are typically used to evaluate training that focuses on changing observable behaviors. Ratings and checklists can be constructed from the task analysis that was completed as part of the training needs assessment. Trainees are rated on each of the important behaviors they are expected to learn as a result of training. Checklists are used to record how often trainees make the appropriate responses they have learned in training.

Critical Incidents

Critical incidents are essay descriptions of the times when a trainee does something especially good or especially bad. These descriptions are typically accumulated in an employee's personal file. They are often used to evaluate an employee's performance, and they can also be used to evaluate the success of a training program.

Observations

Some training programs can only be assessed by observing the behavior of employees to discover whether they are behaving differently after training or if the training has solved the problems. The disadvantage of observations is that they are an intrusive type of measure. The process of observing an employee's performance often causes the employee to behave differently. (This phenomenon is called the "**Hawthorne Effect**" after the Hawthorne studies, 1924-1934.) Most employees tend to work faster when they know they are being observed and their productivity is being measured. However, other employees intentionally alter their performance to create meaningless data.

Performance Appraisals

Performance evaluations are supposed to measure performance; therefore, they should provide valuable information to assess the value of a training program. Those who have been trained should receive higher performance ratings.

Self-assessment

1. I can explain the types of criteria that can be used for evaluating training programs
2. I can list the various sources of data that could be used in evaluating training programs.

4.4 Talent Management Programs



Objectives

By the end of this section, you should be able to

1. explain the characteristics of a successful orientation training program
2. describe the types of activities that might be included in an onboarding program

CERTIFICATION CENTRE

Orientation and Onboarding



New Employee Orientation

A new employee orientation program can have a positive influence on job expectations and job satisfaction and can establish a sense of identity for new employees at every level in an organization. Good orientation training can reduce turnover, alleviate anxiety, create positive work values, reduce start-up costs, and save the time of supervisors and coworkers. To be effective, an orientation training program must be carefully designed. However, most trainers tend to provide too much detailed information in their orientation programs.

In designing an orientation program, trainers should decide what information is needed right now by new employees. Orientation training should start with basic survival knowledge and progress to more general, but less pressing, information. This is the kind of information that is most useful.

1. working hours, including breaks and lunch hours
2. location of facilities, especially the new employee's office, rest rooms, and eating places
3. special words and phrases used by the work group, particularly abbreviations
4. paydays and how the person will be paid
5. health and safety considerations, such as safe operating procedures, fire escapes, exits, first-aid supplies, and location of the nursing station
6. information on whom to contact in case of problems or difficulties
7. information on parking, bus stops, and car pooling
8. information about communication devices, such as the use of cell phones, email, the internet, and social media

An effective orientation program actually begins before the new employees are hired. During the recruiting process, recruiters should effectively sell the organization to applicants. However, they must not oversell it and create unrealistic expectations about the work. New employees need to receive accurate and realistic job previews so that they do not expect working conditions that are significantly different from what they find. Negative aspects of the job should be presented to them factually so that they do not come as a surprise.

In designing an orientation program, the trainer should carefully consider the kinds of impressions and expectations that the program should create. Initial expectations have a profound influence on the behavior and values of new employees because they have a way of becoming self-fulfilling prophecies. For example, employees who are told that they are expected to become outstanding performers often become just that. The self-fulfilling prophecy has been observed frequently among management trainees, and it helps to explain why some individuals are able to achieve success and make rapid advancement within an organization. An analysis of this concept suggests that expectations of success are created in the minds of trainees by

1. the kinds of information and ideas given to them
2. the output expected from them
3. the type of feedback they receive
4. the encouragement and reinforcement they are given

If an organization wants to create a commitment to excellence among its new employees, the employee orientation is the best time to do it.

During the orientation program, an attempt should be made to reduce the anxiety of new employees. Since new employees are usually concerned about being able to perform adequately on the job, they ought to know that their chances of succeeding are very good and that other individuals just like them have succeeded in the past. Anxiety is also reduced by acquainting new employees with their supervisors and coworkers.

An experienced coworker or supervisor in the immediate environment should be assigned to each new employee as a "sponsor" or "mentor." The purpose of the sponsor is to provide specific job-related instructions and other information regarding the informal work-group norms and procedures. The sponsor should provide encouragement and advice and be available to answer questions as they arise. A major role of the mentor is to help introduce the new employee to other members of the work group. These introductions are generally best if they do not occur all at once. New employees should be introduced to their coworkers gradually.

Organizations often want to present the entire orientation training the first day and have it completed. If an employee is expected to remember all of the information presented, however, one massive training experience is not very effective. Two procedures help new employees retain information: receiving written instructions and spreading the training over a period of time.

Written instructions are particularly necessary for extensive, detailed information. Although new employees need to know all about company policies, benefits, and work procedures, the organization should not expect them to remember all of this information after one lengthy presentation. A superior procedure is to provide general verbal information followed by specific, detailed written information. The written information should be provided in an employee handbook that employees can study at their leisure when specific questions arise.

Orientation training is most effective when it is spread over several days rather than presented in one or two long sessions. Employees generally prefer several short orientation sessions combined with on-the-job training rather than one long session.

The guidelines for developing an effective training program include the following.

1. Begin with the most relevant information.
2. Provide sponsors or mentors to help new employees learn what is expected of them
3. Gradually introduce new employees to members of the work group.
4. Space the orientation training over a period of time rather than concentrating it in one long session.
5. Provide both oral and written information. Oral instruction should provide general orientation information, while detailed, specific information should be written.

Onboarding

Onboarding is a systematic approach to fully integrating a new employee into an organization and its culture. The focus is to provide the employee with the relationships, tools, and information necessary to become a successful member of the organization. New employees may be matched with mentors, who coach them through the onboarding process, including orienting them on the organization's structure and facilities and introducing them to other members of the organization. The mentors are responsible for ensuring that the new employees meet established goals and checkpoints during their first year or so with the organization.

An employee **onboarding portal** can organize all activities relative to successfully integrating a new employee into the organization." The portal can provide periodic reminders to the new employee, the employee's mentor, his or her supervisor or manager, and HR personnel of tasks that need to be completed during the employee's first year or two within the organization. The employee can complete all necessary paperwork via the portal, much of it before the first day on the job. The portal can include embedded content, such as training videos or learning activities scheduled periodically to help the employee learn more about the organization, receive necessary training, and develop new skills.

Some organizations include the content of new employee orientation described in the previous section in their onboarding process, while others see orientation and onboarding as separate functions. [Table 4.1](#) shows the distinction some organizations make between new employee orientation and onboarding.

Table 4.1

Orientation versus Onboarding

New Employee Orientation	Onboarding
a one-time event	a systematic process
lasts one to two days	can last from three to 18 months depending on the position
focuses on the organization's structure, mission, and policies	promotes better understanding of the organization's culture, mission, and goals
includes a review of the employee handbook	cultivates long-term relationship building and access to information
facilitates completion of payroll and benefits paperwork	fosters a feeling of belonging and affirmation

The following is a list of activities that might be included in an employee onboarding program.

Before the employee's first day

- Call or email to welcome the new employee to the organization.
- Confirm the employee's start date and provide instructions regarding when and where to report to work, where to park, how do dress, etc.
- Provide instructions on accessing the employee onboarding portal.
- Give directions and timelines for completing forms.
- Clean and prepare the employee's work area prior to his or her arrival, which may include stocking it with any necessary supplies and materials.
- Order business cards and name plate.
- Prepare keys or keycards.
- Set up the new employee's phone, computer, and mobile devices, along with email, voicemail, and computer system access.
- Assign an employee to serve as a mentor to the new employee, and ensure that he or she knows the duties and expectations.
- Notify all employees of the new employee's start date, and remind those who have roles and responsibilities relative to his or her arrival.

On the new employee's first day

- Greet the new employee upon his or her arrival.
- Introduce the employee to others in the workplace.
- Connect the new employee with his or her mentor.
- Provide the new employee with a schedule of the first week.
- Take the new employee on a tour of the facility.
- Explain safety and emergency protocols and procedures.
- Describe how the new employee's job fits in the department, and how the job and department

- contribute to the organization's overall mission and objectives.
- Arrange for the employee to have lunch with his or her new coworkers.
- Provide time for the new employee to complete any necessary tasks on the onboarding portal.
- Check that all initial employment paperwork has been completed (Form I-9, Form W-4, bank routing information, benefits elections, etc.).
- Review organization policies and procedures.
- Review job duties and expectations.
- Explain how to obtain needed supplies or materials.

During the employee's first week

- Give the employee his or her initial assignment.
- Have the employee meet with his or her mentor to address any questions or concerns after attending initial meetings, receiving training, and beginning to work on an assignment.
- Explain the organization's goal-setting process and annual performance review procedures.
- Schedule time for the new employee to complete any necessary tasks or scheduled training on the onboarding portal.

During the employee's first 90 days

- Provide regular feedback regarding the employee's first assignment, and make additional assignments as appropriate.
- Request feedback from the new employee and respond to questions and concerns.
- Discuss the employee's professional development goals.
- Have the employee and mentor meet together regularly to assess the new employee's needs and progress.
- Provide opportunities for the new employee to meet others in the organization by attending cross-discipline meetings and informal gatherings (such as lunches).
- Schedule time for the new employee to complete any necessary tasks or scheduled training on the onboarding portal.

At the employee's six-month mark

- Conduct a review of the employee's performance over the first six-months.
- Review the employee's progress on performance goals and professional development goals.
- Make additional assignments that utilize and stretch the employee's developing skills and competencies.
- Have the employee and mentor continue meeting together regularly to assess the new employee's needs and progress.
- Schedule time for the new employee to complete any necessary tasks or scheduled training on the onboarding portal.

At the employee's one-year mark

- Conduct a formal review of the employee's performance over the first year.
- Celebrate the employee's successes during the first year with the organization.
- Meet with the employee and mentor to assess how things have gone in their mentor-mentee relationship.
- Discuss the employee's professional development goals and identify potential learning and development opportunities.
- Schedule time for the new employee to complete any necessary tasks or scheduled training on the onboarding portal.
- Request feedback from the employee regarding the onboarding process.

An effective onboarding program can improve employee retention. According to a recent survey, organizations with engaging onboarding programs retained 91 percent of their new hires through the first year.

Career Planning and Development



Who should be responsible for career development? Individuals differ in how well they plan their careers. Some develop elaborate career plans with specific timetables, while others do essentially no planning at all. During the last three or four weeks of spring semester, college placement offices are typically flooded with students who have failed to plan what they want to do after graduation. Some students, however, do an excellent job of managing their careers; they know what careers they want to pursue and arrange their educational training to prepare them for those careers. Long

before graduation they conduct an aggressive job search to find which organizations offer the best opportunities to fulfill their career aspirations.

The responsibility for career planning belongs to each individual. Finding a job does not just happen; individuals have to make it happen. Every person should be responsible for managing his or her own career, regardless of economic factors that influence the supply and demand of labor or organizational restructuring. Finding a good job involves a careful process of assessing one's abilities and interests, becoming aware of job opportunities, preparing an effective résumé, locating job openings, interviewing with prospective employers, and then assessing the job offers. Each of these activities takes time. An individual should begin to find a job before graduation or before leaving a job.

Managing one's career has been referred to as **personal branding** and employees are encouraged to create their own brand in the same way that companies build and market their own brands. Personal brands are based primarily on reputation and social networking. People acquire positive reputations by developing their skills and talents and diligently applying them; nothing does more to establish a person's reputation than being seen as a competent, dedicated worker who gets things done. Having a large social network comes from maintaining good relationships with many friends and employment contacts. Many employees use social media, such as Facebook, LinkedIn, and Twitter, to create large social networks. To build their brands, people are encouraged to prove their worth through competent performance and then make certain that they get proper credit for their contributions. Excessive bragging and arrogance are not appropriate; advertising one's contributions is best when it is done by others.

Career development programs help people continue to grow and develop after they begin their employment. A **career** refers to the sequence of work-related experiences individuals acquire during the span of their work lives. It is an individual concept, because each person has a unique sequence of work-related experiences. An individual can have a career with one organization or with many. A career is not the same as a profession, since both professionals and nonprofessionals have careers.

Some people follow very well-defined career paths- for example, accountants and lawyers join an accounting or law firm and progress systematically from junior to senior partner. These are called career ladders. Others have very disorganized careers, characterized by sporadic changes from one organization to another or by moves into different occupations. Another possibility is called a career lattice, which involves advancing to higher levels within an organization, but accompanied by occasional lateral moves to different occupations or departments. A career lattice allows for promotions and advancements without following a series of defined steps within a single profession or department.

Many organizations try to improve the quality of life at work by helping employees plan their careers. Through career counseling, organizations hope to help employees avoid the frustration, anxiety, and mid-life crisis that can occur when employees do not believe they are progressing toward their career aspirations. Career development refers to helping individuals plan their future

careers within the organization. The objectives of career development are to help individuals achieve maximum self-development and also to help the organization achieve its objectives.

A **career plateau** occurs when the probability of a person moving up the organizational ladder is very low. Almost everyone faces a career plateau at some point during his or her working life. There are three kinds of plateaus: structural, content, and life. A structural plateau occurs when people reach the end of their promotion opportunities; to find new opportunities and challenges they will have to leave the organization. A *content plateau* occurs when a person has mastered a job and becomes bored with daily activities. A *life plateau* occurs when a person lacks meaning and purpose in life and is often described as a midlife crisis. Companies can help employees cope with plateaus by providing opportunities for lateral growth when opportunities for advancement do not exist.

For the individual, the most immediate benefits of career development include a better job, more money, increased responsibility, greater mobility, and the acquisition of skills that improve productivity. Career development also provides less tangible benefits for individuals, such as increased satisfaction, the development of a career orientation rather than a job orientation, increased involvement in work, greater exposure and visibility to top management, a better understanding of what is expected, and broader knowledge of additional areas of career interest. The employees who are most likely to benefit from career-development activities are those who hold positive work attitudes and who plan to seek fulfilling work within one organization.

Through the development of competent employees, organizations are better able to identify future managers and prepare them to achieve organizational goals. By developing competent replacements, organizations can promote from within, which increases the motivation of aspiring managers.

Occasionally, supervisors build an effective work team and do not want to break it up, which results in hoarding qualified people. This practice is usually detrimental to both the organization and the employees because it creates overqualified employees who become frustrated. Career-development programs tend to reduce both the hoarding problem and the frustration that results from being overqualified for a job.

Employees who remain in the same position for an extended period typically become obsolete. Career planning helps to prevent obsolescence by training employees, by moving them into different jobs, and by stimulating in them a desire to contribute to the organization and society.

Finally, an organization that helps employees plan their careers benefits directly through lower turnover and personnel costs. In general, career training leads to increased individual and organizational efficiency.

Employability Training

Employability training refers to making oneself employable in the future with multiple firms in spite of dynamic economic forces and evolving job demands. People are responsible for managing

their own careers. Unfortunately, some people, especially those who have been unemployed or incarcerated, are not as likely as other people to be actively involved in career development. Because of turbulent unpredictability, all workers need to continually upgrade their employability by searching for jobs, acquiring additional training, anticipating job changes, and gathering relevant career information.

The dynamic nature of our economic system with global competition requires everyone to view themselves as entrepreneurs or subcontractors who are responsible for preparing themselves to produce a useful product or service and marketing it in a global economy. The labor market in the United States, as well as in most other countries, is highly dynamic, turbulent, and unpredictable as a result of corporate restructuring, job creation, layoffs, and outsourcing. The possibility of becoming highly-skilled in one job and performing it for the same employer throughout one's career is becoming very unlikely.

Thinking of oneself as an entrepreneur or subcontractor can be rather frightening. This concept implies that people must assume the risks of employment: they must acquire their own training, build their reputations, network to gather information, bear the costs of health care and retirement, and seek new opportunities in anticipation of the time when their current jobs or contracts come to an end.

Three strategies have been recommended for enhancing one's employability: managing one's identity, expanding one's personal capital through training and networking, and participating in voluntary or marginally paid work.

- ***Managing one's identity:*** An important element of employability is presenting an image of success and competence. Employers want to hire people who are positive, upbeat, and confident in their ability to contribute in meaningful ways. During a job interview, applicants who are embarrassed about having been out of the labor force and uncertain about their abilities to contribute will probably be rejected in favor of candidates who present a "good worker" profile by explaining what they have learned from experience and confidently explaining that they are excited to learn and grow.
- ***Self-training and networking:*** Formal education should never be viewed as adequate for maintaining one's knowledge and skills. Public education and especially graduate education are subject to obsolescence; the half-life of one's education is generally less than five years due to the creation of new knowledge and the process of forgetting. Therefore, everyone should view life as an ongoing learning experience. Likewise, networking provides opportunities for learning new ideas and the latest discoveries in addition to knowing how to market one's skills.
- ***Voluntary and marginally paid work:*** Volunteer work abounds in the United States where people donate thousands of hours for charities, churches, schools, and civic organizations. Marginally paid work includes such opportunities as internships and temporary jobs. Working in voluntary or marginally paid jobs gives people an opportunity to establish themselves as good workers who can be trusted.

Career Counseling

Many organizations provide a broad assortment of activities to help employees manage their careers. Most of these career-development programs occur informally and are not very carefully planned or integrated.

Most organizations provide some form of career counseling: during employment interviews when employees are first hired, during annual performance-evaluation interviews, and as a part of the special career counseling. Career counseling also occurs as part of the day-to-day relationship between a supervisor and a subordinate. Moreover, some organizations provide special career counseling by conducting psychological assessments of employees and helping them interpret their individual results.

Career Pathing

Career pathing refers to identifying a sequence of jobs through which individuals can expect to progress toward higher levels of management. Some organizations try to provide job-progression plans for all new employees, while others identify possible job changes only for high-potential employees who are being groomed for upper-level management positions. In some organizations a committee reviews the strengths and weaknesses of each manager and then develops a five-year career plan for each.

Dual Careers

Some technical specialists want to advance their careers, but they do not want to move into management. To provide upward mobility for those people without removing them from their technical specialty, organizations have created **dual career ladders**. While movement up the managerial ladder means greater power and decision-making authority, movement up the technical ladder means greater autonomy in practicing the profession.

Mommy Track/Daddy Track

Some working mothers and fathers need greater flexibility in structuring their careers because their primary interests are in the home rather than in their work. This need for greater flexibility has been especially valued by women since they continue to provide the majority of child care.

This flexible career path, called the "**mommy track**," is for "career-and-family" women who want to pursue serious careers while participating actively in the rearing of their children. These women, who represent a majority of working females, are willing to temporarily trade some career growth and compensation for the freedom from having to work long hours and weekends. For men who want more time to spend with their children it is called the "**daddy track**."

The greatest need for these individuals is flexible scheduling to accommodate family responsibilities. Part-time employment and job sharing are especially valuable because they allow mothers to return to the workforce earlier without being too exhausted physically or emotionally to care for their newborn infants. Returning to work part-time enables them to maintain

responsibility for critical aspects of their jobs, keeps them in touch with changes in the workplace, reduces stress and fatigue, and eliminates the need for paid maternity leave.

Self-assessment

1. I can explain the characteristics of a successful orientation training program
2. I can describe the types of activities that might be included in an onboarding program



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4.5 Performance Management



Objectives

By the end of this section, you should be able to

1. describe the role that performance evaluations can play in an organization
2. explain rating errors as they relate to performance evaluation
3. describe, compare, and contrast the various performance evaluation procedures

Introduction

Performance management involves all of the human resource functions associated with evaluating and rewarding employee performance. These functions include delegating job assignments and ensuring that employees are adequately trained, establishing performance standards, evaluating performance, creating a meaningful incentive system, giving performance feedback, and administering the rewards.

Performance Management



Performance management refers to the process of improving job performance through performance planning, performance evaluation, mentoring, and continuous feedback. The American National Standards Institute (ANSI) publishes a set of guidelines explaining how performance management should be implemented. This standard assumes that organizational effectiveness is enhanced when all employees know and share the strategic goals of the organization and know and achieve their individual goals. The guidelines are intended for large and small organizations, managers and subordinates, and individuals as well as teams. According to this new standard, effective performance management involves three processes: goal setting, performance reviews, and performance improvement plans.

Goal Setting

The following elements are recommended as part of effective goal setting. Effective goals should

- involve both managers and individual employees in the development of goals to ensure understanding and commitment
- be documented either electronically or via hard-copy and available for review
- be specific, providing defined results
- be measurable, providing a statement of not only the current state but also the desired result
- be challenging but attainable
- be relevant to the individual's current responsibilities and within the individual's ability to achieve them
- identify the time frame when the desired results should be achieved
- be flexible enough to account for changing conditions
- be monitored and progress acknowledged
- flow from the top down and be aligned with an organization's business philosophy, vision, and mission statement

Performance Review

The ANSI standard does not prescribe a particular appraisal form; rather it suggests using any numerical or descriptive rating scale that provides a sufficient number of rating levels to differentiate performance among employees. Four processes are recommended as a minimum for effective performance reviews.

- The feedback process should be continuous and timely throughout the review period to keep employees informed on how they are doing.
- The performance discussion should provide specific feedback measured against clear and specific goals and expectations that were established at the beginning of the performance cycle.
- The outcomes of the review should be acknowledged and documented by both the employee and the manager.
- A face-to-face conversation between the manager and employee should occur at least once a year.

Performance Improvement Plans

Employees who have persistent performance problems need to have an individual performance improvement plan (PIP) that documents their deficiencies and outlines what they need to do to improve. The PIP provides a vehicle for open dialogue and consistent feedback that helps employees who are willing to improve and protects employers who may need to take disciplinary actions against those who are unwilling to improve. A well-written PIP contains a careful description of the expected performance (consistent with the job description), a description of the employee's actual performance, an explanation of the discrepancy or gap, and a plan of action with accompanying dates for completion. The PIP should be signed by both the employee and the manager. Periodic review dates should be incorporated in the plan providing employees with opportunities to report on their progress and receive coaching and encouragement. The desired outcome of a PIP is to lead to the reinstatement of the employee to satisfactory performance, although it may also lead to disciplinary action, reassignment, or termination.

Rating Errors



The performance-evaluation process has been severely criticized, and the criticisms have prompted some managers to abandon performance evaluation as a useless and perhaps harmful practice. Some of the major criticisms of performance evaluations include the following.

1. **Individual threat:** Many people, especially low performers and people who dislike work, simply dislike being evaluated. Such individuals are basically opposed to having anyone conduct any sort of evaluation of their performance. The evaluation process threatens their self-esteem and they feel worse about themselves after the evaluation interview. The irony of evaluation is that poor performers who are most in need of performance feedback to help them improve are the most threatened and therefore the most resistant to accepting the feedback.
2. **Threat to supervisors:** Some supervisors do not like to evaluate their subordinates and feel threatened by having to explain their evaluations. These supervisors argue that evaluating their subordinates places them in a position of role conflict by forcing them to be judge, coach, and friend at the same time. Many supervisors do not have the interpersonal skills needed to handle evaluation interviews.
3. **Defining performance:** In many instances performance is difficult to define, especially for jobs that do not produce a physical product. Managers provide leadership, engineers create new ideas, and trainers present information. But these products cannot be meaningfully quantified, and, consequently, there is disagreement concerning what should actually be evaluated.
4. **Halo/Horn effect:** Sometimes one characteristic about a person, positive or negative, strongly influences all other attitudes about that person. This is known as the **halo effect**. Sometimes a distinction is made between the influence of positive characteristics and negative characteristics. Halo effect refers to the influence that one positive perception has in creating a generalized positive evaluation. Horn effect refers to the influence that one negative perception has in creating a generalized negative evaluation.

5. **Leniency-strictness effect:** Some evaluators tend to give mostly favorable ratings to each employee, while others tend to evaluate the same performance levels much more unfavorably, thus creating a **leniency-strictness effect**.

6. **Central-tendency effect:** Some evaluators create the central tendency effect by giving all average ratings to avoid "sticking their necks out" by identifying marginal or outstanding performance.

7. **Inter-rater reliability:** Two evaluators observing the same behavior may disagree and give different ratings. As a result of low inter-rater reliability, employees receiving low performance evaluation could argue that their low ratings did not result from poor performance, since another supervisor might have evaluated them higher.

8. **Sequencing effect or contrast error:** The evaluation of one individual's performance may be influenced by the relative performance evaluation of the preceding individual, creating what is called the sequencing effect, sometimes called a contrast error. Thus, an individual might receive a favorable evaluation when following a poor performer and an unfavorable evaluation when following an outstanding performer.

9. **Zero-sum problem:** In some performance appraisal systems the number of above-average ratings has to be balanced by an equal number of below-average ratings. Such systems create a zero-sum problem, since some individuals are forced to receive low ratings in spite of how well they have actually performed.

10. **Numbers fetish:** An excessive focus sometimes is placed on numbers. An evaluator who has a numbers fetish will show an undue regard for the accuracy of numbers and small differences between them, even those that measure relatively unquantifiable dimensions of the job.

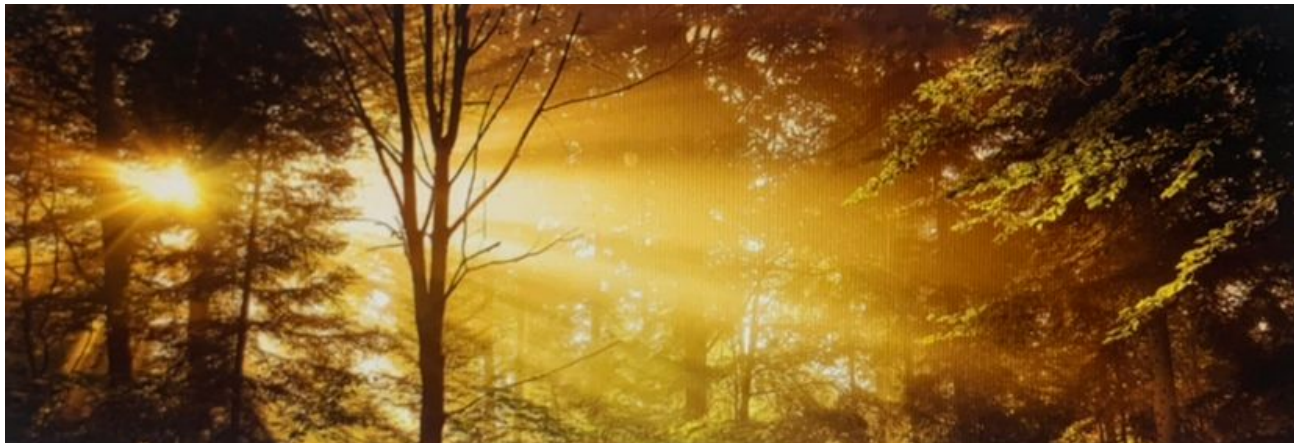
11. **Recency and primacy effects:** Recent events tend to have an unusually strong influence on performance evaluation. Because of the recency effect, an individual's good work for a whole year may be ignored as a result of one negative incident occurring just prior to the performance review. The primacy effect, on the other hand, occurs when the evaluator is unduly influenced by the individual's earliest performance. For example, an employee's outstanding initial performance is remembered, while poor performance throughout the year is disregarded.

12. **Biased subjective evaluations:** Some evaluations are largely subjective and rest almost entirely on the impressions of supervisors. Studies on perceptual bias show that evaluations are influenced by many factors. In one study, for example, when evaluators were told that certain workers had been hospitalized for severe depression, they rated these disabled workers more favorably than non-disabled workers. Supervisor evaluations tend to be clearly biased by the degree of perceived and actual similarity between the supervisor and the subordinate; subordinates who are perceived as similar receive better evaluations. Bias has even been attributed to participation in the hiring process; employees are rated more favorably by supervisors who played a role in hiring them. Because subjective evaluations are so prone to discrimination against protected groups, the courts have not been willing to accept evaluation procedures that allow "unfettered subjective judgment." In some instances, organizations have been required to establish objective, formal guidelines for

evaluation, promotion, and transfer. However, an examination of subjective performance evaluation systems found that they were no more biased and discriminatory against women and minorities than objective, performance-based evaluation systems.

All of these criticisms represent legitimate problems that need to be addressed. But most importantly, the criticisms need to be treated as problems that can be resolved, rather than as insurmountable obstacles.

Evaluation Procedures



Classification Procedures

Classification procedures are possibly the easiest procedures to use, but they also are the most unreliable and biased unless they are carefully developed and closely monitored. Classification procedures simply categorize individuals into one of several categories, such as high versus low, or outstanding, superior, excellent, good, average, fair, or poor.

Some have argued that it is not possible to effectively use more than three categories when classifying employees: about 10 percent of an average group are poor performers, another 10 percent are outstanding, and the remaining 80 percent are average. Some even suggest that performance evaluation and feedback reviews may not be necessary for the middle group.

Classification procedures usually evaluate an individual's overall performance and require the evaluator to combine the various aspects of individual performance into an overall composite.

However, individuals also can be classified on specific dimensions, such as quantity of work, quality of work, and cooperativeness, as shown in Exhibit 4.2.

Supervisor: _____ Department: _____

	Outstanding	Excellent	Good	Fair	Poor
1. Quantity of work	_____	_____	_____	_____	_____
2. Quality of work	_____	_____	_____	_____	_____
3. Cooperativeness	_____	_____	_____	_____	_____
4. Overall Performance	_____	_____	_____	_____	_____

Comments: _____

Exhibit 4.2: A Classification Procedure Evaluating Four Dimensions

The major problem with classification procedures is the difficulty of defining each category. Each evaluator may have a different definition of fair, good, and excellent. As a result, the tendency is for supervisors to give inflated ratings. For example, one way to destroy a new officer's chances for advancement in the military is to rate him or her less than outstanding on any one characteristic. A study by the Merit Systems Protection Board of rating inflation among federal government employees found that less than one percent were rated "unacceptable" or "minimally acceptable," while 46 percent were rated "fully acceptable, 36 percent were rated "exceeds fully acceptable" and 17 percent were rated 'outstanding.

To avoid inflated ratings, some organizations have placed quotas on the number of favorable ratings an evaluator can assign. For example, at General Electric during Jack Welch's tenure as CEO, managers were expected to identify the top 20 percent, the middle 70 percent, and the bottom 10 percent, many of whom are then terminated. Critics complain that such a system unfairly penalizes groups made up of outstanding performers, that it discourages collaboration, and that it creates a zero-sum problem." Another precaution against inflated ratings is a policy that requires the ratings to be kept secret in hopes that less pressure on the evaluators will produce more accurate evaluations. However, this modification tends to produce negative consequences in the form of distrust and a lack of cooperation.

The best solution is to establish general guidelines showing how a "typical" distribution should look. For example, a useful guideline is to specify that only five percent of a typical group of employees should be rated outstanding, 20 percent superior, and so forth. Placing quotas on the number of individuals who can be put in each category is called a **forced distribution**. In some

instances, the distribution is constructed to force equal numbers of employees into each category. However, the "normal distribution" (from statistics) is a better method because it allows a larger percentage of the sample to be placed in the middle categories.

One method of forcing superiors to classify employees along a normal distribution is the card stacking method. Here, each employee's name is written on a separate card. The evaluator chooses 30 percent of the cards to place in the top end and 30 percent of the cards to place in the low end, with the remaining 40 percent in the middle. Then one-third of each of the high and low groups are selected to be the very best and the very poorest. Thus, the distribution is categorized into five categories with the following percentages: ten percent, 20 percent, 40 percent, 20 percent, and ten percent.

Ranking

The objective of ranking procedures is to order a group of employees from highest to lowest along some dimension, usually overall performance. There are three different methods for rank ordering a group of employees: straight ranking, alternate ranking, and paired comparisons.

Straight Ranking: Straight ranking consists of asking an evaluator to consider all members in a group and identify the best one who is then ranked number one. The second-best employee is then ranked number two, the third best employee, number three, and so on through the entire group. This procedure is natural for most evaluators since most people are accustomed to ranking objects and people on an informal basis in daily life.

Alternate Ranking: In alternate ranking the evaluator is given the list of individuals to be ranked and is asked to alternate identifying the very best employee and the very poorest employee among those listed. These two names are then removed from the list and placed at opposite ends of another list. The evaluator then identifies the best employee and the poorest employee among those remaining on the first list, and these names are removed from that list and placed on the other. Since the people in the middle of the list are usually the most difficult to rank, this method allows the evaluator to consider a shortened list of names when ranking the most difficult part of the group.

Paired Comparison: Paired comparison consists of asking an evaluator to consider only two individuals at one time and to decide which of the two is better. Then another pair of names is presented to the evaluator for another evaluation. This process continues until each individual in the group has been paired with every other member of the group. An employee's position in the final ranking is determined by the number of times that employee is chosen over the other employees.

A simple paired comparison method is to have each pair of names written on separate cards and ask the evaluator to circle the best employee. Another method that entails less time and paperwork involves listing the name of each employee down the left side of a chart and also across the top to

form a matrix, as shown in [Exhibit 4.3](#). The evaluator considers each pair of names in half of the matrix and indicates the best performer.

	<u>ANN A.</u>	<u>BOB B.</u>	<u>CHAR C.</u>	<u>DUONG D.</u>
Ann A		A B	A C	A D
Bob B			B C	B D
Char C				C D
Duong D				

Exhibit 4.3: Paired-Comparison Matrix for Performance Appraisal

The paired-comparison procedure may involve a large number of comparisons as the size of the group expands. The formula for computing the number of paired comparisons in a group is $N(N-1)/2$, with N being the number of employees in the group. A group of 20 employees would require $(20)(19)/2$ or 190 comparisons.

The paired-comparison procedure for ranking a group of employees is very simple and uncomplicated. A crude idea of the reliability of the ranking can be obtained by looking at the number of intransitive relationships. An example of an intransitive relationship is when A is rated better than B, and B is rated better than C, and C is rated better than A. Intransitive relationships generally mean that either the three individuals are essentially equal in performance or that the evaluator was careless.

Ranking procedures are not subject to the problems of central tendency, leniency-strictness, and halo effect, and supervisors generally distribute pay increases that are more clearly tied to performance if they are required to rank their employees first. But rankings also have disadvantages. A group of employees is usually ranked only once on a scale of overall performance that does not adequately describe the complexity of each employee's performance, and some employees have to be ranked low regardless of how good they are. Ranking procedures do not reward cooperation and group cohesiveness. In fact, they often lead to dysfunctional personal discussions about the relative merits of each group member.

Graphic Rating Scales

Graphic rating scales are the most frequently used procedure for evaluating performance. Graphic rating scales appear in numerous forms and are used to evaluate both performance-related

characteristics and personality characteristics. Two steps are involved in developing these scales: selecting the characteristics and scaling the characteristics.

Selecting the Characteristics: For hourly paid workers, typical characteristics include quantity of work, quality of work, cooperativeness, job knowledge, dependability, initiative, creativity, and overall performance. For managers, typical characteristics include leadership, communication, decision making, planning, delegation, consideration, initiative, creativity, mental ability, and job knowledge. To both of these lists are sometimes added such characteristics as appearance, intelligence, dominance, aggressiveness, achievement orientation, attitude, attendance, punctuality, and neatness." An illustration of a graphic rating scale is presented in [Exhibit 4.4](#).

1. Amount of work	5	4	3	2	1
2. Quality of work	5	4	3	2	1
3. Dependability	5	4	3	2	1
4. Judgement	5	4	3	2	1
5. Comprehension	5	4	3	2	1
6. Attitude	5	4	3	2	1
7. Cooperation	5	4	3	2	1
8. Capacity for future growth	5	4	3	2	1
9. Overall job accomplishment	5	4	3	2	1
	5	4	3	2	1
	Outstanding Top 5%	Superior 10%	At expected 70%	Below expected 10%	Marginal level 5%

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Exhibit 4.4: A Graphic Rating Scale

Employers are generally free to select any characteristics that they desire, although they are prohibited by law from selecting characteristics related to labor union participation, race, color, disability, religion, sex, or national origin. The selection of characteristics should be made primarily on the basis of which characteristics are related intuitively or empirically to organizational effectiveness. The critical-incidents technique, described later, is one of the best methods for selecting the most appropriate characteristics.

Basic personality characteristics that are difficult to change, such as intelligence, dominance, and aggressiveness, should be omitted. Personality characteristics (other than mental ability) are usually not related to organizational effectiveness. 1° Furthermore, feedback on personality dimensions is not useful information for helping people to change their personalities. It is generally better to focus the evaluation on behavior rather than personality because people can use behavioral feedback to improve their performance.

A procedure called **rated ranking** combines a ranking procedure and a rating process. The employees are first ranked, usually by an alternate-ranking procedure, and then each employee is rated on selected scales. The initial ranking imposes limits on the subsequent ratings, since individuals who receive low rankings should also receive lower ratings than those ranked higher. The rated-ranking procedure appears to reduce problems of subjective bias, halo effect, leniency-strictness, central tendency, and unreliability.

Scaling the Characteristics: Rating scales can use either a continuous or discrete scale for each item. A continuous scale means that the evaluator can choose any point between the two extremes for rating an individual. A discrete scale requires an evaluator to use one of a specified number of categories. Examples of several types of scales are shown in *Exhibit 4.5*. Discrete scales usually have at least three points and sometimes more than thirty points. The optimal number of categories is about seven, although experienced evaluators sometimes prefer as many as ten.

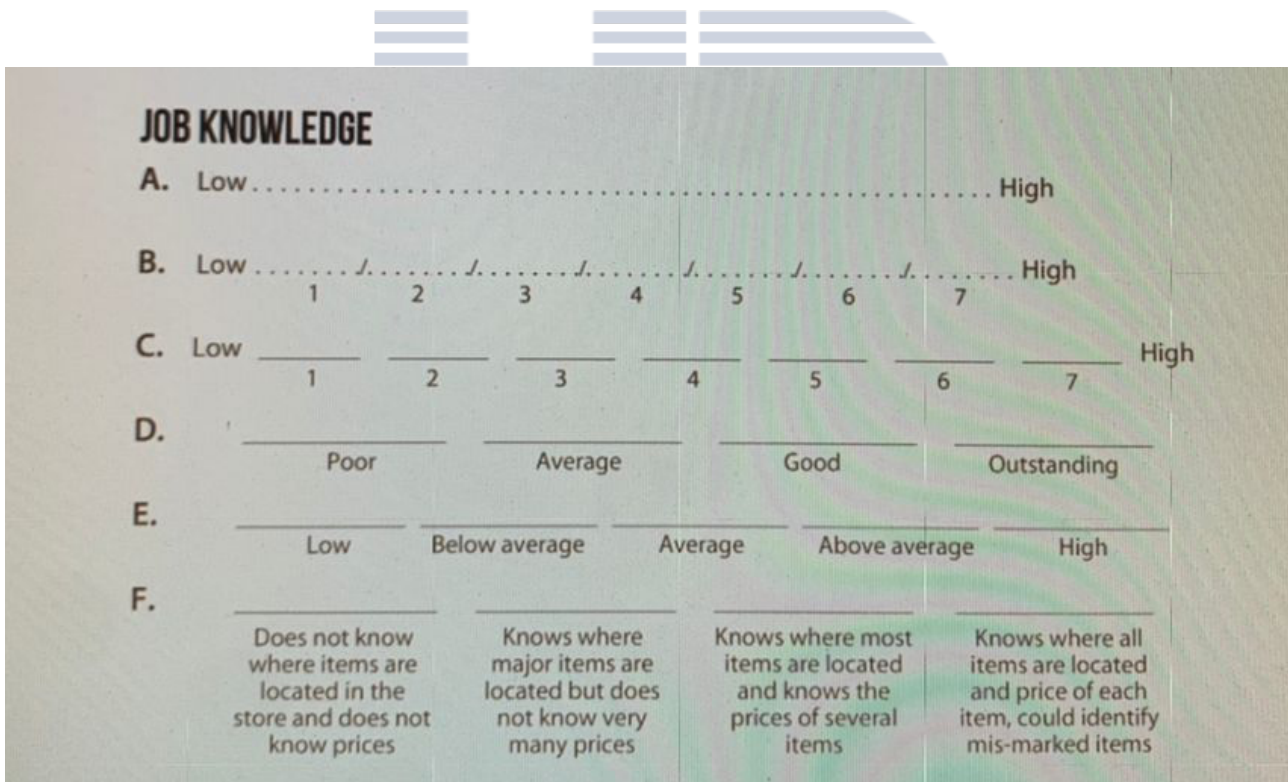


Exhibit 4.5: Examples of Rating Scales for Evaluating Job Knowledge

The comments describing each point along a scale can be quite useful. The best descriptions are behaviorally anchored descriptions that tell the evaluator what behavior describes each point. Behaviorally anchored rating scales are described later.

The advantages of using graphic rating scales are that they are easy to understand, fairly simple to develop, and convenient to use. They can be conveniently scored and are amenable to numerous statistical computations. They also permit a ready comparison of scores that presumably reveal the merit or value of every employee.

The problems arising from the use of rating scales usually are a result of selecting inappropriate characteristics, incorrectly scaling them, or incorrectly combining the scores into a total. As mentioned earlier, an illusion of precision exists when definite numbers are assigned to a supervisor's opinions. There is also the possibility that a high score on one characteristic can compensate for a low score on another. It would be a serious mistake, for example, to allow an employee to compensate for poor ratings on quantity and quality of work with good ratings on appearance and attitude. If the ratings on various characteristics are combined into a total score, the relative importance of each characteristic must be examined and possibly weighted.

Forced Choice

The forced-choice technique consists of a number of statements arranged in pairs as shown in Exhibit 4.6. For each pair the evaluator must check the one statement that is most descriptive of the performance of the person, or for negative statements, the statement that is least descriptive. The pairs of statements are so designed that both statements appear equally favorable (or equally unfavorable), but one statement is actually more descriptive of an outstanding (or poor) performer. In other words, the statements in each pair have equal social desirability but unequal discriminability. The actual value or weighting of the statements is kept secret from the evaluators to prevent deliberate bias on their part. The evaluators cannot slant the rating to make the final scores appear in any desired way; the evaluators are essentially reporters who check the statements that best describe an individual's behavior. The scoring of the statements is done in the human resource office.

Exhibit 4.6: A Forced-Choice Evaluation Procedure

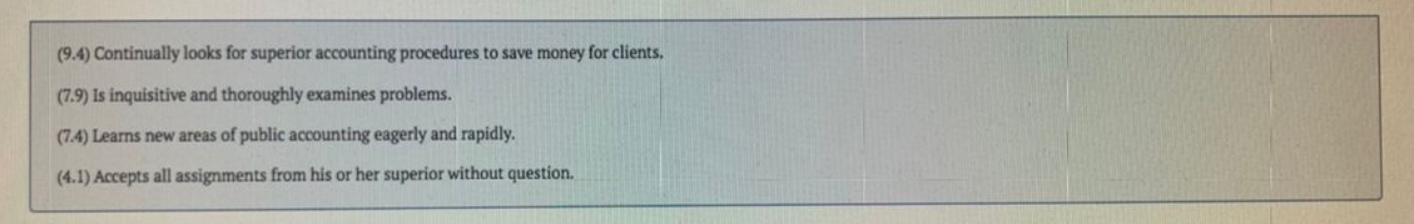
Limited foresight <input type="checkbox"/>	Sometimes pompous or overly formal <input type="checkbox"/>	Incisive thinker <input type="checkbox"/>
Can't deal with uncertainty <input type="checkbox"/>	Uncomfortable with those he/she doesn't know <input type="checkbox"/>	Experienced in chosen field <input type="checkbox"/>
Needs supervision on most job assignments <input type="checkbox"/>	Needs careful supervision <input type="checkbox"/>	Anticipates problems <input type="checkbox"/>
Does not provide job guidance to subordinates <input type="checkbox"/>	Manages own people ineffectively <input type="checkbox"/>	Follows up on job as needed <input type="checkbox"/>
Works at a slow pace <input type="checkbox"/>	Respected by most who know him/her <input type="checkbox"/>	Effectively does many assignments at once <input type="checkbox"/>
Unimaginative <input type="checkbox"/>	Technically competent <input type="checkbox"/>	A steady influence <input type="checkbox"/>

Experiments comparing the forced-choice technique with other rating-scale procedures have shown that less bias is evident in the forced-choice method than in other methods. The forced-choice method also seems to allow greater objectivity than most other methods. ¹² The principal disadvantage is that the development of a forced-choice scale requires a great deal of time and skill. Unless there are many employees performing a stable job, the effort is not justified. Forced-choice evaluations also are difficult for supervisors to discuss with subordinates since the supervisors themselves do not know how the items are scored.

Checklists

A weighted checklist consists of a list of behaviors that evaluators use to describe the performance of employees. A checklist can be developed by obtaining a number of statements about employee performance from critical incident descriptions. After a comprehensive list of these statements has been compiled, a group of judges--either supervisors or job incumbents -evaluate each statement on a zero to ten scale regarding its favorability and contribution to organizational effectiveness. When the judges do not agree on the favorability of a statement, it is eliminated. The items on which the judges agree are then weighted on the basis of the average scores assigned by the judges.

To evaluate the performance of public accountants, for example, a panel of judges assigned these weights to statements taken from the critical incidents.

- 
- (9.4) Continually looks for superior accounting procedures to save money for clients.
 - (7.9) Is inquisitive and thoroughly examines problems.
 - (7.4) Learns new areas of public accounting eagerly and rapidly.
 - (4.1) Accepts all assignments from his or her superior without question.

In using the weighted-checklist procedure, an evaluator is given the list of statements without the assigned weights and is asked to indicate which statements best describe an employee's behavior. The score for the employee is the average of the favorability ratings of the statements used to describe him or her. Thus, if statements with low favorability ratings are used to describe an employee, that individual would receive a low evaluation score.

Weighted checklists are good performance-evaluation procedures when they have been well developed. Because the statements refer to observable behaviors rather than to subjective perceptions, most of the biases and problems mentioned earlier are avoided or minimized.

The major disadvantages of weighted checklists are the time and effort required to develop them and the time required to complete them. Unless the jobs are fairly stable and there are several employees performing the same job, the advantages of using weighted checklists are offset by the time and effort required to develop them.

Narrative Appraisal Methods-Essays

The simplest performance evaluation form is a blank sheet of paper on which supervisors are asked to write a free-form essay describing an employee's performance. These essays typically describe the employee's job responsibilities and then explain how well the employee has performed them. The advantage of a written essay is that it is extremely useful for personal development because it contains specific performance feedback. The disadvantage is that essays cannot be easily compared, which limits their usefulness for some personnel actions.

Critical Incidents

One of the best techniques for identifying the most important dimensions of a job is the critical-incidents method. As the term implies, critical incidents are simply descriptions by qualified observers of behaviors that are especially effective or ineffective. Such incidents are actual behavioral accounts recorded as stories or anecdotes. They are obtained from supervisors, subordinates, peers, or anyone close to the jobs being studied. Supervisors can be asked to take time at the end of each week to describe briefly the behaviors of their subordinates, particularly noting any favorable or unfavorable incidents.

The following descriptions by a partner in a public accounting firm of ways in which two members of the firm had performed very effectively are illustrations of critical incidents.

While auditing a health care entity, the auditor picked up an error in the accounting system that saved the organization a considerable sum. The organization had not been allocating food service costs to patient costs. The auditor suggested an alternative procedure that resulted in partial reimbursement through federal and state Medicare. The savings for the organization were significant.

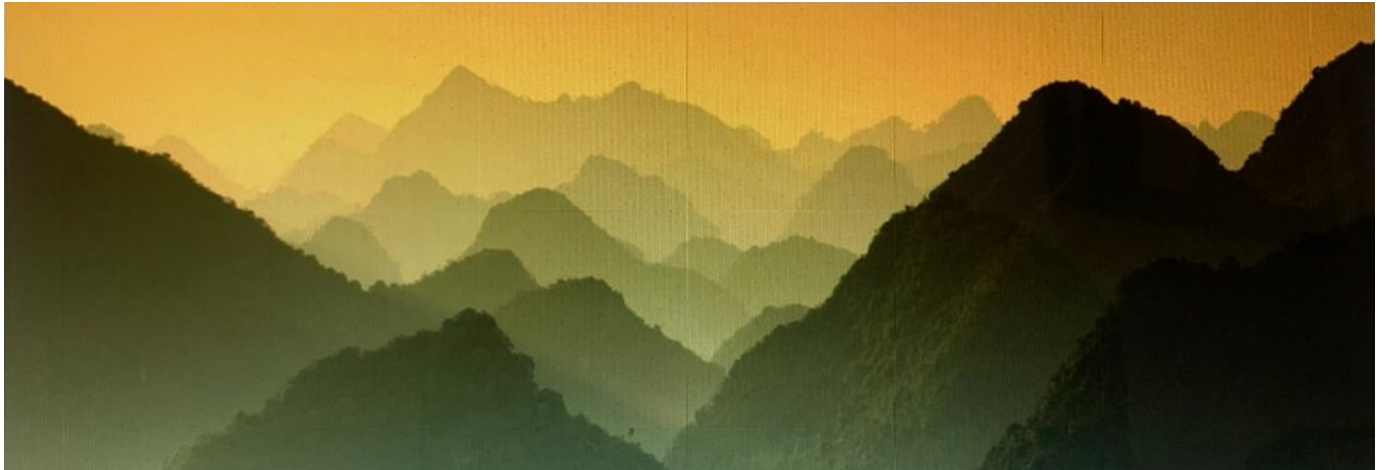
This auditor was reviewing the agency payable account for a company with a computerized accounting system. The system was inefficient and did not have adequate controls to handle three significant problems. After these problems were pointed out to the corporate controller, a revised accounting system was instituted that resulted in significant savings.

These two statements suggest that one of the critical behaviors of effective public accountants is to make creative suggestions that help clients redesign their accounting procedures and save money. Characteristics that might be associated with this behavior include technical competence, insightful application of accounting practices, and problem solving.

The use of critical incidents in performance evaluation involves two steps. The first step is to identify which categories of behavior are related to effective performance. This is accomplished by obtaining numerous descriptions of effective and ineffective behaviors, usually from supervisors. The contents of these incidents are analyzed, and the incidents are abstracted or reduced to a smaller number of behavioral categories. In a study of U.S. Air Force officer-executives, for example, nearly 3,000 incidents were collected and abstracted into six major categories.

The second step involves giving each evaluator a list of the general categories to use in evaluating performance, along with sample behaviors that describe each category. The evaluator is then expected to record any positive or negative incidents that occur pertaining to the general categories. This procedure is sometimes referred to as the free-form essay. The critical incidents are simply described and placed in an individual's personnel file. This information can be very helpful in coaching and developing subordinates. It also can aid in developing year-end appraisals that accurately reflect an individual's performance for the entire year.

Behaviorally-Based Appraisal Methods: MBO, BARS, BOS



Management theory and practice have increasingly focused on greater individual accountability through a results-oriented approach to performance evaluation. Less emphasis is placed on the activities that employees ought to perform, and more emphasis is placed on the results expected of employees.

Management by Objectives

Management by objectives (MBO) is primarily a philosophy of management that espouses a positive, proactive way of managing rather than a reactive way. The focus is on

1. predicting and shaping the future of the organization by developing long-range organizational objectives and strategic plans
2. accomplishing results rather than performing activities
3. improving both individual competence and organizational effectiveness
4. increasing the participation and involvement of employees in the affairs of the organization

MBO is also a process consisting of a series of integrated management functions.

1. the development of clear, precise organizational objectives

2. the formulation of coordinated individual objectives designed to achieve the overall organizational objectives
3. the systematic measurement and review of performance
4. taking corrective actions, when needed, to achieve the planned objectives

Peter Ducker is credited with first publicizing MBO in his 1954 book, *The Practice of Management*. Drucker noted the advantages of managing managers by "objectives" rather than by "drives." The advantages are that each manager from the highest level to the lowest level has clear objectives that reflect and support the objectives of higher-level management. All managers participate in the goal-setting process and then exercise "self-control" over their own performance; that is, they monitor their own performance and take corrective actions when necessary. To do this, their performance is measured and compared with their objectives. The measurements need not be rigidly quantitative or exact, but they must be clear and rational.

Three Phases of MBO: The implementation of an MBO program typically occurs in three phases. Phase 1 focuses on evaluating performance against measurable objectives. In this phase, MBO is administered almost exclusively by the human resource department with only moderate involvement from top management or line managers. Phase 1 MBO programs attempt to clarify responsibilities and focus on achieving results.

In Phase 2, MBO programs are integrated into an organization's planning and control processes. Greater involvement and support are obtained from both top management and line managers, and the MBO program becomes tied to the organization's planning and budgeting cycle. Training and developing subordinates is emphasized.

Phase 3 is a fully implemented MBO system. In this phase, all of the major organizational functions and key management processes are integrated in a logical and consistent manner. These functions and processes include performance evaluations, budgeting and financial planning, the development of strategic plans and overall goals, staffing, compensation, human resource development, and management training and development. The emphasis is on teamwork and flexibility in establishing goals and plans, frequent performance reviews, and achieving individual growth and development.

Principles of MBO: MBO is basically defined by four principles: goal setting, delegation, feedback reviews, and evaluation.

1. **Goal Setting:** The most distinctive characteristic of MBO is the formulation of tangible, measurable, and verifiable objectives in key areas of performance. Everyone in the organization should be involved in goal setting.

Once the central mission and long-range plans of an organization have been formulated, the **cascading process** begins. Departmental and individual objectives are derived from organizational goals that cascade downward through the organization. Briefly described, the long-range goals become the basis for formulating short-range objectives, from which the objectives for each major division and subunit are then obtained. These objectives must fit together to achieve the overall organizational objectives.

This cascading process continues through successively lower levels in the organization until all employees know their objectives and understand how they combine to achieve the organization's overall goals.

2. *Delegation*: In MBO programs, delegation is characterized by its focus on results rather than on activities. The reason for delegating results rather than activities is to increase personal responsibility. When a supervisor tells a subordinate which activity to perform, the supervisor is still responsible for the final result. Personal accountability arises from delegating the results.

Effective delegation requires the superior to carefully decide what results need to be delegated and to whom. At the time the results are delegated, a "contract" is established between the superior and the subordinate. The contract is not a formal or legal document; it is a psychological contract. It does not need to be written, but having some written record for review purposes may be helpful to both the supervisor and the subordinate. This record should specify the results expected of the subordinate in sufficient detail so that at a later date both supervisor and subordinate will be able to agree on how well the results have been achieved.

3. *Feedback Reviews*: Periodic reviews should be scheduled to evaluate progress and to provide assistance, if needed. However, if assistance is given, the subordinate should not feel released from the responsibility of achieving the results. If the review is conducted properly, the subordinate will still retain the responsibility for the results. Periodic reviews should be scheduled so that subordinates have no reason to assume the review was necessitated by poor performance. The subordinate should assume the responsibility of evaluating his or her own progress. The role of the superior should be to ask questions that will guide the subordinate in assessing his or her own progress. If significant differences of opinion occur concerning the progress being made, these differences need to be resolved, and, if necessary, a new contract should be established.

Written feedback in the form of budget reports and other performance indicators should be provided. These reports help employees monitor their personal performance and serve as a form of reinforcement.

4. *Evaluation*: When a project is completed, or at periodic intervals, a final evaluation occurs. If the contract was carefully constructed and periodic reviews were held, then the final evaluation should be a positive experience, and the subordinate's success should be recognized and rewarded. Even if the subordinate was not successful, the final evaluation does not have to be anxiety-ridden or confrontational. If the previous steps were followed, the atmosphere should be one of compatible problem solving; the failure will come as no surprise, and the discussion should focus on the possible causes of failure and alternative solutions. The causes might be unrealistic objectives, inadequate resources, or a lack of personal effort or skill. If the superior chooses to

retain the subordinate, a new contract is established. This contract, like the previous one, not only specifies the results to be achieved by a certain date (with periodic reviews leading up to the deadline) but also provides for additional resources, greater opportunities for training, or whatever else is necessary to achieve success.

Performance Contracts: An adaptation of MBO involves the use of written **performance contracts** as part of the performance appraisal process. The purpose of these contracts is to increase employee motivation by rewarding employee behaviors. Employees are expected to identify measurable objectives, similar to the goal-setting process in MBO, and these objectives are then approved by the employee's immediate supervisor and usually a second-level supervisor. Each employee negotiates specific financial rewards for achieving the various performance objectives and in some companies a considerable percent of the employees' pay is at risk, especially in supervisory and managerial jobs. Employees who perform well receive significant rewards for their performance.

Computer software programs are sometimes used to monitor the performance of employees. These programs, called employee performance management (EPM) systems, allow employees to record their personal goals and objectives, coordinate the objectives of all employees to ensure that the organization will succeed, provide a historical record of each employee's performance, and recommend incentive pay to reward employees according to established guidelines. An EPM system can facilitate the timely monitoring and rewarding of employee performance, but it requires both time and effort to maintain and is not a free service even if it is faster and more consistent than handwritten notes.

Behavioral Anchored Rating Scales

Behaviorally anchored rating scales (BARS) are similar to graphic rating scales except that the scales are described more accurately by specific behaviors. Behaviorally anchored rating scales are typically developed using the critical incidents technique. Since critical incidents are descriptions of especially effective or ineffective behaviors, the best characteristics to include in an evaluation are those identified by the critical- incidents method.¹⁸ An example of a behaviorally anchored rating scale is shown in **Table 4-5**.

Table 4-5

Behaviorally Anchored Rating Scale: Contact with Customers or Clients

Excellent Performance	7	Always responds appropriately, even with the most irate customers. Continually presents a friendly, helpful image to the outside public.
Good Performance	6	Sometimes uses poor grammar, but usually responds well. Is not upset or disturbed when observed by visitors.
Slightly Good performance	5	Does the job well but does not go out of the way to be helpful.
Average Performance	4	Occasionally becomes flustered with irate customers and has difficulty solving problems or thinking clearly. Responds matter-of-factly; performs in mechanical and disinterested way.
Slightly Poor Performance	3	Stares, whispers, or makes inappropriate comments when visitors come to observe.
Poor Performance	2	Normally acts courteously when others are nice, but responds poorly and loses composure when others get nasty.
Very Poor Performance	1	Occasionally acts crudely, abrasively, or offensively when responding to others even when there is no apparent provocation or reason.

The major advantages of BARS are

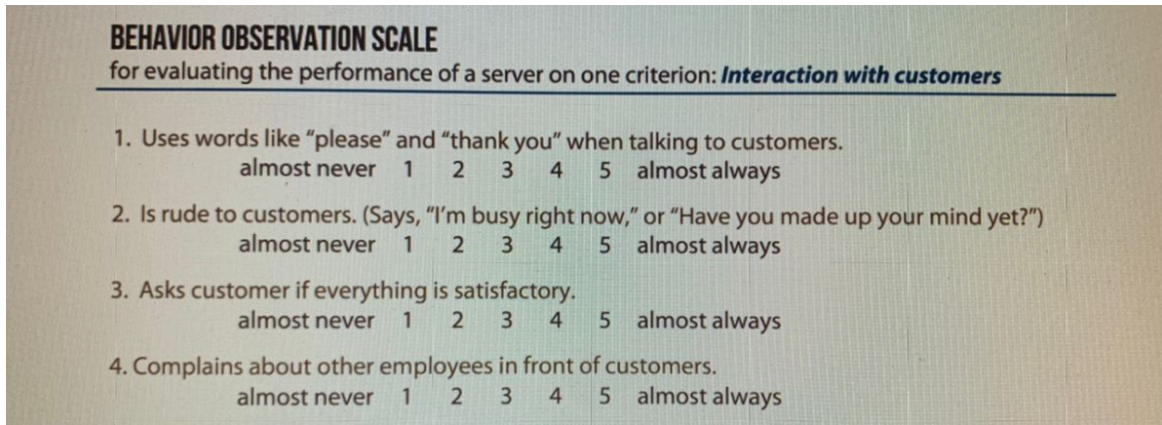
1. They are less biased than other rating scales.
2. Their characteristics are more carefully selected.
3. They inspire agreement among evaluators, since they evaluate observable behavior rather than subjective perceptions.

Most of the research evidence indicates that BARS are superior to regular graphic rating scales because they are more reliable, less ambiguous, and less biased. The disadvantages are the time and effort required to develop these scales. Furthermore, since BARS focus on behaviors, rather than outcomes, managers would probably want to combine BARS with a results-oriented appraisal, such as management by objectives.

Behavioral expectation scales (BES) are similar to BARS; however, the anchors are described in terms of the behaviors an employee could be expected to do. Like BARS, the dimensions in a BES are considered essential behaviors as revealed by a critical incidents analysis. Raters simply check the behavior that the employee could be expected to demonstrate. This expectation is based on what the rater has seen the employee do over a period of time. Behavioral expectation scales are often used to diagnose individual training needs.

Behavioral Observation Scales

A newer rating method similar to BARS is called behavioral observation scales (BOS). An advantage of this method over BARS is that it asks the rater only to describe the frequency of behavior rather than to evaluate the quality of performance. The evaluator simply records the frequency that various behaviors were observed- always, frequently, occasionally, seldom, or never-without deciding whether the behaviors were good or bad. An example of a behavior observation scale is shown in [Exhibit 4.7](#)



BEHAVIOR OBSERVATION SCALE
for evaluating the performance of a server on one criterion: *Interaction with customers*

1. Uses words like "please" and "thank you" when talking to customers.
almost never 1 2 3 4 5 almost always
2. Is rude to customers. (Says, "I'm busy right now," or "Have you made up your mind yet?")
almost never 1 2 3 4 5 almost always
3. Asks customer if everything is satisfactory.
almost never 1 2 3 4 5 almost always
4. Complains about other employees in front of customers.
almost never 1 2 3 4 5 almost always

Exhibit 4.7: Behavior Observation Scale

The scores for each employee are obtained by assigning a numerical value to the frequency judgments and possibly weighting some behaviors greater than others. The scores are then summed and translated to an overall appraisal score.

Like BARS, one of the chief merits of BOS is its value in providing personal feedback to employees. Another important benefit is the contribution BOS makes to improved productivity through individual goal setting. One study found that the use of BOS led to significantly higher levels of three goal setting attributes: goal clarity, goal acceptance, and goal commitment.

Self-Assessment

1. I can describe the role that performance evaluations can play in an organization.
2. I can explain rating errors as they relate to performance evaluation
3. I can describe, compare and contrast the various performance evaluation procedures.

4.6 Employee Retention



Objectives

By the end of this section, you should be able to

1. describe how to calculate retention rate
2. explain how to calculate turnover rate
3. describe the method for calculating the annual cost of turnover the sum
4. list and describe effective strategies for improving employee retention

Introduction

An organization puts enormous effort into recruiting, selecting, orienting, training, and developing employees. It is in the organization's best interest to keep these employees for as long as they are productive and producing quality work. Replacing employees is expensive and disruptive. **Employee retention** should be a major focus for human resource professionals and business executives.

Measuring Retention



Organizations should track and regularly analyze employee retention. Retention rate represents the proportion of employees who remain employed during the entire period of time that is being analyzed. The formula for calculating retention rate is

$$\text{Monthly retention rate} = \frac{\text{number of employees who remained employed the entire month}}{\text{Number of employees at the start of the month}} \times 100$$

Some organizations track the retention rates of other specific groups of employees.

- ***New-hire retention rate***: the proportion of new employees who remained with the organization for a specified period after they were hired, such as one month, three months, six months, or one year.
- ***High-performer retention rate***: the proportion of high-performing employees (based on performance appraisals or some other metric) who remained with the organization for the duration of the measurement period.
- ***Department retention rate***: the proportion of employees in a specific department or work group who remained with the organization for the duration of the measurement period.
- ***Job-class retention rate***: the proportion of employees in certain job classifications (such as clerical workers, or junior-level managers) who remained with the organization for the duration of the measurement period

Turnover



Turnover and retention are obviously related, but they are not simply the inverse of the same measurement. Retention rate is a measure of the total number of employees who were employed during the entire period of time included in the measurement. The turnover rate includes all employees who left the organization during the period, regardless of when they were hired. In other words, retention rate doesn't include any new hires who began working during the period, whereas anyone who is both hired and leaves during the period would be included in the turnover rate.

Measuring Turnover

To help companies analyze their turnover rates, the Bureau of National Affairs collects turnover data in its quarterly survey. The procedure for calculating turnover rates is

$$\text{Monthly turnover rate} = \frac{\text{number of separations during month}}{\text{Average number of employees in payroll during month}} \times 100$$

In the BA formula, the number of separations includes all permanent separations except those who have been laid off. Persons who have been laid off are excluded from the calculations entirely. Therefore, the BNA's report is primarily a measure of how many people have quit or have been dismissed.

The monthly turnover rates, as reported by the BNA for large samples of companies, tend to range from about 0.7 to 1.5 percent, depending on economic conditions. Turnover rates appear to be inversely related to company size- smaller companies tend to have higher turnover rates than larger

companies. The variation among companies is considerable: some companies report almost no turnover while others report monthly turnover rates that exceed 10 percent.

To properly diagnose turnover, a distinction should be made between voluntary and involuntary turnover. **Voluntary turnover** occurs when employees have the choice to continue working for the organization and they intentionally decide to quit. **Involuntary turnover** occurs when employees are terminated for reasons beyond their control. Two examples of involuntary turnover are layoffs, when the organization terminates employees because they are no longer needed, and dismissals, when employees are terminated due to incompetence or unacceptable behavior.

Organizations may want to calculate turnover rates based on particular criteria. Some potential measurements are

- **Voluntary turnover rate:** the percentage of employees who leave the organization willingly over a specified period of time.
- **Involuntary turnover rate:** the percentage of employees who are dismissed from the organization over a specified period of time.
- **Regrettable turnover rate:** the percentage of employees who leave the organization over a specified period of time whose departure has a negative impact on the organization.
- **Non-regrettable turnover rate:** the percentage of employees who leave the organization over a specified period of time whose departure does not have a negative impact on the organization.
- **Controllable turnover rate:** the percentage of employees who leave the organization over a specified period of time for reasons that the organization may have been able to address, if the reasons had been known, such as work schedule incompatibility or limited career opportunities.
- **Uncontrollable turnover rate:** the percentage of employees who leave the organization over a specified period of time for reasons that the organization could not have prevented, even if the reasons had been known, such as the employee leaving to become a full-time homemaker, or the employee's family relocating to another city for the spouse's job.

Causes of Turnover

The two variables most significantly related to turnover are job dissatisfaction and economic conditions. The highest turnover levels are found in companies or divisions of companies where employees report the greatest dissatisfaction. Consequently, most explanations of turnover maintain that employees leave their jobs when alternative jobs that better satisfy their needs become available. Therefore, turnover levels are generally high in companies with poor working conditions, undesirable jobs, wage inequities, and restricted opportunities for advancement. To reduce abnormally high turnover levels, companies must improve the quality of the work environment. For example, a field experiment involving 350 clerical employees found that improved pay and promotion policies reduced the turnover level from more than 30 percent to 18 percent the first year and to 12 percent the next year. Another study compared the attitudes of sales people who

stayed with those who left. Those who left rated the company lower as a good place to work and thought their futures were less secure than those who stayed.

Turnover rates are strongly influenced by economic conditions. When the economy is depressed and unemployment levels go up, turnover in most companies goes down. An analysis of fluctuations in average turnover and unemployment over a period of several years shows an inverse relationship. Apparently high unemployment levels reduce the perceived and real opportunities of changing to another job. Employees are reluctant to leave one job unless they know another job is available. Companies cannot control economic conditions or unemployment levels. Consequently, their turnover levels may fluctuate widely regardless of the actions they may take. These fluctuations make it difficult to assess the effectiveness of other changes designed to reduce turnover.

The Cost of Turnover

Turnover is expensive. Business leaders are often surprised by how much it costs the organization when employees leave and must be replaced. The cost of turnover can be broken down into four major cost categories.

1. **separation costs**: the expenses associated with the employee's departure from the organization, including exit interviews, administrative functions, separation pay, and unemployment taxes
2. **replacement costs**: the costs of recruiting and hiring a replacement
3. **training costs**: the costs of orientation and on-the-job training an organization
4. **lost performance**: the loss of productivity while the position remains unfilled and the difference in performance between the experienced person who leaves and the replacement.

Some of these costs, such as separation pay, are easy to quantify. Other costs, such as lost performance, may be more difficult to measure. Even if the calculations are based on estimates rather than exact figures, calculating the cost of turnover can be enlightening.

To calculate an organization's annual cost of turnover, the average separation cost, replacement cost, training cost, and cost of lost performance are plugged into this formula.

$$\left(\begin{array}{l} \text{separation costs} \\ + \text{replacement costs} \\ + \text{training costs} \\ + \text{lost performance} \\ \text{costs} \end{array} \right) \times \left(\begin{array}{l} \text{total number of employees} \\ \times \\ \text{annual turnover rate} \end{array} \right) = \text{annual cost of turnover}$$

To illustrate, if an organization with 200 employees and a 15 percent annual turnover rate has average separation costs of \$4,000, average replacement costs of \$18,000, average training costs of \$12,000, and average lost performance costs of \$20,000, its annual cost of turnover would be \$1.62 million, as shown below.

$$\left(\begin{array}{l} \$4,000 \\ + \$18,000 \\ + \$12,000 \\ + \$20,000 \end{array} \right) \times \left(\begin{array}{l} 200 \\ \times \\ 15\% \end{array} \right) = \$1.62 \text{ million}$$

In this example, reducing the annual turnover rate from 15 to 10 percent would result in an annual savings of \$540,000.

Retention Strategies



Because turnover is so costly, organizations try to reduce it to acceptable levels, but maintaining a zero turnover rate is unrealistic and even undesirable. A certain amount of turnover is necessary and desirable as employees develop new skills and advance to higher levels of responsibility and as employees unsuited for their positions transition out of the organization.

To reduce turnover caused by dissatisfaction, companies have created **stay surveys** to help them eliminate the conditions that cause employees to leave. When companies are concerned that employees will not feel comfortable sharing their feelings, stay surveys should be administered anonymously by the human resource department. The information is more useful, however, when it is obtained by supervisors from an in-depth interview with each employee. The following questions identify some of the important factors that influence whether employees decide to stay or leave.

1. Are you excited about the work you are doing? What circumstances would allow you to be more excited?
2. Have you been recognized recently in a way that made you feel genuinely appreciated? What more can be done to make you feel valued?
3. Do you feel that your work makes a meaningful contribution to your team, to the organization, and to society? Do your co-workers value what you do?
4. Do you have adequate access to organizational leaders and people who make decisions? Do they keep you informed?
5. Do you feel that your talents are fully utilized in your current job? What can be done to better utilize your skills and talents?
6. What frustrates you in your current position? Can these obstacles be removed?
7. What could be changed to make you more productive and innovative? Are there new things you want to learn?
8. Do you have a career path and how satisfied are you with your opportunities for advancement? Where would you like to be in the organization two years from now? Do you want to move into a leadership position?

One of the most important challenges business leaders face is attracting and retaining a quality workforce. There are a number of strategies employers may use in an effort to improve retention.

- **Recruitment:** Managers should identify the characteristics that best lead to long-term success in the organization and target their recruiting efforts on finding the right candidates. They should also advertise available jobs using realistic job previews, which have been shown to improve retention.
- **Selection:** The parameters used to select employees should be tied to factors that predict success and longevity.
- **Orientation and onboarding:** Excellent orientation and onboarding can lead to higher levels of engagement and retention.

- **Training and development:** Employees who are regularly given opportunities to update their skills and develop new expertise are more likely to remain with the organization.
- **Career development:** When employees feel that the organization has an interest in their career development and they see an attractive and defined career path, they are more likely to stay with the organization and follow that path.
- **Job design:** Re-engineer jobs so employees make a meaningful and significant contribution to their workgroup, to the organization, and if possible, to society. Meaningful work can be rewarding and motivating.
- **Compensation:** In order to retain quality employees, an organization must provide wages and salaries that are fair, equitable, and motivating. Some aspects of compensation can be linked directly to retention; for example, profit sharing formulas can include a length-of-service component.

Benefits: The benefits offered by an organization can greatly influence its potential to retain talent. Organizations should assess their benefits portfolio to be sure their offerings are attractive to employees. Some benefits can be tied directly to retention; for example, the number of available vacation days can be based on how long the employee has been with the organization.

Flexible work: Employers that offer alternative work schedules can appeal to employees who have family, health, or transportation circumstances that may make it difficult to work a traditional schedule. For example, flextime, telecommuting, and job sharing can help accommodate the busy, variable schedules of working parents and contribute to retention.

Recognition: Recognize employees for their personal achievements and their contributions to the organization. People want to work somewhere they feel valued. This can be both through formal recognition programs and through informal acknowledgments by supervisors, managers, and other members of the organization.

Supervisor training: The most important determinant of retention is having a fair and supportive supervisor. Organizations should carefully select their supervisors and managers and provide skill development and communication training for them.

- **Retirement:** Attractive retirement plans can entice employees to remain with the organization until they are fully vested or until the end of their careers.

Self-assessment

1. I can describe how to calculate retention rate.
2. I can explain how to calculate turnover rate.
3. I can describe the method for calculating the annual cost of turnover.
4. I can list and describe effective strategies for improving employee retention.



CERTIFICATION CENTRE