MODULE 4

HRM in the Next Millennium

Content

• Introduction
• Dynamics
• Challenges
• Conclusion

Introduction

• Roles and responsibilities of HR professional continue to evolve over time
  – From Personnel Management to Human Resource Management (HRM)
  – Gaining momentum as Human Capital Management
• Evolutionary changes driven by multitude of factors both internal and external of organisations
• Emphasis today is to create value
• Recognise HR as strategic asset for organisation
• Human competence is engine behind the creation of the value
• Every business exists in a given environment provides opportunities and challenges - it provides resources to capitalise
• Leaders establish vision, develop strategic intents and imperatives

• Strategy defines the path the organisation takes

• Assumes certain organisational capabilities
  – requires very special talent and competencies
  – this is vertical link - people and business
  – integration of different horizontal facets and initiatives of HR that will provide value

Dynamics

• Integration includes - employee relations, compensation and benefits, organisational development, performance management, human resource development, manpower planning and procurement, and labour-management relations

• Every HR process, tool, or technology should leverage talent to realise orgn vision, horizontally with each other

• Have implications to other HR facets - e.g. compensation and benefits cannot be created without being very clear about implications upon Employee Relations in total

• Dynamics of HR are changing - locally and globally
Challenges

- In the new emerging competitive landscape, new competitive realities to be addressed by HR appear to be impacted by the following challenges (11):
  - Changes on the definition of an industry
  - Tenure of the industry leaders being shorter
  - Global competition being pervasive
  - Administrative versus Strategic
  - Business Partner or Player
  - HR Departments
  - Doing HR work
  - Metaphors for HR professionals
  - Remote and Flexible Work practices
  - Aggressiveness of HR
  - “The Hub”
    - integrated single point of contact
    - reshape boundaries
    - human capital management & maximisation
– education programme

– economic challenges - MSC, AFTA

– tall pyramids - short pyramids - shadow pyramids with mergers, acquisitions

• Changes in the definition of an industry

– New market dynamics driven by the combined impact of globalisation, deregulation, technological convergence and customer militancy are altering structure, boundaries and definition of many industries

– With E-Commerce - how will traditional Financial Service Sectors and IT overlap?

– Comparative replaced by Competitive Advantage

– Smart partnership, strategic alliances, JV’s, Mergers are creating new industrial dynamics and challenges

– OEM ODM OBM

• Tenure of industry

– Product and service life cycle - compressed and shortened

– The industry leadership life cycle are also being shortened

– Factors which are traditionally thought to reinforce conventional market share, brand name, resource depth, track records are easily by-passed by the competitors, who are fast changing the rules of the game
• Global competition being pervasive
  – Organisations not only face local rivals
  – Industries globally witnessing erosion of national boundaries
  – More new players with more competitive products
  – Cost, quality, services and logistic of operations have significant impact on the competitiveness

• Administrative vs strategic
  – Evolution to Strategic
  – Argument that HR professionals cannot play strategic roles
  – Right balance and dualistic will be ongoing challenge

• Business partner or player
  – Business Partner Key Functions - strategic partner, administrative expert, employee champion, change agent
  – Role important and potentially problematic implications - focuses HR on being part of team supporting business strategy
  – Contemporary orgn - any part that does not add real value can be downsized, de-layered and outsourced
As strategic player - adds value - making thing happen for customers rather than merely being part of team, focus to the future

HR evoke its role to add significant economic value and gains to organisation

**HR departments**

- Existing Vs Transformed Vs Outsourcing
- 3 schools of thought
- HR pay attention to employee unrest, orgn values and administrative processes
- HR be transformed into an elite strategic corps of business partner
- Some rationalise that HR be outsourced
- Debates will continue to name HR Dept
• Doing HR work
  
  - HR professional Vs Line manager Vs Staff
  
  - Who does HR work?
  
  - Administrative - Line Manager / Strategic - HR
  
  - Questions on roles, responsibilities and accountabilities will continue

Metaphors for HR professional
  
  - Leaders, architects, stewards, partners, champions are some generalised used metaphors
  
  - HR know what image they want to portray - bureaucrats, administrators, regulators
  
  - Future identity - complex and multiplicity roles

• Remote and flexible work practices
  
  - IT products an services advocates of change of remote and flexible work
  
  - Not confine to office - evolving to Virtual

Aggressiveness of HR
  
  - Advocacy Vs Acquiescence
  
  - Proactive Vs Reactive
− Under what circumstances HR become assertive and take a stand?

− Learning when to take a unique point of view and when to enlist as part of the team will be ongoing concerns for HR professionals

• The “HUB”

♣ Integrated Single Point of Contact

− Important role associated with HR teams

− Rationale - IT replacing HR’s administrative role

− Delivery mechanism includes call centres & hotlines

Reshape Boundaries

− Reshape, populate differently, change mental and organisational boundaries.

− Becomes true business partner

− Help develop new approaches - recruitment, selection, training, careers, provision of benefits and rewards and information systems

− Creates strategic critical competencies & capabilities

♣ Human capital management

− Concept emphasis HR orgn and its system an asset, not cost to be minimised.
− Asset Value that corresponds to present value of future net cash flow derived from skills, competencies, motivation, flexibility and adaptability.

− CEO’s and HR share focus on strategic question -

− How to architect a human capital strategy that is aligned with business strategy and adapting to competitive landscape

♦ Education

− HR concepts and practices undergoing tremendous amount of change - education and training preparedness to provide for changing nature and synergy of profession

− Are education programmes offered locally totally geared to accommodate the big transformational changes in HR practices?

− Are present HR professional exposed to knowledge, skills and competencies to take on the present practices to the next higher level?

− Do HR professionals envisioned marked complexities that they are going to face in the future?

− Are HR professionals prepared with various interdisciplinary tools and competencies to ensure a smooth transition in practising business partnership / player roles?
Integration of Knowledge and Pragmatic Approaches

- Wider range and in-depth knowledge of HR subjects
- Well integrated with key pragmatic principles in marketing tools, total quality organisation, project management and financial management
- Pragmatic programmes that are rich with operational learning experience
- Emphasis to be given to strategic, tactical and operational elements
- With integration of the diversity of the disciplines, HR professionals can better understand the business strategy & play pivotal role in the organisation’s mainstream activities
- Will help better leverage human capital and maximisation of resources - elevate standard of practices

Economic Challenges

- Asean Free Trade Zone (AFTA) start up due
- Human element will ensure the built in of quality into the products and services
- Learn importance of Financial Management and Organisational Development Practices from the recent economic turmoil and present economic challenges
▲ Mergers, Acquisitions And Alliances
  - tall pyramid transformed to short pyramid orgn structures
  - moving towards “shadow” pyramids
  - employment of contingent and seasonal employees
  - maintaining lean and mean staffing will be challenging

▲ Multimedia Super Corridor Orientation

**Conclusion**

- Changing Business Dynamics
- Information Technology
- Flexibility
- Integration
- Pragmatic Approaches
- Roles and Extensions of HR
- Challenges Ahead
TRAINING AND DEVELOPMENT

• Training is the systematic acquisition of skills, roles, concepts, knowledge or attitudes that result in improved performance in the work environment.

• Development is generally reserved for skill-enhancing processes for managerial-level personnel, whereas training is generally applied to skill-enhancement processes in jobs lower in the organizational hierarchy.

Staffing

• Staffing is finding, evaluating, and establishing a working relationship with future colleagues on a project and firing them when they are no longer needed. Staffing involves finding people, who may be hired or already working for the company (organization) or may be working for competing companies.

• In knowledge economies, where talent becomes the new capital, this discipline takes on added significance to help organizations achieve a competitive advantage in each of their marketplaces.

Selection

• Personnel Selection is the methodical placement of individuals into jobs. Its impact on the organization is realized when employees achieve years or decades of service to the employer.

• The process of selection follows a methodology to collect information about an individual in order to determine if that individual should be employed.

• This information is collected using one or more selection devices or methods depending on the nature of the job.
Placement

- Placement

- Fitting a person to the right job.

- Person-job fit

- Matching the knowledge, skills and abilities (KSAs) of people to the characteristics of jobs (tasks, duties and responsibilities).

- Benefits of person-job fit

- Higher employee performance

- Lower turnover and absenteeism

Orientation

- Orientation Program Content

- Information about company as a whole.

- Job-specific information.

- Overview of company

- Key policies and procedures

- Mission statement

- Company goals and strategy

- Compensation, benefits, safety

- Employee relations

- Company facilities
PARADIGM SHIFT IN PERFORMANCE MANAGEMENT

Most Frequently Used Interventions

- Cust. sat. survey: 55
- Bldg. Vis & Values: 46
- Teambldg.: 37
- Org. Culture & Cliimt: 37
- Top Mgt. Retreat: 36
Least Frequently Used Interventions

- Performance Appraisal: 34
- Learning Orgn.: 25
- Rightsizing & deployment: 20
WHAT DOES THIS MEAN?

- Not such a priority
- Easier to focus on the others (every one understands)
- Focus on Performance Management requires a deep rooted change in paradigm .. A refocus

THE PARADIGM SHIFT

From
PERFORMANCE EVALUATION

To
PERFORMANCE MANAGEMENT
THE PARADIGM SHIFT

From An MBO Approach

To A Balanced Scorecard Approach

The Balanced Scorecard

Supplements traditional financial measures with criteria that measures performance from the perspective of

–customers

–internal business processes

–learning and growth
• Therefore helps track financial growth and results monitoring progress in building capability needed for growth; connects long term to short term through these four processes

• Translate Vision (Guide)

• Communication and Linking (To Unit and Individual goals)

• Business Planning (Business and Financial Strategy)

• Feedback and learning (making adjustments in strategy)

**Performance Management what is its purpose?**

The purpose of Performance Management is to align the Organisation Purpose with the Organisation Processes and the Organisation Performance

**Performance Management what does it accomplish?**

• Translates strategic and tactical corporate objectives into an individual process of setting goals and objectives

• Offers every employee a blueprint for contributing to the overall corporate vision

• Links performance results with the processes which drive those results
THE PERFORMANCE MANAGEMENT SYSTEM

TRAINING

COMPENSATION & REWARD

APPRAISAL

CAREER PLANNING

DEVELOPMENT
PARADIGM SHIFT: TRAINING

From Open Programmes, In Company Training

To The Corporate University
PARADIGM SHIFT: APPRAISAL

From Superior Bias

To
• 360 degrees
• Potential Appraisal
• Performance Counselling
PARADIGM SHIFT: REWARDS AND COMPENSATION

From Fixed Compensation

To

- Pay for Performance
- Team Rewards
- ESOP
THE HIERARCHY OF PERFORMANCE MANAGEMENT

- **Frontline employees & managers**
  - Leading indicators of value

- **Operating unit executives**
  - Shareholder value added

- **CEO & corporate level executives**
  - Total returns to shareholders
    - Exceed investor expectation
    - Exceed peer or market index

Support achievement of superior shareholder value added
Challenges in Performance Management

- To create a culture that inspires
- To match organisation objectives to individual aspirations
- Equip people with skills
- Develop clear growth paths
- Mentoring/ Partnership in career planning
- Empower people to take decisions without fear of failing
- Embed teamwork in all operational processes
- Allow people closest to the customer to be heard
- Build a structure that enables a free flow of information and opens channels of communication

Above All

A change in culture, to acquire the new paradigm
Performance Appraisal

WHY HAVE PERFORMANCE APPRAISALS?

- Performance Appraisal offers several advantages at the level of the:
  - Individual
    - Recognition of past effort
    - Developmental requirements can be uncovered
  - Team
    - Alignment of effort with objectives
    - Motivation of team members
  - Organization
    - Development of staff
    - Achievement of key objectives
    - Best and focused utilization of human resources
360 degree appraisal

- Multirater appraisal and feedback system
- Culture building
- Leadership development
- Potential appraisal
- Career planning
- Succession planning
- Team building

Prerequisites for 360 degree

- Top management commitment
- Implementing HRD systems effectively
- Top management willing to invest time and effort in providing feedback
- Top management needs to conduct performance review sessions regularly
- Top management is willing to be assessed by its subordinates and colleagues
Overall benefits of appraisals

• Increased employee performance
• Greater control of work
• Improved motivation and commitment
• Increased information flow
• Better relationships within & across the organization

Manager’s role in performance management

• Set Objectives with Employees
• Manage Rewards and ensure Fair Compensation for a level of Job Performance
• Offer Accurate, Timely, Regular & Specific Feedback

Advantages to managers

Through Performance Appraisal, Managers can:

• Translate business goals into individual job objectives and standards
• Monitor performance and offer feedback
• Communicate and seek agreement on objectives
• Coach employees on how to achieve their performance objectives
• Identify employees strengths and weaknesses
• Generate and agree development plans to best serve the organizations and individual needs
Employee’s role in performance management

- Set Objectives with Manager
- Improve Performance
- Be Actively involved in their Development

Advantages to employees

Through Performance Appraisal, Employees can:

- Openly discuss performance with managers
- Be provided with a development tool
- Reinforce and sustain performance
- Improve existing performance
- Determine career progression goals
- Identify training needs
- Link rewards to performance

Introduction

- Balanced Scorecard – A model integrating financial and non financial measures. (Kaplan & Norton 1996)
- Causal link between outcomes and performance drivers of such outcomes
- Translates the vision and strategy of a business unit into objectives and measures in 4 distinct areas
  - Financial
  - Customer
  - Internal Business process
  - Learning and growth
Balanced Scorecard Framework*

Financial
To succeed financially, how should we appear to our shareholders?

Customer
To achieve our vision, how should we appear to our customers?

Vision and Strategy

Internal Business
To satisfy our shareholders and customers, what business processes must we excel at?

Learning & Growth
To achieve our vision, how will we sustain our ability to change and improve?

Balanced Scorecard*

Financial
How do we appear to shareholders?

Customer
How do our customers perceive us?

Internal
At what processes should we excel?

Innovation
What should we learn to grow and prosper?

* Adapted from Tatikonda & Tatikonda Figure 2, p. 51
<table>
<thead>
<tr>
<th>Perspective</th>
<th>Generic Measurements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial</strong></td>
<td>Return of Capital Employed, Economic value added, Sales growth, Cash flow</td>
</tr>
<tr>
<td><strong>Customer</strong></td>
<td>Customer satisfaction, retention, acquisition, profitability, market share</td>
</tr>
<tr>
<td><strong>Internal business process</strong></td>
<td>Includes measurements along the internal value chain for: Innovation - measures of how well the company identifies the customers’ future needs. Operations - measures of quality, cycle time, and costs. Post sales service - measures for warranty, repair and treatment of defects and returns.</td>
</tr>
<tr>
<td><strong>Learning and growth</strong></td>
<td>Includes measurements for: People - employee retention, training, skills, morale. Systems - measure of availability of critical real time information needed for front line employees.</td>
</tr>
</tbody>
</table>
Strategy

A strategy, according to Kaplan and his coauthors, is a set of hypotheses about cause and effect relationships. Defining an organization's strategy involves:

1. Defining the market the organization plans to serve - local, national, and global
2. Defining the customer. Broad or narrow, age group, income level
3. Identifying the critical internal processes needed to capture and classify customers
4. Determining the individual and organizational capabilities required in the 4 perspectives.

Balance in a BSC

An important part of the balanced scorecard concept is the emphasis on establishing a balance between four types of measurements. These types of measurements include:

1. Short term and Long term,
2. External (for shareholders and customers) and Internal (for critical business processes, innovation, and learning and growth),
3. Leading indicators (outcomes desired and performance drivers) and Lagging indicators (outcomes),
4. Objective measures (e.g., financial) and Subjective measures (e.g., many non-financial). See the Exhibit below (item 7) for the idea.
<table>
<thead>
<tr>
<th>Perspectives</th>
<th>Goals</th>
<th>Objectives</th>
<th>Measurements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer</td>
<td>Continuously improve customer satisfaction.</td>
<td>Decrease lead time.*</td>
<td>Average lead time.*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase on time delivery.</td>
<td>Percentage of deliveries on time.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduce customer complaints.</td>
<td>Number of customer complaints.</td>
</tr>
<tr>
<td>Internal Business</td>
<td>Continuously improve business processes.</td>
<td>Decrease cycle time**</td>
<td>Average cycle time.**</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase quality.</td>
<td>Number of defects and number of items reworked.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase productivity.</td>
<td>Average output per employee.</td>
</tr>
<tr>
<td>Innovation &amp; Learning</td>
<td>Continuously develop and deliver new innovative products &amp; services.</td>
<td>Increase sales of new products and services</td>
<td>Percentage of sales obtained from new products &amp; services.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduce development time.</td>
<td>Average time from initial design to production.</td>
</tr>
<tr>
<td>Financial</td>
<td>Continuously improve financial performance.</td>
<td>Decrease costs.</td>
<td>Average unit costs.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase sales growth</td>
<td>Growth rate in sales.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase market share</td>
<td>Company’s market share.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase return on investment.</td>
<td>Return on investment.</td>
</tr>
</tbody>
</table>
The Employee-Customer-Profit Chain at Sears

A Compelling Place to Work  A Compelling Place to Shop  A Compelling Place to Invest

Attitude about the job  Service Helpfulness  Customer recommendations

Employee behavior  Customer impression

Attitude about the company  Merchandise Value

Employee retention  Customer retention

Return on assets  Operating margin  Revenue growth

5 Unit increase in Employee Attitude  Drives  1.3 Unit increase in Customer Impression  Drives  0.5% increase in Revenue Growth
Federal Procurement Scorecard*

**Financial**

<table>
<thead>
<tr>
<th>Goals</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximize value at least cost</td>
<td>Cost to spend ratio</td>
</tr>
<tr>
<td>Maximize cost savings</td>
<td>Purchasing influenced savings</td>
</tr>
<tr>
<td>Timely payments</td>
<td>Delinquent payment penalties</td>
</tr>
<tr>
<td>Maximize productivity</td>
<td>Ratios</td>
</tr>
</tbody>
</table>

**Customer**

<table>
<thead>
<tr>
<th>Goals</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timeliness</td>
<td>On time delivery as defined by customer</td>
</tr>
<tr>
<td>Quality</td>
<td>Quality of product/service as defined by customer</td>
</tr>
<tr>
<td>Service/Partnership</td>
<td>Responsiveness as defined by customer</td>
</tr>
</tbody>
</table>

**Employee Empowerment**

<table>
<thead>
<tr>
<th>Goals</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of workforce</td>
<td>Self Assessment</td>
</tr>
<tr>
<td>Quality work environment</td>
<td>Quality of environment as defined by workers</td>
</tr>
<tr>
<td>Executive Leadership</td>
<td>Quality/integrity of Leadership as defined by workers</td>
</tr>
</tbody>
</table>

**Learning & Growth**

<table>
<thead>
<tr>
<th>Goals</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meet present mission goals</td>
<td>Self-assessment for continuous improvement</td>
</tr>
<tr>
<td>Meet future mission goals</td>
<td>Self-assessment for strategic/tactical planning</td>
</tr>
</tbody>
</table>

**Internal Business**

<table>
<thead>
<tr>
<th>Goals</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Excellence</td>
<td>Assessment of internal quality systems</td>
</tr>
<tr>
<td>Accurate, timely and effective data collection</td>
<td>Assessment of management information systems</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Perspective</th>
<th>Goals</th>
<th>Measurements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial</strong></td>
<td>Produce revenues sufficient to cover expenses and provide reserves for the future.</td>
<td>Increase in sales growth in relation to target.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Achieve corporate earnings percentage in relation to target.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Achieve ROI by each market business unit (profit center) in relation to target.</td>
</tr>
<tr>
<td><strong>Customer</strong></td>
<td>Maintain ability to attract and retain customers.</td>
<td>Customer satisfaction based on survey questionnaire.</td>
</tr>
<tr>
<td></td>
<td>On time product development and delivery.</td>
<td>Measures not specifically defined.</td>
</tr>
<tr>
<td><strong>Internal Process</strong></td>
<td>Maintain an effective and efficient distribution system.</td>
<td>Measure of error rates on shipments.</td>
</tr>
<tr>
<td></td>
<td>Produce high quality, cost effective products.</td>
<td>Measures not specifically defined.</td>
</tr>
<tr>
<td></td>
<td>Maintain internal process effectiveness.</td>
<td>Measures not specifically defined.</td>
</tr>
<tr>
<td><strong>Organization Innovation and Learning</strong></td>
<td>Maintain infrastructure needed for long-term growth and improvement.</td>
<td>Measures related to success in producing new products, projects and services.</td>
</tr>
<tr>
<td></td>
<td>Maintain staff competence.</td>
<td>Measures not specifically defined.</td>
</tr>
<tr>
<td></td>
<td>Goals related to learning - not specifically stated.</td>
<td>Measures of learning not specifically defined.</td>
</tr>
</tbody>
</table>


**Relationships in the IS Scorecard**

How do we look to management?

<table>
<thead>
<tr>
<th>Business Value</th>
<th>Goals</th>
<th>Measures</th>
</tr>
</thead>
</table>

What must we excel at?

| Goals | Measures |

How do users see us?

<table>
<thead>
<tr>
<th>User Orientation</th>
<th>Internal efficiency + customer satisfaction = service success</th>
</tr>
</thead>
</table>

Are we satisfying user needs?

| Goals | Measures |

What can we do to meet the future needs of users?

| Goals | Measures |

How can we continue to improve and create value?

| Goals | Measures |

What technologies and business opportunities/challenges are emerging?

---

* Adapted from Martinsons, Davison & Tse, Fig 2. p. 77.
The Balanced Scorecard Generic Strategy Map*

**Financial Perspective**
- Improve Shareholder Value
  - Revenue Growth Strategy
  - Shareholder Value ROCE
  - Productivity Strategy
  - Build Franchise
  - Increase Customer Value
  - Improve Cost Structure
  - Improve Asset Utilization

**Customer Value Perspective**
- Customer Acquisition
- Customer Retention
  - Product Leadership
  - Customer Intimacy
  - Customer Value Proposition
  - Operational Excellence
  - Product/Service Attributes
    - Price
    - Quality
    - Time
    - Functionality
  - Relationship
    - Service
    - Relationships
    - Image
    - Brand

**Internal Perspective**
- Customer Satisfaction
  - "Build the Franchise" (Innovation Processes)
  - "Increase Customer Value" (Customer Management Processes)
  - "Achieve Operational Excellence" (Operational Processes)
  - "Be a Good Corporate Citizen" (Environmental Processes)

**Learning and Growth Perspective**
- A Motivated and Prepared Workforce
  - Strategy Competencies
  - Strategic Technologies
  - Climate for Action

*Adapted from Kaplan & Norton Figure 3-15 page 96.
Criticisms of the balanced scorecard framework and how it is used

1. Seldom establishes the cause and effect linkages between the measurements and desired outcomes allows self-serving managers to chose and manipulates measurements solely to enhance their own earnings and bonuses

2. It is impressionistic and closely resembles propaganda with heavily loaded words, metaphors, irony, exaggerations, incoherence and a climax

LEARNING: The Basis of Personnel Training

Learning is the process of encoding, retaining, and using information.

STEPS IN LEARNING

1. Stimulus

2. Response

3. Motivation or drive

4. Reward or incentive
Skill acquisition occurs in three stages (Anderson, 1985):

1. Declarative Knowledge
   - Knowledge of facts and things.
   - Attain basic understanding of the task.

2. Knowledge compilation
   Individuals integrate the sequences of cognitive and motor processes required to perform the task.
   - The task is simplified and streamlined
   - Performance is faster and more accurate
   - Attentional demands are reduced

3. Procedural knowledge: knowledge about how to perform various cognitive activities
   - The skill is automatized.
   - Performance is fast and efficient.
   - Little attention needs to be devoted to the task
Ackerman (1987) proposed three major classes of abilities:

- General intellectual ability (declarative knowledge).
- Perceptual speed abilities.
- Psycho-motor abilities (procedural knowledge).

**Need for training**

Why is training important?

- Training is multi-million dollar expenditure every year for large corporations.
- Training CAN make an organization more effective, efficient, and productive!

Why are companies interested in training?

- Improve competitive advantage
- Lagging motivation and creativity (managers)
- Training critical to organizational survival and success
• Rapid technology changes
  ➢ Computers and equipment (automation)
  ➢ Adapt to changes in operations, job design, workflow
  ➢ Increased turnover and obsolescence

• Workplace changes
  ➢ Shift from manufacturing to service
  ➢ Mergers and acquisitions

**Why train? Bottom line…**

**Competitive advantage!**

Training needs can be classified into two broad groups:

➢ Job Training – for new employees and for present employees who are deficient in job performance.

➢ Personal Development
CLASSIC TRAINING SYSTEM - GOLDSWAIN (1993)
Assessing training needs

A needs-assessment is a systematic, objective determination of training needs which involves conducting three primary analyses. These analyses are used to derive objectives for the training program.

The 3 analyses consists of:

- Organizational Analysis: examination of system wide components
- Task analysis: to identify relevant activities or job operations.
- Person Analysis: to identify who needs training and what kind of training needed.

Methods of training

On-site training methods:

- On-the-job training: Employees are trained at the actual job location. New employees observe the work and then try to imitate.
- Job rotation: Workers rotate through a variety of jobs.
- Apprentice training: A new worker is tutored by an established worker over a long period of time.
Off-site training methods

- Lectures
- Audiovisual material
- Conferences
- Case studies
- Computer-aided instruction
- Simulations
- Role Playing
- Vestibule training
- Brain-storming
- Sensitivity Training

Outside training:

- Training arranged with outside organizations such as universities, trade or professional associations.

Orientation training:

- Typically for orienting new employees
- Provide information about organization, its history, products, policies, etc.
Training in practice

**IBM UK:**

- Tailor made training package specific to the individuals' or projects needs.
- Formal classroom training
- Self-study
- On-the-job training with senior colleagues.
- Both technical and personal skills training

**SAIL:**

- Many mines situated in ecologically sensitive areas.
- Environment awareness training to around 200 middle and senior level executives.
- Regular environmental courses in-house every year, for middle and senior level executives.

**NESTLE: Several training programmes to suit varied needs:**

- Employee Assistance Programme (EAP): build the productive capacity of individual.
- Adult Basic Education and Training (ABET): for employees without formal education. Aids them with various skills.
Fundamental Skills: Language, literacy and communication (English), mathematics and science.

Core Skills: Natural, economic and management sciences.

Elective Skills: Manufacturing and Assembly, Quality Control Analysis etc.

Management and Leadership Development (MLD):

Three E's: Envisioning, Enabling and Energising.

The Skills Development Framework (SDF): On-site classes fitting, turning, mathematics, engineering science, etc.

**Tata Management Training Centre**:

In-house training center for the Tata Group.

- Develop leadership traits.
- Issue- and need-based training
- Project orientation and action learning.
- Classroom sessions
TCS Training Centre in Trivandrum

- Team building, competitive presentation skill and grooming
- Life Skills.

Wipro

- e-learning initiatives
- "Virtual Campus" building a vast learning community on the Net.
- "Training on demand" - individual is in complete charge of his learning experience.

Management development issues

Management development is the process by which individuals learn to perform effectively in managerial roles.

‘strategy to improve organizational performance’

- Kotter(1988) – difference between excellent companies and others is the amount of time spent in planning, design and developmental activities.

- Baldwin and Padgett(1993) – over 90% of companies worldwide engage in developmental activities for managers.
Tharenou (1997) – managers seek advancement continuously, not just until they reach a particular level in the organization.

Whetten and Cameron (1991) - critical management skills linked them to successful performance.

- Personal skills: developing self-awareness, managing stress, and solving problems creatively.
- Interpersonal skills: communicating supportively, gaining power and influence, motivating others, and managing conflict.

Lombardo and McCauley (1988) – underutilization of selected managerial skills and practices contributes in derailment.

**Gender differences in managerial development.**

- Male managerial hierarchy – one composed predominantly of men.
- A ‘glass ceiling’ exists for women in their professional advancement through an organization.
- Several reports that women were given less authority, less international mobility compared to men.
- Developmental activities had a more positive influence on men than on women.
Four issues of contemporary relevance to the management development process:

- Cultural diversity
- Sexual harassment
- 360 degree feedback
- Mentoring process

**Cultural diversity training**: for countries having cultural homogeneity and diversity and multinational companies

**Approaches to cultural differences**:  

1. Colour blind perspective – ignoring cultural differences

2. Accept the presence of cultural differences and proposes to improve relationships by teaching people from each culture to appreciate the perspectives of people from other cultures.

Triandis (1995) classified these 2 approaches as:

- Melting pot conception – cultural differences are homogenized
- Multiculturalism conception – assumes each cultural group should maintain its original culture while contributing to the smooth functioning of the society.
Problems in diversity:

- Difficulty in communication
- Lower interpersonal attraction.

Goal of diversity training programmes - to reduce barriers such as values, stereotypes and manager practices.

**Sexual harassment training: 2 kinds of sexual harassment**

- Quid pro quo harassment – sexual compliance is made mandatory for promotions, favours and retaining one’s job
- Hostile-environment harassment – less blatant, refers to conditions in the workplace that are regarded offensive, such as unwanted touching and off-colour jokes.

Training in this area consists of teaching sensitivity to other people’s values and preferences.

**360-Degree feedback:**

- Multiple raters including self ratings, in the assessment of individuals.
- To enhance managers’ awareness of their strengths and weaknesses to guide developmental planning.

Tornow(1993) – **360-degree assessment activities based on two key assumptions:**

1. Awareness of any discrepancies between how we see ourselves and how others see us enhances self awareness.
2. Enhanced self awareness is a key to maximum performance.
360 - DEGREE FEEDBACK RELATIONSHIPS
Van Velsor found that

1. Only 10% of the managers saw themselves as others saw them
2. Overrating oneself
3. About 80% of the managers modified their self-assessment in the expected direction after feedback.

**Mentoring:**

Older and more experienced individuals advice and shepherd new people in formative years of their careers.

Noe (1988) - 2 major dimensions to the mentoring relationship:

- Psychosocial - the mentor serves as a role model who provides counseling, acceptance and coaching.
- Job related – the mentor provides exposure and visibility, sponsorship and challenging assignments to augment protégé’s career.

Fagenson (1989) – mentored individuals have more satisfaction and career mobility than non-mentored individuals.
**Transfer of training**

The extent to which trainees effectively apply knowledge, skills, and attitudes gained in a training context back to the job is called as transfer of training.

**Increasing transfer :**

What to do:

- Variety of examples and variability
- Explicit goal-setting and barrier-coping
- Meet expectations of trainees (realistic preview, recruiting)
- Training choice for employees
- Incentives and accountability on the job
- Manager support - reinforcement, modelling of trained behaviours, goal setting activities
- Organizational climate - risk taking, experimentation, personal development
- Have a culture which recognizes the importance of continuous learning
- Extent to which the post-training environment provides opportunities for trainees to apply what they have learned
- Relapse prevention training – trainees identify potential problems in application and brainstorm how to deal with them
Evaluation of training

**Evaluation criteria**: (by Kirkpatrick, 1976)

- **Reaction criteria** – measure impression and feelings of the trainees.
- **Learning criteria** – evaluate how much has been learnt in the programme.
- **Behavioural criteria** – to what extent the desired changes in the job behaviour of the trainee are realised by the programme.
- **Results criteria** – economic value of the training programme to the company.

**Research designs**: How can we measure these outcomes? (i.e., was there a change and was it caused by the training program?)

- Compare pre-training performance to post-training performance (1 group, two time periods)
  - Pre-test - given to establish baseline level on the outcome
  - Post-test - given to determine change caused by training
- Compare the performance of trainees to the performance of a control group (2 groups, one time period)
EFFECT OF TRAINING ON EFFICIENCY ON SORTING CORK

- 25 SORTERS HIRED PRIOR TO FORMAL TRAINING
- SORTERS RECEIVING FORMAL TRAINING

BASE PAY INCREASE

BONUS PAY BEGINS
Validity of a training programme

Validity of any training programme can be assessed along 4 dimensions:

- **Training validity**: Did the trainees match the criteria established for them in the training programme?

- **Transfer validity**: The extent to which employee performance on the job was enhanced by training.

- **Intra-organizational validity**: Effectiveness of the training programme across different groups of trainees within the same organization.

- **Inter-organizational validity**: Effectiveness of the training programme across different groups of trainees in companies other than the one which developed the training programme.

Train or select?

Training and selection complement each other.

- Training – develop the person for the job, selection of trainable applicants (availability presumed)

- Selection – choose the right person for the job, selection of skilled applicants (availability presumed)

Selection of skilled applicants is usually difficult because the requirements of the job are constantly changing.
Why have performance appraisals?

- Performance Appraisal offers several advantages at the level of the:
  - Individual
    - Recognition of past effort
    - Developmental requirements can be uncovered
  - Team
    - Alignment of effort with objectives
    - Motivation of team members
  - Organization
    - Development of staff
    - Achievement of key objectives
    - Best and focused utilization of human resources

360 degree appraisal

- Multirater appraisal and feedback system
- Culture building
- Leadership development
- Potential appraisal
- Career planning
- Succession planning
- Team building
**Prerequisites for 360 degree**

- Top management commitment
- Implementing HRD systems effectively
- Top management willing to invest time and effort in providing feedback
- Top management needs to conduct performance review sessions regularly
- Top management is willing to be assessed by its subordinates and colleagues

**Overall benefits of appraisals**

- Increased employee performance
- Greater control of work
- Improved motivation and commitment
- Increased information flow
- Better relationships within & across the organization
Manager’s role in performance management

- Set Objectives with Employees
- Manage Rewards and ensure Fair Compensation for a level of Job Performance
- Offer Accurate, Timely, Regular & Specific Feedback

Advantages to managers

Through Performance Appraisal, Managers can:

- Translate business goals into individual job objectives and standards
- Monitor performance and offer feedback
- Communicate and seek agreement on objectives
- Coach employees on how to achieve their performance objectives
- Identify employees strengths and weaknesses
- Generate and agree development plans to best serve the organizations and individual needs

Employee’s role in performance management

- Set Objectives with Manager
- Improve Performance
- Be Actively involved in their Development
Advantages to employees

Through Performance Appraisal, Employees can:

- Openly discuss performance with managers
- Be provided with a development tool
- Reinforce and sustain performance
- Improve existing performance
- Determine career progression goals
- Identify training needs
- Link rewards to performance