



EMPLOYEE TRAINING *and* DEVELOPMENT

Strategic Training Chapter 2



6th Edition
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Learning Objectives

- Discuss how business strategy influences the type and amount of training in a company
- Describe the strategic training and development process
- Discuss how a company's staffing and human resource planning strategies influence training
- Explain the training needs created by concentration, internal growth external growth, and disinvestment business strategies

Learning Objectives

- Discuss the advantages and disadvantages of centralizing the training function
- Discuss the strengths of the business embedded model for organizing the training function
- Explain a corporate university and its benefits

Introduction

- Business strategy
 - Integrates the company's goals, policies, and actions
 - Influences how the company uses:
 - Physical capital, financial capital, and human capital
- Goals- What the company hopes to achieve in the medium- and long-term future

Introduction

- Strategy determines:
 - Amount of training required for current or future job skills
 - Extent to which training should be customized for particular needs
 - Extent to which training is restricted to specific groups of employees or open to all
 - Extent to which training is planned and systematically administered
 - Importance placed on training compared to other HR practices

Learning as a Strategic Focus

- **Learning organization:** A company that has:
 - An enhanced capacity to learn, adapt, and change
 - Carefully scrutinized and aligned training processes with company goals
 - Training as a part of system designed to create human capital

Table 2.1- Key Features of a Learning Organization

Supportive Learning Environment

- Employees feel safe expressing their thoughts about work, asking questions, disagreeing with managers, and admitting mistakes.
- Different functional and cultural perspectives are appreciated.
- Employees are encouraged to take risks, innovate, and explore the untested and unknown, such as trying new processes and developing new products and services.
- Thoughtful review of the company's processes is encouraged.

Learning Processes and Practices

- Knowledge creation, dissemination, sharing, and application are practiced.
- Systems are developed for creating, capturing, and sharing knowledge.

Managers Reinforce Learning

- Managers actively question and listen to employees, encouraging dialogue and debate.
- Managers are willing to consider alternative points of view.
- Time is devoted to problem identification, learning processes and practices, and post-performance audits.
- Learning is rewarded, promoted, and supported.

Implications of Learning for Human Capital Development

- Recognition that learning should help:
 - Employees improve performance
 - Achieve business goals
- Learning should occur on as needed basis
- Need to support informal learning
- Learning should be supported psychologically

Implications of Learning for Human Capital Development

- Key capabilities
 - Aligning learning goals to business goals
 - Measuring of business impact of learning
 - Movement of learning outside the company
 - Developing competencies for critical jobs
 - Integrating learning with other human resource functions
 - Including classroom as well as e-learning
 - Designing and delivering leadership development courses

Figure 2.1- The Strategic Training and Development Process



The Strategic Training and Development Process

- **Mission:** Company's reason for existing
- **Vision:** Is the picture of the future that the company wants to achieve
- **Values:** What the company stands for
- SWOT analysis
 - Internal analysis of strengths and weaknesses
 - External analysis of opportunities and threats
- **External analysis:** Examining the operating environment to identify opportunities and threats

The Strategic Training and Development Process

- Internal analysis
 - Identifies the company's strength and weaknesses
 - Examines the available quantity and quality of financial, physical, and human capital
- **Strategic choice:** The strategy believed to be the best alternative to achieve the company goals

Figure 2.2- Formulating the Business Strategy

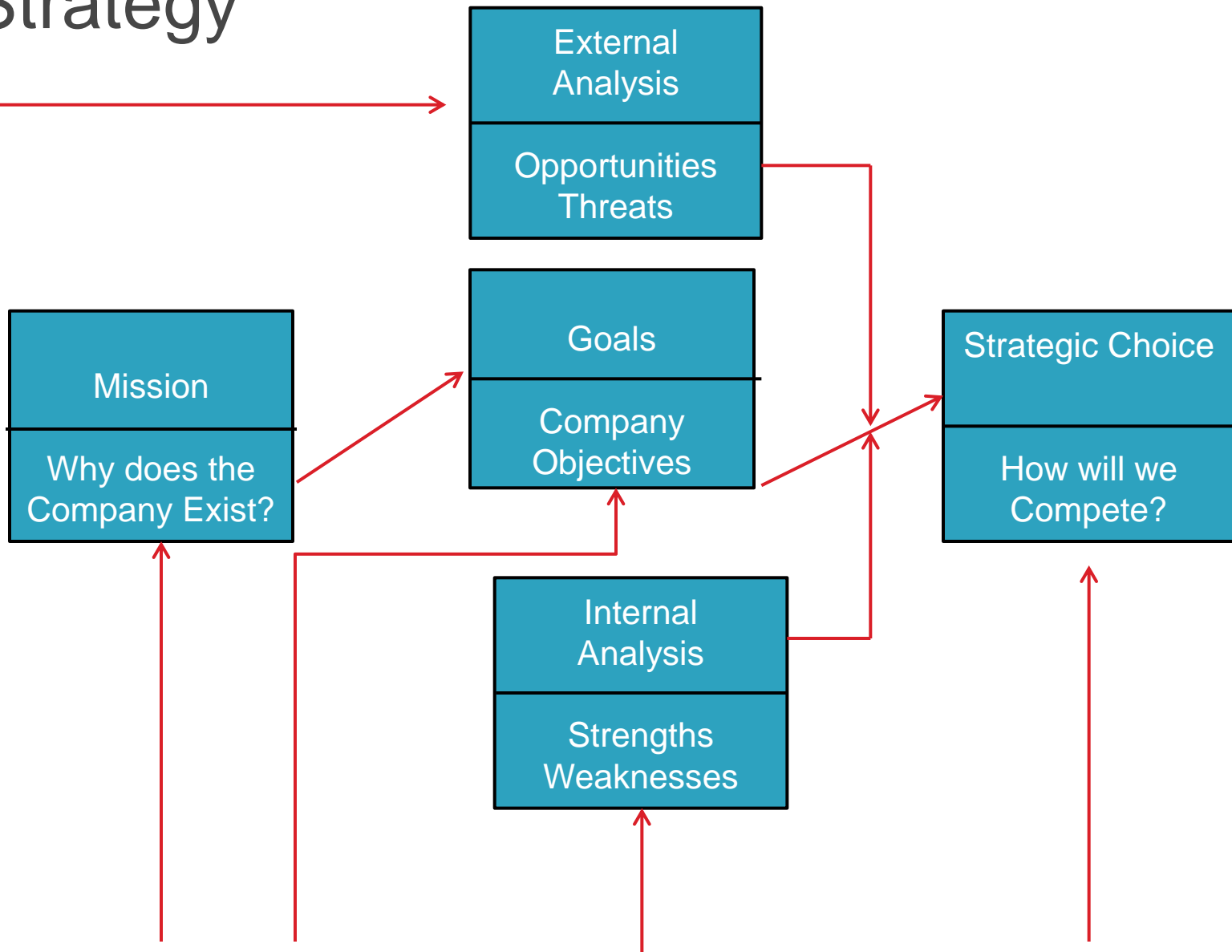


Table 2.2- Possible Business Goals Influenced by Training

Productivity

Reduced scrap and rework

Increased customer satisfaction

Reduced operational risks and accidents due to employee carelessness

Increased employee satisfaction and retention

Increased time and value-producing goods, such as increase in billable project time hours

Better management decisions

Increased development of human capital

Succession planning needed for competitive advantage and growth.

Table 2.3- Decisions a Company Must Make About How to Compete to Reach its Goals

1. Where to compete?

In what markets (industries, products, etc.) will we compete?

2. How to compete?

On what outcome or differentiating characteristic will we compete?

Cost? Quality?

Reliability? Delivery? Innovativeness?

3. With what will we compete?

What resources will allow us to beat the competition? How will we acquire, develop, and deploy those resources to compete?

The Strategic Training and Development Process

- **Strategic training and development initiatives:**
Learning-related actions that help to achieve business strategy

Table 2.4- Strategic Training and Development Initiatives and Their Implications

Strategic Training and Development Initiatives	
Diversify the Learning Portfolio	<ul style="list-style-type: none"> • Use technology, such as the Internet, for training • Facilitate informal learning • Provide more personalized learning opportunities
Expand Who Is Trained	<ul style="list-style-type: none"> • Train customers, suppliers, and employees • Offer more learning opportunities to nonmanagerial employees • Quickly identify needs and provide a high-quality learning solution • Reduce the time to develop training programs
Accelerate the Pace of Employee Learning	<ul style="list-style-type: none"> • Facilitate access to learning resources on an as-needed basis • Ensure that employees have product and service knowledge • Ensure that employees have skills needed to interact with customers
Improve Customer Service	<ul style="list-style-type: none"> • Ensure that employees understand their roles and decision-making authority • Ensure that employees have opportunities to develop
Provide Development Opportunities and Communicate with Employees	<ul style="list-style-type: none"> • Ensure that employees understand career opportunities and personal growth opportunities • Ensure that training and development addresses employees' needs in current job as well as growth opportunities
Capture and Share Knowledge	<ul style="list-style-type: none"> • Capture insight and information from knowledgeable employees • Organize and store information logically • Provide methods to make information available (e.g., resource guides, websites)
Align Training and Development with the Company's Direction	<ul style="list-style-type: none"> • Identify needed knowledge, skills, abilities, or competencies • Ensure that current training and development programs support the company's strategic needs
Ensure that the Work Environment Supports Learning and Transfer of Training	<ul style="list-style-type: none"> • Remove constraints to learning, such as lack of time, resources, and equipment • Dedicate physical space to encourage teamwork, collaboration, creativity, and knowledge sharing • Ensure that employees understand the importance of learning

Table 2.5 - Questions to Ask to Develop Strategic Training and Development Initiatives

1. What is the vision and mission of the company? Identify the strategic drivers of the business strategy.
2. What capabilities does the company need as a result of the business strategy and business environment challenges?
3. What types of training and development will best attract, retain, and develop the talent needed for success?
4. Which competencies are critical for company success and the business strategy?
5. Does the company have a plan for making the link between training and development and the business strategy understood by executives, managers, and employees or customers?
6. Will the senior management team publicly support and champion training and development?
7. Does the company provide opportunities for training and developing not only individuals but also teams?

The Strategic Training and Development Process

- Metrics
 - Business-level outcomes chosen to measure the overall value of training or learning
 - Strategic business related measures not linked to one course or program
- Balance scorecard
 - Means of measurement for:
 - Overall company performance
 - Performance of departments or functions

The Strategic Training and Development Process (cont.)

- Considers four perspectives
 - Customer
 - Internal innovation
 - Learning
 - Financial

Organizational Characteristics That Influence Training

- Role of employees and managers
 - Employees- Responsible for quality of goods and services
 - Managers must:
 - Manage individual and performance
 - Develop employees and encourage continuous learning
 - Plan and allocate resources
 - Coordinate activities and interdependent team
 - Facilitate decision making
 - Create and maintain trust
 - Represent one's work unit

Organizational Characteristics That Influence Training

- Top management support
 - The CEO is responsible for
 - Setting a clear direction for learning
 - Providing encouragement, resources and commitment for strategic learning
 - Governing learning and reviewing objectives
 - Developing new learning programs for the company
 - Teaching program or providing online resources
 - Serving as role model for learning
 - Promoting the companies commitment to learning

Organizational Characteristics That Influence Training

- Integration of business units
 - Training likely includes rotating employees between jobs in different businesses
- Global presence
 - Training helps prepare employees for temporary or long-term overseas assignments
- Business conditions
 - Impact the ability to find employees with necessary skills, and retain current employees

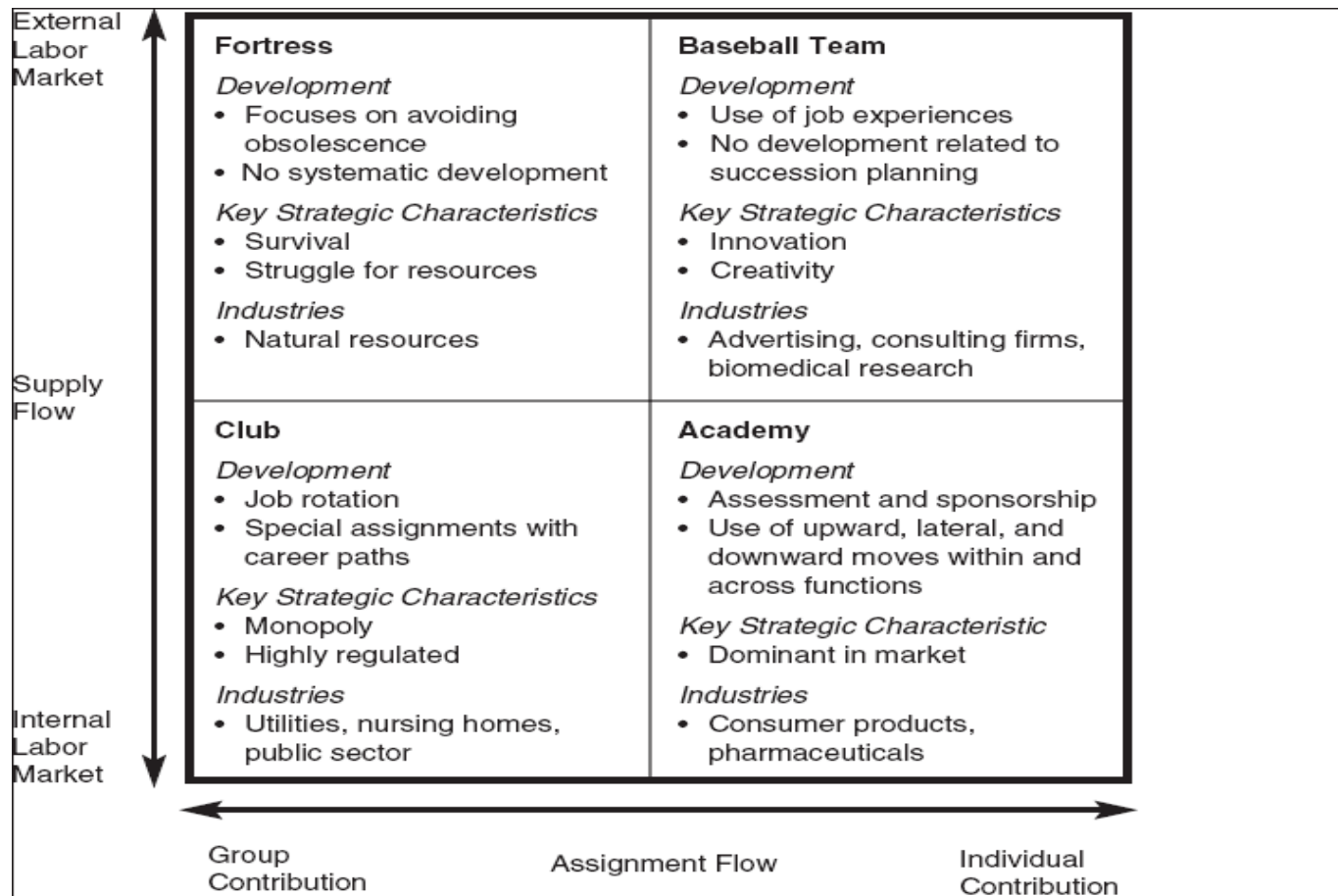
Organizational Characteristics That Influence Training

- Other HRM practices
 - **Human resource management (HRM) practices:**
Activities related to:
 - Investments
 - Staffing
 - Performance management
 - Training
 - Compensation and benefits

Organizational Characteristics That Influence Training

- **Staffing strategy:** Company's decisions regarding:
 - Where to find employees
 - How to select them
 - The desired mix of employee skills and statuses

Figure 2.4 - Implications of Staffing Strategy for Training



Organizational Characteristics That Influence Training

- Strategic value of Job and employee uniqueness
 - **Uniqueness:** Extent to which employees are rare and specialized and not highly available
 - Strategic value
 - Employee potential to improve company effectiveness and efficiency
 - Results in four types of employees
 - Knowledge-based workers
 - Job-based employees
 - Contract employees
 - Alliance/partnerships

Organizational Characteristics That Influence Training

- Human resource planning
 - Identification, analysis, forecasting, and planning of changes to help meet changing business conditions

Organizational Characteristics That Influence Training

- Extent of unionization
 - Joint union-management programs help employees prepare for new jobs
- Staff involvement in training and development
 - Effectiveness of the training program depends on the level of involvement of:
 - Managers
 - Employees
 - Specialized development staff

Organizational Characteristics That Influence Training (cont.)

- Staff involvement in training and development
 - If line managers are aware of what development activity can achieve, they will be more willing to become involved in it.
 - They will also become more involved in the training process if they are rewarded for participating.
 - An emerging trend is that companies expect employees to initiate the training process.

Table 2.7 - Implications of Business Strategy for Training

Strategy	Emphasis	How Achieved	Key Issues	Training Implications
Concentration	<ul style="list-style-type: none"> • Increased market share • Reduced operating costs • Market niche created or maintained 	<ul style="list-style-type: none"> • Improve product quality • Improve productivity or innovate technical processes • Customize products or services 	<ul style="list-style-type: none"> • Skill currency • Development of existing workforce 	<ul style="list-style-type: none"> • Team building • Cross training • Specialized programs • Interpersonal skill training • On-the-job training
Internal Growth	<ul style="list-style-type: none"> • Market development • Product development • Innovation • Joint ventures • Mergers • Globalization 	<ul style="list-style-type: none"> • Market existing products/add distribution channels • Expand global market • Modify existing products • Create new or different products • Expand through joint ownership • Identify and develop managers 	<ul style="list-style-type: none"> • Creation of new jobs and tasks • Innovation • Talent Management 	<ul style="list-style-type: none"> • High-quality communication of product value • Cultural training • Development of organizational culture that values creative thinking and analysis • Technical competence in jobs • Manager training in feedback and communication • Conflict negotiation skills
External Growth (Acquisition)	<ul style="list-style-type: none"> • Horizontal integration • Vertical integration • Concentric diversification 	<ul style="list-style-type: none"> • Acquire firms operating at same stage in product market chain (new market access) • Acquire business that can supply or buy products • Acquire firms that have nothing in common with acquiring firm 	<ul style="list-style-type: none"> • Integration • Redundancy • Restructuring 	<ul style="list-style-type: none"> • Determination of capabilities of employees in acquired firms • Integration of training systems • Methods and procedures of combined firms • Team building • Development of shared culture
Disinvestment	<ul style="list-style-type: none"> • Retrenchment • Turnaround • Divestiture • Liquidation 	<ul style="list-style-type: none"> • Reduce costs • Reduce assets • Generate revenue • Redefine goals • Sell off all assets 	<ul style="list-style-type: none"> • Efficiency 	<ul style="list-style-type: none"> • Motivation, goal setting, time management, stress management, cross training • Leadership training • Interpersonal communications • Outplacement assistance • Job-search skills training

Training Needs in Different Strategies

- Internal growth strategy
 - Focuses on new market and product development, innovation, and joint ventures
- External growth strategy
 - Emphasizes acquiring vendors and suppliers or buying businesses to expand into new markets
- **Disinvestment strategy:** Emphasizes liquidation and divestiture of businesses

Models of Organizing the Training Department

- Centralized training
 - Training and development resources, and professionals are housed in one location
 - Training investment and delivery methods decisions are made from one department
 - Advantages- Helps integrate programs for developing leaders and managing talent

Figure 2.5- The Corporate University Model

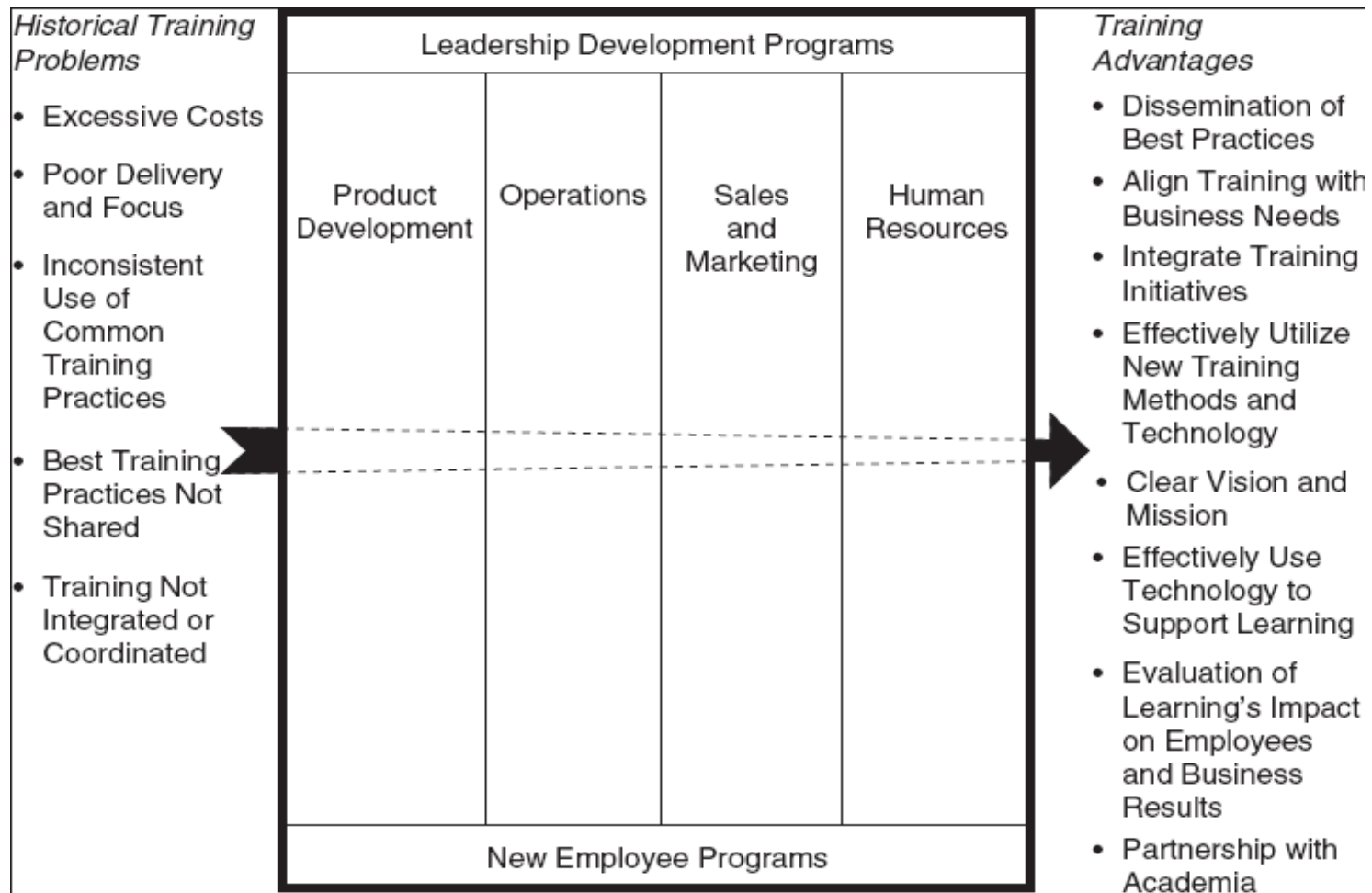


Table 2.9- Features of Training Function Organized by the BE Model

Strategic Direction

- Broadly disseminates a clearly articulated mission
- Recognizes that its customer base is segmented
- Provides customized solutions to its clients' needs
- Understands product life cycles
- Organizes its offerings by competencies
- Competes for internal customers

Product Design

- Uses benchmarking and other innovative design
- Implements strategies to develop products quickly
- Involves suppliers strategically

Structural Versatility

- Employs professionals who serve as product and classroom instructors, managers, and internal consultants
- Uses resources from many areas
- Involves line managers in determining the direction of the department's offerings and content

Product Delivery

- Offers a menu of learning options
- Delivers training at the work site

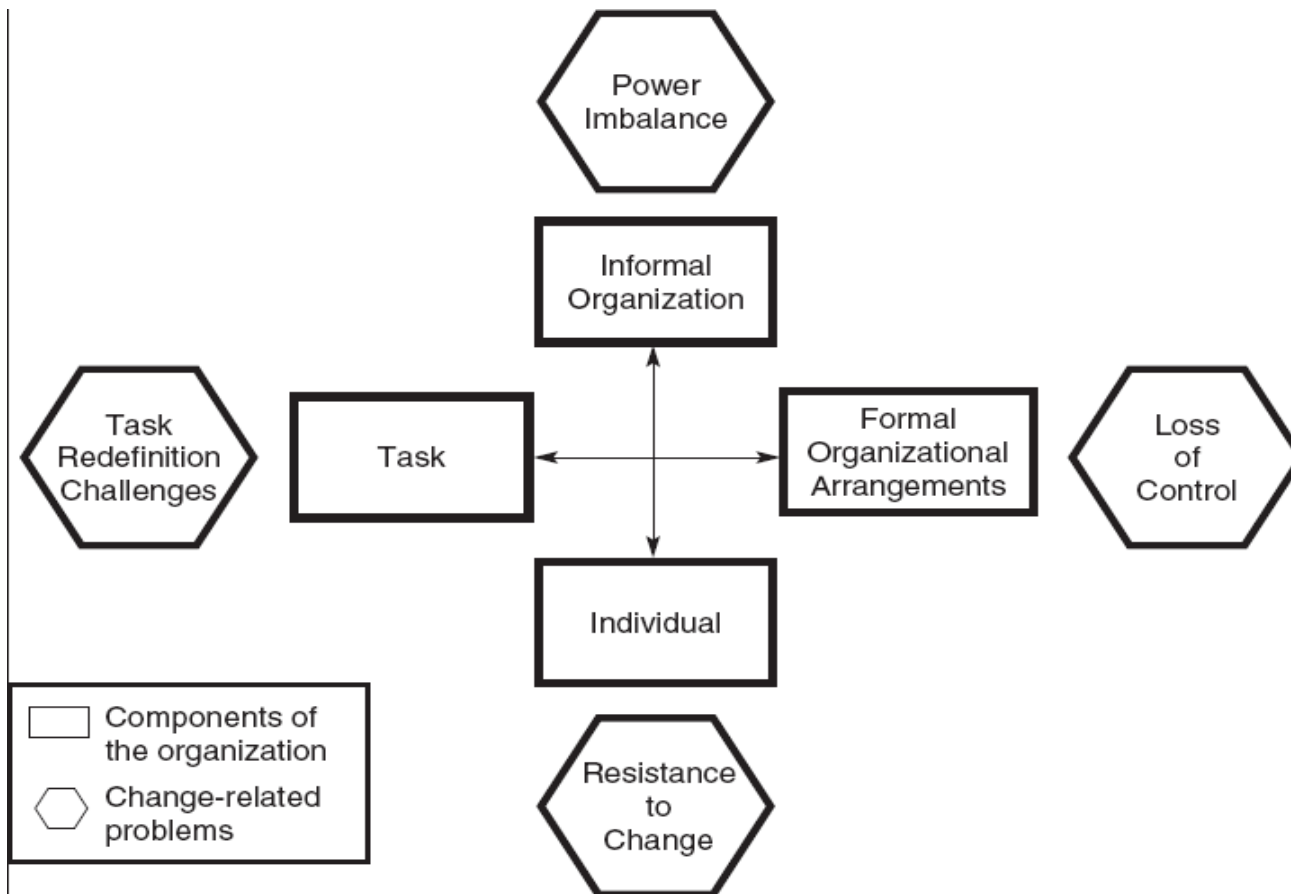
Accountability for Results

- Believes that individual employees must take responsibility for their personal growth
- Provides follow-up on the job to ensure that learning takes place
- Considers the manager the key player in supporting learning
- Evaluates the strategic effects of training and its bottom-line results
- Guarantees that training will improve performance

Models of Organizing the Training Department

- The BE model with Centralized training
 - Allows the company to gain the benefits of centralized training
 - Ensures that training content and delivery methods that are business specific

Figure 2.6- A Change Model



Models of Organizing the Training Department

- **Resistance to change:** Managers' and employees' unwillingness to change
- **Control:** Managers' and employees' ability to obtain and distribute valuable resources
- **Power:** Ability to influence others
- **Task redefinition:** Creating changes in managers' and employees' roles and job responsibilities

Table 2.10 Steps in a change process

- Steps in a change process

Clarify the request for change

Make the vision clear

Design the solution

Communicate and market for buy- in

Choose and announce action as soon as possible

Execute and create short term wins

Follow up , reevaluate and modify

Marketing the Training and Creating A Brand

- Internal marketing-Making employees and managers excited about training
- Internal marketing tactics
 - Involve the target audience in developing the training program
 - Demonstrate how a training program can be used to solve specific business needs
 - Identify a “champion” who actively supports training
 - Listen and act on feedback received

Marketing the Training and Creating A Brand

- Advertise on e-mail, on company websites, and in employee break areas
- Designate someone to interact between the training designer and the business unit
- Determine the financial gains top- level executives are concerned with
- Don't use jargon

Table 2.11- How to Build Training Brand

- Ask current “customers” of training, including managers who purchase or ask for training and employees who participate in training what their perceptions are of the brand. For example, what emotions describe how they feel about the training brand? What words summarize their feelings? What conclusions have they made about doing business with you? Answers to these questions provide information regarding the strength of the training brand and if it is being perceived positively or as intended.
- Define how you want to be perceived by current and future customers.
- Identify factors that influence your customer’s perceptions of the training function.
- Review each of the factors to determine if it is supporting and communicating the brand to your customers in a way that you intended.
- Make changes so that each factor is supporting the brand.
- Get customers feedback at each step of this process (define the brand, identify factors, suggest changes, etc.).
- When interacting with customers, create an experience that supports and identifies the brand.

Outsourcing Training

- **Outsourcing:** Use of an outside company that takes:
 - Complete responsibility and control of some or all training or development activities including
 - Administration
 - Design
 - Delivery
 - Development
- Business process outsourcing
 - Outsourcing of any business process, such as HRM, production, or training

Outsourcing Training

- Advantages of outsourcing training:
 - Cost savings
 - Time savings
 - Improvements in compliance with training mandates
 - Access best training practices
- Reasons companies do not outsource their training
 - Inability of outsourcing providers to meet company needs
 - Desire to maintain control over all aspects of training and development

Table 2.12- Questions to Ask When Considering Outsourcing

1. What are the capabilities of your in-house training function? Does the staff know enough that you can grow the training skills you need, or do you need to hire training skills from the outside?
2. Can your in-house training function take on additional training responsibilities?
3. Is training key to your company's strategy? Is it proprietary?
4. Does your company value its training organization?
5. Does the training content change rapidly?
6. Are outsourced trainers viewed as experts, or are they viewed with cynicism?
7. Do you understand the strengths and weaknesses of your current training programs?
8. Do you want to outsource the entire training function?
9. Are executives trying to minimize training's impact on your company? Does your company accept responsibility for building skills and talent?
10. Is a combination of internal and external training the best solution?