

# Functional Area 02 Talent Development and Management

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(SPHRI)

UPTOP / HRCI

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## Part One: Organizational Development

### 1. Human Resource Development (HRD)

HRD is about adult human beings functioning in productive systems. The purpose of HRD is to focus on the resource that humans bring to the success equation—both personal success and organizational success. The two core threads of HRD are (1) individual and organizational learning and (2) individual and organizational performance. Some view learning and performance as alternatives or rivals, while most see them as partners in a formula for success. Thus, assessment of HRD successes or results can be categorized into the domains of learning and performance.

Human Resource Development (HRD) is a process of developing and unleashing expertise for the purpose of improving individual, team, work process, and organizational system performance through organizational development (OD) and personnel training and development (T+D) for the purpose of improving performance. OD primarily focuses at the organizational level and connects with individuals, while T+D primarily focuses on individuals and connects with the organization.

HRD encompasses a range of organizational practices that focus on learning: training and development; performance management; career development and lifelong learning; organization development; organizational knowledge and learning.



Source: Swanson, R.A. & Holton, E.F. (2009). Foundations of Human Resource Development, San Francisco: Berrett-Koehler Publishers.

HRD strategies flow from business strategies, but they have a positive role in helping to ensure that the business attains its goals. To do this, it is essential to develop the skills base and intellectual capital the organization requires as well as ensuring that the right

quality of people are available to meet present and future needs.

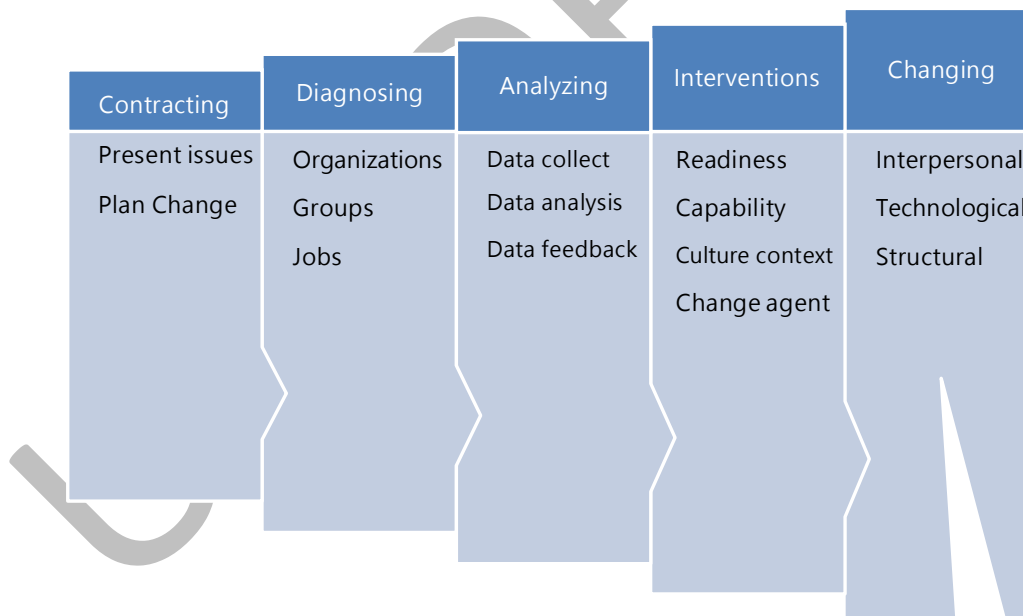
First, HRD facilitates the development of core capabilities that are critical in developing and maintaining sustained competitive advantage. Second, HRD enables the firm to make the best use of existing firm-specific capabilities and through the development of new capabilities and skills enable sit to cope with change. Third, HRD must focus on evaluating the linkages among organizational strategies. Fourth, HRD must be sensitive to both emergent and planned strategies.

## 2. Organizational Development (OD)

OD is system wide application behavioral science knowledge to the planned development, improvement, and reinforcement of the strategies, structures, and processes that lead to organization effectiveness.

Organization change, in contrast, is more broadly focused and can apply to any kind of change, including technical and managerial innovations, organization decline, or the evolution of a system over time. These changes may or may not be directed at making the organization more developed in the sense implied by OD. The Process of OD includes the following steps:

- Entering and Contracting
- Diagnosing Organizations, Groups, and Jobs
- Collecting, Analyzing, and Feeding Back Diagnostic Information
- Designing Interventions
- Leading and Managing Change



Source: Swanson, R.A. & Holton, E.F. (2009). Foundations of Human Resource Development, San Francisco: Berrett-Koehler Publishers.

### 2.1. Entering and Contracting

The entering and contracting processes constitute the initial activities of the OD process. They set the parameters for the phases of planned change that follow: diagnosing, planning and implementing change, and evaluating and institutionalizing it.

Organizational entry involves clarifying the organizational issue or presenting problem, determining the relevant client, and selecting an OD practitioner. Developing an OD contract focuses on making a good decision about whether to proceed and allows both the client and the OD practitioner to clarify expectations about how the change process will unfold.

### 2.2. Diagnosing Organizations, Groups, and Jobs

An organization-level diagnostic model consists of environmental inputs; a set of design components called a strategic orientation; and a variety of outputs, such as performance, productivity, and stakeholder satisfaction. Diagnosis involves understanding each of the parts in the model and then assessing how the elements of the strategic orientation align with each other and with the input. Organization effectiveness is likely to be high when there is good alignment.

Group diagnostic models take the organization's design as the primary input; examine goal clarity, task structure, group composition, performance norm, and group functioning as the key design components; and list group performance and member quality of work life as the outputs. As with any open-systems model, the alignment of the parts is the key to understanding effectiveness.

At the individual job level organization design, group design, and personal characteristics of individuals occupying jobs are the salient input. Individual jobs have five key dimensions: skill variety, task significance, task identity, autonomy, and feedback that work together to produce outputs of work satisfaction and work quality.

### 2.3. Collecting, Analyzing, and Feeding Back Diagnostic Information

The four major techniques for gathering diagnostic data are questionnaires, interviews, observations, and unobtrusive measure (from secondary sources, such as company records and archives). Benchmarking is a useful data collecting method to examine the best practices of other organizations and make changes in operations based on what is learned.

Data analysis techniques fall into two broad classes: qualitative and quantitative. Qualitative techniques generally are easier to use because they do not rely on numerical data. That fact also makes them easier to understand and interpret. Quantitative techniques, on the other hand, can provide more accurate reading of the organizational problem.

Data feedback is concerned with identifying the content of the data to be feedback and designing a feedback process that ensures ownership of the data. Feeding back data is a central activity in almost any OD program. If members own the data, they will be motivated to solve organizational problems.

A special application of the data-collection and feedback process is called survey feedback. It is one of the most accepted processes in OD. Survey feedback highlights the importance of contracting appropriately with the client system, establishing relevant categories for data collection, and feeding back the data as necessary steps for diagnosing organizational problems and developing interventions for resolving them.

## 2.4. Designing Interventions

An intervention is a set of planned activities intended to help an organization improve its performance and effectiveness. Effective interventions are designed to fit the needs of the organization, are based on causal knowledge of intended outcomes, and transfer competence to manage change to organization members.

Intervention design involves understanding situational contingencies such as individual differences among organization members and dimensions of the change process itself.

Four key organizational factor-readiness for change, capability to change, culture context, and the capabilities of the change agent-affect the design and implementation of almost any intervention.

## 2.5. Leading and Managing Change

### 2.5.1. Change Process Theory

- Unfreezing stage: Getting people to accept that the change will occur. Ending things that resist change is vital at this stage.
- Moving stage: Getting people to accept the new, desired state.
- Refreezing stage: When the new ideal becomes a regular part of the organization.

### 2.5.2. Implementation Theory

#### -Interpersonal strategies

Interpersonal intervention strategies deal with work relationships between employees. These interventions are directed at improving interpersonal, intrapersonal, intergroup, and intra group relations. In organizations with multiple layers, interpersonal approaches are often difficult because the layers are usually accompanied by "proper" channels for communication.

#### - Technological strategies

Technological intervention strategies focus on processes. The processes must provide adequate resources to achieve the company's goals. Technological development often includes such activities as job design, job simplification and specialization, grouping jobs into departments by function or product, and analyzing work flow and human factors to achieve coordination and communication among departments.

#### -Structural strategies

Structural intervention strategies look at how the structure of the organization is

helping or hindering the organization. They examine issues such as span of control and reporting relationships. For example, a company may decide that it has too many mid-level managers and may restructure to cut waste, reduce redundancy, and improve profits.

### 2.5.3. Effective Change Management

Companies that are able to manage change effectively can gain distinct advantages over their competition that can lead to even greater success. When done right, change management can alleviate uncertainty among employees about how the change might impact them, reduce the potential for a negative impact on productivity, and engage or re-engage the company's workforce.

Companies who want to successfully lead employees through adoption of an organizational change must follow a systematic, proactive approach that incorporates four primary steps: overcoming resistance, engaging employees, implementing change in phases and communicating the change.

- Overcoming resistance

Although employee resistance is a natural reaction to widespread organizational changes, you can overcome that resistance by focusing on several key strategies:

Clearly and consistently communicate about the change well in advance of its implementation.

Help employees better understand the need for the change and the rationale behind the decisions, as well as the ways the change may affect them.

Ensure that your change management team includes change champions who can help spread positive messages about the change, as well as take the temperature of employee reactions to the change.

Provide strong support for the changing environment, such as ensuring that managers are provided with the training and information they need to answer employee questions.

- Engaging employees

Employees who are engaged in the change are more likely to put in the effort necessary to help implement the change and ensure a positive outcome for the organization. Help create high levels of employee engagement during your change process by:

Developing a team approach that includes employees' perspectives from a variety of departments and levels.

Assigning and clarifying roles and responsibilities.

Increasing your focus on the workers who are affected most by the change.

Including resistance leaders in the change process to help overcome pushback from other employees.

Understanding and taking into account the different motivational factors for each employee.

- Implementing change in phases

For companies planning a major change initiative, taking a phased approach can help ensure that the transition to a new system or process is as smooth and seamless as possible. Here are recommendations with three phases:

Prepare for change – By taking steps such as defining your change management strategy, developing your change management team, and outlining key roles.

Manage the change – By creating and executing change management plans that include communications, operations and resistance management.

Reinforce the change – By collecting and analyzing feedback and then implementing corrective actions where needed.

- Communicating change

Failing to tell employees in advance about organizational changes can increase employee misconduct by 42 percent. An integral part of every stage of the change management process, communication must be a two-way street in order to ensure the success of the organizational change.

Think quality over quantity when it comes to communicating with employees, and consider these communication strategies for successful implementation:

Pre-and post-surveys allow for feedback both before and after the change has been implemented, which can enhance the overall process.

Engage resisters in one-on-one sessions prior to the solution's implementation to allow them to provide their input.

Be clear, consistent and explicit, especially when it comes to timeline and responsibilities.

Use both formal and informal communication approaches, including email, intranet, in-person meetings, and signage and voice mails.

Offer opportunities for employees to provide feedback into the process, and then be sure to use the input to inform the plan.

Gather employees to explore worst-case scenarios and then develop strategies to address them.

### 3. Leading Change

Change management is about people, performance and leadership, ergo, one would think HR should be leading the charge (or at least playing a major role). Leading the leadership in providing the organizational guidance is where HR can bring tremendous value because HR has, or should have, a top-level view of people, programs and process. They have a unique vantage point to breach silos and facilitate organizational change. If HR is going to

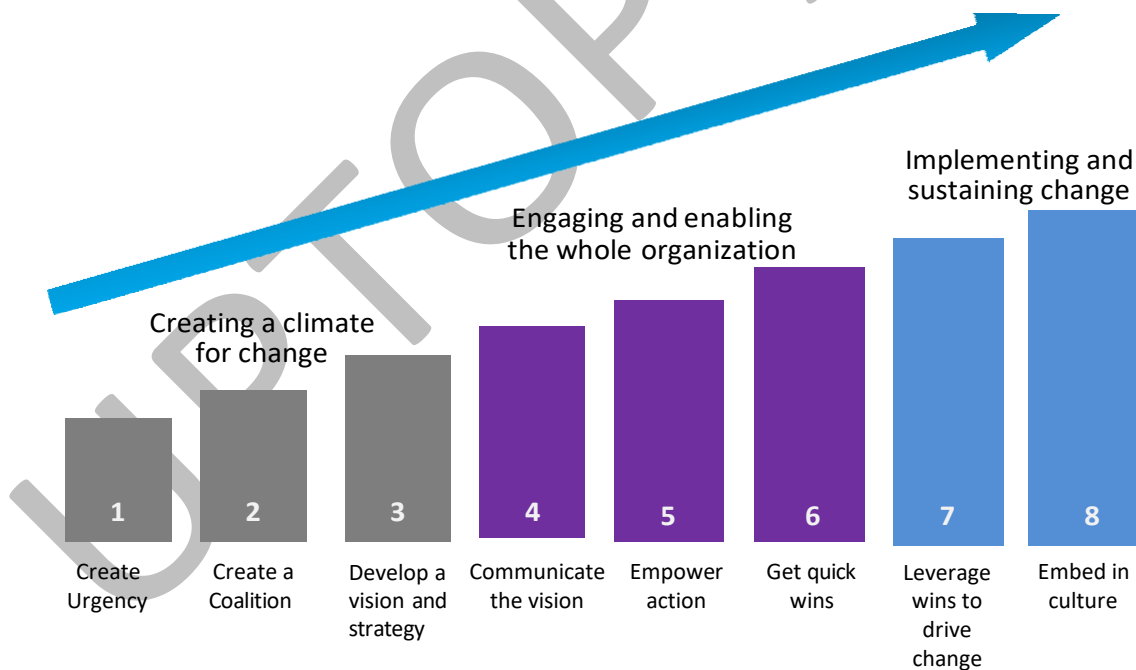
“lead the change” process, they need the knowledge, skills and resources to make it happen.

### 3.1. Creating a Climate for Change (Step1-Step3)

#### 3.1.1. Step1: Create Urgency

For change to happen, it helps if the whole company really wants it. Develop a sense of urgency around the need for change. This may help you spark the initial motivation to get things moving. This isn't simply a matter of showing people poor sales statistics or talking about increased competition. Open an honest and convincing dialogue about what's happening in the marketplace and with your competition. If many people start talking about the change you propose, the urgency can build and feed on itself. For this step, the actions you should take are as follows:

- Identify potential threats, and develop scenarios showing what could happen in the future.
- Examine opportunities that should be, or could be, exploited.
- Start honest discussions, and give dynamic and convincing reasons to get people talking and thinking.
- Request support from customers, outside stakeholders and industry people to strengthen your argument.



*\*The 8-Step Process for Leading change – Dr. John Kotter*

Kotter, J.P. (2007). Leading Change Why Transformation Efforts Fail. Harvard Business Review.

### 3.1.2. Step2: Create a Coalition

Convince people that change is necessary. This often takes strong leadership and visible support from key people within your organization. Managing change isn't enough – you have to lead it. You can find effective change leaders throughout your organization – they don't necessarily follow the traditional company hierarchy. To lead change, you need to bring together a coalition, or team, of influential people whose power comes from a variety of sources, including job title, status, expertise, and political importance. Once formed, your "change coalition" needs to work as a team, continuing to build urgency and momentum around the need for change. For this step, the actions you should take are as follows:

- Identify the true leaders in your organization.
- Ask for an emotional commitment from these key people.
- Work on team building within your change coalition.
- Check your team for weak areas, and ensure that you have a good mix of people from different departments and different levels within your company.

### 3.1.3. Step3: Develop a Vision and Strategy

When you first start thinking about change, there will probably be many great ideas and solutions floating around. Link these concepts to an overall vision that people can grasp easily and remember. A clear vision can help everyone understand why you're asking them to do something. When people see for themselves what you're trying to achieve, then the directives they're given tend to make more sense. For this step, the actions you should take are as follows:

- Determine the values that are central to the change.
- Develop a short summary (one or two sentences) that captures what you "see" as the future of your organization.
- Create a strategy to execute that vision.
- Ensure that your change coalition can describe the vision in five minutes.
- Practice your "vision speech" often.

## 3.2. Engaging and Enabling the Whole Organization (Step4-Step6)

### 3.2.1. Step4: Communicate the Vision

What you do with your vision after you create it will determine your success. Your message will probably have strong competition from other day-to-day communications within the company, so you need to communicate it frequently and powerfully, and embed it within everything that you do. Don't just call special meetings to communicate your vision. Instead, talk about it every chance you get. Use the vision

daily to make decisions and solve problems. When you keep it fresh on everyone's minds, they'll remember it and respond to it. It's also important to "walk the talk." What you do is far more important – and believable – than what you say. Demonstrate the kind of behavior that you want from others. For this step, the actions you should take are as follows:

- Talk often about your change vision.
- Openly and honestly address peoples' concerns and anxieties.
- Apply your vision to all aspects of operations
  - from training to performance reviews.
  - Tie everything back to the vision.

### 3.2.2. Step5: Empower Action

If you follow these steps and reach this point in the change process, you've been talking about your vision and building buy-in from all levels of the organization. Hopefully, your staff wants to get busy and achieve the benefits that you've been promoting. But is anyone resisting the change? And are there processes or structures that are getting in its way? Put in place the structure for change, and continually check for barriers to it. Removing obstacles can empower the people you need to execute your vision, and it can help the change move forward. For this step, the actions you should take are as follows:

- Identify, or hire, change leaders whose main roles are to deliver the change.
- Look at your organizational structure, job descriptions, and performance and compensation systems to ensure they're in line with your vision.
- Recognize and reward people for making change happen.
- Identify people who are resisting the change, and help them see what's needed.
- Take action to quickly remove barriers (human or otherwise).

### 3.2.3. Step6: Get Quick Wins

Nothing motivates more than success. Give your company a taste of victory early in the change process. Within a short time frame (this could be a month or a year, depending on the type of change), you'll want to have some "quick wins" that your staff can see. Without this, critics and negative thinkers might hurt your progress. Create short-term targets – not just one long-term goal. You want each smaller target to be achievable, with little room for failure. Your change team may have to work very hard to come up with these targets, but each "win" that you produce can further motivate the entire staff. For this step, the actions you should take are as follows:

- Look for sure-fire projects that you can implement without help from any strong critics of the change.
- Don't choose early targets that are expensive. You want to be able to justify the investment in each project.
- Thoroughly analyze the potential pros and cons of your targets. If you don't succeed with an early goal, it can hurt your entire change initiative. Reward the people who help you meet the targets.

### 3.3. Implementing and Sustaining Change (Step7-Step8)

#### 3.3.1. Step7: Leverage wins to drive change

Many change projects fail because victory is declared too early. Real change runs deep. Quick wins are only the beginning of what needs to be done to achieve long-term change. Launching one new product using a new system is great. But if you can launch 10 products, that means the new system is working. To reach that 10th success, you need to keep looking for improvements. Each success provides an opportunity to build on what went right and identify what you can improve. For this step, the actions you should take are as follows:

- After every win, analyze what went right and what needs improving.
- Set goals to continue building on the momentum you've achieved.
- Learn about kaizen, the idea of continuous improvement.
- Keep ideas fresh by bringing in new change agents and leaders for your change coalition.

#### 3.3.2. Step8: Embed in culture

Finally, to make any change stick, it should become part of the core of your organization. Your corporate culture often determines what gets done, so the values behind your vision must show in day-to-day work. Make continuous efforts to ensure that the change is seen in every aspect of your organization. This will help give that change a solid place in your organization's culture. It's also important that your company's leaders continue to support the change. This includes existing staff and new leaders who are brought in. If you lose the support of these people, you might end up back where you started. For this step, the actions you should take are as follows:

- Talk about progress every chance you get. Tell success stories about the change process, and repeat other stories that you hear.
- Include the change ideals and values when hiring and training new staff.
- Publicly recognize key members of your original change coalition, and make sure the rest of the staff – new and old – remembers their contributions.

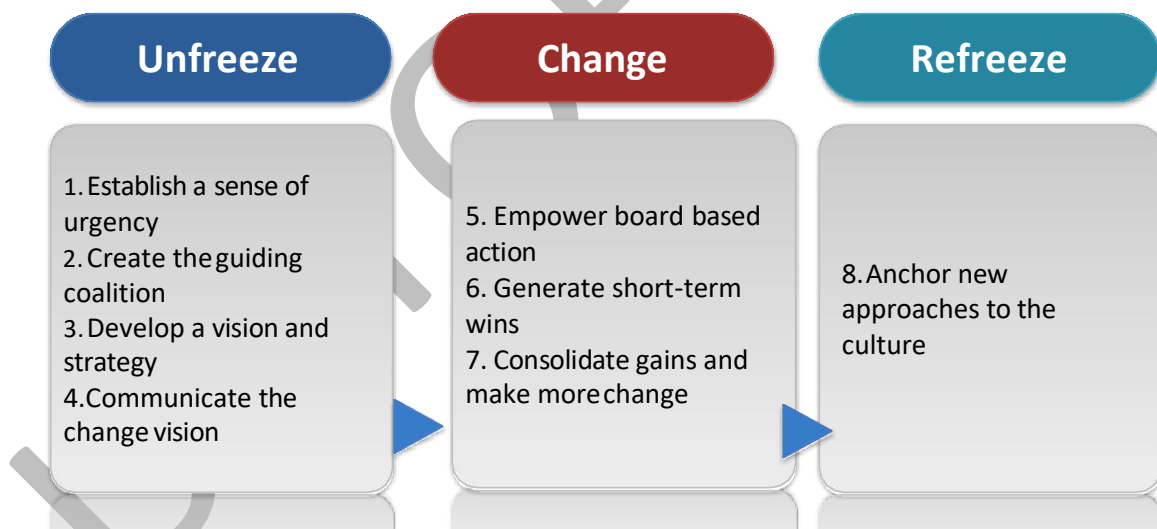
- Create plans to replace key leaders of change as they move on. This will help ensure that their legacy is not lost or forgotten.
- Communicate regularly with employees is the most important role for HR in Leading Change.

### 3.4. Unfreeze, Change and Refreeze

Kurt Lewin (1890 – 1947) was a psychologist. He is often called the father of modern social psychology. He suggested that change requires three steps: unfreezing the organization, implementing the change, and refreezing the organization. The first step of unfreezing involves convincing those that are affected by the change that the change is indeed necessary. Once the affected stakeholders have accepted the need for change, the next step of Lewin's model is to implement it. The last step after implementation of the change is to take actions to reinforce and support it so that the change becomes a permanent way of doing business.

This is the beauty of Lewin's model: it is simple consisting of three steps. First, convince the organizational stakeholders that the change you propose is necessary, make the change, and then make it a permanent way of doing business. Sounds great, but in today's modern workplace the Lewin model alone is simplistic. This is where Kotter's model can be used in combination with Lewin's model to convince senior leadership of the need for an orderly process for instituting organizational change.

John Kotter's model is compatible with Kurt Lewin's model and is in reality an extension of it (like all social progress that builds on the work of earlier pioneers). As shown in the following chart, Kotter's eight steps for leading change are aligned with Lewin's model as follows:



Source: Tanner, R. (2009). Unfreeze, Change, Refreeze: Is This a Child's Game? Retrieved from [managementisajourney.com](http://managementisajourney.com)

In combining the models, language is important. A useful approach is to describe the steps of the Lewin model as phases and then explain the corresponding Kotter steps for each phase.

### 3.4.1. Unfreeze

- Establish a sense of urgency;
- Create the guiding coalition;
- Develop a vision and strategy; and
- Communicate the change vision.

### 3.4.2. Change

- Empower board based action
- Generate short-term wins
- Consolidate gains and make more change

### 3.4.3. Refreeze

- Anchor new approaches to the culture

## 4. Learning Organization

A learning organization is a place where employees excel at creating, acquiring, and transferring knowledge. There are three building blocks of such institutions: (1) a supportive learning environment, (2) concrete learning processes and practices, and (3) leadership behavior that reinforces learning. Such learning organizations would be able to adapt to the unpredictable more quickly than their competitors could.

### 4.1. Key features in Learning Organization

- 4.1.1. Employees share learning with each other and use a job as a basis for applying and creating knowledge.
- 4.1.2. Systems are developed for creating, capturing, and sharing knowledge
- 4.1.3. Employees are encouraged to think in new ways, see relationships and feedback loops, and test assumptions.
- 4.1.4. Learning is rewarded, promoted, and supported by managers and company objectives.
- 4.1.5. Employees are free to take risks, innovate, explore new ideas, try new processes, and develop new products and services.
- 4.1.6. System and environment focus on ensuring the development and well-being of every employee.

### 4.2. The Five Disciplines

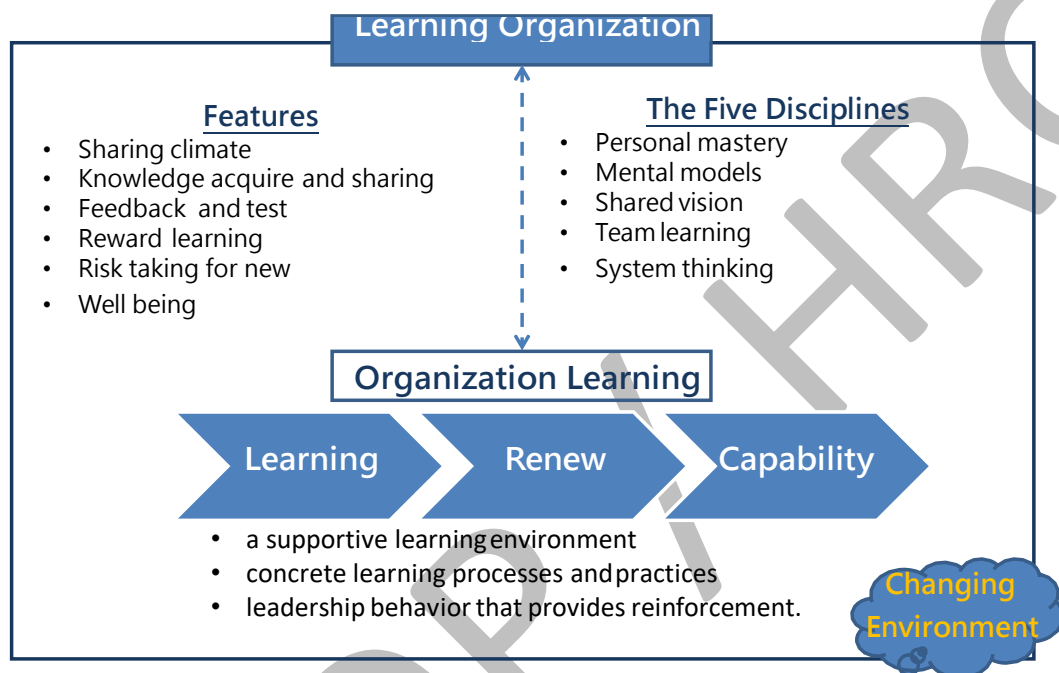
- 4.2.1. System thinking is a conceptual framework that makes patterns clearer and helps one see how things interrelate and how to change them.

4.2.2. Mental models are our deeply ingrained assumptions that influence how we understand the world and how we take action.

4.2.3. Personal mastery is the high level of proficiency in a subject or skill area.

4.2.4. Team learning is aligning and developing the capacity of a team to create the results its member's desire.

4.2.5. Shared vision is a look into the future that fosters genuine commitment and is shared by all who need to possess it.



Source: Senge, P. (1990). The Fifth Discipline: the Art and Practice of the Learning Organization. New York: Doubleday.

#### 4.3. Organizational Learning vs. Learning Organization

Both the learning organization and organizational learning are very similar in that they connect to each other, but differ in that one involves the actual learning in an organization and the other involves the course of gaining the learning in the organization.

Organizational Learning is defined as "the process of improving actions through better knowledge and understanding". In other words, the "learning organization is a firm that purposefully constructs structures and strategies, to enhance and maximize" the learning in an organization.

The learning organization is classified as "organizational learning that is the 'activity and the process by which organizations eventually reach the ideal of a learning organization'. It is the process of learning about what organizations do now, what they

need to work on or change in order to be more competitive or create a monopoly, what they are doing right, who the people are that work there and with their competitors, and what they are like as individuals.

Both the learning organization and organizational learning are similar in that they both involve learning. Whether being the process of learning or the actual institutionalizing of learning, it has become popular in organizations today. The reason is because of the idea that one needs to be better than one's competitors. Learning has also become more popular because of the ever changing environment that we all live in today. Organizations are becoming more and more competitive with each other and without some strategy of becoming better, organizations fall and go out of business, or even worse, go bankrupt. The strategy of learning in an organization has become the answer to businesses all around the world.

The learning organization and organizational learning are slightly different in that the learning organization is the process to change and organizational learning is having the process and strategies and implementing change throughout an organization. Simply put, one is the plan, the other is the action.

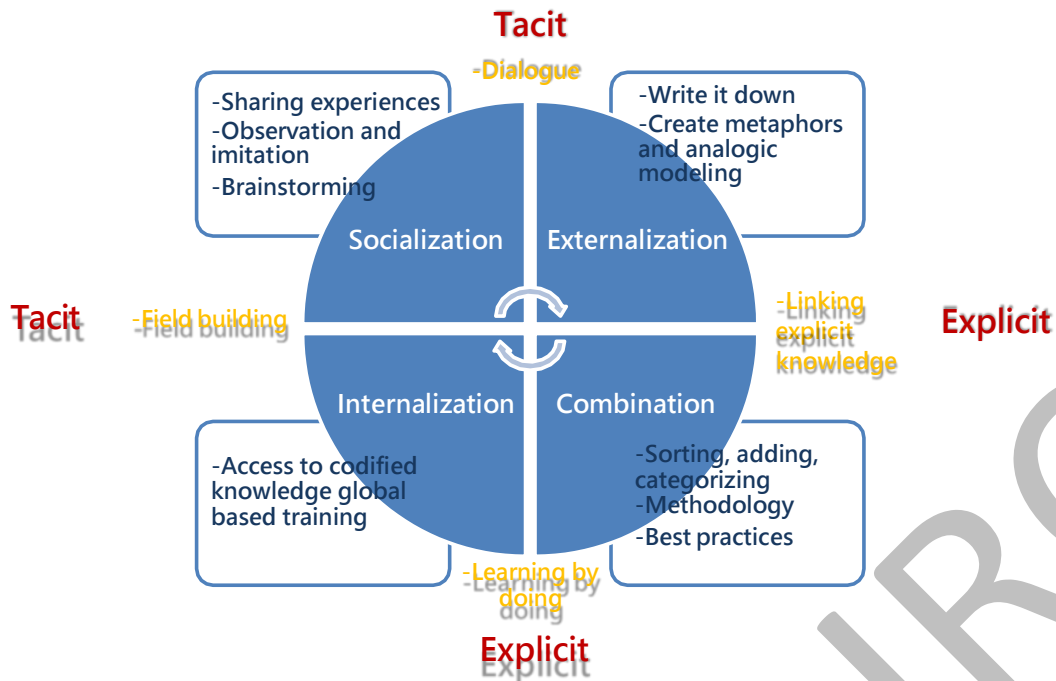
It would be very smart to implement these strategies in order to remain competitive in today's society. Especially in the global economy today with the economy dropping, it is important that an organization be very wise, innovative, and has some sort of strategy in order to stay in business.

## 5. Knowledge Management

Knowledge Management (KM) is a discipline that promotes an integrated approach to identifying, capturing, evaluating, retrieving, and sharing all of an enterprise's information assets. These assets may include databases, documents, policies, procedures, and previously un-captured expertise and experience of individual works.

An author suggested that the main ingredient behind successful innovation was not a clever way of thinking or brainstorming. Instead, it was a place where people could share ideas, let them bump into each other, and in so doing, evolve into new, more powerful forms. The coffee-shops of Paris served this purpose during the Enlightenment, allowing for fantastic new scientific and philosophical concepts to be born.

Philosopher Ikujiro Nonaka and others developed a model of knowledge creation that captures all the ways knowledge moves and morphs within a network, and the one main technique that managers can use to encourage its development. The model suggested by Nonaka's team details the ways that knowledge changes hands and transforms. To begin, he divides knowledge into two types: Explicit Knowledge, which can be described with numbers, science, or manuals, and Tacit Knowledge, the emotional, difficult-to-describe variety. Both kinds of knowledge are necessary, both for everyday living and for business ventures. These two kinds of knowledge interact with four processes: Socialization, Externalization, Combination, and Internalization (SECI) as the below figure.



Source: Nonaka, I., von Krogh, G., & Voelpel, S. (2006). Organizational knowledge creation theory: Evolutionary paths and future advances. *Organization Studies*, 27(8), 1179–1208.

### 5.1. Socialization

Socialization is the process where tacit knowledge is transmitted between people. Because tacit knowledge is rarely successfully expressed, socialization simply involves spending time with coworkers, enjoying their company and conversation until you learn how they think and feel. You learn how they look at their tasks, their perspectives. It's possible – and necessary – to do this with your customers, too. Those who are in a position to interact with the customers directly need to learn the skills needed to see how they think and feel, and through the other processes in the model, transmit that model to other parts of the organization.

### 5.2. Externalization

This process allows tacit knowledge to be morphed into explicit knowledge. Through interaction between an individual and other groups in the organization, the individual's tacit knowledge is expressed through whatever terms are possible, such as metaphors and stories. Effective communication skills are a necessity; developing these and increasing opportunities for externalization are the main ways managers can encourage this process.

### 5.3. Combination

Through teams, or a creative individual, the explicit knowledge injected into the organization is transmuted through the process of Combination. Knowledge throughout the organization is collected and compiled into a more effective form of

explicit knowledge, allowing the more refined forms to be distributed throughout the organization. An example would be a team in a tech firm whose job is to publish reports of successful products made throughout the company.

#### 5.4. Internalization

Internalization is where the model comes full circle: as we started with an individual sharing tacit knowledge, it ends with the same individual converting the explicit knowledge supplied either by the firm or outside sources into personally applicable tacit knowledge. An HR official runs through this process when he reads the company's training manual for conflict resolution, then puts it into practice. Internalization doesn't just refer to an individual; the collective tacit knowledge of the organization is morphed from its explicit knowledge through internalization.

Now that we understand the main mechanisms whereby knowledge moves throughout an organization, the only piece missing is this: What are we, as managers, supposed to do about it? How can we apply this information? Here, we return with Nanako to the introduction of this article: a space that encourage the flow of ideas, which can allow all the SECI processes to occur. Nanako introduces a concept from Japanese, called “**Ba**”, which generally translates as “Place of \_\_\_\_\_.”

Ba, when applied to business, refers to the concept of having a place for knowledge processes to occur. This place can be physical, virtual, or mental (such as a shared perspective or set of values). Managers' main purpose in knowledge management is to provide this Ba, and to tailor the characteristics of each Ba to the processes it's meant to encourage. For example, if one is trying to encourage Socialization, it would be counterproductive to encourage virtual interaction. Why? Socialization requires face-to-face interaction, as the very act of an individual expressing his/her tacit knowledge transmutes it to explicit knowledge, making it Externalization instead of Socialization. Considerations such as these should become vital to a manager's strategy.

Ba is a powerful tool, and regulated or not, it's an integral component in a company's culture. When underutilized, Ba will develop independent of a manager's direction, and will likely be counterproductive to the company's goals. However, when used properly, Ba can encourage the flow of ideas throughout an organization, and as such, allow for greater innovation and creativity. Enjoy, and good luck, Change makers!

## 6. HR Roles in Organizational Development

Should we do away with HR? In recent years, a number of people who study and write about business—along with many who run businesses—have been debating that question. The debate arises out of serious and widespread doubts about HR's contribution to organizational performance. As David Ulrich, a very famous researcher and professor in HR filed said, He must agree that there is good reason for HR's beleaguered reputation. It is often ineffective, incompetent, and costly; in a phrase, it is value sapping. Indeed, if HR were to remain configured as it is today in many companies, I would have to answer the question above with a resounding “Yes—abolish the thing!”

But the truth is, HR has never been more necessary. The competitive forces that managers face today and will continue to confront in the future demand organizational excellence.

The efforts to achieve such excellence—through a focus on learning, quality, teamwork, and reengineering—are driven by the way organizations get things done and how they treat their people. Those are fundamental HR issues. To state it plainly: achieving organizational excellence must be the work of HR.

The question for senior managers, then, is not Should we do away with HR? but What should we do with HR? The answer is: create an entirely new role and agenda for the field that focuses it not on traditional HR activities, such as staffing and compensation, but on outcomes. HR should not be defined by what it does but by what it delivers—results that enrich the organization's value to customers, investors, and employees.

More specifically, HR can help deliver organizational excellence in the following four ways:

First, HR should become a partner with senior and line managers in strategy execution, helping to move planning from the conference room to the marketplace.

Second, it should become an expert in the way work is organized and executed, delivering administrative efficiency to ensure that costs are reduced while quality is maintained.

Third, it should become a champion for employees, vigorously representing their concerns to senior management and at the same time working to increase employee contribution; that is, employees' commitment to the organization and their ability to deliver results.

And finally, HR should become an agent of continuous transformation; shaping processes and a culture that together improve an organization's capacity for change.

Make no mistake: this new agenda for HR is a radical departure from the status quo. In most companies today, HR is sanctioned mainly to play policy police and regulatory watchdog. It handles the paperwork involved in hiring and firing, manages the bureaucratic aspects of benefits, and administers compensation decisions made by others. When it is more empowered by senior management, it might oversee recruiting, manage training and development programs, or design initiatives to increase workplace diversity. But the fact remains: the activities of HR appear to be—and often are—disconnected from the real work of the organization. The new agenda, however, would mean that every one of HR's activities would in some concrete way help the company better serve its customers or otherwise increase shareholder value.

Can HR transform itself alone? Absolutely not. In fact, the primary responsibility for transforming the role of HR belongs to the CEO and to every line manager who must achieve business goals. The reason? Line managers have ultimate responsibility for both the processes and the outcomes of the company. They are answerable to shareholders for creating economic value, to customers for creating product or service value, and to employees for creating workplace value. It follows that they should lead the way in fully integrating HR into the company's real work. Indeed, to do so, they must become HR champions themselves. They must acknowledge that competitive success is a function of organizational excellence. More important, they must hold HR accountable for delivering it.

Of course, the line should not impose the new agenda on the HR staff. Rather, operating managers and HR managers must form a partnership to quickly and completely reconceive and reconfigure the function—to overhaul it from one devoted to activities to one

committed to outcomes. The process will be different in every organization, but the result will be the same: a business era in which the question Should we do away with HR? will be considered utterly ridiculous.

## 6.1. Why HR Matters Now More Than Ever

Regardless of their industry, size, or location, companies today face five critical business challenges. Collectively, these challenges require organizations to build new capabilities. Who is currently responsible for developing those capabilities? Everyone—and no one. That vacuum is HR's opportunity to play a leadership role in enabling organizations to meet the following competitive challenges:

### 6.1.1. Globalization.

Gone are the days when companies created products at home and shipped them abroad "as is." With the rapid expansion of global markets, managers are struggling to balance the paradoxical demand to think globally and act locally. That imperative requires them to move people, ideas, products, and information around the world to meet local needs. They must add new and important ingredients to the mix when making strategy: volatile political situations, contentious global trade issues, fluctuating exchange rates, and unfamiliar cultures. They must be more literate in the ways of international customers, commerce, and competition than ever before. In short, globalization requires that organizations increase their ability to learn and collaborate and to manage diversity, complexity, and ambiguity.

### 6.1.2. Profitability Through Growth.

During the past decade, most Western companies have been clearing debris, using downsizing, reengineering, de-layering, and consolidation to increase efficiency and cut costs. The gains of such yard work, however, have largely been realized, and executives will now have to pay attention to the other part of the profitability equation: revenue growth.

The drive for revenue growth, needless to say, puts unique demands on an organization. Companies seeking to acquire new customers and develop new products must be creative and innovative, and must encourage the free flow of information and shared learning among employees. They must also become more market focused—more in touch with the fast changing and disparate needs of their customers. And companies seeking growth through mergers, acquisitions, or joint ventures require other capabilities, such as the finely honed skills needed to integrate different organizations' work processes and cultures.

### 6.1.3. Technology.

From videoconferencing to the Internet, technology has made our world smaller and faster. Ideas and massive amounts of information are in constant movement. The challenge for managers is to make sense and good use of what technology offers. Not all technology adds value. But technology can and will affect how and where work gets done. In the coming years, managers will need to figure out how to make technology a viable, productive part of the work setting. They will need to stay ahead of the information curve and learn to leverage information for business results. Otherwise,

they risk being swallowed by a tidal wave of data—not ideas.

#### 6.1.4. Intellectual Capital.

Knowledge has become a direct competitive advantage for companies selling ideas and relationships (think of professional service, software, and technology-driven companies) and an indirect competitive advantage for all companies attempting to differentiate themselves by how they serve customers. From now on, successful companies will be the ones that are the most adept at attracting, developing, and retaining individuals who can drive a global organization that is responsive to both its customers and the burgeoning opportunities of technology. Thus the challenge for organizations is making sure they have the capability to find, assimilate, develop, compensate, and retain such talented individuals.

#### 6.1.5. Change, Change, and More Change.

Perhaps the greatest competitive challenge companies face is adjusting to—indeed, embracing—nonstop change. They must be able to learn rapidly and continuously, innovate ceaselessly, and take on new strategic imperatives faster and more comfortably. Constant change means organizations must create a healthy discomfort with the status quo, an ability to detect emerging trends quicker than the competition, an ability to make rapid decisions, and the agility to seek new ways of doing business. To thrive, in other words, companies will need to be in a never-ending state of transformation, perpetually creating fundamental, enduring change.

### 6.2. HR's New Role

The five challenges described above have one overarching implication for business: the only competitive weapon left is organization. Sooner or later, traditional forms of competitiveness—cost, technology, distribution, manufacturing, and product features—can be copied. They have become table stakes. You must have them to be a player, but they do not guarantee you will be a winner.

In the new economy, winning will spring from organizational capabilities such as speed, responsiveness, agility, learning capacity, and employee competence. Successful organizations will be those that are able to quickly turn strategy into action; to manage processes intelligently and efficiently; to maximize employee contribution and commitment; and to create the conditions for seamless change. The need to develop those capabilities brings us back to the mandate for HR set forth at the beginning of this article. Let's take a closer look at each HR imperative in turn.

We're not going to argue that HR should make strategy. Strategy is the responsibility of a company's executive team—of which HR is a member. To be full-fledged strategic partners with senior management, however, HR executives should impel and guide serious discussion of how the company should be organized to carry out its strategy. Creating the conditions for this discussion involves four steps.



**Day-to-Day / Operational Focus**

Source: Ulrich, D. (1998). A new mandate for human resources. *Harvard Business Review*, Jan-Feb, 76(1):124-134.

6.2.1. Becoming a Partner in Strategy Execution.

First, HR should be held responsible for defining an organizational architecture. In other words, it should identify the underlying model of the company's way of doing business. Several well-established frameworks can be used in this process. Jay Galbraith's star model, for example, identifies five essential organizational components: strategy, structure, rewards, processes, and people. The well-known 7-S framework created by McKinsey & Company distinguishes seven components in a company's architecture: strategy, structure, systems, staff, style, skills, and shared values.

It's relatively unimportant which framework the HR staff uses to define the company's architecture, as long as it's robust. What matters more is that an architecture be articulated explicitly. Without such clarity, managers can become myopic about how the company runs—and thus about what drives strategy implementation and what stands in its way. They might think only of structure as the driving force behind actions and decisions, and neglect systems or skills. Or they might understand the company primarily in terms of its values and pay inadequate attention to the influence of systems on how work—that is, strategy execution—actually gets accomplished.

Senior management should ask HR to play the role of an architect called into an already-constructed building to draw up its plans. The architect makes measurements; calculates dimensions; notes windows, doors, and staircases; and examines the plumbing and heating infrastructures. The result is a comprehensive set of blueprints that contains all the building's parts and shows how they work together.

Next, HR must be accountable for conducting an organizational audit. Blueprints can illuminate the places in a house that require immediate improvement; organizational-architecture plans can be similarly useful. They are critical in helping managers identify

which components of the company must change in order to facilitate strategy execution. Again, HR's role is to shepherd the dialogue about the company's blueprints.

Consider a company in which HR defined the organization's architecture in terms of its culture, competencies, rewards, governance, work processes, and leadership. The HR staff was able to use that model to guide management through a rigorous discussion of "fit"—did the company's culture fit its strategic goals, did its competencies, and so forth. When the answer was no, HR was able to guide a discussion of how to obtain or develop what was missing.

The third role for HR as a strategic partner is to identify methods for renovating the parts of the organizational architecture that need it. In other words, HR managers should be assigned to take the lead in proposing, creating, and debating best practices in culture change programs, for example, or in appraisal and reward systems. Similarly, if strategy implementation requires, say, a team-based organizational structure, HR would be responsible for bringing state-of-the-art approaches for creating this structure to senior management's attention.

Fourth and finally, HR must take stock of its own work and set clear priorities. At any given moment, the HR staff might have a dozen initiatives in its sights, such as pay-for-performance, global team-work, and action-learning development experiences. But to be truly tied to business outcomes, HR needs to join forces with operating managers to systematically assess the impact and importance of each one of these initiatives. Which ones are really aligned with strategy implementation? Which ones should receive attention immediately, and which can wait? Which ones, in short, are truly linked to business results?

Because becoming a strategic partner means an entirely new role for HR, it may have to acquire new skills and capabilities. Its staff may need more education in order to perform the kind of in-depth analysis an organizational audit involves, for example. Ultimately, such new knowledge will allow HR to add value to the executive team with confidence. In time, the concept of HR as a strategic partner will make business sense.

#### 6.2.2. Becoming an Administrative Expert.

For decades, HR professionals have been tagged as administrators. In their new role as administrative experts, however, they will need to shed their traditional image of rule-making policy police, while still making sure that all the required routine work in companies is done well. In order to move from their old role as administrators into their new role, HR staff will have to improve the efficiency of both their own function and the entire organization.

Within the HR function are dozens of processes that can be done better, faster, and cheaper. Finding and fixing those processes is part of the work of the new HR. Some companies have already embraced these tasks, and the results are impressive. One company has created a fully automated and flexible benefits program that employees can manage without paperwork; another has used technology to screen résumés and reduce the cycle time for hiring new candidates; and a third has created an electronic bulletin board that allows employees to communicate with senior executives. In all

three cases, the quality of HR work improved and costs were lowered, generally by removing steps or leveraging technology.

But decreased costs aren't the only benefit of HR's becoming the organization's administrative expert. Improving efficiency will build HR's credibility, which, in turn, will open the door for it to become a partner in executing strategy. Consider the case of a CEO who held a very low opinion of the company's HR staff after they sent a letter to a job candidate offering a salary figure with the decimal point in the wrong place. (The candidate called the CEO and joked that she didn't realize the job would make her a millionaire.) It was only after the HR staff proved they could streamline the organization's systems and procedures and deliver flawless administrative service that the CEO finally felt comfortable giving HR a seat at the strategy table.

HR executives can also prove their value as administrative experts by rethinking how work is done throughout the organization. For example, they can design and implement a system that allows departments to share administrative services. At Amoco, for instance, HR helped create a shared-service organization that encompassed 14 business units. HR can also create centers of expertise that gather, coordinate, and disseminate vital information about market trends, for instance, or organizational processes. Such groups can act as internal consultants, not only saving the company money but also improving its competitive situation.

### 6.2.3. Becoming an Employee Champion (Employee Advocate).

Work today is more demanding than ever—employees are continually being asked to do more with less. And as companies withdraw the old employment contract, which was based on security and predictable promotions, and replace it with faint promises of trust, employees respond in kind. Their relationship with the organization becomes transactional. They give their time but not much more.

That kind of curtailed contribution is a recipe for organizational failure. Companies cannot thrive unless their employees are engaged fully. Engaged employees—that is, employees who believe they are valued—share ideas, work harder than the necessary minimum, and relate better to customers, to name just three benefits.

In their new role, HR professionals must be held accountable for ensuring that employees are engaged—that they feel committed to the organization and contribute fully. In the past, HR sought that commitment by attending to the social needs of employees—picnics, parties, United Way campaigns, and so on. While those activities must still be organized, HR's new agenda supersedes them. HR must now take responsibility for orienting and training line management about the importance of high employee morale and how to achieve it. In addition, the new HR should be the employees' voice in management discussions; offer employees opportunities for personal and professional growth; and provide resources that help employees meet the demands put on them.

Orienting and training line management about how to achieve high employee morale can be accomplished using several tools, such as workshops, written reports, and employee surveys. Such tools can help managers understand the sources of low morale within the organization—not just specifically, but conceptually. For instance, HR might

inform the line that 82% of employees feel demoralized because of a recent downsizing. That's useful. But more than that, HR should be responsible for educating the line about the causes of low employee morale. For instance, it is generally agreed by organizational behavior experts that employee morale decreases when people believe the demands put upon them exceed the resources available to meet those demands. Morale also drops when goals are unclear, priorities are unfocused, or performance measurement is ambiguous. HR serves an important role in holding a mirror in front of senior executives.

HR can play a critical role in recommending ways to ameliorate morale problems. Recommendations can be as simple as urging the hiring of additional support staff or as complex as suggesting that reengineering be considered for certain tasks. The new role for HR might also involve suggesting that more teams be used on some projects or that employees be given more control over their own work schedules. It may mean suggesting that line managers pay attention to the possibility that some employees are being asked to do boring or repetitive work. HR at Baxter Healthcare, for example, identified boring work as a problem and then helped to solve it by redesigning work processes to connect employees more directly with customers.

Along with educating operating managers about morale, HR staff must also be an advocate for employees—they must represent the employees to management and be their voice in management discussions. Employees should have confidence that when decisions are made that affect them (such as a plant closing), HR's involvement in the decision-making process clearly represents employees' views and supports their rights. Such advocacy cannot be invisible. Employees must know that HR is their voice before they will communicate their opinions to HR managers.

#### 6.2.4. Becoming a Change Agent.

To adapt a phrase, Change happens. And the pace of change today, because of globalization, technological innovation, and information access, is both dizzying and dazzling. That said, the primary difference between winners and losers in business will be the ability to respond to the pace of change. Winners will be able to adapt, learn, and act quickly. Losers will spend time trying to control and master change.

The new HR has as its fourth responsibility the job of building the organization's capacity to embrace and capitalize on change. It will make sure that change initiatives that are focused on creating high-performing teams, reducing cycle time for innovation, or implementing new technology are defined, developed, and delivered in a timely way. The new HR can also make sure that broad vision statements (such as, We will be the global leader in our markets) get transformed into specific behaviors by helping employees figure out what work they can stop, start, and keep doing to make the vision real. At Hewlett-Packard, HR has helped make sure that the company's value of treating employees with trust, dignity, and respect translates into practices that, for example, give employees more control over when and where they work.

Change has a way of scaring people—scaring them into inaction. HR's role as a change agent is to replace resistance with resolve, planning with results, and fear of change with excitement about its possibilities. How? The answer lies in the creation and use of

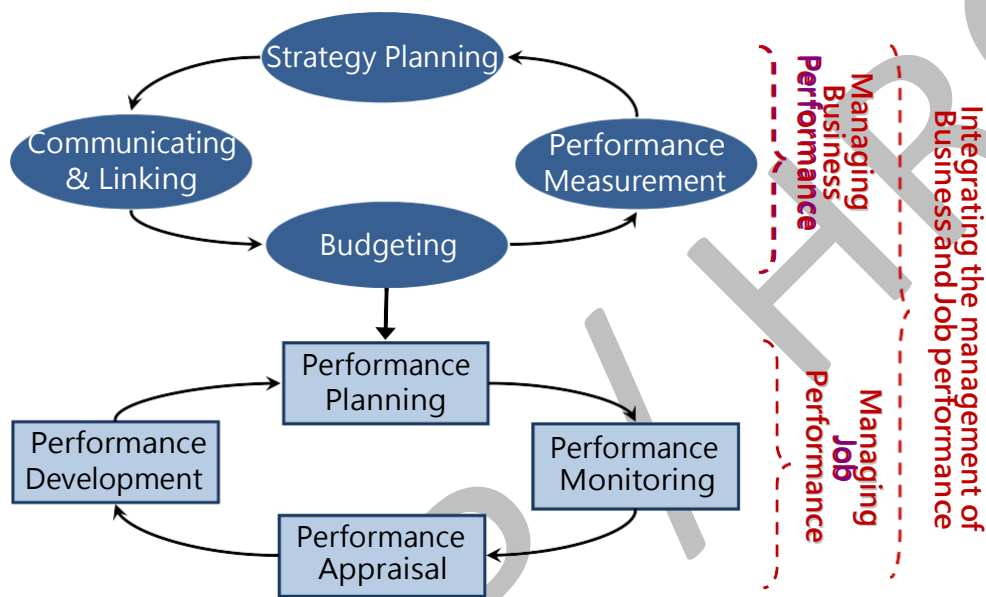
a change model. HR professionals must introduce such a model to their organizations and guide executive teams through it—that is, steer the conversation and debate that answers the multitude of questions it raises. The model, in short, must be a managerial tool championed by HR. It helps an organization identify the key success factors for change and assess the organization’s strengths and weaknesses regarding each factor. The process can be arduous, but it is one of the most valuable roles HR can play. As change agents, HR professionals do not themselves execute change—but they make sure that it is carried out.

UPTOP / HRCI

## Part Two: Performance Management

### 1. Performance Management System

Performance management is a system for managing organizational business performance, managing employee job performance, and integrating the management of business and job performance. Performance management aims specifically to improve achievement of strategic objectives, daily effectiveness, and the core competencies within the organization.



#### 1.1. Managing Business Performance

Most companies' operational and management control systems are built around financial measures and targets, which bear little relation to the company's progress in achieving long-term strategic objectives. Thus the emphasis most companies place on short-term financial measures leaves a gap between the development of a strategy and its implementation. A strategic business performance management has four new management processes that, separately and in combination, contribute to linking long-term strategic objectives with short-term actions.

##### 1.1.1. Strategic Planning

Performance Management begins with strategic planning. Translating the vision helps managers build a consensus around the organization's vision and strategy. Despite the best intentions of those at the top, lofty statements about becoming "best in class," "the number one supplier," or an "empowered organization" don't translate easily into operational terms that provide useful guides to action at the local level. For people to act on the words in vision and strategy statements, those statements must be expressed as an integrated set of objectives and measures, agreed upon by all senior

executives, that describe the long-term drivers of success.

#### 1.1.2. Communicating and linking

Communicating and linking lets managers communicate their strategy up and down the organization and link it to departmental and individual objectives. Traditionally, departments are evaluated by their financial performance, and individual incentives are tied to short-term financial goals. The scorecard gives managers a way of ensuring that all levels of the organization understand the long-term strategy and that both departmental and individual objectives are aligned with it.

#### 1.1.3. Budgeting

Budgeting is the process by which a company or individuals evaluate their earnings and expenses and project their cash flow for the future. Budgeting enables companies to integrate their business and financial plans. Goal setting is a key element to making a budget. Almost all organizations today are implementing a variety of change programs, each with its own champions, gurus, and consultants, and each competing for senior executives' time, energy, and resources. Managers find it difficult to integrate those diverse initiatives to achieve their strategic goals—a situation that leads to frequent disappointments with the programs' results. But when managers use the ambitious goals set for performance measures as the basis for allocating resources and setting priorities, they can undertake and coordinate only those initiatives that move them toward their long-term strategic objectives. After that, cascading the strategic objectives and translate the corporate-wide objectives down to first business units, support units or departments and then teams or individuals.

#### 1.1.4. Performance Measurement

Performance measurement, also called performance metric, refers to numerical information that quantifies input, output, and performance dimensions of processes, products, services, and the overall organization outcomes. Performance measurement can provide feedback and learning that gives companies the capacity for what we call strategic learning. Existing feedback and review processes focus on whether the company, its departments, or its individual employees have met their budgeted financial goals. If the balanced scorecard (BSC) is implemented at the center of its management systems, a company can monitor short-term results from the three additional perspectives—customers, internal business processes, and learning and growth—and evaluate strategy in the light of recent performance. The scorecard thus enables companies to modify strategies to reflect real-time learning.

### 1.2. Managing Job Performance

Job performance is defined as the set of behaviors that are relevant to the goals of the organization or the organizational unit in which a person work. Job performance is what the organization hires one to do, and do well. Job performance is not the consequence or result of action, it is the action itself. However, if the action does not produce a result that is useful to shareholder, the action does not count. The criterion domain of job performance:

#### 1.2.1. Task Performance

Task performance refers to the proficiency with which job incumbents perform activities that are formally recognized as part of their job or activities that contribute to the organization's technical core. It often belongs to "can do behavior". The components of task performance are:

- Declarative Knowledge: fact, principles, goals, self-knowledge.
- Procedural Knowledge and Skill: cognitive skill, psychomotor skill, physical skill, Self-management skill, interpersonal skill.
- Motivation: choice to perform, level of effort, persistence of effort.

### 1.2.2. Contextual Performance

Other activities do not fall under the category of task performance but are still important for organizational effectiveness. It often belongs to "will do behavior" and is called Organizational Citizenship Behavior (OCB). The components of task performance are:

- Interpersonal citizenship behaviors: helping & cooperating with others.
- Organizational citizenship behaviors: endorsing, supporting & defending organizational objectives; following organizational rules & procedures.
- Job/Task citizenship behaviors: Persisting with enthusiasm & extra effort as to complete own task activities successfully.

### 1.2.3. Job Performance Management Process

Job Performance management, often called "Performance Management" at an individual level, is the process of identifying, executing, evaluating, and developing the performance of the human resources in an organization.

The performance management process from two perspectives: a). the upstream component encompasses planning, objective setting, and measurement, which lends itself to standardization of performance management practices; b). The downstream component includes the performance appraisal itself. This component often reflects localization of performance management practices.

An effective Performance Management process establishes the groundwork for excellence by:

- Performance planning is a discussion for developing a common understanding of the objectives or performance standard that need to be achieved.
- Performance monitoring is a day-to-day management behavior to assure the objectives could be accomplished.
- Performance appraisal is the process that measures the degree to which employee accomplishes work requirements.
- Performance development is an ongoing cyclical process aims to develop, maintain and improve your skills, knowledge and job performance through performance

planning, monitoring, and appraisal.

### 1.3. Integrating the management of Business and Job performance

One of the biggest challenges for any company lies in achieving organizational alignment: that desired state in which the entire enterprise is working together to achieve business goals. Key to alignment is ensuring that employees understand the relevance of their contributions and taking the appropriate measures to ensure they remain engaged.

Alignment between organizational strategy, group and individual goals is necessary to ensure that individuals can see how their individual effort and performance contribute to the attainment of strategic goals. When alignment is successfully achieved, clear goals are evident at the top of the organization / group and are clearly communicated at all hierarchical levels. Executives have to ensure alignment throughout the organization to establish a strong link between different levels of performance management.

Traditionally, performance management in an organizational context has been divided into three levels: strategic, operational and individual performance management.

#### 1.3.1. Strategic Level

At strategic level, performance management deals with the achievement of the overall organizational objectives. Practitioners refer to it as corporate, business, organizational or enterprise performance management, this being the highest and most complete level of usage of performance management principles in organizations. Strategic management is a key driver of performance management at this level, as the key processes related to performance management systems are strategy formulation and implementation.

#### 1.3.2. Operational Level

Performance management at operational level is linked to operational management, as its focus is on the achievement of operational objectives. Although aligned with corporate strategy, the focus here is more functional / tactical.

The evolution of operational performance management is linked to the evolution of accounting and management in history. This is due to the fact that operational performance was evaluated in terms of efficiency and effectiveness. And the easiest way to do this is by using financial indicators, provided by the accounting function in organizations.

Over time, as internal and external operating environments became more complex, organizations started to look at nonfinancial indicators of performance. This made the connection with operations management and other aspects of the general management discipline.

#### 1.3.3. Individual Level

The traditional level at which performance management is used in organizations is the individual level, looking at the performance of individuals in an organizational context.

At individual level, performance management is represented by an integrated and planned system for continuously improving the performance of all employees. It involves defining work goals and standards, reviewing performance against these standards, actively managing all levels of performance, and maximizing learning and development.

## 2. Performance Planning

Performance planning is a formal structured process for identifying and communicating the organizational and individual goals expected of the employee. The performance plan consists of performance expected of an employee and an Individual Development Plan.

Performance plans are decided collaboratively between the supervisor and employee working together. They together determine the performance expectations and development objectives to be accomplished during the review period. They discuss goals, objectives and expectations for the review period. The process helps to improve the communication and discuss the career development plan of the employee. Here are some important issues regarding performance planning:

### 2.1. Performance Standard

Objectives or goals (the terms are interchangeable) define what organizations, functions, departments, teams and job holders are expected to perform and accomplish. Some cultural factors that may influence performance management standards:

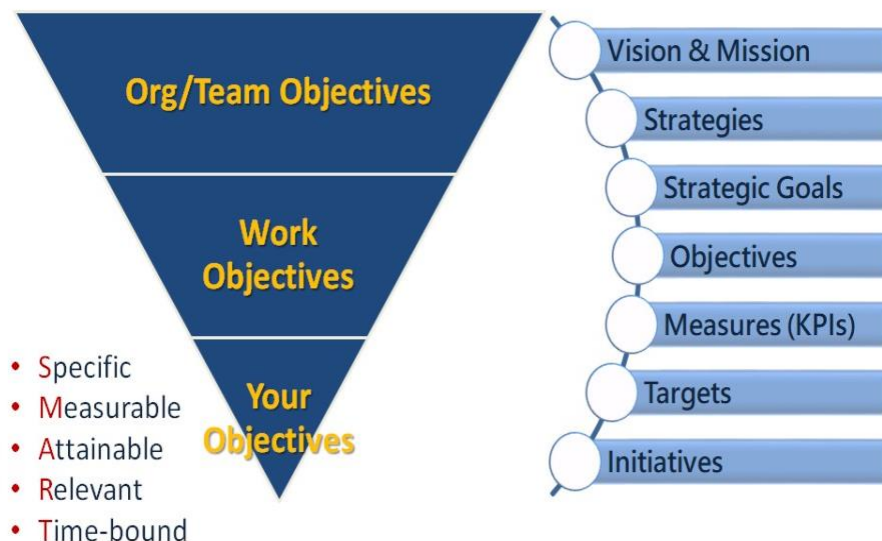
- Some cultures value performance of the group over the individual as follow.
- In some cases, an open and honest exchange of issues can occur. In other cultural contexts, a more formal, reserved relationship is the norm.
- The appropriateness of forms and the meaning of rating scales vary significantly from culture to culture and location to location.
- In some cultures, only positive feedback is provided so employees can save face.
- The act of ranking employees within a group can be difficult in collective cultures.
- Compensation practices vary widely across borders, cultures, and legal systems. The perceived value of the rewards can also vary from culture to culture.
- This practice may not be accepted in collective cultures and those with high ascribed value dimensions.
- Appraisals can be highly culturally specific. Even the meaning of the term "performance" can vary among individual and collective cultures. Also, the process of gaining input from colleagues can be easy and expected in some cultures but very guarded in others.

### 2.2. Management by objectives (MBO)

MBO can be defined as a process whereby the employees and the superiors come together to identify common goals, the employees set their goals to be achieved, the standards to be taken as the criteria for measurement of their performance and

contribution and deciding the course of action to be followed.

No objectives will have significant incentive power if they are forced choice unrelated to a person's needs. Job holder should set his or her own goal, checking them out with the superior, and should use the performance planning session as a counseling device. Thus, the superior would become one who helped subordinates achieve their own objectives instead of a dehumanized inspector of products.



### 2.2.1. Vision & Mission

Refine and validate previously developed work unit vision or mission (if available).

### 2.2.2. Strategies

Strategies at different levels must lead directly to the achievement of business unit and corporate strategies, meaning that all levels of strategy support and enhance each other to ensure that the organization is successful. Please refer to module one.

### 2.2.3. Strategic goals

Strategic goals are statements of what you wish to achieve over the period of the strategic plan (e.g. over the next year, five years, ten years.)

### 2.2.4. Objectives

Objectives are usually specific statements (they are actually a particular kind of goal) that contribute to the achievement of "bigger" goals. In other words they are actually goals, but they are more specific. The major objectives a company must achieve—for example, profitable growth

### 2.2.5. Measures

The observable parameters a company uses to measure its progress toward reaching its objectives. For example, a company might measure its progress toward the objective of profitable growth by growth in net margin.

2.2.6. Targets

The specific target values for the measures—for example, +2% growth in net margin

2.2.7. Initiatives

Action programs a company initiates to meet its objectives

2.3. Goal Setting

Goal setting theory is widely recognized as one of the best motivational theories in self help, personal development, and personal growth. Specific and difficult goals led to better task performance than vague or easy goals.

Employee goals can be clarified through performance and development planning, with attention to the level of performance needed and the specific desired results. Goal setting is most effective when it is combined with feedback, so progress can be monitored. Direct feedback and coaching is an often underutilized approach that enhances communication and bottom-line results. SMART goals include five elements in each objective:

Objectives		Standards		Weight
Balanced perspective	Qualitative Quantitative	Achievement	Difficulty	Percentage %
<ul style="list-style-type: none"> <li>•Results</li> <li>•Behaviors</li> <li>•Competencies</li> <li>•Mind-set</li> </ul>	<ul style="list-style-type: none"> <li>•Specific</li> <li>•Measurable</li> <li>•Achievable</li> <li>•Relevant</li> <li>•Time-bound</li> </ul>	What have to accomplish	How difficult to achieve	How important to the strategy or stakeholders' value

2.3.1. Specific

Specific goals outline exactly what we hope to accomplish. A specific goal is a focused goal. It will state exactly what the organization intends to accomplish. While the description needs to be specific and focused, it also needs to be easily understood by those involved in its achievement. It should be written so that it can be easily and clearly communicated.

2.3.2. Measurable

A goal is measurable if it is quantifiable. Measurable goals can be evaluated to determine whether we have been accomplished. Measurement is accomplished by first obtaining or establishing base-line data. It will also have a target toward which progress can be measured, as well as benchmarks to measure progress along the way.

2.3.3. Attainable

Attainable goals figure out ways we can make them come true. There should be a realistic chance that a goal can be accomplished. This does not mean or imply that goals should be easy. On the contrary, a goal should be challenging. It should be set by or in concert with the person responsible for its achievement. The organization's leadership, and where appropriate its stakeholders, should agree that the goal is important and that appropriate time and resources will be focused on its accomplishment. An attainable goal should also allow for flexibility. A goal that can no longer be achieved should be altered or abandoned.

#### 2.3.4. Relevant

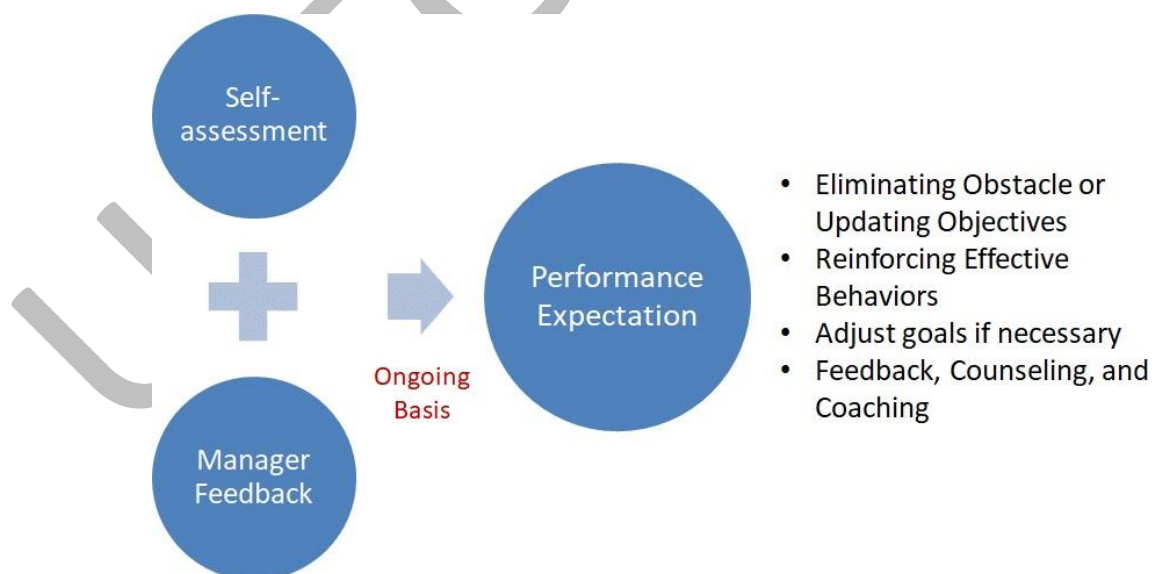
Individual goals should be appropriate to and consistent with the strategic and operational goals of the organization. Each goal adopted by the organization should be one that moves the organization toward the achievement of its strategic goals. Relevant goals will not conflict with other organizational goals. It is important that all short-term goals be relevant (e.g., consistent) with the longer-term and broader goals of the organization.

#### 2.3.5. Time-bound

Finally a goal must be bound by time. Timely goals outline actions we can apply immediately. That is, it must have a starting and ending point. It should also have some intermediate points at which progress can be assessed. Limiting the time in which a goal must be accomplished helps to focus effort toward its achievement.

### 3. Performance Monitoring

Once the performance-planning phase has been completed, it is time to get the job done—to execute the plan. Performance monitoring is the second phase of an effective performance management process. For the individual, the critical responsibility in this phase is getting the job done—achieving the objectives. For the appraiser-people manager, there are several major responsibilities to create a conditions that motivate, and confronting and correcting any performance problems:



### 3.1. Eliminating Obstacle or Updating Objectives

The guru of quality management, W. Edwards Deming, said the system factor account for 94 percent of variance in performance result, which are beyond the control of performer. Circumstances beyond a performer's control can have the effect of either facilitating or constraining the level of performance. As a people manager, he or she should help the subordinates eliminate any obstacle to achieve performance objective, while the manager should collaborate with subordinates to update the objectives if necessary.

### 3.2. Reinforcing Effective Behaviors

#### 3.2.1. Positive Reinforcement

This reinforcement implies giving a positive response when an individual shows positive and required behavior. For example, immediately praising an employee for coming early for job. This will increase probability of outstanding behavior occurring again. Reward is a positive reinforce, but not necessarily. If and only if the employees' behavior improves, reward can said to be a positive reinforce. Positive reinforcement stimulates occurrence of a behavior. It must be noted that more spontaneous is the giving of reward, the greater reinforcement value it has.

Stimulus	Desirability of stimulus	Contingencies of reinforcement	Strength of response
Presented	Pleasant	Positive reinforcement	Increases
	Unpleasant	Punishment	Decreases
Withdrawn	Pleasant	Extinction	Decreases
	Unpleasant	Negative reinforcement	Increases

#### 3.2.2. Negative Reinforcement

This reinforcement strengthens a behavior because a negative condition is stopped or avoided as a consequence of the behavior. This implies rewarding an employee by removing negative / undesirable consequences. Both positive and negative reinforcement can be used for increasing desirable or required behavior.

#### 3.2.3. Punishment

Punishment weakens a behavior because a negative condition is introduced or experienced as a consequence of the behavior. It implies removing positive consequences so as to lower the probability of repeating undesirable behavior in future. In other words, punishment means applying undesirable consequence for showing undesirable behavior. For instance, suspending an employee for breaking the organizational rules. Punishment can be equalized by positive reinforcement from alternative source.

### 3.2.4. Extinction

Extinction removes something in order to decrease a behavior. It implies absence of reinforcements. In other words, extinction implies lowering the probability of undesired behavior by removing reward for that kind of behavior. For instance - if an employee no longer receives praise and admiration for his good work, he may feel that his behavior is generating no fruitful consequence. Extinction may unintentionally lower desirable behavior.

### 3.3. Adjust goals if necessary

In many organizations, HR may initiate the Mid-Year Performance Review (or check in) process. After it has been initiated, employees need to self-assess their performance expectations prior to manager review.

Mid-year reviews should be a mix of structured and unstructured conversation between managers and employees, with the structure coming from a list of clearly defined expectations established at the start of the year.

Consider whether new goals have arisen and/or priorities have changed during the year. Review whether the employee's progress on set goals and projects, including managerial goals, has been effective overall. Adjust goals if organizational or departmental needs have changed. Revise established goals and identify new goals for the balance of the year as needed.

Confirm any new or revised performance goals for the balance of the year. Document any additional support or guidance to be offered to the employee to foster success.

### 3.4. Feedback, Counseling, and Coaching

Feedback, counseling, or coaching is part of the day-to-day interaction between a supervisor and an employee.

#### 3.4.1. Feedback

Feedback provides information to people on their performance, which helps them to understand how well they have been doing and how effective their behavior has been. Cultural differences can affect the degree of need for feedback, inhibit employees from seeking necessary feedback, and determine the most effective form of feedback.

#### 3.4.2. Counseling

Counseling uses a set of skills and techniques to help people to take responsibility for and to manage their own decision-making whether it work related or personal. A counseling session is a meeting between the supervisor and the employee which may focus on a specific incident, a particular aspect of an employee's performance which the supervisor has identified as needing improvement, or the employee's overall performance or conduct. The counseling process is initiated and executed at the department level by the supervisor and is not discipline. It is a face-to-face communication between the supervisor and the employee, conducted in private, and is intended to have a constructive goal of providing feedback to the employee to correct the problem.

### 3.4.2. Coaching

Coaching can be used to help people develop their competencies during normal day-to-day activities. Coaching often provides positive feedback about employee contributions. At the same time, regular coaching brings performance issues to an employee's attention when they are minor, and assists the employee to correct them.

## 4. Performance Appraisal

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is generally done in systematic ways which are as follows:

- The supervisors measure the pay of employees and compare it with targets and plans.

### 4.1.1. Improvement

The process should help both the employee and the organization to get better results, to get better results, improving quality, efficiency, effectiveness, alignment, and the like.

### 4.1.2. Coaching

In the traditional management view, appraisal provides a managerial tool and framework for coaching, counseling, and motivating employees.

- The supervisor analyses the factors behind work performances of employees.
- The employers are in position to guide the employees for a better performance.

### 4.1. Objectives of Performance Appraisal

Performance appraisals can serve multiple purposes in an organization



### Performance Appraisal

This tool aims to ensure employees' performance contributes to business objectives, and should be used as part of a holistic approach to managing performance.

A major challenge for performance appraisal systems is to have its maximum acceptability among employees.

- Distributive Justice
- Procedural Justice
- Interactional Justice

#### 4.1.3. Feedback

Appraisal is intended to enhance communication between the employee, supervisor, and others in the organization, including feedback on employee performance.

#### 4.1.4. Rewards

By tying appraisal to compensation (salary increases, bonuses), purportedly people will work harder.

#### 4.1.5. Staffing

Appraisal attempts to provide information to enable the organization to fairly and effectively select employees for promotion, layoffs, or reductions in force (RIF). It is also used to identify staffing and training needs and assist employees in their career development.

#### 4.1.6. Termination and Legal Documentation

Effectively written appraisals should provide objective and impartial documentation that is necessary or useful in disciplinary and discharge decisions. Some organizations applied performance-based layoff strategy to ensure that successful employees with excellent performance records remain with the company, regardless of their personal affiliations with managers or owners. This approach relies on employee testing or evaluations (similar as forced distribution) to determine the efficacy of each worker, with only those scoring in the lowest percentiles, or below a predetermined standard, losing their jobs.

#### 4.1.7. Training

Performance appraisals can identify the necessary training and development the employee needs to close the gap between current performance and desired performance. By reviewing the data from performance appraisals, HR can make good decisions about where the organization should concentrate company-wide training efforts. If the performance appraisal procedure includes a requirement that individual development plans be determined and discussed, individuals can then make good decisions about the skills and competencies they need to acquire to make a greater contribution to the company.

### 4.2. Process of Performance Appraisals

A performance appraisal is a formal interaction between an employee and her manager. This is when the performance of the employee is assessed and discussed in thorough detail, with the manager communicating the weaknesses and strengths observed in the employee and also identifying opportunities for the employee to develop professionally. Here is the process involved in performance appraisal

#### 4.2.1. Conducting Job analysis.

This is logically our first step because if we don't know what a job consists of, how can we possibly evaluate an employee's performance? We should realize that the job must be based on the organizational mission and objectives, the department, and the job

itself.

#### 4.2.2. Establishing Performance Standards

In this we use as the base to compare the actual performance of the employees. In this step it requires to set the criteria to judge the performance of the employees as successful or unsuccessful and the degrees of their contribution to the organizational goals and objectives. The standards set should be clear, easily understandable and in measurable terms. If employee doesn't come up to expectation, then it should be taken extra care for it.

#### 4.2.3. Communicating the standards

It is the responsibility of the management to communicate the standards to all the employees of the organization. The employees should be informed and the standards should be clearly explained. This will help them to understand their roles and to know what exactly is expected from them.

#### 4.2.4. Measuring the actual Performance

The most difficult part of the performance appraisal process is measuring the actual performance of the employees that is the work done by the employees during the specified period of time. It is a nonstop process which involves monitors the performance all over the year. This stage requires the watchful selection of the suitable techniques of measurement, taking care that individual bias does not affect the outcome of the process and providing assistance rather than interfering in an employees work.

#### 4.2.5. Comparing the Actual with the Desired Performance

In this the actual performance is compared with the desired or the standard performance. The comparison tells the deviations in the performance of the employees from the standards set. The result can show the actual performance being more than the desired performance or, the actual performance being less than the desired performance depicting a negative deviation in the organizational performance. It includes recalling, evaluating and analysis of data related to the employees' performance.

#### 4.2.6. Discussing Results

The result of the appraisal is communicated and discussed with the employees on one-to-one basis. The focus of this discussion is on communication and listening. The results, the problems and the possible solutions are discussed with the aim of problem solving and reaching consensus. The feedback should be given with a positive attitude as this can have an effect on the employees' future performance. The purpose of the meeting should be to solve the problems faced and motivate the employees to perform better. Performance feedback can be very different across cultures. Managers must learn how feedback that should be given in that culture.

#### 4.2.7. Decision Making

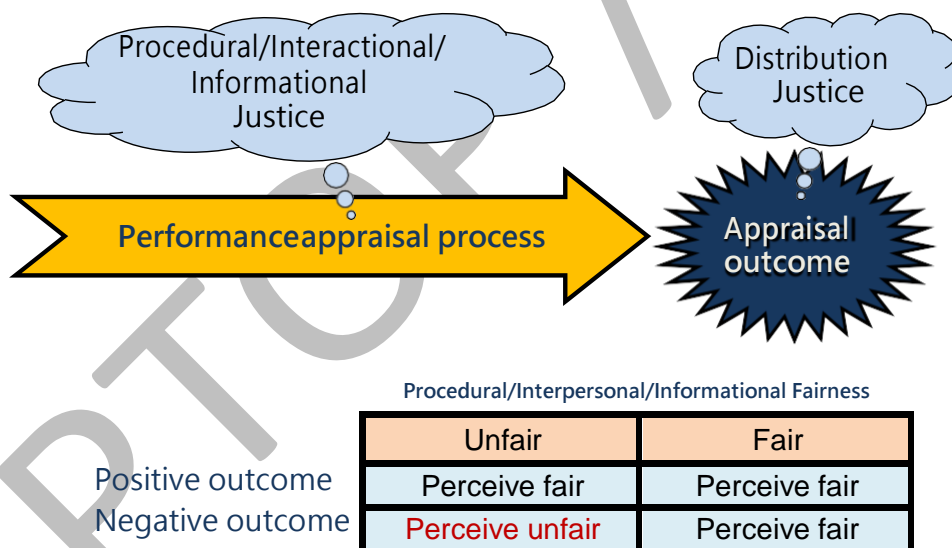
The last step of the process is to take decisions which can be taken either to improve

the performance of the employees, take the required corrective actions, or the related HR decisions like rewards, promotions, demotions, transfers etc.

### 4.3. Acceptability of Performance Appraisals

Performance appraisal is provided the employees perceive the system as accurate is a major component of Performance Management System which measures employees’ performance relevant to the specified standards and against clearly defined objectives. A major challenge for performance appraisal systems is to have its maximum acceptability among employees. The system itself and its outcomes can have an important influence on the employees, attitude towards their work, their supervisors and their organization. The system can also become a source of frustration and extreme dissatisfaction if it is considered to be biased unreliable or irrelevant.

Organizational justice prevails when its employees believe that rewards are fair and justified. In the HR existing literature, perceptions of fairness are ordinarily categorized as Distributive, Procedural Interactional and Informational. In the context of performance appraisal, distributive justice focuses on the perceived fairness of the appraisal rating or outcome received in relation to the actual work performed, whereas procedural justice focuses on the perceived fairness of procedures followed to arrive at that outcome (ratings). Interactional justice focuses on the perceived fairness of the interpersonal treatment employees receive during the appraisal process. Informational justice refers to the explanation of decisions and communication environment in the organization.



#### 4.3.1. Distributive Justice / Fairness

Distributive Justice, concept originated from Adam’s Equity Theory, which claims that individuals formulate fairness perceptions by comparing their perceived work outcomes (rewards) to their perceived work inputs (contribution) in relation to the perceived input to outcome ratio of a coworker. Thus, employees view their appraisal rating and any consequent rewards, as fair when these reflect the individual’s inputs and contributions. The fairness of outcomes in the appraisal context means fairness of

the performance ratings given by the supervisors. Perception of fairness will prevail if employees see raters trying to motivate employees, improve performance and expand their perception of satisfaction. However fairness perception will not prevail if element of conflict avoidance, favoritism and politics is seen in appraisals. Many appraisers have a vested interest in making their subordinates look good on papers which, in most cases, reflect a problematic organizational culture that may be intolerant of failures or appraisers may be fearful of repercussions – both for themselves and the appraisee. Researchers found that accuracy in appraisals is impossible to achieve because people protect their own personal interest while playing social and political games. Some managers consciously fudge the numbers when they are let loose no matter what checks and balances are put in place. Many managers have actually defended fudging appraisal results by declaring it as an effective management tactics. There can be different motives for fudging, for example; hope for a better future performance, avoid unpleasant confrontation, hide employee weaknesses, punish or reward an employee. Therefore the rater is likely to have biases that distort ratings and this influences employee perception of accuracy and fairness.

#### 4.3.2. Procedural Justice / Fairness

Procedural Justice / Fairness means the fairness of the procedures adopted to decide the outcomes. Process of assigning well trained raters, mutually establishing performance criteria and having appeals process adds to employee perception of procedural justice. A justice model for performance appraisal, rooted in the due process of law and possessing three basic factors: adequate notice, a fair hearing and judgment based on evidence. Adequate notice involves giving employees knowledge of the appraisal system and how it affects them. More specifically, it entails developing performance standards and objectives before the appraisal period commences which must be well documented, clearly explained, fully understood and preferably set by mutual agreement with employees so that they are only held accountable for standards and objectives properly communicated to them. Adequate notice also involves giving employees constant feedback on a timely basis throughout the performance evaluation period, so that employees can rectify any performance deficiencies before the appraisal is conducted. Studies show that adequate notice is important to employee perceptions of procedural fairness. Clarity of appraisal expectations and a thorough employee understanding of the appraisal process were important predictors of procedural fairness. The second factor that affects employee perceptions of procedural fairness is a fair hearing which means: an opportunity to influence the evaluation decision through evidence and argument, access to the evaluation decision and an opportunity to challenge the evaluation decision. Fundamentally, a fair hearing entails two-way communication, with employee input or 'voice' in all aspects of the appraisal decision-making process. The third procedural justice factor is judgment based on evidence. This means convincing employees that ratings do accurately reflect performance by justifying evaluation decisions in terms of performance-related evidence. Ratings overtly based on tangible performance records and evidence appears objective and unbiased. Those based on covert evidence appear subjective and judgmental. If a judgment is based on the evidence, it necessarily means that it is not based on external pressure, personal bias and dishonesty. A performance rating must therefore withstand scrutiny and reflect principles of sincerity and fairness.

#### 4.3.3. Interactional Justice / Fairness

Interactional Justice / Fairness refers to the quality of appraisal interview, appraisal system and performance interaction between the rater and the rate. Individuals are highly influenced by the emotional intelligence of their supervisors and other representatives within the organization. This is especially true when raters show concern for employees regarding the outcomes that they receive. Other expressions of remorse by raters, especially apologies, have enabled to reduce employees' perception of unfairness. There are four factors that influence how fairly employees feel they have been treated by supervisors: deception, invasion of the employee's privacy, disrespectful treatment and derogatory judgments. Deception occurs if a supervisor's words and actions are inconsistent, as, for example, when a supervisor promised a pay increase if performance improved, but later refused to honor that promise. Invasions of privacy occur if the supervisor gossips, spreads rumors, or unnecessarily discloses confidential information about an employee. Disrespect is demonstrated if supervisors are abusive or inconsiderate in their words or actions. Abuse includes every conceivable kind of insult from racist remarks to 'name-calling' to public humiliation. Derogatory judgments refer to wrongful and unfair statements and judgments about the employee's performance, for example when a supervisor fails to supply adequate resources and yet accuses a subordinate of not having satisfactorily completed a task. No one enjoys being accused of doing something he / she had not actually done or was not responsible for having done.

#### 4.3.4. Informational Justice / Fairness

Informational Justice / Fairness is concerned with fairness perception based on clarification of performance expectation and standards. The focus of informational justice is on clarification of events which determine outcome, just like the procedural justice, but perceptions are socially determined. Information can take the form of honest, sincere and logical explanations of allocation process. In the context of appraisals it involves setting performance objectives feedback and explanations during performance interviews. The importance of employee's perception of fairness, accuracy and satisfaction with the appraisal is a well recognized issue in performance management function of HR. Accurate and adequate feedback about performance through performance appraisal reviews has been regarded as an important source of employees' ability and motivation to perform effectively. Perception of fairness with performance appraisal has often been conceptualized in terms of satisfaction with appraisal interview, appraisal system and performance ratings.

### **5. Performance Development**

Performance development is a broad term that includes performance management and employee development. It describes both managing/assessing the work that needs to be done and providing opportunities for professional growth and development. Performance development is the ongoing process between supervisor and employee of communicating and clarifying position responsibilities, priorities and performance expectations to guarantee mutual understanding and to enhance effectiveness in achieving the campus and departmental mission and goals.

Many organizations may define their performance review as a good opportunity to develop employees' competencies and performance. There are two acronyms like 'PIP' and 'IDP' during the performance review:



- Document Performance Issues
  - Develop an Action Plan
  - Review the Performance Plan
  - Meet with the Employee
  - Follow Up
  - Employment Decision
- Conducting a skills-assessment
  - Completing the IDP
  - Implementing the IDP

### 5.1. Performance Improvement Plans (PIPs)

From time to time, it may become apparent that a person in your department is not performing up to expectations. If a frank 'sit down' conversation isn't effective, they may need the structure of a Performance Improvement Plan (PIP) to help them regain the focus and execution prowess needed for them to be successful.

The communication of poor performance should never be a surprise. The key is to have regular conversations with each person concerning their performance – the good, the bad and the ugly. If you and your direct reports are not perfectly aligned on your perception of their performance, you are failing them as their leader.

Remember, PIPs are (or should be) designed to correct poor performance and put the individual on a path toward success. They should never be used to railroad someone out of an organization. The first person to know that their performance is sub-par is, of course, the employee. Constructing a PIP is similar as goal setting that must follow the S.M.A.R.T principle.

#### 5.1.1. Document Performance Issues

The first step in the PIP process is for the supervisor to document the areas of the employee's performance that need improvement. In documenting the main performance issues, the supervisor should be objective, factual and specific and provide facts and examples to further clarify the severity or pattern of performance concerns. Examples of detailed documentation are included in the two scenarios at the end of this guide. When developing a performance improvement plan, it is generally a best practice to use an established format to ensure consistency in the information given to all employees and to help protect the employer should legal claims arise at

some point in the future. The format of the performance improvement plan will vary by employer and should include the following components:

- Employee information.
- Relevant dates.
- Description of performance discrepancy or gap.
- Description of expected performance.
- Description of actual performance.
- Description of consequences.
- Plan of action.
- Signatures of the manager and the employee.
- Evaluation of the plan of action and overall performance improvement plan.

At the end of this guide are sample performance improvement plan templates that may assist supervisors in their documentation and communication.

#### 5.1.2. Develop an Action Plan

Next, the supervisor should establish a provisional action plan for improvement, which may be adjusted based on employee feedback in the meeting. Making the process collaborative can help in identifying areas of confusion or misunderstanding on the employee's part and can encourage ownership of the issue by the employee. This action plan should include specific and measurable objectives that are accurate, relevant and time-bound (otherwise known as SMART goals). When developing a performance improvement plan, it would be useful to draw on the job description and HR policies to clearly identify the performance or behavioral issues and expectations.

The supervisor should determine if the employee may need any additional resources, time, training or coaching to meet these objectives. The plan should identify exactly what management will do or provide to assist the employee in achieving these goals.

This action plan should help set performance expectations and should include a statement about the consequences for not meeting those objectives. If termination is a possibility, it should be clearly communicated in the plan document.

#### 5.1.3. Review the Performance Plan

Prior to meeting with the employee, the supervisor should seek assistance from his or her manager or an HR professional to review the PIP. This third party should ensure the documentation is stated clearly and without emotion. The third party can also review the suggested action plan to make certain it is specific, measurable, relevant and attainable within the PIP timeline (PIP timelines are commonly 60 or 90 days in length).

#### 5.1.4. Meet with the Employee

During this meeting, the supervisor must clearly lay out the areas for improvement and plan of action. The supervisor may need to modify the action plan slightly after receiving the employee's input and feedback. After changes to the plan are made, the supervisor and the employee should sign the PIP form.

#### 5.1.5. Follow Up

The employee and supervisor should establish regular follow-up meetings (weekly, biweekly or monthly), which can be outlined in the PIP. These meetings should discuss and document progress toward objectives. But ultimately, it is best when an employee is provided the opportunity in follow-up meetings to ask questions and seek guidance or clarification on performance expectations. The supervisor should ensure that any potential roadblocks are discussed and that the employee has been provided the necessary tools and training.

Successful progress made toward the goal should be recognized as a means of motivating the employee to continued improvement.

If an employee is unable to improve or refuses to commit to the PIP, or if his or her performance actually worsens, then the employer should close the PIP and consider a possible reassignment, transfer or demotion or terminate employment based on the specific circumstances.

When the employee does show some improvement but is unable to achieve some or all of the established action plan objectives within the PIP timeline, there are a few options:

#### 5.1.6. Employment Decision

If the employee is doing his or her best but just cannot meet one or more objectives, the employer may agree to extend a PIP for a few more weeks or months.

If the employer determines in retrospect that the objectives were too hard or not completely within the employee's control, the employer may decide to either extend the PIP or end the PIP due to the progress that was observed.

If the employer determines the employee is not a good fit or is not really trying to improve even after all this effort, then the employer should consider job reassignment, transfer or demotion or terminate employment based on the specific circumstances.

### 5.2. Individual Development Plans (IDPs)

An individual development plan (IDP) is a tool that helps facilitate employee development. It's a two-way commitment between an employee and their manager on what they are going to do to grow. IDPs are often used as a way to drive leadership development or to develop high potential employees.

An IDP is the road map to the future success of each individual professional in your department. It's also a huge signal to that individual that you, as his/her leader, are making the concerted effort necessary to architect a customized approach to help that person develop into a much more valuable asset for the organization. The IDP identifies those skill sets and experiences that each person needs to reach their full professional

potential. We tend to do a great job 'training' our people for their current roles, but not such a good job 'developing' them for tomorrow's requirements.

The IDP requires a series of steps to be conducted by the mentee, and then discussed and corroborated with his/her manager or mentor. These steps represent an interactive effort that requires full engagement by the employees and managers.

#### 5.2.1. Conducting a skills-assessment

Conduct an assessment of employees' strengths, weaknesses, and skills; then request a review of the assessment with their managers.

#### 5.2.2. Completing the IDP

Develop and document the employee's career goals and complete the IDP in accordance with S.M.A.R.T. principle.

#### 5.2.3. Implementing the IDP

Arrange an appointment or series of meetings between the employee and the manager. Discuss and refine the employee's IDP with his/her manager; implement the steps outlined in the employee's IDP; periodically review the progress, and modify it. IDP based on the outcome of the review and the progress toward goal attainment.

## 6. Managing Performance in Cross Culture Context

With more and more companies outsourcing work and hiring employees in different countries at some point in your career as you move up the corporate ladder you are likely going to find yourself managing a cross-cultural team. While it may seem like a new and exciting experience at first as you get to learn about new people in other countries and their culture, you will soon find that there are many challenges when it comes to managing a cross-cultural team.

### 6.1. Cross Cultural Communication

Communication is key in the workplace and when you are in charge of a cross cultural team that can present you with many unique challenges in terms of the language, dealing with accents and the different meanings of words in different countries. When you are striving to provide a clear message of the work that needs to be done, you may find that projects you thought were on track have veered off course due to a misunderstanding or due to differences in communication.

One way to combat this issue is to make sure you are always on the same page as team members. Anything that is spoken over the phone should be followed up with an email communication so they have the project plan in writing so they can verify what they heard. If people ask you questions on conference calls, paraphrase and repeat back what they said to make sure you understand their question.

Because you are not meeting face-to-face with people in a conference room, you have to be very clear and concise in your message when sending out email communications so don't try to add in jokes or sarcasm that others may not understand or interpret the wrong way.

Another issue in communicating is dealing with time zone differences. If there is an important decision that needs to be made at a certain point in a project, you need to be sure that a chain of command has been established for contacts so the people with authority are able to make the decisions and the decision is not left to a lower-level employee that may not understand the scope of the work.

## 6.2. Cross Cultural Training

If you are rolling out a tool or new application that will require training, you need to consider how you are going to provide training for people that are located in different countries and in different time zones so they all get the same message and are able to use the tools in the same way. You need to consider the cost of sending someone out to do the training on site versus the cost of doing web based training or a Live Meeting where everyone is viewing the training in front of their computer. You also may need to do a train the trainer so you have several trainers in different countries unless you have a trainer on site that is able to work all hours of the day to cover the different time zones.

## 6.3. Managing a Virtual Team

Another challenge you will face is managing a virtual team. When you have staff on site, it is easy to pop into their office or cubicle to check how they are doing or to know they are at work and doing their job. When you have people in other countries on different clocks, the employee has to be very self-sufficient to do their job with no boss around. Consider how often and what types of communication you will need to have with your remote employees and how you can stay on top of the work they are doing in order to ensure that the work is getting accomplished.

Despite all of the challenges with managing a cross cultural team, there are several benefits as well. Because of overlapping time zones, you may have close to 24 x 7 coverage for your team so you are able to always get work done on projects or tasks throughout the day. You also have a team that has cultural differences so they bring many different backgrounds and viewpoints to the table which gives you different perspectives when you are trying to work through business problems to find a solution.

## 7. Employee Disciplinary Procedure

A disciplinary procedure is a process for dealing with perceived employee misconduct. Organizations will typically have a wide range of disciplinary procedures to invoke depending on the severity of the transgression.

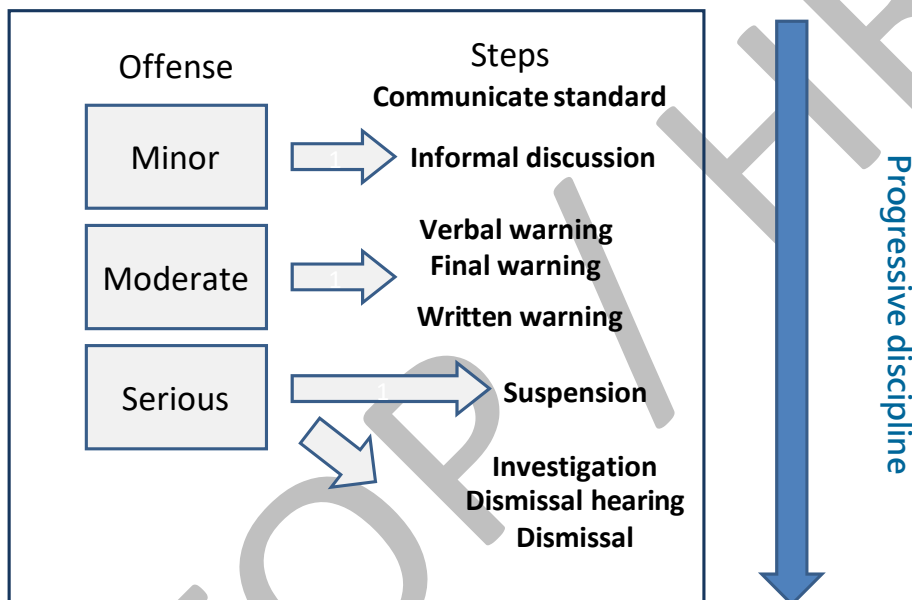
A disciplinary procedure is sometimes the best way for an employer to tell their employees when something is wrong. It allows them to explain clearly what improvement is needed and should give the employees an opportunity to put their side of the situation. Employer can put their disciplinary procedure in writing, and make it easily available to you (for example, by giving details in the employee handbook). It should include the rules, what performance and behavior might lead to disciplinary action, and what action the employer might take.

Disciplinary procedures vary between informal and formal processes. Informal disciplinary procedures may not be codified and may be handled 'discretely' by a manager, while

formal procedures are more likely to be codified in a company handbook or employment contract and followed closely by the employer because disagreement over handling could result in an employment tribunal.

Before a disciplinary procedure is invoked at all, the employee should be informally counselled about his conduct, attendance, work standards, or whatever it is that's causing the problem. The pre-disciplinary procedure informal counselling should be carried out to ensure the employee knows the standards expected, and should be carried out by a supervisor/manager. If this informal counselling does not bring about the required improvement the formal disciplinary procedure will be invoked.

The steps in the disciplinary procedure generally follow graduated steps including a verbal warning, written warning, final written warning, and dismissal. However, in cases of gross or serious misconduct it is permissible to start at stage 3 of the procedure.



### 7.1. Stage 1: Verbal warning

Generally an employee should receive a verbal warning for a first transgression. Even though the employer is "only" giving a verbal warning, it is still part of a formal disciplinary process and the principles of natural justice, fair procedures, and equity/fairness would apply at all times.

This would involve a meeting with the employee at which the employee could bring a colleague or other representative. There is no right to bring a legal representative, unless the employer agrees.

This may be a trade union representative, even though the employer may not formally recognize or engage with the union. His role will be as a minute taker and witness, not an advocate or spokesperson.

At the meeting the employee should be advised of what the problem is and invited to respond and explain his actions. There should be no rush to judgement by the

employer as the meeting is investigatory.

Following the meeting a confirmatory letter should be given to the employee. This letter confirms that the employee has been given a verbal/oral warning. It should also contain the improvements required of the employee in respect of the behavior which led to the warning and the timeframe within which the improvement must be made.

This letter should also state that failure to improve will lead to the 2nd stage of the disciplinary procedure and ultimately dismissal.

It should also state the time period for which it will remain on the employee's file, after which it will be removed. 3 months would be a reasonable period for this 1st verbal warning to stay on file, but it could remain for 6 months.

If an employee was suspended with pay pending an investigation it is vital that he knows how long the suspension is to last and the investigation must be held within a reasonable time frame. "Justice delayed is justice denied".

Once this disciplinary procedure has started the employer should assist the employee to improve conduct or performance, whichever was the source of the problem in the 1st place.

The employer should record the details of this 3 month monitoring period and retraining or relocation should be considered, if possible and reasonable.

However, if the employee fails to improve or there is a repeat of the activity that caused the oral warning in the 1st place the employer can then issue a first written warning.

## 7.2. Stage 2: Written Warning

The 1st written warning can be issued within the period of time advised for monitoring after the verbal warning, provided there is no improvement in conduct or performance.

Before issuing it the employee should be invited to another meeting, told of the transgression, and given the opportunity to respond.

The written warning will then be issued and last for another 3 months. This warning should also clearly set out the nature of the problem, suggest solutions such as retraining, and advise of the possible sanctions (including dismissal) if no improvement is observed within the 3 months.

The employer should again afford all reasonable assistance to the employee to help him improve conduct and/or performance. However the employer must be mindful of his duty of care to other employees also.

If the required improvement is not forthcoming within the 3 month period after the 1st written warning then a 2nd written warning may be issued. This is entirely a matter for the employer and it is common for many employers to only issue a 1st and final written warning.

This warning is done in a similar fashion to the other 2 warnings referred to above but you would consider giving a 6 month monitoring period to allow improvement.

### 7.3. Stage 3: Final Warning

If the required improvement is not happening then a final written warning would be issued with a 12 month monitoring period. The letter confirming this warning will advise that if there is no improvement or if the bad behavior/performance is repeated then dismissal will occur.

This warning letter will be the final one prior to dismissal so it is important that it is well drafted as it will be scrutinized closely by the employee and probably his legal advisor. This letter should only refer to the matters which have been the subject of the disciplinary procedure to date, no other matters which have never been put to the employee.

### 7.4. Stage 4: Dismissal or action short of dismissal

If there is no improvement after the final written warning then dismissal is the likely outcome. A meeting should be called and the employee and his representative invited.

The employer should remind the employee of the behavior/conduct that has led to this point, the repeated transgressions/failure to improve performance sufficiently, and that the dismissal is in accordance with the disciplinary procedure.

The employee should be given the opportunity to appeal within 14 days. He should also be given a letter confirming the dismissal and the right to appeal, the time period for appeal, and who to appeal to.

### 7.5. Gross or Serious Misconduct

Gross or serious misconduct will be normally dealt with under the final stage- stage 3 or stage 4, depending on how many stages you use in your procedure. Serious/gross misconduct should be dealt with as follows:

#### 7.5.1. Notify the employee of the allegation without delay

This would involve, firstly, a preliminary gathering of the facts and, secondly, an invite to the employee to attend a meeting to lay the allegation. The employee should be told he can bring a work colleague or union representative to this meeting.

It is important that strict confidentiality is maintained as the employee is innocent until proven otherwise and is entitled to the protection of his good name.

#### 7.5.2. Investigation

An investigation will be carried out and the employee may be suspended with pay pending the outcome of this investigation.

It should be carried out as quickly as possible by a party/parties with the necessary expertise, agreeable to employer and employee, and in accordance with the terms of reference for the investigation. The terms of reference should set out

- the timescale of the investigation and
- the scope of the investigation, that is, deciding whether or not the allegation has been upheld.

A written record of all meetings should be kept and confidentiality maintained. The investigator should be able to interview any employee who may be able to assist the investigation.

The employee against whom the allegation has been made should be given copies of all written notes prior to and during the investigation, e.g., witness statements, details of the alleged misconduct, notes. He should also be allowed representation at any meetings during the investigation process.

Once the investigation has completed a written report setting out the investigator's decision, based on the balance of probabilities, will be given to senior management and the employee. If the allegation has been upheld a further disciplinary meeting will be held with the employee.

#### 7.5.3. Disciplinary hearing

The employee should be advised of the disciplinary meeting in writing and told:

- It is a formal disciplinary meeting under Stage 4 or 5 of the disciplinary procedure
- The purpose of the meeting is to hear representations on behalf of the employee and to decide whether a disciplinary sanction is appropriate
- The possible outcome of the hearing
- The right to be accompanied

Once representations have been made, and the hearing is not to look into the allegations again, the meeting will then be adjourned to allow the decision maker to decide what action, if any, is to be taken.

The meeting will be reconvened and the decision advised to the employee who will also be told of his right to appeal the decision.

None of the above will apply to situations of gross misconduct which may lead to instant dismissal. Also, more serious transgressions of conduct may lead to the procedure being started with a written warning or at a different point in the procedure.

The key point is that there is a procedure that is fair and transparent and both employer and employee know where they stand. Equally important is that other employees see the procedure as fair and equitable and that they will get fair procedures when there is a problem.

## Part Three: Talent Development

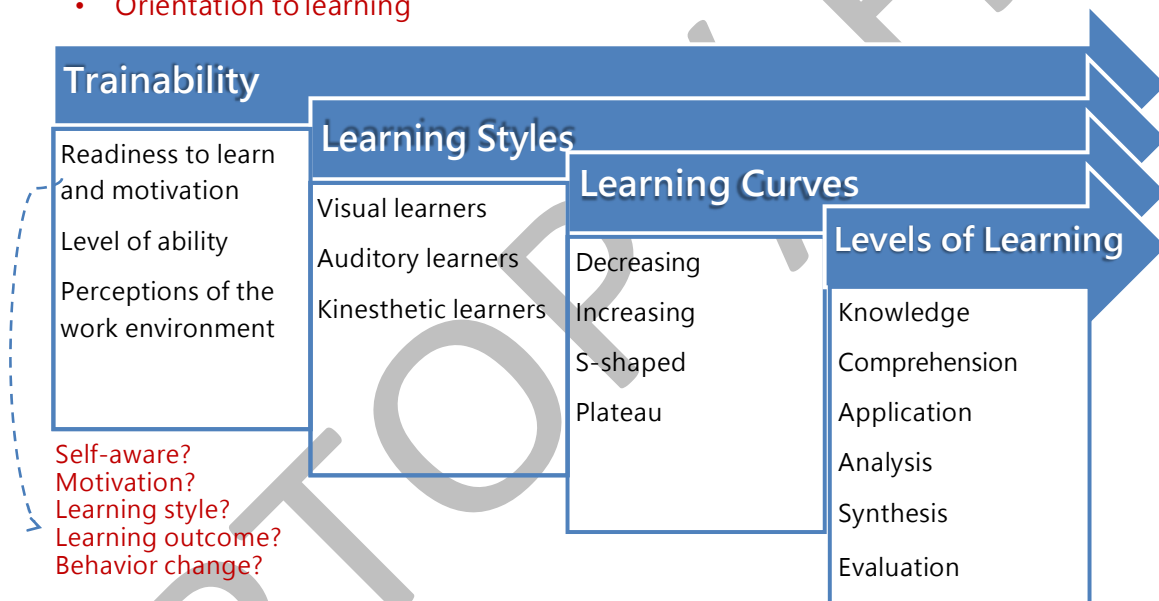
### 1. Adult Learning

Learning is a relatively permanent change in behavior based on an individual's interactional experience with its environment.

Malcolm Knowles developed a new theory - which he called "Andragogy" - in the context of adult learners. This is often contrasted with the child's learning methods - pedagogical learning. The central idea in the context of adult learning is that it is only after convincing him- or herself of the rationale of learning that an adult will decide to learn. Hence, adults cannot be treated like children. Therefore it is assumed that workshops and seminars organized by the students themselves create a better learning environment than those organized externally. There are five assumptions about adult learning:

- The need to know
- Learner self-concept
- learners' experience
- Readiness to learn
- Orientation to learning

#### Andragogy vs. Pedagogy



- The need to know: adult learners need to know why they need to learn something before undertaking to learn it.
- Learner self-concept: adults need to be responsible for their own decisions and to be treated as capable of self-direction
- Role of learners' experience: adult learners have a variety of experiences of life which represent the richest resource for learning. These experiences are however imbued with bias and presupposition.
- Readiness to learn: adults are ready to learn those things they need to know in order to cope effectively with life situations.

- Orientation to learning: adults are motivated to learn to the extent that they perceive that it will help them perform tasks they confront in their life situations.

### 1.1. Trainability

The principles of adult learning clearly illustrate that how people learn is a direct result of an interaction between forces within the individual and the environment. This interaction can be summarized in one concept trainability, which concerned with these factors:

- 1.1.1. Readiness to learn and motivation
- 1.1.2. Level of ability
- 1.1.3. Perceptions of the work environment

### 1.2. Learning Styles

Learning styles describe the ways individuals learn and how they process ideas. An awareness of these styles allows HR professionals to interpret and reflect upon ways to accommodate each style in learning situations. There are three distinct learning styles:

- 1.2.1. Visual learners remember best what they see pictures, diagrams, flow charts, time lines, films, and demonstrations.
- 1.2.2. Auditory learners, called verbal learners; it's a learning style in which a person learns through listening. An auditory learner depends on hearing and speaking as a main way of learning.
- 1.2.3. Kinesthetic learners, also known as tactile learners, learn best through a hands-on approach. They prefer to actively explore the physical world around them.

### 1.3. Learning Curves

Learning curves graphically depict individual rates of learning over time, with learning proficiency indicated vertically and elapsed time indicated horizontally.

- 1.3.1. Decreasing returns occur when the amount of learning or skill level increases rapidly at first and then the rate of improvement slow. The beginning of the curve is slow while the basics are being learned; then performance takes off as skills and knowledge are acquired.
- 1.3.2. Increasing returns pattern is most common when a person is learning something completely new.
- 1.3.3. S-shaped curve is a combination of increasing and decreasing returns. There is a presupposition that the individual is learning a difficult task that also requires specific insight.
- 1.3.4. Plateau curve refers the learning is fast at first, but it then flattens out and there is no apparent progress.

## 1.4. Levels of Learning

- 1.4.1. Knowledge simply means that the learner can recall specific facts.
- 1.4.2. Comprehension allows the learner to translate or interpret information.
- 1.4.3. Application is the ability to use learned information in a new situation.
- 1.4.4. Analysis means understanding information to the level of being able to break it down and explain how it fits together.
- 1.4.5. Synthesis is the level at which the learner would be able to respond to new situations and determine trouble-shooting techniques and solutions.
- 1.4.6. Evaluation is the highest level of learning because it allows one to make judgments.

Some people resist change because they fear they will not be able to develop the new competencies that will be required. Accepting change is more difficult for some than for others, even when they realize it is a good one.

If employees do not trust that training is worthwhile or have had negative experiences in the past, they will not commit the attention and energy to make it worthwhile.

Many employees are influenced by their coworkers' perceptions. If employees perceive that an HRD program is inconsequential, those perceptions may transfer to others in the department.

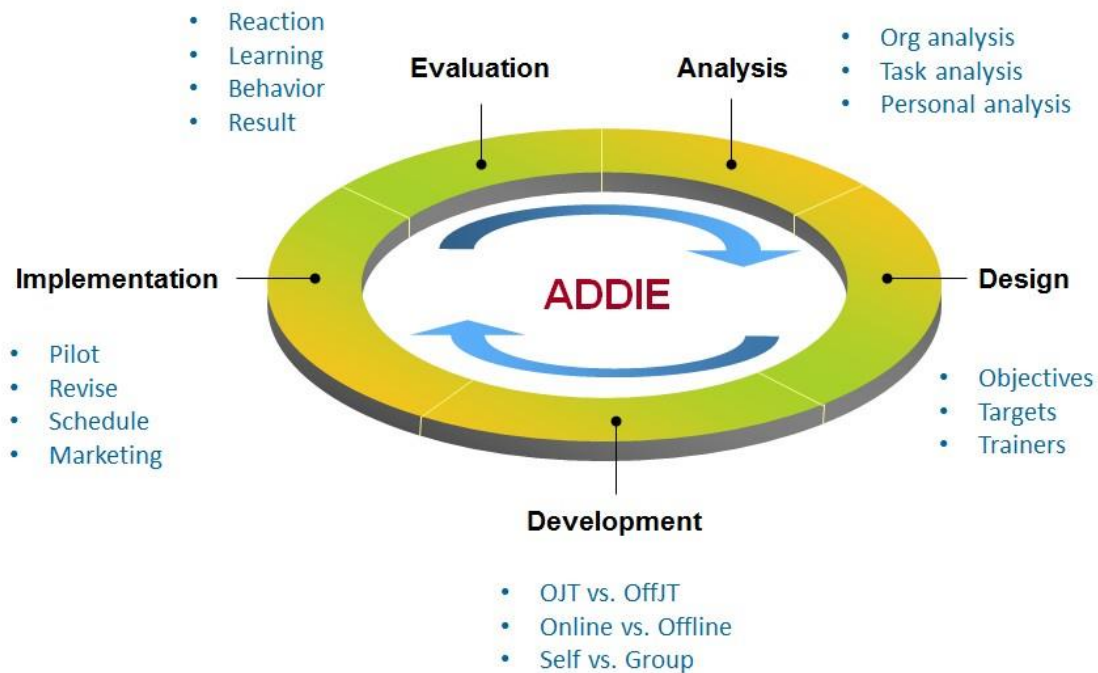
## 2. Employee Training

Training is the process through which knowledge and skills are developed, information is provided, and attributes are nurtured, in order to help individuals who work in organizations to become more effective and efficient in their work.

Education is 'mind preparation' and is carried out remote from the actual work area.

Development is education, job experiences, relationships, and assessments of personality and abilities that help trainees prepare for the future.

Instructional Systems Design (ISD) involves a systematic process for the assessment and development of training solutions, designed specifically for the purpose of formal training delivery. There are two widely recognized instructional design models in use today by both educational institutions and corporate training functions. The most traditional is the ADDIE model:



## 2.1. Analysis

Needs analysis refers to the process of determining learning needs and opportunities and determining whether training is necessary. Needs analysis or assessment involves organizational analysis, person analysis, and task analysis. This multi-level perspective helps to guarantee that different perspectives are taken into account during the assessment process.

### 2.1.1. Organization Analysis

Organization analysis involves determining the appropriateness of training for the organization overall, given its strategy, resources, and support for training.

### 2.1.2. Person Analysis

Person analysis involves determining whether performance deficiencies result from lack of ability or from a motivational or work-design problem. It also involves determining who needs training and employee readiness for training.

### 2.1.3. Task Analysis

Task analysis identifies the important tasks, knowledge, skills, and behaviors that need to be addressed in training.

Because the goal of needs assessment is to determine whether a training need exists, it is important that all relevant stakeholders be involved. Stakeholders include those who have an interest in training and whose support is important for determining its success. Key stakeholders include company leaders, mid-level managers, trainers, and employees.

### 2.1.4. SMEs

**Subject matter experts** (SMEs) should also be consulted in the needs assessment process. SMEs have expertise knowledge about the training issue at hand. SMEs could include a variety of individuals such as employees, managers, technical experts, suppliers, and academics who are knowledgeable.

## 2.2. Design

Training program design refers to the organization and coordination of the training program. Program design is the heart of effective training because it directly influences knowledge and skill acquisition. Accordingly, it is imperative that training programs be carefully designed to ensure that maximum learning is achieved. Training Design includes "Setting Objectives", "Defining Target" and "Selecting Trainer" as below explanation:

### 2.2.1. Setting Objectives

Learning objectives are the results that the participants will be able to perform at the end of the program.

### 2.2.2. Defining Targets

When designing the training, the target audience's aptitude, prior knowledge and skills, and attitudes and perceptions must be taken into account.

### 2.2.3. Selecting Trainers

A key decision is whether to develop a training program "in-house" or to purchase it "off the shelf."

## 2.3. Development

At this stage, you can begin to create the courses. You will be heavily guided by the prototype/storyboards at this point. Each element of the course should be developed to match the design phase. The core of the content has already been decided. All you need to add is a level of detail and polish to the courses. This is done by adding graphics, choosing colors and deciding on fonts.

### 2.3.1. OJT vs. OffJT Training

On the job training (OJT) involves imparting training in the real work environment i.e. it believes in learning by doing; while off the job training (OffJT) involves imparting training outside the real work environment i.e. the principle of learning by acquiring knowledge is adopted.

Under on the job training the training and performance goes simultaneously so production is not hindered at the time of training; while under off the job training methods first training is imparted and then the real performance follows and therefore does not add anything to actual production during training.

On the job training aims at developing the best practices for a specific job and getting the job done; while off the job training methods aim at learning basic facts and skills and is more general in nature.

On the job training is usually imparted by experienced workers and first line supervisors at the workplace; while off the job training is imparted usually by the academicians and professionals at any place other than the real workplace.

On the job training methods are suitable when the trainees are limited in numbers and the job is not hazardous in nature; while off the job training methods can be utilized to train any numbers of employees and for jobs that involve risks.

On the job training methods are simple and less-expensive because they utilize the actual workplace and firm's supervisors for imparting training; while off the job training methods are quite expensive as they need a complete different set-up. Training here is imparted in an artificial set-up and outside experts are hired for the purpose.

Most popular on the job training methods include job rotation and apprenticeship training; while the popular off the job training methods include classroom lectures and simulation exercises.

On the job training is generally imparted in case of manufacturing firms for production-related jobs; while off-the-job training is mostly imparted for managerial and non-production related jobs.

### 2.3.2. Online versus Offline Training

Employing the use of online trainings allows 24 hours per day, 7 days per week access without having to worry about any time constraints, time differences and/or overtime work. Online training also allows an employee to participate in the training session in a more comfortable environment rather than in an office or a cramped meeting room. For companies with smaller budgets, online training sessions are cheaper alternatives to offline trainings.

Online programs are flexible when adapting to company standards and provide the luxury of completion without having to rebook trips for incomplete courses, costs for employees to travel, and any other costs that might be needed for the employees to attend an offline training session.

However, there are still some setbacks with online trainings. Situations that call for a hands-on approach are not easily accomplished when relying on a computer for those experiences. Additionally, offline trainings tend to have group activities for the employees to participate in like dealing with actual customer needs, team building and social interaction. Another issue with online training is that the employee might not be able to get to interact with a lecturer and ask questions. Without asking questions, some employees might find it difficult to completely comprehend the training.

The most significant advantage with offline training is the human interaction. This aspect can help to build cohesiveness within a company and provide for a more enjoyable work experience. Additionally, depending on the subject, some training sessions involve role playing and or physical actions to properly learn a duty, task or position.

The one problem though with offline training sessions are the additional costs brought about by travel expenses for employees, catering, supplies and other training expenses.

Additionally, if many of the employees are attending training, then this could leave the place of work with few employees to operate the business. In some cases, a business might have to shut down for the day so that the employees could attend an offline meeting. This could cost a company a lot of money.

Both, online and offline trainings provide advantages and disadvantages. A company must weigh the benefits for each one if they must choose. However, it's probably more efficient for a company to have a balance of both training options (**blended training**). As previously mentioned, some topics might be better suited for offline training. Therefore, instead of trying to cram everything into one mode, choosing which form of training for each specific topic appears to be the best choice for efficiently and effectively training employees.

### 2.3.2. Self vs. Social Learning

Social learning is learning that takes place through social interaction between peers and it may or may not lead to a change in attitudes and/or behavior. More specifically, to be considered social, a process must: (1) demonstrate that a change in understanding has taken place in the individuals involved; (2) demonstrate that this change goes beyond the individual and becomes situated within wider social units or communities of practice; and (3) occur through social interactions and processes between actors within a social network.

Social learning is clearly the most widely used learning strategy in adult learners. As employees, we are more comfortable with the "watch and learn" job learning strategy. By sharing performance experiences, lessons learnt, possible solutions and creative ideas, we are able to gain a wider spectrum of knowledge. We also experience a greater control over our learning.

According to the 70/20/10 ratio of learning and development used in training, 70 percent of our knowledge is derived directly from observing others during on-the-job scenarios. 20 percent of the learning is achieved through interactions. And only 10 percent from formal learning methods.

## 2.4. Implementation

The most familiar of the elements is implementation. At implementation, the design plan meets the learner, and the content is delivered. The evaluation process that most designers and learners are familiar with takes place in this element. Evaluation is used to gauge the degree to which learners meet objectives and facilitators or technologies deliver the project.

### 2.4.1. Utilizing pilot programs

A pilot program involves offering the program initially in a controlled environment with a segment of the target audience, and evaluating the sequencing of content.

### 2.4.2. Revising content

Based on the feedback provided by the pilot audience, now is the time to make adjustments to the program prior to final delivery.

### 2.4.3. Scheduling the program

Scheduling the program involves paying attention to the target audience, the intended learning outcomes, the deadlines for completion, whether regular work hours or evenings and weekends are required, participation at a distance, etc. Selecting qualified facilitator(s) and selecting a facility are also important factors to consider.

### 2.4.4. Marketing the program.

An effective way to increase interest in an upcoming training program is to launch an internal marketing campaign. Giving participants a preview of the topics and agenda creates interest, motivation, increased attendance, and increased preparation and learning.

## 2.5. Evaluation

Evaluation doesn't deserve to be listed last in the ADDIE model because it takes place in every element and surrounds the instructional design process. Evaluation is a constant guard at the gate of failure. The advantages of using an instructional system are numerous, the most important being the ability to design projects quickly and efficiently. Nothing is left to chance or ignored when a designer stays within the framework of the ADDIE or other ISD models. One possible disadvantage is the necessity of a designer to be familiar with the ISD process.

Donald Kirkpatrick, Professor Emeritus at the University of Wisconsin and past president of the American Society for Training and Development (ASTD), first published his Four-Level Training Evaluation Model in 1959, in the US Training and Development Journal.

The model was then updated in 1975, and again in 1994, when he published his best-known work, "Evaluating Training Programs." Let's look at each level in greater detail.

### 2.5.1. Level 1: Reaction

Organizations evaluate the reaction level by administering surveys or by conducting interviews with the participants immediately after the conclusion of the program. Reactions evaluation is useful for several reasons. It can provide useful feedback for the design and improvement of training initiatives, and it helps improve employee relations by showing that the organization pays attention to training. The immediate reaction, however, really measures only how people liked the program and the environment rather than their level of learning.

**Perceived training efficiency:** refers to perceptions about the organizational aspects of the training initiative in terms of the materials, tools and premises used.

**Perceived usefulness of training:** relates to each person's perceptions of the utility of the training for his or her present work situation and future development.

**Perceived trainer performance:** entails the individual perception of the quality of the trainer's performance in terms of content and process.

### 2.5.2. Level 2: Learning

This level involves measuring how well participants learned facts, ideas, concepts, theories, and attitudes. To measure learning, it's helpful to use tests or experimental methods. Experiments may be set up in several different ways:

**Post Test:** measure tests consist of training a group of employees and then assessing what they have learned and how they perform on the job. However, this method cannot determine whether participants' knowledge or skill levels have changed, much less attribute the changes to the program.

**Pre-Post Test:** once participants have attended the program, a second measurement of knowledge or skill is obtained, and the two sets of scores are compared for possible improvements. Intervening variables other than the program may still influence the post-test scores.

**Pre-Post Test with control group:** involve two groups that have their performance evaluated. Then one group participates in the program while the other group does not. Afterward, the performance of both groups is reevaluated to determine if the group that received the training performs significantly better than the group that did not. Ethical considerations may be involved in this type of testing. Control group members may feel discriminated against if they are not offered the same opportunity for attendance. Another possible pitfall of this method is that training group members may interact with control group members and "teach" them what they learned.

#### 2.5.3. Level 3: Behavior

Performance test that contain actual samples of content taught in the program are administered to participants. This type of test measures for behavior changes that transfer to the work environment.

In the critical incidents method, significant positive and negative incidents are recorded and used to measure program outcomes. Ordinarily, an employee's manager would conduct this evaluation.

The 360-degree feedback process evaluates performance using self, peers, direct reports, management, and other relevant perspectives such as customers and suppliers.

Simulations provide an experiential bridge between the program and its actual real-world context. How well the participant performs the simulation can be a measurement of program effectiveness.

Observations assess complex performance that is difficult to evaluate by means of a questionnaire, interview, or simulation. An observation checklist can be organized to list categories and frequency of behavior to be observed. The checklist becomes the instrument used to help quantify performance.

#### 2.5.4. Level 4: Result

Progress toward organizational objectives will tell management whether training programming is working well. These programs should advance the company toward its mission. If the bottom line is improving, management may approve additional funding

for training initiatives.

Performance appraisals evaluate how well employees measure up to various performance standards. During a performance appraisal, the supervisor compares the actual performance to the performance standards and judges whether skills taught in training are practiced in the workplace.

The cost-benefit or return on investment (ROI) analysis is to determine results. Because results such as productivity, turnover, quality, time, sales, and costs are more concrete, comparing records before and after training can perform this type of evaluation.

#### 2.5.5. Others

Training is not always meant to produce output at all levels but rather sometimes aims for specific objectives – such as integrating new employees, retaining knowledge workers and motivating workers through stronger team spirit – that most training evaluation models cannot detect.

### 2.6. Training Transfer

Learning refers to a relatively permanent change in human capabilities that can include knowledge, skills, attitudes, behaviors, and competencies. Transfer refers to trainees effectively and continually applying what they have learned in training to their jobs. There are two important goals for transfer—generalization and maintenance. Generalization refers to a trainee's ability to apply what was learned to situations that are similar but not necessarily identical to those encountered during training. Maintenance refers to the process of trainees continuing to use what they learned over time. Effective learning and transfer require that consideration be paid to trainee characteristics, training design, and characteristics of the work environment. There are several implications for instruction. Instruction refers to the trainer's manipulation of the environment in order to help trainees learn.

#### 2.6.1. Employees need to know the objectives

Individuals learn best when they understand the training objectives. Objectives refer to the purpose and expected outcomes of the training activities.

#### 2.6.2. Employees need meaningful training content

Employees are more likely to learn when the training is linked to current job experiences and tasks that have meaning for them. To enhance meaningfulness, material should be presented using concepts, terms, and examples that are familiar to trainees.

#### 2.6.3. Employees need opportunities to practice

For practice to be effective, it needs to involve the trainee actively, include overlearning (repeated practice), take the appropriate amount of time, and include the appropriate unit of learning. It is best to provide a variety of examples and practice, rather than all practice.

#### 2.6.4. Employees need a number of pre-practice conditions

There are a number of steps trainers can take at the beginning of training to enhance trainees' motivation to learn and facilitate retention of training content.

#### 2.6.5. Employees need practice involving experience

Learning will not occur if employees practice only by talking about what they are expected to do. They need direct practice and overlearning. Overlearning involves continuing to practice the new skill or behavior beyond the point at which the learner has demonstrated proficiency more than once. This maximizes the likelihood of transfer.

#### 2.6.6. Employees need to commit training content to memory

Make trainees aware of how they are creating, processing, and accessing memory. To create long-term memory, training programs must be explicit on content and elaborate on details.

#### 2.6.7. Employees need feedback

Employees need feedback about how well they are meeting training objectives. The feedback should be specific and should follow the behavior as closely as possible.

#### 2.6.8. Employees learn through observation, experience, and interaction

Individuals learn through observation and imitating the actions of models. There are three ways employees can learn through interaction.

#### 2.6.9. Encourage trainee responsibility and self-management

Trainees need to take responsibility for learning and transfer, which includes being involved and engaged during training and using content back on the job. Self-management training may help promote taking responsibility. Self-management refers to a person's attempt to control certain aspects of decision making and behavior. Self-management training involves setting goals to use skills on the job, identifying obstacles that might hinder transfer and ways to overcome them, and self-administering rewards.

#### 2.6.10. Ensure that the work environment supports learning and transfer

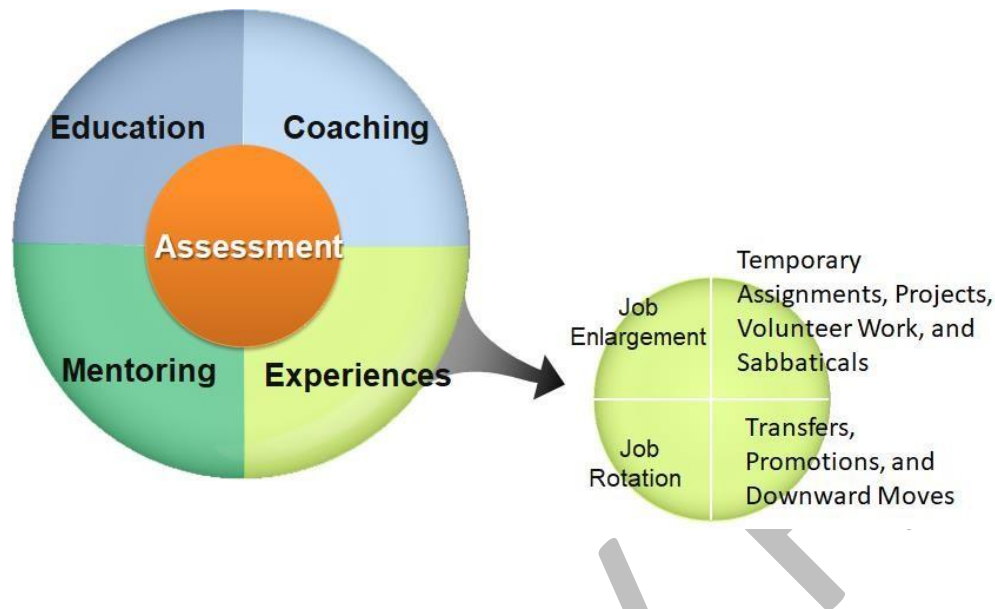
A number of obstacles in the work environment can inhibit learning and transfer—obstacle work conditions, lack of peer support, and lack of management support. One way to ensure that learning and transfer of training occur is to ensure that the climate for transfer is positive. Climate for transfer refers to trainees' perceptions about a wide variety of characteristics of the work environment.

### 3. Employee Development

Development refers to learning activities and experiences that help employees grow and prepare for the future. Development often involves voluntary learning that is not tied directly to the employee's current job. Training, on the other hand, is related to the current job and is typically required. Development prepares employees for other positions and increases their ability to move into jobs that may not yet exist. Development is

especially important for senior managers and employees with leadership potential.

There are several approaches to employee development that can be used to help manage and improve employee performance. The best programs incorporate several methods, choosing options appropriate for the composition of your workforce, the objectives you need to accomplish, and to allow for individual differences in learning styles.



### 3.1. Assessment

Assessment involves the collection of information, followed by the provision of feedback to employees about themselves, including information about their behaviors, learning or communication styles, aptitudes or skills. Data may be collected from the individual, peers, the manager, and customers.

In addition to using assessment as an effective selection tool, more and more businesses are using it as a foundation for employee development. “Readiness” for the future has become a primary concern of many organizations today, and assessment can assist companies in ensuring employee readiness. Assessment enables them to compare their people’s “current state” to the “desired state,” and then close the identified gaps.

Assessment is often used to identify employees with managerial potential, to measure the strengths and weaknesses of current managers, to identify managers with executive potential, and/or to measure the strengths and weaknesses of team members and team functions.

#### 3.1.1. Assessment Center (AC)

The assessment center (AC) refers to a process involving multiple raters or assessors on multiple exercises or activities. The entire process is usually conducted off-site. Outcomes include identifying managerial potential in terms of personality characteristics, administrative skills, and interpersonal skills; and identifying employees with team skills. Exercises may include:

**Leaderless group discussion**, involving a team of employees who must solve an

assigned problem in a given amount of time.

**An in-basket**, which is a simulation of managers' administrative tasks which must be addressed.

**Role plays**, typically involving the participant playing the part of a manager in a predetermined situation which must be resolved.

**Personality, interest and ability tests** may also be involved.

*Note: Myers-Briggs Type Indicator (MBTI) is a highly popular psychological test used for employee assessment and development. Organizations use it to improve communication, teamwork, and leadership. People in relationships of all kinds use it to better understand one another, to enhance communication, and to reduce conflict, resulting in more positive and productive interactions. However, research on the reliability and validity of the MBTI is inconclusive.*

### 3.1.2. Benchmarking

Benchmarks is an instrument designed to measure key factors in being an effective employees or managers. Items measure employees' or managers' skills in dealing with stakeholders, acquiring resources, and creating an effective work climate, based on research on critical learning events in their careers. Self-ratings and ratings of others are incorporated into a summary report or profile.

### 3.1.3. 360-degree feedback

360-degree feedback is the process of appraising performance by collecting evaluations from all the way around the employee, i.e., from subordinates, peers, customers, the manager, and his/herself. These different perspectives can be compared and create a summary of perspectives on the employee's performance

## 3.2. Education

### 3.2.1. Formal Education

Formal education programs may take many forms. They include on-site or off-site programs tailored specifically for a company's employees, short courses offered by consultants or academic institutions, and on-campus university programs. Many companies rely on in-house development programs, rather than programs sponsored by universities. They do so because content can be directly tied to business needs and because top management more readily supports in-house efforts.

### 3.2.2. Executive Education

Executive education programs typically involve a blended learning approach. For example, managers visit campus for face-to-face instruction, and then between sessions they work online and independently on assignments such as team projects, cases, or reading assignments. In addition to blended learning, business schools and other educational institutions have begun offering companies in-house, customized programs. These programs are desirable because there is less disruption as managers do not need to travel to campus.

### 3.2.3. Tuition Reimbursement

Enrollment in executive education programs may be limited to managers and employees identified as having management potential. As a result, many companies provide tuition reimbursement as a benefit for all employees to encourage them to develop on their own. Companies have found that these programs increase employee retention, readiness for promotion, and job performance.

### 3.3. Job Experiences

Most development occurs through job experiences, which include the demands, responsibilities, problems, and relationships that employees deal with in their jobs. A major assumption is that development is most likely to occur when employees are given stretch assignments. Stretch assignments refer to those where there is a mismatch between the employee's skills and the skills required for future success.

One issue is whether job experiences are viewed as positive or negative stressors. Job experiences that are perceived as positive stressors challenge employees to stimulate learning. Those viewed as negative stressors create high levels of harmful stress. Research suggests that all job demands, with the exception of obstacles, are related to learning.

#### 3.3.1. Job Enlargement

Job enlargement involves adding challenges and new responsibilities to an employee's current job. These development experiences could include special project assignments, switching roles within a work team, or researching new ways to serve clients and customers. Some companies enlarge jobs by giving two managers the same job title and responsibilities and then allow them to divide the work. This is known as "two-in-a-box."

#### 3.3.2. Job Rotation

Job rotation and lateral moves give employees a series of job assignments in various functional areas of the company or navigate among jobs in a single functional area or department. Job rotation helps employees gain an overall appreciation of the company's goals, increases their understanding of different company functions, and helps develop a network of contacts. Despite the advantages, there are some limitations. The rotation may create a short-term orientation, and employees may not be given enough time in a position to receive challenging assignments. Productivity losses and workload increases may be incurred both by the department gaining the rotating employee and the department losing the employee.

Lateral moves help companies retain talented employees who want new job experiences. They also help identify employee strengths and weaknesses, and allow employees to learn about new areas of the business. Employees are afforded the opportunity to work on new projects and problems and apply their skills in a new way.

#### 3.3.3. Transfers, Promotions, and Downward Moves

A transfer refers to reassigning an employee to a different job in a different area of the

company, most likely a lateral move. Job responsibilities and compensation are not necessarily increased. Transfers may involve relocating, which can be very stressful to employees, and transfers are not always well received. The employees most willing to transfer are those with high career ambitions, a belief that their future with the company is promising, and a belief that accepting the transfer is necessary to advance in the company.

A downward move involves giving an employee a position with less responsibility and authority. A downward move may involve a move to another position at the same level (a lateral demotion), a temporary cross-functional move, or a demotion because of poor performance. Temporary cross-functional moves to lower-level positions, which give employees work experience in different functional areas, are most frequently used for development.

A promotion involves advancing an employee into a position of greater challenge, responsibility and authority. Promotions usually involve an increase in compensation. Obviously, employees are more willing to accept promotions than they are to accept lateral moves or downward moves.

#### 3.3.4. Temporary Assignments, Projects, Volunteer Work, and Sabbaticals

Temporary assignments refer to job tryouts, project work, employee exchanges, sabbaticals, and voluntary assignments. All temporary assignments have a predetermined ending date after which the employee returns to his or her permanent position.

**Temporary assignments** with other organizations may emerge from two companies agreeing to exchange employees in order for the companies to better understand each other.

**Volunteer assignments**, where employees serve their community and its members, may provide opportunities to manage change, teach, take on more responsibility, and learn new skills.

A **sabbatical** involves a leave of absence from the company to renew or develop skills. Employees on sabbatical often receive full pay and benefits. Sabbaticals reduce stress and burnout and help employees acquire new skills and perspectives.

### 3.4. Mentoring

Mentoring involves an experienced, productive senior employee (the mentor) helping develop a less experienced employee (the protégé). Most mentoring relationships develop informally based on shared interests, values, or work assignments. Mentoring relationships may also develop through formal company mentoring programs. Mentoring programs help socialize new employees, develop managers, and provide opportunities to employees without regard to race and gender.

In group or **peer mentoring** programs, the mentor is paired with a group of four to six protégés. Protégés are not only able to learn from the mentor, but from each other.

**Reverse mentoring** involves younger employees mentoring older employees.

#### 3.4.1. Benefits of mentoring to protégés include:

- Career support—coaching, protection, sponsorship, and providing challenging assignments, exposure, and visibility
- Psychosocial support—serving as a friend and role model, providing positive regard and acceptance, and creating an outlet for communication
- Skill development
- Higher rates of promotion and higher salaries
- Greater organizational influence

#### 3.4.2. Benefits of mentoring to mentors include:

- Developing interpersonal skills
- Increased self-esteem and sense of worth to the company
- Access to new knowledge in their field

#### 3.4.3. Challenges of mentoring to mentors

One challenge of formal mentoring programs is that the relationship may not “stick” if it has been “artificially” created. To enhance formal mentoring programs, companies should:

- Make participation voluntary for mentors and protégés
- Ensure the matching process does not hinder the formation of informal relationships
- Chose mentors who have a good record developing employees and have the willingness to serve
- Match based on how the mentor’s skills can help meet the protégé’s needs
- Clarify roles and expectations for both mentors and protégés
- Specify a minimum amount of contact time between mentors and protégés
- Provide a formal time period for the program, but encourage continued relationships
- Evaluate the program
- Reward employee development

### 3.5. Coaching

A coach is a peer or manager who works directly with an employee to help develop skills, motivate, and provide feedback. The best coaches are empathetic, supportive, practical, and confident. In line with performance management cycle, coaching means providing ongoing feedback and support to the employee throughout the year.

Coaching is a sophisticated management style that requires developing a relationship that empowers employees by building confidence and competence. Coaching gives the employee an opportunity to hear about aspects of his or her performance in "real time" and to play a role in figuring out how to best adopt or modify their behavior for success. There are four main dimensions to the coaching role:

#### 3.5.1. Providing Direction

This involves articulating the department's goals and values in a clear concise manner and is especially important in the planning phase of the performance management cycle. Employees need to understand the context in which they work so that they can see the link between their performance and the department's overall success. The clearer the department goals are, the easier it will be for employees to translate them into their own individual goals. Coaching direction involves ensuring that employees stay focused and understand priorities. Employees may also need technical direction in terms of learning new tasks or taking on new assignments. Finally, the manager as coach is responsible for establishing the commitments that will move employees toward achieving results

#### 3.5.2. Improving Performance

As a coach, the manager is responsible for creating a learning environment where employees are supported in their efforts to continuously improve to meet today's challenges. The coach does this by:

- assessing current capability
- providing feedback
- helping the employee to identify what is needed
- creating opportunities to fill in the gap

If continuous improvement is to occur, the coach must provide a "safe" environment for creativity and risk taking. Mistakes must be viewed as lessons learned. Setbacks are opportunities for development. With this kind of support, the employee will have the confidence necessary to attain the next level of ability.

#### 3.5.3. Opening up Possibilities

One of the goals of coaching is to develop capabilities for the employee to solve problems and make decisions. This is done by asking the right questions, challenging the employee's thinking, offering new options, supplying additional information that expands employee's understanding or providing a new interpretation to a situation. Coaching empowers the employee to be part of the decision making process.

#### 3.5.4. Resource for Removing Obstacles

In some cases the coach may take an active role in paving the way for the employee by confronting, when necessary, those people who are obstacles to the employee's progress or providing additional resources if necessary. At other times, the coach serves as a sounding board for the employee as he/she develops his/her own strategy

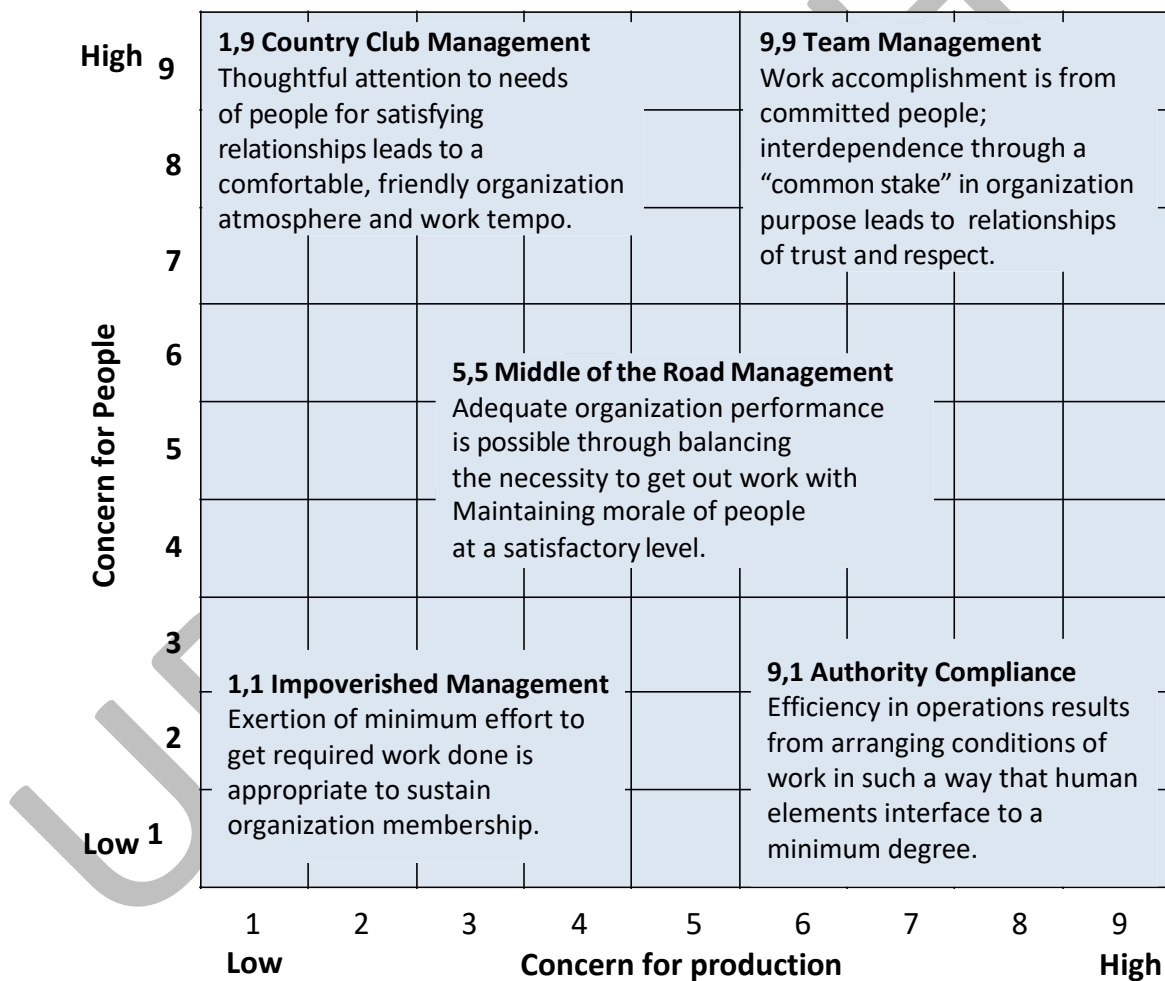
for overcoming the obstacle.

#### 4. Management Development

Management Development (MD), also referred to as Leadership Development, is a process to foster management and leadership mind set and skills. These programs provide individuals with the knowledge and skills necessary to fast track their managerial careers and provide the organization with a new generation of talented leaders.

##### 4.1. Leadership Style

Leadership is a crucial investment for successful organizations. Leaders inspire and motivate the workforce, while managers plan, organize, and coordinate projects. These important contributors require training and support to maximize their effectiveness. A popular framework for thinking about a leader’s ‘task versus person’ orientation was developed by Robert Blake and Jane Mouton in the early 1960s. Called the Managerial Grid, or Leadership Grid, it plots the degree of task-centeredness versus person-centeredness and identifies five combinations as distinct leadership styles.



As the above figure, the Managerial Grid is based on two behavioral dimensions:

**Concern for People** – This is the degree to which a leader considers the needs of team members, their interests, and areas of personal development when deciding how best to accomplish a task.

**Concern for Results** – This is the degree to which a leader emphasizes concrete objectives, organizational efficiency and high productivity when deciding how best to accomplish a task.

Using the axis to plot leadership 'concerns for results' versus 'concerns for people', Blake and Mouton defined the following five leadership styles:

#### 4.1.1. Impoverished Management – Low Results/Low People

This leader is mostly ineffective. He/she has neither a high regard for creating systems for getting the job done, nor for creating a work environment that is satisfying and motivating. The result is disorganization, dissatisfaction and disharmony.

#### 4.1.2. Country Club Management – High People/Low Results

This style of leader is most concerned about the needs and feelings of members of his/her team. These people operate under the assumption that as long as team members are happy and secure then they will work hard. What tends to result is a work environment that is very relaxed and fun but where production suffers due to lack of direction and control.

#### 4.1.3. Authority-Compliance Management – High Results/Low People

Also known as Authoritarian or "Produce or Perish" Leaders, people in this category believe that employees are simply a means to an end. Employee needs are always secondary to the need for efficient and productive workplaces. This type of leader is very autocratic, has strict work rules, policies, and procedures, and views punishment as the most effective means to motivate employees.

#### 4.1.4. Middle-of-the-Road Management – Medium Results/Medium People

This style seems to be a balance of the two competing concerns, and it may at first appear to be an ideal compromise. Therein lies the problem, though: When you compromise, you necessarily give away a bit of each concern, so that neither production nor people needs are fully met. Leaders who use this style settle for average performance and often believe that this is the most anyone can expect.

#### 4.1.5. Team Leadership – High Production/High People

According to the Blake Mouton model, this is the best managerial style. These leaders stress production needs and the needs of the people equally highly.

The premise here is that employees understand the organization's purpose and are involved in determining production needs. When employees are committed to, and have a stake in the organization's success, their needs and production needs coincide. This creates a team environment based on trust and respect, which leads to high satisfaction and motivation and, as a result, high results.

It is important to recognize that the Team Management style isn't always the most effective approach in every situation. While the benefits of democratic and participative leadership are widely accepted, there are times that call for more attention in one area than another.

If your company is in the midst of a merger or some other significant change, it can be acceptable to place a higher emphasis on people than on production. Likewise, when faced with an economic hardship or physical risk, people concerns may be placed on the back burner, for the short-term at least, to achieve good results and efficiency.

#### 4.2. Situational Leadership

Situational leadership is a theory of leadership that is part of a group of theories known as contingency theories of leadership. Generally speaking, contingency theories of leadership hold that a leader's effectiveness is related to the leader's traits or behaviors in relation to differing situational factors. According to situational leadership theory, a leader's effectiveness is contingent on his ability to modify his management behavior to the level of his subordinates' maturity or sophistication.

The Situational Leadership Model suggests that there is no "one size fits all" approach to leadership. Depending on the situation, varying levels of "leadership" and "management" are necessary. However, leaders must first identify their most important tasks or priorities. Second, leaders must consider the readiness level of their followers by analyzing the group's ability and willingness. Depending on the level of these variables, leaders must apply the most appropriate leadership style to fit the given situation. The four different types of situational leadership are:

##### 4.2.1. Directing

This leadership approach is most appropriate when the followers have low willingness and low ability for the task at hand. When the followers cannot do the job and are unwilling or afraid to try, then the leader must take a highly directive role. Directing requires those in charge to define the roles and tasks of the followers, and supervise them closely. Decisions are made by those in charge and communication is one-way. If the leader focused more on the relationship in this situation, the followers would become confused about what must be done and what is optional. Directing is often used when the issue is serious or comes with drastic consequences if not successful. The leader maintains a directive position to ensure all required actions are completed.

##### 4.2.2. Coaching

This leadership approach is most appropriate when the followers have high willingness but low ability for the task at hand. Like Directing, Coaching still requires leaders to define roles and tasks clearly, but the leader seeks ideas and suggestions from the follower. Decisions remain the leader's prerogative, but communication is much more two-way. Followers needing coaching require direction and supervision because they are still relatively inexperienced, but they also need support and praise to build their self-esteem, and involvement in decision-making to restore their commitment. While Coaching, the leader spends time listening, advising, and helping

the follower gain necessary skills in order to do the task autonomously next time.

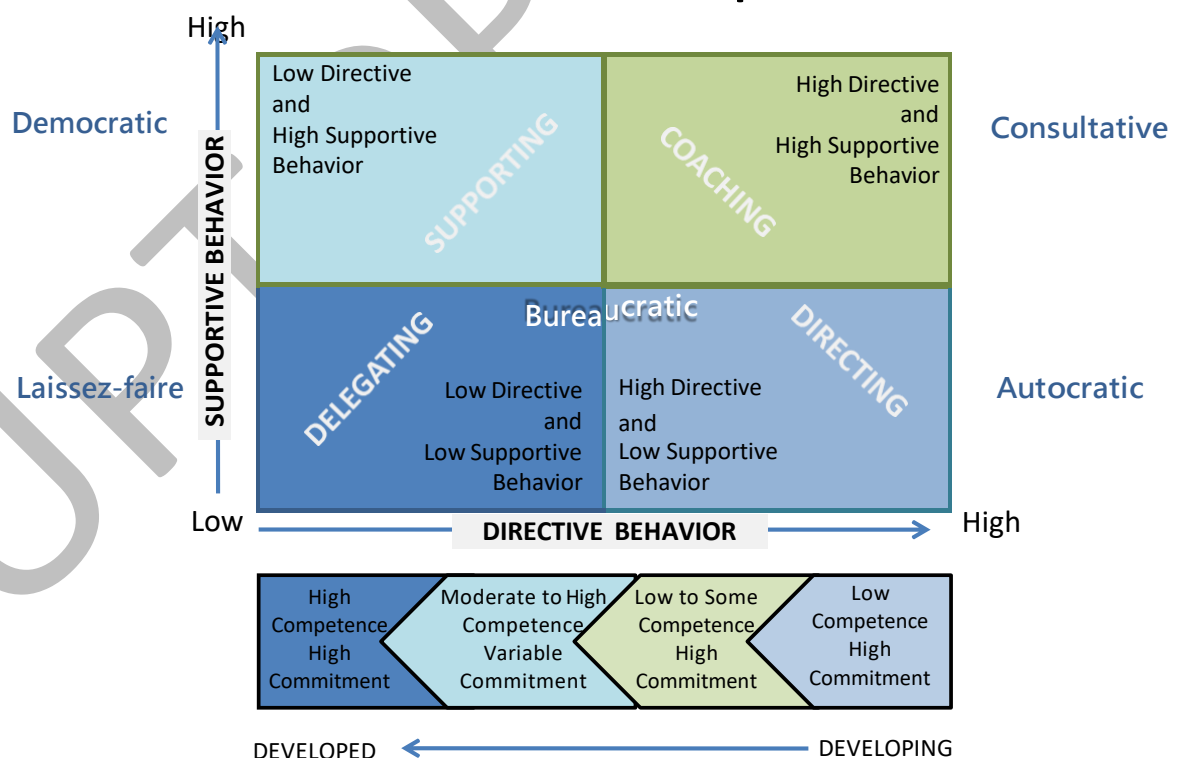
#### 4.2.3. Supporting

This leadership approach is most appropriate when the followers have low willingness but high ability for the task at hand. Supportive leadership works when the follower can do the job, but is refusing to do it or showing a lack of commitment. The leader need not worry about showing them what to do, but instead should be concerned with finding out why the followers are refusing and work to persuade them to cooperate. The key to supportive leadership is motivating and building confidence in people! Clarification on the details of the process won't matter, as the follower already knows what to do but lacks the motivation to act. Supportive leadership involves listening, giving praise and making the followers feel good when they show the necessary commitments for success.

#### 4.2.4. Delegating

This leadership approach is most appropriate when the followers have high willingness and high ability. Leaders should rely on delegating when the follower can do the job and is motivated to do it. There is a high amount of trust that the follower will do well, and the follower requires little supervision or support. Delegating still keeps the leader involved in the decisions and problem-solving, but execution is mostly in the hands of the followers. Because the follower has the most control, he is responsible for communicating information back up to the leader. Followers at this level have less need for support or frequent praise, although as with anyone, occasional recognition is always encouraged.

### Situational Leadership Model



In line with situational leadership, all of the leaders do not get the things done in the same manner. Their style varies. The leadership style varies with the kind of people the leader interacts and deals with. Here is another classification of the important leadership styles as follows:

#### 4.2.5. Autocratic

Autocratic leaders make decisions without consulting their team members, even if their input would be useful. This can be appropriate when you need to make decisions quickly, when there's no need for team input, and when team agreement isn't necessary for a successful outcome. However, this style can be demoralizing, and it can lead to high levels of absenteeism and staff turnover.

#### 4.2.6. Democratic

Democratic leaders make the final decisions, but they include team members in the decision-making process. They encourage creativity, and people are often highly engaged in projects and decisions. As a result, team members tend to have high job satisfaction and high productivity. This is not always an effective style to use, though, when you need to make a quick decision.

#### 4.2.7. Laissez-faire

Laissez-faire leaders give their team members a lot of freedom in how they do their work, and how they set their deadlines. They provide support with resources and advice if needed, but otherwise they don't get involved. This autonomy can lead to high job satisfaction, but it can be damaging if team members don't manage their time well, or if they don't have the knowledge, skills, or self motivation to do their work effectively. (Laissez-faire leadership can also occur when managers don't have control over their work and their people.)

#### 4.2.8. Consultative

This style focuses on using the skills, experiences, and ideas of others. However, the leader or manager using this style still retains the final decision-making power. To his or her credit, they will not make major decisions without first getting the input from those that will be affected.

#### 4.2.9. Bureaucratic

Here the leaders strictly adhere to the organizational rules and policies. Also, they make sure that the employees/team also strictly follows the rules and procedures. Promotions take place on the basis of employees' ability to adhere to organizational rules. This leadership style gradually develops over time. This leadership style is more suitable when safe work conditions and quality are required. But this leadership style discourages creativity and does not make employees self-contented.

### 4.3. Leadership Competencies

Managers need to have leadership competencies in many different areas in order to

effectively influence the behaviors of others – and ultimately achieve desired results.

Competence is defined as “the quality of being competent; adequacy; possession of required skill, knowledge, qualification, or capacity.” Organizations should have defined competency requirements for their leadership team. This allows for the organization to be managed with a consistent competency model.

It is common for large organizations to have required competencies that are aligned with management development programs. These organizations often have the resources to have an in-house training department that is focused on developing employees by training in all competency areas.

Smaller organizations should spend some time thinking through desired competencies and identify appropriate training options for managers and supervisors. Some competencies come naturally for people while others need to be learned and practiced.



### Leadership Competencies

Managers need to have leadership competencies in many different areas in order to effectively influence the behaviors of others – and ultimately achieve desired results.

### Leadership Development

- Developmental Assignment
- Action Learning
- Executive Coaching
- Mentoring
- Multisource feedback
- Formal Training

#### 4.3.1. Supervising Others

Managing others can be a challenge for the new supervisor who has not had management experience. Training new managers on what to do, as well as what not to do, can help to minimize issues related to supervising others.

#### 4.3.2. Conflict Resolution

Conflict in the workplace is an inevitable reality. It is important to manage this conflict because it can affect relationships between people and groups of people – which can have a major impact on organizational culture and worker productivity.

Leaders should be able to manage conflict and create win-win situations for those

involved. This can be done by identifying the source of conflict and working with both parties to negotiate and collaborate to resolve issues.

#### 4.3.3. Emotional intelligence

Emotional intelligence, or its casual shorthand EQ, is defined as “the capacity to be aware of, control, and express one’s emotions, and to handle interpersonal relationships judiciously and empathetically.” Emotional intelligence is a skill that can be learned and is a mark of professional maturity. It can take years to develop and a lifetime to master.

There is an ongoing debate as to whether EQ is a natural or trained ability. Regardless, it is an important leadership competency that every manager and supervisor needs to perfect.

#### 4.3.4. Communication Skills

Managers need to have good written and verbal communication skills to effectively manage employees. Additionally, there needs to be a structured communication processes to filter information throughout the organization.

#### 4.3.5 Manage Performance

To effectively manage employees, managers need to understand the basics of managing performance. To do this successfully, managers need to do the following:

- Set clear expectations for job assignments.
- Write and monitor employee goals.
- Hold employees accountable for job responsibilities and achieving goals.
- Reward employees for doing a good job.
- Mentor, coach and discipline employees when necessary.

#### 4.3.6. Interviewing Skills

Having the ability to identify the right person for open positions helps to ensure the organization secures the best talent for the job.

#### 4.3.7. Team Building

Leaders need to be able to build strong teams that rally around the mission and vision of the organization. This necessitates managers to have basic team leader skills that help them develop teams, minimize team conflict and manage team dynamics.

#### 4.3.8. Delegation

Anyone who has ever managed projects understands the importance of delegation. Delegating helps develop employees by gradually increasing job responsibilities and accountability. And, effective delegation is the result of forethought and strategy.

Successful delegation is knowing the people you work with and is an innate

understanding of what others can do – if given the chance. Learning to trust and develop others to perform tasks takes skill and practice. However, once learned it can be very liberating for a manager and allows them to perform higher level tasks.

#### 4.3.9. Coaching

Being a good coach is one of the most rewarding aspects of managing others. Helping others build on their strengths and improve weaknesses is part of the professional development process.

#### 4.3.10. Problem Solving

Managing people and processes requires problem solving skills. Problems could be with employees, work processes or related to product or service quality. Managers must be able to identify problems, understand basic problem solving techniques and facilitate a process to solve problems and resolve issues within the work environment.

#### 4.3.11. Motivating

Leaders need to understand what inspires and motivates their employees. There are many different motivation models that can be incorporated into a manager's strategy for motivating employees. And, it is important to remember that we are all motivated differently. The trick is to identify what motivates employees and develop systems and processes that support those motivators.

#### 4.3.12. Facilitation

Facilitation is provided by a person, called a facilitator, who leads pairs of people or groups to obtain knowledge and information, work collaboratively, and accomplish their objectives. Facilitation is a powerful tool that is used to help individuals and groups more effectively and efficiently achieve their purpose. Under the leadership of a skilled facilitator (one who provides facilitation services), meetings, team building sessions, and training classes achieve results not possible without facilitation.

### 4.4. Leadership Development Methods

Organizations are increasingly reliant on HR departments to build a leadership pipeline of managers capable of leading performance through turbulent times. However, there appears to be a growing belief among managers and senior executives that the leadership programs that they are attending are often insufficient to help them develop their capacities to face the demands of their current role. The most common leadership development methods are:

#### 4.4.1. Developmental Assignment

Some example of these assignments include managing a new project or start-up operation, serving as the department representative on a cross-functional team, chairing a special task force to plan a major change or deal with serious operational problem, developing and conducting a training program for the organizational unit, and assuming responsibility for some administrative activities previously handled by the boss. Research show that diverse, challenging assignments early in one's career facilitated career advancement.

#### 4.4.2. Action Learning

Action Learning solves problems and develops leaders simultaneously because its simple rules force participants to think critically and work collaboratively. Action Learning is particularly effective for solving complex problems that may appear unsolvable. It elevates the norms, the collaboration, the creativity, and the courage of groups. The managers meet periodically with a skilled facilitator to discuss, analyze, and learn from their experiences.

#### 4.4.3. Executive Coaching

Having a coach provides the unusual opportunity to discuss issues and try out ideas with someone who can understand them and provide helpful, objective feedback and suggestions, while maintaining strict confidentiality. Executive coaching is especially useful in conjunction with techniques that provide information about developmental needs but do not directly improve skills. The person who provides the coaching may be external or internal consultant.

#### 4.4.4. Mentoring

Mentoring is a relationship in which a more experienced manager helps a less experienced protégé; the mentor is usually at a higher managerial level and is not the protégé's immediate supervisor. Mentors can facilitate adjustment, learning, and stress reduction during difficult job transitions, while mentees may also benefit from the experience, because it is likely to increase their job satisfaction and help them develop their own leadership skills. Within any mentoring program, successfully matching and pairing mentors and mentees is critical. The business objective will determine the matching criteria that are most important for a given program. In truth, there is no one universal set of matching criteria that will generate ideal pairs for any program. With mentoring, one size doesn't fit all, and each objective will warrant a unique set of criteria. Successful mentoring programs match mentors and mentees based on their competencies with defined personality traits, characteristics, and knowledge.

#### 4.4.5. Multisource feedback

Multi-source feedback is an effective leadership development tool because each feedback report addresses the specific leadership needs of the individual undergoing the assessment. After getting a comprehensive assessment of strengths and weaknesses, individuals can then work on the specific skills and behaviors that will make him or her a more effective leader. The best 360-degree assessments help users transform feedback into action plans that target leadership development goals. Mentors and coaches can be very helpful in this step of the process by providing insight, guidance and accountability.

#### 4.4.6. Formal Training

Formal training appears to be more valuable early in a leader's career to build the foundational skills they'll draw upon later and is increasingly replaced by the benefits they receive from developmental assignments as they rise to the top.

## 5. Career Development

Career development is the process by which employees' progress through a series of stages, each characterized by a different set of developmental tasks, activities, and relationships. Career development consists of two processes-career planning and career management. **Career planning** are actions and activities that individuals perform to give direction to their work life. **Career Management** is the process through which employees become aware of their own interests, values, strengths, and weaknesses; obtain information about job opportunities within the company; identify career goal; establish action plans to achieve career goals.

Today's careers are often characterized as protean careers. A protean career is based on self-direction, whereby the employee's career is driven by the person rather than the organization. A key goal in protean careers is to achieve psychological success, the feeling of pride and accomplishment that comes from achieving life goals.

When companies offer training and development programs, employees learn skills that help them advance in their careers. This helps the employee make more money and gain more confidence in his ability to do the job. Companies benefit when employees enhance their career capabilities because they gain promotable employees. Sponsoring employee career growth can also help a company foster more loyalty from its top employees.

Employees need to develop new skills rather than rely on a static knowledge base to be successful. The emphasis on continuous learning has altered the direction and frequency of movement within careers. Traditionally, employees progressed through a linear hierarchy in the organization. Today, it is becoming more common to see career patterns across specializations.

The most appropriate view of today's careers is that they are boundaryless. Boundaryless means that individuals identify more with a job or profession than with their employer. Most employees are unlikely to stay at one company for their entire careers or even for a significant portion. A career can also be considered boundaryless in the sense that career plans or goals are influenced by personal demands and values.

### 5.1. Career Management Matters

Employees usually feel more engaged when they believe that their employer is concerned about their growth and provides avenues to reach individual career goals while fulfilling the company's mission. A career development path provides employees with an ongoing mechanism to enhance their skills and knowledge that can lead to mastery of their current jobs, promotions and transfers to new or different positions. Implementing career paths may also have a direct impact on the entire organization by improving morale, career satisfaction, motivation, productivity, and responsiveness in meeting departmental and organizational objectives.

Aligning the employee's career goals with the performance management and training and development of the organization not only helps the organization achieve its goals but also helps the organization in the following ways:

#### 5.1.1. Position employer value

Research shows that organizations that do not invest in training and development of their human capital lose valuable employees to their competition. Employers can easily differentiate themselves from competitors by investing in their employees' career development. Even a relatively small employer investment has a positive impact on loyalty.

#### 5.1.2. Retain key talents

Managing employee perceptions of career development opportunities is a key to enhancing engagement and loyalty among employees. Organizations should identify workers who are central to the execution of business strategy and then develop or update retention plans to meet the needs and expectations of these employees. Critical workers include those who drive a disproportionate share of key business outcomes, significantly influence an organization's value chain or are in short supply in the labor market. Providing identifiable career paths is an important aspect of retention plans, along with coaching and mentoring employees with high potential and moving proven performers into new roles that fit skills developed over time.

#### 5.1.3 Keep younger employees

Employees' views of work and growth opportunities vary by generation. For example, Generation Y workers (those born between 1980 and 1987) are the least likely to be interested in pay increases and most likely to be interested in learning new skills. They are also more likely to value a career path than any other generation. Randstad also found that high percentages of Generations Y and X (those born between 1965 and 1979) want pathways to personal growth.

#### 5.1.4. Decrease turnover after an economic downturn.

Employers in the globe are facing a "talent paradox." Despite relatively high national unemployment, many organizations confront shortages in areas where they most need to attract and retain experienced workers. As the economy recovers from a downturn, employers should be concerned about losing critical and high-potential talent. A spike in voluntary turnover typically occurs after a recession. The cost of voluntary turnover can be significant, and it includes loss of productivity, lost institutional knowledge and relationships, and added burdens on employees who must pick up the slack.

### 5.2. HR Roles in Career Management

Nowadays, an organization is no longer able to promise a position on the ladder, or a climb to the top. Though an organization can provide resources and tools to assist employees in developing their skills and abilities, the organization is no longer the sole option that employees have. The challenge to HR is not only to continue to provide career opportunities to employees but also to provide job enhancement and job enlargement opportunities. Training and development should be focused on preparing the employee for a lifetime of employability versus a lifetime of company employment.

Managers are responsible for incorporating the organization's definition of success into employee feedback, evaluations and development plans. Helping managers

develop career paths for their employees is another area in which HR professionals can take the lead. HR professionals should help managers view employees not as their exclusive resources but as organizational resources. When managers think this way, they are more apt to encourage employees to develop themselves in areas outside their existing departments to the benefit of the entire organization. When employees move up internal career ladders through internal promotions, HR can contribute to the process of moving an employee up the career ladder by:

- Establishing fair, workable and consistently administered promotion policies and procedures. This includes establishing policies for posting—or not posting—available positions and the content and timing of promotion announcements.
- Facilitating promotions within their organizations by providing employees with career coaching, helping managers develop clear selection criteria and cushioning the blow for those not selected for promotion.
- Helping newly promoted employees make a smooth transition.
- Helping nonselected candidates continue to strengthen their skills in expectation of future opportunities within the organization.

Although HR professionals have many responsibilities related to designing and implementing career paths and methods for employees to grow and advance, they must also receive guidance themselves in navigating and advancing their own careers.

### 5.3. Stages in career development

As the below figure, there are four stages in career development:

#### 5.3.1. Exploration Stage

In this stage, individuals attempt to identify the type of work that interests them. They consider their interests, values, and work preferences, and they seek information about jobs, careers, and occupations from co-workers, friends, and family members. Therefore they can begin pursuing the needed education or training. From the company's perspective, orientation activities are necessary to help new employees get as comfortable as possible with their new jobs and co-workers.

#### 5.3.2. Establishment Stage

In this stage, individuals find their place in the company, make an independent contribution, achieve more responsibility and financial success, and establish a desirable life-style. Employees need to become more actively involved in career planning activities, while the company needs to develop policies that help balance work and non-work roles.

#### 5.3.3. Maintenance Stage

In this stage, the individual is concerned with keeping skills up to date and being perceived by others as someone who is still contributing to the company. A major issue for company is how to keep employees in the maintenance stage from plateauing and ensure that employees' skills do not become obsolete.

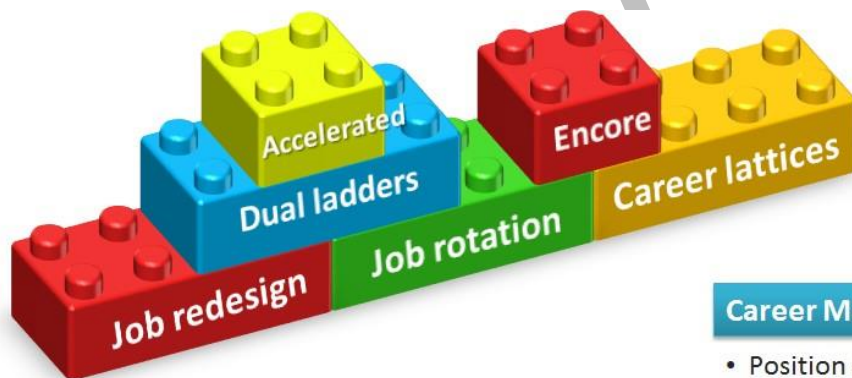
### 5.3.4. Disengagement Stage

In this stage, individuals prepare for a change in the balance between work and non-work activities, while maintain self-esteem. Some may be forced to leave due to downsizing or merger; others may leave because of their interest, values, or abilities, and then back to the exploration stage. For the company's perspective, the major career management activities in this stage are retirement planning and outplacement.

### 5.4. Career Paths and Ladders

Career paths and career ladders are two traditional methods by which an employee can develop and progress within an organization. Career ladders are the progression of jobs in an organization's specific occupational fields ranked from highest to lowest based on level of responsibility and pay. Career paths encompass varied forms of career progression, including the traditional vertical career ladders, dual career ladders, horizontal career lattices, career progression outside the organization and encore careers.

In today's business environment, many organizations are unable to advance all employees up traditional career ladders due to low turnover, limited growth or financial constraints. In such situations, other kinds of development opportunities offer ways to retain and engage employees, including job redesign, job rotation, dual career ladders, horizontal career paths, accelerated and "dialed down" career paths, and encore career paths.



#### Career Management

- Position employer value.
- Retain key talents
- Keep younger employees
- Decrease turnover

#### 5.4.1. Job redesign

As organizations have experienced downsizing, new technologies and demographic changes, the result has been flatter organizations that provide less opportunity for career advancement via promotions. Job redesign is an important ingredient in continuing to challenge employees to do their best work.

Job redesign can provide increased challenges and opportunities for employees to get more out of their jobs while staying on the same rung of their ladders. Commonly

used job redesign strategies are job enlargement and job enrichment.

Job enlargement involves broadening the scope of a job by varying the number of different tasks to be performed. Job enrichment involves increasing the depth of the role by adding employee responsibility for planning, organizing and controlling tasks of the job.

These strategies can be used to add variety and challenge to a job while also allowing the individual to learn new skills and to further refine and develop existing skills to better prepare for advancement opportunities when they do occur. However, when jobs are enlarged but not enriched, motivational benefits are unlikely. Although the distinction between job enlargement and enrichment is fairly straightforward, employees may not correctly perceive the changes as enrichment or as enlargement.

#### 5.4.2. Job rotation

Job rotation involves the systematic movement of employees from job to job within an organization. Typically, formal job rotation programs offer customized assignments to promising employees in an effort to give them a view of the entire business. Assignments usually run for a year or more. Rotation programs can vary in size and formality, depending on the organization.

Job rotations are not new, but they can be highly effective. Low-level workers in job rotations can gain variety and perspective, so they do not get bored. For managers, rotations are typically designed to broaden their expertise and make them better prepared to move to the next level. As middle management jobs have disappeared in recent years, rotations for managers have become more important.

But there is a downside to job rotation programs. Such programs may increase the workload and decrease productivity for the rotating employee and for other employees who must take up the slack. In addition, line managers may be resistant to high-performing employees participating in job rotation programs. Finally, costs are associated with the learning curve on new jobs.

#### 5.4.3. Dual ladders

A dual career ladder is a career development plan that allows upward mobility for employees without requiring that they be placed into supervisory or managerial positions. This type of program has typically served as a way to advance employees who may have particular technical skills or education but who are not interested or suited to management.

To be effective, a dual career ladder program must be well managed, as the program can become a "dumping ground" for lower-performing managers. Additionally, there may be resentment from employees not chosen for the program or from managers who feel the dual career employees are receiving similar pay as managers without the added burdens of supervising staff.

#### 5.4.4. Horizontal paths

The concept of horizontal career paths (also called "career lattices") was introduced in

many large organizations in the mid-to-late 1990s. In organizations with limited number of management and leadership positions, employees are encouraged to think of career paths both horizontally and vertically.

#### 5.4.5. Accelerated paths

A few organizations have recognized that employees want a voice in tailoring their career paths to their life stages and as to whether they want to be on an accelerated path or a "dialed-down" path at a particular stage.

Some organizational projects require high intensity and others do not, but all are important to the organization. An employee who is in a stage of acceleration may have a better success rate on high-intensity projects, such as a mergers-and-acquisition project that requires a lot of hours and travel. On the other hand, if someone is in dial-down mode for personal reasons, then a lower intensity project would be a better fit.

#### 5.4.6. Encore paths

The concept of purpose-driven work in the second half of life has only recently become an issue. An encore career is the opportunity for an individual to do work that has a social impact after midlife work. Many nonprofit organizations have traditionally relied on Baby Boomers to perform volunteer or part-time work that came with only modest stipends. These opportunities will be less appealing as people live longer and traditional retirement plans disappear. HR functions in the nonprofit sector should consider adapting hiring policies to employees interested in encore careers. Moreover, nonprofit employers may want to reshape job descriptions to offer part-time and flexible work options, use online resources to make finding encore jobs easier, and provide education and training to meet new job requirements.

## 6. Talent Management

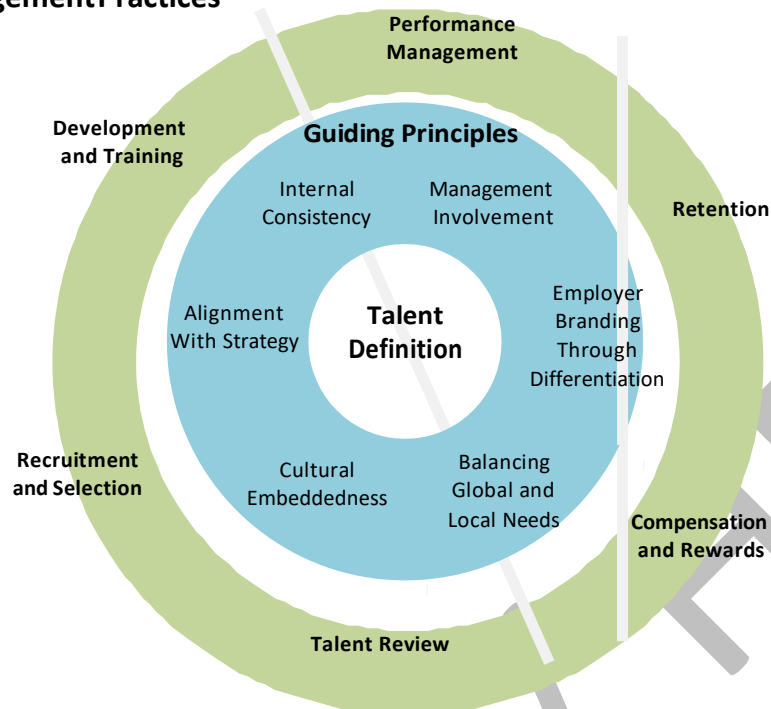
**Talent management** as activities and processes that involve the systematic identification of key positions which differentially contribute to the organization's sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organization.

**Talent pool** is refer to the pool of high potential and high performing incumbents that the organization can draw upon to fill pivotal talent positions.

The term "talent management" is used to broadly recognizing that there is considerable debate within companies about what constitutes "talent" and how it should be managed. (See "The Talent Management Wheel" as the below figure) Since the publication of a related study, many managers have considered talent management synonymous with human capital management. Among the companies we studied, there were two distinct views on how best to evaluate and manage talent. One group assumed that some employees had more "value" or "potential" than others, and that, as a result, companies should focus the lion's share of corporate attention and resources on them; the second

group had a more inclusive view, believing that too much emphasis on the top players could damage morale and hurt opportunities to achieve broader gains.

### Talent Management Practices



Source: Stahl, et al. (2012). Six Principles of Effective Global Talent Management. MIT Sloan Management Review, Winter, 24-32

#### 6.1. Alignment With Strategy

Corporate strategy is the natural starting point for thinking about talent management. Given the company's strategy, what kind of talent do we need? For example, GE's growth strategy is based on five pillars: technological leadership, services acceleration, enduring customer relationships, resource allocation and globalization. But GE's top management understands that implementing these initiatives may have less to do with strategic planning than with attracting, recruiting, developing and deploying the right people to drive the effort. According to its CEO, the company's talent management system is its most powerful implementation tool. For instance, to support a renewed focus on technological leadership and innovation, GE began targeting technology skills as a key development requirement during its annual organizational and individual review process, which GE calls Session C. In all business segments, a full block of time was allocated to a review of the business's engineering pipeline, the organizational structure of its engineering function and an evaluation of the potential of engineering talent. In response to the CEO's concern that technology-oriented managers were underrepresented in GE's senior management ranks, the Session C reviews moved more engineers into GE's senior executive band. Talent management practices also helped to drive and implement GE's other strategic priorities (for example, establishing

a more diverse and internationally experienced management cadre).

In a similar vein, a recent survey of chief human resource officers of large multinationals highlighted another approach to aligning talent management with the business strategy.

Strategic flexibility is important, and organizations must be able to adapt to changing business conditions and revamp their talent approach when necessary. For example, Oracle, the hardware and software systems company, found that its objective goal-setting and performance appraisal process was no longer adequate. Management wanted to add some nonfinancial and behavior-based measures to encourage people to focus on team targets, leadership goals and governance. This necessitated a significant overhaul of Oracle's existing performance management systems, investment in line management capability and overall changes to the mind-set of line managers and employees.

## 6.2. Internal Consistency

Implementing practices in isolation may not work and can actually be counter-productive. The principle of internal consistency refers to the way the company's talent management practices fit with each other. The study shows that consistency is crucial. For example, if an organization invests significantly in developing and training high-potential individuals, it should emphasize employee retention, competitive compensation and career management. It also should empower employees to contribute to the organization and reward them for initiative.

Such combinations of practices will lead to a whole that is more than the sum of its parts. There should also be continuity over time. For example, a MNC has tied everything related to talent management together in such a way that internal consistency among the various HR elements is virtually guaranteed. The company recruits 10 to 12 graduates per year, assigns the new hires to a learning campus (a network for top new graduates within the division) and assesses them at the development center. Later, the designated employees go through a leadership quality analysis and review procedure, including feedback and performance appraisal, and become part of the mentoring program led by top managers. The whole process is continuously monitored through reviews and linked to the company's reward systems.

The emphasis on consistency is also paramount at IBM, which works hard to assure that its people management systems are consistent across its subsidiaries. To achieve this alignment, IBM combines qualitative and quantitative data collected quarterly to ensure that its practices are consistently introduced and implemented. The company also conducts an HR customer satisfaction survey twice a year to learn how employees are responding to the programs and to detect areas of employee dissatisfaction.

## 6.3. Cultural Embeddedness

Many successful global companies consider their corporate culture as a source of sustainable competitive advantage. They make deliberate efforts to integrate their stated core values and business principles into talent management processes such as hiring methods, leadership development activities, performance management systems, and compensation and benefits programs. For example, whereas companies have traditionally focused on job-related skills and experience to select people, some

multinationals we studied have expanded their selection criteria to include cultural fit. These companies assess applicants' personalities and values to determine whether they will be compatible with the corporate culture; the assumption is that formal qualifications are not always the best predictors of performance and retention, and that skills are easier to develop than personality traits, attitudes and values.

IKEA, the Sweden-based furniture retailer, for example, selects applicants using tools that focus on values and cultural fit. Its standard questionnaire downplays skills, experience or academic credentials and instead explores the job applicants' values and beliefs, which become the basis for screening, interviewing, and training and development. Later, when employees apply internally for leadership positions, the main focus is once again on values in an effort to ensure consistency.

Researchers found that a strong emphasis on cultural fit and values was common among successful global companies. In evaluating entry-level job applications, Infosys is willing to trade off some immediate skill requirements for a specific job in favor of good cultural fit, the right attitude and what it refers to as "learn ability." In addition to evaluating the applicant's college record, Infosys puts applicants through an analytical and aptitude test, followed by an extensive interview to assess cultural fit and compatibility with the company's values.

Rather than selecting employees for attitude and cultural fit, a more common approach to promoting the organization's core values and behavioral standards is through secondary socialization and training. Standardized induction programs, often accompanied by individualized coaching or mentoring activities, were widely used among the companies that we studied. Leading companies used training and development not only to improve employee skills and knowledge but also to manage and reinforce culture.

In addition to inculcating core values into young leaders, successful companies often make focused efforts to adapt their talent management practices to the needs of a changing work force. Consider the growing interest in healthy work-life balance. As the number of employees seeking balance between their personal and professional lives has increased, more companies have begun to offer flexible working arrangements in an effort to attract the best talent and retain high-potential employees.

Consistent with an increased emphasis on values, some companies have introduced what might be called "values-based" performance management systems: They assess high-potential employees not only according to what they achieve but also on how they reflect or exemplify shared values.

#### 6.4. Management Involvement

Successful companies know that the talent management process needs to have broad ownership — not just by HR, but by managers at all levels, including the CEO. Senior leaders need to be actively involved in the talent management process and make recruitment, succession planning, leadership development and retention of key employees their top priorities. They must be willing to devote a significant amount of their time to these activities.

One of the most potent tools companies can use to develop leaders is to involve line managers. It means getting them to play a key role in the recruitment of talent and then making them accountable for developing the skills and knowledge of their employees. Unilever, for example, believes in recruiting only the very best people. To make this happen, top level managers must make time for interviews, even in the face of all their other responsibilities. Line managers can contribute by acting as coaches or mentors, providing job-shadowing opportunities and encouraging talented employees to move around within the organization for career development.

The responsibility for talent development extends beyond managers. Employees need to play an active part themselves by seeking out challenging assignments, cross-functional projects and new positions. However, the survey finds that job rotations across functions or business units are not very common. Although HR managers may see the value in job rotations and new assignments for career development, many companies lack the ability to implement them. A possible explanation is the tendency of managers to focus on the interests of their own units rather than the whole organization; this narrowness may hinder talent mobility and undermine the effectiveness of job rotation as a career development tool. A McKinsey study found that more than 50% of CEOs, business unit leaders and HR executives interviewed believed that insular thinking and a lack of collaboration prevented their talent management programs from delivering business value.

#### 6.5. Balance of Global and Local Needs

For organizations operating in multiple countries, cultures and institutional environments, talent management is complicated. Companies need to figure out how to respond to local demands while maintaining a coherent HR strategy and management approach. Among the companies we studied, there was no single strategy. For example, Oracle emphasized global integration, with a high degree of centralization and little local discretion. Matsushita, meanwhile, focused on responsiveness to local conditions and allowed local operations to be highly autonomous.

A company's decision about how much local control to allow depends partly on the industry. Furthermore, rather than being static, a company's position may evolve over time in response to internal and external pressures. Many companies are moving toward greater integration and global standards while simultaneously continuing to experience pressure to adapt and make decisions at local levels. For example, Rolls Royce has global standards for process excellence, supported by a global set of shared values and a global talent pool approach for senior executives and high potentials. At the same time, it has to comply with local institutional demands and build local talent pools. Clearly, the challenge for most companies is to be both global and local at the same time. Companies need a global template for talent management to ensure consistency but need to allow local subsidiaries to adapt that template to their specific circumstances.

Most companies have introduced global performance standards, supported by global leadership competency profiles and standardized performance appraisal tools and processes. Activities that are seen as less directly linked with the overall strategy of the

corporation and/or where local institutional and cultural considerations are viewed as crucial (for example, training and compensation of local staff) continue to be more at the discretion of local management. At IBM, for example, foreign subsidiaries have no choice about whether to use the performance management system; it is used worldwide with only minor adaptations. But subsidiaries may develop other policies and practices to address local conditions and cultural norms.

While locally adapted approaches create opportunities for diverse talent pools, they limit a company's ability to build on its global learning in hiring, assessing, developing and retaining top global talent. This requires more integration across business units. When companies do not coordinate hiring and development efforts across its different divisions, so even though it had diverse talent pools, it wasn't able to take advantage of cross-learning opportunities.

#### 6.6. Employer Branding Through Differentiation

Attracting talent means marketing the corporation to people who will fulfill its talent requirements. In order to attract employees with the right skills and attitudes, companies need to find ways to differentiate themselves from their competitors.

MNCs differ considerably in how they resolve the tension between maintaining a consistent brand identity across business units and regions and responding to local demands. Shell, for example, uses one global brand for HR excellence and several global practices or processes for all its businesses. The brand highlights talent as Shell's top priority; each business is then able to take that global brand and apply it locally. This means that rather than having all branding efforts coming from corporate headquarters, each subsidiary receives its own resources to build the brand in accordance with the local market demands and the need for differentiation.

Intel takes a different approach. It positions many of its top-level recruiters outside the United States to ensure that the Intel brand is promoted worldwide. For instance, Intel has recently set up a large production facility in Vietnam. To staff the operation, the company sent a top-level HR manager from its California corporate office to build local awareness of Intel as an employer. "Hiring top talent, no matter where we are, is top priority for Intel," the manager explained. To accomplish this, Intel has become involved with local governments and universities to advance education and computer literacy. Such investments may not pay off immediately, but they put roots in the ground in countries that see hundreds of foreign companies come and go each year.

One way companies are trying to get an edge on competitors in attracting talent is by stressing their corporate social responsibility (CSR) activities. A global pharmaceutical company offers an excellent case in point. The company capitalizes on its employment brand and reputation through regular news releases and media events at key recruitment locations.

In addition to adhering to a common set of talent management principles, leading companies follow many of the same talent-related practices. Although many global corporations continue to use overall HR management systems that align with their cultures and strategic objectives, the companies are becoming more similar — and also more sophisticated — in how they manage talent.

Several factors seem to be driving the convergence. First, companies compete for the same talent pool, especially graduates of international business schools and top universities. Second, the trend toward greater global integration means that companies want to standardize their approaches to talent recruitment, development and management to ensure internal consistency. And third, the visibility and success of companies such as GE, amplified by commentary by high-profile consulting firms and business publications, have led to widespread imitation.

Best practices are only "best" when they're applied in a given context; what works for one company may not work in another. Indeed, the need for alignment — internally across practices, as well as with the strategy, culture and external environment — has profound implications for talent management. Even with the global convergence in terms of the practices used, companies cannot simply mimic top performers. They need to adapt talent management practices to their own strategy and circumstances and align them closely with their leadership philosophy and value system, while at the same time finding ways to differentiate themselves from their competitors. Multinational corporations that excel in managing talent are likely to retain a competitive edge.

## **7. Replacement Planning vs. Succession Planning vs. Talent Management**

### **7.1. Replacement planning**

Replacement planning is the process of identifying short-term and long-term emergency backups to fill critical positions or to take the place of critical people. Short-term replacement planning focuses on finding backups while a critical person is out for a short time, such as on vacation or out sick. Long-term replacement planning focuses on finding backups to fill critical positions or to fill in for critical people when they become absent for long periods, or perhaps even forever, as a direct result of a death, disability, sudden resignation, or other sudden loss (such as being held hostage). Replacements should not necessarily mean people who will take a job forever; rather, they can meet the requirements of a job or jobholder in an acting capacity long enough for the organization to do a proper search. Even those from outside the organization — such as "temp" workers — may meet the requirement.

It is important to emphasize that replacement planning is no panacea. Its focus is on meeting the demands of emergencies. It can avoid long delays in having important decisions made when the people who make them are gone. Although some senior leaders may question the value of any HR-related effort, most of them can immediately recognize the value of having key backups identified in case of short-term or long-term emergencies. That is, in fact, a key selling point for replacement planning: its introduction usually leads to little opposition, and often much support, from otherwise skeptical senior leaders. Replacement planning usually focuses on finding backups inside the organization. It thus works well in corporate cultures characterized by strong 'silos' (divisions or specialty areas).

### **7.2. Succession planning**

Succession planning is different from replacement planning. It does not focus on finding internal backups from within departments; rather, it examines the needs by level (such as the move from middle to senior manager). All talent at each level

is "pooled". Talent pools are thus defined as all people who are considered promotable to the next level up on the organization chart regardless of department. When need is great – such as may occur when all members of a group (like senior executives) are at or near retirement age – then a special focus may be placed on accelerating the development of the talent pool. Such a group, targeted for faster development, is called an acceleration pool.

The organization commits to develop all who express interest in promotion – and that is by no means everyone. But organizational leaders manage expectations by indicating that when a vacancy occurs, the best applicant to meet the organization's needs will be chosen – and that may mean someone from outside the organization.

Succession planning is part of a broader talent management program. Succession planning aims to attract the best-fit talent, retain those individuals, and develop them through well-targeted development efforts. Succession planning helps build the bench strength of an organization to ensure the long-term health, growth and stability.

Succession planning is based on identifying and analyzing training, learning and development requirements, which are then enhanced and built upon. And here's a simple but effective six-step 'how to' guide:

#### 7.2.1. Analysis of the future

In order to be a meaningful, succession planning should be closely linked to the business plan. Therefore, the first step involves:

- Looking at the organization's goals and strategies for the next few years
- Identifying the job roles that will be critical to achieving those objectives and strategies
- Establishing what kind of employees, particularly at the senior/managerial level, that the organization will require to fill those roles.

#### 7.2.2. Role analysis

Once key future job roles have been identified, the next stage is to pinpoint what core managerial competencies – that is, skills, knowledge and attributes - will be necessary to fill them. This can be done by using tools such as job descriptions, person specifications and competency frameworks.

#### 7.2.3. People analysis

In order to analyze individuals effectively, existing performance management processes can be employed, but they will need to be finely tuned in line with steps one and two above.

This means that performance reviews should be undertaken on the basis of both objectives and competencies in order to identify what people are achieving and how well they are performing.

Bear in mind, however, that it may be tricky to identify some areas of skills, knowledge

or attributes if the employee concerned is not in a position to fully demonstrate them.

In these cases, it can be useful to assess them in more detail using tools such as psychometric and ability tests, group exercises, Occupational Personality Questionnaires and other assessment tools.

As well as exploring individuals' potential though, it is also important to look at their career aspirations, preferences and constraints in order to ensure that external factors such as work-life balance are addressed.

#### 7.2.4. Training, learning and development needs analysis

Employees' individual training, learning and development needs can be identified using techniques taken from all of the above stages. But the key to success is to devise specific action or development plans for each staff member.

The aim here is to ensure that, rather than simply subjecting people to ad-hoc activities, they have access to a structured development program that is geared towards them reaching certain capability levels.

To this end, it is helpful to ask questions such as 'what do people need to be able to do/do differently/do better in order to deliver the organization's future vision?'

The key point here is to identify the 'skills gap' – the gap between where people are now and where they need to be in the future. The focus then moves on to how to fill that gap.

#### 7.2.5. Learning and development activities

This stage is about providing employees with suitable training, learning and development opportunities. However, any opportunities should be 'stretch' assignments that are geared to the level being aimed for rather than the level that they are currently at.

It is essential that the people going through this process are actively involved in it and are communicated with effectively so that they are fully aware of what they are doing and why. The advantage of this approach is that it enables them to take responsibility for their own progression and development and to have input into their own future career path.

#### 7.2.6. Employee placement

Having done the groundwork, the ultimate aim is to get the right people with the right skills, knowledge and attributes into the right jobs at the right time. Therefore, an effective selection process is still necessary to ensure equality of opportunity both for people within and outside of the acceleration pool.

But the end result of taking the time to do this is that people will be promoted into high-level positions based on merit rather than length of service or current job role.

Finally, a few notes on making succession planning as effective and successful as possible. Having a process that lacks transparency and fails to provide equality of

opportunity can be divisive and counter-productive.

It is also important not to depend too heavily on internal promotion activity or the organization could run the risk of stagnating due to a lack of new blood to bring in new ideas, practices and experience. Therefore, there should always be a suitable balance between home-grown talent and external hires (around 3:2 is usually about right).

Also be flexible - avoid the 'eggs in one basket' situation of engaging in person-specific and job-specific succession planning in order to broaden out the potential opportunities for those involved as much as possible.

Admittedly, not all employees are desperate to scramble up the career ladder – many prefer to 'bloom where they're planted'. But it doesn't mean that they should be excluded from the process, which likewise should not be focused solely on senior roles.

Good succession planning should also enable individuals to make cross-boundary career moves because, let's not forget, movement within organisations can be horizontal as well as vertical.

Like any form of planning, the succession type isn't all about predicting the future or even being prepared for it. Instead it is about creating a future that the organisation wants and needs.

So to that end, start putting a suitable process in place today rather than leave the future of your business to the fickle finger of fate.

### 7.3. Talent management

Talent management moves beyond succession planning. Although a term that has been variously defined, talent management is often defined as a process of "attracting the best people, developing the best people, and retaining the best people". It is that threefold, integrated focus that distinguishes talent management from succession planning.

	Replacement Planning	Succession Planning	Talent Management
Identification of Successors	Yes	Yes	Yes
Development of Successors	Little or none	Yes	Yes (often Talent Pools)
Managerial Levels	Top two or three	Top two or three	All, including any key positions

Source: Rothwell, W.J. (2011). Replacement planning: a starting point for succession planning and talent management. *International Journal of Training and Development*, 15(1), 87-99.

In sum, **Replacement Planning** is a process of identifying short-term or long-term backups so that organizations have people who can assume responsibility for critical positions during emergencies. Individuals identified as ‘replacements’ are not promised promotions; rather, they are prepared to the point where they can assume a critical position long enough for the organization’s leaders to do a proper internal and external search for a permanent replacement. It should not be confused with **Succession Planning**, which focuses on developing a pool of people to consider for promotion, or **Talent Management**, which focuses on attracting, developing, deploying and retaining the best people. Using a case study approach, this article describes how one organization used replacement planning as a means to raise and consider important issues as a starting point for the eventual implementation of succession planning.

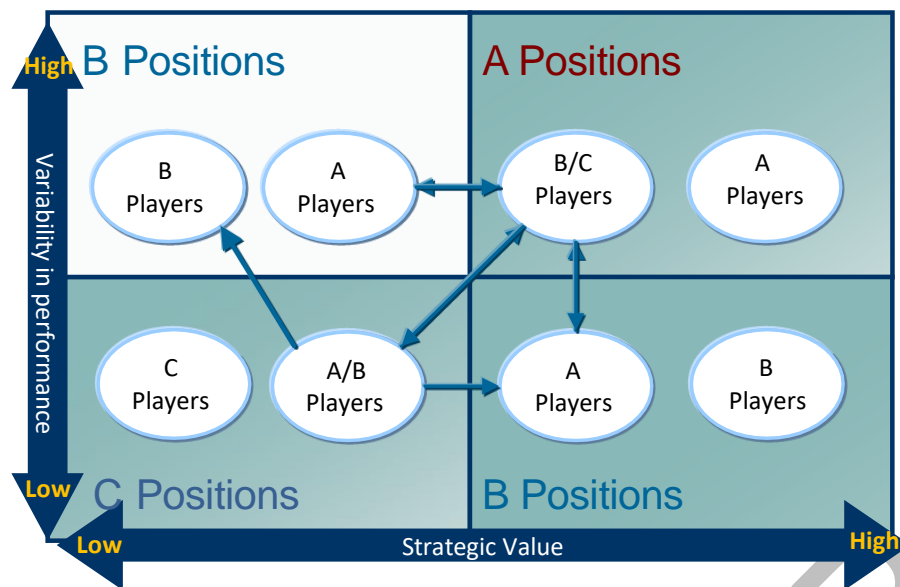
## 8. A Positions and A Players

A great workforce is made up of great people. What could be more intuitively obvious? Is it any wonder, then, that so many companies have devoted so much energy in recent years to identifying, developing, and retaining what have come to be known as “A players” ? Firms like GE, IBM, and Microsoft all have well-developed systems for managing and motivating their high-performance and high-potential employees—and for getting rid of their mediocre ones. Management thinkers have widely endorsed this approach. Researchers call this sort of differentiation among employees “the mother’s milk of building a performance culture.”

But focusing exclusively on A players puts, well, the horse before the cart. High performers aren’t going to add much value to an organization if they’re smoothly and rapidly pulling carts that aren’t going to market. They’re going to be effective only when they’re harnessed to the right cart—that is, engaged in work that’s essential to company strategy. This, too, may seem obvious. But it’s surprising how few companies systematically identify their strategically important A positions—and then focus on the A players who should fill them. Even fewer companies manage their A positions in such a way that the A players are able to deliver the A performance needed in these crucial roles.

While conventional wisdom might argue that the firms with the most talent win, Mark A. Huselid, Richard W. Beatty, and Brian E. Becker publish a paper on Harvard Business Review. They argued that, given the financial and managerial resources needed to attract, select, develop, and retain high performers; companies simply can’t afford to have A players in all positions. Rather, they argued that the firms with the right talent win. Businesses need to adopt a portfolio approach to workforce management, placing the very best employees in strategic positions, good performers in support positions, and eliminating nonperforming employees and jobs that don’t add value.

One thing to keep in mind: Effective management of your A positions requires intelligent management of your B and C positions, as well.



### 8.1. Identifying Your A Positions

People traditionally have assessed the relative value of jobs in an organization in one of two ways. Human resource professionals typically focus on the level of skill, effort, and responsibility a job entails, together with working conditions. From this point of view, the most important positions are those held by the most highly skilled, hardest-working employees, exercising the most responsibility and operating in the most challenging environments.

Economists, by contrast, generally believe that people's wages reflect the value they create for the company and the relative scarcity of their skills in the labor market. Thus, the most important jobs are those held by the most highly paid employees. The trouble with both of these approaches is that they merely identify which jobs the company is currently treating as most important, not the ones that actually are. To do that, one must not work backward from organization charts or compensation systems but forward from strategy.

That's why the authors argued the two defining characteristics of an A position are first, as you might expect, its disproportionate importance to a company's ability to execute some part of its strategy and second—and this is not nearly as obvious—the wide variability in the quality of the work displayed among the employees in the position.

Plainly, then, to determine a position's strategic significance, you must be clear about your company's strategy: Do you compete on the basis of price? On quality? Through mass customization? Then you need to identify your strategic capabilities—the technologies, information, and skills required to create the intended competitive advantage. Wal-Mart's low-cost strategy, for instance, requires state-of-the-art logistics, information systems, and a relentless managerial focus on efficiency and cost reduction. Finally, you must ask: What jobs are critical to employing those capabilities in the execution of the strategy?

Such positions are as variable as the strategies they promote. Consider the retailers

Nordstrom and Costco. Both rely on customer satisfaction to drive growth and shareholder value, but what different forms that satisfaction takes: At Nordstrom it involves personalized service and advice, whereas at Costco low prices and product availability are key. So the jobs critical to creating strategic advantage at the two companies will be different. Frontline sales associates are vital to Nordstrom but hardly to be found at Costco, where purchasing managers are absolutely central to success.

The point is, there are no inherently strategic positions. Furthermore, they're relatively rare—less than 20% of the workforce—and are likely to be scattered around the organization. They could include the biochemist in R&D or the field sales representative in marketing.

So far, the authors' argument is straightforward. But why would variability in the performance of the people currently in a job be so important? Because, as in other portfolios, variation in job performance represents upside potential—raising the average performance of individuals in these critical roles will pay huge dividends in corporate value. Furthermore, if that variance exists across companies, it may also be a source of competitive advantage for a particular firm, making the position strategically important.

Sales positions, fundamental to the success of many a company's strategy, are a good case in point: A salesperson whose performance is in the 85th percentile of a company's sales staff frequently generates five to ten times the revenue of someone in the 50th percentile. But they are not just talking about greater or lesser value creation—they are also talking about the potential for value creation versus value destruction. The Gallup organization, for instance, surveyed 45,000 customers of a company known for customer service to evaluate its 4,600 customer service representatives. The reps' performance ranged widely: The top quartile of workers had a positive effect on 61% of the customers they talked to, the second quartile had a positive effect on only 40%, the third quartile had a positive effect on just 27%—and the bottom quartile actually had, as a group, a negative effect on customers. These people—at the not insignificant cost to the company of roughly \$40 million a year (assuming average total compensation of \$35,000 per person)—were collectively destroying value by alienating customers and, presumably, driving many of them away.

Although the \$40 million in wasted resources is jaw-dropping, the real significance of this situation is the huge difference that replacing or improving the performance of the subpar reps would make. If managers focused disproportionately on this position, whether through intensive training or more careful screening of the people hired for it, company performance would improve tremendously.

The strategic job that doesn't display a great deal of variability in performance is relatively rare, even for those considered entry-level. That's because performance in these jobs involves more than proficiency in carrying out a task. Consider the job of cashier. The generic mechanics aren't difficult. But if the position is part of a retail strategy emphasizing the customers' buying experience, the job will certainly involve more than scanning products and collecting money with a friendly smile. Cashiers might, for example, be required to take a look at what a customer is buying and then suggest other products that the person might want to consider on a return visit. In such

cases, there is likely to be a wide range in people's performance.

Some jobs may exhibit high levels of variability (the sales staff on the floor at a big-box store like Costco, for example) but have little strategic impact (because, as we have noted, Costco's strategy does not depend on sales staff to ensure customer satisfaction). Neither dramatically improving the overall level of performance in these jobs nor narrowing the variance would present an opportunity for improving competitive advantage.

Alternatively, some jobs may be potentially important strategically but currently represent little opportunity for competitive advantage since everyone's performance is already at a high level. That may either be because of the standardized nature of the job or because a company or industry has, through training or careful hiring, reduced the variability and increased the mean performance of workers to a point where further investment isn't merited. A pilot, for example, is a key contributor to most airlines' strategic goal of safety, but owing to regular training throughout pilots' careers and government regulations, most pilots perform well. Although there definitely is a strategic downside if the performance of some pilots were to fall into the unsafe category, improving pilot performance in the area of safety is unlikely and, even if marginal gains are possible, unlikely to provide an opportunity for competitive advantage.

So a job must meet the dual criteria of strategic impact and performance variability if it is to qualify as an A position. From these two defining characteristics flow a number of others—for example, a position's potential to substantially increase revenue or reduce costs—that mark an A position and distinguish it from B and C positions. B positions are those that are either indirectly strategic through their support of A positions or are potentially strategic but currently exhibit little performance variability and therefore offer little opportunity for competitive advantage. Although B positions are unlikely to create value, they are often important in maintaining it. C positions are those that play no role in furthering a company's strategy, have little effect on the creation or maintenance of value—and may, in fact, not be needed at all.

It's important to emphasize that A positions have nothing to do with a firm's hierarchy—which is the criterion executive teams so often use to identify their organizations' critical and opportunity-rich roles. As natural as it may be for you, as a senior executive, to view your own job as among a select group of vital positions in the company, resist this temptation. As we saw in the case of the cashier, A positions can be found throughout an organization and may be relatively simple jobs that nonetheless need to be performed creatively and in ways that fit and further a company's unique strategy.

A big pharmaceutical firm, for instance, trying to pinpoint the jobs that have a high impact on the company's success, identifies several A positions. Because its ability to test the safety and efficacy of its products is a required strategic capability, the head of clinical trials, as well as a number of positions in the regulatory affairs office, are deemed critical. But some top jobs in the company hierarchy, including the director of manufacturing and the corporate treasurer, are not. Although people in these jobs are highly compensated, make important decisions, and play key roles in maintaining the

company's value, they don't create value through the firm's business model. Consequently, the company chooses not to make the substantial investments (in, say, succession planning) in these positions that it does for more strategic jobs.

A positions also aren't defined by how hard they are to fill, even though many managers mistakenly equate workforce scarcity with workforce value. A tough job to fill may not have that high potential to increase a firm's value. At a high-tech manufacturing company, for example, a quality assurance manager plays a crucial role in making certain that the products meet customers' expectations. The job requires skills that may be difficult to find. But, like the airline pilots, the position's impact on company success is asymmetrical. The downside may indeed be substantial: Quality that falls below Six Sigma levels will certainly destroy value for the company. But the upside is limited: A manager able to achieve a Nine Sigma defect rate won't add much value because the difference between Six Sigma and Nine Sigma won't be great enough to translate into any major value creation opportunity (although the difference between Two- and Three-Sigma defect rates may well be). Thus, while such a position could be hard to fill, it doesn't fit the definition of an A position.

## 8.2. Managing Your A Positions

Having identified your A positions, you'll need to manage them—both individually and as part of a portfolio of A, B, and C positions—so that they and the people in them in fact further your organization's strategic objectives.

A first and crucial step is to explain to your workforce clearly and explicitly the reasons that different jobs and people need to be treated differently. Pharmaceutical company GlaxoSmithKline is identifying those positions, at both the corporate and business-unit levels, that are critical to the company's success in a rapidly changing competitive environment. As part of that initiative, the company developed a statement of its workforce philosophy and management guidelines. One of these explicitly addresses "workforce differentiation" and reads, in part: "It is essential that we have key talent in critical positions and that the careers of these individuals are managed centrally."

But communication is just the beginning. A positions also require a disproportionate level of investment. The performance of people in these roles needs to be evaluated in detail, these individuals must be actively developed, and they need to be generously compensated. Also, a pipeline must be created to ensure that their successors are among the best people available. IBM is a company making aggressive investments on each of these four fronts.

In recent years, IBM has worked to develop what it calls an "on-demand workforce," made up of people who can quickly put together or become part of a package of hardware, software, and consulting services that will meet the specific needs of an individual customer. As part of this effort, IBM has sought to attract and retain certain individuals with what it terms the "hot skills" customers want in such bundled offerings.

In the past year or so, the company has also focused on identifying its A positions. The roster of such positions clearly will change as IBM's business does. But some, such as the country general manager, are likely to retain their disproportionate value. Other strategic roles include midlevel manager positions, dubbed "deal makers," responsible

for the central strategic task of pulling together, from both inside and outside the company, the diverse set of products, software, and expertise that a particular client will find attractive.

#### 8.2.1. Evaluation.

Because of their importance, IBM's key positions are filled with top-notch people: Obviously, putting A players in these A positions helps to ensure A performance. But IBM goes further, taking steps to hold its A players to high standards through an explicit process—determining the factors that differentiate high and low performance in each position and then measuring people against those criteria. The company last year developed a series of ten leadership attributes—such as the abilities to form partnerships with clients and to take strategic risks—each of which is measured on a four-point scale delineated with clear behavioral benchmarks. Individuals assess themselves on these attributes and are also assessed by others, using 360-degree feedback.

#### 8.2.2. Development.

Such detailed evaluation isn't very valuable unless it's backed up by a robust professional development system. Drawing on the strengths and weaknesses revealed in their evaluations and with the help of tools available on the company's intranet, people in IBM's A positions are required to put together a development program for themselves in each of the ten leadership areas.

This is only one of numerous development opportunities offered to people in A positions. In fact, more than \$450 million of the \$750 million that IBM spends annually on employee development is targeted at either fostering hot skills (both today's and those expected to be tomorrow's) or the development of people in key positions. A senior-level executive devotes all of his time to programs designed to develop the executive capabilities of people in these jobs.

#### 8.2.3. Compensation.

IBM supports this disproportionate investment in development with an even more disproportionate compensation system. Traditionally at IBM, even employees with low performance ratings had received regular salary increases and bonuses. Today, annual salary increases go to only about half the workforce, and the best-performing employees get raises roughly three times as high as those received by the simply strong performers.

#### 8.2.4. Succession.

Perhaps most important, IBM has worked to formalize succession planning and to build bench strength for each of its key positions, in part by investing heavily in feeder jobs for those roles. People in these feeder positions are regularly assessed to determine if they are "ready now," "one job away," or "two jobs away" from promotion into the strategically important roles. "Pass-through" jobs, in which people can develop needed skills, are identified and filled with candidates for the key strategic positions. For example, the position of regional sales manager is an important pass-through job on the way to becoming a country general manager. In this way, IBM ensures that its A

people will in fact be ready to fill its top positions.

### 8.3. Managing Your Portfolio of Positions

Intelligently managing your A positions can't be done in isolation. You also need strategies for managing your B and C positions and an understanding of how all three strategies work together. The authors find it ironic that managers who embrace a portfolio approach in other areas of the business can be slow to apply this type of thinking to their workforce. All too frequently, for example, companies invest in their best and worst employees in equal measure. The unhappy result is often the departure of A players, discouraged by their treatment, and the retention of C players.

To say that you need to disproportionately invest in your A positions and players doesn't mean that you ignore the rest of your workforce. B positions are important either as support for A positions (as IBM's feeder positions are) or because of any potentially large downside implications of their roles (as with the airline pilots). Put another way, although you aren't likely to win with your B positions, you can certainly lose with them.

As for those nonstrategic C positions, you may conclude after careful analysis that, just as you need to weed out C players over time, you may need to weed out your C positions, by outsourcing or even eliminating the work.

Roche is one firm that is placing more emphasis on the strategic value of positions themselves. Over the past few years, the pharmaceutical company has been looking at different positions to determine which are necessary for maintaining competitive advantage. Regardless of how well a person performs in a role, if that position is no longer of strategic value, the job is eliminated. For example, Roche looked at the strategic value provided by data services in a recent project and as a result decided which positions need to be added, which needed to change (or be moved)—and which, such as data center services (DCS) engineer, needed to be eliminated. In a similar manner, another pharmaceutical firm, Wyeth Consumer Healthcare, following a strategic decision to focus on large customers, eliminated what had been a strategic position for the company—middle-market account manager—as well as staff that supported the people in this position.

The ultimate aim is to manage your portfolio of positions so that the right people are in the right jobs, paying particular attention to your A positions. First, using performance criteria developed for determining who your A, B, and C players are, calculate the percentage of each currently in A positions. Then act quickly to get C players out of A positions, replace them with A players, and work to help B players in A positions become A players. GlaxoSmithKline currently is engaged in an initiative to push both line managers and HR staff to ensure that only top-tier employees (as determined by their performance evaluations) are in the company's identified key positions.

### 8.4. Making Tough Choices

Despite the obvious importance of developing high-performing employees and supporting the jobs that contribute most to company success, firms that routinely make difficult decisions about R&D, advertising, and manufacturing strategies rarely show the

same discipline when it comes to their most valuable asset: the workforce. In fact, in our long experience, the authors have found that firms with the most highly differentiated R&D, product, and marketing strategies often have the most generic or undifferentiated workforce strategies. When a manager at one of these companies does make a tough choice in this area, the decision often relates to the costs rather than the value of the workforce.

It would be nice to live in a world where we didn't have to make hard decisions about the workforce, but we don't. Strategy is about making choices, and correctly assessing employees and roles are two of the most important. For us, the essence of the issue is the distinction between equality and equity. Over the years, HR practices have evolved in a way that increasingly favors equal treatment of most employees within a given job. But today's competitive environment requires a shift from treating everyone the same to treating everyone according to his or her contribution.

This approach may not be for everyone, that increasing distinctions between employees and among jobs runs counter to some companies' cultures. There is, however, a psychological as well as a strategic benefit to an approach that initially focuses on A positions: Managers who are uncomfortable with the harsh A and C player distinction—especially those in HR, many of whom got into the business because they care about people—may find the idea of first differentiating between A and C positions more palatable. But shying away from making the more personal distinctions is also unwise. We all know that effective business strategy requires differentiating a firm's products and services in ways that create value for customers. Accomplishing this requires a differentiated workforce strategy, as well.

## 9. Managing High Performers and High Potentials

Mistaking a high-performing employee for a high-potential employee can be costly. If an organization is not able to distinguish between performance and potential, it will have difficulty identifying talent. This happens all the time. A top-performing sales rep is promoted to sales manager, and struggles to transition from killing his sales goals to helping a team of junior reps kill theirs. Meanwhile, the junior rep whose hard work has facilitated the success of sales teams for years feels undervalued, and decides it's time to start looking for growth opportunities elsewhere. Both scenarios hurt morale and drive turnover.

Performance and potential are not mutually exclusive. People always possess a combination of both. But a manager who understands the difference will be more effective in engaging and retaining employees who exemplify aptitude in one or both.

### 9.1. Identifying High Performers and High Potentials

#### 9.1.1. High Performers

High performers stand out in any organization. High-performers give immediate return on investment, with estimates averaging from more than 50% additional value, to as much as a 100% increase in productivity over average performers. They consistently exceed expectations, and are management's go-to people for difficult projects because they have a track record of getting the job done. They're great at their job and take pride in their accomplishments, but may not have the potential (or the desire) to succeed in a higher-level role or to tackle more advanced work.

#### 9.1.2. High Potentials (HiPo)

High-potentials are typically defined as those demonstrating high-level contributions, organizational values, potential to move up to an identified position within a given timeframe, and potential to assume greater responsibility. High potentials can be difficult to identify, for two reasons. First, high performance is so blindingly easy to observe that it drowns out the less obvious attributes and behaviors that characterize high potentials—like change management or learning capabilities. Second, few organizations codify the attributes and competencies they value in their ideal employees—which means that managers don't know precisely what to look for to assess potential. As a result, most managers focus exclusively on performance, and that can be a problem.

### 9.2. Assessing Performance vs. Potential

Because employees possess varying degrees performance and potential, you should assess your employees across both dimensions. The following Table provides a framework for identifying where an employee falls in the spectrum.

After you've determined which quadrant an employee falls under, you can develop a plan for employee development. Each of these categories requires a specific approach when it comes to discussing development opportunities.

### Typical attributes of performance vs. potential

	Low Potential	High Potential
<b>High Performance</b>	Regularly exceeds expectations Lacks skills for success at higher level	Sets standard of excellence in role Model leadership candidate
<b>Low Performance</b>	Little-to-no aptitude Weak, unsatisfactory performance	Above-average aptitude Inconsistent performance

### 9.3. Development Strategies for High Performers and High Potentials

In an ideal world, every employee in your organization would be a high performer with high potential—but that’s obviously not realistic. The appropriate question is how to move employees toward the upper-right quadrant, or at least to the high-performance tier.

It’s not always possible, nor always the desired goal (you might want to keep your high performers right where they are, for instance). There’s no one-size-fits-all strategy, but the following table provides a general framework.

#### Development strategies to consider

	Low Potential	High Potential
<b>High Performance</b>	Keep them where they are, or promote Constant encouragement Challenging assignments Soft skill development	Keep them where they are, or promote Provide autonomy
<b>Low Performance</b>	Performance plan Termination	Pair with a High Performer New role better aligned with skills Training Test with more responsibilities

#### 9.3.1. High Performers with High Potential

Employees who are high performers with high potential need to be rewarded and retained! They are your A-Team – especially the top performing/top-potential employees. Efforts should be made and strategies devised to hold onto those employees for as long as possible. Ensure that managers are aware of who these individuals are, how to make sure that they are properly engaged and satisfied in their

roles, and what positions they are primed to grow into.

### 9.3.2. High Performers without Potential or High Potentials without Performance

Employees in these categories are special cases. They are either all performance or all potential. One-on-one meetings with the employee should be conducted to assess their level of engagement and historical data should be revisited to locate possible trends or recent dips in performance or potential. Efforts should be made to answer. What is going on with this employee, can it be remedied, and how? Is the employee not given enough performance feedback? Have they been given the opportunity to show potential? Are they engaged in their current role? We suggest that pairing high-potential employees with established high performers who can serve as mentors. They need to know that while they are high potential, they need seasoning

### 9.3.3. Poor Performers without Potential

Lastly, people in this category can be problematic. Are the low performing / low potential employees at the right place? What is preventing them from performing, why do they have such a low potential? Is this a problem of motivation? How long have they been working there? Are they just waiting for a better opportunity? How driven were they in the past? Many things should be considered and acted upon – quickly.

### 9.3.4. Mediocre Performers and Potentials

What if employees who have fair performance with mediocre talent or potentials? They should be strategically developed and monitored in an effort to push them into the next level. Managers should be prepared to assess what is preventing better performance or how to handle high-performers with low potential.

Managers play a bigger role in building a pipeline of thriving talent than they may realize, and it's increasingly important that you empower them to do this successfully. While employee development is no cakewalk, failure to assess performance versus potential is a very real business problem.

## 10. Diversity and Inclusion

In broad terms, **Diversity** is any dimension that can be used to differentiate groups and people from one another. It means respect for and appreciation of differences in ethnicity, gender, age, national origin, disability, sexual orientation, education, and religion. **Inclusion** is a state of being valued, respected and supported. It's about focusing on the needs of every individual and ensuring the right conditions are in place for each person to achieve his or her full potential. Inclusion should be reflected in an organization's culture, practices and relationships that are in place to support a diverse workforce. In other words, diversity is the mix; inclusion is getting the mix to work well together.

Research found that the most mature organizations have a "clear, targeted and communicated talent strategy," and one that is reinforced throughout the business and is focused on developing leaders and a "learning culture." However, the report identified a strong approach to diversity and inclusion as the top differentiators between mature

organizations and those that are immature with talent management strategies. Diversity and inclusion not only have to be a key component of talent management strategies, but these are also concepts intrinsically tied to remaining successful and competitive in today's evolving marketplace.

As global and regional demographics change, the continued growth of an organization may be dependent on attracting and retaining qualified employees who offer different perspectives and are better able to understand the diverse backgrounds of the customers, clients, and communities they serve. In order to attract and retain these highly desired employees, organizations need to work diligently to incorporate an effective diversity program into the workplace. Below are some general guidelines to help organizations develop and leverage their diversity and inclusion programs.

#### 10.1. Educate Managers

Increasing diversity in existing environments requires steadfast commitment and contemplation on how to create change. To facilitate this, managers undergo training to recognize and thereby reduce explicit bias. In addition, administrators and executives unfamiliar with diversity initiatives seek mentorship from executive-level diversity offices to provide insight and guidance.

#### 10.2. Recognize Individuality

While it is easier to come to a decision when everyone thinks the same way, appreciating individual perspectives is a worthwhile endeavor. Company leaders foster diversity by frequently, and openly, acknowledging each employee's positive contributions. This maximizes an employee's desire to reach his/her full potential contribution to the organization and serves as a catalyst for their growth. By encouraging diversity rather than conformity, leaders incite creative thinking in the workplace, a necessary value in a highly competitive marketplace.

#### 10.3. Engage Others

It is quite common for managers who succeed with diversity and inclusion initiatives to regularly seek out the ideas and opinions of peers from a full range of experiences. By associating with people of varying backgrounds, interests and relationship within and external to their organization, leaders build genuine bonds and connect with many cultures, making and offering valuable career contacts and improving organizational effectiveness. Whenever networking with others, seek out those in everyday work life and those whose histories are least like your own, because everyone has something to teach you.

#### 10.4. Prohibit Bias

When managers hear of or witness acts that appear discriminatory, it is their moral and legal responsibility to respond. Leaders of enterprises have authority and a requirement to act responsibly to create a hospitable work environment by guiding others in practicing mutual respect. Overt and even implicit bias in workplace undermines employee contributions. All people of varying ages, genders, ethnicities and regional origins have valuable contributions to offer. The corporate and public world draws from a global talent pool. Fostering understanding and collaborating is

increasing in importance even for small organizations.

#### 10.5. Be the Real Deal

Insincere diversity initiatives are ineffective. Employees and those who visit the work site carefully observe enterprise activity and can easily spot insincerity. Modern enterprises historically have valued cultural uniformity, but in recent times a firm's engagement with the broader community defines its brand identity and its relationship with industry partners, employees and the public.

UPTOP / HRCI

## Part Four: Employee Relations

### 1. Psychological Contract

Psychological contract refers to mutual unwritten expectations that exist between an employee and his/her employer regarding policies and practices in their organization. The legal contract of employment offers a limited representation of the employment relationship, with employees contributing little to its terms beyond accepting them. In this sense, the psychological contract may be more influential as it governs the perceptions of the employer-employee relationship and influences how employees behave from day to day.

The psychological contract develops and evolves constantly based on communication, or lack thereof, between the employee and the employer. Promises over promotion or salary increases, for example, may form part of the psychological contract.

Managing expectations is a key behavior for employers so that they don't accidentally give employees the wrong perception of action which then doesn't materialize. Employees should also manage expectations so that, for example, difficult situations or adverse personal circumstances that affect productivity aren't seen by management as deviant.

Perceived breaches of the psychological contract can severely damage the relationship between employer and employee, leading to disengagement, reduced productivity and in some cases workplace deviance. Fairness is a significant part of the psychological contract, bound up in equity theory – employees need to perceive that they're being treated fairly to sustain a healthy psychological contract.

Employee Relations involves the body of work concerned with maintaining employer-employee relationships that contribute to satisfactory productivity, motivation, and morale. Essentially, Employee Relations is concerned with preventing and resolving problems involving individuals who arise out of or affect work situations.

#### Types of Psychological Contracts

Offer Inducement	Expected Contribution	
	Low/Narrow	High/Broad
Low/Narrow	(1) Quasi-spot Contract	(2) Under-Investment
High/Broad	(3) Over-Investment	(4) Mutual-Investment

Source: Tsui, A.S. & Wu, J.B. (2005). The new employment relationship versus the mutual investment approach: Implications for human resource management. *Human Resource Management*, 44(2), 115-121.

## 1.1. Nature of Employee Relations

Scholars proposed a framework that juxtaposes two key considerations in the Employee Relations (ER). One consideration is the set of contributions an employer may expect from employees, such as work performance, commitment, or suggestions for organizational improvement. The other consideration is the array of rewards (defined broadly) or inducements an employer offers to employees in exchange for their contributions. We use the terms expected contributions and offered inducements to refer to these two major considerations. The nature of the new employment relationship can be understood within this framework.

### 1.1.1. Quasi-spot Contract

The new employment relationship is a quasi-spot contract (Cell 1 of Figure 1) defined by a relatively narrow set of inducements offered by an employer and a narrow set of contributions expected from an employee. Employers adopting this ER are interested primarily in a high level of employee task performance without requiring commitment from the employees to the overall success of the organization. In return, employees obtain the promised rewards once they meet the predetermined output expectations. Additionally, employees do not expect the employer to provide long-term job security.

This employment relationship represents a pure economic exchange focused on a short-term and relatively well-defined set of duties (e.g., brokerage firms' contracts with stockbrokers). Under competitive pressure, many well-regarded employers are shifting to the use of temporary, part-time employees or contractors to keep from paying benefits. All this breaks the traditional employer-employee contract and the bond between the two parties.

Though this type of exchange is usually found in relationships with contractors in unskilled, skilled, and even professional jobs, its application recently has extended to senior executives. Temporary executives, interim executives, and so-called "corporate samurai" are becoming popular in today's labor market. Rather than having a job, this new employment relationship form focuses on doing a job. Clearly, firms use the quasi-spot contract approach to gain flexibility in the employment and deployment of people resources.

### 1.1.2. Under-Investment

Another form of the new employment relationship is the underinvestment approach. Underinvestment occurs when a firm offers a narrow set of inducements but in return expects a broad set of contributions from employees. This ER is imbalanced to the advantage of employers because they get more (from employees) out of less (from themselves). The economic downturn and slow recovery have increased market competition, which pushes employers to increase productivity with limited resources. This demanding situation increases employee workload while holding inducements constant. Without noticeable economic recovery, employees lack alternatives and have to sustain this imbalance in the employment exchange. Some labor economists have observed that "not only are companies making people work harder, but some people want to . . . they are trying to protect their job security".

Organizations adopting the quasi-spot contract and the underinvestment approach reported a number of unfavorable employee outcomes. These negative outcomes included lower performance as rated by the supervisors, lower employee engagement in organizational citizenship behaviors (OCB: behaviors beyond the call of duty, such as helping coworkers), expressing a tendency to leave the company if there were alternative employment opportunities, and being less psychologically committed toward the organization. The employees also perceived a lower level of fairness, had less trust in their coworkers, and reported more frequent absences. Thus, while firms may gain some flexibility in employment, they may lose high-performing and committed employees.

#### 1.1.3. Over-Investment

Many state own organizations adopt overinvestment approach of ER, which arises when organizations couple high or broad inducements with low or narrow expected contributions. This exchange favors employees, who receive more than they give and is practiced by government bureaucracies and quasi-monopolistic corporations. To illustrate, Chinese state-owned enterprises historically supply lifetime jobs and cradle-to-grave benefits to workers while demanding minimal productivity with few responsibilities. Over-investment employers do not obligate sizeable returns, lessening employees' indebtedness. Consequently, they do not need to trust employees as much—nor express as much trust—because they do not intend to fully collect on those “debts.”

#### 1.1.4. Mutual-Investment

According to many research findings, organization performance was the best when firms adopted the mutual investment employment relationship. The goal of the mutual investment ER is to solicit a broader range of behaviors and stronger commitment from employees by offering a large number of inducements in exchange for significant employee contributions. The firm focuses on developing a long-term and open-ended relationship with the employees. Under this approach, employees are expected to contribute broadly to their organization instead of focusing only on performing their own jobs.

The underlying rationale for the effectiveness of the mutual investment ER is twofold. First, when employees experience long-term investment from employers, they reciprocate with loyalty to these organizations and contribute much more than simple job performance. Second, the mutual investment ER sets higher performance goals and expectations for employees. Empirical research confirms that difficult and challenging goals lead to higher performance. Mutual investment is the “older and wiser” approach, contrary to the common wisdom in most companies now facing competitive pressure. Psychological research has shown that money is not a motivating factor for employees (assuming that basic needs are being met), and other factors, such as job satisfaction, respect, advancement, and work environment, are much more important in influencing employee attraction, motivation, and retention. In general, the mutual investment ER focuses on social and career investment more than monetary benefits.

## 1.2. Recruitment and Selection

To establish a mutual investment ER from the outset, employers must clearly communicate their endorsement of the value of long term loyalty and commitment to job applicants and show that they are looking for the same from employees. Applicants especially should be informed about the company's expectations of broad contributions from employees.

Unfortunately, recruiters may exaggerate inducements (both tangible and intangible) to attract talent while remaining vague about performance expectations. Peer recruiting or work team interviewing could be a useful tool to facilitate the communication of accurate expectations. Talking with their prospective colleagues will give applicants a more realistic picture of what mutual commitment and trust mean in the organization, how to contribute broadly, and what to expect in terms of a long-term career within the firm.

## 1.3. Training and Development

To signal long-term investment, the focus of training and development is not on improving skills to perform the current job but on preparing employees for future responsibilities. Job rotation and participation in cross functional or cross-divisional project teams are effective methods to build an organization wide perspective and to promote organizational interests. Promotion from within and succession planning are the core elements of a company's broader development plans for its human resources. Finally, in order for employees to make broad contributions, teamwork training is essential for them to learn the skills of effective collaboration.

## 1.4. Performance Management

The mutual investment ER focuses employees' attention on their teams and the organization. Excellence in doing one's own job is only a small part of a total performance assessment. Performance appraisal criteria and processes should be related to broad contributions. In addition to individual evaluation, performance appraisal by peers and team-based performance are common features of the evaluation process. The broad based contributions can be captured in a 360-degree feedback system. Employees' superiors, peers, subordinates, and even customers rate their performance.

## 1.5. Compensation and Benefits

The key to using compensation and benefits in building a mutual investment ER is not focusing merely on increasing the absolute amount of pay or benefits but on communicating preferred behaviors and accentuating long-term investment in employees. The important point is that compensation and benefits practices in the mutual investment ER breed and facilitate mutual commitment rather than serve merely as an economic bond.

The backbone of the mutual investment ER is generalized reciprocal loyalty, trust, and a focus on a long-term relationship. It emphasizes a high level of both offered inducements and expected contributions. Future human resource executives can shape a mutual investment ER by using human resource practices that accentuate both dimensions.

Evidence is strong that the mutual investment ER is a wise tool that will strengthen an organization's ability to compete in the dynamic global environment through building a committed workforce eager to contribute to the organization's success.

## 2. Employee Engagement

Gallup found that whether unionized or not, world-class organizations have two crucial things in common: They recognize that talented managers are the core of an organization's success, and they understand and leverage the fact that engagement predicts performance. Employee engagement has become a widely used and popular term, and it has its basis in practice rather than theory and empirical research, while its construct often overlaps with other constructs, such as organization commitment, job involvement, or organizational citizenship behaviors (OCB). However, engagement is not an attitude; it is the degree to which an individual is attentive and absorbed in the performance of their roles. In HR practice, the concept is commonly seen as capturing levels of commitment and discretionary effort exhibited by employees.

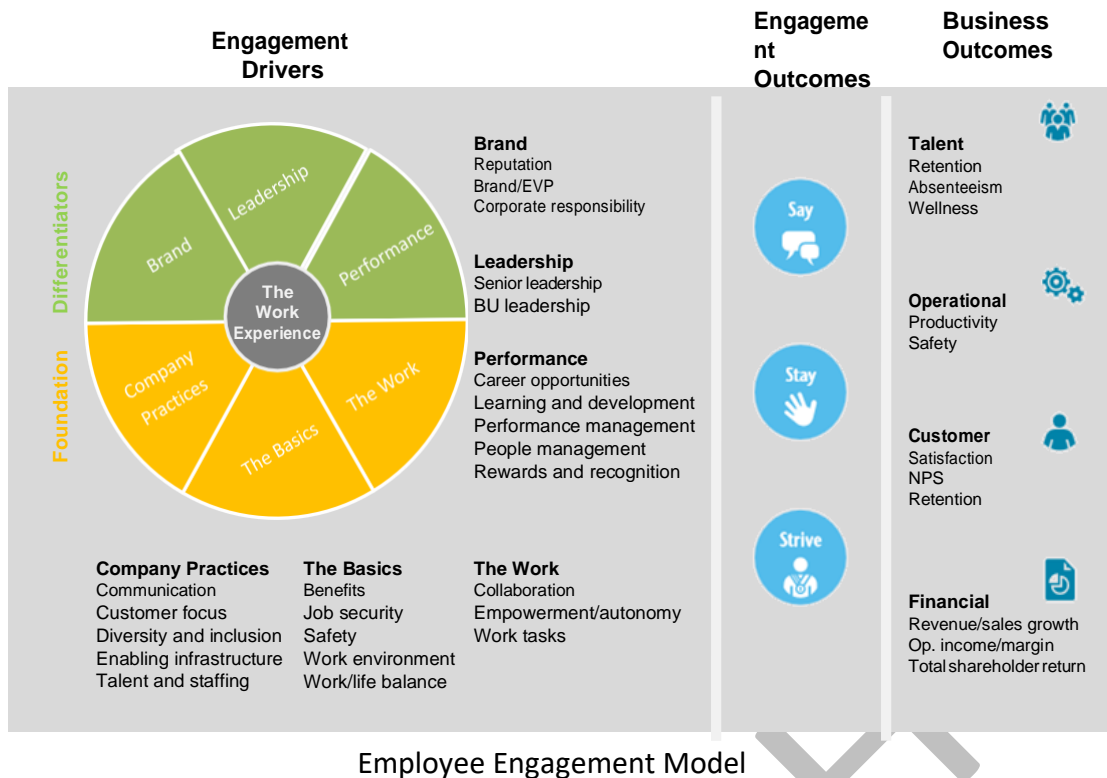
*\*Organizational citizenship behaviors (OCBs) are discretionary workplace behaviors that exceed one's basic job requirements. They are often described as behaviors that "go above and beyond the call of duty".*

An engaged employee is a person who is fully involved in, and enthusiastic about, his or her work. Truly engaged employees are attracted to, and inspired by, their work ("I want to do this"), committed ("I am dedicated to the success of what I am doing"), and fascinated ("I love what I am doing"). Engaged employees care about the future of the company and are willing to invest the discretionary effort – exceeding duty's call – to see that the organization succeeds.

According to Aon Hewitt, there are three dimensions through which organizations can measure the strength of their employee engagement – which the consulting firm defines as "the psychological state and behavioral outcomes that lead to better performance". These dimensions are labelled by Aon Hewitt simply as Say, Stay and Strive.

Engaged employees: Say—speak positively about the organization to coworkers, potential employees and customers; Stay—have an intense sense of belonging and desire to be a part of the organization; and Strive—are motivated and exert effort toward success in one's job and for the company.

Aon Hewitt's Engagement Model also covers "Engagement Drivers." These are the areas over which management has a great deal of control—the action areas. Their extensive research formed the six major categories of the work experience that include the work people do, the people they work with, opportunities, total rewards, company practices and general quality of life.



Employee Engagement Model

Source: Aon Hewitt

### 2.1. Brand

The organizational reputation of a company isn't just important from a consumer point of view, says Aon Hewitt. The consulting firm explains that how the business is perceived, both internally among employees and externally to the public can have a big impact on employee engagement. It is therefore important to consider your employee value proposition, or EVP, and recognize its role in connecting "an external brand promise to customers with delivery on the internal brand promise to employees". Aon Hewitt revealed that around 82 per cent of employees value this aspect of a company's brand, and a solid reputation as an employer of choice can go a long way in engaging employees.

### 2.2. Leadership

A company does not become a best employer without strong leadership. Companies that excel at leadership are differentiated through four disciplines: 1) Leaders set the tone for the importance of leadership by cultivating and developing talent; 2) they pursue an unrelenting focus on talent beyond a typical performance management cycle; 3) leadership programs and practices are aligned with business strategy; and 4) leadership is a way of life—it is embedded into the values and expected behaviors and culture of the organization. Leaders play an important role in employee engagement and becoming a best employer company. They do this in direct and indirect ways. First, leaders have an indirect "multiplier effect" on all the top engagement drivers and other best employer indices. Ultimately, leaders make the decisions on brands, performance goals, pay and recognition, communication to employees, work process and innovation.

### 2.3. Performance

Lastly, a strong “performance focus” is essential to employee engagement. Getting real about employee engagement requires moving beyond a generic concept and clarifying the behaviors in which you would like employees to go above and beyond. For many employers there is increasing need for agility, speed and flexibility—these traits and behaviors will vary by industry and job profile. Clarifying what engagement looks like for employees is a prerequisite to their engagement. Aligning performance management, people management, learning and development, and rewards and recognition with these engaged behavior expectations will focus, enable and reinforce employees’ efforts and energy.

### 2.4. The Basics

Many organizations with lower levels of engagement struggle to jump right to a “culture of engagement.” Leaders should not overlook the positive impact of strong company practices and enabling infrastructure; basics like benefits, safety and work-life balance; or fulfilling work itself. Many companies that have had significant increases in employee engagement in a short period of time focus on fixing issues in some of these basic elements. Getting the foundation right is often the first step in building a culture of engagement, and cracks in this foundation can quickly erode employee engagement for any organization.

### 2.5. The work

**Collaboration:** The act of working with other people to achieve a mutual benefit is vital to employee engagement. Surveys indicate that being cared about by colleagues is a strong predictor of employee engagement. Thus, a continuous challenge for leaders is to rally individuals to collaborate on organizational, departmental, and group goals, while excluding individuals pursuing their self-interest.

**Empower/autonomy:** Employees are given the freedom and authority they need to make necessary decisions. Empowerment is therefore critical to driving higher performance. Give people more autonomy, empower them to act and you increase the chances of them delivering more.

**Work task:** Meaning and purpose are core employee performance motivators that money doesn’t compare to. Meaningful work is work that makes sense because we know what’s expected and have the resources to do it, while understanding how our part contributes to a greater company goal and how it benefits others.

### 2.6. Company Practices

**Communication:** Internal communication is important for building a culture of transparency between management and employees, and it can engage employees in the organization’s priorities. Executives employ a variety of communication methods, including face-to-face communication, to communicate with employees. The executives’ chosen communication strategies aim to build trust and engagement with employees.

**Customer Focus:** Customer focus and employee engagement are two sides of the same

coin. Clearly if your customers are going to be satisfied it takes an engaged workforce that is passionate about their work and holds a strong desire to deliver great experiences. In line with meaning of work, employees become disengaged when they lose meaning in their work. This meaning can only come from recognition and acknowledgment from customers (whether internal or external).

**Diversity and inclusion:** Diversity and Inclusion are values that reflect a company's culture of respect for people and the value it place on differences. An open and more inclusive environment will build trust and confidence within the organization and generate a culture in which everyone feels valued and respects their colleagues, and therefore increase employee engagement.

The business outcomes often result from strong engagement drivers and higher employee engagement levels. Researches have consistently found that companies with higher engagement levels also have better talent, operational, customer and financial outcomes.

### 3. Employee Survey

A well conducted and executed employee survey helps organizations create impact by increasing key focus areas such as employee engagement, as well as improving organizational performance. A poorly conducted and executed employee survey will damage employees' confidence in future employee surveys, as well as in HR.

Many of the most successful approaches to employee surveys are tailored to that organization, and there is no one size fits all versions. While each survey will require a different plan, this article aims to highlight some of the key aspects for consideration in the setting up of an effective employee survey process, and how to use that data in a way that benefits your organization and your people. Your organization's culture, employee profile, leadership approach and even geographical location will dictate the format and content.



Source: Tong, P. (2017). 10 Best Practices for Employee Surveys. Workforce Magazine.

Participation in an employee survey is a direct result of how well the survey process is designed and implemented. Simply put, well-orchestrated surveys lead to higher return rates. Following are five steps and five success factors for survey design and implementation and the implications of these best practices for employee response rates.

### 3.1. Objectives

Establish clear goals and objectives. In the early planning stage, articulate the overall goals and objectives of the survey and define the anticipated return on investment. These objectives should be developed with management input and clearly communicated to employees in order to demonstrate the importance of the process. Without long-term objectives that are clearly linked to company performance, the survey may fail to elicit the management support and secure the resources required for success.

### 3.2 Communication

Develop a communication plan. Prepare a comprehensive communication plan to support each stage of the survey. The plan should include a schedule of communication “events” as well as a budget and formally assigned responsibilities. In the absence of a communication plan, employees may not recognize the importance of the process or see the connection between survey findings and subsequent follow-up actions.

Key question: Who should prepare and issue survey-related messages and when should these messages be communicated?

### 3.3. Collection

Collect data the right way at the right time. Consider the data-collection methodology that is best suited to your workforce. Traditionally, surveys have been administered using printed questionnaires, but the technology is now readily available for conducting online surveys that make data collection easier, more efficient, and less costly. Ease and convenience translate into higher response rates.

In addition, unless there is a specific need to coordinate with other business processes or a budgeting cycle, a survey generally should be administered at a time when it will pose a minimal disruption to the business and when a maximum number of employees are available for participation. Times of peak business activity or when employees are likely to be on vacation should be avoided. Similarly, data collection generally should not be undertaken during times when management and employee relations are tense—for example, during a contract negotiation, industrial action, or downsizing initiative.

Equally important, survey administration should be scheduled so that the findings are available in time to be included in business plans. This will position the survey as a business-planning tool and secure the necessary budget for follow-up actions. Poor scheduling for survey administration will invariably reduce line-management support for data collection and may result in data being available too late to influence budget or other business decisions.

### 3.4. Action

Take clear follow-up action. The most effective way to build confidence in the survey process, and thereby improve participation rates for future surveys, is for the organization to take clear and visible action based on survey results. A realistic number of areas should be targeted for follow-up action to allow the organization to concentrate and focus resources on issues that will have the greatest impact on performance. Failure to take action will create apathy toward the survey, and targeting too many issues will diffuse the effectiveness of follow-up actions.

### 3.5. Review

Review and audit the process. A formal audit process should be planned to monitor the effectiveness of follow-up actions and to measure progress against objectives. Actions that meet with success should be widely communicated and celebrated. This audit should also include an assessment of the ROI associated with follow-up actions in order to determine where investments should be increased, reduced, or discontinued. Measuring the effectiveness and ROI of follow-up actions will enhance the business relevance of the survey for both employees and managers. It sends out the signal that the survey isn't simply a nice thing to do – It's good for business.

### 3.6. Success Factors

#### 3.6.1. Brand the survey process

The survey should be “branded” with a tagline and an identifiable graphic logo. The branding will help to provide continuity across each stage of the survey and establish the process as an ongoing activity, rather than a one-time event. When possible, the survey should be linked to other ongoing change initiatives. Without branding, the survey may be seen by employees as an unconnected initiative that will have limited consequences for the organization.

#### 3.6.2. Allocate sufficient resources

Estimate the resources that will be required to develop and implement your survey and to support follow-up actions. These resources should be budgeted at the start of the process and be taken into account in business plans. When this is not done, the survey follow-up stage will lack the support required to be effective and will often meet with resistance from line management. In addition, employees might be convinced to participate in one survey, but if they see no tangible evidence of change after the survey, they are not likely to make the effort to participate again in the future.

#### 3.6.3. Define roles and responsibilities

Support your survey by creating a network of internal survey champions with responsibility for identifying the requirements for their part of the business, managing data collection, and supporting follow-up actions. Survey champions must be sold on the value of the survey and given a clear description of their role requirements so that they can budget their time accordingly. Similarly, managers who receive survey results for their areas of operation also should be given clear instructions regarding their responsibilities for survey follow-up. When this is not done, management is less likely

to communicate survey results to employees or take action in response to the findings, and employees are less likely to have faith in the value of the survey process.

#### 3.6.4. Demonstrate management commitment

The research process will have greater credibility if employees believe that it is endorsed and supported by senior management. Senior management commitment can reassure employees that their views will be taken into account and acted on. When management commitment is lacking, employees may view the survey as a public relations exercise designed to project a “caring” management style rather than a process for identifying and acting on employee concerns.

#### 3.6.5. Ask the right questions the right way

The survey should be designed to measure areas that are of concern to management and employees. Even when the questionnaire includes standardized items, the wording should be modified to reflect the culture of the company. An “off the shelf” instrument that fails to address issues of concern or that fails to reflect the language and terminology of the organization will be seen as lacking in relevance and will fail to engage employees.

### 4. Employee Retention

As the economy continues to strengthen and job fluidity continues to shrink tenure, retention will become an increasingly important factor in determining which companies thrive and which struggle to maintain sufficient talent levels. While the ability to attract and recruit talent is vital to any company’s success – many companies fail to have a holistic approach to the entire candidate lifecycle from attraction through onboarding and development. This disconnect creates a fractured process where companies over-emphasize hiring and under-emphasize development, leading to retention issues and creating an endless loop of new recruiting.

Succeeding in employee retention efforts requires HR to think about things from the team's point of view. All employees are different, of course, and each has unique desires and goals. But it's a safe bet to assume that all of them want to know they are being paid at or above market rates and have good benefits. They want to feel that they are appreciated by their employer and treated fairly. They want to be challenged and excited by the job they're asked to do.

#### 4.1. Voluntary Turnover

Voluntary turnover too can be caused by many factors, some of which are not employer controlled. Common voluntary turnover causes include job dissatisfaction, pay and benefits levels, supervision, geography, and personal/family reasons. Career opportunities in other firms, when employees receive unsolicited contacts, may lead to turnover for individuals, especially those in highly specialized jobs such as IT. Voluntary turnover may increase with the size of the organization, most likely because larger firms are less effective in preventing turnover and have more employees who are inclined to move. Voluntary turnover, in turn, is broken down into avoidable and unavoidable turnover.

#### 4.1.1. Avoidable Turnover

Employees leave for reasons that could be influenced by the employer. Avoidable turnover is that which potentially could have been prevented by certain organization actions, such as a pay raise or a new job assignment.

#### 4.1.2. Unavoidable Turnover

Unavoidable turnover represents employee quits that the organization probably could not have prevented, such as people who quit and withdraw from workforce through retirement or returning to school. Other examples of unavoidable turnover are people who quit due to: dual career problems, pursuit of a new and different career, health problems that require taking a different type of job, child care and elder care responsibilities, and leaving the country. Even though some turnover is inevitable, employers recognize that reducing turnover saves money, and that they must address the turnover that is controllable. Organizations are better able to keep employees if they deal with the concerns of those employees that might lead to the controllable turnover.

### 4.2. Causes of Turnover

Voluntary turnover depends on three factors:

#### 4.2.1. Desirability of leaving

Low job satisfaction, shocks to employee, and personal (non-job) reason.

#### 4.2.2. Ease of leaving

Favorable labor market conditions, general & transferable KSAOs, and low cost of leaving.

#### 4.2.3. Alternatives

Internal new job possibilities and external job offers.

### 4.3. Functional or Dysfunctional Turnover

Not all turnover is negative for organizations; on the contrary, functional turnover represents a positive change. Some workforce losses are desirable, especially if those who leave are lower-performing, less reliable, and/or disruptive individuals. Of course, dysfunctional turnover also occurs. That happens when key individuals leave, often at crucial times.

#### 4.3.1. Functional Turnover

Lower-performing or disruptive employees leave

#### 4.3.2. Dysfunctional Turnover

Key individuals and high performers leave at critical times

For example, a software project leader who leaves in the middle of a system upgrade in order to take a promotion at another firm could cause the system upgrade timeline

to slip due to the difficulty of replacing the employee and could also lead other software specialists in the firm to seek out and accept jobs at competitive firms.

#### 4.4. Cost of Turnover

##### 4.4.1. Lowered productivity

The person who left was doing something, right? And who is doing that job now that the position is vacant? No one? That's lost productivity right there. What if you just farm out the tasks to other people? Chances are, the most important tasks will get done, but other things will fall by the wayside.

##### 4.4.2. Overworked remaining staff

Can you measure this in dollars? If your employees are exempt, their paychecks remain the same, so how is this a cost? Well, as they get stretched thin, their quality of work goes down as does their satisfaction and engagement. Which means that they are more and more likely to start looking for a new job and leave. And the longer they stay in their overworked roles, the harder it will be for you to regain their goodwill even after you've filled the vacancy.

##### 4.4.3. Lost knowledge

A ton of people can do what your former employee did, but they don't have the specific knowledge she had. It's not just about putting numbers in a spreadsheet, writing code, or selling a product. It's about knowing the people, the traditions, the location of relevant information, what the boss likes and a million other things that come from working for a company for a long period of time. All that goes away when someone quits. And sometimes it's more than just general company knowledge. How many of your employees have their jobs documented well enough that someone could figure it out with their documentation? Do you have people cross trained? Does one person have control of the passwords?

##### 4.4.4. Training costs

Paid training costs are obvious. If you have to pay \$5,000 for a seminar to teach your new employee your complex internal computer systems, that's a cost noted on a spreadsheet. But, when there are no training classes to attend, there are still costs. Someone has to sit there and show him what to do. Someone has to double check work until the employee has proven himself. And that all takes the "trainer" away from her regular job. Which means you're paying two people to do one job. Costly.

##### 4.4.5. Hiring costs

If you have to pay travel expenses, that's costly. But if all your candidates are local, you still have to take the time to go through resumes, talk with numerous people, do formal interviews (which take an inordinate amount of time), talk with colleagues, and figure out who is the best employee. In some business, you have dedicated HR or recruiting staff that takes care of this. They all get paid. And for smaller businesses, this task usually falls directly on the shoulders of the hiring manager--you know the one who is extra busy because he's down one person? That costs too.

#### 4.5. Retention Initiatives

Every area of the employer-employee relationship in your organization deserves your attention. Embrace the following initiatives within employment life cycle can improve your organization's employee retention:

##### 4.5.1. Onboarding and orientation

Every new hire should be set up for success from the very start, from the first day of work to the first week and beyond. The job orientation is just one component of onboarding, which can last for weeks or months, depending on your organization. Aim to develop an onboarding process where new staff members not only learn about the job but also the company culture and how they can contribute and thrive, with ongoing discussions, goals and opportunities to address questions and issues as they arrive.

##### 4.5.2. Mentorship programs

Pairing a new employee with a mentor is a great idea for onboarding. New team members can learn the ropes from a veteran with a wealth of resources, and the new hire offers a fresh viewpoint to experienced staff. Mentors shouldn't be work supervisors, but they can offer guidance and be a sounding board for newcomers, welcoming them into the company culture.

##### 4.5.3. Employee compensation

It's absolutely essential in this competitive labor market for companies to offer attractive compensation packages. That includes salaries, of course, but also bonuses, paid time off, health benefits, retirement plans and all the other perks that can distinguish one workplace from another. Every employee should have a full understanding of all the benefits they receive from your organization.

##### 4.5.4. Recognition and rewards systems

Every person wants to feel appreciated for what they do. Make it a habit to thank your direct reports when they go the extra mile, whether it's with a sincere email, a gift card or an extra day off. Show your employees you appreciate them, and share how their hard work helps the organization. Some companies set up rewards systems that incentivize great ideas and innovation, but you can institute recognition programs even on a small team with a small budget.

##### 4.5.5. Work-life balance

What message is your company culture sending? If staff are expected to regularly work long hours and be at your beck and call, you'll likely run into issues with employee retention. Burnout is very real. A healthy work-life balance is essential, and people need to know that management understands its importance. Encourage staff to take vacation time, and if late nights are necessary to wrap up a project, see if you can offer late arrivals or an extra day off to compensate and increase job satisfaction. Many companies offer telecommuting or flexible schedules to improve work-life balance for their employees.

#### 4.5.6. Training and development

In any position and industry, professionals want the possibility for advancement. Smart managers invest in their workers' professional development and seek opportunities for them to grow. Ask each of your direct reports about their short- and long-term goals to determine how you can help achieve them. Some companies pay for employees to attend conferences or industry events each year, or provide tuition reimbursement or continuing education training.

#### 4.5.7. Communication and feedback

Keeping open lines of communication is essential for employee retention. Your direct reports should feel that they can come to you with ideas, questions and concerns, and likewise, they expect you to be honest and open with them about improvements they need to make in their own performance. Make sure you connect with each staff member on a regular basis — don't let issues build up for the annual review.

#### 4.5.8. Dealing with change

Every workplace has to deal with unpleasant changes occasionally, and the staff looks to leadership for reassurance. If your organization is going through a merger, layoffs or other big changes, keep your staff informed as much as you can to avoid feeding the rumor mill. Make big announcements face to face, and make sure you allow time for their questions.

#### 4.5.9. Fostering teamwork

When people work together, they can achieve more than they would have individually. Foster a culture of collaboration that accommodates individuals' working styles and lets their talents shine. Do this by clarifying team objectives, business goals and roles, and encouraging everyone to contribute ideas and solutions.

#### 4.5.10. Team celebration

Celebrate major milestones for individuals and for the team. Whether the team just finished that huge quarterly project under budget or an employee brought home a new baby, seize the chance to celebrate together with a shared meal or group excursion.

Remember to assess your employee retention strategies at least once a year. You'll want to stay current on market salary rates and benefits, and best practices in developing workplace culture and manager-employee relations.

### 4.6. Employee Surveys

Employee surveys can be used to diagnose specific problem areas, identify employee needs or preferences, and reveal areas in which HR activities are well received or viewed negatively. Whether the surveys are on general employee attitudes, job satisfaction, or specific issues, the survey results must be examined as part of retention measurement efforts. For example, a growing number of "mini-surveys" on specific topics are being sent via e-mail questionnaires, blogs, and other means.

Regardless of the topics in a survey, obtaining employee input provides managers and HR professionals with data on the “retention climate” in an organization. By obtaining data on how employees view their jobs, their coworkers, their supervisors, and organizational policies and practices, these surveys can be starting points for reducing turnover and increasing the length of time that employees are retained. Some employers conduct attitude surveys yearly while others do so intermittently.

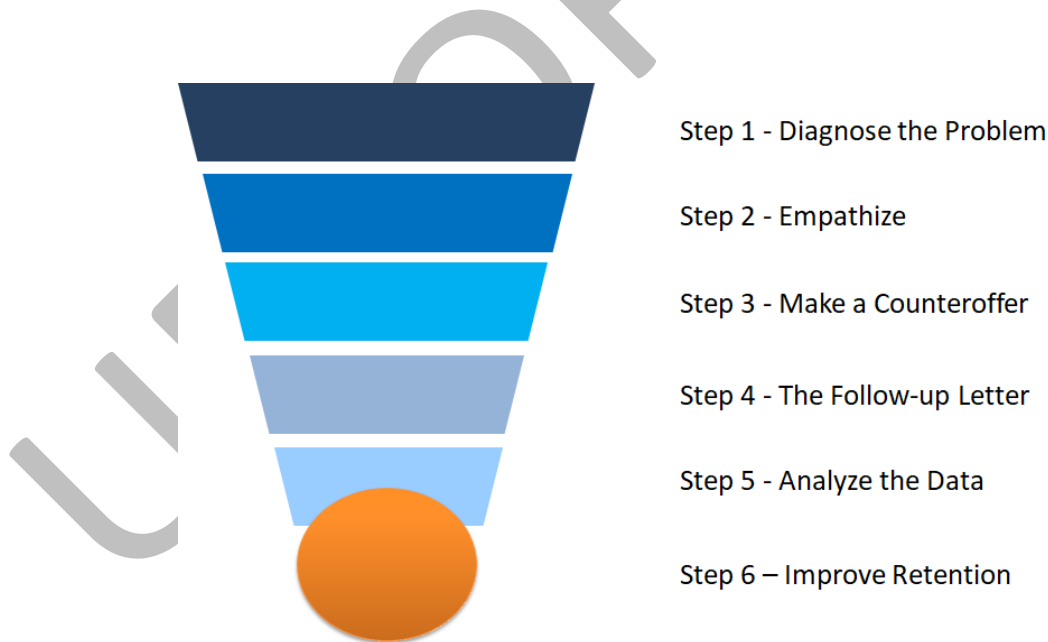
By asking employees to respond candidly to an attitude survey, management is building employees’ expectations that actions will be taken on the concerns identified. Therefore, a crucial part of conducting an attitude survey is providing feedback to those who participated in it. It is especially important that even negative survey results be communicated to avoid fostering the appearance of hiding the results or placing blame.

#### 4.7. Exit Interviews

One widely used means for assisting retention assessment efforts is the exit interview, in which individuals who are leaving the organization are asked to give their reasons. HR must regularly summarize and analyze the data by category (e.g., reasons for leaving, department, length of service, etc.) to provide managers and supervisors with information for improving company efforts.

In exit interview is an interview conducted when an employee is leaving with a company. Exit interviews can have value not only in terms of assessing and improving corporate culture but also in minimizing an employer's exposure in litigation.

The interview is administered by an employee who receives a request to close an account. The interview can be conducted either in-person or via telephone. The process is relatively simple.



#### 4.7.1. Step 1 - Diagnose the Problem

A short series of questions should be asked of the customer to determine why she is leaving.

#### 4.7.2. Step 2 - Empathize

If any of the reasons for leaving are related to issues within the control of the company, such as product or service problems, or pricing concerns, the employee should apologize for the problem, state the importance of the customer relationship, and ask if there is anything that could be done to keep the customer from leaving. "Scripts" should be written for the entire process so that the employee does not have to ad lib. Different scripts can be written for different types of problems. The employees who administer the exit interview should rehearse the scripts in advance of conducting exit interviews.

#### 4.7.3. Step 3 - Make a Counteroffer

It is possible that the customer will change her mind about leaving after receiving an apology in Step 2. If not, it is appropriate to make a counteroffer. Counteroffers should be scripted, and related to the specific problem identified in Step 1. A typical counteroffer to a pricing-related concern might be something as simple as "We really hate to lose your business. Would you stay with us if I offered you 50% off your next six months of service?"

#### 4.7.4. Step 4 - The Follow-up Letter

Whether or not the employee is successful in keeping the employee from leaving, a follow-up letter should be sent to the customer within one day. If the customer has agreed to stay, the letter should state how much the company values the customer's business. If the customer left for reasons within the control of the company, the letter should extend another counteroffer.

#### 4.7.5. Step 5 - Analyze the Data

The data collected should be entered into a database and analyzed to quantify the main reasons customers want to leave

#### 4.7.6. Step 6 – Improve Retention

The data analysis should clearly identify areas in need of improvement. Management should address these areas, which may consist of the treatment customers receive from employees, product problems, pricing, etc.

### 5. Employee Communication

Communication plays a very important role in our life, as people interchange their ideas, information, feelings, and opinions by communicating. Communication could be verbal – spoken or written, or non-verbal i.e. by means of sign language, body movements, facial expressions, gestures, eye contact or even with the tone of voice. Someone said correctly "The very attempt of, not to speak, speaks a lot".

In an organization, communication could be categorized into – formal and informal. In this article excerpt, we are going to discuss about the difference between formal and informal communication.

	Formal Communication	Informal Communication
<b>Definition</b>	Perceived Intentional Message Perceived Intentional Setting	Random Message Relational Setting
<b>Situation</b>	Strong	Weak
<b>Style</b>	Speech Publication E-mail Blast	Conversation Personal Note Informal comment
<b>Example</b>	Policies & Procedures Memoranda Report	Grapevine Chatting Sharing

## 5.1. Formal vs. Informal Communication

### 1.1.1. Formal Communication

The communication in which the flow of information is already defined is termed as Formal Communication. The communication follows a hierarchical chain of command which is established by the organization itself. In general, this type of communication is used exclusively in the workplace and the employees are bound to follow it while performing their duties.

Example: Requests, commands, orders, reports etc.

The formal communication is of four types:

- **Upward or Bottom-up:** The communication in which the flow of information goes from sub-ordinate to superior authority.
- **Downward or Top-down:** The communication in which the flow of information goes from superior to sub-ordinate.
- **Horizontal or Lateral:** The communication between two employees of different departments working at the same level.
- **Crosswise or Diagonal:** The communication between the employees of two different departments working at different levels.

### 1.1.2. Informal Communication

The communication which does not follow any type of pre-defined channel for the transmission of information is known as informal communication. This type of communication moves freely in all directions and thus it is very quick and rapid. In any organization, this type of communication is very natural as people interact with each other about their professional life, personal life and other matter.

Example: Sharing of feelings, casual discussion, gossips etc.

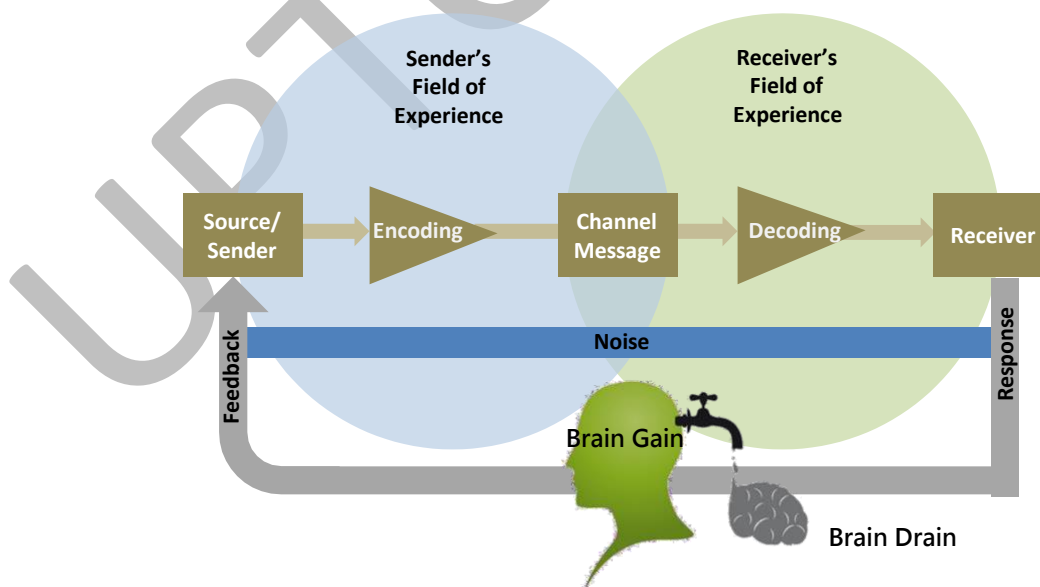
The informal communication is of four types:

- **Single Strand Chain:** The communication in which one person tell something to another, who again tells something to some other person and the process goes on.
- **Cluster Chain:** The communication in which one person tells something to some of its most trusted people and then they tells them to their trustworthy friends and the communication continues.
- **Probability Chain:** The communication happens when a person randomly chooses some persons to pass on the information which is of little interest but not important.
- **Gossip Chain:** The communication starts when a person tells something to a group of people and then they pass on the information to some more people and in this way the information is passed on to everyone.

A very deep discussion on the difference between formal and informal communication has been done in this article. Nowadays, many big Transnational Organizations has started an open-door policy, in which any employee of any department can communicate directly with the head of an organization, about their complaints, grievances and requests. This results in reducing the complexity of the formal communication.

## 5.2. Communication Process

The function of all elements of the HR management is to communicate, so HR professionals must understand the communication process. This process can be very complex; successful marketing communications depend on a number of factors, including the nature of the message, the audience's interpretation of it, and the environment in which it is received. For effective communication to occur, the sender must encode a message in such a way that it will be decoded by the receiver in the intended manner. Feedback from the receiver helps the sender determine whether proper decoding has occurred or whether noise has interfered with the communication process.



- Source/Sender – the person or organization that has information to share
- Receiver – person(s) with whom the sender is sharing thoughts
- Message – the information the source hopes to convey
- Channel – method by which the communication travels from source to receiver
- Encoding – putting thoughts, ideas, or information into symbolic form
- Decoding – transforming the sender's message back into thought
- Response – receiver's reactions after seeing, hearing, or reading the message
- Feedback – part of the receiver's response that is communicated back to the sender
- Noise – unplanned distortion or interference
- Brain gain – Receiver fully understand the messages send by the sender.
- Brain drain – On whole process there is a possibility of misunderstandings at any level and is called brain drain. It may arise on sender side if they do not choose the adequate medium for delivery of message, by using default channel and it may also arise when receiver does not properly decode the message. In other words, we can say that it is breakdown of cycle at any level.

Successful communication is accomplished when the marketer selects an appropriate source, develops an effective message or appeal that is encoded properly, and then selects the channels or media that will best reach the target audience so that the message can be effectively decoded and delivered.

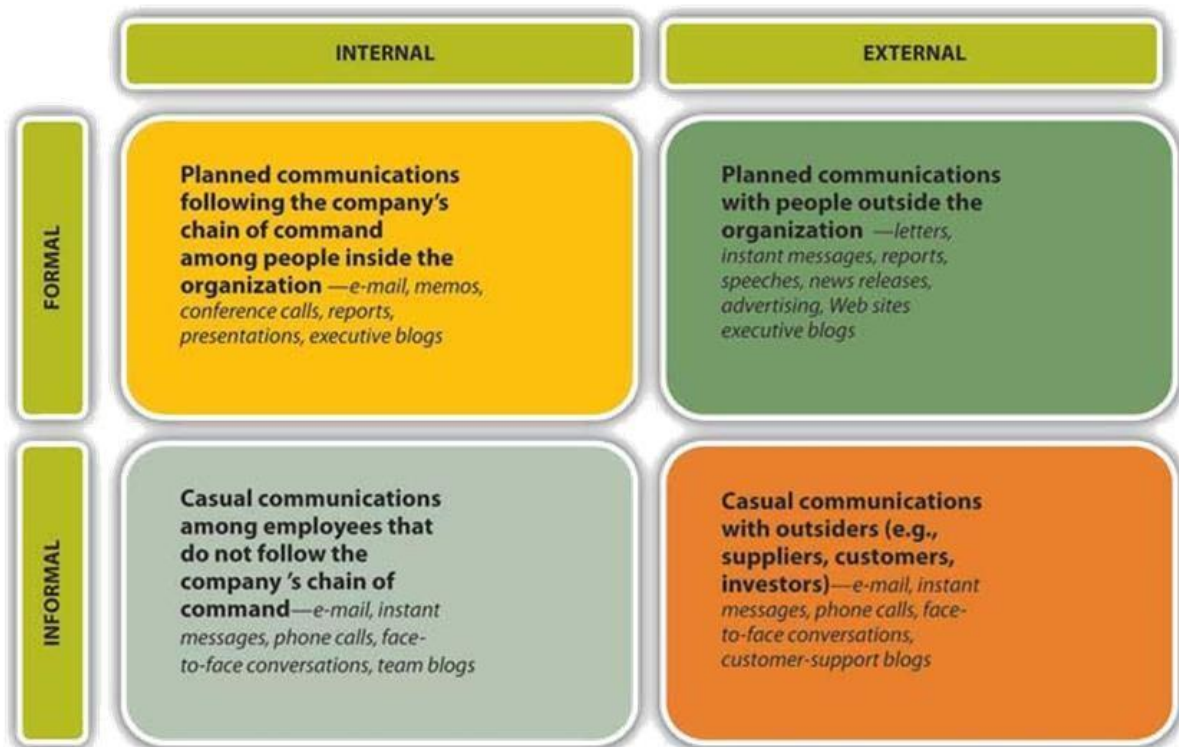
Employee Relations professionals as well as marketers are very interested in feedback, that part of the receiver's response that is communicated back to the sender. Feedback, which may take a variety of forms, closes the loop in the communications flow and lets the sender monitor how the intended message is being decoded and received.

### 5.3. Communication Channel

There are two sets of characteristics of organizational communication—internal and external channels and formal and informal channels. Internal communication is shared by people at all levels within a company. External communication occurs between parties inside a company and parties outside the company, such as suppliers, customers, and investors. Both internal and external forms of communication include everything from formal e-mail and official reports to face-to-face conversations and casual phone calls. External communication also takes such forms as customer and supplier Web sites, news releases, and advertising.

There are so many different internal communication channels to choose from in today's globalized and high-tech workplace, and each channel comes with its pros and cons. No

two channels were created equal, you have to choose wisely depending on your message content, audience, severity, and timing.



Source: Collins, K. (2012). An Introduction to Business. V.2.0

### 5.3.1 Handbook

The employee handbook is used to communicate standard operating procedures, guidelines and policies. The handbook is also used to communicate the organization's mission, vision and values, helping to establish an organizational culture and employment brand. While most employee handbooks have been traditionally in print format, more organizations are moving toward electronic format, allowing for easy updating, documentation and review, especially when all employees have access to computers.

#### 5.3.1. Newsletters

Newsletters are used to communicate new information about the organization, its products and services, and its employees. Newsletters may be in print or electronic format and may be sent to the employee as well as to his or her family, especially when the news directly affects family members. Newsletters may be published on a regular basis (weekly, monthly, quarterly) or whenever the organization has news to report.

#### 5.3.2. Town hall meetings

Town hall meetings are an option to gather employees together to share news,

celebrate successes or communicate companywide information that affects all employees. These meetings are most effective when employees are physically located in one geographic area, but for some critical meetings, employees may be brought to one central location. Alternately, town hall meetings may be held in various locations when employees are widely dispersed geographically or may be held electronically via webinars or teleconferences.

#### 5.3.3. E-mail

Electronic communication is a fast and easy way to reach many employees at one time. It may be best used when information is urgent, such as in emergencies. E-mail communication presents some difficulties because tone of voice and inflection are absent, making an ironic or sarcastic remark appear rude or harsh, which may not be the intended message.

#### 5.3.4. Face-to-face meetings

Face-to-face meetings with employees are one of the best ways to relay sensitive information. During layoffs or restructuring or when handling employee performance issues, face-to-face communication is generally preferred.

#### 5.3.5. Telephone

The telephone is another way to communicate information to employees. Whether it be in more traditional conversations when face-to-face communication is not physically possible or in more state-of-the-art communication via webinars or voice mail blasts, the telephone is a staple in communication vehicles.

#### 5.3.6. Surveys/polls

Two-way communication is vital to any effective communication strategy, and developing formal tactics to listen to employees is essential. Employers can elicit fast feedback through surveys and polls about issues (like a new benefit or policy) or general concerns.

#### 5.3.7. Stories

Storytelling creates a picture through words so the message becomes memorable. Organizational leaders are beginning to understand how storytelling can be used as a powerful business tool to impart company culture, to create an employment brand, and to build trust and loyalty among employees.

#### 5.3.8. Social media

Many individuals regularly use social media sites like Twitter, LinkedIn and Facebook, not only for recreational purposes but as a business communication tool. Social media can help recruiters source top talent, help sales people identify potential contacts and allow employees to keep in touch with their leaders. HR professionals should ensure that company policies are updated so that social media is used appropriately in the workplace. See Social Media Policy

#### 5.3.9. Virtual team meetings

Organizations may have employees located across the city or across the globe and may need to rely on virtual team meetings to get work done. Setting expectations and establishing protocols are vital steps in ensuring that communication will be effective. Since written communication, whether in print or in electronic format, can hide tone of voice, inflection and other nuances of communication, many work teams rely on videoconferences and Internet-based technologies to make virtual meetings more productive.

#### 5.3.10. The "grapevine"

One of the most used and undermanaged tools for employee communication is the proverbial grapevine. Water cooler discussions are still a mechanism for employees to hear the latest news unfiltered by management, and they continue to be a source for employees in learning the inside story. Employers must be mindful that whatever formal communication strategy is used, the grapevine still exists and will be tapped by employees at all levels. The grapevine should not be discounted when considering the best tool to listen to and learn about employee issues.

#### 5.3.11. Private, Group Messaging, & Chat Tools

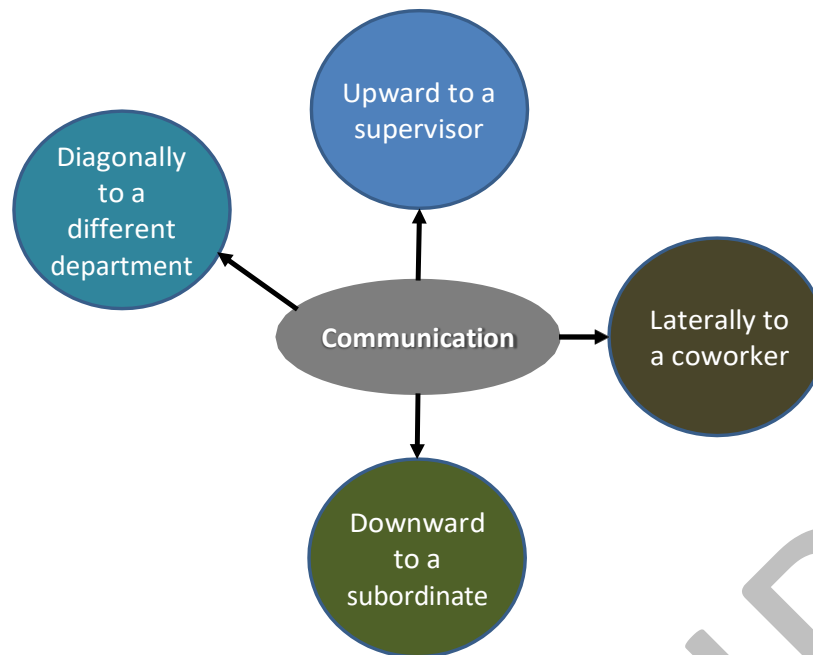
Collaborative spaces with private, group messaging, and chat capabilities provide the perfect business communication tools to keep teams working together. Such spaces are important when business communication managers need updates on the progress of projects or when they need to communicate with team members.

#### 5.3.12. Discussion Forums

A discussion forum that brings together everybody, management and employees, and allows for an open discussion on any topic. Such a space will help in knowledge dissemination and bring everybody closer together. Discussion forums are also great for archiving organizational knowledge that may not be easily disseminated on blogs but exists among individual employees.

### 5.4. Direction in Formal Communication

Some of the most important types of direction in formal communication are: 1). Downward 2). Upward 3). Horizontal or Lateral and 4). Diagonal or Cross-wise! Formal communication is designed by the management. It is an official communication which takes place through the line of authority or chain of command. The basic purpose of designing such communication is to connect various sub-systems of organization and coordinating their functioning for achieving organizational goals. Such communication is official and part of formal organization which operates through formal relationship of superior and subordinate.



#### 5.4.1. Downward communication:

Communication in the first place, flows downwards. That is why, traditionally this direction has been highlighted or emphasized. It is based on the assumption that the people working at higher levels have the authority to communicate to the people working at lower levels. This direction of communication strengthens the authoritarian structure of the organization. This is also called Down Stream Communication.

Limitations of Downward Communication:

- Distortion/Dilution:

Quite often the communication originating at the highest level gets distorted or diluted on the way to the lower levels. Sometimes the messages may get lost. It has to be ensured that the receiver fully understands the purport/ instructions/directions coming from above. This requires an efficient feedback system.

- Delay

Another drawback of downward communication is that often it becomes time-consuming. The more the levels the greater the chances of delay. That is why sometimes managers choose to send their messages directly to the person concerned.

- Filtering

Sometimes managers may withhold some valuable information from the employees. In such a situation the employees become frustrated, confused and powerless. This may spoil the employer-employee relationship.

#### 5.4.2. Upward communication

The function of upward communication is to send information, suggestions, complaints and grievances of the lower level workers to the managers above. It is, therefore, more participative in nature. It was not encouraged in the past, but modern managers

encourage upward communication. This is a direct result of increasing democratization. This is also called Up Stream Communication. Limitations of upward communication:

- Psychological

Certain problems, primarily of psychological nature, may come up in upward communication.

- Hierarchical

Many managers do not like to be 'told' by their juniors. They may not be patient enough to listen to them or may even suppress the message sent to them from below. In such a situation the employees may feel let down.

- Ombudsperson

In order to tide over such problems an Ombudsperson plays an important role. The concept of Ombudsman or Ombudsperson was first used in Sweden to go into the complaints of lower level employees against government officials or agencies.

Now a number of companies in many countries have established positions for persons to investigate employees, complaints and grievances. An Ombudsperson, therefore, effectively mediates between the employers and the employees and smoothens upward communication.

- Suggestion System

In order to improve communication in the organization, many companies use suggestion systems. "Suggestion systems are programs designed to enhance upward communication by soliciting ideas for improved work operations from employees." Employees can express their recommendation by putting the written ideas in the suggestion box. Sometimes, company has a reward for employee who has the best suggestion. Another model related to suggestion systems is query systems. Employees can find an answer for the frequently asking question.

#### 5.4.3. Lateral or horizontal communication

This type of communication can be seen taking place between persons operating at the same level or working under the same executive. Functional managers operating at the same level, in different departments, through their communication, present a good example of lateral communication. The main use of this dimension of communication is to maintain coordination and review activities assigned to various subordinates.

Occasions for lateral communication arise during committee meetings or conferences in which all members of the group, mostly peers or equals, interact. The best example of lateral communication can be seen in the interaction between production and marketing departments.

#### 5.4.4. Diagonal or Cross-wise

Diagonal or crosswise communication takes place when people working at the same level interact with those working at a higher or lower-level of organizational hierarchy

and across the boundaries of their reporting relationships. Advantages of diagonal communication:

- Coordination

This crosswise communication serves the important purpose of coordination through informal meetings, formal conferences, lunch hour meetings, general notices etc.

- Practicable

As we know not all communication takes place strictly on the lines of organizational hierarchy, i.e., downwards or upwards.

- Morale boosting

By providing opportunities to lower level workers to interact with managers in informal meetings it gives their morale a boost and further commitment to the organization. More and more organizations are now encouraging crosswise communication and building up bonhomie.

The Limitations of Diagonal or Cross-wise are:

- Fear of infringement

The superior may feel it an infringement that his subordinate has been given undue importance and that he has been by passed.

- Resistance to compliance

The superior may not implement the suggestion as he has not been consulted.

- Anarchy

The lack of accepted procedures may lead to internal anarchy and external animosity.

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