

Why business train their workforce

TRAINING is the process of increasing the knowledge and skills of workers so that they are better able to perform their jobs. The objectives of training differ from business to business but they include:

- making workers more productive by teaching them more effective ways of working;
- familiarising workers with new equipment or technology being introduced;
- educating workers in new methods of working, such as shifting from production line methods to cell methods;
- making workers more flexible so that they are able to do more than one job;
- preparing workers to move into a different job within the business, which could be a new job at a similar level or a promotion;
- improving standards of work in order to improve quality;
- implementing health and safety at work policies;
- increasing job satisfaction and motivation, because training should help workers feel more confident in what they are doing and they should gain self-esteem;
- assisting in recruiting and retaining high quality staff, attracted by the quality of training offered.

Sometimes, individual employees request training or undertake training without the financial or time support of their employers. For example, a manager may take an MBA university course in her own time. More frequently, training is provided by the employer. The need for training is sometimes identified in the appraisal process.

Induction training

Many businesses put on training for people starting a job. This is known as INDUCTION TRAINING. It is designed to help new employees settle quickly into the business and their jobs. Exactly what is offered differs from business to business and job to job. For example, a small business might simply allocate another worker to look after the new employee for a day to 'show them the ropes.' A young person just out of university might have a year long induction programme to a large company. They might spend time in a number of departments, as well as being given more general training about the business. But most induction training attempts to introduce workers to the nature of the business and work practices, including health and safety issues.

On-the-job training

ON-THE-JOB TRAINING is training given in the workplace by the employer. There are many ways in which this could happen.

next to another worker, watch that worker do a task and with their help repeat it.

Mentoring This is where a more experienced employee is asked to provide advice and help to a less experienced worker. The less experienced worker can turn for help and advice to another more experienced worker at any time.

Job rotation This is where a worker spends a period of time doing one job, then another period of time doing another job and so on. Eventually they have received the broad experience needed to do a more specialist job.

Question 1.

Michelle Hallett went from sales assistant to store manager with the help of two training courses available through Modern Apprenticeships. A basic retail training programme led to a National Vocational Qualification level 2 achievement followed by a management course tied to level 3 saw her climb the ladder with Chockers, a small Essex-based shoe retailer. Michelle, said: 'I feel I've benefited in a number of ways. I'm more confident with customers and am better at handling staff. It's all been worthwhile.' Chockers, an eight-store chain with a flagship shop in The Strand in London, is a classic example of a business faced with a training problem in a sector with a high staff turnover.

Rosanne Lewis, area manager co-ordinator, said: 'We couldn't afford to operate a training scheme of our own but now we're able to put more of our sales staff through the apprenticeship programmes.' John Gill, the founder, trained the hard way, on a market stall, before launching the business, but is now committed to using the framework to provide a comprehensive training to add some extra staff polish and performance.

There was some apprehension among young sales assistants at the start.

'Some felt it would be like going back to school but I quickly reassured them on that score. We have a staff of 50 and I want all of them to take up the training programme,' says Ms Lewis.

Michelle did on-the-job training with a supervisor monitoring progress and discussing the finer points of customer relations at the end of a day's work. Her deputy, Hayley Clarke, has followed a similar programme. She said: 'I found it a bit hard at first to fit into the routine but the others in the shop have been really helpful. Being assistant manager now means I have more responsibility.'

Source: adapted from *The Telegraph*, 18.3.2004.

- Using examples from the article explain what is meant by on-the-job training?
- Explain why there might be potential problems with training staff at Chockers.
- Discuss whether Chockers might offer its own training scheme in future.

Training and appraisal

Traditional apprenticeships In the past, workers in traditional skilled trades, such as carpentry or engineering, would undertake training over, say, three-five years in an apprenticeship. This would involve a mix of training methods. When the business decided they had 'qualified' they would be employed as a full-time worker. Many of these schemes died out due to the cost for the business, the decline in traditional trades, mechanisation and the need for more flexible work practices.

Graduate training Medium- to large-sized businesses may offer graduate training programmes. They are typically designed to offer those with university degrees either professional training, such as in accountancy or the law, or managerial training.

Off-the-job training

OFF-THE-JOB TRAINING is training which takes place outside the business by an external training provider like a local college or university. For example, 16-25 year olds might go to college one day a week to do a catering course or an engineering course. A trainee accountant might have an intensive course at an accountancy college or attend night classes before taking professional exams. A graduate manager might do an MBA (Masters in Business Administration) course at a Business School in the evening and at weekends.

Off-the-job training can provide courses which a business internally would be unable to provide. But it can be expensive, particularly if the business is paying not just for the course but also a salary for the time the employee is attending the course.

Training initiatives

The government promotes training through a variety of initiatives and schemes.

Learning and Skills Councils These are bodies which have been set up by government to cover the whole of the UK. Each area of the UK has its own regional Learning and Skills Council. They are responsible for promoting training and manage funding for a wide range of schemes such as modern apprenticeships (see below). They are funded by the government from taxes. But businesses taking part in training may also be required to contribute towards the cost of training which directly benefits them.

Modern Apprenticeships In the past, apprenticeships were the most common way for a school leaver to become a skilled manual worker with a qualification. In the 1970s, with a sharp decline in employment in manufacturing industry, most businesses scrapped their apprenticeship schemes. Today, the government sponsors Modern Apprenticeships. This scheme aims to give young people an apprenticeship training which will equip them for a specific job in an industry. Businesses run Modern Apprenticeships and then receive a subsidy from the government for each apprentice on the scheme. Typically the Modern Apprenticeship training runs for three years.



Question 2.

Asda operates one of the most rigorous retail training programmes in the UK. New employees spend the equivalent of 25 weeks, mainly in-house, learning how to do their job. In 2004 Asda linked its own programme with National Vocational Qualifications in retailing and Modern Apprenticeships. It hoped this would help increase productivity, encourage a higher level of internal promotion and reduce a staff turnover rate currently running at 26 per cent. The Learning and Skills Council provided more than £500,000 to the project. Asda, rather than a training provider, would control the money which will be used to cover the cost of outside assessors ensuring that its training is in line with the NVQ programme.

Mrs Sam Smith, people development manager, said: 'We're not doing this for profit but to raise the standard of our training and provide the staff with extra qualifications which will benefit them and the company.' There was extensive discussions between the company, the Learning and Skills Council and City & Guilds to validate the Asda in-house training set-up as a retail NVQ.

Source: adapted from *The Telegraph*, 18.3.2004.

- What is meant by (i) a Modern Apprenticeship and (ii) in-house training?
- Why is training likely to be so important for a business like Asda?
- Discuss whether Asda rather than a training provider should provide training.

The New Deal Since the late 1970s, governments have run a variety of schemes aimed at getting unemployed workers, particularly young workers, into a job. The New Deal, for example, promises to give any young unemployed person under the age of 25 either full-time training or work experience. The New Deal also offers older long-term unemployed workers a similar package.

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Investors in People (IiP) IiP is a national standard developed by industry bodies such as the CBI and TUC with the support of the Employment Department, which businesses have to meet if they wish to gain IiP accreditation. To get accreditation, they have to show that the need for training is considered at every level and in every major decision made by the business. Businesses which go through the process of gaining IiP accreditation typically find that there are inefficiencies in the way the business operates because staff have not been trained properly. These training needs then have to be addressed. Gaining IiP is a useful marketing tool for a business. This is because customers perceive that, by gaining IiP accreditation, the business is a modern, forward-thinking business where staff are properly trained to deal with their work.

Labour market failure and the need for training

It can be argued that, if left to free market forces, too little training would take place. This is an example of MARKET FAILURE. In the labour market, it occurs for two reasons.

- Businesses spend too little money on training because it is often cheaper for them to recruit new workers who have already been trained by another business or on a government training scheme.
- Individual workers don't spend enough on training themselves because they don't want to get into short-term debt. They also fail to realise how much more they could earn if they had better training.

In the past, traditional apprentices might have signed an agreement to stay with their employer a number of years after they became qualified. This meant they could not be 'poached' by a rival business. Today, linking training with staying on in the business is rare. There is nothing to stop a newly trained worker from leaving one business to take up a post at a higher salary elsewhere.

A major problem that the UK labour force has faced in the past is SKILLS SHORTAGES. This is where there is a large number of vacancies because individuals do not have the abilities, skills, experience or qualifications necessary to do the jobs that employers require.

Generally, when there is market failure, it is argued that the government should step in to correct that market failure. Governments have two broad ways of doing this.

- They can provide training themselves and pay for it from tax revenues. Currently, the UK government provides training for the unemployed through its New Deal programme for example. Training is also provided through free college or further education courses.
- The government can pay grants to industry bodies or individual businesses to undertake training. This can be funded from general taxation or by a levy on all businesses in the industry. For example, in the UK construction industry, businesses have to pay a levy (effectively a tax) to pay for the work of the Construction Industry Training Board. This provides training for

construction workers.

Evaluation of training

As businesses have demanded greater value for money, it has become important to evaluate training. Evaluation is simple when the result of the training is clear to see, such as when training workers to use new technology. Where training is designed to give a certain result, such as:

- a health and safety course;
- a word processing course;
- a design course;

evaluation can be based on observed results. This may be a reduction in accidents, increased typing speed or designs with greater impact.

It is more difficult to evaluate the success of a management training course or a programme of social skills development. It is usual to use end of course questionnaires, where course members answer a number of questions. The problem is that the course will have been a break for most employees from the normal work routine. This can make the participants' view of training appear of more value than it is. Also questionnaires tend to evaluate the course and not the learning. This often means that the person attending the course is assessing the quality of the tutors and visual aids, instead of what has been learnt.

To overcome these problems a business might:

- ask participants and managers to complete a short questionnaire at the start of the course to focus their minds on what they hope to get from it;
- give out another questionnaire at the end of the course focusing on learning and what could be applied back at the job;
- give further questionnaires to review the effects of the course on performance.

This helps employees to concentrate on what has been learnt. This process may, however, be costly for the business.

Is training becoming more popular?

Ashton and Felstead (2003), in their review of research on training in the UK, suggested a number of reasons to explain the evidence of increased training in the UK over the last five years.

- There has been an improvement in the UK's skills base due to the investment by government to increase numbers in higher education.
- Some employers have played their part in improving skills. Companies with Investors in People and a commitment to training are now training all staff, including the unskilled. This has resulted in the general upskilling of employees in business.
- A group of businesses now state that strategic human resource management is central to business development, and that training is part of that strategy. In addition, a small group of 'leading edge' or high performance organisations use employees' skills as a source of

Training and appraisal

competitive advantage.

However, a group of UK businesses is still not committed to training. They only engage in formal training when they are forced, either by government legislation or customer requirements. For example, some manufacturing firms can only become suppliers to large retail firms when they obtain ISO 9000. Some argue, therefore, that the UK still appears to be struggling to catch up with competitors in Europe in its investment in training. They also suggest that it may be falling behind new competitors from South East Asia.

Appraisal

After a period of time working in a job (and regularly after), a firm may APPRAISE the employee. This is an attempt by the business to find out the qualities, usefulness or worth of its employees.

Appraisal can be used by a business to:

- improve performance;
- provide feedback;
- increase motivation;
- identify training needs;
- identify potential for promotion;
- award salary increases;
- set out job objectives;
- provide information for human resource planning;
- assess the effectiveness of the selection process.

The problem with having all of these aims is that the person carrying out the appraisal may have conflicting roles. If appraisal is designed to help performance and to act as a basis for salary awards, the appraiser would have to be both judge and helper at the same time. This makes it difficult to be impartial. It is also difficult for the person being appraised. A worker may want to discuss problems, but is likely to be cautious about what they say in case they jeopardise any possible pay rise. One way around this is for the appraisal system to review the performance of the worker only.

Many appraisal schemes have been linked to **performance appraisal**, called **performance management**. This involves observing, measuring and developing the performance of employees. Performance can be 'measured' against criteria such as output, quality and speed.

Carrying out appraisal

Appraisal has, in the past, been seen as most suitable for employees in management and supervisory positions. Increasingly, clerical, secretarial and manual staff, with skilled or technical jobs, are also being appraised.

Who carries out the appraisal? There is a number of people that might be involved in appraising an individual. Appraisers may be referred to as **raters**. These are people who 'rate' the performance of an individual.

- Superiors. Most appraisals are carried out by the employee's superior. The advantage of this is that the supervisor usually has intimate knowledge of the tasks that

a worker has been carrying out and how well they have been done.

- People 'above' the immediate superior can be involved in appraisal in two different ways. They may 'approve' the superior's appraisal of the employee. A manager further up the hierarchy may also directly carry out the appraisal. This is more likely to happen when individuals decide if a worker has the potential for promotion, for example.
- Self appraisal. This is a relatively new idea and not greatly used. Individuals do carry out self appraisal in traditional appraisal schemes, although the superior's decision officially 'counts'. The ratings that the employer has given may be changed, however, in the light of the employee's comments.
- Peer appraisal. It is sometimes argued that appraisal by peers is reliable and valid as they have a more comprehensive view of the employee's job performance. The main problem, though, is that peers may be unwilling to appraise each other. This can be seen as 'grassing'.
- Subordinates. Appraisal by subordinates is another less well used method. It is limited, as subordinates will only know certain aspects of the work of other employees.
- 360 degrees appraisal. This method gathers ratings from a combination of supervisors, peers and subordinates. Self-ratings and customer ratings may also be used. It provides feedback to individuals on how their performance is viewed by business stakeholders. It also encourages individuals to self-diagnose their strong and weak areas and identifies where training is needed. The information from 360 degrees appraisal can help a business when making personnel decisions, such as who to choose for promotion.

Many firms have used appraisal systems only to find that they have to change or abandon them after a short time. Others 'battle' on with the system, but recognise that it is inadequate or disliked. What factors influence the success of an appraisal system?

- Purpose of the system. Effectiveness will be greater if all involved are clear about what the system is for.
- Control. It is vital that the system is controlled by senior and line management and isn't something done simply 'for the personnel department'.
- Openness and participation. The more feedback that appraisees are given about their ratings, the more likely they are to accept the process. Similarly, the more the employee is allowed to take part in the system, the greater the chance of gaining their commitment.
- Appraisal criteria. The criteria must be related to the job, be easy to use and appear fair to the worker.
- Training. Training may be needed in how to appraise and how to conduct interviews.
- Administrative efficiency. Appraisal must be carried out so that it causes as few problems as possible for both parties. It also needs to be confidential.
- Action. Appraisal needs to be supported by follow-up

action. Plans that are agreed by appraiser and workers must be checked, to make sure they take place.

- Selection of raters. The choice of rater should be carefully controlled to avoid, for example, individuals nominating only 'friendly raters' to provide them with feedback.
- Anonymity of raters. Ratings should be made anonymously to encourage honest appraisal.
- Training of raters. Raters should be trained to complete rating and appraisal forms accurately.

KEYTERMS

Appraisal – evaluating the usefulness of the employee to the business.

Induction training – training which occurs when a worker starts a job with a business.

Market failure – when the operation of free market forces fails to provide an optimal level of output.

Off-the-job training – training which takes place outside the business through an external training provider like a local college or university.

On-the-job training – training given in the workplace by the employer.

Skills shortages – where potential employees do not have the skills demanded by employers.

Training – the process of increasing the knowledge and skills of workers so that they are better able to perform their jobs.

KNOWLEDGE

1. List the reasons why a business might train its employees.
2. Why might a business offer induction training?
3. Explain the difference between mentoring and job rotation.
4. What is graduate training?
5. Who benefits from training through the New Deal programme?
6. What is Investors in People?
7. What is the role of Learning and Skills Councils in training?
8. Explain why businesses might spend less on training than is desirable.
9. How can training be evaluated?
10. What is meant by performance appraisal?
11. How can appraisal help a business?

Question 3.

Pettersford plc is a manufacturer of plastic cartons and other containers. It has a number of plants around the UK. In 2002 it faced rising costs and falling productivity. The business had previously used annual appraisal methods. Every year employees were reviewed to discuss their performance over the year. It was often a one way communication process, with the line manager 'telling' the employee why they had done well or badly, and how they might improve next year. At the end of the appraisal, employees were asked to make their own comments. But only a short time was left for this and usually the employee could not remember issues that had arisen up to 12 months previously.

Faced with the possibility of closure, the business introduced a quarterly performance review for all its factories. It did allow this to be amended if a plant felt that it did not want four, but the business was adamant that it needed to get away from the annual reviews. Another change was that each employee nominated two of their work colleagues to comment on their work. At first people were reluctant to criticise, but eventually, as people became more comfortable with the system, the business and employees found constructive criticism and praise useful. The dialogue also had to be more of a two way process, so that employees could express their own views.

The appraisal was backed up by regular meetings with managers, where suggestions at the appraisal could be introduced into the work environment. Employees gave a 'personal commitment' at their review and this was implemented with the help of the line manager and senior staff. Employees also felt that they could take more initiative, by making suggestions at appraisal meetings. Previously they had simply 'keep their heads down' hoping to get it all over quickly.

The business found that productivity rose as a result of the changes. One spokesperson said 'If you give people some recognition for their work, and listen to what they have to say in return, then it's not only the employee who benefits'.

- (a) Explain the problems that existed in the old method of appraisal at Pettersford plc.
- (b) Identify the methods of appraisal in the new system.
- (c) Discuss the advantages and disadvantages of the new appraisal system for (i) employees and (ii) the business.