

THE EFFECTS OF EMPLOYEE DEVELOPMENT PROGRAMS ON
JOB SATISFACTION AND EMPLOYEE RETENTION

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ABSTRACT

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This research analyzes the significance of employee development programs on employee retention and job satisfaction. It also takes business success into consideration. The method for this project consisted of an analysis of two studies, one conducted by the Gallup Organization and the other conducted by the American Society for Training and Development and the Society for Human Resource Management. The study determined that training and development increase employee satisfaction and are significant in an employee's decision to stay with a company. It also indicated that the impact of training decreases without the organizational culture to support employees in the development process.

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Chapter 1

Research Problem and Objectives

Introduction

In any industry the success of an organization is extremely dependent on its human resources. Although there are many other factors that play a key role, a company must have effective employees in order to stay financially solvent and competitive. In order to maintain this valuable commodity, organizations must be aware of employee satisfaction and retention. Many companies make the mistake of assuming that employees are only seeking financial benefits for their jobs. This assumption overlooks the high importance many people place on the intrinsic benefits of their careers. It is not only a mistake for employee satisfaction and retention, but it also has negative business consequences. Organizations must have employees who are able to quickly adapt to an ever-changing world market. Companies need to invest in on-going employee development in order to both keep employees and be successful.

Problem Statement

The problem of this study is to analyze the significance of employee development programs on employee retention and job satisfaction with regard to business success.

Purpose

The purpose of this study is to review current literature and analyze previous studies to evaluate whether or not employee development programs are beneficial to an organization. Although it is not specific to a particular company or industry, it is intended to give a general overview of the concept. Research and practical evidence of career

development programs already exists. This study will take pieces of these two areas and draw conclusions about how to use the information.

Definitions

Business Success: A company's ability to remain solvent and grow within its market.

Career Competencies: The knowledge, skills, and abilities needed for a person to attain his/her desired career.

Career Planning: An organizational initiative to help employees assess their skills, define their career goals, and create an action plan for accomplishing those goals. The organization is also responsible for holding employees accountable to those goals.

Corporate University: A training environment used by some companies intended to make training and development opportunities constantly available to employees at a site designed for such activities.

Employee Development: A system for assisting employees to develop within their current jobs or advance to fulfill their goals for the future.

Employee Retention: A company's ability to keep quality employees who are contributing to business success.

Employee Satisfaction: The level to which employees enjoy their jobs and are willing to put forth effort toward the success of an organization.

Goal Setting: The process of establishing one's plans for future jobs and careers.

Market Competition: The organizations that are in the same business as a company that compete for the same customer or client base.

Organizational Culture: The overall environment in which an employee works within a particular company.

Research Objectives

This research project will meet the following objectives:

1. Review the history of employee development programs.
2. Analyze the role of employee development in retention and satisfaction.
3. Analyze the benefits of employee development.
4. Review the employer's role in employee development.
5. Clarify the employee's role in employee development.

Chapter 2

Review of Literature

History

Employee development programs are not a new idea in the United States. General Motors established one of the first corporate universities in 1927 with the General Motors Institute (Gerbman, 2000). The concept was slow to catch on, but in the 1950s a variety of organizations followed the same path. During the 1950s General Electric established Crotonville Management Development Institute and Walt Disney began Disney University (Gerbman, 2000). McDonald's followed this trend with the establishment of Hamburger University to train its managers in the early 1960s (Garger, 1999). Despite these progressive organizations, employee development and career planning still experienced some growing pains.

In the 1970s, career planning and development efforts were focused on young employees that seemed to have high potential. It was a way for companies to plan for the future and nurture young workers for senior management positions (Moses, 1999). This career path model fit well with the traditional commitment employees would offer to companies. Chris Argyris referred to this commitment as a "psychological contract" in which employers were almost guaranteed long term loyalty and commitment to the organization in return for giving employees job security, opportunities for promotion, and training (Feldman, 2000). The ability to get on this fast track to the top of a company diminished in the 1980s when companies were moving to a flattened hierarchy with less room for promotions. People quickly realized that they were reaching plateaus in their careers and the opportunities for advancement did not exist (Moses, 1999). The concept

of career planning became less realistic for both individuals and organizations because neither could count on long term commitment (Feldman, 2000). The stock market crash of 1987 was a major turning point in employee development. Daniel Feldman keenly states that, “where once large corporations were seen as bastions of job security, they are now seen as minefields of job insecurity” (2000). Not only were corporations flattening, they were also downsizing and restructuring to compensate for loss of revenue. These drastic changes in the job market also led to changes in employee development programs.

Barbara Moses states that, “today, job security is dead and loyalty to the organization in the tradition sense has died along with it” (1999). Under this assumption, companies have to change the way they view employee development. Where once training and development were viewed as mechanisms for employees to move up the corporate ladder, promotion is no longer an incentive for employees because it is not a definite option. Companies began realizing that they can challenge employees with “lateral moves, skills development, job enrichment and special assignments” (Moses, 1999). Although organizations could not offer the same commitment of the past with the market change in the 1980s, they could use employee development to support and retain employees who were not lost in the downsizing and restructuring (Moses, 1999). Employee development took a necessary shift from focusing on promotion to focusing on skill development (Feldman, 2000). As the stock market gained strength again through the 1990s, retention again became an issue for organizations. However, the shift in mentality meant that employees may not make a commitment for their entire careers, but they may stick around for a few years in a company that showed a concern for them

(Moses, 1999). Employee development went through a process of rebuilding in the 1990s.

According to the Corporate University Xchange, a New York based corporate education research and consulting firm, there were approximately 400 corporate universities in the United States in 1988 (Petrecca, 2000). This number jumped to 1,600 in 1999 and the Corporate Xchange estimates more than 2,000 such programs currently (Wilson, 2000). Jeanne Meister speculates that the number of corporate universities could surpass the number of traditional universities and become the primary source of post-secondary education by 2010 (1998). Although it is a bold prediction, investment in employees is on the rise. The 1998 Industry Report by the American Society for Training and Development (ASTD) indicated that U.S. organizations with more than 100 employees spent more than \$60 billion on formal training that year, and 26 percent increase since 1993 (Garger, 1999). Employee development programs come in a variety of shapes and sizes, each with advantages and disadvantages.

Employee Development Programs: Philosophy

Different companies have established different types of employee development programs for a variety of reasons. In the early 1990s Sears Credit, a firm based out of Hoffman Estates, Illinois, underwent a major restructuring and responded with a career-development initiative. This new venture was done in order to align employees with their new and changing jobs, and to ensure that all employees were adding value to the company. They also felt they were not sharing career opportunities with employees and the knowledge and skills to take advantage of those opportunities (O'Herron and Simonsen, 1995). JC Penney, a nationwide retail department store, established a virtual

university to help their employees access knowledge as quickly as possible (Garger, 1999). Tires Plus, a tire retailer based out of Burnsville, Minnesota, offers Tires Plus University (TPU) to its employees in an effort to enhance recruitment, retain strong workers, fill leadership positions, and promote the overall wellness of employees. A key component of TPU is that it coincides with a special promotion track for workers who get involved (Dobbs, 2000). Young & Rubicam, Inc. and Bozell Worldwide, two New York advertising agencies, put employees through a cross-disciplinary program to help them build an arsenal of skills as well as learn about all aspects of the companies (Petrecca, 2000). NYNEX, a regional subsidiary of Bell Operating Company, offers “Career Renewal,” a program designed to help employees build their skills and be marketable, whether it be with NYNEX or another company (O’Herron and Simonsen, 1995). U.S. Tsubaki, a manufacturer/supplier of power transmission and motion control products out of Wheeling, Illinois, established UST University as a learning system to, “determine, design, deliver and evaluate training and organizational development programs that meet strategic, organizational and individual needs” (Callahan, 2000). These are just a few employee development programs that exist. Although they vary in nature, most programs are based on a similar philosophical construct.

Mel Kleiman points out that, “the fundamentals of a good employee training program are: orientation, soft skills training, and technical skills training” (2000). These concepts are the general foundation for any employee development program. Janet Kottke believes that employee development programs should contain the three “Cs: core workplace competencies, contextual framework within which the organization conducts its business, and corporate citizenship” (1999). The core competencies in this model are,

“learning to learn, communication and collaboration, creative thinking and problem solving, and career self-management” (Kottke, 1999). The primary goals of many employee development programs is to communicate the vision of the organization, help workers understand the corporate values and culture, and show employees at every level how they can help the company succeed (Gerbman, 2000). They exist in order to support business’s strategic goals by providing learning opportunities and engraining the organizational culture (Kottke, 1999). Although the need for technical training in a specific position will never disappear, understanding an organization’s culture and fitting into it are becoming increasingly important for employee success. Two factors that are crucial to the success of employee development programs are keeping them current and putting learning in the hands of employees.

For many companies, employees do not all work under the same roof. This challenge is forcing training out of the classroom in order to make it accessible to all. Jeanne Meister puts it into simple terms, “knowledge changes quickly, and people have to keep up” (1998). Employees cannot keep up in today’s fast-paced world if they have to wait for seminars and conferences to receive new knowledge. Because of the strong interaction and communication that takes place in classroom settings where a diverse group of people are brought together, that format remains crucial. However, combining it with distance learning to put information in the hands of employees as quickly as possible will, according to Eileen Garger, make the learning process “more efficient, targeted and strategic than ever” (1999). This distance learning puts training into the hands of the recipients (Garger, 1999). Instead of employees waiting for opportunities to come up to increase their knowledge base, they must pursue and create those opportunities for

themselves. It is then the responsibility of their companies to make sure those learning opportunities exist. As a result, employee development programs become of value to individuals and organizations.

Employee Development Programs: Structure

Organizations have set up their employee development programs in a variety of ways. Traditionally, companies have offered tuition reimbursement to allow people opportunities to expand their knowledge. The Corporate University Xchange found that less than 10 percent of people eligible for this benefit were using it (Rosenwald, 2000). Adam Eisenstat, an employee of the Xchange, indicates that the demands of work and family life make it difficult for employees to invest extra time outside of the job for such opportunities (Rosenwald, 2000). Additionally, it is primarily senior management and those people who place a high value on an advanced degree who take advantage of tuition reimbursement (Rosenwald, 2000). As a result, many organizations find in-house programs more beneficial and many are going the route of corporate universities.

Jeanne Meister defines a corporate university as, “a centralized in-house training and education facility to address the shortened shelf life of knowledge and to align training and development with business strategies” (1998). A training department tends to be reactive and focused on specific job skills, while a corporate university is proactive with a more strategic approach. It has a deliberate education component and is an excellent method for sharing the organization’s culture, moving from job skills improvement to workplace skills understanding, developing leadership, and fostering creative thinking and problem solving (Meister, 1998). Russell Gerbman contends that a corporate university must be flexible in order to succeed. It must incorporate a variety of

teaching methods, creative scheduling, and accommodating learning environments to ensure that people can get to the information as well as apply it when they return to work (Gerbamn, 2000). One way to achieve this flexibility is to have some of the curriculum led by instructors and some of it self-taught (Wilson, 2000).

Some of the mechanisms corporate universities are using to get the knowledge out to employees are CD-ROM, intranet, and classroom lecture (Petrecca, 2000). At Bozell's Academy, employees are required to attend classes on the company's history and philosophy, but are also offered electives on such things as conflict resolution and stress management. Bozell also accommodates the busy lifestyles of its employees by offering classes during lunchtime (food included) and valuing the downtime it gives people away from their desks (Petrecca, 2000). Some companies have found that new employee orientation is a key to success, so they are spreading it out over several months so that employees understand the company, its products, its culture, its policies, and its competition (Kleiman, 2000). There are also companies that require a certain number of training hours for every employee at every level of the organization so that everyone knows their role in carrying out the corporate mission (Wilson, 2000).

Another key factor to the success of a corporate university is funding. Any employee development program will fail if the company is not willing to put some financial resources into it. DDB Worldwide requires each of its offices to contribute 2 percent of their salary budget to its University (Petrecca, 2000). DDB has decided that their employees are a valuable resource and they will make the investment in them. Some companies may not have the money to find, but there are other routes they can take. For some businesses, they have found it useful to open up their programs to employees of

their suppliers. With this method, the company is getting some extra funds for employee development, and helping some smaller companies get some opportunities (Wilson, 2000).

Employee Development Programs: Key Components

There is no single formula for creating an employee development program, but there are some important components that should be considered. A truly effective employee development program should include learning, career planning, goal setting, and evaluation. These areas will help the program be beneficial to the employees who utilize and to the organization that provides it. Without them, the employee development reverts back to being simply training.

One of the main reasons learning is becoming more and more crucial is the rise of technology. Knowledge and information are moving faster than ever with the Internet and a business cannot keep up in today's world if its employees do not have access to it. Although higher education is important to prepare people to work in business, they still need a new set of skills by the time they start working (Gerbman, 2000). It becomes the responsibility of the employer to make sure people have these skills, and it must be an on-going process. When employees need information, they often need it right now and two days from now is not soon enough. Therefore, companies need to make sure people can learn anytime (Garger, 1999). For this reason, intranets and computer based training modules are necessary. In addition to technology, Eileen Garger also cites reorganization of companies and the changing relationship between employers and employees as reasons for the move from training to learning (1999).

Learning helps people improve their overall performance rather than just enhancing their job skills (Gerbman, 2000). MMI Companies Inc., an international health-care risk-management services company, has Insights University with a mission to move employees from information to knowledge to wisdom. Rather than just giving people information and asking them to process it, they try to help employees pull knowledge from information by giving them tools to apply it to their job. Then they help them take that knowledge and turn it into wisdom by helping them become critical thinkers (Garger, 1999). Sears Roebuck & Co. is very cautious with this concept because they do not want all their employees thinking alike, but they seek to give them the analytical skills to think differently and challenge the norm (Gerbman, 2000). Tires Plus employee John Holden found that he learned more about the company than just his job at TPU and it helped him think about how he can impact the direction of the company (Dobbs, 2000). According to John Cunniff, “knowledge is capital, for both the individual worker and the company” (2000). Organizations and individuals should value knowledge as they do money, because in today’s market they go hand in hand. Individuals must value learning as much as the organization. Ralph Bates, vice president of learning and professional development for American Management Systems, Inc. out of Fairfax, Virginia, recognizes that, “the best learning is done when individuals are motivated to learn on their own” (Garger, 1999). Companies no longer feel an obligation to control and direct employees’ careers, so people at all levels are taking charge of their own career management (Feldman, 2000). It is the role of companies to provide opportunities, but individuals must take the initiative to utilize those opportunities and position themselves for future career success (Garger, 1999).

Since companies can no longer guarantee employees promotions to the top, it is important that they help employees with career planning and skills development. Some organizations fear that career planning will communicate to employees that their jobs are at risk, but it can be framed differently to communicate that they are willing to invest in helping employees reach their potential (Moses, 2000). Companies can also help ease employees' minds by making career planning a standard part of their employee development process rather than introducing it when they know they are going to be facing a period of downsizing or restructuring (Moses, 2000). Career planning can be handled a few different ways. At Idea University, the employee development program for Austin, Texas advertising agency GSD&M, brings in guest speakers to talk about career growth rather than specific advice on specific jobs (Petrecca, 2000). At BRE Properties, Inc. in San Francisco, California, a task force established resources on career planning and development, then employees are invited to schedule meetings with their supervisors to give them access to these resources and help them map out career plans (Nunn, 2000). BRE combines these initial meetings with annual career reviews that are separate from performance reviews to look forward and address any issues with employees' career progress (Nunn, 2000). This review process is important so that employees feel on-going support for their endeavors. Such one-on-one career counseling can be very expensive, so some companies are turning to computer programs designed for this function (Feldman, 2000). Sears created a database that holds information about employees' career goals. This system is used to match people with appropriate jobs in appropriate locations, as well as help the company determine how they will train an employee for the new position

(O'Herron and Simonsen, 1995). It is important, however, that the corporate culture embraces the concept of career planning even if they cannot devote a lot of money.

The purpose of career planning as part of an employee development program is not only to help employees feel like their employers are investing in them, but also help people manage the many aspects of their lives and deal with the fact that there is not a clear promotion track. Employers can no longer promise job security, but they can help people maintain the skills they need to remain viable in the job market (Moses, 1999). Career planning should be based on helping employees find a career path that they understand and value (Nunn, 2000). To start this process, people must do some self-reflection and identify their work style, their work preferences, and their current skill set. From there they can begin to identify the jobs they would like in the future and skills needed to attain those jobs (Moses, 2000). As a result, people should have better self-understanding, greater responsibility for their futures, and action plans to achieve future goals. The challenge to organizations is that they must accept that this process may lead some employees to leave the company and pursue outside opportunities (O'Herron and Simonsen, 1995). Although it is a risk, employees also live with the risk that they could be "rightsized" out if a company. A key component of career planning, and therefore a key component to employee development, is goal setting.

Ten years ago, employees were hesitant to talk openly about their career goals and aspirations, while today they tend to be more open about their needs and how they will fulfill them (Moses, 1999). The fear in the past was that they may have ambitions outside their current organizations and that could jeopardize their current jobs. People will struggle to develop their careers without setting goals to do so. The first step is to do

some self-assessment. Organizations should provide the proper tools to do so, ranging from one-on-one counseling to computer programs to personality tests (Moses, 2000). At Sears, they help employees identify their skills and competencies, and then they offer similar career discussions as BRE. Employees lead these discussions to ensure that they happen in a way and at a time that best fits their personal goals (O'Herron and Simonsen, 1995). The self-assessment process aids people in looking beyond their current jobs and seeing how their skills can transfer to other areas (Moses, 2000).

Since life long commitment to a company can no longer be assumed, employees must view themselves as a holder of many skills rather than filling specific job title (Moses, 2000). This shift in thinking allows them to create goals beyond promotion and give them the flexibility to grow in different areas of their current companies or into other organizations (O'Herron and Simonsen, 1995). By looking at their goals and making efforts to stick to them, employees also increase the possibility that they will have an appropriate job fit. Ideally, employees will look for positions that best fit their styles and goals, rather than jumping at opportunities just to keep a job with their current company (Moses, 2000). Any employee development program will quickly destroy itself if it does not evaluate itself on a regular basis.

Employee development programs must not only achieve its objectives, but it must have positive outcomes for the organization and individuals within the organization. Therefore, a portion of the program must be evaluating outcomes. Sears utilizes a system of pre-tests followed by focus groups and surveys to determine if they are meeting their employee development objectives. Their program continues to exist because they are doing so (O'Herron and Simonsen, 1995). Many organizations with employee

development programs are finding positive outcomes for the individuals involved in them.

BRE Properties conducts annual employee satisfaction surveys. They have discovered that most people are very positive about employee development and career planning efforts. They are happy with the feeling that the company is invested in them and cares about their futures. They have also found they employees want further education, especially when it is directly related to their jobs (Nunn, 2000). At Sears, 93 percent of employees indicate that they have career goals as well as a plan to achieve those goals. These same people report a better self-understanding and increased awareness of where they can go with the company. 80 percent of employees take part in the career discussions and a majority of those people enter their goals into the Sears database (O'Herron and Simonsen, 1995). Although these individual outcomes are important and valuable, an employee development program cannot exist if the company is not seeing positive outcomes.

Many companies find it difficult to determine a quantifiable value for employee development, but Kimberly Ishoy of the Corporate University Xchange contends that systems exist, "for measuring financial and business performance, internal processes and customer satisfaction" (Wilson, 2000). Mel Kleiman's method for showing a return-on-investment for employee development by measuring pre-training performance, diagnosing the problem, assessing training needs, delivering training, then the change in performance by trainees. He believes you can quantify the monetary value of the training through this process (Kleiman, 2000). Tires Plus established TPU in 1992 has seen an annual growth of 20 percent since 1995 and has doubled its territory to become a \$200

million company since 1990. Additionally, in store surveys show a customer satisfaction rate of 96 percent (Dobbs, 2000). In a less numeric evaluation, Sears Credit was recognized by the American Society for Training and Development for their employee development program (O'Herron and Simonsen, 1995).

Individual Outcomes: Career Competencies

Individuals have a lot to gain from employee development programs, which is implied in the name itself. With unemployment at one of the lowest rates in 30 years, it is not beneficial for someone to start a job if there is no chance for personal growth (Dobbs, 2000). College graduates are often looking to large firms to get some solid training to set themselves up for the future, but this can be a strain to organizations that risk losing freshly trained employees within a couple of years (Feldman, 2000). Young professionals, especially those in fast paced industries like information technology, recognize that knowledge is power and they need to keep their skills current to succeed. Many of these people even recognize the value of training and would prefer that to an increased salary (Dillich, 2000). It is also unrealistic to expect a recent college graduate to be fully prepared for the ever-changing business world (Gerbman, 2000). Tires Plus has found that it attracts entry-level workers by offering training and internal promotions (Dobbs, 2000). Young people with entrepreneurial aspirations are also finding that they lack the money and experience for such ventures, so they can use employee development programs to prepare themselves for a future of self-employment (Feldman, 2000). Although long-term employment with one company can offer a sense of stability to an employee, when it is combined with middle age, it can be very detrimental in a time of

downsizing (Feldman, 2000). Employee development programs can help people survive into the future.

The advancement of technology has created high wages for some employees and strong profits for some companies, but it has also changed the employment scene. Blue-collar jobs had consistent requirements for many years, and several have made a shift to requiring an understanding of computers and automated systems (Cunniff, 2000). This change is forcing employees to evaluate their career competencies in order to maintain employment. Many employees have changed their mindset from looking to get promoted within their current companies to working to grow out of their companies (Feldman, 2000). Whereas people used to have 10-year plans for their futures, they are lucky if they can envision a two-year plan with the constant change in knowledge and information (Wilson, 2000). This shift in mentality forces companies to find ways to keep their talented workers. Tires Plus offers its workers paid training to advance to a different career with the company, which includes at least 80 hours of training for a supervisor to prepare to become a store manager (Dobbs, 2000). I-Cube, an information technology consulting services company in Cambridge, Massachusetts, offers an employee development program called I-Altitude to prepare new employees for their jobs. Once employees complete I-Altitude, they can choose to take more course to help them develop the skills to be promoted within the company (Fenn, 1999). People realize that training can lead to greater responsibilities and a larger paycheck (Fenn, 1999). In addition to helping people develop career competencies that will help them survive in the future, employee development programs are also excellent vehicles for job satisfaction.

Individual Outcomes: Employee Satisfaction

One of the most difficult thing people live with in today's workforce is the constant feeling of needing to sell oneself with no time to achieve personal or professional goals (Moses, 1999). Employee development programs can make a big difference in alleviating such feelings. Employees have a hard time caring about a company if they do not believe the company cares about them (Garger, 1999). People recognize the value of working for a company that is willing to invest money in them, even if that investment ultimately benefits the organization (Wilson, 2000). According to Carole Jurkiewicz, two factors the impact employee satisfaction and commitment are, "feelings that the organization can be relied on to carry out its commitments to its employees and feelings that the individual is of some importance to the organization" (2000). Not only do organizations need their employees to help them be successful, employees need to feel like they are making a difference in reaching business goals (Gerbman, 2000). Companies utilizing employee development programs are experiencing higher employee satisfaction with lower turnover rates (Wagner, 2000). According to Stacey Wagner, a director with the American Society for Training and Development, training builds company loyalty because employees know the organization is investing in their futures (Rosenwald, 2000).

Company loyalty cannot necessarily be quantified, but it is significant to the intrinsic rewards that employees feel. When people feel as though they are helping a company's bottom line, they feel good and want to stay there to continue making contributions (Logan, 2000). People enjoy feeling that their work has a purpose and their activities are significant to the company (Moses, 2000). Top performers do not generally

leave a job over money. It is often because their job does not tie into their goals and the things that make them happy (Melymuka, 2000). Although salary and benefits play a role in recruiting and retaining employees, people are also looking for opportunities to learn new things, the challenge of new responsibilities, and the prospect of personal and professional growth (Wagner, 2000). Satisfying these intrinsic needs helps build trust, morale, loyalty, and overall satisfaction in employees (Nunn, 2000).

According to Sunny Steadman, a recruiter for Management Recruiters of Boston, the primary reason people change jobs is to seek out new challenges and opportunities for development (Rosenwald, 2000). Companies can utilize the career planning process to become more adept in this area. Sears has found that supporting employees through career planning and development has made their work force more motivated and invested in the company meeting its business goals (O'Herron and Simonsen, 1995). When a company communicates to their employees that they are marketable outside the organization, yet still invests in their training and development, it makes a strong statement to workers that they are valued, and many are compelled to offer a high level of commitment (Moses, 2000). The Gallup Organization, through its poll called "employees Speak Out on Job Training: Findings of a New Nationwide Study," found that employee satisfaction and retention are high when a company is willing to train its workers (Wagner, 2000). Kepner-Tregoe reported in 1999 that the top three reasons employees leave companies are, "perceived lack of financial rewards, recognition, and career development" (Wagner, 2000). Satisfied employees lead to satisfied customers, which is definitely a financial benefit to organizations (Logan, 2000).

Organizational Outcomes: Employee Retention

Retention is a complex concept and there is no single recipe for keeping employees with a company. Many companies have discovered, however, that one of the factors that helps retain employees is the opportunity to learn and try new things (Logan, 2000). Jennifer Potter-Brotman, CEO of Forum Corporation – a firm out of Boston that helps Fortune 500 companies develop learning systems – also claims that there is strong evidence indicating a link between strong learning programs and employee retention (Rosenwald, 2000). The Gallup Organization also supports this contention, as they found “the opportunity to learn and grow” as one of the critical factors for employee retention (Logan, 2000). It is important for companies to recognize that competent employees are one of their greatest assets and they need to face the challenge of retaining them (Garger, 1999). Flora Bacco, director of organizational policy and programs at UNUM America, has found that organizational culture is as important or more important to employees than money (Logan, 2000). Therefore, companies must create an environment that is supportive of their learning and growth, and not just a place where they do their jobs (Callahan, 2000). Companies can either nurture their employees and keep talented workers, or they can let those employees go find such opportunities elsewhere (Petrecca, 2000).

Companies that offer employee development programs are finding success with retaining workers. Sears has found that in locations where managers work to help their employees grow professionally turnover is 40 to 50 percent less than in stores where that relationship does not exist (Logan, 2000). The average monthly turnover at Unitel, a firm that helps companies with customer relations out of McLean, Virginia, has dropped from

12 percent to 6 percent since they began Unitel University in 1998 (Fenn, 2000). I-Cube believes that their I-Altitude program has made a significant difference in their recruitment and retention efforts (Fenn, 2000). Although many people involved with employee development programs are not sure of a direct correlation between the programs and employee retention (Rosenwald, 2000), some business managers find that a positive learning environment leads to higher retention rates (Dillich, 2000).

Organizational Outcomes: Market Competition

Employee development programs are no longer a nice thing to do if there is some extra money in the budget. They are strategically essential for a company to stay solvent and competitive in its market. Laurri Bassi with the American Society for Training and Development points out two reasons for the importance of learning opportunities: employees know the value of being trained and marketable and CEOs recognize the speed at which information is moving in today's business world (Fenn, 2000). Companies need to create and maintain learning opportunities for employees in order "ratchet up an organization's knowledge and competitive ability" (Greengard, 2000).

In order for a company to stay in business they must make money. Employee development programs come with a cost, but they also have a return-on-investment. Sprint, Xerox, Microsoft, and General Electric are all large successful companies, and they view their training efforts as an investment (Kleiman, 2000). A 2000 report by the American Society for Training and Development found a correlation between investing in employee development and higher stock market returns (Wagner, 2000). ASTD also found that companies that spend an average of \$1,575 per employee on education see 24 percent higher gross profit margins and 218 percent higher income per employee than

those who spend less, creating situations that are good for the organizations and the individuals (Rosenwald, 2000). In addition to increasing profits, employee development programs can also give companies distinction within their markets.

Organizations can use employee development efforts to help them stand out to employees, perspective employees, and customers. Tires Plus utilizes TPU to ensure that they are not the same as other tire shops because they do more to connect with customers (Dobbs, 2000). GSD&M's Idea U helps employees understand their roles, and they have found that it has made people greater contributors to the business as a whole (Petrecca, 2000). DDB University keeps employees on the cutting edge and helps them to better serve clients (Petrecca, 2000). Finally, companies can use employee development programs to help their image as an employer. It shows to perspective employees that they want the best employees possible and are willing to invest to create a competitive advantage (Meister, 1998).

Organizational Outcomes: Managerial Support

Employee development programs cannot exist without a culture that supports them. Any effective program must have strong support from people in senior management positions, and these people must also serve as positive role models to subordinates (Zenger, Ulrich, Smallwood, 2000). Managers and supervisors take on a new role when an organization gets into the business of employee development. They must become coaches to help people manage their careers and support their development efforts. Managers at Sears actually go through a workshop called "Managing Career Development" to prepare them to work with employees under their career planning system (O'Herron and Simonsen, 1995). Coaching employees is valuable in helping them

meet their goals, but it is also important for managers to simply show that they care. It is an intangible incentive that can make a big difference in employee motivation (Moses, 2000). It is also important for organizations to offer something tangible to employees for getting involved in development programs.

Creating a compensation structure that supports an employee development program is a distinct challenge for companies. Many organizations claim to base pay raises on performance, but that is not actually the case. Some companies try to emphasize a team environment, but continue to reward people for individual achievement (Feldman, 2000). These inconsistencies can cause frustration and cynicism by employees. It is especially difficult when employees are not seeing significant pay raises, yet company leaders are richly rewarded (Feldman, 2000). The entire organization must buy into the culture of employee development. Sears created a new compensation system when they got into the business of employee development. Whereas they used to only offer pay increases to employees who were promoted, they have moved to a system where people may see a pay increase for lateral moves that are appropriate for their own development (O'Herron and Simonsen, 1995). Sears has truly embraced the concept that individual development is as important as moving up the corporate ladder.

Chapter 3

Research Method

The problem of this study is to analyze the significance of employee development programs on employee retention and job satisfaction with regard to business success. The objectives were obtained by conducting a critical review of two previously existing studies of employee development and job satisfaction. The studies investigate the value employees place on development programs, the likelihood that employees will stay with a company, the types of development programs offered by different companies, and the benefits these programs have to the organizations.

This chapter will be organized into four sections: research design, population, data analysis, and comparison methodology. The first three areas will provide an overview of how each of the two studies was conducted and the methods used to process the information collected. The fourth area will explain how the researcher compared the two studies.

Research Design

The first of the two studies analyzed in this project is titled “Employees Speak Out on Job Training.” Development Dimensions International (Bridgeville, Pennsylvania), Gallup School of Management (Lincoln, Nebraska), and TRAINING Magazine sponsored this study. The Gallup Organization conducted the study through telephone interviews in May and June 1998. The interviews were ultimately a quantitative survey, with the questions based on a 5-point Lichert scale. The demographics for the survey were age, gender, and size of the company by whom the person is employed. The research questions covered in the survey included:

- the amount of training people received,
- their satisfaction with training,
- the usefulness of training,
- the types of training desired,
- who made decisions about whether or not people would be trained,
- the effect training has on reducing stress,
- the importance of training in a new job,
- the methods used in their training,
- whether or not people declined opportunities to be trained, and
- their intention to stay with their current company.

The researchers did not specifically define “days” of training as full workdays. Therefore, each respondent interpreted the question, so amount of training could be an eight-hour day, or it could be any day when some sort of training took place. Gallup assigned the survey an error rate of plus or minus four percentage points at the 95 percent confidence level.

The second study analyzed in this project is titled “Recruiting and Retaining Employees: Using Training and Education in the War for Talent.” This qualitative study is a consortium benchmarking study by the American Society for Training and Development (ASTD) and the Society for Human Resource Management (SHRM). Provant and the National Association of Convenience Stores (NACS) sponsored the study. Rather than gathering information from individuals, this study looked at companies as a whole. Each company involved underwent a screening survey to be in the study, then participated in a benchmarking survey and hosted site visits. ASTD and

SHRM gleaned insights into how much these companies value their workers, how employee development fits into the business strategy, the amount of support given for employee development, and the evaluation process for development efforts. The study gives an overview of the information for all the companies, and then breaks it down by individual organization.

Population

The Gallup Organization used a random sample for its survey. The total population was 1,012 workers in the United States. To be involved in the survey, participants had to be 16 years of age or older and work at least 35 hours per week at a company that employs at least 100 people. These criteria allowed for the study to be narrow enough to draw conclusions. For the purpose of the study, the population was divided in three age ranges:

- Generation X: ages 16-32
- Baby Boomers: ages 33-52
- Older Workers: ages 53 and older

The sample population was also divided fairly evenly by gender with 508 men and 504 women. Due to the way the survey results were reported, there is no data as to how many participants there were in each of the age ranges.

The population for the ASTD/SHRM study was established very differently. First, organizations were pulled from ASTD research that met certain criteria for employee growth and career development opportunities, as well as how these things play into recruitment and retention categories. These companies were given an additional screening survey, from which eight organizations were chosen to participate. One

dropped out during the study. The seven remaining companies were titled Exemplary Practice Partners (EPPs). The organizations are all for-profit companies that employ an average of 62,000 employees. They include:

- Dow Chemical Company (non-durable manufacturing)
- Edward Jones (financial industry)
- Great Plains (software development)
- LensCrafters, Inc. (retail trade)
- Sears, Roebuck & Company (retail trade)
- Southwest Airlines Company (transportation)
- South African Breweries (non-durable manufacturing)

Data Analysis

Upon completion of the telephone interviews, the Gallup Organization took a quantitative approach to data analysis. They primarily broke different research questions down by gender and age range. In addition to the demographic break down, they also correlated training hours and satisfaction with training, as well as importance of training with regard to recruitment and retention.

ASTD/SHRM took a much more complex approach to data analysis. They examined each company both quantitatively and qualitatively. The seven EPPs were each asked to submit training data from 1998 for the entire organization. This information was necessary to make the data across organizations comparable. ASTD entered each submission of training information into an Access database. They crosschecked the information with written numbers from the company reports to ensure accuracy, and also flagged any anomalies and asked for clarification if anything looked out of order. Each

organization was asked to review ASTD's write-up of information for accuracy. The data was then transferred to SPSS for analysis. ASTD utilized their Benchmarking Service database to compare with the EPPs. The database contains over 2,500 companies (dating back to 1997), but only the 501 United States organizations that had data from 1998 were used in the comparison.

Comparison Methodology

Comparing these two studies was an interesting challenge because of the vast differences between them. The Gallup study is a quantitative survey of employees that focuses on individual perceptions about training and its benefits. The ASTD/SHRM study is a qualitative examination of companies that value employee development and reveals that practices of these organizations. Because these two studies were conducted on different populations, any comparisons drawn between them had to be done carefully. Although there was a chance that some of the respondents to the Gallup study worked in the companies covered by the ASTD/SHRM study, the researcher is assuming it is not the case. Any overlap would be minimal and the researcher has no way to track if it exists. Therefore, the researcher is treating the respondents in the Gallup study as a random cross-section of American workers that are not employed by the ASTD/SHRM EPPs. Although it cannot be assumed that they represent the opinions of all Americans who are employed full-time, they are an indicator of some prevailing opinions. Additionally, it is unknown if the employers of the Gallup study respondents are similar companies to the EPPs. The employers in the Gallup study have at least 100 employees, but the actual amount is not known. The EPPs have an average of 62,000 employees.

This difference may be significant in the various responses, but there is no way to make that determination.

The ASTD/SHRM study offered one component that both helped the comparison between the two studies and complicated it. The EPPs in this study were already compared to companies in the ASTD Benchmarking Services database. Therefore, the researcher used the comparisons already drawn in the study and also did new comparisons to the Gallup study. Although the researcher did not have a lot of background about the Benchmarking Services companies, from the information reported, it seems that these companies are similar to the companies employing the Gallup study respondents. Therefore, the EPPs have been compared with the Benchmarking Services organizations, and the researcher compared the overall ASTD/SHRM study with the Gallup study.

The comparison began with a review of the results of the two studies and highlighting key points. From there the researcher organized the results topically and determined where overlap occurred between them. Originally, the researcher had twelve topic areas, but as the researcher continued to analyze them, they narrowed down to six similarities between the two studies. These similarities were:

- the amount of training made available to employees,
- the methods used in training,
- employee empowerment in decisions about their own training and development,
- aspects of the organizational culture that support training and development,
- the effects of development efforts on recruitment and retention, and
- employee satisfaction.

The researcher also looked for significant differences between the two studies, but none emerged. The Gallup study uncovered some variance in the value of training to people of different age groups, but the ASTD/SHRM study had no information about the age of employees. The Gallup survey also revealed some differences between the training received by men and women. Again, the ASTD/SHRM study did not address such demographics. In essence, the Gallup study quantitatively substantiates many of the findings of the ASTD/SHRM study.

Finally, the researcher organized each of the topic areas the researcher defined and reported the results of each of the studies. The researcher utilized some graphs and tables from both studies to help emphasize the points being made. Because the two studies are very different, the researcher was unable to create graphs that encompassed both of them. The researcher then drew conclusions based on these findings and offered recommendations for how to use the information.

Chapter 4

Results

Upon review of the data from the Gallup study and the ASTD/SHRM study, the results can be broken into six categories:

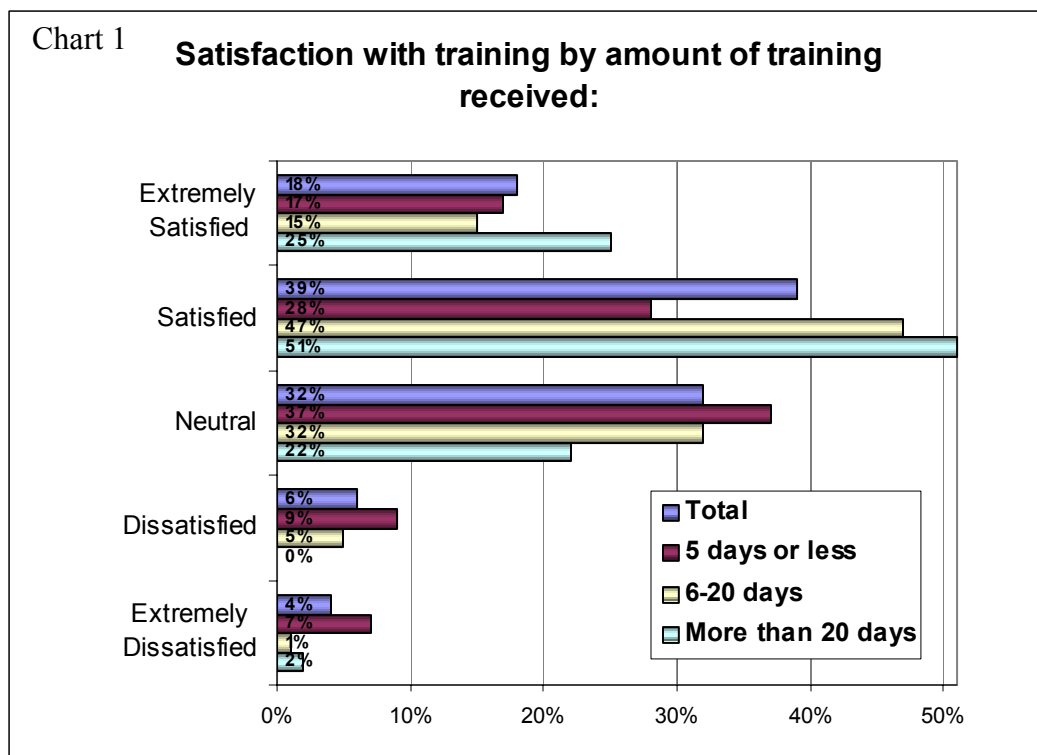
- Amount of Training Available
- Training Methods
- Employee Empowerment in Development
- Organizational Culture
- Recruitment and Retention
- Job Satisfaction

Within each of these areas, the practice of the Exemplary Practice Partners in the ASTD/SHRM study seems to embody the desires of the employees in the Gallup study. These similarities indicate that there may be a connection between employee development programs and employee retention, job satisfaction, and business success.

Amount of Training Available

According to the ASTD/SHRM study, 99 percent of the employees in the EPP organizations are eligible for training. In 1998, 80 percent of those employees received some sort of training. Almost 80 percent of the people surveyed in the Gallup study received training within the twelve months prior to the study. However, for people employed by companies with less than 500 employees only 75 percent received training, while those employed by companies with more than 1,000 employees, 82 percent received some sort of training. ASTD/SHRM found that the EPPs offered more hours of training to their employees than the organizations in the ASTD Benchmarking Service

database. Unexpectedly, the EPPs spent less per employee on training efforts than did the Benchmarking Service companies. However, the EPPs spent 2.49 percent of their payroll amount on training, while the Benchmarking Service organizations only spent 2.0 percent. These differences may be due to the company size or due to the extensive use of technology in training by the EPPs. It is difficult to draw any conclusions without unsubstantiated speculation. Furthermore, the Gallup study found a correlation between the amount of training received and employee satisfaction with that training. As the amount of training rose, so did the satisfaction level with it (see Chart 1).



Source: What workers really think about training by Dick Schaaf,
TRAINING Magazine, September 1998

Although the amount of training hours offered allows for quantitative comparisons with employee satisfaction and money spent, the EPPs go beyond mandatory training time to offer development opportunities to employees. All seven

companies support conference attendance and have mentoring and coaching programs in place. All but one of the companies offer tuition reimbursement, apprenticeship training, training resource centers, and courses in train-the trainer. These companies work to give their employees opportunities rather than simply training sessions. Some of these opportunities include job rotation, cross training, task forces, quality circles, problem solving teams, and total quality management work practices. Although they may not be able to quantify the conclusion, these companies believe that their development opportunities are critical to their success.

Training Methods

An employee's satisfaction with training and the effectiveness of that training are very dependent on the method in which the material is presented. More than half the respondents to the Gallup study indicated that they learn best via on-the-job training. Although it may not be exactly the same on-the-job training that the Gallup respondents prefer, the EPPs in the ASTD/SHRM study deliver over three times as much self-paced training in comparison to the Benchmarking Service organizations. Additionally, the EPPs tend to use more outside resources for training, but spend less on these resources as a percentage of total training expenditures. The cost discrepancy is probably due to the size of these organizations, since they average 62,000 employees. Some of the outside resources utilized are listed in Table 1.

Table 1
Average Percent of Organizations Using
the Following Sources to Provide Training

Average Percent of Organizations Using...	EPPs N=7	BMS N=501
4-year colleges and universities	85.7	70.8
Community and junior colleges	71.4	69.2
Technical and vocational institutions	57.1	46.4
Product suppliers	71.4	72.9
Other firms, including private & independent consults.	85.7	78.8
Unions, trade, or professional associations	57.1	27.6
Federal, state, or local government organizations	28.6	27.9
Other	28.6	81.8

Source: Recruiting and Retaining Employees: Using Training and Education in the War for Talent. A consortium study for the ASTD & SHRM, 2000

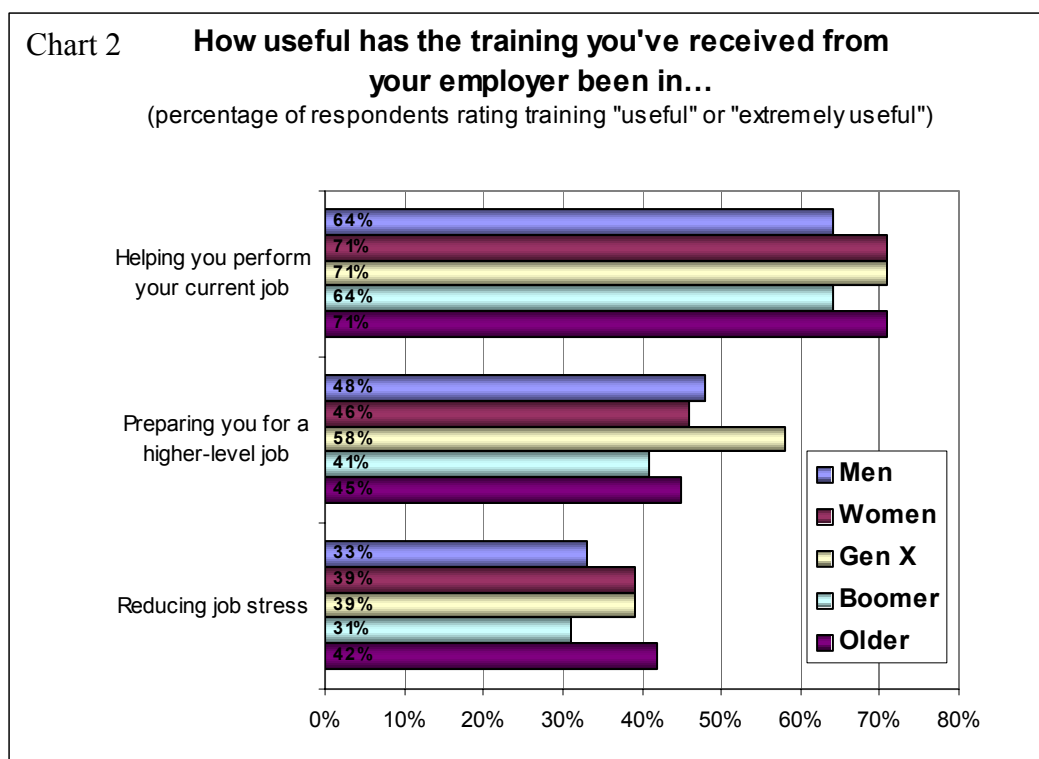
A significant portion of the training offered by the EPPs is delivered through learning technologies. Currently, the EPPs offer more training via technology than the Benchmarking Services companies, and they anticipate utilizing technology about 70 percent more than these other companies in 2001. Ironically, the respondents in the Gallup study overwhelmingly indicated a need for training in the use of new technology. About 25 percent of the people indicated that would like either computer training or training in some other form of technology. This response indicates that the EPPs are moving in the right direction because they are giving their employees something that others crave. Although companies that are not similar to the EPPs could not begin using technology immediately because their workforce would not be ready for it, it seems to be an ideal goal.

Employee Empowerment in Development

A key tenet of the ASTD/SHRM EPPs is empowering their employees and supporting that empowerment. All of these companies put the responsibility for development on the individual employees, then go to great lengths to support these efforts. Support comes from managers, leaders, coaches, mentors, and teams because they believe that worker knowledge is significant to business success. The EPPs thrive on creative ideas and ingenious ways of doing things, therefore, they must have employees who are constantly looking to learn and grow professionally. Not only are employees expected to develop in their current jobs, but the EPPs work with their people to create individual career paths and action plans to meet the subsequent goals. The EPPs invest a lot of money to ensure that their employees have a variety of development opportunities; however, this is not the case among many other companies.

Although the Gallup study revealed that many companies offer a fair amount of training, the respondents indicated that they are involved in the decision to be trained less than ten percent of the time. Seven times out of ten someone in a superior position makes that decision. Once the decision is made that the employee will receive training, about half of the respondents indicated that they help make the decision about the type of training they will receive. Those employees who are given some voice in their training also show a higher level of satisfaction with the training. This correlation shows the intrinsic value of empowering employees in their own development. The Gallup study also showed that this empowerment is a waste without a culture to enable such development. Twenty percent of the respondents had turned down some sort of training in the past year. About half of those people turned it down due to lack of time, while

another 25 percent of them declined training because they did not see the relevance of the material. Additionally, many of the respondents question the usefulness of the training they receive. About 66 percent indicate that their training has helped them improve in their current positions. However, a majority of respondents said training was either marginal or irrelevant in preparing them for higher-level jobs, and 20 percent stated it was not at all useful. Chart 2 indicates the usefulness of training to people in the various age groups. These numbers indicate that the respondents' employers are not assessing the needs of their workforce and not creating an environment that encourages people to take responsibility for their own environment. There is clearly no accountability, which is very important to the EPPs.



Source: What workers really think about training by Dick Schaaf, TRAINING Magazine, September 1998

Organizational Culture

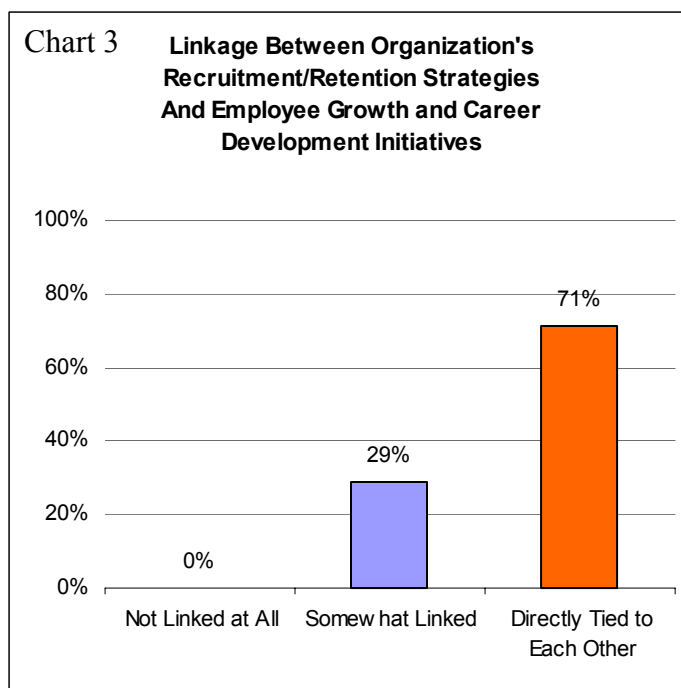
One of the most significant success factors for the EPPs is their organizational culture. Each organization has a very strong culture, with which their employees can identify and take pride. They ensure that the opportunities for growth, and support mechanisms for it, are in place in order for their employees to move from training to development. First and foremost, these companies place a high level of importance on their intellectual capital. It is clear that many of the respondents to the Gallup study do not get the sense that their employer places a high amount of value on training and development, but employees of all the EPPs understand that people are number one, and learning and growing are essential. This importance is clearly communicated to employees by the opportunities and support provided to them. The organizations make sure their people have more than adequate resources to do their job well and move into other jobs, whether through promotions or a change in responsibilities. This emphasis on career growth and development is not only supported by career planning and mapping, but also by role identification and evaluation systems.

More so than the Benchmarking Service companies, the EPPs engage in human performance management practices. They clearly define the knowledge, skills, and abilities related to each job within the company. Managers then help employees evaluate their skills and utilize them toward achieving career goals. Rather than having job descriptions, they have position or role competencies. This approach allows employees to identify with an arsenal of skills and experiences rather than a single job title. In order to take this human performance management from a concept to a functioning system, the EPPs utilize 360-degree feedback, peer review, skill certification, and documentation of

individual competencies. All but one of the companies have a performance review system in place. The EPPs also offer performance based compensation such as profit sharing for individuals, and six of them have team-based incentive programs. Because the EPPs view human resource development as a business strategy rather than a fad, they are able to recruit and retain a strong work force.

Recruitment and Retention

The EPPs in the ASTD/SHRM study believe that continuous employee development initiatives are integral to recruitment and retention. In a standard survey, they all ranked “employee growth and development” and the “chance for advancement” as very important in these initiatives. As shown in Chart 3, five of the seven organizations identified a direct link between recruitment and retention strategies and employee growth and development. The other two companies identified these two areas as somewhat linked.



Source: Recruiting and Retaining Employees: Using Training and Education in the War for Talent. A consortium study for the ASTD & SHRM, 2000

The respondents in the Gallup study corroborate these notions. 40 percent consider training “very important” in determine whether or not they will stay with a company. Another 40 percent consider it “important.” Additionally, 80 percent deem training “very” or “somewhat” important when pursuing a new job opportunity. Development opportunities are clearly valuable in the recruitment and retention of employees. Therefore, companies must have systems in place to keep the link between them.

Since the EPPs view employee development as a business strategy, Human Resources works directly with other business units to recruit and retain their valuable talent. Human Resources works with each business unit to determine the key skills they each need for success and to help those units find the people to fulfill their needs. Although they have many internal promotion systems, they also recognize the value of recruiting outside the company for needed talent. Additionally, managers in all areas are trained in recruitment and retention practices. Again, it is an engrained part of the culture for the EPPs to do everything possible to nurture and cultivate employees’ professional development. They know that their business will function at its best if the employees are functioning at their best. The EPPs also keep track of their retention efforts. They have found that they have lower turnover and higher job satisfaction than the Benchmarking Service organizations. They all indicate the conviction that employee growth and development initiatives are critical to these positive statistics.

Job Satisfaction

No matter what type of recruitment and retention efforts a company makes, most employees will not stay with an organization if they are not happy. Although job satisfaction factors can be very unique to each individual, training and development are

important to most people. More than 50 percent of the Gallup study respondents who received training within the past year identified themselves as satisfied. Only 10 percent indicated a level of dissatisfaction. A direct correlation was also found between the amount of training received and job satisfaction. More training lead to higher satisfaction, while less training lead to lower satisfaction. Even higher levels of satisfaction were found among workers who had input into training decisions. Although about one-third of the respondents are neutral on the issue of training and job satisfaction, many of these people may have no opinion because they are not aware of the opportunities they could have. People may not believe training and development are important because they are not exposed to it, or they function in a culture that trains for the sake of training rather than using it as a business strategy.

The EPPs use training and development as a business strategy, and they have higher job satisfaction rates than the average companies in their industries. They know they have high employee satisfaction because they track it along with applicants, new hires, and turnover. They each believe that their employees are satisfied because they make such a large investment in them. Not only do they provide growth and development opportunities, but they supplement them through fair and equitable human resource practices. All employees are given equal opportunities for development if they each take ownership for their goals and action plans. The systems they have in place to develop and support employees allow for individuals to find intrinsic value in the work they do. Although extrinsic benefits are useful and appreciated, there is no way to quantify the value of feeling good about one's job.

Employee development plans are not simple and cannot be viewed as a supplement to other business practices. They must be a part of the overall business strategy. Companies must not only offer training to employees, but they must empower employees to create career plans and determine their own training need. They must offer training through a variety of methods to accommodate different styles and needs. Most challenging, they must create an organizational culture that embraces employee growth and development as a key factor in business success. The drive for training initiatives cannot come just from the Human Resources department. It must be an underlying philosophy of the entire company. This type of culture will allow companies to make the very important leap from training to development. Rather than viewing training as an entity in and of itself, training becomes one component of employee development that works in conjunction with such things as career planning, mentoring, performance review, and competency monitoring. Managers must also understand employee development and their role in helping employees establish and accomplish their goals. Managers can be fatal to individual success if they are not invested in the culture of building human capital. Additionally, employees must initiate and maintain their own success. Employers can help them along the way, but they must use that empowerment to grow and develop.

Chapter 5

Conclusions and Recommendations

All of the research objectives for this study were attained. Through an extensive review of current literature and an examination of a qualitative and a quantitative study, the role and importance of employee development program were displayed. A combination of the two studies shows the significance of development opportunities on employee retention, while the ASTD/SHRM study shows the value of employee development for business success. This chapter will give an overview of how each of the objectives was reached, followed by recommendations for future research.

History of Employee Development Programs

Through the review of literature, the history of employee development programs was uncovered. Employee development is not a new concept. It has existed since the 1920s and continues to evolve and expand over time. The ebb and flow of the job market play a critical role in employee development programs. During times of low unemployment they tend to focus on offering employees reasons to remain with a company. During times of downsizing and restructuring, they tend to lean toward career development and helping people remain marketable. More recently, the concepts of job security and career-long loyalty to a company have passed. People no longer plan to retire with the company that offers them their first job. Therefore, companies can no longer expect to prepare their employees to move up the corporate ladder. They are better off helping people examine their goals and work out ways to achieve those goals. Ultimately, employee development programs will continue to change over time. Right now some of the trends are corporate universities and technology-based learning, but they

could quickly change as the wants and needs of the job market change. The key point about the history of employee development programs is that they have existed for a long time and must continue to exist if employers value their human resources.

Role of Employee Development in Retention and Satisfaction

Employee development programs clearly play a significant role in employee satisfaction, which helps lead to employee retention. The Gallup study shows a clear link between training and job satisfaction. When people receive relevant and valuable training, they are generally happier in their jobs. When that training is carried to the next level and becomes overall development, employees tend to feel even more valued by their employers. They are not only given the tool to do their jobs well, but they are also given opportunities to develop new skills and attain career goals. Companies that invest in their employees and clearly communicate the importance of employees will keep employees. Although there are other factors that are important to job satisfaction and many reasons that employees may leave companies, development programs can still make a positive difference. They can make people feel like they are contributing to the organization's success, which gives them intrinsic motivation to go to work everyday and do a good job. Companies that offer employee development programs enjoy the luxury of higher employee satisfaction and lower turnovers than those that do not invest in such endeavors. Although it is an investment, it is worthwhile for the returns.

Benefits of Employee Development

Employee Development programs benefit individuals as well as companies. Companies that do not offer on-going learning will not be able to keep with those that do. They may see times of financial gain, but they will lose in the race for intellectual capital.

A company can only move as fast as its employees, so the ones that train and develop people will move much more quickly. Many companies view training as a time consuming burden that takes away from the time for employees to complete their job tasks. This concern may be true for companies that offer training in a vacuum and do not support it. However, those companies that offer employee development that is engrained throughout the organizational culture know that the money they put into training will hardly compare to the benefits they get out of it. Employee development can be viewed in two distinct ways. Either its primary purpose is to benefit the company and it is a side bonus that individuals get something out of it, or its primary purpose is to benefit individuals and it is a side bonus that the company gains from it. Either way, everyone wins. The ideal approach is to have equal emphasis on benefit to the company and benefit to the employees because they are ultimately mutually beneficial to each other.

Employers' Role in Employee Development

Employee Development would not exist without support from the organization. Managers must be trained to support employee development and embody that spirit in all of their actions. Successful employee development can only take place when the entire organizational culture embraces the concept. If an employee attends a training session then is not supported to utilize that training, it is a waste. Equally, if employees are asked or required to write career goals, but no one is helping them achieve the goals or holding them accountable to the goals, they become useless to the employees. A company must not only having training and development in place, but they must have support systems such as performance appraisals, 360-degree reviews, career planning meetings, and internal promotion structures to support those efforts. A significant factor for success

among the companies in the ASTD/SHRM study is that they do not view employee development as a passing trend. They utilize it as a business strategy. It is not a support mechanism for their other strategic plans; it is one of their strategic plans. Therefore, employee development is a common thread throughout the entire organization. Although companies play an important role in employee development, individuals must take ownership for it as well.

Employees' Role in Employee Development

Although a company may offer an abundance of opportunities and support for employee development, it is possible that some people might not take advantage of it. A company cannot force individuals to develop; they must choose to do it themselves. People must choose to have career goals and work to reach them. Individuals will be more prone to make that choice if they are in a supportive environment. Some of the respondents to the Gallup study indicated that they had declined opportunities for training. In an environment where training is embraced and people are held accountable to that training, it is far less likely for employees to pass up such opportunities. As employees recognize that job security can no longer be assumed, they will quickly figure out that they must utilize as many development opportunities as possible. Rather than identifying themselves with a single job title, they must understand their own arsenal of knowledge, skills, and abilities. Employers and employees must share in individual development with the employer offering opportunities and the individual taking the initiative.

Recommendations

The information in this study can be used in many different ways by a variety of organizations. Although the companies in the ASTD/SHRM study are portrayed as somewhat ideal, they do not offer perfect solutions in all situations. The key point is that companies must put the utmost value on their human resources and develop a culture and practices that show that type of commitment. People need to feel like they are making a significant difference to business success or they will run out of reasons to do their jobs well. Although all companies cannot develop corporate universities and offer extensive opportunities for internal promotion, they can help people develop career goals and action plans to develop throughout their careers. Some companies may find that they develop employees who leave and utilize their knowledge and skills for other companies, but they will also find that they are engraining a sense of loyalty from other employees. The risk of losing employees is worth the benefit of keeping loyal and satisfied employees.

This research offers some general insights, but could be done much more specifically. It was a challenge to compare the Gallup study and the ASTD/SHRM study because they were done on two very different populations. Utilizing a quantitative survey like the Gallup questions in conjunction with a qualitative analysis within a single company or a few comparative companies could offer some more insights. In trying to do such a study, the survey could better correlate to the qualitative analysis as well. The Gallup survey could also be done to a more directed population rather than a random sample. It could be utilized for one company or in a few companies with similar characteristics to determine employees' perceptions toward training. Additionally, some

of the methods for the ASTD/SHRM study could be used in companies that do not have strong training and development programs, and made into a critical project that offers ways to improve and enhance the organizational culture toward employee development. Another approach may be to use the Gallup survey as a starting point for further qualitative research. This method would probably use a slightly different approach than the ASTD/SHRM study because the method would be dictated more by the survey results. The ASTD/SHRM study utilized a survey at the beginning, but it was clearly different than the Gallup survey. Although comparisons could be drawn between the two studies, they approached two topics that were similar but not the same. Additionally, the ASTD/SHRM study only examined organizations that have a strong culture of training and development. Looking at their organizational environments compared to companies that do not have similar cultures could also better substantiate the value of training and development with regard to retention and business success. In the case that future study might occur, a continual review of literature must also take place. The majority of the literature in this paper is very recent; therefore, future studies must also examine the upcoming trends in employee development.

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