

ORGANIZATIONAL PSYCHOLOGY

TRAINING & DEVELOPMENT - MA 204-1

GENERAL OBJECTIVES OF THE SUBJECT

At the end of the course, Individuals will examine the principles of organizational psychology; apply them within companies; critically reflect emotional behavior within companies *and* their impact on the development of this.

7. EMPLOYEE TRAINING & DEVELOPMENT

- 7.1 What is Training & Development?
- 7.2 Designing Effective Training
- 7.3 The Need for Leadership and Coaching
- 7.4 Customer Service and Quality Emphasis

7.1 What is Training & Development?

Training refers to a planned effort by a company to facilitate employees' learning of job-related competencies. These competencies include knowledge, skills, or behaviours that are critical for successful job performance in the immediate term or near future. This is in contrast with development, which is training that provides employees with competencies for anticipated future jobs and roles. The goal of training is for employees to master the knowledge, skill, and behaviours emphasized in training programs and to apply them to their day-to-day activities. Recently it has been acknowledged that to impart a competitive advantage, training has to involve more than just basic skill development and training to gain a competitive advantage.

Companies should view training broadly as a way to create intellectual capital. Intellectual capital includes basic skills (skills needed to perform one's job), advanced skills (such as how to use technology to share information with other employees), an understanding of the customer or manufacturing system, and self-motivated creativity. Keep in mind that traditionally most of the emphasis on training has been at the basic and advanced skill levels. But some estimate that soon up to 85 percent of jobs in Canada, the United States, and Europe will require extensive use of knowledge. This requires employees to share knowledge and creatively use it to modify a product or serve the customer, as well as to understand the service or product development system.

Many companies have adopted this broader perspective, which is known as high-leverage training. **High-leverage training** is linked to strategic business goals and objectives, uses an instructional design process to ensure that training is effective, and compares or benchmarks the company's training programs against training programs in other companies. High-leverage training practices also help to create working conditions that encourage continuous learning. **Continuous learning** requires employees to understand the entire work system, including the relationships among their jobs, their

work units, and the company. Employees are expected to acquire new skills and knowledge, apply them on the job, and share this information with other employees. Managers take an active role in identifying training needs and help to ensure that employees use training in their work. To facilitate the sharing of knowledge, managers may use informational maps that show where knowledge lies within the company (for example, directories and/or skills inventories that list what individuals do as well as the specialized knowledge they possess) and use technology such as groupware or the internet that allows employees in various business units to work simultaneously on problems and share information.

The emphasis on high-leverage training has been accompanied by a movement to link training to performance improvement. **Companies have lost money on training because it is poorly designed, because it is not linked to a performance problem or business strategy, or because its outcomes are not properly evaluated.** That is, companies have been investing money into training simply because of the belief that it is a good thing to do. The perspective that the training function exists to deliver programs to employees without a compelling business reason for doing so is being abandoned. Today, training is being evaluated not on the basis of the number of programs offered and training activity in the company, but on how training addresses business needs related to learning, behaviour change, and performance improvement. In fact, training is becoming more performance-focused. That is, training is used to improve employee performance, which leads to improved business results. Training is seen as one of several possible solutions to improve performance. Other solutions can include such actions as changing the job or increasing employee motivation through pay and incentives. Today there is a greater emphasis on:

- 1) Providing educational opportunities for all employees. These educational opportunities may include training programs, but they also include support for taking courses offered outside the company, self-study, and learning through job rotation, secondments, and special assignments.
- 2) An ongoing process of performance improvement that is directly measurable rather than organizing one-time training events.
- 3) The need to demonstrate to executives, managers, and trainees the benefits of training.
- 4) Learning as a lifelong event in which senior management, trainer managers, and employees have ownership.
- 5) Training being used to help attain strategic business objectives, which help companies gain a competitive advantage.

Medtronic is a good example of a company that uses high-leverage training. Medtronic is the world leader in medical technology, providing lifelong solutions for people with chronic heart and neurological diseases. Medtronic has 30 000 employees in more than 120 countries. The company has set a goal of 15 percent annual growth, a goal of doubling the size of the company in five years. To reach this goal, Medtronic believes that people development is important. Medtronic engages employees in learning and development, which links them to the company mission to restore many people to full

and productive lives and to make sure that products are available to patients who need them.

Training and development occurs only after business strategies for achieving growth are identified by the company. For example, strong leadership is needed for a growing company. Strategies that the company uses to develop leadership skills include cross-functional, global job rotations as well as mentoring. To keep up with Medtronic's growth, training and development initiatives must be flexible. The training and development staff are continually scanning the company and the broader medical device industry to understand the issues and prepare training solutions to meet them.

Medtronic is a global company, and certain skills are needed by all managers wherever they are in the world. But the various offices have the ability to adapt programs to their locations. In the Medtronic Asia/Pacific location, for example, a developing managers' program placed more emphasis on cultural awareness because the managers were from many different locations and backgrounds. Training also supports new product launches to ensure that customers get a consistent message about the product. For example, Medtronic introduced a new heart therapy with a training event broadcast via satellite to salespeople located throughout the United States.

Measuring the return on investment in research and development, marketing, sales, and human resources is key for demonstrating the value to the business. Each of Medtronic's businesses uses a scorecard to measure success and return on investment. Medtronic is currently developing metrics to measure how training contributes to the company's success.

This discussion is not meant to minimize the importance of "traditional training" (a focus on acquisition of knowledge, skills, and abilities), but it should alert you that for many companies training is evolving from a focus on skills to an emphasis on learning and creating and sharing knowledge.

Successful Business Testimonies

Employee attraction and retention, customer service, quality and productivity, enhanced profitability—these are some of the issues affecting companies in all industries and of all sizes, and influencing their training practices. Four companies—Boston Pizza International, Bowater's Coated and Specialty Paper Division, Dofasco, and Home Depot—are examples of how these concerns have affected business and how training has helped these businesses succeed.

Boston Pizza International, based in Vancouver, British Columbia, is one of the top casual restaurant chains in Canada, with 172 restaurants in Canada and the western United States. Recently, the training and development director noticed **a skills gap among the store managers:** most of the managers understand the Boston Pizza concept, but they **lack the soft skills needed** to be successful managers. At Boston Pizza College, managers learn and practise skills needed for successful store

management, including professional **conduct, performance management, and coaching.**

Bowater's Coated and Specialty Papers Division in Catawba, South Carolina, trained all employees on **continuous improvement techniques.** Work teams attended the training together and were given a real-world problem in their area to solve. Skills were taught as they were needed to help employees work on the problem. Each team used the techniques acquired in training to solve their assigned problems, then measured the results of their solutions in dollars. **The training teams saved \$10 million!** In addition, since 1996—the first year in which training was completed—one production area has **increased productivity by 2.5 percent**, another by 6 percent, and the amount of poor-quality product has decreased by 55 percent.

Dofasco, a steel company in Hamilton, Ontario, has a slogan: **“Our Product is Steel. our Strength is People.”** It spends about \$15 million annually on training and development, with almost every employee participating in some kind of training. The present job holders are able to retire, ensuring that there are no unplanned gaps in having capable employees with the right skills. The company has been identified as one of the *Financial Post*'s 10 Best Companies to work for in Canada.

Home Depot is the world's largest home-improvement retailer, with over 1500 stores in the United States, Canada, Mexico, and Puerto Rico. Every year about 30 000 Home Depot associates **participate in training and development activities designed to help their careers and improve the company's productivity and customer satisfaction.** Every associate has a position curriculum to complete. The training activities include studying printed materials distributed to stores, receiving on-site instruction, and completing e-learning programs.

The company is looking toward training to better drive sales performance in the stores and to build leaders from within the company. Most of the leadership development is done face-to-face, whereas e-learning, instructors, and printed materials are available learning solutions for in-store training. E-learning is used because it reduces training costs and allows employees to access training anytime. Each store has at least two e-learning computers. Home Depot's vice-president of learning has reorganized the learning function to focus on five major areas: needs assessment;

- 1) Cost Budgeting
- 2) Funding;
- 3) Content Creation;
- 4) Content Delivery;
- 5) Evaluation

Boston Pizza International, Bowater's Coated and Specialty Paper Division, Dofasco, and Home Depot illustrate how training can contribute to companies' competitiveness and profitability.

Competitiveness refers to a company's ability to maintain and gain market share in an industry. Although they are different types of businesses, these four companies have training practices that have helped them gain a **competitive advantage** (an upper hand over other firms in an industry.) in their markets. That is, the training practices have helped them grow the business and improve customer service by providing employees with the knowledge and skills they need to be successful.

Companies are experiencing great change due to new technologies, rapid development of knowledge, globalization of business, and development of e-commerce. Also, companies have to take steps to attract, retain, and motivate their workforces. Training is not a luxury; it is a necessity if companies are to participate in the global and electronic marketplaces by offering high quality products and services! Training prepares employees to use new technologies, function in new work systems such as virtual teams, and communicate and cooperate with peers, customers, and stakeholders who may be from different cultural backgrounds.

Human Resource Management refers to the policies, practices, and systems that influence employees' behaviour, attitudes, motivation, and performance. Human resource practices play a key role in attracting, motivating, rewarding, and retaining employees. Other human resource management practices include recruiting employees, selecting employees, analyzing and designing work, compensating employees, and developing good labour and employee relations.

“Strategic Training,” details the importance placed on training and how organizations can use it to enhance their competitive advantage. To be effective, training must play a strategic role in supporting the business. With any type of training, it is critical that the activities are linked with all human resource management practices within an organization. In addition to enhancing an employee's contributions (through goal setting and performance management), training should also align with recruitment (through orientation programs), retention (effective and meaningful opportunities for skill development), succession planning (forecasting the correct competencies required by employees to ensure the ongoing viability of the company), and workplace health and safety issues (legal compliance).

Human resource management is one of several important functions in most companies. Other functions include accounting and finance, production and operations, research and development, and marketing. Keep in mind that although human resource management practices (such as training) can help companies gain a competitive advantage, the **company needs to produce a product or provide a service that customers value.** Without financial resources and physical resources (e.g., equipment) needed to produce products or provide services, a company will not survive.

Stakeholders refers to shareholders, the community, customers, employees, and all of the other parties that have an interest in seeing that the company succeeds. The discussion of the forces (including technology, globalization, and attracting and winning talent) highlights the role of training in helping companies gain a competitive advantage.

7.2 Designing Effective Training

The **training design process** refers to a systematic approach for developing training programs. Figure 1.1 presents the seven steps in this process.

- ☞ **Step 1** is to conduct a needs assessment, which is necessary to identify if training is needed.
- ☞ **Step 2** is to ensure that employees have the motivation and basic skills necessary to master training content.
- ☞ **Step 3** is to create a learning environment that has the features necessary in order for learning to occur.
- ☞ **Step 4** is to ensure that trainees apply the training content to their jobs. This step involves having the trainee understand how to manage skill improvement as well as getting co-worker and manager support.
- ☞ **Step 5** is to develop an evaluation plan. Developing an evaluation plan includes identifying what types of outcomes training is expected to influence (for example, learning, behaviour, skills), choosing an evaluation design that allows you to determine the influence of training on these outcomes, and planning how to demonstrate training's effect on the "bottom line" (that is, using a cost-benefit analysis to determine the monetary benefits resulting from training). This is also known as measuring a training program's return on investment (ROI).
- ☞ **Step 6** is to choose the training method based on the learning objectives and learning environment. This step may include a traditional training method of face-to-face interaction with a trainer, or e-learning using a CD-ROM or web-based training.
- ☞ **Step 7** is to evaluate the program and make changes in it or revisit any of the earlier steps in the process to improve the program so that learning, behavior change, and the other learning objectives are obtained.

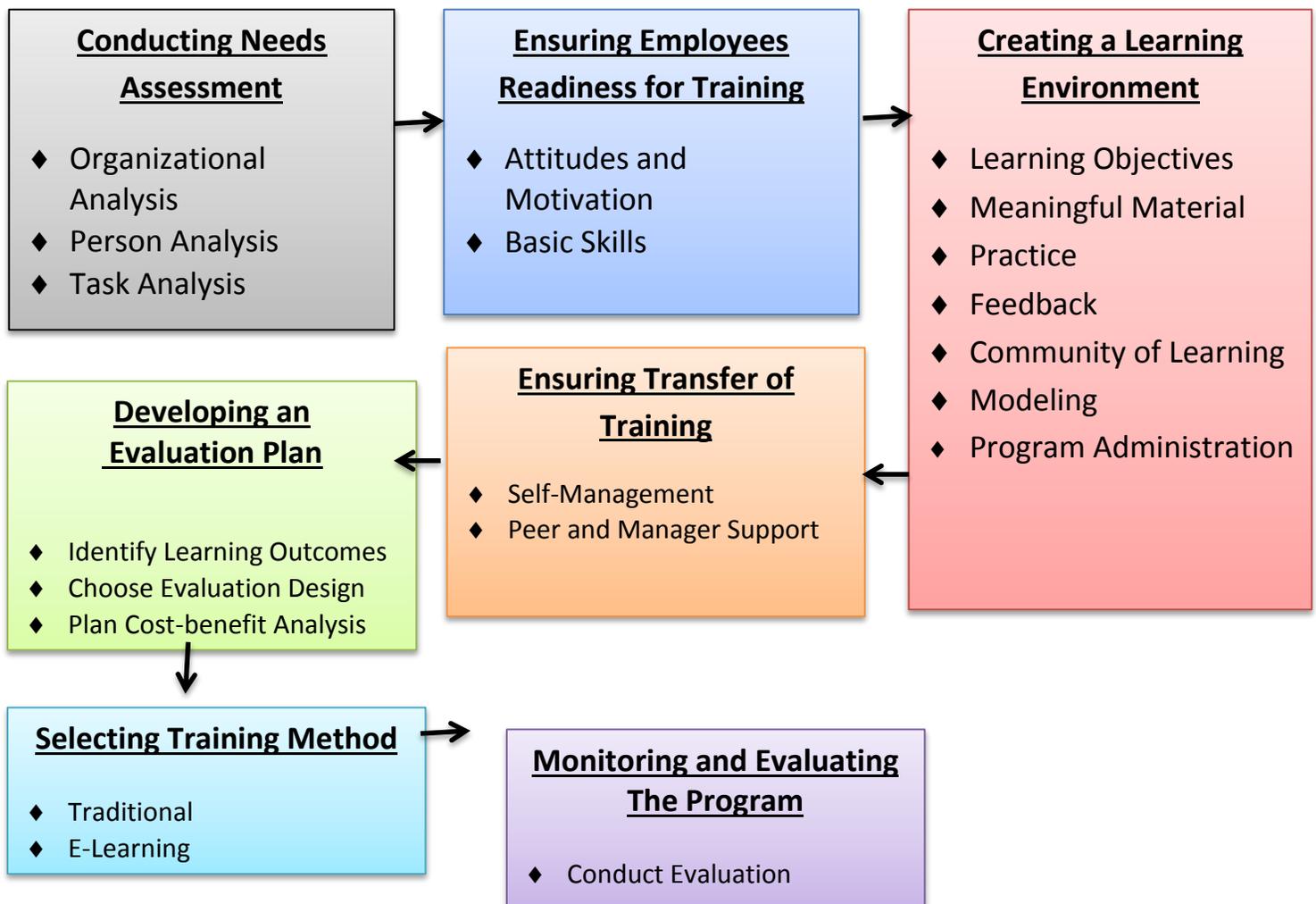
The training design process shown in Figure 1.1 is based on principles of instructional system design. **Instructional system design (ISD)** refers to a process for designing and developing training programs. There is not one universally accepted instructional system development model. The training design process is sometimes referred to as the **ADDIE model** because it includes:

- 1) Analysis
- 2) Design
- 3) Development
- 4) Implementation
- 5) Evaluation.

In Figure 1.1, Step 1 (conducting needs assessment) and Step 2 (ensuring employees' readiness for training) are related to analysis. The next three steps (creating a learning environment, ensuring transfer of training, and developing an evaluation plan) are design issues. Step 6 (selecting and using a training method) relates to implementation. Step 7 (monitoring and evaluating the program) relates to evaluation. Regardless of the specific **Instructional system design (ISD)** approach used, all share the following assumptions:

- Measurable learning objectives should be identified before training. Training design is effective only if it helps employees reach measurable instructional or training goals and objectives.
- Evaluation plays an important part in planning and choosing a training method, monitoring the training program, and suggesting changes to the training design process.

Figure 1



Some training professionals argue that the **Instructional system design (ISD)** model is flawed for several reasons. First, in actual organizations, the training design process rarely follows the neat, orderly, step-by-step approach of activities shown in Figure 1.1. Second, in trying to standardize their own ISD method used in the training function, some organizations require trainers to provide detailed documentation of each activity found in the model. This adds time and cost to developing a training program. Third, the ISD implies an end point: evaluation. However, good instructional design requires an

iterative process of design, execution, evaluation, and reconsideration of the needs that the program was designed to meet, the learning environment, the transfer of training, and all the other activities in the **Instructional system design (ISD)** process. **Despite these criticisms, the ISD model can be considered a set of general guidelines that trainers need to follow to ensure effective training.**

The training design process should be systematic yet flexible enough to adapt to business needs. Different steps may be completed simultaneously. Keep in mind that designing training unsystematically will reduce the benefits that can be realized. For example, choosing a training method before determining training needs or ensuring employees' readiness for training increases the risk that the method chosen will not be the most effective one for meeting training needs. Also, training may not even be necessary and may result in a waste of time and money!

Employees may have the knowledge, skills, or behaviour they need but simply not be motivated to use them. The development of a web-based training program focusing on teaching managers skills needed to run effective business meetings provides a good example of use of the instructional design process. The first step of the process, needs assessment, involved determining that managers lacked skills for conducting effective meetings and helped to identify the types of meetings that managers were involved in.

The needs assessment process involved interviewing managers and observing meetings. The needs assessment process also identified the most appropriate training method. Because the managers were geographically dispersed and had easy access to computers, and because the company wanted a self-directed, self-paced program that the managers could complete during free time in their work schedule, the training designers and company management decided that web-based training was the appropriate method. Because training was going to be conducted over the web, the designers had to be sure that managers could access the web and were familiar with tools for using the web (e.g., web browsers). This relates to determining the managers' readiness for training.

The next step was to create a positive learning environment on the web. Designers made sure that the program objectives were clearly stated to the trainees, and provided opportunities within the program for exercises and feedback. For example, trainees were asked to prepare an outline for the steps they would take to conduct an effective meeting.

The designers built into the program a feedback system that indicated to the managers which of the steps they outlined were correct and which needed to be changed. The designers also built in assessment tests allowing the trainees to receive feedback through the program and to skip ahead or return to earlier material based on their scores on the tests. The assessment included a test of meeting skills that the managers completed both prior to and after completing the program. The assessment tests were stored in a databank that the company could use to evaluate whether trainees' meeting skills improved from pre-training levels.

Table 1.1 illustrates the forces that are influencing working and learning. Globalization of business, demographic changes, new technologies, and economic changes are several of the forces shown in Table 1.1 that influence all aspects of our lives: how we purchase products and services, how we learn, how we communicate with each other, and what we value in our lives and on the job. These forces are affecting individuals, communities, businesses, and society. To survive, companies must address these forces—with training playing an important role.

Table 1.1

Globalization
Need for Leadership
Increased value placed on knowledge
Attracting and retaining talent
Customer service and quality emphasis
Changing demographics and diversity of the workforce
New Technology
High-performance models of work systems
Economic changes

Globalization

Every business must be prepared to deal with the global economy. Global business expansion has been made easier by technology. The internet allows data and information to be instantly accessible and sent around the world. The internet, e-mail, and video conferencing enable business deals to be completed between companies and individuals thousands of kilometres apart.

Globalization has affected not just businesses with international operations. Companies without international operations may buy or use goods that have been produced overseas, hire employees with diverse backgrounds, or compete with foreign-owned companies operating within Canada. Many companies are entering international markets by exporting their products overseas, building manufacturing facilities in other countries, entering into alliances with foreign companies, and engaging in e-commerce. Developing nations such as Taiwan, Indonesia, and China may account for over 60 percent of the world economy by 2020. Globalization is not limited to a particular sector of the economy or product market. For example, Procter and Gamble is targeting feminine hygiene products to new markets such as Brazil. Competition for local managers exceeds the available supply. As a result, companies have to take steps to attract and retain managers.

In Beijing, China, Starbucks researched the motivation and needs of the potential local management workforce, and found that managers were moving from one local Western company to another for several reasons. In the traditional Chinese-owned companies, rules and regulations allow little creativity and autonomy. Also, in many joint North

American–Chinese ventures, local managers were not trusted. To avoid local management turnover, in its recruiting efforts Starbucks emphasized its casual culture and opportunities for development. Starbucks also spent considerable time in training. New managers were sent to Tacoma, Washington, to learn the corporate culture as well as the secrets of brewing flavourful coffee.

Besides training and developing local employees and managers, many companies are sending Canadian employees and managers to work in international locations. Cross-cultural training is important in preparing employees and their families for overseas assignments. Cross-cultural training helps employees and their families:

- 1) to understand the culture and norms of the country to which they are being relocated and
- 2) to return to Canada after their assignment.

Globalization also means that employees working in Canada will come from other countries. Immigrants provide scientific talent as well as fill low-wage jobs. Ways of effectively utilizing the skills of immigrant workers must be continually explored and training will play a critical role in this process. North American employees will need skills to improve their ability to communicate with employees from different cultures. Canadian employees will need knowledge and understanding of other cultures, and skills to improve their communication with people from these cultures, as the Canadian workforce becomes more diverse.

Globalization also means that Canadian companies may move jobs overseas; **offshoring** *refers to the process of moving jobs from Canada to other locations in the world.* It has been stated that many of Canada's future employees will be living in China and/or India. For example, many technical workers are being asked to train their foreign replacements, who return to their home countries once the training is completed. The Canadian workers either lose their jobs or are offered other jobs at lower wages. As an example, Canadian educational institutions are graduating fewer Canadian-born engineers, so companies have to look overseas to hire the best employees. Implications of the North American Free Trade Agreement and the granting of visas to targeted groups of employees will continue to be examined and discussed by the federal government.

7.3 The Need for Leadership and Coaching

The aging of the workforce and globalization mean that companies will need to identify, train, and develop employees with managerial and leadership talent. Executive, administrative, and managerial occupations will experience the greatest turnover due to death or retirement. This will result in a significant loss of senior level human resources.

Many companies do not have employees with the competencies necessary to manage in a global economy. For example, 85 percent of Fortune 500 companies believe that they do not have enough employees with global leadership skills. Among those

companies that believe that they have employees with global leadership skills, 60 percent of the firms believe that those employees' skills are not adequate. To successfully manage in a global economy, managers need to have a strong emotional quotient, be self-aware, and be able to build international teams and create global management and marketing practices. Managers must also be able to interact with and manage employees from diverse cultural backgrounds. Strategic leaders often fulfill a coaching role, as they guide and support employees. Management based upon control and power is no longer effective. Leaders/coaches must motivate and encourage people, while articulating strategic goals and directions.

Effective managers are also important because they help motivate and retain employees. One of the key reasons that employees leave jobs is because they are uncomfortable with the working environment created by their manager. Effective managers not only perform the basic management functions (planning, organizing, leading, and controlling), but are also good communicators, help employees develop, and work collaboratively with employees (rather than relying on an autocratic leadership style).

Companies need both to identify employees with managerial talent and to help potential new managers as well as current managers develop the skills needed to succeed. This includes providing employees with mentors, job experiences, and formal courses to develop their skills. *For example, Charles Schwab, the discount stockbroker, uses employee surveys to find out how employees are feeling about workloads, benefits, office culture, and career development.* Managers are responsible for identifying any serious problems indicated by the survey. They are expected to meet with their employees and develop plans to solve the problems. Schwab provides managers with coaching and training so that they can develop the skills necessary to be more effective managers. If employees are critical of a manager's interpersonal skills, Schwab may require the manager to take a communication seminar or assign a more senior manager mentor who can model and offer suggestions on effective communication skills.

Increased Value Placed on Knowledge

Today, more and more companies are interested in developing intellectual capital as a way to gain an advantage over competitors. As a result, companies are trying to attract, develop, and retain knowledge workers. **Knowledge workers** are employees who contribute to the company not through manual labour, but through what they know about customers or a specialized body of knowledge. Employees cannot simply be ordered to perform tasks; they must share knowledge and collaborate on solutions. Knowledge workers contribute specialized knowledge that their managers may not have, such as information about customers. Managers depend on them to share information.

Knowledge workers have many job opportunities. If they choose, they can leave a company and take their knowledge to a competitor. Knowledge workers are in demand

because of the growth of jobs requiring them. Service-producing industries will account for much of the job growth to 2013. Health services, systems design and service, scientific, technical, and advertising services, and social science, education, and government service domains are expected to show annual growth of from 2.0 percent to 3.5 percent.

To completely benefit from employees' knowledge requires a management style that focuses on developing and empowering employees. **Empowerment** means giving employees responsibility and authority to make decisions regarding all aspects of product development, implementation, and/or customer service. Employees are then held accountable for products and services; in return, they are accountable for any resulting profits or losses. For empowerment to be successful, managers must be trained to link employees to resources within and outside the company (people, websites, etc.), help employees interact with their fellow employees and managers throughout the company, and ensure that employees are updated on important issues and cooperate with each other. Employees must also be trained to understand how to use the web, e-mail, company intranet, and other tools for communicating, collecting, and sharing information.

As more companies become knowledge-based, it's important that they promote and capture learning at the individual, department/team, and company levels. In addition to acquiring and retaining knowledge workers, companies need to be able to adapt to change. **Change** refers to the adoption of a new idea or behaviour by a company.

Technological advances, changes in the workforce or government regulations, globalization, and new competitors are among the many factors that require companies to change. Change is inevitable in companies as products, companies, and entire industries experience shorter life cycles. For example, Samsung Electronics cut one-third of the payroll, replaced half of its senior managers, sold off \$1.9 billion in assets, and introduced new products to save itself from bankruptcy. The characteristics of an effective transition management process are discussed in a changing environment means that all employees must embrace a philosophy of learning.

A **learning organization** embraces a culture of lifelong learning, enabling all employees to continually acquire and share knowledge. Improvements in product or service quality do not stop when formal training is completed. Employees need to have the financial resources, time, and content resources (courses, experiences, development opportunities) available to increase their knowledge. Managers take an active role in identifying training needs and helping to ensure that employees use training in their work. Also, employees should be actively encouraged to share knowledge with colleagues and other work groups across the company using e-mail and the internet. detail.

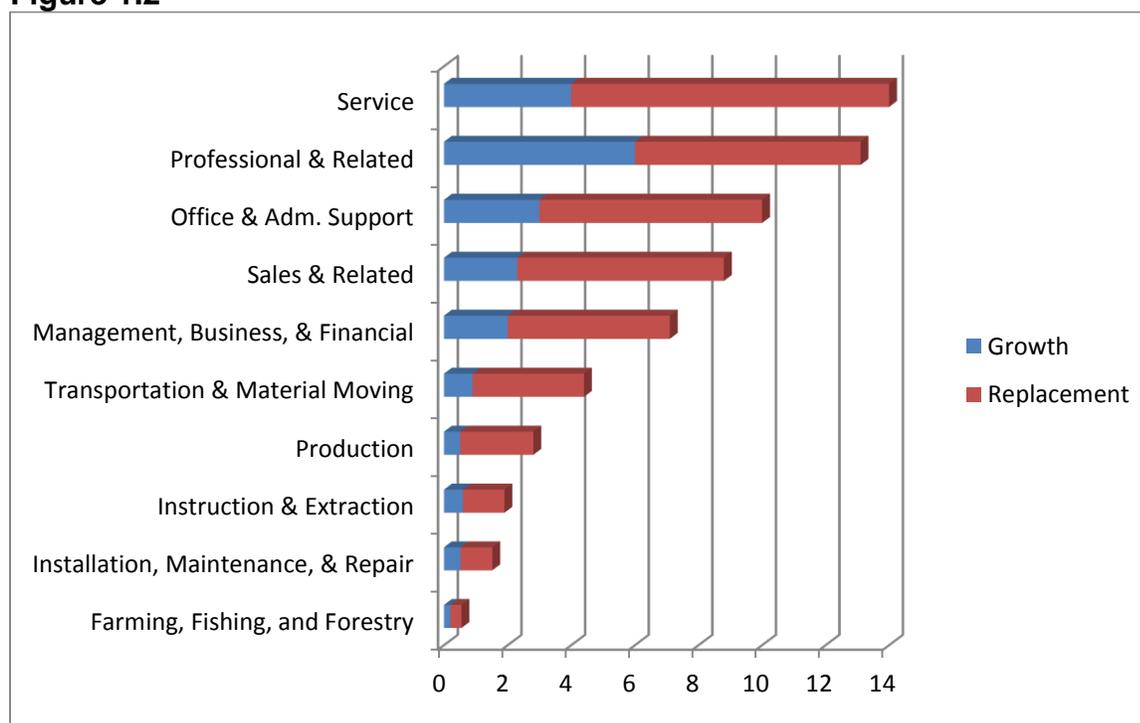
For a learning organization to be successful requires that teams of employees collaborate to meet customer needs. Managers need to empower employees to share

knowledge, identify problems, and make decisions. This allows the company to continuously experiment and improve.

Talent Management: Attraction, Retention, and Maintenance

As the economy grows, a much larger number of new workers will be needed due to replacement (i.e., job openings due to death, disability, retirement, or leaving the labour force for education or to stay at home). As the North American and global populations grow, there will be more consumers of goods and services, increasing demand for employees. **Figure 1.2 shows expected job openings due to new jobs (growth) and job openings resulting from replacement.** Most of the job growth in professional specialties is expected among computer and mathematical occupations, health care practitioners and technical occupations, and education, training, and library occupations. Computer-related positions such as computer engineer, computer support specialist, systems analyst, and computer database administrator are projected to be four of the fastest growing jobs in the economy.

Figure 1.2



The labour force is expected to grow by 0.9 percent from 2009 to 2013. Although immigrants will fill many jobs, the main source of employees for the new jobs will be school leavers. It is anticipated that some 1.3 million new jobs will be created due to expanded demand between 2004 and 2008, but replacements for employees who have retired or left the labour force will amount to some 1.5 million. Table 1.2 highlights the key industries in which Canada is expected to see employment and productivity growth in the future. The current tight labour market could be exacerbated, hindering prospects for economic growth and putting a greater burden on those remaining in the workforce, perhaps forcing them to work longer hours. Especially in occupations with functions less

conducive to technology-driven productivity innovations—many jobs in health services and educational services, for example—service may suffer and needs could go unmet unless older workers can be retained or other sources of workers can be found. Even in occupations in which technological innovations have produced relatively large productivity gains—many of the more complex machining jobs in manufacturing, for example—the learning curves often are steep, meaning that new workers need to enter these occupations soon, so they can become proficient in the necessary skills by the time the baby boomers begin leaving the labour force. As the age of the labour force rises, a greater number of people will leave the labour force due to death, disability, or retirement.

Table 1.2 Employment and Productivity Growth by Industry, 2004-2013

	Employment Share (%)		Annual Average Growth (%)	
	2003	2013	2004-2008	2009-2013
Management	8.8	9	1.8	1.1
Business, Finance & Administration	19.7	19.6	1.4	0.9
Natural & Applied Sciences	6.9	7.6	2.3	2.0
Health	6.1	7.0	3.5	1.7
Social Science, Education, & Government Service	7.2	7.4	2.0	1.0
Art, Culture, Recreation, and Sport	3.0	2.9	1.3	0.7
Sales and Service	29.6	29.0	1.4	0.6
Trades, Transport, and Equipment Operators	15.3	14.9	1.1	0.8
Primary Industry	3.6	3.3	0.6	0.4
Processing, Manufacturing	8.6	9.0	1.2	0.8

Despite the need for high-level skills, many job applicants lack basic skills. The International Adult Literacy and Skills Survey (2005) reported that about 42 percent of working-age (aged 16–65) had low literacy, and 55 percent had low numeracy, meaning that they did not have the minimum reading, writing, math, and problem-solving skills needed to cope with the demands of everyday life in a complex, advanced society. Given the tight labour market and numerous job applicants’ lack of basic skills, many companies are unable to hire qualified employees. But they are unwilling or unable to leave jobs open. Therefore, they have to hire employees with skill deficiencies and rely on training to correct the deficiencies.

Leading Canadian companies have recognized the impact of literacy, and the lack of it. Each year, Awards for Excellence in Workplace Literacy are given to five or six companies that have demonstrated their commitment to training employees in the basic skills. Retention and maintenance are an important part of talent management. Talented employees are looking for growth and a career path. Training and development is a key to keeping and maintaining talented employees. A recent survey of changes in the Canadian workforce in the context of ongoing and social change identified that a large group of workers are more concerned with opportunities for mentoring and growth than job security and stable employment. Employees have a strong desire to keep their skills and knowledge current.

7.4 Customer Service and Quality Emphasis

Companies' customers judge quality and performance. As a result, customer excellence requires attention to product and service features as well as to interactions with customers. Customer driven excellence includes understanding what the customer wants and anticipating future needs. Customer-driven excellence includes reducing defects and errors, meeting specifications, and reducing complaints. How the company recovers from defects and errors is also important for retaining and attracting customers.

Due to increased availability of knowledge and competition, consumers are very knowledgeable and expect excellent service. This presents a challenge for employees who interact with customers. The way in which clerks, sales staff, front-desk personnel, and service providers interact with customers influences a company's reputation and financial performance. Employees need product knowledge and service skills, and they need to be clear about the types of decisions they can make when dealing with customers.

To compete in today's economy, whether on a local or global level, companies need to provide a quality product or service. If companies do not adhere to quality standards, their ability to sell their product or service to vendors, suppliers, or customers will be restricted. Some countries even have quality standards that companies must meet to conduct business there. **Total quality management (TQM)** is a companywide effort to continuously improve the ways people, machines, and systems accomplish work. Core values of TQM include the following:

- Methods and processes are designed to meet the needs of internal and external customers.
- Every employee in the company receives training in quality.
- Quality is designed into a product or service so that errors are prevented from occurring rather than detected and corrected.
- The company promotes cooperation with vendors, suppliers, and customers to improve quality and hold down costs.
- Managers measure progress with feedback based on data.

There is no universal definition of quality. The major differences in its various definitions relate to whether customer, product, or manufacturing process is emphasized. Managers use a four-step model for staff training:

- ✓ **Show It,**
- ✓ **Do It**
- ✓ **Evaluate It &**
- ✓ **Perform Again.**

Employees must demonstrate 100 percent competence before they are allowed to work at a work station. Initial training for all employees includes intensive instruction on **effective listening skills, health and safety, and organizational culture.**