NINTH EDITION

Employee Training and Development

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McGraw Hill

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EMPLOYEE TRAINING & DEVELOPMENT

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To two new family members: Callie Rae, my grand-daughter, and Brittany, my daughter in-law. Also, kudos to my cats, Lucky, Chester, and Milo for politely hiding and not misbehaving during the family celebrations.

Preface

The first few days of March 2020, we all experienced something that shook our world: the COVID-19 pandemic. We became familiar with words and phrases like pandemic, shelter-in-place, stay-at-home orders, coronavirus, my bubble, flatten the curve, and social distancing. We adopted (forced in some cases) new practices including wearing masks, washing our hands, and cleaning surfaces we touched. Outside of our household, we had limited face-to-face contact with our friends and family. We had to attend sporting events, concerts, plays, and movies virtually, if they were still available. Online, we shopped, ordered groceries, and got meals delivered. We worked and took classes from home. The way we interacted with our classmates, teachers, and work colleagues and saw friends and family was through using web conferencing tools like Zoom and Microsoft Teams and apps like Facetime and Houseparty. We applauded the essential workers who risked their lives to care for those sickened by the pandemic or helped provide us with the goods and services we needed to cope and survive. Daily news reports showed the pain, suffering, loss of life, and loss of jobs the pandemic inflicted on us. Millions around the world and over 500,000 Americans died from the coronavirus. Hundreds of thousands more experienced its symptoms. Even though we may not have been infected with the virus, most of us have experienced anxiety, frustration, and sadness resulting from living through the pandemic. In addition to the pandemic, the United States also experienced riots, protests, deaths of Black men on the streets, verbal and physical attacks against Asian-Americans, and sexual harassment cases, which brought to our attention issues of economic and social justice, and feelings of inequity many were experiencing.

As vaccines become more widely available and administered and in many parts of the world coronavirus cases are declining, we are cautiously moving back to our normal lives. But there is no doubt that the events that occurred over the past year have personally influenced each of us. The events have also had an impact on company business models and work policies. From a training and development perspective, the pandemic showed how training and development can help companies reach their business goals and contribute to strategy. It also emphasized the need to be able to quickly design new training and reconfigure face-to-face training for new delivery methods. The pandemic has accelerated the transition from face-to-face in-person learning to digital learning and brought increased attention on digital and other skills that employees need. To train during the pandemic, companies reviewed current training programs and considered not only the extent to which they were necessary but how to ensure they facilitated learning. Companies looked for digital learning solutions including online learning, simulations, virtual reality, games, and virtual classrooms that provided the necessary environment for employees to learn (practice, feedback, meaningful, content and interactive). Given the pace of business, employees' often heavy workloads, and the potential continuation of remote working, employees will be unwilling or unable to sit through long training sessions. As a result, there is the continual need for training to be available in short modules that are accessible on an as-needed basis. The "new normal" for training likely will include a blended learning approach as companies will seek the best balance between private, self-paced, as-needed, and on-demand technology-based training and methods that allow interpersonal interaction among trainees and an opportunity to apply what they have learned online to issues and problems they are facing at work (such as classroom instruction or active learning).

The role of training goes beyond training program design. Effective instructional design remains important, but training managers, human resource experts, and trainers are increasingly being asked to create systems to motivate employees to learn, not only in programs but informally on the job; create knowledge and user-generated content such as videos; and share that knowledge and user-generated content with other employees in the company. There is increased recognition that learning occurs informally as well as via technology-aided training outside the boundaries of a formal training course. Developments in artificial intelligence and augmented reality applications for training and development are helping make this possible.

The events of 2020 also highlighted the continued importance of employee development and talent management. To remain competitive or to grow, companies need to develop employees' leadership and other skills needed for their current job and future roles. Many employees working from home during the pandemic spent

time considering their short- and long-term career goals. They also questioned whether their employer was providing them with sufficient learning opportunities to reach their short- and long-term goals and ensure their future employability. Employees want to develop skills that not only are useful for their current jobs, but also are congruent with their personal interests and values. Also, as companies consider their work-life and remote work policies for the "new normal," they are trying to balance both business demands and employees' interests and needs.

Learning and development teams play a large role in designing company's diversity, inclusion, and equity efforts. This includes not only developing relevant training such as unconscious bias training and ally training but also putting in place management policies and practices related to recruitment, development, and compensation that support diversity, inclusion, and equity. Also, diversity, inclusion, and equity efforts need to include vendors, suppliers, educational and nonprofit organizations, and the communities where the business operates.

The chapter coverage of *Employee Training and Development* reflects the traditional as well as the broadening role of training and development in organizations. **Chapter One**, "Introduction to Employee Training and Development," covers the role of training and development in companies. **Chapter Two**, "Strategic Training," discusses how training practices and the organization of the training function can support business goals. Because companies are interested in reducing costs, the amount of resources allocated to training is likely to be determined by the extent that training and development activities help the company reach business goals. Topics related to designing training programs are covered in **Chapters Three** through **Six**. **Chapter Three**, "Needs Assessment," discusses how to identify when training is appropriate. **Chapter Four**, "Learning and Transfer of Training," addresses the learning process and characteristics of a learning environment. The chapter also emphasizes what should be done in the design of training and the work environment to ensure that training is used on the job. **Chapter Five**, "Program Design," provides practical suggestions regarding what can be done to facilitate learning and transfer of training before, during, and after a course or program. The role of knowledge management in facilitating learning and transfer of training is also discussed. **Chapter Six**, "Training Evaluation," discusses how to evaluate training programs. Here, the student is introduced to the concepts of identifying cost-effective training, evaluating the return on investment of training and learning, and determining if training outcomes related to learning, behavior, or performance have been reached. The emerging use of big data and analytics to show the relationship between learning and business results is also discussed. **Chapters Seven** and **Eight** cover training methods. **Chapter Seven**, "Traditional Training Methods," discusses presentational methods (e.g., lecture), hands-on methods (e.g., on-the-job training and behavior modeling), and group methods (e.g., adventure learning). **Chapter Eight**, "Technology-Based Training Methods," introduces new technologies that are being used in training. These technology-based training methods include e-learning, mobile learning, social media, simulations, serious games, massive open online courses (MOOCs), virtual reality, augmented reality (AR), artificial intelligence (AI), and blended learning. **Chapters Seven** and **Eight** both conclude by comparing training methods on the basis of costs, benefits, and learning characteristics.

Chapter Nine, "Employee Development and Career Management," introduces developmental methods (assessment, relationships, job experiences, and formal courses). In addition, the use of development plans to help employees succeed in their self-directed or protean careers is highlighted. Topics such as succession planning and onboarding are discussed. **Chapter Ten**, "Social Responsibility: Legal Issues, Managing Diversity, and Career Challenges," emphasizes the role that training plays in helping companies improve the communities where they are located by increasing the skill level of the workforce, helping provide jobs, and taking actions to help all employees grow and develop, regardless of their personal characteristics or career challenges. The chapter also discusses compliance with laws that affect training and development; training partnerships; managing diversity, equity, and inclusion; cross-cultural preparation; and how companies can help employees deal with career challenges such as balancing work and life, coping with career breaks such as

taking time off for family or required military service, job loss, and retirement. Finally, **Chapter Eleven**, "The Future of Training and Development," looks at how training and development is evolving and might be different five or even ten years from now.

Employee Training and Development is based on my more than 35 years of teaching training and development courses to both graduate and undergraduate students. From this experience, I have realized that managers, consultants, trainers, and faculty working in a variety of disciplines (including education, psychology, business, and industrial relations) have contributed to the research and practice of training and development. As a result, the book is based on research conducted in several disciplines, while offering a practical perspective. The book is appropriate for students in a number of programs. It suits both undergraduate and master's-level training courses in a variety of disciplines.

DISTINCTIVE FEATURES

This book has several distinctive features. First, my teaching experience has taught me that students become frustrated if they do not see research and theory in practice. As a result, one distinctive feature of the book is that each chapter begins with a real-life vignette of a company practice that relates to the material covered in the chapter. Many examples of company practices are provided throughout the chapters. Each chapter ends with a real-life case and related questions that give students the opportunity to apply the chapter's content to an actual training or development issue.

A second distinctive feature of the book is its topical coverage. The chapters included in **Part Two**, "Designing Training," relate to training design (needs assessment, training methods, learning and transfer of training, and program design and evaluation). Instructional design is still the "meat and potatoes" of training. **Part Three**, "Training and Development Methods," covers the more exciting part of training and development—that is, training and development methods. But as the role of managers and trainers broadens, they are increasingly involved in helping all employees grow, develop, and cope with career challenges, as well as preparing high-potential employees for leadership positions. For example, managers and trainers need to understand employees' career needs; career paths; cross-cultural training; diversity, equity, and inclusion; job loss; and succession planning—topics that fall outside the realm of instructional design. These topics are covered in **Part Four**, "Social Responsibility and the Future."

The book begins with a discussion of the context for training and development. **Part One** includes chapters that cover the economic and workplace factors that are influencing trends in the training profession. One of these trends is that companies are emphasizing learning through formal training and development, knowledge management, and informal learning. In addition, these chapters discuss the need for training, development, and learning to become strategic (i.e., to contribute to business strategy and organizational goals). Why? In successful, effective training, all aspects of training—including training objectives, methods, evaluation, and even who conducts the training—relate to the business strategy. More and more companies are demanding that the training function and training practices support business goals; otherwise, training may be outsourced or face funding cuts. Although students in business schools are exposed to strategic thinking, students in psychology and education who go on to become trainers need to understand the strategic perspective and how it relates to the organization of the training function and the type of training conducted.

Not only has technology changed the way we live and the way work is performed, but it also has influenced training practices. As a result, one chapter of the book is devoted entirely to the use of technologies for training delivery and instruction, such as online learning, social media, mobile learning, gamification, virtual and augmented reality, and artificial intelligence.

The book reflects the latest "hot topics" in the area of training and development. Some of the new topics discussed in the book are agile instructional design, capability model for training professionals, digital learning, microlearning, microcredentials, augmented reality (AR), artificial intelligence (AI), chatbots, reverse mentoring, ally training, telepresence, learning experience platforms (LXP), and neurodiversity and accessible training. Each chapter contains the most recent academic research findings and company practices.

FEATURES DESIGNED TO AID LEARNING

Employee Training and Development provides several features to aid learning:

1. Each chapter lists objectives that highlight what the student is expected to learn in that chapter.

2. In-text examples and chapter openers feature companies from all industries, including service, manufacturing, retail, and nonprofit organizations.

3. Discussion questions at the end of each chapter help students learn the concepts presented in the chapter and understand potential applications of the material.

4. Important terms and concepts used in training and development are boldfaced in each chapter. Key terms are identified at the end of each chapter. These key terms are important to help the student understand the language of training.

5. Application assignments are useful for the students to put chapter content into practice. Most chapters include assignments that require the student to use the World Wide Web.

6. Cases at the end of each chapter and at the end of each of the four parts of the book help students apply what they have learned to training and development issues faced by actual companies.

7. Name and subject indexes at the end of the book help in finding key people and topics.

WHAT'S NEW IN THE NINTH EDITION

I want to personally thank all of you who have adopted this book! Based on the comments of the reviewers of the eighth edition and training research and practice, I have made several improvements. Some important changes in the ninth edition of *Employee Training and Development* stand out:

- Each chapter has been updated to include the most recent research findings and new best company practices. New examples have been added in each chapter's text.

- All the chapter opening vignettes are new or updated. For example, the opening vignette for **Chapter Eight** highlights how Infosys created Lex, a user-friendly learning platform that offers thousands of courses and content internally developed as well as purchased from training vendors. Employees can search Lex for training on topics they know they want to learn. Lex can also provide recommendations based on employees' interests, current position, or career goal.

- This edition offers new and expanded coverage of topics related to training for nontraditional employees, learning, program design, training methods, evaluation, development, and the future of training.

- From the learning and program design perspective, expanded and new coverage is provided on agile instructional design, digital learning, use of learning councils in needs assessment, microlearning, and root cause analysis. Also, new coverage is provided for opening a training session; leading a discussion during training; matching learner-learner, learner-content, and learner-instructor interaction based on training content; converting face-to-face training to online learning; creating inclusive and accessible training; and training international audiences. There is also expanded and updated coverage of online learning, simulations, virtual reality (VR), serious games, augmented reality (AR), training applications of artificial intelligence (AI), and chatbots.

- From a development and career perspective, this edition provides new and expanded coverage of managing diversity, equity, and inclusion; melting the glass ceiling; coping with career breaks; and reverse mentoring.

- In training evaluation, the fundamentals remain important, but there is also an increased interest in and use of big data and workforce analytics to show how learning, training, and development contribute to talent management and the company's "bottom line." As a result, in the evaluation chapter, we include a new discussion of impact analysis for identifying training outcomes and human capital reporting standards.

- Finally, new technologies have the potential to radically alter how and when we learn and provide support for learning. Also, because companies need to change and quickly adapt means the instructional design process needs to be rapid, effective, and meet stakeholders needs. As a result, the last chapter of the book now discusses the implications of artificial intelligence, automation and robotics on employees' digital literacy and other skills, telepresence, learning experience platform (LXP), and the use of design thinking and lean management principles in agile instructional design.

- We discuss briefly about generational differences and learning styles and the lack of research supporting their conclusions.

- Each chapter ends with discussion questions and application assignments, many of which are new or have been updated for this edition.

- Each chapter concludes with new brief cases that illustrate a training, development, or learning issue faced by a company. The case questions ask students to consider issues and make recommendations based on the chapter content.

- To help students better understand the connections between topics, the book is organized into four different parts. **Part One** focuses on the context for training and development and includes a chapter devoted to strategic training. **Part Two** includes coverage related to the fundamentals of designing training programs. Chapters in **Part Two** focus on needs assessment, learning theories and transfer of training, program design, and training evaluation. **Part Three** focuses on training and development methods and includes chapters devoted to traditional training methods, e-learning, and the use of new training technologies such as social media and mobile learning. The chapters in **Part Four** cover employee development and career management and the role of training and learning in helping companies increase their social responsibility. This includes following laws and regulations that relate to training, as well as managing diversity and helping employees cope with career challenges such as balancing work and life, career breaks, identifying and moving along a career path, preparing for retirement, and coping with job loss. Finally, this part provides a look at the future of training and development.

- Each part includes a new case designed to help students apply what they have learned in the chapters to a real company issue.

INSTRUCTOR AND STUDENT RESOURCES

The Connect Management Instructor Library is your repository for additional resources to improve student engagement in and out of class. You can select and use any asset that enhances your lecture.

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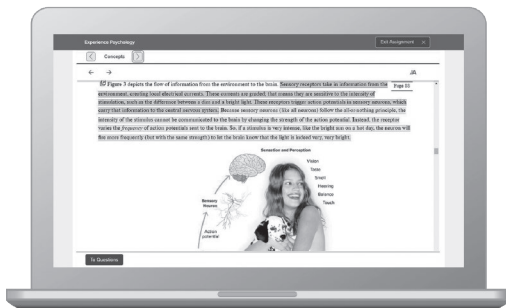
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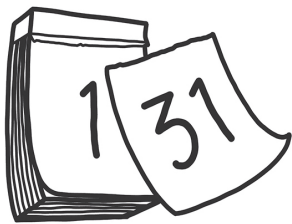
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Acknowledgements

The author is only one of many important people involved in writing a textbook. The eighth edition of this book would not have been possible without the energy and expertise of several others from McGraw-Hill Education and Editors Inc. Sarah Blasco, developmental editor, and Melissa Leick, project manager, deserve my gratitude and thanks for their patience and expertise in following the insertions and changes I made, and for ensuring that my ideas made sense and my writing was clear, concise, and easy to understand.

I take full responsibility for any errors, omissions, or misstatements of fact in this book. However, regardless of your impression of the book, it would not have been this good had it not been for the manuscript reviewers. Special thanks to these people, who provided me with detailed comments that helped improve the eighth edition of the book for students and instructors. These reviewers include

About the Author

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Raymond A. Noe is the Robert and Anne Hoyt Designated Professor of Management at The Ohio State University. Before joining the faculty at Ohio State, he was a professor in the Department of Management at Michigan State University and the Industrial Relations Center of the Carlson School of Management, University of Minnesota. He received a B.S. in psychology from The Ohio State University and M.A. and Ph.D. degrees in psychology from Michigan State University. Professor Noe conducts research and teaches all levels of students—from undergraduates to executives—in human resource management, training and development, performance management, and talent management. He has published articles in the *Academy of Management Annals, Academy of Management Journal, Academy of Management Review, Human Resource Development Quarterly, Journal of Applied Psychology, Journal of Management, Journal of Occupational and Organizational Psychology, Journal of Vocational Behavior*, and *Personnel Psychology*. Professor Noe is currently on the editorial boards of several journals, including *Journal of Applied Psychology, Personnel Psychology*, and *Journal of Management*. Besides *Employee Training and Development*, he has co-authored two other textbooks: *Fundamentals of Human Resource Management* and *Human Resource Management: Gaining a Competitive Advantage*, both published by McGraw-Hill/Irwin. Professor Noe has received awards for his teaching and research excellence, including the Herbert G. Heneman Distinguished Teaching Award, the Ernest J. McCormick Award for Distinguished Early Career Contribution from the Society for Industrial and Organizational Psychology, and the ASTD Outstanding Research Article of the Year Award. He is also a fellow of the Society of Industrial and Organizational Psychology.

Brief Contents

Contents

Organization of this Book

This book is organized into five parts. **Part One** focuses on the context for training and development and begins with **Chapter One**, which offers a broad perspective on training and helps answer questions such as: What is training? Why is it important? Who is receiving training? How much money is spent on training? How should training be designed? **Part One** also includes **Chapter Two**, which discusses the strategic training and development process. In **Chapter Two**, you will see how a company's business strategy influences training practices and the organization of the training department. **Chapters Three** through **Six** make up **Part Two**. These chapters discuss the fundamentals of training design and address different aspects of the Instructional System Design (ISD) model, the model used to guide the development of training (see **Figure 1.2**). **Chapter Three** deals with how to determine training needs. **Chapter Four** discusses the important issue of learning—specifically, the importance of learning and transfer of training. The chapter emphasizes what we learn, how we learn, and how to create an environment conducive to learning within a training session. The chapter also discusses what needs to be considered for transfer of training (i.e., ensuring that skills emphasized in training are used on the job). **Chapter Five** provides insights into the specifics of how training programs should be designed to facilitate learning and transfer. The chapter covers the importance of room design, learning objectives, selecting and preparing trainers, and course planning for learning, as well as how managers, trainers, learners, and knowledge management can facilitate transfer of training. **Chapter Six** explains how to evaluate a training program. **Part Three** focuses on training and development methods. **Chapter Seven** looks at traditional training methods such as lecture, behavior modeling simulation, and role play. **Chapter Eight** examines e-learning and methods that have developed from applications of new technology, for example, web-based training, virtual reality, mobile learning, and social collaboration.

Chapter Nine addresses the important issue of employee development and career management; it discusses four approaches used to develop employee assessments, assignments, relationships, courses, and formal programs. **Part Four** considers training's role in social responsibility and the future of training and development. **Chapter Ten** deals with legal issues and diversity. Topics covered include ethics and legal issues, managing diversity, cross-cultural training, and issues relevant to certain employee groups, such as coping with career breaks and melting the "glass ceiling." **Chapter Eleven** discusses how new technologies may influence training and how its role may change in the future.

Students should be aware of several important features of the book. Each chapter begins with chapter objectives. These objectives (1) highlight what the student should learn from each chapter and (2) preview the topics. Next comes an opening vignette—an example of a company practice related to the chapter topics. Company examples are liberally used throughout each chapter to help students see how theory and research in training are put into practice. Each chapter ends with key terms, discussion questions, application assignments, and a short case. Key terms are related to important concepts emphasized in the chapter. Discussion questions and application assignments can facilitate learning through interacting with other students and actually trying to develop and conduct various training applications. Many application assignments require the use of the web, a valuable source of information on training practices. Each of the parts concludes with a case that highlights a company's training and development practices. These cases include questions asking you to apply what you have learned in the chapters.

PART ONE
The Context for Training and Development

Part One focuses on issues related to the context for training and development. **Chapter One**, "Introduction to Employee Training and Development," discusses why training and development are important to help companies successfully compete in today's business environment. The chapter provides an overview of training practices, the training profession, and how to design effective training (a topic that is covered in detail in **Part Two**, "Designing Training"). **Chapter Two**, "Strategic Training," discusses the strategic training and development process, organizational characteristics that influence training, various models for organizing the training department, how to brand training and market it to the rest of the company, and the advantages and disadvantages of outsourcing training.

Part One concludes with a case that highlights how Amazon is using learning strategically to cope with the forces and challenges influencing today's workplace.

1. Introduction to Employee Training and Development
2. Strategic Training

CHAPTER ONE

Introduction to Employee Training and Development

Objectives

After reading this chapter, you should be able to

1-1 Discuss the forces influencing the workplace and learning, and explain how training can help companies deal with these forces.

1-2 Draw a figure or diagram and explain how training, development, informal learning, and knowledge management contribute to business success.

1-3 Discuss various aspects of the training design process.

1-4 Describe the amount and types of training occurring in U.S. companies.

1-5 Discuss the capabilities training professionals need.

1-6 Identify appropriate resources (e.g., journals, websites) for learning about training research and practice.

Forces Affecting the Workplace Make Training a Key Ingredient of Company Success

Customer service, employee retention and growth, the economy and the effects of the global coronavirus pandemic, a diverse workforce, the need to upskill employees, and extending learning beyond the classroom—these are just some of the issues affecting companies in all industries and sizes and influencing training and development practices. The five companies discussed below—Earls, PwC, Paychex, GTT Communications, and Abbott Laboratories—show how these concerns have affected companies in several different business sectors and how training and development have helped them succeed.

Earls is a family owned premium casual dining chain of restaurants across the United States and Canada. During the pandemic, Earls invested in virtual learning for all of its 6,500 employees. The training focused on the skills the kitchen crew and servers need to keep themselves and customers safe (and satisfied) during the pandemic. The skills included how to best utilize space in a small kitchen, interact with customers while wearing a face mask, use proper manners in greeting customers, and help customers use table-top technology to order meals.

PwC, an accounting and professional services firm, invested in a digital upskilling program to develop its employees. The program evolved from the company's recognition that they needed to be able to use technology to change how PwC employees worked and served their clients. The program is sponsored and supported

by the business and collaboratively designed with leaders and the human resource function. The company invested $3 billion into training for its 275,000 employees around the world to help ensure they have the skills they need to compete in the growing digital economy. PwC offers 12 badges in a diverse range of digital skills including human-centered design, analytics, artificial intelligence, and data visualization. Training is delivered in multiple ways including instructor-led, games, apps, and podcasts. This provides the opportunity for employees to choose the way they want to learn. Employees earn digital badges for each digital skill they master. To encourage employees to participate in the upskilling program, once each quarter PwC offers days dedicated to upskilling. PwC's global chairman also communicated to employees that if they participated in the upskilling program, they would have guaranteed future employment with the company.

Paychex, a provider of human resource, payroll, and benefits services, was already redesigning its learning programs for virtual settings when the COVID-19 pandemic hit. Virtual learning at Paychex involves offering engaging content and a good learner experience. For example, its sales training program includes self-paced e-learning modules, a dedicated learning coach who facilitates ongoing virtual coaching, and social learning. Sales reps use a video coaching app to practice, present, fail, and practice again key skills with their learning coach and manager. Other training is offered in 30 minute time periods followed by a game that gets trainees actively involved in learning.

GTT Communications, a provider of cloud networking services, is trying to meet millennials' and Generation Z employees' need for opportunities to grow and develop. New college graduates hired into its sales development program have the opportunity to quickly move into an account executive position. The program includes training and coaching from more experienced salespersons. GTT believes the program helps attract and retain talent in a competitive labor market.

Abbott Laboratories, a multinational company that develops health technologies to help us live better lives, values diversity of people, products, technologies, and geographies. The company believes that diverse perspectives and shared goals are necessary to inspire new ideas needed to solve today's health care challenges. As a result, Abbott invests money, time, and energy to ensure that the company's culture is inclusive and equitable. For example, its development program includes mentoring to help Black, Indigenous, and People of Color (BIPOC) and women get the experiences, exposure, and visibility needed to gain managerial roles. An executive sponsorship program for newly hired minority and female leaders provides career support. Abbott also offers a high school internship for young women and underrepresented students to encourage them to consider careers in science, technology, engineering, and math (STEM). Because of its efforts, Abbott has been recognized as an employer of choice for BIPOC. It has been on DiversityInc's list of Top Companies for Diversity from 2004 to 2020 and *Working Mother* magazine's 100 Best Companies for 20 consecutive years.

Sources: Based on J. Meister, "3 Ways HR Leaders Can Build New Capabilities During COVID-19," *Human Resource Executive* (May 6, 2020), from https://hrexecutive.com, accessed June 26, 2020; C. BasuMallick, "How PwC's Digital Upskilling Program Is Preparing Its Workers for the Future," *HR Technologist* (March 4, 2020), from www.hrtechnologist.com, accessed February 19, 2021; S. Firisen, "Embarking on a Digital Upskilling Journey to Drive Change," *UiPath* (August 25, 2020), from www.uipath.com, accessed February 19, 2021; S. Feloni, "If You Opt In, We Will Not Leave You Behind'—PwC's Global Chairman Announces a $3 Billion Investment in Job Training," *Business Insider* (September 30, 2019), from www.businessinsider.com, accessed February 19, 2021; J. Colletta, "Exploring the Virtual Future of L&D," *Human Resource Executive* (June 12, 2020), from https://hrexecutive.com, accessed June 26, 2020; "Training Top 125 2020: Paychex," *training* (March/April 2020), p. 45; "About Abbott" and "An Inclusive Culture," from abbott.com /careers/diversity-and-inclusion.html, accessed February 20, 2021; "No. 8: Abbott," *DiversityInc*, from divesityinc.com/abbott-2020, accessed February 20, 2021.

Introduction

The examples discussed in the chapter opener illustrate how training can contribute to companies' competitiveness. **Competitiveness** refers to a company's ability to maintain and gain market share in an industry. Although they are different types of businesses, these five companies have training practices that have helped

them gain a **competitive advantage** in their markets. That is, their 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. To remain competitive in this environment, companies must 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 or customers who may be from different cultural backgrounds.

Human resource management refers to the policies, practices, and systems that influence employees' behavior, attitudes, 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, designing work, compensating employees, and developing good labor and employee relations. **Chapter Two**, "Strategic Training," details the importance placed on training in comparison to other human resource management practices. To be effective, training must play a strategic role in supporting the business.

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 the financial resources and physical resources (e.g., equipment) needed to produce products or provide services, the company will not survive.

This chapter begins by defining training and development and discussing how the training function has evolved. Next, the forces that are shaping the workplace and learning are addressed. These forces influence the company's ability to successfully meet stakeholders' needs. The term **stakeholders** refers to shareholders, the community, customers, employees, and all the other parties that have an interest in seeing that the company succeeds. The discussion of the forces shaping the workplace (including technology, globalization, and attracting and winning talent) highlights the role of training in helping companies gain a competitive advantage.

The second part of the chapter focuses on current trends in training practices. This section also introduces you to the trainer's role in a business and how the training function is organized. This section should help you understand current training practices, the types of jobs that trainers may perform, and the capabilities needed to be a successful trainer (or, if you are a manager, the capabilities needed to identify a successful trainer). The chapter concludes with an overview of the topics covered in the book.

Training and Development: Key Components of Learning

Our focus in this book is to help you understand the role of training and development in today's organizations. To do this, it is important for you to understand what training and development means in the broader business context. **Figure 1.1** shows the role of training and development for the business. The overall goal of training and development is learning. **Learning** refers to employees acquiring knowledge, skills, competencies, attitudes, or behaviors. But the focus of training and development is not just on employees learning for its own sake. Today, merely offering training programs is not enough to get support and funding from executives and to establish the credibility of the training and development function to managers and employees.

FIGURE 1.1 **The Business Role of Training and Development**
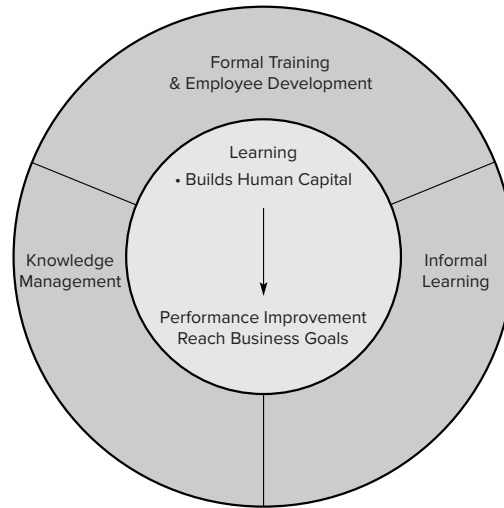
Learning needs to demonstrate how it contributes to the company's competitive advantage through improving employee performance, supporting the business strategy (such as growing the business), and contributing positively to business outcomes such as quality, productivity, development of new products, and retaining key employees. From a company's perspective, what employees learn contributes to the development of intangible assets such as human capital. **Human capital** refers to knowledge (know what), advanced skills (know how), system understanding and creativity (know why), and motivation to deliver high-quality products and services (care why).[1] Human capital may be more valuable than physical capital (equipment or technology) or financial capital (monetary assets, cash) for providing a company with an advantage over its competitors, because it is difficult to imitate or purchase and it is unique to the company.

There are a number of different ways that learning occurs in a company. They are represented on the outside of the circle in **Figure 1.1**. **Training** refers to a planned effort by a company to facilitate learning of job-related competencies, knowledge, skills, and behaviors by employees. The goal of training is for employees to master the knowledge, skills, and behaviors emphasized in training and apply them to their day-to-day activities. Traditionally, companies have relied on formal training through a course, program, or "event" to teach employees the knowledge, skills, and behaviors they need to successfully perform their job. Development is similar to training, except that it tends to be more future-focused. **Development** refers to training as well as formal education, job experiences, relationships, and assessments of personality, skills, and abilities that help employees prepare for future jobs or positions. We will discuss development in more detail in **Chapter Nine**, "Employee Development and Career Management." **Formal training and development** refers to training and development programs, courses, and events that are developed and organized by the company. Typically, employees are required to attend or complete these programs, which can include face-to-face training programs (such as instructor-led courses) as well as online programs. As you will see later in the chapter, U.S. companies invest billions of dollars in formal training.

Informal learning is also important for facilitating the development of human capital.[2] **Informal learning** refers to learning that is learner initiated, involves action and doing, is motivated by an intent to develop, and does not occur in a formal learning setting.[3] Informal learning occurs without a trainer or instructor, and its breadth, depth, and timing is controlled by the employee. It occurs on an as-needed basis and may involve an employee learning either alone or through face-to-face or technology-aided social interactions. Informal learning can occur in many different ways, including through casual unplanned interactions with

peers, e-mail, informal mentoring, or company-developed or publicly available social networking websites such as Twitter or Facebook. The application of social media from a marketing strategy to a learning strategy and the availability of social networks, microblogs, and wikis allow employees easy access to social learning or learning through collaboration and sharing with one or two or more people.[4] One estimate is that informal learning may account for up to 75 percent of learning within organizations.

One reason why informal learning may be especially important is that it may lead to the effective development of *tacit* knowledge, which can be contrasted with *explicit* knowledge.[5] **Explicit knowledge** refers to knowledge that is well documented, easily articulated, and easily transferred from person to person. Examples of explicit knowledge include processes, checklists, flowcharts, formulas, and definitions. Explicit knowledge tends to be the primary focus of formal training and employee development. **Tacit knowledge** refers to personal knowledge based on individual experiences that is difficult to codify. The characteristics of formal training and development programs, such as the relatively short duration of classroom or online training and limited opportunities for practice, may limit the extent to which tacit knowledge can be acquired. Thus, informal learning is central to the development of tacit knowledge because it involves employee interactions in personal relationships with peers, colleagues, and experts through which tacit knowledge is shared. It is important to recognize, however, that informal learning cannot replace formal training and employee development. Formal training and development are still needed to prepare employees for their jobs and to help them advance to future positions. Informal learning complements training by helping employees gain tacit knowledge that formal training cannot provide. In fact, research suggests that providing opportunities for formal training encourages employees to engage in follow-up informal learning.[6]

Knowledge management refers to the process of enhancing company performance by designing and implementing tools, processes, systems, structures, and cultures to improve the creation, sharing, and use of knowledge.[7] Knowledge management contributes to informal learning. Moneris is a Canadian company that provides payment processing and supporting technologies.[8] To obtain the skills they need, employees can use an online learning portal to access training courses on sales, leadership, and general business skills. After completing a course, employees can use the portal to share best practices and what they have learned. They can also post questions on a discussion board. This helps encourage employees to learn outside the boundaries of training courses by networking and collaborating with peers.

Many companies that recognize the value of learning have taken steps to ensure that formal training and employee development are linked to strategic business objectives and goals, use an instructional design process to ensure their effectiveness, and compare or benchmark the company's programs against competitors or other companies in the industry.[9]

Formal training and development, informal learning, and knowledge management should be encouraged and used together as part of a company's business strategy to develop human capital and improve performance. For example, consider the role of learning at BMO Financial Group.[10] During the past year, the talent development Team at BMO Financial Group has been piloting an innovative approach to informal learning that offers employees new ways to apply their skills and gain fresh career experiences. Called #HelpWanted, it is a virtual job board where managers can post short-term projects or challenges with which they need help and where employees can volunteer to take on gigs that match their skills. The talent development team vets the projects to ensure they align with program goals. Participants who engage in the projects complete surveys to share their perspectives, which help influence program strategy and direction. The team is ramping up the program to test it at scale, opening it up to more than 10,000 employees over the next year. BMO also offers formal training and development through BMO U. BMO U offers bite-size, high-quality content, such as podcasts, articles, videos, e-books, and a range of online courses. The company reports that employees like the variety of resources and the opportunity to follow curated learning pathways. For every resource, the talent development team posts an estimated time for completion up front, so employees can fit the learning into their busy schedules. Elements of social learning that are embedded in the digital platform have also helped

with adoption. Employees can follow other users, track learning, and customize a personal news feed. The creation of employee groups around specific learning topics has generated the most engagement. Key ambassadors in each line of business lead and design those groups; they share relevant best practices and insights, answer employee questions, and host informal brainstorming sessions.

This discussion is not meant to underestimate the importance of "traditional training" (which focuses on the 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 continuous learning and the creation and sharing of knowledge. This evolution of training is discussed in **Chapter Two**.

Designing Effective Training

The **training design process** refers to a systematic approach for developing training programs. **Figure 1.2** presents the seven steps in this process. Step 1 is a needs assessment, which is necessary to identify whether training is needed. Step 2 is to ensure that employees have the motivation and basic skills necessary to master the training content. Step 3 is to create a learning environment that has the features necessary 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 (e.g., learning, behavior, or skills), choosing an evaluation design that allows you to determine the influence of training on these outcomes, and planning how to demonstrate how training affects the "bottom line" (i.e., using a cost-benefit analysis to determine the monetary benefits resulting from training). 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 web-based training or mobile learning. 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 other learning objectives are obtained.

FIGURE 1.2 **Training Design Process**