Developing Employees for Future Success

What Do I Need to Know?

After reading this chapter, you should be able to:

LO1 Discuss how development is related to training and careers.

LO2 Identify the methods organizations use for employee development.

LO3 Describe how organizations use assessment of personality type, work behaviors, and job performance to plan employee development.

LO4 Explain how job experiences can be used for developing skills.

LO5 Summarize principles of successful mentoring programs.

LO6 Tell how managers and peers develop employees through coaching.

LO7 Identify the steps in the process of career management.

LO8 Discuss how organizations are meeting the challenges of the "glass ceiling," succession planning, and dysfunctional managers.

Introduction

As we noted in Chapter 1, employees' commitment to their organization depends on how their managers treat them. To "win the war for talent" managers must be able to identify high-potential employees, make sure the organization uses the talents of these people, and reassure them of their value so that they do not become dissatisfied and leave the organization. Managers also must be able to listen. Although new employees need strong direction, they expect to be able to think independently and be treated with respect. In all these ways, managers provide for **employee development**—the combination of formal education, job experiences, relationships, and assessment of personality and abilities to help employees prepare for the future of their careers. Human resource management establishes a process for employee development that prepares employees to help the organization meet its goals.

This chapter explores the purpose and activities of employee development. We begin by discussing the relationships among development, training, and career management. Next, we look at development approaches, including formal education, assessment, job experiences, and interpersonal relationships. The chapter emphasizes the types of skills, knowledge, and behaviors that are strengthened by each development method, so employees and their managers can choose appropriate methods when planning for development. The third section of the chapter describes the steps of the career management process, emphasizing the responsibilities of employee and employer at each step of the process. The chapter concludes with a discussion of special challenges related to employee development—the so-called glass ceiling, succession planning, and dysfunctional managers.

Training, Development, and Career Management

Organizations and their employees must constantly expand their knowledge, skills, and behavior to meet customer needs and compete in today's demanding and rapidly changing business environment. More and more companies operate internationally, requiring that employees understand different cultures and customs. More companies organize work in terms of projects or customers, rather than specialized functions, so employees need to acquire a broad range of technical and interpersonal skills. Many companies expect employees at all levels to perform roles once reserved for management. Modern organizations are expected to provide development opportunities to employees without regard to their sex, race, ethnic background, or age so that they have equal opportunity for advancement. In this climate, organizations are placing greater emphasis on training and development. To do this, organizations must understand development's relationship to training and career management.

Employee Development
The combination of formal education, job experiences, relationships, and assessment of personality and abilities to help employees prepare for the future of their careers.

LO1 Discuss how development is related to training and careers.

Development and Training

The definition of development indicates that it is future oriented. Development implies learning that is not necessarily related to the employee's current job.[1] Instead, it prepares employees for other jobs or positions in the organization and increases their ability to move into jobs that may not yet exist.[2] Development also may help employees prepare for changes in responsibilities and requirements in their current jobs, such as changes resulting from new technology, work designs, or customers.

In contrast, training traditionally focuses on helping employees improve performance of their current jobs. Many organizations have focused on linking training programs to business goals. In these organizations, the distinction between training and development is more blurred. Table 9.1 summarizes the traditional differences.

Development for Careers

The concept of a career has changed in recent years. In the traditional view, a career consists of a sequence of positions within an occupation or organization.[3] For example, an academic career might begin with a position as a university's adjunct professor. It continues with appointment to faculty positions as assistant professor, then associate professor, and finally full professor. An engineer might start as a staff engineer, then with greater experience earn promotions to the positions of advisory engineer, senior engineer, and vice president of engineering. In these examples, the career resembles a set of stairs from the bottom of a profession or organization to the top.

Recently, however, changes such as downsizing and restructuring have become the norm, so the concept of a career has become more fluid. Today's employees are more

	TRAINING	DEVELOPMENT
Focus	Current	Future
Use of work experiences	Low	High
Goal	Preparation for current job	Preparation for changes
Participation	Required	Voluntary

Table 9.1

Training versus Development

Protean Career
A career that frequently changes based on changes in the person's interests, abilities, and values and in the work environment.

likely to have a **protean career,** one that frequently changes based on changes in the person's interests, abilities, and values and in the work environment. For example, an engineer might decide to take a sabbatical from her job to become a manager with Engineers without Borders, so she can develop managerial skills and decide whether she likes managing. As in this example, employees in protean careers take responsibility for managing their careers. This practice is consistent with the modern *psychological contract* described in Chapter 2. Employees look for organizations to provide, not job security and a career ladder to climb, but instead development opportunities and flexible work arrangements.

To remain marketable, employees must continually develop new skills. Fewer of today's careers involve repetitive tasks, and more rely on an expanding base of knowledge.[4] Jobs are less likely to last a lifetime, so employees have to prepare for newly created positions. Beyond knowing job requirements, employees need to understand the business in which they are working and be able to cultivate valuable relationships with co-workers, managers, suppliers, and customers. They also need to follow trends in their field and industry, so they can apply technology and knowledge that will match emerging priorities and needs. Learning such skills requires useful job experiences as well as effective training programs.

These relationships and experiences often take an employee along a career path that is far different from the traditional steps upward through an organization or profession. Although such careers will not disappear, more employees will follow a spiral career path in which they cross the boundaries between specialties and organizations. As organizations provide for employee development (and as employees take control of their own careers), they will need to (1) determine their interests, skills, and weaknesses and (2) seek development experiences involving jobs, relationships, and formal courses. As discussed later in the chapter, organizations can meet these needs through a system for *career management* or *development planning*. Career management helps employees select development activities that prepare them to meet their career goals. It helps employers select development activities in line with their human resource needs.

L02 Identify the methods organizations use for employee development.

Approaches to Employee Development

Children's Healthcare of Atlanta, a medical organization specializing in pediatric care, focuses development efforts on high-performing employees who have the potential to become managers. These employees complete a full day of assessment that includes taking a personality test and participating in a business simulation in which they take the role of managers. Each year they also attend five workshops, where they learn about leading change, developing a business strategy, and creating a personal vision. They work in teams to solve a practical problem affecting Children's, and they receive coaching to help them set and achieve their own goals.[5]

The many approaches to employee development fall into four broad categories: formal education, assessment, job experiences, and interpersonal relationships.[6] Figure 9.1 summarizes these four methods. Many organizations combine these approaches, as in the previous example of Children's Healthcare.

Formal Education

Organizations may support employee development through a variety of formal educational programs, either at the workplace or off-site. These may include workshops designed specifically for the organization's employees, short courses offered

by consultants or universities, university programs offered to employees who live on campus during the program, and executive MBA programs (which enroll managers to meet on weekends or evenings to earn a master's degree in business administration). These programs may involve lectures by business experts, business games and simulations, experiential programs, and meetings with customers. Chapter 7 described most of these training methods, including their pros and cons.

Many companies, including Bank of Montreal and General Electric, operate training and development centers that offer seminars and longer-term programs. The Bank of Montreal operates its own Institute for Learning, featuring classrooms, a presentation hall, and guest accommodations for out-of-town employees. Programs include training in management leadership, risk management, and project management, as well as courses toward an MBA degree.[7] General Electric has one of the oldest and best-known management development centers, the

Figure 9.1

Four Approaches to Employee Development

John F. Welch Leadership Center in Crotonville, New York. Each year, GE managers choose employees with high performance and potential and send them to Crotonville for management development programs combining coursework and job experiences.[8]

Independent institutions offering executive education include Harvard, the Wharton School of Business, the University of Michigan, and the Center for Creative Leadership. A growing number of companies and universities are using distance learning (discussed in Chapter 7) to reach executive audiences. For example, Duke University's Fuqua School of Business offers an electronic executive MBA program. Besides attending traditional classes, students use personal computers to view lectures on CD-ROM, download study aids, discuss lectures, and work on team projects online.

Another trend in executive education is for employers and the education provider to create short courses with content designed specifically for the audience. MetLife worked with Babson College to develop a course in which faculty members discuss business principles and then invite corporate executives to discuss how the principles work in MetLife and the insurance industry. Small teams of class participants work on related class projects and develop recommendations for company executives. MetLife has implemented 82 percent of these projects.[9]

LO3 Describe how organizations use assessment of personality type, work behaviors, and job performance to plan employee development.

Assessment

Another way to provide for employee development is **assessment**—collecting information and providing feedback to employees about their behavior, communication style, or skills.[10] Information for assessment may come from the employees, their peers, managers, and customers. The most frequent uses of assessment are to identify employees with managerial potential to measure current managers' strengths and weaknesses. Organizations also use assessment to identify managers with potential to
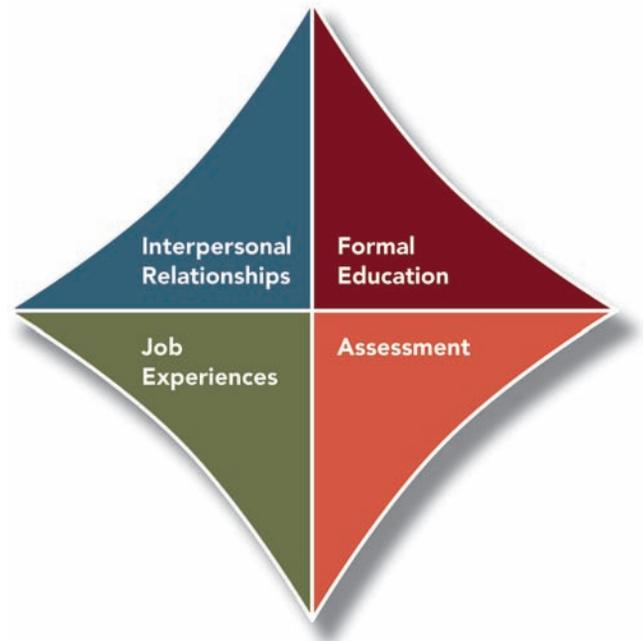
Assessment
Collecting information and providing feedback to employees about their behavior, communication style, or skills.

One way to develop employees is to begin with an assessment which may consist of assigning an activity to a team and seeing who brings what skills and strengths to the team. How can this assessment help employees?

move into higher-level executive positions. Organizations that assign work to teams may use assessment to identify the strengths and weaknesses of individual team members and the effects of the team members' decision-making and communication styles on the team's productivity.

For assessment to support development, the information must be shared with the employee being assessed. Along with that assessment information, the employee needs suggestions for correcting skill weaknesses and for using skills already learned. The suggestions might be to participate in training courses or develop skills through new job experiences. Based on the assessment information and available development opportunities, employees should develop action plans to guide their efforts at self-improvement.

Organizations vary in the methods and sources of information they use in developmental assessment (see the "Did You Know?" box). Many organizations appraise performance. Organizations with sophisticated development systems use psychological tests to measure employees' skills, personality types, and communication styles. They may collect self, peer, and manager ratings of employees' behavior and style of working with others. The tools used for these assessment methods include the Myers-Briggs Type Indicator, assessment centers, the Benchmarks assessment, performance appraisal, and 360-degree feedback. Edward Jones assesses the leadership potential of financial advisers working outside its St. Louis headquarters by combining personality assessment with peer appraisals. Employees and their managers receive the results, which are used to evaluate whether employees have the behaviors and personality required for a leadership role at headquarters.[11]

Myers-Briggs Type Indicator (MBTI)®
Psychological test that identifies individuals' preferences for source of energy, means of information gathering, way of decision making, and lifestyle, providing information for team building and leadership development.

Myers-Briggs Type Indicator®

The most popular psychological inventory for employee development is the **Myers-Briggs Type Indicator (MBTI)®.** This assessment identifies individuals' preferences for source of energy, means of information gathering, way of decision making, and lifestyle. The assessment consists of more than 100 questions about how the person feels or prefers to behave in different situations (such as "Are you usually a good 'mixer' or rather quiet and reserved?"). The assessment describes these individuals' preferences in the four areas:

1. The *energy* dichotomy indicates where individuals gain interpersonal strength and vitality, measured as their degree of introversion or extroversion. Extroverted types (E) gain energy through interpersonal relationships. Introverted types (I) gain energy by focusing on inner thoughts and feelings.
2. The *information-gathering* dichotomy relates to the preparations individuals make before making decisions. Individuals with a Sensing (S) preference tend to gather the facts and details to prepare for a decision. Intuitive types (N) tend to focus less on the facts and more on possibilities and relationships among them.

Developmental Assessment Often an Unmet Need

If you want to give your company an edge over the competition, try developing your new managers. According to a recent study by the Institute for Corporate Productivity, few companies provide developmental assessments when employees are promoted to management jobs. Among those that do, most rely on performance appraisals and 360-degree feedback.

Our employees make a good transition to management jobs.

Our organization uses developmental assessments for new managers.
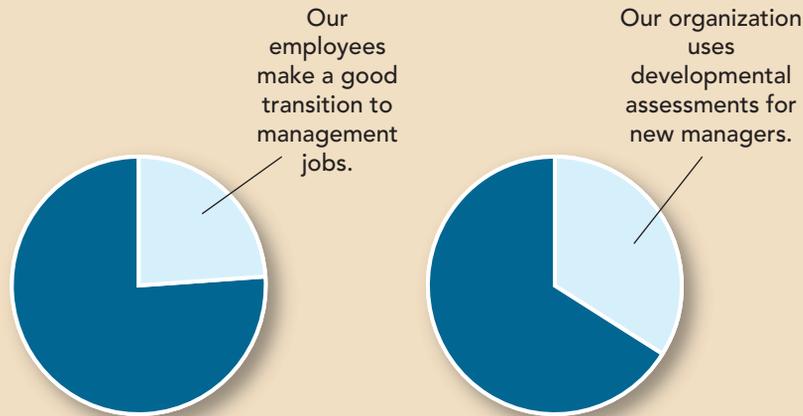
Sources: Aparna Nancherla, "Mismanaged Transitions: Many Organizations Provide Little or No Guidance for Newly Promoted Employees," *T + D,* October 2009, Business & Company Resource Center, http://galenet.galegroup.com; and Institute for Corporate Productivity, "Most Employers Are Ineffective at Supporting New Managers," news release, August 10, 2009, www.i4cp.com.

3. In *decision making,* individuals differ in the amount of consideration they give to their own and others' values and feelings, as opposed to the hard facts of a situation. Individuals with a Thinking (T) preference try always to be objective in making decisions. Individuals with a Feeling (F) preference tend to evaluate the impact of the alternatives on others, as well as their own feelings; they are more subjective.

4. The *lifestyle* dichotomy describes an individual's tendency to be either flexible or structured. Individuals with a Judging (J) preference focus on goals, establish deadlines, and prefer to be conclusive. Individuals with a Perceiving (P) preference enjoy surprises, are comfortable with changing a decision, and dislike deadlines.

The alternatives for each of the four dichotomies result in 16 possible combinations. Of course people are likely to be mixtures of these types, but the point of the assessment is that certain types predominate in individuals.

As a result of their psychological types, people develop strengths and weaknesses. For example, individuals who are Introverted, Sensing, Thinking, and Judging (known as ISTJs) tend to be serious, quiet, practical, orderly, and logical. They can organize tasks, be decisive, and follow through on plans and goals. But because they do not have the opposite preferences (Extroversion, Intuition, Feeling, and Perceiving),

ISTJs have several weaknesses. They may have difficulty responding to unexpected opportunities, appear to their colleagues to be too task-oriented or impersonal, and make decisions too fast.

Applying this kind of information about employees' preferences or tendencies helps organizations understand the communication, motivation, teamwork, work styles, and leadership of the people in their groups. For example, salespeople or executives who want to communicate better can apply what they learn about their own personality styles and the way other people perceive them. For team development, the MBTI can help teams match team members with assignments based on their preferences and thus improve problem solving.[12] The team could assign brainstorming (idea-generating) tasks to employees with an Intuitive preference and evaluation of the ideas to employees with a Sensing preference.

Research on the validity, reliability, and effectiveness of the MBTI is inconclusive.[13] People who take the MBTI find it a positive experience and say it helps them change their behavior. However, MBTI scores are not necessarily stable over time. Studies in which the MBTI was administered at two different times found that as few as one-fourth of those who took the assessment were classified as exactly the same type the second time. Still, the MBTI is a valuable tool for understanding communication styles and the ways people prefer to interact with others. It is not appropriate for measuring job performance, however, or as the only means of evaluating promotion potential.

Assessment Centers

Assessment Center
An assessment process in which multiple raters or evaluators (assessors) evaluate employees' performance on a number of exercises, usually as they work in a group at an off-site location.

At an **assessment center,** multiple raters or evaluators (assessors) evaluate employees' performance on a number of exercises.[14] An assessment center is usually an off-site location such as a conference center. Usually 6 to 12 employees participate at one time. The primary use of assessment centers is to identify whether employees have the personality characteristics, administrative skills, and interpersonal skills needed for managerial jobs. Organizations also use them to determine whether employees have the skills needed for working in teams.

Leaderless Group Discussion
An assessment center exercise in which a team of five to seven employees is assigned a problem and must work together to solve it within a certain time period.

The types of exercises used in assessment centers include leaderless group discussions, interviews, in-baskets, and role-plays.[15] In a **leaderless group discussion,** a team of five to seven employees is assigned a problem and must work together to solve it within a certain time period. The problem may involve buying and selling supplies, nominating a subordinate for an award, or assembling a product. Interview questions typically cover each employee's work and personal experiences, skill strengths and weaknesses, and career plans. In-basket exercises, discussed as a selection method in Chapter 6, simulate the administrative tasks of a manager's job, using a pile of documents for the employee to handle. In role-plays, the participant takes the part of a manager or employee in a situation involving the skills to be assessed. For example, a participant might be given the role of a manager who must discuss performance problems with an employee, played by someone who works for the assessment center. Other exercises in assessment centers might include interest and aptitude tests to evaluate an employee's vocabulary, general mental ability, and reasoning skills. Personality tests may be used to determine employees' ability to get along with others, tolerance for uncertainty, and other traits related to success as a manager or team member.

The assessors are usually managers who have been trained to look for employee behaviors that are related to the skills being assessed. Typically, each assessor observes and records one or two employees' behaviors in each exercise. The assessors review

their notes and rate each employee's level of skills (for example, 5 = high level of leadership skills, 1 = low level of leadership skills). After all the employees have completed the exercises, the assessors discuss their observations of each employee. They compare their ratings and try to agree on each employee's rating for each of the skills.

As we mentioned in Chapter 6, research suggests that assessment center ratings are valid for predicting performance, salary level, and career advancement.[16] Assessment centers may also be useful for development because of the feedback that participants receive about their attitudes, skill strengths, and weaknesses.[17]

Benchmarks

A development method that focuses on measuring management skills is an instrument called **Benchmarks.** This measurement tool gathers ratings of a manager's use of skills associated with success in managing. The items measured by Benchmarks are based on research into the lessons that executives learn in critical events of their careers.[18] Items measure the 16 skills and perspectives listed in Table 9.2, including how well managers deal with subordinates, acquire resources, and create a productive work climate. Research has found that managers who have these skills are more likely to receive positive performance evaluations, be considered promotable, and be promoted.[19]

Benchmarks
A measurement tool that gathers ratings of a manager's use of skills associated with success in managing.

To provide a complete picture of managers' skills, the managers' supervisors, their peers, and the managers themselves all complete the instrument. The results include

Table 9.2

Skills Related to Success as a Manager

Resourcefulness	Can think strategically, engage in flexible problem solving, and work effectively with higher management.
Doing whatever it takes	Has perseverance and focus in the face of obstacles.
Being a quick study	Quickly masters new technical and business knowledge.
Building and mending relationships	Knows how to build and maintain working relationships with co-workers and external parties.
Leading subordinates	Delegates to subordinates effectively, broadens their opportunities, and acts with fairness toward them.
Compassion and sensitivity	Shows genuine interest in others and sensitivity to subordinates' needs.
Straightforwardness and composure	Is honorable and steadfast.
Setting a developmental climate	Provides a challenging climate to encourage subordinates' development.
Confronting problem subordinates	Acts decisively and fairly when dealing with problem subordinates.
Team orientation	Accomplishes tasks through managing others.
Balance between personal life and work	Balances work priorities with personal life so that neither is neglected.
Decisiveness	Prefers quick and approximate actions to slow and precise ones in many management situations.
Self-awareness	Has an accurate picture of strengths and weaknesses and is willing to improve.
Hiring talented staff	Hires talented people for the team.
Putting people at ease	Displays warmth and a good sense of humor.
Acting with flexibility	Can behave in ways that are often seen as opposites.

SOURCE: Adapted with permission from C. D. McCauley, M. M. Lombardo, and C. J. Usher, "Diagnosing Management Development Needs: An Instrument Based on How Managers Develop," *Journal of Management* 15 (1989), pp. 389–403.

a summary report, which the organization provides to the manager so he or she can see the self-ratings in comparison to the ratings by others. Also available with this method is a development guide containing examples of experiences that enhance each skill and ways successful managers use the skill.

Performance Appraisals and 360-Degree Feedback

As we stated in Chapter 8, *performance appraisal* is the process of measuring employees' performance. This information can be useful for employee development under certain conditions.[20] The appraisal system must tell employees specifically about their performance problems and ways to improve their performance. Employees must gain a clear understanding of the differences between current performance and expected performance. The appraisal process must identify causes of the performance discrepancy and develop plans for improving performance. Managers must be trained to deliver frequent performance feedback and must monitor employees' progress in carrying out their action plans.

A recent trend in performance appraisals, also discussed in Chapter 8, is *360-degree feedback*—performance measurement by the employee's supervisor, peers, employees, and customers. Often the feedback involves rating the individual in terms of work-related behaviors. For development purposes, the rater would identify an area of behavior as a strength of that employee or an area requiring further development. The results presented to the employee show how he or she was rated on each item and how self-evaluations differ from other raters' evaluations. The individual reviews the results, seeks clarification from the raters, and sets specific development goals based on the strengths and weaknesses identified.[21]

In an interesting twist on commonly held beliefs about personal development, Tom Rath and Barrie Conchie of the Gallup Organization studied business leaders and concluded that correcting weaknesses does not make an individual a great leader. Rather, they advocate using assessment information to identify personal strengths, then further developing and building those strengths to become a more effective leader. They note that Brad Anderson of Best Buy, Wendy Kopp of Teach for America, Simon Cooper of the Ritz-Carlton Hotel Company, and Mervyn Davies of Standard Chartered Bank are all excellent leaders who rely on different talents to lead. Extending that idea, Rath and Couchie recommend that managers learn to identify and focus on their employees' strengths as a way to help them become more effective. Rather than building well-rounded leaders, this application of assessment information aims to build well-rounded teams of individuals who together possess strengths related to executing plans, influencing others, building relationships, and thinking strategically.[22]

There are several benefits of 360-degree feedback. Organizations collect multiple perspectives of managers' performance, allowing employees to compare their own personal evaluations with the views of others. This method also establishes formal communications about behaviors and skill ratings between employees and their internal and external customers. Several studies have shown that performance improves and behavior changes as a result of participating in upward feedback and 360-degree feedback systems.[23] The change is greatest in people who received lower ratings from others than what they gave themselves. The 360-degree feedback system is most likely to be effective if the rating instrument enables reliable or consistent ratings, assesses behaviors or skills that are job related, and is easy to use. And in an analysis of the impact of 360-degree feedback on leadership, the assessments were most beneficial if the leaders were coached on how to build on the strengths that were identified.[24]

CHALLENGES NOURISH EMPLOYEES' GROWTH AT RAINFOREST ALLIANCE

The Rainforest Alliance is an international nonprofit organization based in New York City and active in more than 70 countries. It works with business, local non-profit groups, and international development agencies to establish standards for sustainable use of natural resources. Companies that agree to abide by the standards can obtain permission to display the Rainforest Alliance certification on their packaging and advertisements, thereby attracting customers who are concerned about the planet's long-term well-being.

At an organization with such an idealistic mission, one would expect that employees are highly motivated to make a difference. In the words of Helena Albuquerque, the organization's director of human resources, people at the Rainforest Alliance "share a common sense of purpose, a collaborative spirit, and the determination to truly make the world a better place." As an employer, the

Rainforest Alliance builds on this advantage by giving employees opportunities to develop their careers by tackling big challenges.

Career development through experiences is an opportunity that many organizations reserve for a few management employees on the fast track. But at Rainforest Alliance, even new hires are trusted with these assignments. Junior employees are invited to conferences and to executive-level meetings. They also can launch and eventually lead research projects in topics they care about. An example is Julie Baroody, who was originally hired as executive assistant to Tensie Whelan, the organization's executive director. Baroody was interested in the topic of climate change, so her quickly growing responsibilities included conducting research. Two promotions later, Baroody was the coordinator of the Rainforest Alliance's climate initiative, representing the organization at conferences around the world.

The Rainforest Alliance's global presence also presents impressive opportunities for career development. More than half of the organization's people work outside the United States, and through an internship program U.S. employees can sign up to work in foreign offices. Those assignments offer chances to get firsthand experience with the organization's core activities and issues.

Thanks to this developmental approach to management, it's not just the environment that's thriving because of the Rainforest Alliance. So are the careers of the group's more than 250 employees.

Sources: Kelly K. Spors, "Top Small Workplaces 2008," *Wall Street Journal,* February 22, 2009, http://online.wsj.com; Rainforest Alliance, "Rainforest Alliance a 'Top Small Work Place,'" *Rainforest Matters,* November 2008, www.rainforest-alliance.org; and Rainforest Alliance, "What We Do," corporate Web site, www.rainforest-alliance.org, accessed April 7, 2010.

There are potential limitations of 360-degree feedback. This method demands a significant amount of time for raters to complete the evaluations. If raters, especially subordinates or peers, provide negative feedback, some managers might try to identify and punish them. A facilitator is needed to help interpret results. Finally, simply delivering ratings to a manager does not provide ways for the manager to act on the feedback (for example, development planning, meeting with raters, or taking courses). As noted earlier, any form of assessment should be accompanied by suggestions for improvement and development of an action plan.

LO4 Explain how job experiences can be used for developing skills.

Job Experiences

Most employee development occurs through **job experiences**[25]—the combination of relationships, problems, demands, tasks, and other features of an employee's jobs. Using job experiences for employee development assumes that development is most

Job Experiences
The combination of relationships, problems, demands, tasks, and other features of an employee's jobs.

likely to occur when the employee's skills and experiences do not entirely match the skills required for the employee's current job. To succeed, employees must stretch their skills. In other words, they must learn new skills, apply their skills and knowledge in new ways, and master new experiences.[26] For example, companies that want to prepare employees to expand overseas markets are assigning them to a variety of international jobs. To learn how a small company successfully uses job experiences to develop employees, see the "Best Practices" box.

Most of what we know about development through job experiences comes from a series of studies conducted by the Center for Creative Leadership.[27] These studies asked executives to identify key career events that made a difference in their managerial styles and the lessons they learned from these experiences. The key events included job assignments (such as fixing a failed operation), interpersonal relationships (getting along with supervisors), and types of transitions (situations in which the manager at first lacked the necessary background). Through job experiences like these, managers learn how to handle common challenges, prove themselves, lead change, handle pressure, and influence others.
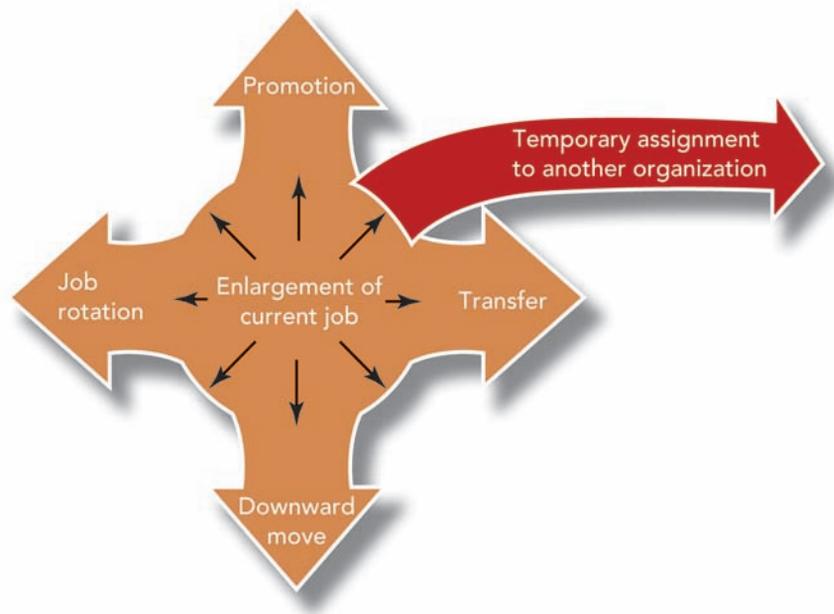
The usefulness of job experiences for employee development varies depending on whether the employee views the experiences as positive or negative sources of stress. When employees view job experiences as positive stressors, the experiences challenge them and stimulate learning. When they view job experiences as negative stressors, employees may suffer from high levels of harmful stress. Of the job demands studied, managers were most likely to experience negative stress from creating change and overcoming obstacles (adverse business conditions, lack of management support, lack of personal support, or a difficult boss). Research suggests that all of the job demands except obstacles are related to learning.[28] Organizations should offer job experiences that are most likely to increase learning, and they should consider the consequences of situations that involve negative stress.

Although the research on development through job experiences has focused on managers, line employees also can learn through job experiences. Organizations may, for example, use job experiences to develop skills needed for teamwork, including conflict resolution, data analysis, and customer service. These experiences may occur when forming a team and when employees switch roles within a team.

Various job assignments can provide for employee development. The organization may enlarge the employee's current job or move the employee to different jobs. Lateral moves include job rotation, transfer, or temporary assignment to another organization. The organization may also use downward moves or promotions as a source of job experience. Figure 9.2 summarizes these alternatives.

Job Enlargement

As Chapter 4 stated in the context of job design, *job enlargement* involves adding challenges or new responsibilities to employees' current jobs. Examples include completing a special project, switching roles within a work team, or researching new ways to serve customers. An engineering employee might join a task force developing new career paths for technical employees. The work on the project could give the engineer a leadership role through which the engineer learns about the company's career development system while also practicing leadership skills to help the task force reach its goals. In this way, job enlargement not only makes a job more interesting but also creates an opportunity for employees to develop new skills.

Figure 9.2

How Job Experiences
Are Used for Employee
Development

Job Rotation

Another job design technique that can be applied to employee development is *job rotation*, moving employees through a series of job assignments in one or more functional areas. The job rotation program for Tata Consultancy Services sends employees from its headquarters in India on 18- to 24-month assignments to its operations in China, Hungary, and South America. The program helps the company develop expertise in the cultures of the 42 countries where Tata operates. And when employees return to India, they typically work on similar kinds of projects, so they bring home and share lessons they gained from their overseas assignments.[29]

Job rotation helps employees gain an appreciation for the company's goals, increases their understanding of different company functions, develops a network of contacts, and improves problem-solving and decision-making skills.[30] Job rotation also helps employees increase their salary and earn promotions faster. However, job rotation poses some problems for employees and the organization. Knowing they will be rotated to another job may give the employees a short-term perspective on problems and their solutions. Employees may feel less satisfied and motivated because they have difficulty developing specialized skills and leave the position too soon to fulfill any challenging assignments. The rotation of employees through a department may hurt productivity and increase the workload of those who remain after employees are rotated out. Job rotation is most likely to succeed when it meets certain conditions:[31]

- The organization establishes and communicates clear policies about which positions are eligible for job rotation. Job rotation for nonmanagement employees as well as managers can be beneficial, depending on the program's objectives.
- Employees and their managers understand and agree on the expectations for the job rotation, including which skills are to be developed.
- Goals for the program support business goals. These might include exposing high-potential employees to a variety of business units, customers, or geographic areas

in preparation for management positions or rotating an experienced, talented employee through several business units to mentor or coach employees.

- The rotation schedule is realistic, taking into account how long employees will need to become familiar with their new position, as well as how much time is needed for employees to complete the assignments.
- Top management is committed to the program's success.
- Someone is responsible for measuring whether the program is meeting its goals.

Transfers, Promotions, and Downward Moves

Most companies use upward, downward, and lateral moves as an option for employee development. In a **transfer,** the organization assigns an employee to a position in a different area of the company. Transfers do not necessarily increase job responsibilities or compensation. They are usually lateral moves, that is, moves to a job with a similar level of responsibility. They may involve relocation to another part of the country or even to another country.

Relocation can be stressful because of the demands of moving, especially when family members are affected. People have to find new housing, shopping, health care, and leisure facilities, and they often lack the support of nearby friends and family. These stresses come at the same time the employee must learn the expectations and responsibilities associated with the new position. Because transfers can provoke anxiety, many companies have difficulty getting employees to accept them. Employees most willing to accept transfers tend to be those with high career ambitions and beliefs that the organization offers a promising future and that accepting the transfer will help the company succeed.[32]

A **downward move** occurs when an employee is given less responsibility and authority. The organization may demote an employee because of poor performance or move the employee to a lower-level position in another function so that the employee can develop different skills. The temporary cross-functional move is the most common way to use downward moves for employee development. For example, engineers who want to move into management often take lower-level positions, such as shift supervisor, to develop their management skills.

Many employees have difficulty associating transfers and downward moves with development; these changes may feel more like forms of punishment. Employees often decide to leave an organization rather than accept such a change, and then the organization must bear the costs of replacing those employees. Employees will be more likely to accept transfers and downward moves as development opportunities if the organization provides information about the change and its possible benefits and involves the employee in planning the change. Employees are also more likely to be positive about such a recommendation if the organization provides clear performance objectives and frequent feedback. Employers can encourage an

Transfer
Assignment of an employee to a position in a different area of the company, usually in a lateral move.

Downward Move
Assignment of an employee to a position with less responsibility and authority.

Working outside one's home country is the most important job experience that can develop an employee for a career in the global economy.

employee to relocate by providing financial assistance with the move, information about the new location and job, and help for family members, such as identifying schools, child care and elder care options, and job search assistance for the employee's spouse.[33]

A **promotion** involves moving an employee into a position with greater challenges, more responsibility, and more authority than in the previous job. Usually promotions include pay increases. Because promotions improve the person's pay, status, and feelings of accomplishment, employees are more willing to accept promotions than lateral or downward moves. Even so, employers can increase the likelihood that employees will accept promotions by providing the same kind of information and assistance that are used to support transfers and downward moves. Organizations can more easily offer promotions if they are profitable and growing. In other conditions, opportunities for promoting employees may be limited.

Promotion
Assignment of an employee to a position with greater challenges, more responsibility, and more authority than in the previous job, usually accompanied by a pay increase.

Temporary Assignments with Other Organizations

In some cases, an employer may benefit from the skills an employee can learn at another organization. The employer may encourage the employee to participate in an **externship**—a full-time temporary position at another organization. Externships are an attractive option for employees in analytical positions, who otherwise might solve the same kinds of problems over and over, becoming bored as they miss out on exposure to challenging new ideas and techniques. GE Money uses this type of development for its analysts in Shanghai and Bangalore. It loans them out for temporary assignments to other business units. Through these externships, the company makes the employees' expertise available to many parts of the company at the same time it keeps them more engaged because they see many ways they contribute to the company's success. And, of course, these employees are challenged to learn as they apply their skills to a more diverse set of business problems.[34]

Externship
Employee development through a full-time temporary position at another organization.

Temporary assignments can include a **sabbatical**—a leave of absence from an organization to renew or develop skills. Employees on sabbatical often receive full pay and benefits. Sabbaticals let employees get away from the day-to-day stresses of their jobs and acquire new skills and perspectives. Sabbaticals also allow employees more time for personal pursuits such as writing a book or spending more time with family members. Tamara Woodbury used a sabbatical from her job as executive director of the Girl Scouts–Arizona Cactus-Pine Council to study organization theory at the Society of Organizational Learning Institute in Halifax, Nova Scotia. She then devoted four weeks to relaxation and writing in her cabin in Flagstaff, Arizona. The time to study and reflect prepared Woodbury to re-evaluate and restructure the council so that the way it operates is more consistent with its mission.[35] How employees spend their sabbaticals varies from company to company. Some employees may work for a nonprofit service agency; others may study at a college or university or travel and work on special projects in non-U.S. subsidiaries of the company.

Sabbatical
A leave of absence from an organization to renew or develop skills.

Interpersonal Relationships

Employees can also develop skills and increase their knowledge about the organization and its customers by interacting with a more experienced organization member. Two types of relationships used for employee development are mentoring and coaching.

Mentor
An experienced, productive senior employee who helps develop a less-experienced employee (a protégé).

Mentors

A **mentor** is an experienced, productive senior employee who helps develop a less experienced employee, called the *protégé*. Most mentoring relationships develop informally as a result of interests or values shared by the mentor and protégé. According to research, the employees most likely to seek and attract a mentor have certain personality characteristics: emotional stability, ability to adapt their behavior to the situation, and high needs for power and achievement.[36] Mentoring relationships also can develop as part of the organization's planned effort to bring together successful senior employees with less-experienced employees.

One major advantage of formal mentoring programs is that they ensure access to mentors for all employees, regardless of gender or race. A mentoring program also can ensure that high-potential employees are matched with wise, experienced mentors in key areas—and that mentors in positions of authority are hearing about the real-life challenges of the organization's employees.[37] However, in an artificially created relationship, mentors may have difficulty providing counseling and coaching.[38] To overcome this limitation, mentors and protégés should spend time discussing their work styles, personalities, and backgrounds; these conversations help build the trust that is needed for both parties to be comfortable with their relationship.[39] Mentoring programs tend to be most successful when they are voluntary and participants understand the details of the program. Rewarding managers for employee development is also important, because it signals that mentoring and other development activities are worthwhile. In addition, the organization should carefully select mentors based on their interpersonal and technical skills, train them for the role, and evaluate whether the program has met its objectives.[40]

Information technology can help organizations meet some of these guidelines. For example, videoconferencing may be a good substitute if the mentor and protégé cannot meet face-to-face. Databases can store information about potential mentors' characteristics, and the protégé can use a search engine to locate mentors who best match the qualities he or she is looking for. The "eHRM" box describes how online databases are making successful mentorships more readily available at Xerox.

Mentors and protégés can both benefit from a mentoring relationship. Protégés receive career support, including coaching, protection, sponsorship, challenging assignments, and visibility among the organization's managers. They also receive benefits of a positive relationship—a friend and role model who accepts them, has a positive opinion toward them, and gives them a chance to talk about their worries. Employees with mentors are also more likely to be promoted, earn higher salaries, and have more influence within their organization.[41] Acting as a mentor gives managers a chance to develop their interpersonal skills and increase their feelings that they are contributing something important to the organization. Working with a technically trained protégé on matters such as new research in the field may also increase the mentor's technical knowledge.

So that more employees can benefit from mentoring, some organizations use *group mentoring programs*, which assign four to six protégés to a successful senior employee. A potential advantage of group mentoring is that protégés can learn from each other as well as from the mentor. The leader helps protégés understand the organization, guides them in analyzing their experiences, and helps them clarify career directions. Each member of the group may complete specific assignments, or the group may work together on a problem or issue.

FINDING A MENTOR ONLINE

More than two decades ago, female employees at Xerox wanted to ensure they were taking full advantage of opportunities to advance their careers, so they formed what the company calls a "caucus group"—an organization of dues-paying members that provides programs for career development for a specific group of employees. The group, called The Women's Alliance (TWA), wanted a formal mentoring program, but in their initial efforts, they discovered that the work of matching employees with mentors possessing the right set of interests, skills, and experiences was enormously time consuming.

What saved the TWA mentoring program was online database technology. The group set up Web-based software that makes matching mentors and protégés a self-service operation. Participants fill out an online profile detailing their educational and work background and interests, as well as their goals for participating in the program. The profile also includes information about each participant's geographic location and community-service activities. Once an employee's profile is complete, the individual can use the database to search for a possible mentor by using drop-down menus to select the desired skills, experience, and background. The software returns a set of matching mentor profiles, and the would-be protégé selects one of them. The system generates an e-mail message to that person. The potential mentor reviews the requesting employee's profile and either accepts or rejects the request.

The mentoring program has been received enthusiastically by the women of Xerox. In a recent count, 175 employees were participating. The software is easy to administer and inexpensive enough that the caucus group's dues cover its cost. Based on that success, other Xerox caucus groups, including groups for Asian, Hispanic, and African American employees, have expressed interest in using the system. Thanks to online self-service and the commitment of the women's group, mentoring is spreading at Xerox.

Source: Based on Beth N. Carvin, "The Great Mentor Match," *T + D*, January 2009, OCLC FirstSearch, http://newfirstsearch.oclc.org.

Coaching

A **coach** is a peer or manager who works with an employee to motivate the employee, help him or her develop skills, and provide reinforcement and feedback. Coaches may play one or more of three roles:[42]

1. Working one-on-one with an employee, as when giving feedback.
2. Helping employees learn for themselves—for example, helping them find experts and teaching them to obtain feedback from others.
3. Providing resources such as mentors, courses, or job experiences.

Linda Miller, a coaching specialist at the Ken Blanchard Companies, describes the coach's role in terms of two contrasting managers with whom she has worked.[43] The first of these, a manager at a retailing company, had a supervisor who was not a coach. The retail manager's boss was nervous that if his employees learned too much, he wouldn't be as valuable. So he limited the retail manager's experiences until she became so frustrated she began to look for another job. In contrast, at a financial-services business, a manager had a reputation for developing his employees. According to Miller, this manager's strength was coaching: "He knew exactly how much time

LO6 Tell how managers and peers develop employees through coaching.

Coach
A peer or manager who works with an employee to motivate the employee, help him or her develop skills, and provide reinforcement and feedback.

COACHING EMPLOYEES

Human resource managers may be called upon to coach HR employees or to coach other employees in HR-related skills. In fact, modeling "coach-like" behavior by coaching managers can inspire them to try coaching their employees. Here are some guidelines for effective coaching:

- Listen carefully to learn the client's goals. Then listen for gaps between where the employee is now in a situation and where the employee wants to be. Coaching typically will need to focus on how to close those gaps.
- Instead of giving advice or telling others what to do, ask questions that help people think through the situation themselves. By refraining from solving problems yourself, you're giving others a chance to develop and see their own problem-solving skills.
- Keep in mind that what works for one person may not work as well for another. Because of individual differences, the person you coach may want to handle a situation differently than you would—and that person's idea might actually work best for that person, given his or her strengths and weaknesses. So instead of focusing on what you would do, focus on building the other person's strengths and passions.
- To the extent that you control the situation, give the person you are coaching enough freedom to try out his or her ideas. If some of the ideas don't work, ask more questions to help the person figure out what went wrong and come up with new ideas for next time.
- Maintain confidentiality in the coaching relationship. You need to have candid conversations, and these happen only if the person being coached trusts you to keep private conversations private.

Sources: Ken Blanchard Companies, "Why Aren't Managers More Coach-like?" *Ignite,* September 2009, www.kenblanchard.com; Mark Nyman and Liz Thach, "Coaching: A Leadership Development Option," *Supervision,* February 2009, Business & Company Resource Center, http://galenet.galegroup.com; and Marshall Goldsmith, "What to Know about Coaching Your Successor," *BusinessWeek,* April 7, 2010, www.businessweek.com.

it would take for him to develop the person until the person would get recognized by the company and promoted into a new position," and he came to think of this development as his legacy to the company. In other words, the coach knows that his or her great value is the ability to make other employees more valuable.

Research suggests that coaching helps managers improve by identifying areas for improvement and setting goals.[44] Coaching is most likely to succeed if coaches are empathetic, supportive, practical, and self-confident but don't act infallible or try to tell others what to do.[45] To benefit from coaching, employees need to be open-minded and interested in the process. The "HR How To" box provides more guidance in coaching employees.
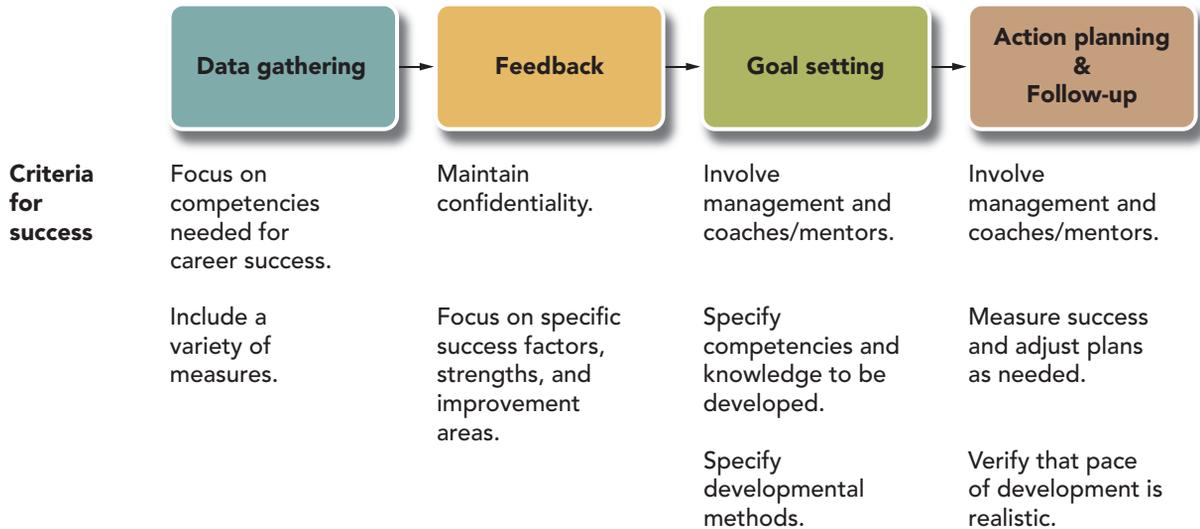
L07 Identify the steps in the process of career management.

Systems for Career Management

Employee development is most likely to meet the organization's needs if it is part of a human resource system of career management. In practice, organizations' career management systems vary. Some rely heavily on informal relationships, while others are sophisticated programs. As shown in Figure 9.3, a basic career management system involves four steps: data gathering, feedback, goal setting, and action planning and follow-up. Ways to make this system more effective include gathering data in areas associated with success, keeping feedback confidential and specific, involving

Figure 9.3

Steps in the Career Management Process

Data gathering	Feedback	Goal setting	Action planning & Follow-up

Criteria for success	Focus on competencies needed for career success.	Maintain confidentiality.	Involve management and coaches/mentors.	Involve management and coaches/mentors.
	Include a variety of measures.	Focus on specific success factors, strengths, and improvement areas.	Specify competencies and knowledge to be developed.	Measure success and adjust plans as needed.
			Specify developmental methods.	Verify that pace of development is realistic.

higher-level management in planning and follow-up, and crafting action plans that are realistic and targeted to building expertise needed for the person's career path.[46] Human resource professionals can also contribute to the system's success by ensuring that it is linked to other HR practices such as performance management, training, and recruiting.

Data Gathering

In discussing the methods of employee development, we highlighted several assessment tools. Such tools may be applied to data gathering, the first step in the career management process. **Self-assessment** refers to the use of information by employees to determine their career interests, values, aptitudes, and behavioral tendencies. The employee's responsibility is to identify opportunities and personal areas needing improvement. The organization's responsibility is to provide assessment information for identifying strengths, weaknesses, interests, and values.

Self-assessment tools often include psychological tests such as the Myers-Briggs Type Indicator (described earlier in the chapter), the Strong-Campbell Interest Inventory, and the Self-Directed Search. The Strong-Campbell inventory helps employees identify their occupational and job interests. The Self-Directed Search identifies employees' preferences for working in different kinds of environments—sales, counseling, and so on. Tests may also help employees identify the relative values they place on work and leisure activities. Self-assessment tools can include exercises such as the one in Figure 9.4. This type of exercise helps an employee consider his or her current career status, future plans, and the fit between the career and the employee's current situation and resources. Some organizations provide counselors to help employees in the self-assessment process and to interpret the results of psychological tests. Completing the self-assessment can help employees identify a development need. Such a need can result from gaps between current skills or interests and the type of work or position the employee has or wants.

Self-Assessment
The use of information by employees to determine their career interests, values, aptitudes, behavioral tendencies, and development needs.

Figure 9.4

Sample Self-Assessment Exercise

Step 1: Where am I?
Examine current position of life and career.
Think about your life from past and present to the future. Draw a time line to represent important events.

Step 2: Who am I?
Examine different roles.
Using 3" × 5" cards, write down one answer per card to the question "Who am I?"

Step 3: Where would I like to be, and what would I like to happen?
Begin setting goals.
Consider your life from present to future. Write an autobiography answering these questions:
• What do you want to have accomplished?
• What milestones do you want to achieve?
• What do you want to be remembered for?

Step 4: An ideal year in the future
Identify resources needed.
Consider a one-year period in the future.
Answer these questions:
• If you had unlimited resources, what would you do?
• What would the ideal environment look like?
• Does the ideal environment match Step 3?

Step 5: An ideal job
Create current goal.
In the present, think about an ideal job for you with your available resources. Describe your role, resources, and type of training or education needed.

Step 6: Career by objective inventory
Summarize current situation.
• What gets you excited each day?
• What do you do well? What are you known for?
• What do you need to achieve your goals?
• What could interfere with reaching your goals?
• What should you do now to move toward reaching your goals?
• What is your long-term career objective?

SOURCE: Based on J. E. McMahon and S. K. Merman, "Career Development," in *The ASTD Training and Development Handbook,* 4th ed., ed. R. L. Craig (New York: McGraw-Hill, 1996), pp. 679–97. Reproduced with permission.

Verizon Wireless provides an online tool that lets employees assess their current skills and abilities in order to see how well prepared they are for job openings throughout the company. Employees can use the assessment to identify capabilities they lack and to learn what they can do to develop skills through training, job experience, or enrolling in an academic program.[47]

Feedback

Feedback
Information employers give employees about their skills and knowledge and where these assets fit into the organization's plans.

In the next step of career management, **feedback,** employees receive information about their skills and knowledge and where these assets fit into the organization's plans. The employee's responsibility is to identify what skills she or he could realistically develop in light of the opportunities available. The organization's responsibility is to communicate the performance evaluation and the opportunities available to the employee, given the organization's long-range plans. Opportunities might include promotions and transfers.

Usually the employer conducts the reality check as part of a performance appraisal or as the feedback stage of performance management. In well-developed career management systems, the manager may hold separate discussions for performance feedback and career development.

Caterpillar's performance management process includes regular discussions between employees and their managers. To facilitate the discussion, each employee completes a data sheet that serves as an internal résumé. The data sheet includes information about the employee's skills, education, academic degrees, languages spoken, and previous positions. The manager's role is to indicate whether the employee is ready for a new job, whether the job will be a promotion or lateral move, and what education or training the employee needs to be ready for the move. The discussion covers what opportunities are available for the employee, where the employee wants to go next in the organization, and what preparation is needed for that move.[48]

Goal Setting

Based on the information from the self-assessment and reality check, the employee sets short- and long-term career objectives. These goals usually involve one or more of the following categories:

- Desired positions, such as becoming sales manager within three years.
- Level of skill to apply—for example, to use one's budgeting skills to improve the unit's cash flow problems.
- Work setting—for example, to move to corporate marketing within two years.
- Skill acquisition, such as learning how to use the company's human resource information system.

As in these examples, the goals should be specific, and they should include a date by which the goal is to be achieved. It is the employee's responsibility to identify the goal and the method of determining her or his progress toward that goal.

Usually the employee discusses the goals with his or her manager. The organization's responsibilities are to ensure that the goal is specific, challenging, and attainable and to help the employee reach the goal. At candy maker Just Born, employees involved in the company's Career Development Process define future job interests, identify the necessary experiences for obtaining those jobs, and set short- and long-term goals. Each employee discusses these goals with his or her manager, who can suggest changes or support the goals as written.[49]

Action Planning and Follow-Up

During the final step, employees prepare an action plan for how they will achieve their short- and long-term career goals. The employee is responsible for identifying the steps and timetable to reach the goals. The employer should identify resources needed, including courses, work experiences, and relationships. The employee and the manager should meet in the future to discuss progress toward career goals.

Action plans may involve any one or a combination of the development methods discussed earlier in the chapter—training, assessment, job experiences, or the help of a mentor or coach. The approach used depends on the particular developmental needs and career objectives. For example, suppose the program manager in an information systems department uses feedback from performance appraisals to determine that he needs greater knowledge of project management software. The manager plans to increase that knowledge by reading articles (formal education), meeting with

software vendors, and contacting the vendors' customers to ask them about the software they have used (job experiences). The manager and his supervisor agree that six months will be the target date for achieving the higher level of knowledge through these activities.

The outcome of action planning often takes the form of a career development plan. Figure 9.5 is an example of a development plan for a product manager. Development plans usually include descriptions of strengths and weaknesses, career goals, and development activities for reaching each goal.

Figure 9.5

Career Development Plan

Name:	Title: Project Manager	Immediate Manager:

Competencies
Please identify your three greatest strengths and areas for improvement.
Strengths
- Strategic thinking and execution (confidence, command skills, action orientation)
- Results orientation (competence, motivating others, perseverance)
- Spirit for winning (building team spirit, customer focus, respect colleagues)

Areas for Improvement
- Patience (tolerance of people or processes and sensitivity to pacing)
- Written communications (ability to write clearly and succinctly)
- Overly ambitious (too much focus on successful completion of projects rather than developing relationships with individuals involved in the projects)

Career Goals
Please describe your overall career goals.
- **Long-term:** Accept positions of increased responsibility to a level of general manager (or beyond). The areas of specific interest include but are not limited to product and brand management, technology and development, strategic planning, and marketing.
- **Short-term:** Continue to improve my skills in marketing and brand management while utilizing my skills in product management, strategic planning, and global relations.

Next Assignments
Identify potential next assignments (including timing) that would help you develop toward your career goals.
- Manager or director level in planning, development, product, or brand management. Timing estimated to be Spring 2011.

Training and Development Needs
List both training and development activities that will either help you develop in your current assignment or provide overall career development.
- Master's degree classes will allow me to practice and improve my written communications skills. The dynamics of my current position, teamwork, and reliance on other individuals allow me to practice patience and to focus on individual team members' needs along with the success of the projects.

Employee _____ Date _____
Immediate Manager _____ Date _____
Mentor _____ Date _____

Development-Related Challenges

A well-designed system for employee development can help organizations face three widespread challenges: the glass ceiling, succession planning, and dysfunctional behavior by managers.

The Glass Ceiling

As we mentioned in Chapter 1, women and minorities are rare in the top level of U.S. corporations. Observers of this situation have noted that it looks as if an invisible barrier is keeping women and minorities from reaching the top jobs, a barrier that has come to be known as the **glass ceiling.** For example, a recent census of the board membership of *Fortune* 500 companies found that just 15.6 percent of their officers were women, and 74 of the companies had no female corporate officers.[50]

The glass ceiling is likely caused by a lack of access to training programs, appropriate developmental job experiences, and developmental relationships such as mentoring.[51] With regard to developmental relationships, women and minorities often have trouble finding mentors. They may not participate in the organization's, profession's, or community's "old boys' network." Also, managers in the organization may prefer to interact with people who have similar status or may avoid interacting with certain people because of discomfort or negative stereotypes.[52]

Organizations can use development systems to help break through the glass ceiling. Managers making developmental assignments need to carefully consider whether stereotypes are influencing the types of assignments men and women receive. A formal process for regularly identifying development needs and creating action plans can make these decisions more objective.

An organization that is actively working to eliminate the glass ceiling is LeasePlan USA, where management was concerned that although most employees were female, most of the top managers were male. LeasePlan hired a consultant to develop a program that focuses on skill assessment, career guidance, and tips on communications. The program also features networking events and a panel discussion with female executives from other companies. Since the company launched the program, many of the participants have been promoted, and almost half of the top managers are women. Even women who haven't made it into management report feeling more satisfied and engaged with their jobs.[53]

Succession Planning

Organizations have always had to prepare for the retirement of their leaders, but the need is more intense than ever. The aging of the workforce means that a greater share of employees are reaching retirement age. Many organizations are fueling the trend by downsizing through early-retirement programs. As positions at the top of organizations become vacant, many organizations have determined that their middle managers are fewer and often unprepared for top-level responsibility. This situation has raised awareness of the need for **succession planning**—the process of identifying and tracking high-potential employees who will be able to fill top management positions when they become vacant.

Indra Nooyi became the first woman CEO of PepsiCo in 2006. Her success at the company gives her the distinction of being one of the women to break through the glass ceiling.

LO8 Discuss how organizations are meeting the challenges of the "glass ceiling," succession planning, and dysfunctional managers.

Glass Ceiling
Circumstances resembling an invisible barrier that keep most women and minorities from attaining the top jobs in organizations.

focus on *social responsibility*

Succession Planning
The process of identifying and tracking high-potential employees who will be able to fill top management positions when they become vacant.

HR Oops!

Succession Planning for Top Execs

By any definition, the role of chief executive officer is crucial. The person in this top position is expected to set the tone and direction for the whole organization. If something happens that causes a company to lose its CEO, no one is in charge unless there's a plan for someone to take over immediately. So every company has a succession plan for at least the CEO, right?

Surprisingly, the answer is no. Beverly Behan, who consults with boards of directors on this issue, says often they have just a vague idea about a replacement: a list of some high-potential managers and a list of who is supposed to phone whom in the event of an emergency. A phone tree is a handy tool, but it's no substitute for a leader.

This embarrassing situation came to light recently at Bank of America. In the wake of the financial crisis, rumors swirled that CEO Ken Lewis would be pressured to leave the bank. The board even removed him from the post of chairman, suggesting some lack of confidence. Still, when Lewis announced his retirement, weeks passed without the board naming a replacement. Evidently, if the board had discussed a succession plan, it hadn't reached a final decision on who would get the job.

Being caught without a succession plan when the company needs one is, at best, a real embarrassment. Perhaps it feels too frightening or awkward to contemplate something bad taking away the leader. But as the Bank of America example reminds us, leadership changes.

Questions

1. The evidence presented here implies that Bank of America's board of directors lacked a succession plan for CEO even when the directors had concerns about the current CEO. Why might it be difficult to engage in succession planning during a crisis? Why might it be necessary?
2. Imagine that you are an HR executive. How would you make the case to your company's board of directors to create a specific succession plan for the company's top executives? If they are uncomfortable with the conversation, how would you overcome objections to the topic?

Succession planning offers several benefits.[54] It forces senior management to regularly and thoughtfully review the company's leadership talent. It ensures that top-level management talent is available. It provides a set of development experiences that managers must complete to be considered for top management positions, so the organization does not promote managers before they are ready. Succession planning systems also help attract and retain ambitious managerial employees by providing development opportunities. Although succession planning is important, the "HR Oops!" box suggests that not all companies take it seriously.

Succession planning focuses on *high-potential employees,* that is, employees the organization believes can succeed in higher-level business positions such as general manager of a business unit, director of a function (such as marketing or finance), or chief executive officer.[55] A typical approach to development of high-potential employees is to have them complete an individual development program including education, executive mentoring and coaching, and rotation through job assignments. Job assignments are based on the successful career paths of the managers whom the high-potential employees are preparing to replace. High-potential employees may also receive special assignments, such as making presentations and serving on committees and task forces.

Research shows that an effective program for developing high-potential employees has three stages:[56]

1. *Selection of high-potential employees*—Organizations may select outstanding performers and employees who have completed elite academic programs, such as earning a master's degree in business administration from a prestigious university. They may also use the results of psychological tests such as assessment centers.
2. *Developmental experiences*—As employees participate in developmental experiences, the organization identifies those who succeed in the experiences. The organization looks for employees who continue to show qualities associated with success in top jobs, such as communication skills, leadership talent, and willingness to make sacrifices for the organization. In today's high-performance business environment, these assessments should measure whether participants in the program are demonstrating an ability to lead and delivering results that contribute to the company's success. Employees who display these qualities continue to be considered high-potential employees.
3. *Active involvement with the CEO*—High-potential employees seen by top management as fitting into the organization's culture and having personality characteristics necessary for representing the company become actively involved with the chief executive officer. The CEO exposes these employees to the organization's key people and gives them a greater understanding of the organization's culture. The development of high-potential employees is a slow process. Reaching stage 3 may take 15 to 20 years.

Figure 9.6 breaks this process into seven steps. It begins with identifying the positions to be planned for and the employees to be included in the plan. Planning should also include establishing position requirements and deciding how to measure employees' potential for being able to fill those requirements. The organization also needs to develop a process for reviewing the existing talent. The next step is to link succession planning with other human resource systems. Finally, the organization needs a way to provide employees with feedback about career paths available to them and how well they are progressing toward their goals.

A good example of succession planning is the effort at First State Bank & Trust, based in Fremont, Nebraska. When Ronald Kranz was president and Charles Johannsen was executive vice president, the two men took personality tests to identify their leadership strengths. Seeing similar leadership traits in the two, the bank's board of directors confirmed Johannsen

Figure 9.6

Process for Developing a Succession Plan
SOURCE: Based on B. Dowell, "Succession Planning," in *Implementing Organizational Interventions*, ed. J. Hedge and E. Pulaskos (San Francisco: Jossey-Bass, 2002), pp. 78–109.

as Kranz's eventual successor, and Johannsen embarked on development activities in the areas he wanted to strengthen for his future role. Later, Kranz began working part-time so that Johannsen could begin practicing the responsibilities of the president's job. Now with Johannsen in the president's position and Kranz continuing as board chairman, they are engaged in planning for Johannsen's successor. In addition, First State evaluates its junior and middle managers to see that they are well trained and have opportunities to work with senior managers and prepare for greater responsibility.[57]

Dysfunctional Managers

A manager who is otherwise competent may engage in some behaviors that make him or her ineffective or even "toxic"—someone who stifles good ideas and drives away employees. These dysfunctional behaviors include insensitivity to others, inability to be a team player, arrogance, poor conflict-management skills, inability to meet business objectives, and inability to adapt to change.[58] For example, a manager who has strong technical knowledge but is abrasive and discourages employees from contributing their ideas is likely to have difficulty motivating employees and may alienate people inside and outside the organization.

When a manager is an otherwise valuable employee and is willing to improve, the organization may try to help him or her change the dysfunctional behavior. The usual ways to provide this type of development include assessment, training, and counseling. Development programs for managers with dysfunctional behavior may also include specialized programs such as one called Individual Coaching for Effectiveness (ICE). The ICE program includes diagnosis, coaching, and support activities tailored to each manager's needs.[59] Psychologists conduct the diagnosis, coach and counsel the manager, and develop action plans for implementing new skills on the job. Research suggests that managers who participate in programs like ICE improve their skills and are less likely to be terminated.[60] One possible conclusion is that organizations can benefit from offering development opportunities to valuable employees with performance problems, not just to star performers.

thinking ethically

DEVELOPING ETHICAL EMPLOYEES

Ethical leadership is critical for employees in many settings. For example, in an industrial environment, ethical leadership of safety programs puts employees' well-being ahead of short-term cost savings. And in the accounting profession, high ethical standards are essential for preserving the firm's reputation. Therefore, organizations have an interest in developing ethical leaders, who in turn foster ethical behavior among all employees.

Jim Spigener, a safety consultant, recalls working with a chief executive whose son had recently become a civil engineer for a construction company. Spigener asked his client whether he hoped that the construction company's CEO placed the same value on his employees' safety that the client placed on his own employees' safety. The startled client replied that he hoped his son's CEO had higher standards. In this way, Spigener was coaching his CEO client to think about safety in a new, personal way—hoping that the client, in his role as a leader, would begin to express this new understanding to others at the company.

Many accounting firms use mentoring relationships to foster commitment to integrity and ethical decision making. Ernst & Young, for example, matches newly hired staff members with mentors and has set up a system where the staff can post comments about the mentoring and coaching behaviors they observe. One of the most important ways mentors can develop ethical behavior is by modeling that behavior themselves.

Mentors also try to help employees sort out the nuances of how to behave ethically amidst the real-world challenges of time pressures and office politics.

Questions

1. Compare the example of the safety consultant coaching a CEO with the example of Ernst & Young mentoring accountants. How are these development approaches similar and different?
2. Besides coaches or mentors, what other resources could an organization provide to develop ethical employees? Which of these do you think would be most effective, and why?
3. Can an organization "develop" ethical employees, or is it just a matter of hiring people who are already ethical? How much effort should an organization put into developing strengths in the area of ethics?

SUMMARY

LO1 Discuss how development is related to training and careers.

Employee development is the combination of formal education, job experiences, relationships, and assessment of personality and abilities to help employees prepare for the future of their careers. Training is more focused on improving performance in the current job, but training programs may support employee development. In modern organizations, the concept of a career is fluid—a protean career that changes along with changes in a person's interests, abilities, and values and changes in the work environment. To plan and prepare for a protean career requires active career management, which includes planning for employee development.

LO2 Identify the methods organizations use for employee development.

Organizations may use formal educational programs at the workplace or off-site, such as workshops, university courses and degree programs, company-sponsored training, or programs offered by independent institutions. Organizations may use the assessment process to help employees identify strengths and areas requiring further development. Assessment can help the organization identify employees with managerial potential or identify areas in which teams need to develop. Job experiences help employees develop by stretching their skills as they meet new challenges. Interpersonal relationships with a more experienced member of the organization—often in the role of mentor or coach—can help employees develop their understanding of the organization and its customers.

LO3 Describe how organizations use assessment of personality type, work behaviors, and job performance to plan employee development.

Organizations collect information and provide feedback to employees about their behavior, communication style, and skills. The information may come from the employees, their peers, managers, and customers. Many organizations use performance appraisals as a source of assessment information. Appraisals may take the form of 360-degree feedback. Some organizations use psychological tests designed for this purpose, including the Myers-Briggs Type Indicator and the Benchmarks assessment. Assessment centers combine a variety of methods to provide assessment information. Managers must share the assessments, along with suggestions for improvement.

LO4 Explain how job experiences can be used for developing skills.

Job experiences contribute to development through a combination of relationships, problems, demands, tasks, and other features of an employee's jobs. The assumption is that development is most likely to occur when the employee's skills and experiences do not entirely match the skills required for the employee's current job, so employees must stretch to meet the demands of the new assignment. The impact varies according to whether the employee views the experience as a positive or negative source of stress. Job experiences that support employee development may include job enlargement, job rotations, transfers, promotions, downward moves, and temporary assignments with other organizations.

LO5 Summarize principles of successful mentoring programs.

A mentor is an experienced, productive senior employee who helps develop a less-experienced employee. Although most mentoring relationships develop informally, organizations can link mentoring to development goals by establishing a formal mentoring program. A formal program also provides a basis for ensuring that all eligible employees are included. Mentoring programs tend to be most successful when they are voluntary and participants understand the details of the program. The organization should reward managers for employee development, carefully select mentors based on interpersonal and technical skills, train them for the role, and evaluate whether the program has met its objectives.

LO6 Tell how managers and peers develop employees through coaching.

A coach is a peer or manager who works with an employee to motivate the employee, help him or her develop skills, and provide reinforcement and feedback. Coaches should be prepared to take on one or more of three roles: working one-on-one with an employee, helping employees learn for themselves, and providing resources, such as mentors, courses, or job experiences.

LO7 Identify the steps in the process of career management.

First, during data gathering employees use information to determine their career interests, values, aptitudes, and behavioral tendencies, looking for opportunities and areas needing improvement. Data gathering tools often include psychological tests or exercises that ask about career status and plans. The second step is feedback, during which the organization communicates information about the employee's skills and knowledge and how these fit into the organization's plan. The employee then sets goals and discusses them with his or her manager, who ensures that the goals are specific, challenging, and attainable. Finally, the employee works with his or her manager to create an action plan and follow-up for development activities that will help the employee achieve the goals.

LO8 Discuss how organizations are meeting the challenges of the "glass ceiling," succession planning, and dysfunctional managers.

The glass ceiling is a barrier that has been observed preventing women and minorities from achieving top jobs in an organization. Development programs can ensure that these employees receive access to development resources such as coaches, mentors, and developmental job assignments. Succession planning ensures that the organization prepares qualified employees to fill management jobs as managers retire. It focuses on applying employee development to high-potential employees. Effective succession planning includes methods for selecting these employees, providing them with developmental experiences, and getting the CEO actively involved with employees who display qualities associated with success as they participate in the developmental activities. For dysfunctional managers who have the potential to contribute to the organization, the organization may offer development targeted at correcting the areas of dysfunction. Typically, the process includes collecting information about the manager's personality, skills, and interests; providing feedback, training, and counseling; and ensuring that the manager can apply new, functional behaviors on the job.

KEY TERMS

assessment, p. 261
assessment center, p. 264
Benchmarks, p. 265
coach, p. 273
downward move, p. 270
employee development, p. 258
externship, p. 271

feedback, p. 276
glass ceiling, p. 279
job experiences, p. 267
leaderless group discussion, p. 264
mentor, p. 272
Myers-Briggs Type Indicator
    (MBTI), p. 262

promotion, p. 271
protean career, p. 260
sabbatical, p. 271
self-assessment, p. 275
succession planning, p. 279
transfer, p. 270

REVIEW AND DISCUSSION QUESTIONS

1. How does development differ from training? How does development support career management in modern organizations?

2. What are the four broad categories of development methods? Why might it be beneficial to combine all of these methods into a formal development program?

3. Recommend a development method for each of the following situations, and explain why you chose that method.
   a. An employee recently promoted to the job of plant supervisor is having difficulty motivating employees to meet quality standards.
   b. A sales manager annoys salespeople by dictating every detail of their work.
   c. An employee has excellent leadership skills but lacks knowledge of the financial side of business.
   d. An organization is planning to organize its production workers into teams for the first time.

4. A company that markets sophisticated business management software systems uses sales teams to help customers define needs and to create systems that meet those needs. The teams include programmers, salespeople who specialize in client industries, and software designers. Occasionally sales are lost as a result of conflict or communication problems among team members. The company wants to improve the effectiveness of these teams, and it wants to begin with assessment. How can the teams use 360-degree feedback and psychological tests to develop?

5. In an organization that wants to use work experiences as a method of employee development, what basic options are available? Which of these options would be most attractive to you as an employee? Why?

6. Many employees are unwilling to relocate because they like their current community and family members prefer not to move. Yet preparation for management requires that employees develop new skills, strengthen areas of weakness, and be exposed to new aspects of the organization's business. How can an organization change an employee's current job to develop management skills?

7. Many people feel that mentoring relationships should occur naturally, in situations where senior managers feel inclined to play that role. What are some advantages of setting up a formal mentoring program, rather than letting senior managers decide how and whom to help?

8. What are the three roles of a coach? How is a coach different from a mentor? What are some advantages of using someone outside the organization as a coach? Some disadvantages?

9. Why should organizations be interested in helping employees plan their careers? What benefits can companies gain? What are the risks?

10. What are the manager's roles in a career management system? Which role do you think is most difficult for the typical manager? Which is the easiest role? List reasons why managers might resist becoming involved in career management.

11. What is the glass ceiling? What are the possible consequences to an organization that has a glass ceiling? How can employee development break the glass ceiling? Can succession planning help? Explain.

12. Why might an organization benefit from giving employee development opportunities to a dysfunctional manager, rather than simply dismissing the manager? Do these reasons apply to nonmanagement employees as well?

BUSINESSWEEK CASE

BusinessWeek   How GE and Zappos Develop Great Leaders

At first glance, Zappos.com, the online retailer, appears to have little in common with General Electric, the multinational conglomerate. Hit hard by the recession, GE is in the throes of scaling down its financial services subsidiary, GE Capital, by an estimated 40 percent. Zappos, on the other hand, is tapping into changing consumer habits and ramping up for 30 percent growth over the next 12 months.

Yet surprisingly, these two organizations with their rapidly shifting environments face similar challenges in motivating and engaging their employees. For Zappos, it's about creating and maintaining passion in a call-center culture. For GE, it's about keeping people engaged in a changing climate.

Named among the 20 Best Companies for Leadership in a recent BusinessWeek.com/Hay Group survey, both GE and Zappos put a premium on selecting, developing, and retaining strong leaders at every level. What sets them and the other companies on the list apart, however,

is not just their emphasis on good leadership, but also how they approach it. They carefully tailor their developing leaders to fit their unique business strategies and organizational cultures.

In the survey, respondents were asked about their companies' current focus. Among all the respondents, 65.1 percent said "positioning for the future." Among the Best Companies for Leadership, the figure was 81.9 percent. Executives at the Best Companies for Leadership confirmed this in follow-up interviews. "Our culture is committed to leadership development," says Jayne Johnson, GE's director of leadership education. "Crotonville [the site of GE's corporate university] opened in 1956. Today more than ever, we need our leaders going to Crotonville. It's these very leaders who will make us successful today and in the future."

GE identifies talented leaders early on and places them in stretch assignments, often before they think they're ready, according to Johnson. "And we support them, with over $1 billion a year in structured training. But today, change is such a continual force that even we at GE are taking a fresh look at how to develop talent."

At Zappos, a challenge is developing leaders at a pace that will accommodate the company's growth. "We are projecting 30 percent growth in 2010," says Rebecca Ratner, the online retailer's director of human resources. "We will need more supervisors. How can we best integrate them into the company in terms of how they treat employees?" Noting that Zappos managers spend "10 percent to 20 percent of their time doing team building outside the office, our challenge is figuring out how to assimilate people into what we do."

For anyone coming in from the outside, she says, it's not a typical recruitment process, where they meet with three or four people before either being hired or rejected. "What we do instead is spend seven to 10 hours over four occasions at happy hours, team building events, or other things outside the office. We can see them and they can see us." The process seems to be good for retention. "In 2009, we will have a 20 percent turnover rate," says Ratner. That's impressive for call-center employees. What keeps people at Zappos? "We pay 100 percent of employee benefits," says Ratner. But there's something more, something Zappos calls its "wow factor."

Says Ratner: "We can't ask someone to wow a customer if they haven't been wowed by us." In fact, Zappos is so eager to wow employees and make sure who they hire is really committed that the company offers people $3,000 after they've been trained to walk away if they feel they and Zappos aren't a good fit. Ratner is quick to point out that almost no one takes the $3,000 walk-away money. But many trainees return for more Zappos training to become managers and supervisors. Ratner admits that one of her big concerns is how to keep the wow factor alive as the company adds more people and ramps up its leadership development.

SOURCE: Excerpted from Patricia O'Connell, "How Companies Develop Great Leaders," *BusinessWeek*, February 16, 2010, www.businessweek.com.

Questions

1. Which approaches to employee development are mentioned in this case for Zappos? Which are mentioned for General Electric?
2. These two companies are both well respected and successful but have very different cultures: Zappos is modern and fun, while GE is a huge, competitive, traditional company. How would you expect the cultural differences to affect the choice of developmental methods at the two companies?
3. For each of the companies, name one challenge the company is facing, recommend a form of employee development, and explain how it could help the company meet the challenge you identified.

Case: How Leaders Flourish at Gunderson Lutheran Health System

With nearly 7,000 employees working in its hospital, multispecialty medical practice, and more than three dozen clinics, the Gunderson Lutheran Health System has a tremendous amount of talent in an industry where talent can be a life-or-death situation. The challenge for the La Crosse, Wisconsin, organization is to develop that talent in a way that brings out the best in people in a complex environment. That challenge is especially intense considering that many types of health care professionals are already in short supply, and the demand is expected to increase assuming that the federal government's health care reform legislation gives more people access to services.

To meet the challenge, Gunderson for the past few years has been formally assessing its talent needs and planning for employee development. The effort began in 2001,

when the human resource department began researching best practices and trying out development practices on the organization's top leaders. Two years later, Gunderson launched a Talent Development Review Group, whose members included the chief medical officer, senior vice president of business services, chief learning officer, and an internal consultant for talent development. This group is responsible for developing a team of leaders, implementing development programs, and ensuring that high-potential employees are receiving developmental resources.

The effort begins with a definition of the qualities Gunderson requires of its leaders. Based on two years of research, the Review Group determined that the organization's leaders need to have specific skills in operations, finance, vision, strategic thinking, team building, staff development, change management, performance management, and leadership. These needs are arranged into tiers defining which skills are needed at which level of the organization. They also are incorporated into various HRM tools: details of job descriptions, questions in job interviews, measures in performance appraisals, and topics of developmental programs.

Beginning when Gunderson rolled out the development program in 2003, the organization began identifying high-potential employees to participate. Employees are selected as potential leaders in four areas: physician executives, physician administrators, administrative executives, and administrative leaders at the level of directors. Selection is based on assessments that determine whether candidates have the leadership competencies that were identified by the team. To participate in the development program, these candidates also must demonstrate that they are interested in career advancement and committed to the developmental process.

The selected participants then undergo an assessment, using several measures. A behavioral interview and an instrument called the Hogan Potential Report assess leadership potential, and 360-degree feedback looks for what the team calls "potential blind spots." Personality is assessed with the Myers-Briggs Type Indicator, and values are measured with the Hogan Values Report. Gunderson's chief learning officer and the talent development consultant were trained to interpret the data, and they provide a summary of the results to each employee. They work with the rest of the Review Group to develop ideas for closing gaps between the assessment results and the leadership requirements for each employee in the development program.

To create action plans, Gunderson offers a variety of development methods. These include stretch assignments, job rotations, coaching, mentoring, continuing education, committee appointments, and meetings with top executives to discuss strategic issues. Each plan specifies measures of success, and performance is tracked in terms of accomplishing those goals as well as through additional 360-degree reviews and assessments of leadership competencies.

In the years since Gunderson introduced this program, dozens of employees have begun this formal process of career development in all of the leadership areas. Some of them have already moved into director and senior leadership roles. An example is Deb Rislow, who entered the program as an information systems director. She was originally identified as an employee with strong analytical skills, a commitment to excellence, and skill at putting ideas into action. Her original goal was to get the organization's paperwork into an electronic system. Through challenging assignments and increased access to organizational leaders, Rislow advanced her goal while developing her leadership skills. She moved up through the organization to a position of chief information officer, overseeing 900 employees. The success story is not just about individual employees' successes, of course. Developing employees also strengthens the whole organization, which recently was named one of the top 100 hospitals in the nation based on criteria including patient outcomes, patient satisfaction, and profitability.

SOURCES: Nancy Noelke, "Leverage the Present to Build the Future," *HR Magazine,* March 2009, pp. 34–36; and "Meriter Is Named Top 100 Hospital in the Country," *Wisconsin State Journal,* March 30, 2010, Business & Company Resource Center, http://galenet.galegroup.com.

Questions

1. How well does Gunderson's development program follow the career management process described in Figure 9.3? Identify any elements of that system that are missing.
2. What measures would you recommend for determining the success of Gunderson's developmental effort? Discuss how well these are aligned with the organization's goals.
3. Of the developmental methods described in this chapter, which do you think would be most appropriate for developing leadership skills? Which of these does Gunderson use? Which should the organization add or drop from its program, and why?

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- Video case and quiz: "Patagonia"
- Self-Assessment: Employee Development
- Web exercise: Leadership programs at GE
- Small-business case: A Three-Month Break from Little Tokyo Service Center

Practice
- Chapter quiz

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