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Improving Business Performance through Effectively Managing Employees

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Improving Business Performance through Effectively Managing Employees

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Providence Campus

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Abstract

Businesses in today's highly competitive environment need to be aware of the best methods for motivating, training, developing, and promoting a diverse environment in an organization. These methods will be examined in order to gain an understanding of what works well and how the ideal organization implements the methods.

The more motivated an employee is, the better he or she will perform. Therefore, it is essential for management to continuously motivate its workforce. Training and development also play an important role in overall performance. The more an employee is trained, the better he or she can complete tasks. Development decreases costs by reducing the price associated with recruiting. Encouraging diversity to flourish within a company will increase employee morale, communication, and customer service.

By accomplishing all of these aspects of managing employees, overall organizational performance and efficiency will increase, maximizing a company's potential.

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Introduction

Effectively managing employees can substantially increase employee morale, employee satisfaction, and employee performance. When these factors are increased, overall business performance will increase significantly as well. There are many different views on the best methods of motivating, training, developing, and encouraging diversity. Because of this, managers must pick and choose the methods that fit best into their organization's culture. Every organization is different with its own strengths and weaknesses. This study will identify many of the best methods for motivating, training and promoting diversity. It will also illustrate what the ideal company does in order to maximize organizational performance. Employers are increasingly using downsizing in order to increase the bottom line. In reality, this is doing irreversible damage to an organization by eliminating large amounts of company knowledge. The importance of increasing performance through motivation, training, development, and promoting diversity cannot be stressed enough in a time of increased downsizing. The world of business is large in scope. For the purposes of this study only businesses with a minimum of five hundred employees will be examined. It is exceedingly important that managers spend money on training employees, regularly motivating employees in different ways, and allowing for diversity to flourish within the company. The results of such spending will improve an organization dramatically.

Chapter 1: Employee Motivation

It is argued that the most valuable resource of a business is its human resources. This is because the tools and machinery of a business can be purchased by any other business, but the knowledge each individual holds within cannot be easily duplicated. Many people would argue that upper management or the engineers who develop the products of a company are the most important parts of a business. However, without the employees at the lower levels of the organization, the business will fall flat. The lower-level employees are similar to the tires on an automobile. With the proper amount of air in the tires, the vehicle operates smoothly, but when the tires become deflated, the tires become flat and the vehicle does not drive correctly.

According to Sandy Smith, author of “Motivating Employees in Tough Times,” “In this age of pay cuts and ‘lean’ everything, employers need to remember that employees are their biggest contributing factor for success or failure in the drive to do more with less” (43). The employees of a business are the driving force behind many organizational initiatives. Lower-level employees come up with many of the new product innovations for a business, many of the improvements in manufacturing processes, and many of the product improvements. Prakash Rastogi, president of ORPIP GLOBAL, a management consultancy organization, comments, “While most organizations in their policy statements state that people are their most important resource...in real life only [a] few consider it necessary to think about ways to regularly develop and motivate the human capital [of a business]” (Rastogi 115).

Although it is apparent that employees are the most important part of a business, few organizations do anything to embrace their employees. Properly motivating employees and ensuring them room for development within the company is an effective method to express loyalty to employees in return for their best efforts. James R. Evans says, “Employee

engagement simply means workers have a strong emotional bond to their organization, are actively involved in and committed to their work, feel that their jobs are important, know that their opinions and ideas have value, and often go beyond their immediate job responsibilities for the good of the organization” (381). Employee engagement provides companies with a number of advantages when compared to traditional management practices. “It replaces the adversarial mentality with trust and cooperation, develops the skills and leadership capability of individuals, creating a sense of mission and fostering trust,” Evans believes (381). An employee who is in a constant power struggle with managers will not perform to the best of his or her ability. Employee engagement works to break down these barriers. Evan goes on to say, “[Engagement] increases employee morale and commitment to the organization, fosters creativity and innovation... and it helps people to understand quality principles and instills these principles into the corporate culture” (Evans 381). Once managers are able to break down the barriers associated with constant power struggles, higher employee morale and innovation follow.

Motivating employees involves far more than just giving them a bonus at the end of the year. Although financial compensation for above average performance is a good motivator in many cases, it will not be sufficient all of the time. To some people, money is not everything. Other great motivators can be intangible items such as a productive and challenging work environment, career growth and development, recognition, and positive relationship with the supervisor and other colleagues (Rastogi). These intangible benefits can also significantly contribute to more motivated employees. Greenberg says, “Scientists have defined motivation as the process of arousing, directing, and maintaining behavior toward a goal” (188). Motivation increases business performance by directing an employee’s energy towards a specific goal. When employee motivation levels are improved throughout the entire organization, efficiency has the potential to increase exponentially: “Many companies provide many opportunities to

enhance the quality of working life. They provide personal and career counseling, recreational or cultural activities, daycare, flexible work hours, and extended health care for retirees” (Evans 400-401). The more an employee is motivated to perform his or her job to the best of his or her ability, the better productivity will be. The better productivity is, the better the business will do in terms of revenues and profits. Nohria, Groysberg, and Lee say, “It’s hard to argue with the accepted wisdom—backed by empirical evidence—that a motivated workforce means better corporate performance” (1). Many managers believe that an employee only needs to be motivated once and then can sit back and reap the rewards that will come. Motivating an employee is a continuous process that must take place every single day or the employee will become unmotivated quickly.

Employees who are performing above the minimum required of them must be recognized for their achievements. Recognition can be expressed to an employee in a number of ways. One way is to celebrate the success of that employee. Rastogi says, “Every organization should know the power of celebration for continuous and increasing success and should use every opportunity to publicly celebrate success...” (117). A person needs to feel his or her efforts and opinions are contributing positively to the company he or she is working for. Sandy Smith, writer for *EHS Today*, says, “All employees take pleasure in knowing they are important parts of the groups they value” (44). A person wants to be a part of something bigger. That is why there are numerous societies, groups and committees for people to be a part of. Being an employee of an organization is no different. An employee must know his or her opinions is valued by the organization.

Valuing employees also involves treating them as capable adults and not as an expendable resource. The article, “The Essence of Good Management” says, “Take the time to get to know each employee’s personality, needs, and goals, and learn something about the

employee's personal life. When managers get to know employees as individuals, they will be able to cultivate optimal performance from each person because managers know the individuals well enough to bring out each employee's unique abilities." Peters and Waterman, authors of In Search of Excellence: Lessons from America's Best-Run Companies, say, "Treat people as adults. Treat them as partners; treat them with dignity; treat them with respect. Treat *them*—not capital spending and automation—as the primary source of productivity gains." A company must realize the potential employees hold within themselves for an organization. When employees are not being treated with dignity and respect, performance will undoubtedly suffer. In their book Peters and Waterman closely examine many successful companies and many unsuccessful companies in an effort to identify the factors that contributed to the company's success or eventual failure. The businesses that were identified as being successful had respect for the individual (238). Employees should not be looked at as another resource the company has at its disposal. They should be viewed as humans with their own thoughts and feelings. Understanding this can be the difference between motivated employees and employees who leave the organization. Peters and Waterman explain in detail how successful companies view their employees:

Only when we look at the excellent companies do we see the contrast. The orientation toward people in these companies (the successful ones) often started decades ago—full employment policies in times of recession, extraordinary amounts of training when no training was the norm, everybody on a first-name basis in times much more formal than ours, and so on. Caring runs in the veins of the managers of these institutions. People are why those managers are there, and they know it and live it. (249)

The successful companies Peters and Waterman examined were treating employees with extraordinary respect, and in return their business performance was superior to the unsuccessful companies. When an organization fails to treat employees the way they should be treated – as the most important asset – motivation levels drop and the bottom line will be negatively affected.

Another method of recognizing employee efforts is through a compensation model. An effective compensation model gives employees something to strive for. It is known that rewards will follow work completed above and beyond what is expected. Dave Lee, vice president of marketing for Infusionsoft, implemented a compensation model that uses variable pay for salespeople and customer service representatives (“Motivating Employees Beyond” 24). Lee adds, “Based on the percentage of achieving their goals, they receive a chunk of the variable pay. If they don’t nail it, you don’t have to pay them, but if they do nail [their goals,] you should gladly pay them handsomely” (“Motivating Employees Beyond” 24). An important part of a compensation model is ensuring that employees are not discouraged by failures. There is a fine line between motivating employees through a compensation model and discouraging them through one. That line must be finely drawn by upper management to ensure the goals being set are attainable, but not by completing mediocre work. An efficient compensation model ensures the individuals who put in the extra effort, and succeed, are rewarded. The individuals who try, but do not succeed, are, at least, given recognition for trying. Finally, the individuals who do not put in any extra effort are motivated to try harder in the future. Rastogi says, “Establishing an effective, transparent rewards system is critical for employee motivation. The primary focus of a rewards system should be fairness” (117). Fairness, in regards to the reward system, refers to how the differences between peoples’ rewards should be clear and understandable, not necessarily the same rewards for everyone (Rastogi 117). If the employees do not regard the rewards system as being fair, the system will move from the development of creative chaos to

destructive chaos within the organization. It is not only important to set up a rewards system for an employee who reaches his or her goals, but it is equally important to ensure he or she is given the necessary tools, resources, support, and training needed to be successful in performing tasks. If an employee is given goals that are impossible to reach, he or she will feel discouraged, and discouragement negatively affects productivity. Part of ensuring goals are obtainable is creating an organized work environment. Rastogi states, "Organizations successful in motivating employees recognize that work design has a strong impact on job performance" (Rastogi 116). For an employee to find a job satisfying, it must be designed in a way that fits the employee's skills and interests (Rastogi 116). If an employee is not satisfied with his or her job, there will be no motivation for the employee, and more importantly, no push for him or her to go above and beyond expectations. Ensuring a job is satisfying to an employee is part of the work designing process.

An important task for the management staff in motivating employees is to provide each employee with appropriate feedback. Feedback needs to be given to employees on a regular basis to help guide them towards being a productive part of the company. For example, feedback should be given to employees to help them understand their job responsibilities. It should also be given when they do something that is beneficial to the company, when they do something that goes against company policy, and when they provide input on how to potentially improve the business in any way; "whether it comes from written evaluations, informal or formal discussions, or occasional memos, managers should give feedback on a regular basis" ("Essence of Good Management" 6). This helps the employee to understand how he or she is doing in the company. The effect feedback, or a lack of feedback, has on an employee is less guidance on behaviors exhibited through the workday. An employee will feel better when given positive feedback, because he or she will know if what he or she is doing is helping the company in some way. The

employee will also know if he or she is performing to the company's standards for employee performance. If an employee is not conforming to what the company expects, but no one gives the employee feedback, that employee will not have the chance to correct behavior. If an employee is provided feedback on what he or she is doing incorrectly, or on what could be done better, the employee will have a chance to improve performance in the company. This is beneficial for the employee and the company, because it allows for the employee to correct what he or she is doing wrong. Evans believes "...People will be more motivated to work and more satisfied with their jobs to the extent that their jobs possess certain core characteristics: skill variety, task identity (doing a meaningful unit of work), task significance, autonomy, and feedback. If jobs do not have such characteristics...most employees are likely to be unmotivated and dissatisfied" (402). Feedback is an important part of motivating employees.

The benefits that come with highly motivated employees reinforce the necessity of continuously motivating employees. Sandy Smith, author of "Motivating Employees in Tough Times," says, "Smart executives know that, rather than any new technology or product offering it is the ability and attitudes of their people that's more likely to set a firm apart from its rivals. People spur innovation, cultivate customer loyalty, drive productivity, and ignite economic growth" (43). A motivated work force is more important than in previous decades because of our current economy. Because of this, managers must spend the money associated with a more motivated work force in order to ensure the employees at the company do not leave in search of a better paying job. It is more expensive to look for, hire, train, and develop new employees than to further develop the employees a business already has. Recognition can play an important part in motivating employees. According to Smith, "Recognition can be an important catalyst in sparking innovations" (44). She speaks of a study done by a marketing company on the factors that motivated employees to submit business improvements to the company they worked for; the

number one reason was “the pride of seeing my idea implemented” (Smith 44). Most people want to be recognized for the work done for the company. They strive for that pat on the back or that “Great job!” from their manager in front of their coworkers. The best part of using recognition as a motivator is its price tag. In tough economic times like these, free is a great price to pay. Giving an employee deserved recognition is a great way to keep him or her coming to management with new ideas that may just be the next breakthrough product for the company. Smith says, “In the 2008 Employee Involvement Association Suggestion System Survey, the 33 participating companies reported a total savings of over \$564 million, with an average savings of nearly \$9,000 per implemented suggestion” (44). An employee generally wants to help out the company he or she works for any way he or she can. As stakeholders of the organization, improving the business benefits the business and all of the stakeholders.

Going to management with new ideas and suggestions is a great way to improve a company. For some employees, their bonus at the end of the year depends on how well their company does. But, if an employee is not motivated properly, he or she will not go forward to upper management to share ideas. In order for a company to increase market share and revenues, it must continually innovate, or it will become stagnant, much like a body of water. If it is not moving, it will eventually evaporate into the air. If an employee is holding in potentially great ideas, because he or she does not feel his or her ideas will be heard, recognized, and rewarded, the company will lose profits on missed opportunities. Not only does a motivated workforce lead to greater profits, it will help with employee retention as well.

High employee retention is a contributing factor to reducing expenses in a company. Companies better at retaining current employees are able to significantly reduce recruiting, training, interviewing, and development costs. Also, an employee who leaves an organization will take tacit knowledge with him or her; “tacit knowledge is defined as personal knowledge

based on individual experience that is difficult to explain to others” (Noe 49). For example, tacit knowledge would include the best method to complete a certain task. Although anyone may be able to complete the same task, only one employee may know the most efficient method for completing that task. When that employee leaves the company, his or her tacit knowledge leaves the company as well, and he or she may go to a competitor.

Chapter 2: How the Ideal Company Motivates Employees

The ideal company motivates employees in a number of different ways. One method of acknowledgement is through a compensation model. A compensation model rewards an employee with tangible or intangible benefits. Some common examples of compensation rewards are bonuses, paid days off, and stock options. The ideal organization offers many different rewards to satisfy the entire work force. Compensation is awarded for extra effort and quality put into completed work or continually handing in work before the due date, to name a few possible scenarios. Goals are set in advance to determine if compensation will be awarded to the employee.

Another method utilized by the ideal company is formal recognition of excellent work completed by an individual employee or teams. The ideal company implements a compensation model that rewards excellent performance, acknowledges average performance, and works to reduce poor performance. A good compensation model must not punish an employee who tries to go above and beyond what is required of him or her but fails to succeed in doing so. Also, efforts must be recognized in order to ensure the employee tries again in the future. If employees efforts are not recognized, they may feel discouraged from trying in the future. One possible ideal compensation model splits the employees into four different groups at the end of the year.

Employees who perform exceedingly well are put into the top-performing group. This group is made up of employees who went far above what was expected of them and succeeded in doing so. Because of the large profit increase or reduction in costs as the result of efforts, management should be eager to reward them generously. These employees may have taken a great risk in order to succeed. If this group of employees had been afraid to take the necessary risk in order to obtain the results they did, they may not have taken the risk in the first place. If it

were not for this risk, the organization would never have benefited from the result. This illustrates the importance of not punishing risk-taking in an organization. Lines must be drawn ahead of time in order to decide what is appropriate risk-taking and what is not acceptable. The employees willing to take these risks in order to create profit for the organization must be supported every step of the way. This support system will push them along until they either succeed or fail and move onto another task. Each employee in this group meets personally with a member of middle management. During this meeting, the middle manager reviews the employee's performance. Not only will feedback be provided on the positive but also on what could be improved. The employee must realize there is always room for improvement and to stop improving would only hold the employee back.

The next group is made up of above average employees. These employees consistently perform work that is slightly above what is asked of them. They are working harder than some employees and should be rewarded for doing so. They will receive a slightly smaller bonus than employees placed in the top performers group. The people placed into this group will also meet with middle management to go over what they are doing right and what they could improve on. The only difference with this meeting and the top performers meeting is more emphasis will be placed on ways the employee can improve in order to be placed in the top performers group.

The third group is comprised of employees who are average performers. They complete the work they are asked to complete and do not go above and beyond what is asked of them. As with the previous groups, it is important to recognize the work they have done, but they will not receive a bonus at the end of the year. These employees are not putting in any extra effort during their workday and will not be rewarded like the members in the previous two groups. The members of this group will also have a personal meeting with middle management. The meeting

will also provide feedback on the positive things the employee is doing, and emphasize what the employee could do better.

The last group is made up of the employees who perform below average. These employees failed to complete the tasks they were required to do. Although they could be fired, there are other ways of going about correcting this issue. Members of this group will meet with upper management instead of middle management. The first task is to determine why these employees performed so poorly. Was it a lack of motivation, fear, lack of support, atmosphere, difficulty of the tasks, or something else that prevented this employee from completing assigned work? The problem must be identified and corrected to ensure success with the company in the future. In order to contribute to the employee's success in the future, he or she will be required to select a training seminar from a list. There will be a few to choose from, and each one will improve skills or knowledge in some beneficial way. By being allowed to choose from a list of possible training seminars, employees will be more likely to accept and benefit from the training.

Creating this environment will improve overall performance through a system that rewards high performers, acknowledges average performers, and works to improve average and poor performers. Employees will continuously work hard to stay out of the below average group, while working extra hard to move into or stay in better groups with a bonus as an incentive.

This compensation model must also look at the performance of teams. It is known that teamwork is more productive than individual work. Teamwork is beneficial because it offers a mixture of employees' backgrounds, experiences, skills, and education to collectively solve a problem. This unique mixture allows for a more productive flow of knowledge and ideas the team can use as a whole instead of one employee being limited to his or her own skills and knowledge to solve the same problem. Because of the distinct advantage of teamwork within an organization, members who participate in a team and adequately solve the problem at hand must

be properly supported and compensated for excellent work completed as a team. Without this positive feedback, employees who participated on a team assignment will not feel their input is valuable to the organization. Teams that perform excellent work and add value to the company must be compensated to motivate employees to work on teams to solve company-related issues.

As with any system, there are potential problems that will need to be corrected as they surface. A potential problem is an employee feeling he or she was wrongly put into a group. If an employee feels as if he or she was placed into the wrong group, feelings of resentment towards managers and colleagues may follow. He or she may lose the motivational drive to be placed in a higher group in the future because he or she feels the system is unfair in the first place. Therefore steps must be taken to ensure this situation does not occur. A meeting will be held to go over what the employee did right and what he or she needs to work on in the future. Clear guidelines on how each of the groups is determined must be posted where every employee can see them. This system's purpose is to improve employee performance, not destroy it through a complex and confusing system.

Having a compensation model that is going to push the workforce to its full potential is going to increase productivity. Although there will be initial costs to get a program like this developed and implemented and costs to reward employees, the increased productivity will result in increased profits that, over time, will far exceed the costs to start and maintain the program. The organization will also enjoy a much more motivated workforce.

An employee recognition technique the ideal company uses as a simple and inexpensive way to motivate an employee is an "Employee of the Month" award every month. The winner of the award is given the parking spot closest to the door that is not a handicapped spot. The only costs associated with recognizing someone for performance over the past month is paying someone for the time spent deciding who the top-performing employee is every month. The costs

are relatively small compared to the positive effects the award will have. Many will feel inspired by the previous employee who received the award to perform better in order to try to receive the award for the next month.

The biggest way formal recognition is given to the employees who deserve it is through banquets and award ceremonies. In the ideal company, banquets are held once a year to formally recognize employees and teams who have completed exemplary work that has added a large amount of value to the organization. For example, an employee's work could have cut costs by hundreds of thousands of dollars or increased profits dramatically through the introduction of an innovative new product or method of production. At the banquet, an awards ceremony will be held for the employees being acknowledged with compensation bonuses and benefits to reward employees for their exceptional performance and achievement. This formal recognition will not only empower an employee and push him or her to continue his or her efforts, but it will also motivate other employees to push themselves in order to receive the same formal recognition.

Informal recognition is just as important as formal recognition because it offers the same benefits and generally costs less. One way the ideal company motivates its workforce is by simply acknowledging the work employees are completing. Employees need to know the work they are doing is being used by the organization in some beneficial way. Knowing this causes an employee to feel as if he or she is truly adding value to the organization. This, in turn, will help increase his or her self-esteem. An employee with high self-esteem will improve the morale in the workplace as well. An employee's work can be acknowledged in a number of different ways.

The most common method of informal recognition is simple compliments from an employee's manager. This simple and free but thoughtful gesture towards a deserving employee will go a long way in motivating him or her. Employees receiving this simple compliment will gain a great sense of pride. This, in turn, will push the employee to continue his or her efforts in

the future while laying the groundwork for a higher quality finished product. An additional free method the ideal employer uses is simply asking for an employee's opinion. By being asked for an opinion, the employee will feel his or her voice matters to management and he or she is an important asset to the organization.

Similar to asking opinions of employees, engaging employees in the entire decision-making process can have a profound effect on the employee's morale and increased adherence to the rules they were involved in making. The ideal company ensures many employees from all levels of the organization are involved in the decision-making process. This will allow all the departments to be represented at the meeting to ensure that important views are not overlooked because the department affected was not present during the meeting. This will save the company money in the long run because the topic being discussed will not have to be discussed again in the future. For example, imagine a defect in a product is found. Any department dealing directly or indirectly with the product in question will be present at the meeting to resolve the defect. Departments included would be marketing, sales, packing, manufacturing, and distribution. It is important that each of the departments have line workers present and not just management. This ensures a large number of perspectives are present at the meeting and not just management's perspective, which may represent a limited part of the whole problem.

Not only does the ideal company involve its employees in the decision-making process, but in the goal-setting process, too. Many organizations use performance goals to improve performance in the workplace, but sometimes the goals are either too easy or too difficult. Easy performance goals do not push employee's abilities and do not lead to improved performance and efficiency in the organization. Difficult goals only discourage employees, causing them to lose all motivation. An employee who is chasing an impossible goal will eventually begin to feel as if it is not worth trying. The ideal company is able to avoid these two possibilities by staying

in the middle of not making goals too easy or too hard. Not only does the ideal company set goals that are attainable, it allows for employees to have the chance to give their input. Allowing an employee to be involved in the goal-setting process will also empower him or her to work harder at completing the goals. This is because he or she sees the goal as being fair since he or she was given the opportunity to give feedback towards setting the goal. The employees, more than anyone, know when the goals are too easy and too difficult. Greater compensation for more difficult goals will push employees to set goals that are difficult but not impossible to reach. Also, more challenging goals encourage employees to work together in order to achieve the goal. An employee who is working together with other team members will increase his or her experience in working in a team environment. Teamwork can also increase the sense of camaraderie among employees within the organization.

The motivation of employees is not just about giving them bonuses and ensuring they know they are an important part of the organization. Employee motivation stems from the working environment as well. A positive work environment will increase motivation by improving the morale of the employees. After all, happy employees are more efficient, complete higher quality work, and will go out of their way to make customers happy. Low morale results in employees saying things to customers when a customer asks for help such as, "It's not my job," or "Go ask someone else." An employee who speaks like this to a customer is going to ruin the customer's perception of the organization, and the customer is going to tell his or her friends about the poor customer service he or she received.

One way the ideal company improves the environment and morale of the organization is by endorsing a diverse workforce. The ideal company understands the importance of diversity in the organization and how it relates to employee motivation. A diverse workforce increases morale by creating opportunities for people to learn about different cultures and traditions.

Learning new things about colleagues increases morale by bringing employees closer together, by increasing communication, and by creating friendships within the organization. This increase in morale brightens people's moods and increases employee motivation, allowing them to work more effectively as individuals and in team settings.

The ideal company improves employee motivation levels by empowering them. James R. Evans states, "Empowerment is a natural extension of employee involvement concepts... It represents a high degree of involvement in which employees make decisions themselves and are responsible for their outcomes" (384). Trusting employees is a great way to motivate them. Trust motivates employees in a number of ways. It creates a special bond between the individual and the person who trusts the individual. Evans says, "It should go without saying that empowerment must be done sincerely. It cannot be done superficially. One executive observed that in many large companies, empowerment is 90 percent psychological and only fractionally real" (Evans 386). An employee should not be trusted right from the start. He or she must earn the trust first by proving he or she can be trusted. Once the trust is built, it will benefit both members of the relationship tremendously. The employee must be fully trusted because if he or she is only partially trusted empowerment will not follow.

Another way the ideal company empowers an employee is by allowing him or her to make his or her own decisions. Enabling an employee to make decisions allows for customer complaints and other problems that may arise to be corrected much faster than if the employee has to get upper management's approval before corrective action can be taken. Peters and Waterman quote a friend who runs several plants for General Motors, who says, "Ever go to parks? Most are peppered with signs that say, 'Stay off the grass,' 'No parking here,' 'No this,' 'No that.' A few say, 'Campers welcome,' or, 'Picnic table for your convenience.' One tells you that you *shouldn't*. The other says that you *should*, urges you to join in, take advantage of the

facilities” (Peters and Waterman 236). Trust fosters a business climate where employees are not suppressed by the fear of failure, but are lifted up and empowered to do what they feel is right and best for customers.

Trusting an employee instead of slowing him or her down goes a long way in motivating him or her to perform to the best of his or her ability. When a staff member is able to make decisions on the spot, customer complaints can be resolved quickly and efficiently. If a customer’s complaint is not resolved quickly, he or she may not return in the future. Not only will the customer not return, he or she will tell friends about the terrible customer service he or she received. Empowerment improves motivation, trust, and potentially customer service if employees are given authority in on-the-spot decision making. The ideal company empowers its employees in order to increase motivation levels of the workforce.

Not all employees are motivated the same way. Some employees see financial incentives as a great motivator, while others see empowerment and trust as excellent motivators. Ronald Bachman, an associate professor at Johnson & Wales University, said, “The determinants of success are different for every person. You can’t motivate employees in one way. Some employees are motivated by different things such as empowerment, money, intrinsic motivators, and extrinsic motivators.” Giving every deserving employee a cash bonus would not be an adequate motivator for everyone. The ideal company realizes options must be available to the employees in order to motivate each and every person’s individual needs. For example, employees can choose to have paid days off instead of a lump sum cash bonus. The employee will be given a set number of days off and can choose when to use them. The employee can also use half of a day by coming in late or leaving early but would need to notify the immediate supervisor twenty-four hours in advance.

Although these motivators are not new concepts, the point is the ideal company utilizes many different motivators to accomplish the daunting task of motivating employees with far different tastes. Think of the many different motivators the ideal company uses like the items on a menu in a restaurant. There is not a single restaurant that has only one item on the menu. Instead, the restaurant has many different items in order to satisfy the many different tastes customers may have. There are many other possibilities for motivators besides these. The more creative the employer is with the possible motivators, the better the system will be.

The ideal company uses a feedback system that improves company performance by providing feedback to an employee based on his or her performance and behaviors. The feedback system will notify an employee of positive and negative behavior according to the organization's standards. Without feedback, an employee cannot correct wrong behaviors and continue positive ones.

Daily and weekly feedback from the managers will be given to staff for completed work. This will effectively notify the staff of the quality of work and anything that needs to be changed. If an employee is not given feedback on completed work, the chance to improve will be missed. Feedback on daily and weekly assignments will be given through quick emails when a formal meeting is not required. If the feedback is for a group of employees, a confidential memo will be distributed to each member of the group. Formal meetings will be held with the employee or members of a team when major improvements are necessary. Also, when the work completed is excellent in quality, adds great value to the organization, or saves the company a large amount of money, a formal presentation will be held to publicly acknowledge the exceptional work.

Once a year, managers will meet with each employee they supervise. This meeting will review the employee's performance over the course of the year, the bonus that will be received, what the employee did well, and areas in which the employee could improve.

Another model for feedback is known as 360-degree feedback. 360-degree feedback gathers information about an employee from many different sources. One major outside source for gathering information is customers the employee has worked with over the year. Only employees who work with customers on a regular basis will be reviewed by outside customers. Data will be collected from customers through surveys. The surveys will ask questions about the employee's behavior, professionalism, knowledge of the products being sold, and courtesy displayed to the customer. Feedback from customers will also be provided through recommendations or complaints at the time the employee being reviewed came in contact with the employee. For example, a customer sometimes wishes to speak to a manager to notify him or her that a particular employee satisfied the customer's needs in an exceptional way or to complain about an employee who did not satisfy these needs. Another source is the employee's immediate supervisor. Data will be collected through a one-on-one interview between the employee being evaluated and his or her supervisor. Another source of information is from the employee's colleagues he or she works with on a regular basis. Data is collected through an interview between the colleague and the supervisor of the employee being reviewed. Information gathered at the interview will be kept confidential to protect the colleague.

The CEO of the organization is given a 360-degree feedback review as well. Information will come from the employees in the organization. Anyone can make an anonymous comment, positive or negative, about the CEO's behaviors over the past year. This will allow for the CEO to better serve the needs of his or her staff. It will also show the CEO believes he or she is not better than the people below him or her and equality truly exists in the organization. As with any feedback system, its sole purpose is to improve the workforce of an organization as well as to improve the organization itself.

The benefits of an effective feedback system far outweigh the costs associated with administering one. One benefit is employees are better aware of their individual behaviors. Without a feedback system, employees have no way of knowing if their behaviors are benefiting or hurting the organization's performance. A feedback system will encourage them to continue behaviors that are seen as beneficial to the organization and to discontinue behaviors that are not increasing the firm's efficiency. Not only does a great feedback system improve the organization by improving the staff's performance, but also through promoting efficient communication between colleagues, employees and their managers, and staff and customers of the firm. The feedback system improves communication by continually encouraging colleagues on all levels of the firm to speak to each other about business matters.

Chapter 3: Employee Training and Development

Training and development should flow in the veins of every organization in the world, but few companies include training and development programs. “A company’s competitive advantage in the current economy depends primarily on its people skills, talent, and educational attainment—its human capital” (Pfeffer 4). A company’s competitive advantage is made up of the factors of a business that make it different from its competitors. A company that trains its workforce more than its competitors do will have a competitive advantage, because its workforce is more knowledgeable. All companies are in business to make a profit, and every business activity must show how it contributes to the company’s success or face budget cuts or outsourcing (Noe 47). In order for training to contribute to the company’s success, the training must be designed to help the business achieve its business strategy.

Training and development are continually seen as the same thing, but they are two different aspects of a business; “training refers to a planned effort by a company to facilitate employees’ learning of job-related competencies. These competencies include knowledge, skills, or behaviors that are critical for successful job performance” (Noe 4). On the other hand, “development refers to formal education, job experiences, relationships, and assessments of personality and abilities that help employees perform effectively in their current or future job and company” (Noe 315). Training’s purpose is to improve an employee’s skills while development’s purpose is to take an employee with increased skills and promote them in the organization. In order for a business to be successful with its human resources, it must have well-developed training and development programs that will allow the employees to increase their knowledge and skills, giving them the chance to flourish within the company. If a company fails to offer a program that embraces these aspects, employee retention will decrease. Noe argues,

“Retention is an important part of talent management. Talented employees are looking for growth and a career path. Training and development is an important factor in attracting and retaining highly capable employees” (17). Not only does a good training and development program increase employee retention, it also helps to attract the most talented people. This is because the company is willing to train the talented employees and further their careers. Having the most qualified employees can give a company a competitive advantage over its competition as well.

Having an excellent training and development program in a company contributes towards creating a long-lasting bond between the company and the employee. This occurs because the company takes the time and spends the money to train and develop its employees, the employees feel connected and invested in the company and will stay with them longer, develop skills according to how the company wants them to develop, and move up higher into the company infrastructure (Noe 54). This positive flow of events is what will allow the company to reach into its internal talent pipeline instead of having to hire outside employees to fill openings in the company (Noe 122-123). An employee who is hired from the inside will already know the company well and be better able to adapt to the new job than someone who is hired from the outside. In tough economic times, hiring from the internal pipeline can be a great way to cut costs. Hiring outside help is always more expensive than hiring from within the company because of the additional recruiting, training, and developing costs that are associated with new hires.

Technology plays an important part in the business world because of how quickly it is changing. Technology has changed many aspects of the business world. It has changed the way employees are trained and how business can be conducted. Today’s technologies allow for a business transaction to be completed on opposite sides of the world in a matter of seconds.

Training is becoming increasingly more important for teaching employees about new technologies and new applications to old technologies. Technology is also creating new ways to train employees. With the introduction of new technological training methods like online training and e-learning, training can be done at any time and in the comfort of home. Noe offers the example of how “Nokia offers a wide variety of training opportunities to their employees. They offer learning centers and the Learning Market Place Internet... In addition to formal programs offered in classrooms and on the Internet, Nokia emphasizes on-the-job training...” (53). By offering a number of different training opportunities and styles, Nokia allows its employees to choose the style and timeframe that is right for them. “Most people will stick with companies that give them opportunities to sharpen their skills and grow in their careers” (“Developing the Talent You Have” 4); this flexibility in the training program is attractive to current and potential future employees.

Chapter 4: The Ideal Company's Training and Development Program

The ideal company has an efficient training and development program that has many goals it wishes to accomplish. A training and development program is an important part of any organization. It offers structure on how the organization plans to improve its employee's knowledge and skills. Employees are what make each company unique. The better employees are trained, the more unique the company is from its competitors. In a highly competitive industry, well-trained employees can give a company the edge it needs against its competitors. Spending money on training and developing increases the value of the organization by increasing productivity and efficiency. The ideal company understands the importance of training and development to promote continuous improvement and development of the staff and the organization. Knowing the importance of constantly changing and improving the entire firm, most importantly the human resources, is the key to a successful business in the future. The ideal firm is able to embrace this concept by implementing a training and development program that works hand-in-hand to train, develop, and promote employees from within the organization.

The ideal training and development program has set goals the perfect organization wishes to achieve through the program. One of the most important goals of the program is to improve the employee's knowledge and skills. Increases in these two areas will result in more productive employees who are better able to perform their individual jobs and solve unexpected problems. An organization that firmly believes in improving the company by improving the employees will enjoy increased employee retention rates than an employer who does not have a well-designed training and development program. Efficient training and development programs are able to work together in order to efficiently train employees and promote them into positions with more responsibility and larger roles. Another goal of an effective training and development program

should be to increase overall productivity and customer satisfaction as a result of the training employees receive. All aspects of a training and development program should visibly improve the organization in some way or that specific part of the program should be considered for removal from the program. It is important for a training program to keep the employees involved, motivated, and engaged in the training program. This is a difficult task, because many employees will quickly become bored with the lectures and other parts of the training. In order to increase trainee attentiveness, numerous training methods should be used in order to keep the training fresh and engaging.

An ideal training program incorporates many of these methodologies in order to effectively train, develop, and ensure the organization stays competitive in its respective industry. First of all, an efficient training program has every single new hire of the organization go through a mandatory training session along with the other new hires in the organization. These new hire sessions will be held once a month to ensure they are efficient by not repeating them too often. The more people who can be trained at once, the cheaper the training program becomes.

The new hire training will begin with using the lecture method of training. A brief lecture on the history of the organization and an overview of what the company offers to its customers will be given to the entire group of new hires. An employee who is familiar with the organization he or she works for will feel as if he or she plays an important role in the organization's success.

Next, employees break up into groups based on the division they will be working in for their jobs. In these groups, employees will be trained through lectures and videos. The lectures and videos will pertain to the employee's jobs, group and individual responsibilities, potential issues that may occur on the job, and proper safety procedures and precautions every employee should be aware of. Such training will ensure employees are better able to perform their jobs

more efficiently and behave responsibly in the workplace. In addition, each new employee or an employee who is switching to a different job will receive on-the-job training. On-the-job training will provide the employee with valuable experience pertaining to the job he or she will be performing.

The groups will also participate in group building and teamwork training exercises in order to increase teamwork and team effectiveness within the organization. These group building exercises will also allow employees to become familiar with each other and potentially build workplace friendships. An effective training program works hand-in-hand with the development program of the organization in order to efficiently train and develop employees into higher positions within the organization.

The development program of an organization works to identify and take the necessary steps to increase an employee's roles and responsibilities within the organization. All employees can choose to attend additional training seminars in order to increase their responsibility and be considered for larger tasks in the future. The organization will pay for any employee to attend additional training seminars if the program is not offered within the organization. Employee development relies heavily, but not entirely, on management's ability to recognize employees who are capable of taking on larger roles within the company. An employee who seeks and completes further training will be considered for promotions before an employee who does not seek further training opportunities. By looking for additional training, an employee is showing an interest in improving his or her skills and productivity in the organization. By improving oneself for the benefit of the organization, the employee is showing commitment to the organization. As a result, he or she should be promoted and given greater responsibilities. Other employees who notice their colleague was promoted may be encouraged to follow in their colleague's footsteps and either seek further training or apply to be considered for promotion as well.

Promotions cannot be guaranteed to an employee who seeks further training, but an employee who does pursue further training will receive larger tasks and responsibilities in the future. If the employee is able to complete these larger tasks, thus proving he or she is capable of moving up in the organization, the employee will be considered for promotions, as stated earlier. If an employee is taking the necessary steps to improve and increase his or her value to the company, he or she is most likely seeking promotions within the company. It is important for the managers of an organization to recognize which employees are seeking promotions and guide them towards being promoted. If an employee seeking promotion within the company is not given the opportunity to develop, he or she may leave the organization for a company that offers promotion.

An efficient development program within an organization does two things well. First, it must work seamlessly with the training program. Second, it must work to move an employee who has the potential to become a manager or to move into other positions with greater responsibility and authority. By doing these two things, the ideal training and development program will work together to identify employees who are capable and wish to further their careers in the organization. It will become a great way for the organization to fill new job openings or fill holes that are created by employees who are fired, retire, or quit.

Chapter 5: Embracing Diversity

Three decades ago, diversity in the workplace was a rare sight to behold. Affirmative Action was introduced to change this. Now that we are in the 21st century, it is time for more change. In the article, “From Affirmative Action to Affirming Diversity,” R. Roosevelt Thomas speaks of the dire need to take the next steps necessary to accomplish the change the American business world desperately needs (5). According to Thomas, “More than half the U.S. work force now consists of minorities, immigrants, and women, so white, native-born males, though undoubtedly still dominant, are themselves a statistical minority” (5). Because of this, it is time to not only embrace diversity because the law says we have to, but to embrace it for the many benefits it offers a business.

Thomas also makes the point that the affirmative action framework “no longer seems stable, massive, and invulnerable” (5). With the recent growth of globalization of businesses, American companies are having a tough time adapting to the new global environment. Thomas says, “American corporations are scrambling, doing their best to become more adaptable, to compete more successfully for markets and labor, foreign and domestic, and to attract all the talent they can find” (5). Companies are letting Affirmative Action requirements suffice instead of going beyond what is required. This is leading to problems competing with companies that are enriched with extensive diversity policies. Again, it is time for the United States business world to evolve from only meeting Affirmative Action requirements to embracing diversity.

Thomas’ third point reflects on what women can bring to the table in an organization. In previous decades and even today, women are seen as less capable in the business world. Exactly the opposite is true because women have outgrown their previous lifestyles of stay-at-home moms and housewives. In the 21st century they want to be seen as equals with men in the

workplace and other areas of society. Now is the time to embrace this social change brought on by feminism. Thomas comments, “The problem is not getting them in at the entry level; the problem is making better use of their potential at every level, especially middle-management and leadership positions” (6). Because women want to be treated as equals alongside men, they have a unique drive within themselves in order to compete with men and move up into higher positions within the organization they are putting their time and efforts into. There are highly talented women waiting to be taken in by a company, nurtured, developed, and transformed into the future CEO of the company. The question is, what companies are willing to take the necessary step forward in order to embrace this?

In the article, “What is Diversity? Not Many Workplaces Know the Answer,” the author says, “Although most organizations believe that workplace diversity is ‘extremely important’ or ‘somewhat important,’ just 30 percent have an official definition...” (8). It seems that many executives of companies say diversity is important to their organization, but when it comes to actually following through with it, they are only saying it to satisfy particular groups. Having a diversity policy and actually having a diverse workforce are two different things. David Dinwoodie, author of “Solving the Dilemma: A Leader’s Guide to Managing Diversity,” says, “By attracting individuals predisposed to working across social identity boundaries and motivating them to value the link between the tasks to be performed and the creative potential inherent in the composition of team members, leaders can drive their operations toward achieving superior performance” (2). Diverse teams allow for everyone’s unique experiences and knowledge to mix together to become a stronger entity than any individual can be on his or her own. Companies that do not have diverse workforces do not realize the potential benefits having a diversely employed company can offer. Shirley Davis says, “Organizational diversity initiatives should not simply focus on getting people of color and women in the door, but

embracing an inclusive culture to maintain these employees” (8). Also, having a diverse workforce because a company has to have one is not beneficial to the company. An organization has to know how to leverage the diverse workforce to the advantage of the company. Affirmative Action laid down the framework necessary to help minorities with the battle against discrimination in the workplace. Affirmative Action was just a framework; it is now time to go beyond the framework, expand on it in order to improve it, and then make diversity a valuable part of a business. David Pitts, author of “Diversity Management, Job Satisfaction, and Performance: Evidence from U.S. Federal Agencies,” states, “[a survey was completed] by U.S. federal employees to test the relationships between diversity management, job satisfaction, and work group performance. The findings indicate that diversity management is strongly linked to both work group performance and job satisfaction...” (328). Diverse workforces have distinct benefits that further advocate the need for one as an integrated part of the business environment. Duffin Christian, author of “Meeting the Diversity Agenda,” asks, “How can managers improve productivity, boost recruitment and retention rates, and reduce the risk of costly lawsuits by staff? ...The answer to all of these questions is to create a culture in which the staff feels valued regardless of religious belief, age, ethnic background, disability or sexuality” (6). A company cannot enjoy the positive effect a diverse workforce can have on an organization’s employees until the company realizes that embracing diversity is something that will provide an organization with a short-term competitive advantage.

Thomas argues that recruiting diverse employees is not the problem; moving these employees into higher levels of the business is the issue. He says this is because many managers do not know how to manage and embrace diversity. Thomas states, “Managing diversity does not mean controlling or containing diversity, it means enabling every member of your work force to perform to his or her potential” (“From Affirmative Action” 10). He believes if eighty percent

was expected from the workforce before diversity was brought to the company, the unexpected upside to a diverse workforce is that eighty-five to ninety percent can be expected from the diverse workforce because of the improved efficiency and morale that exists within the diverse workforce (“From Affirmative Action” 10).

The benefit of having a diverse workforce is more than just having more employees to choose from. One of the most basic advantages is avoiding fines for not having a diverse workforce. Another benefit a diverse workforce offers a business is many perspectives from different areas of the world. The more diverse a company is, the more perspectives it can use to its advantage. A third benefit is the different languages the employees know will result in a larger potential customer base. For example, if a customer who speaks only Spanish attempts to conduct business with an English-only speaking company, the language barrier will be so great the company will undoubtedly lose that sale. But if the company’s employees speak numerous languages, they will be better able to do business with potential customers who do not speak the native language. Today’s managers take diversity management one-step further by not only focusing on representation (the numbers), but also relationships (awareness and sensitivity) (Roosevelt). In another of his publications, Thomas says, “Leaders who recognize that they must manage representation *and* diversity will gain a competitive edge in fully accessing the potential of their associates” (“Diversity Management” 46). Managers who are better able to manage their diverse workforces will gain a competitive advantage over companies that are not as efficient. Also, having a diverse workforce increases morale in the workplace for two reasons. The first reason is every employee has a general understanding of being accepted into the company as an important part of the organization. Another reason morale is increased is because of how everyone feels with so many cultures mixed into the company. When people from different ethnic backgrounds and cultures are under one roof, employees will learn new things about the

people they work with every day. This strong sense of camaraderie will create a bond that no manager could foster in the organization without a diverse workforce.

Chapter 6: The Ideal Company's Diversity Program

The ideal company hires a diverse workforce in order to create an environment that promotes cross-cultural learning. The perfect company promotes a diverse workforce by doing more than just hiring employees with many different cultural backgrounds.

The ideally diverse organization holds yearly banquets with presentations that celebrate diversity and how it has benefited the organization. Entire families are welcome to the banquet in order to share the joy in the festivities. The banquet starts out with an overview of the percentages of diversity present in the organization. This allows for everyone to see how diverse the organization really is. People will be able to see the organization truly is full of diversity, instead of it just saying it is. Next, the many successes of diverse teams will be celebrated. Diverse teams that were able to successfully achieve their goals will be formally recognized for their performance as one of the many work teams made up of members from many different origins. Next, members of the corporate staff will give a presentation on how diversity has helped the firm as a whole. For example, maybe diversity in the organization allowed for the company to penetrate a new market segment. Or perhaps increased diversity in the organization increased overall employee satisfaction. The next part of the banquet is for the corporate staff to share with the entire organization the goals of diversity for the future. This will show the organization is constantly improving the diversity in the organization.

The next part of the banquet gives employees the chance to share individual cultures and traditions. For example, an employee from Africa could give a presentation about his or her language or the history of where he or she came from. An employee can also give a demonstration on how to prepare and cook a native dish or perform a traditional song or style of dance. Also, if an employee has pictures from his or her country, he or she could give a

slideshow. Another way of sharing everyone's culture is by having one employee's traditional food served at the banquet. Some examples are traditional Indian, Chinese, Japanese, and African food. American food would be served for people who do not wish to try the food. Also, employees whose food is being served can give a presentation on it while people are trying it. This would allow for employees to not only learn about other people's cultures and traditions, but also to experience them firsthand. Lastly, speakers from different traditional backgrounds are brought in to increase knowledge and awareness of a particular employee's heritage. Diversity is an important part of an organization. The ideal organization not only endorses diversity, but also embraces it for the many benefits it can give to an organization.

Chapter 7: Conclusion

Many businesses fail while others are highly successful. Much of their success or failure depends on how effectively the company manages its employees. Businesses that succeed are better able to manage employees, and businesses that fail are not as successful at managing their workforce. The employees of a business are the most important part because they are what make up the business. Without employees, nothing in the business would operate. Having unmotivated or undertrained employees and deflecting a diverse culture in an organization will quickly lead to its demise. An unmotivated workforce will perform poorly, treat customers badly, and prevent the organization from achieving its goals. Undertrained employees will cause the organization to fall behind its competition. Once the organization is unable to compete, it will become unprofitable and slowly go out of business. Creating an environment void of diversity will have adverse effects on employee morale, innovation, learning, and sharing. These four important topics are aspects of a successful business. Without them, the organization will fall flat as it ceases to introduce new products and quickly adapt to an ever-changing business world. Employees who are motivated will perform at the peak of their ability, stay in the company for longer periods of time, continually innovate, and increase overall production. Employees must be continually trained in order to increase their knowledge and increase the company's competitive advantage. Once an organization stops training its employees, the company will fall behind its competition. Having an organization that has an extensive training program will attract the most talented people who wish to work for a firm that is willing to invest in increasing employee's knowledge and abilities. This will create a competitive advantage by blocking competitors that do not have extensive training programs from having the chance to hire the most talented employees. Fostering a diverse environment will encourage a climate of respect in the company,

where employees know they are accepted for who they are. In a diverse environment people are continually learning new things about their colleagues and sharing knowledge with each other. When all of these components come together, the environment created will be like the engine that is performing at the peak of its performance ability. All the parts of the engine must work together in perfect unison in order to achieve the highest levels of efficiency possible. The best parts can be purchased for the engine, but if the parts do not work efficiently together, they are worthless to the engine. The same goes for a business; all the employees must work together in order to achieve the highest levels of productivity. The best employees available can be hired, but if they do not work well with others, they will be useless to the organization. Effectively managing employees through continuous motivation, training, development, and fostering a diverse working environment are the most efficient ways to create the most powerful engine that will power the organization to success into the future.

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