

**THE WORTHINESS OF JOB TRAINING AND DEVELOPMENT  
PROGRAM FOR GEN Y EMPLOYEES**



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**THE WORTHINESS OF JOB TRAINING AND DEVELOPMENT  
PROGRAM FOR GEN Y EMPLOYEES**

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## **THE WORTHINESS OF JOB TRAINING AND DEVELOPMENT PROGRAM FOR GEN Y EMPLOYEES**

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### **ABSTRACT**

This paper focuses on the recent controversy in the Human resource industry as “Shall the company invest on training for Generation Y employees as they tend to have low level of commitment and company loyalty”. This research helps to analyze the true factors that lie behind Gen Y employees and what could be done to minimize the impact of Gen Y workforce in the business. It shows that Gen Y employees are different from the early generation of Baby boomers in terms of their working culture and motivational factors. Lastly the fact knowing that training is still an essential part of the business but how the company could benefit from retaining these high caliber candidates with the appropriate approach.

KEY WORDS: Gen Y / training / development program/ loyalty / job retention

25 pages

## CONTENTS

	<b>Page</b>
<b>ACKNOWLEDGEMENTS</b>	<b>ii</b>
<b>ABSTRACT</b>	<b>iii</b>
<b>LIST OF FIGURES</b>	<b>v</b>
<b>CHAPTER I INTRODUCTION</b>	<b>1</b>
<b>CHAPTER II LITERATURE REVIEW</b>	<b>3</b>
2.1 Intrinsic motivation	3
2.2 Loyalty and change management	4
2.3 Employee development	5
<b>CHAPTER III METHODOLOGY</b>	<b>7</b>
<b>CHAPTER IV DISCUSSION OF FINDINGS</b>	<b>9</b>
<b>CHAPTER V FINDING ANALYSIS</b>	<b>15</b>
<b>CHAPTER VI CONCLUSION</b>	<b>18</b>
<b>REFERENCES</b>	<b>19</b>
<b>BIOGRAPHY</b>	<b>20</b>

## LIST OF FIGURES

Figure		Page
5.1	Four factors for Gen Y employee retention	16
5.2	Instructional Design Process	17



## CHAPTER I

### INTRODUCTION

It has been unarguable that human resource or human capital is one of the most important factors in a successful business. Great business needs great people. From the organization's perspective, in order to develop good employees the company needs to put an investment on the human capital by providing them with job training or development program. Management training program is an ideal training for employees, it allows employees to explore the job scope at the 360 degrees view and develop particular area where needed. In general, management-training program attracts a lot of quality candidates, which are seen as the potential senior management of the company in the long term. However in contradiction, these programs are getting less popular for many organizations in the recent years as the employee turnovers are getting higher and it becomes a doubt on the worthiness of the investment on these programs on the Gen Y employees. In this paper we will focus on the Generation Y employees or known as "Millennial" - people who were born in the 1980's to early 2000's. (*Jay Gillbert Sept/Oct 2011.*)

I am currently working as a senior recruitment consultant for a foreign recruitment firm. I have had a chance to discuss with many HR persons from many companies and can see that there is a drop in number of Management training programs and other graduate training programs, the company offers to fresh graduate over the recent years. The company pays less attention on building their own employees from the bottom up but instead they prefer taking the quality, expensive and well-developed employees from the competitors. This sign also shows through an increasing number of recruitment companies in the recent years. According to my finding the possible reasons could be; the trend of changing job to request for higher salary and the perception towards job from the view of Gen Y people. Company invests a lot of money on these programs but they either leave straight after the

completion of the program or being stolen by the competitors. Is this kind of investment worth it? What should they do to retain those talents?





## CHAPTER II

### LITERATURE REVIEW

#### 2.1 Intrinsic Motivation

One of the areas I would like to focus on is the Loyalty of Employees. According to my finding, the article states that “Global employee loyalty at Five-year-low” –(*Hay Group as of September 30, 2013.*) This is a very worrying number as every turnover is a cost of the organization. This is a clear sign that the world is changing as to trend of the business employment. In order to solve this issue we need to analyze further on the motivational factors of employees.

It is clearly that extrinsic rewards and motivation such as salary, perks will not be sufficient to retain quality employees. It is involved more with emotion and personal satisfaction of the individuals. It becomes more prominent that Gen Y employees prefer more of the work life balance where Gen X employees would prefer to wake up at five in the morning and work to gain as much money they can for their time. This is the change of the trend in employment.

In order to make management-training program to be more value of investment the company needs to emphasize strongly the intrinsic rewards and employee's best interest. Gen Y employees will look more at the work life balance, career path, working environment, relationship between co-workers etc. Many organizations nowadays try to improve their jobs enrichment by providing them with many options such as job rotation, relocation and flexible working hours. By saying this it does not mean that extrinsic rewards are not important. These two factors need to go hand in hand and complement each other. The lack of one factor may lead to an unbalanced situation where could eventually lead to the departure of employee.

## 2.2 Loyalty and Change Management

This theory can be discussed in two main sub-topics which are; empowerment of loyalty and change management. Loyalty is not easy to be created it takes time, dedication and honesty of the manager to pass the message down and gain trust from employees.

*“The higher you go in any organization, as a leader the less information and feedback you get about how you’re performing as a leader. Because people are afraid to tell you” --- Daniel Coleman.*

This statement reflects the picture of relying on oneself is not sufficient to create the loyalty of employees. The manager must delegate the business loyalty to their members. By delegating tasks and responsibilities to employees, it creates the sense of belonging to employees; it shows that the manager trusts the employee or member to perform the job and the perception of the opportunity for employee to grow within the business, which subsequently in the long term gain their business loyalty in return. Another element in creating loyalty is very important is the openness in lines of communication. In order to establish a truly strong business loyalty to employees the manager needs to ensure the line of communication is open in all levels, staff must be able to communicate to senior manager, vice president must be reachable by operation officer etc. As eventually the company wants to create leaders at every level throughout the organization. (Frances Hesselbein 2002).

Change is unavoidable in any business but how to implement those changes is critical to the organization. Changes should be made with the total clear understanding from those whose order changes and those to implement the changes. Manager should listen to the concerns of employee and assist them to come up with the action plan to implement those changes. The effective change management practice signals the sign of paying attention, and caring of employees, which create the sense of loyalty to the organization. The loyalty factor has become vitally important to the Gen Y employees; it is one of the most effective tools to retain Gen Y employees in the modern working world.

## 2.3 Employee Development

This theory seems to contradict with the topic of this paper however according to the research the shows that the average investment spent on training and development program for an individual employee is less than the cost of recruiting developed employee in the long run. As employees are more satisfied when they are sponsored with training and satisfied employees are more likely to stay longer with the organization. (*The Gallup, New Nationwide Study, 1999*). There are many benefits that come with the employee development;

- Increase in the value of human resources of the organization. Human capital is one of the most valuable asset that the company possess.
- Quickness in the promotion of employees when opportunity appears. It does not need to take time to recruit an outsider to fill in any position. The longer it takes the more cost the company needs to bear.
- Generation of truly potential candidates. Those well-trained employees will have better understanding of the company, industry and the culture.
- Effective career retention. As mentioned above that happy employees are more like to stay with the organization.

Employee development can be done in three main ways, which are; formal training, online training and on the job training. Formal training is a structured training where there are clear curriculums, specific area of development and normally holds as a classroom activity. This kind of training can be expensive as it takes the employee off their operation time and may even involve with the outside experts or training school. This is normally the choice for a reasonably large size organization.

Secondly, On the job training (OJT). This is the cheapest way of training, as it does not take the employees of the work and no involvement of the outside experts. It is also the most common form of training in any industries. However this type of training is very unstructured, no clear curriculum and approach of training. Although this is a very popular approach as it gives the employees hands on experience at the actual working environment but the result is very difficult to measure, therefore the worthiness of training is ambiguous.

Thirdly, online training. This form of training becomes more popular these days as it some clear benefits over the traditional formal training. It is significantly

less costly in terms of hiring an outside expert to perform training, less expenditures on the travel and accommodation cost and less time taken off the operation time. The curriculum of the training course also can be organized and can be used in repetition for many employees over time. The convenience is also a benefit of online training as it can be operated anytime anywhere. However many organizations are not too convinced with this type of training as they believe that training is more effective when there is a personal contact, interaction and live respond from the facilitators of the course. Even though with all being said, online training is still getting more popular especially with Gen Y employees.



## **CHAPTER III**

### **METHODOLOGY**

For the in depth analysis of this this issue I will conduct an interview for the company which have now reduced the frequency of management-training program offer to fresh graduate. For this instance I will use the example of HSBC bank, where they initially offered management-training program twice annually to only once a year.

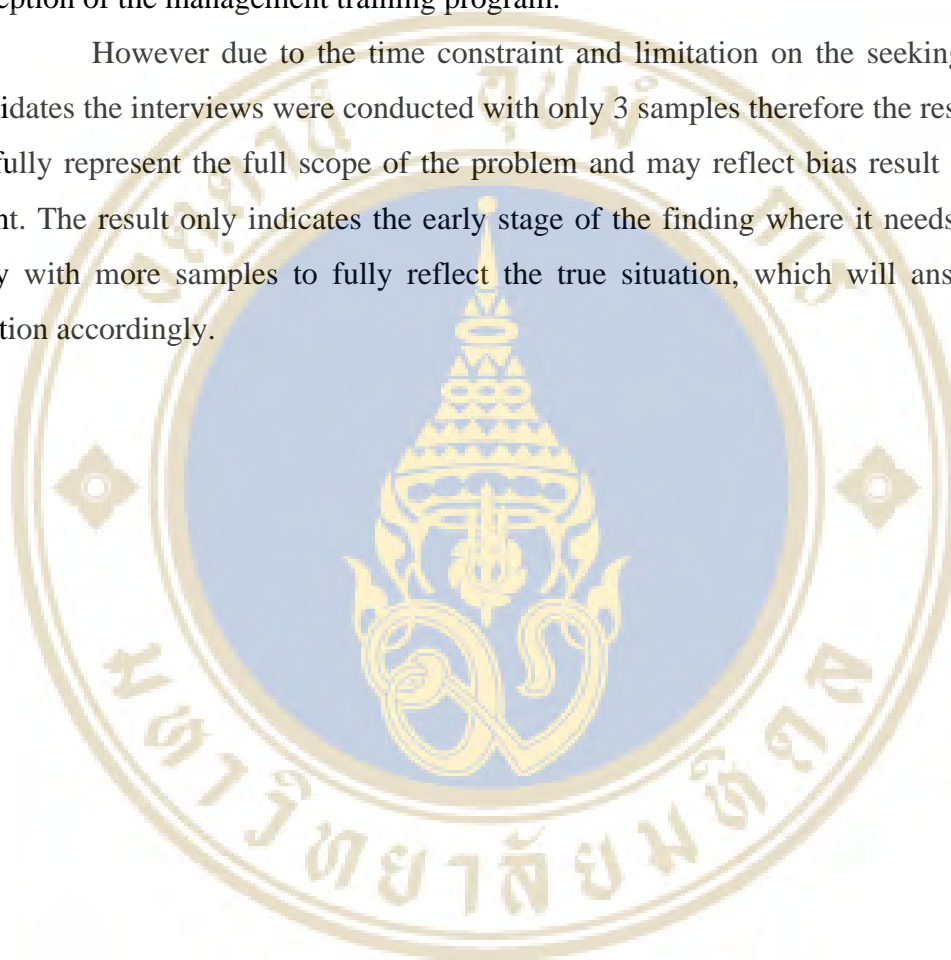
HSBC is one of the world's leading banks, which has been in Thailand since 1888. They offer full range of financial services serving to both corporate and retail customers (retail business sold to Krungsri Group in 2012). HSCB is being well renowned in their management trainee programs, which offer in 3 different streams; corporate banking and market management, retail banking and wealth management and operations and support management. However due to the transfer of ownership in retail business HSBC is no longer offering management trainee program in the retail banking.

The criteria for the applying this position is Master's degree in related field. No working experience is required however will be an advantage. The program is specific in the corporate banking field however the selected candidate will be rotated to various functions to gain more exposure of the business. At the end of the course the candidate will have an input in selecting the function they want to work where they can utilize to their full potential.

For data collection I interviewed a senior person who in charge of management training program at HSBC and two people who attended management training program with HSBC bank. These 2 ex-trainees are in their early thirties, which is still considered as Gen Y group of people which relates to the target group of the question. The information exposed by the interviewees is very sensitive which may pose a threat to their careers therefore the names of the interviewees will be kept undisclosed following the privacy reason.

The framework of the interview questions will concentrate in 4 main areas; the effectiveness of the training program (the selection process, number of candidates, the applicability in actual working situation, career planning etc.), the rate of retention for the trainee (how many people leave or stay after the completion of the program), their motivation of staying or leaving the organization (higher salary, better career development, better company brand work life balance etc.) and their overall perception of the management training program.

However due to the time constraint and limitation on the seeking of the candidates the interviews were conducted with only 3 samples therefore the result may not fully represent the full scope of the problem and may reflect bias result to some extent. The result only indicates the early stage of the finding where it needs further study with more samples to fully reflect the true situation, which will answer the question accordingly.





## CHAPTER IV

### DISCUSSION OF FINDINGS

**1. Mrs. A - Vice President Human Resources.** She is in charge of the management-training program for HSBC. As part of my job, recruitment consultant, HSBC is the client of the company I work for therefore I have a chance to communicate with her on a regular basis. The interview was done over the phone, which took approximately 30 minutes. She gave a little bit of information regarding the program, said that originally there were 3 management-training programs annually (retail banking, wholesale banking and operation and support).

However HSBC bank sold retail banking to BAY therefore they also ended training program for retail banking. HSBC also put together management training program for wholesale and operations therefore it leaves with only 1 management training program a year. The selection process is also very strict and difficult to get through; it starts with an interview session with the shortlisted candidates. After first round screening only a few shortlisted candidates will be call back for second round. This second round is an all day activity commenced by outsources company who is specialized in the employee selection. This includes interview, group activity, test and individual presentation. Approximately only 4-5 candidates will be selected for this program annually. The course allows the trainees to work in each department in rotation (each function approximately 3 months) for a year or more if needed then the trainee can choose which department they will work for. The benefit of this course is that the trainee will have hands on exposure to all the departments so the banks can identify which area you lack of or which area you are strong at and to shape you up in the area where you lack of.

This training has been working very well for the banks, as there are number of trainees who have developed and being senior management roles within the banks. However up to the recent years, many of the trainees have left or been taken to join other banks. Some years there are none of the trainees left after the completion of

the course. This comes to the point where the bank needs to concern on the investment of the training program, as it is very costly to run the program. So according to the analysis of the management training program it comes to the reasons that why they have decided to reduce the number of management training programs.

**Low commitment** – Gen Y employees tend to have low patient and unwilling to commit with the company for a long term. They tend to change job very quickly (1-2 years) to request for more salary and position where for Gen X they tend to stay much longer with the organization. Also with the shortage of skilled candidates in the market, the candidates themselves know that they are high in demand, which gives them a high bargaining power to negotiate with the banks. They are willing to move to other places, which gives them better benefits and compensation.

**Headhunted by the competitor** – Most of the candidates who attend management-training program are known as the qualified and high potential candidates. They are regularly called by the headhunting services company and approach them with jobs that provide higher pays and positions. This becomes even more prominent in the recent years.

**Difficult to measure the return** – Since the management-training program is very costly in terms of time, resources and money. With all the injection of input the bank needs to provide, it is very difficult for the bank to measure the return on the investment on this program. There is no clear indication on the return in monetary value of the training program.

However HSBC still sees the importance of the management-training program even though there are more difficulties that they need to cope with. They emphasize more on selecting the right candidate in terms of skill set and attitude towards work. This hopefully will give them a better chance on retaining the trainees after the completion of the program.

**2. Mr. B – Vice President, Project Management.** He joined HSBC on the management-training program – operations and support in year 2000. Currently he



is still with HSBC being in charge of the project management in the credit administration department. He is specialized in the process improvement on the operation side of the business. Main purposes of his job are to reduce the cost related with the operation, improve lead-time in the operation and definitely increase the revenue for the bank.

During the training period he was rotated to perform many functions in the department. The training program lasted for a year and a half. At the end of the program he decided to continue doing operations and system support. He said that he learnt many things from the management trainee program from the basic banking knowledge to the leadership skills. For his year of training program he is now the only one left with HSBC as all others have decided to leave and join other banks. After the completion of the program he was approached by many banks and recruitment companies to join the competitors but he did not go. He gave me a few reasons as why he did not join the competitors.

**Loyalty** – He appreciated HSBC in giving him the opportunity to join the hard selected management-training program so he thought the only way he could repay HSBC is to remain and stay loyal with the organization, so he did. He also said that the bank rewards his loyalty by giving promotions on a regular basis, which, he feels it is worth his stay with the bank.

**Working environment** – HSBC is the second place he has worked for and from then it has been over 10 years now so he feels that HSBC is his home and he is familiar with all the working process and environment of HSBC. Working environment plays a major factor for his decision of staying with HSBC. The bank also operates in a very international way which he believes is more suitable for his working styles.

**Good brand** – HSBC is known to be one of the world's most loved banks. He is very proud to be working for HSBC where it is known at the international level. Most of the time he was approached to work for the local banks even though the local banks are larger in asset size and transactions in Thailand however when looking at the international level HSBC is way more superior.

However I have asked him, looking back would like to like to take a challenge elsewhere other than HSBC. He admitted that he should have explored opportunity elsewhere to gain more experience and that could be an opportunity for him to advance more in his career. He is definitely somehow regret on his decision.

**3. Mrs. C – Senior Personnel Management, Ek-Chai Distribution Limited.** I have met her a couple of times at the HR function with my previous company, as she was the main contact person between Recruitment Company and HSBC. This interview was conducted over the phone as which took approximately 30 minutes. Her educational background has nothing to do with banking business. She graduated in Biomedical Science from Mahidol University international program however with her personal interest in banking she applied for the management-training program. As she has background in Psychology in addition to her outstanding personality she was selected for the Management- training program at HSBC.

She started off as human resource management trainee and completed the program being specialist in the HR function. During her training program she had the opportunity to explore many areas of the HR function starting from HR planning, organization development, HR development, talent management, HR retention etc. Prior to this she did not have any background relating to the HR function therefore she learnt everything at HSBC. She said starting from the selection process down to the content of the program was very effective. The program was designed to be a practical course where she had the opportunity to have hands on experience rather than just learning in the classroom. There were 5 trainees in her batch for different functions; retail (HSBC still had retails banking at that year), wholesale and operations. Each trainee was trained to be specialized at specific function according to their background and expertise. For her batch one of the trainee dropped off during the training period and the other 4 completed the program. However after few years each trainee dropped off to join other banks, she was the last one to stay with the bank until early this year she decided to leave HSBC and joined Ek-Chai Distribution as the Senior Personnel Management.

Ek-chai Distribution is the operator of Tesco Lotus the biggest hypermarket chain in Thailand. With over 1,400 stores countrywide and the nature of hypermarket, it makes the Tesco Lotus' working environment and culture become very fast pace and international. With all these reasons she concluded 3 reasons why she decided to leave HSBC and explored the opportunity with Ek-Chai distribution system.

**Career Development** – In the perspective of career development she looked at it in 2 different angles. First, she was getting to the saturation point of the banking industry especially with HSBC. Even though HSBC is one of the leading banks in the world but in Thailand they are relatively small compared to the local banks. Therefore the exposure of the HR function is reasonably limited so she wants to join a larger company to utilize her potential. Second, the number of employees at HSBC Thailand is relatively small and stable compared with Ek-Chai where there are much more number of employees working at a faster pace.

**Salary & Benefit** – She left HSBC with the latest title of Vice president – Human resource relationship management. This is quite a senior position within the bank however since she started as the Trainee therefore her salary is relatively low compared to others who jumped in from other banks. The salary at HSBC escalates at 7%-15% on an annual basis where changing job the rate of increment is between 20%-30%. However other perks and benefits (insurance, provident funds etc.) at HSBC are slightly better than at Ek-Chai Distribution.

**Challenging job** – She had the opportunity to step out of the banking world to something she never experienced. She sees Hypermarket industry is a high potential market with plenty of room to grow especially in Thailand. Also the scale of the business is much larger which means more things to learn and to be done from her part. This is very challenging for her as she needs to learn a lot of new thing (product, process, people, culture etc.) She explained this as stepping out of her comfort zone and hopefully this will make she more motivated from the career perspective.

Even though she is no longer with HSBC but looking back to her experience with HSBC. She still rates the management-training program very highly as it gives her a lot of knowledge and experience especially in the banking business. She said she had been approached by many recruitment companies during her time at HSBC but she decided to stay with the bank and for 3 more years and finally leaving to join a non-competitor company.



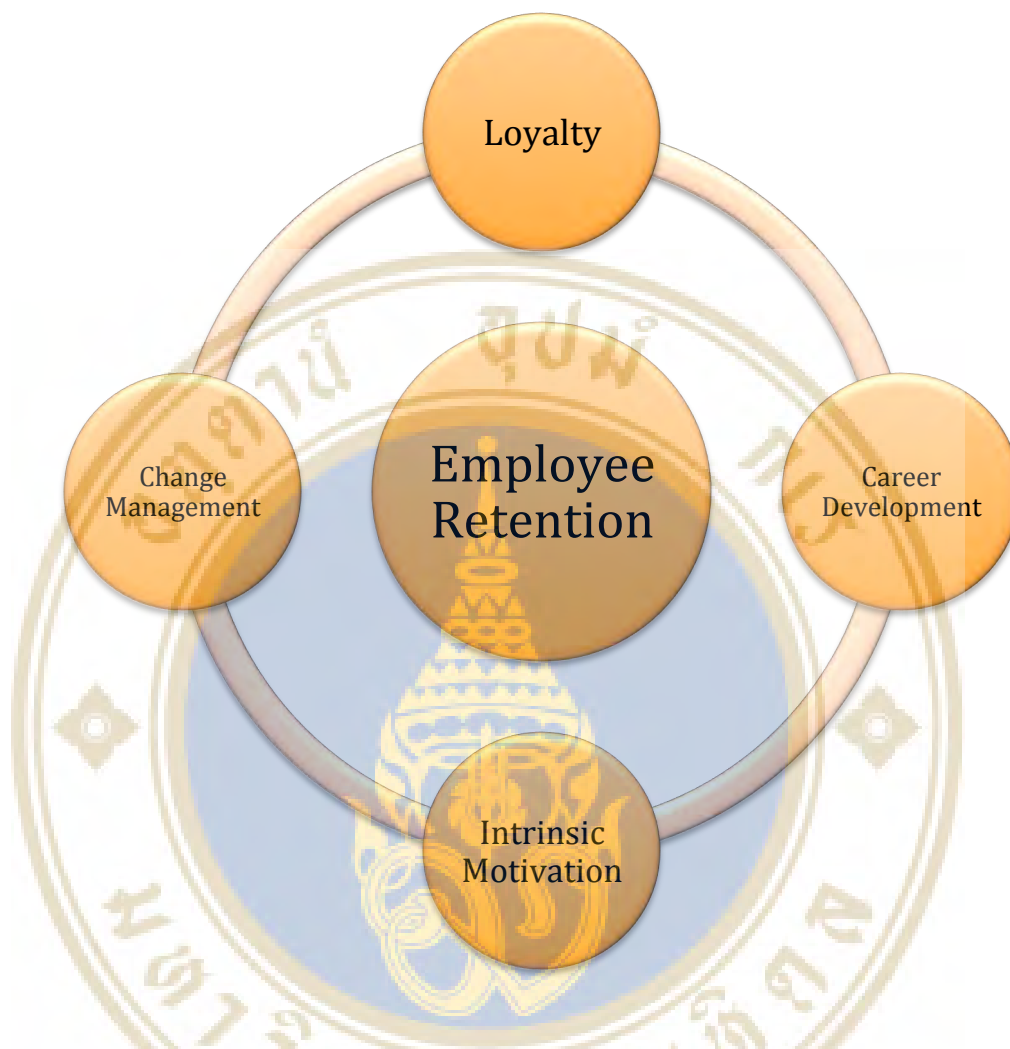
## CHAPTER V

### FINDING ANALYSIS

According to the finding of the interviews there are 2 sides of the controversy; from the training provider and from the trainee themselves. If looking from the company perspective providing training is all about the expectation on the return of investment, investing capital and the effectiveness of successful trainees. In contrast, trainees will have a different perspective; they will look more of the additional skills, career experience, and career development and better job as a result. These two parties clearly have some conflicts of interest. In order to maximize the benefit of training while retaining maximum number of trainees, the company needs to align the needs of those trainees with suitable investment on training and development.

According to the research it proves that career development training produces positive returns, on average 8.6 percent productivity increase. (*Edward E. Gordon 1997*) It shows that business training is a necessity for the business. However with the overall worthiness of the training it comes to the retention strategy, which will determine the return of investment in the long run. Since the training and development program are still needed in the organization, now it comes to the challenging part as how to develop the training program which answers the needs and encourage loyalty of Gen Y employees. The journal suggests that "'If they (Gen Y) don't feel like they're making a contribution to a company overall quickly, they don't stay," he said. "If you provide them with the right environment, they'll work forever, around the clock." (*The Wall Street Journal, Aug 2012*). If the company is able to retain the employees in the long run after the company has invested on training then definitely it is worth it. In order to develop an effective training program the company needs to look closely in 4 of the factors directly affecting Gen Y employees.

**Figure 5.1 Four factors for Gen Y employee retention**



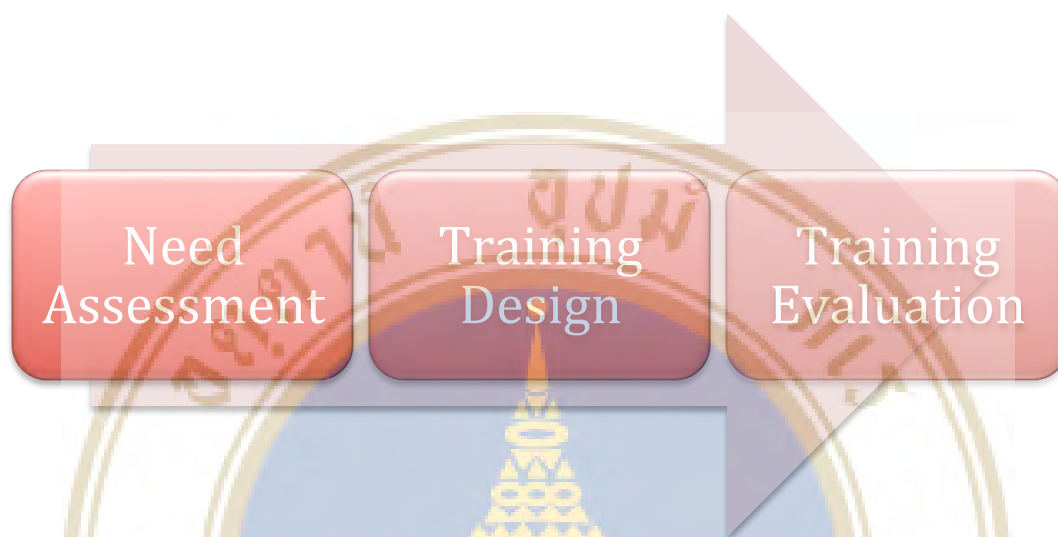
According to the finding, it goes with the same direction, as Gen Y employees are more likely to be driven by the intrinsic motivations. They are willing to work hard providing the work offers them with intrinsic rewards. Each individual has different intrinsic motivation therefore it is crucial to identify intrinsic motivation for each employees and develop program which meets their motivation. For example some employees prefer non-monetary rewards such as job recognition over the monetary form of reward etc.

Mrs. C decided to leave HSBC to progress in her career path with Ek-Chai distribution as she sees there is a better career path for her at Ek-chai distribution. However if HSBC communicates the career development plan with her clearly and make sure she sees the career growth with the company this may retain her to stay



longer with the bank. By having an effective career development plan it can be developed as the diagram below.

**Figure 5.2 Instructional Design Process (Rothwell 2002)**



If the training is done effectively with proper assessment and follows up evaluation, it signals the sign of commitment to the employees. The employees will also perceive it as a value added to themselves with the long-term commitment from both company and employees.

With all the processes being emphasized in details, the career development plan is being crafted out minding the motivational needs of employees as the primary factor; encourage change with clear line of communication. All of these factors will lead to the increase of employee loyalty to the organization. The higher the level of loyalty the better rate of employee Retention Company will have as the result.

## **CHAPTER VI**

### **CONCLUSION**

We cannot deny that training and development program is still essential part to the company regardless of the outcome of the investment. The company can use these training programs as promotional factor to attract high potential candidates. However rather than worrying with the end result of how much those candidates will generate revenue to the company, how long they will stay with the company. In contrast, especially with Gen Y employees the company should pay more attention on the process of the training and how to accurately measure the return of investment on both financial and non-financial aspect of the business.

The process of training is starting from the candidate selection process; need assessment process, program-designing process for each individual and performance evaluation process. The training program also needs to be done transparently and listen to all voices within the organization.

The company also needs to understand the change in generation from Baby boomer to Generation Y employees as they value things differently. Most of Baby boomers are willing to work hard as long as they are paid well in returns but Gen Y employees are much more complex. Gen Y employees take many other things into account other than monetary factor, they also concern in career development, work life balance, challenging opportunity, work environment etc. These factors play a part in the decision making process of Gen Y employees.

With all the saying Mrs. A gave one very interesting point from the interview when asking is it worth training Gen Y employees and then leave? She said; you train them and they leave or you do not train them and they stay what would you choose?



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