

TEXAS

—BUSINESS—◆—REVIEW—

Bureau of Business Research • College and Graduate School of Business • The University of Texas at Austin

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Paths to Success

The Employer's Perspective

Task Force on High Performance Work and Workers

To examine how well prepared today's college graduates are for the demands of the modern work place, Harold "Red" Poling, CEO and Chairman of Ford Motor Company (retired) and Chairman of the Business-Higher Education Forum, established the Forum-sponsored Task Force on High-Performance Work and Workers in 1994. During its initial meetings the task force defined its scope to encompass education and training needs across the corporation, from entry-level positions through middle management to the development of senior corporate leaders, with the primary focus on higher education preparation. The goal of the task force is not only to collect information but to recommend models of cooperation between business and higher education institutions.

In the initial phase of the work, task force members visited companies known for their excellent training practices. They interviewed more than 30 senior officials in ten major American corporations to determine how these corporate leaders perceive the preparation of students by higher education institutions and to learn how the companies conduct their own training programs.

Characteristics of the Corporations Interviewed

The participating corporations were a varied group, ranging from heavy industry to high technology, from professional

business services to fast food restaurants, from transportation to banking. Table 1 illustrates the diverse features of the ten corporations.

The employee needs of these corporations can be described as diverse as well. Some firms employ approximately equal numbers of salaried managers (typically college graduates) and hourly workers but very few salaried nonmanagers (typically specialists, such as scientists or systems engineers). By contrast, most employees at other firms are salaried nonmanagers, and still other corporations hire primarily hourly employees.

Despite the many differences in types of businesses and hiring needs, all the interviewed corporations share one common characteristic: each is acknowledged as a leader in its respective industry in terms of human resource policies and practices. These firms represent the cutting edge in corporate development of work force talent.

Major Findings

The interviews suggest that the graduates of today's colleges and universities are good—but they could be a lot better. Officials emphasized repeatedly that they are hiring the "best and the brightest," but they expressed reservations about deficiencies in such areas as basic skills and the ability to work in teams and adapt to rapidly changing organizational needs. The task force summarized the corporate

**Table 1
Corporation Characteristics**

Name	Type of business	Number of U.S. employees	Number of annual new hires	Number of college hires	Training costs as percentage of payroll
Arthur Andersen	Professional services	32,358	8,917	7,237	5.9
AT&T	Telecommunications	217,298	8,630	App. 3,000	3.0
Chase Manhattan	Finance	26,913	7,030	3,348	2.0
Federal Express	Transportation	96,945	22,463	5,221	0.8
Ford Motor	Manufacturing	149,921	11,070	2,723	2.5
General Electric	Manufacturing	NA	NA	NA	NA
Hallmark	Publications/retail sales	12,684	328	223	3.5
McDonald's	Restaurant	426,053	549,747	20,115	0.6
Motorola	Electronics	NA	<10,000	NA	>3.0
Xerox	Manufacturing	47,176	2,053	979	0.2

Dissatisfaction with graduates' preparation is less a criticism of higher education than a simple acknowledgment of how competitive today's business world is.

interviews with the following six statements:

- With few exceptions, corporate leaders agree that today's new hires are academically impressive; they are at least as good as those of a generation ago, perhaps better.
- The participating business leaders select the cream of the crop and believe they are getting good people. They mentioned repeatedly that they are selective in hiring and that they recruit from a limited number of institutions.
- Corporate leaders are concerned less with a decline in the quality of higher education graduates than with developing workers who can adapt and lead in business conditions characterized by dramatic change. They stressed the competitive pressures facing their firms today and the need for new hires to be able to make an immediate contribution on the job. Understood in this way, dissatisfaction with graduates' preparation is less a criticism of higher educa-

tion than a simple acknowledgment of how competitive today's business world is.

- Corporate leaders agree that graduates are deficient in leadership and communication skills; quantification skills, interpersonal relations, and the ability to work in teams; the understanding needed to work with a diverse work force; and the capacity to adapt to rapid change. The ideal person is also flexible and able to think holistically—able to think in integrated ways and to move from substance and problem definition to mobilizing and implementing solutions.
- Several leaders report reducing their emphasis on hiring graduates right out of college in favor of hiring workers with three to five years' work experience.
- Some business leaders have significant reservations about the value of the MBA. Although most corporate leaders expressed approval of business schools,

several leaders were critical of business schools in general, and the MBA in particular. Among the criticisms: MBA holders are not worth the salary differential and often are deficient in basic skills; and MBAs do not stay with one firm long enough to justify the investment. In the increasingly cost-conscious corporation, MBAs have to justify their value.

To understand these views about the preparation of students, it is useful to note that many of these leaders expressed attitudes about higher education itself. Three perspectives commonly held by the leaders interviewed are presented below:

- Higher education does not take the needs of the private sector seriously.
- In the face of global competition, higher education is behind the curve—unable to respond quickly and trapped in a discipline-bound view of knowledge.
- Corporate leaders reflect concern about the attitudes and work values of what has come to be known as “Generation X,” people in their twenties and thirties.

Corporations and Internal Training

Although the focus of this study was the preparation of the work force by higher education, it is clear that companies do not rely solely on higher education institutions but also commit considerable resources to internal training. Conclusions that emerged from the interviews are:

Training is a very important strategic concern in these corporations, though training benefits generally cannot be quantified.

Its importance became evident as senior managers and CEOs described the amount of time they themselves spend on training issues. Respondents also emphasized the amount of money spent on training; all indicated that such expenditures have

increased in recent years and are expected to continue to increase at least in the near term.

Whether considered in terms of time or money, training has the potential to be a powerful strategic advantage—and possibly, as one respondent phrased it, *the* competitive advantage. Training is not a free good at any of these firms. Business units pay the cost of training—a kind of indirect indicator of its value.

Corporate training is on the verge of its own metamorphosis—one comprising technological cost reduction, training on employees' time, and just-in-time training.

Practically everybody interviewed reported that training costs have increased and are expected to continue increasing. However, a number of respondents suggested that training will be restructured to be more effective and efficient. Changes may take the form of distance learning, encouraging employees to complete training on their own time, and developing strategies for providing training just in time.

Developing new training delivery methods and content within corporations is vital as businesses change. The issue is how best to deliver just-in-time learning so that people get the training they need and want, when they need it, when they want it, and when they can use it.

The Next Step

While the corporate leaders were quick to define problems and suggest directions for change, few of the leaders offered specific solutions. To continue examining the work preparedness issue and move toward solutions, the Business-Higher Education Forum intends:

- To explore the perceptions of academic leaders with regard to the abilities of their graduates, the needs of business, and the responsibility of higher education to fill those needs;
- To learn from employed college graduates about how they view their

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postsecondary education; and

- To extend the discussion to incorporate the views of leaders of small and medium-sized businesses, whose experiences may differ from those of the leaders of large corporations.

With the next phases of the work of the Task Force on High-Performance Work and Workers, the forum intends to identify ways to ensure the best education and preparation of people for their roles in the work force and in society. ♦

About the **Business-Higher Education Forum**

The Business-Higher Education Forum was founded in 1978 by the American Council on Education (ACE), the umbrella organization for postsecondary education in the United States. An association of business and university leaders, the Forum was established to bridge the gap between the corporation and the campus. Members address such issues as international economic competitiveness, education and training, R&D partnerships, science and technology and global interdependence. This article was adapted from *Higher Education and Work Readiness: The View from the Corporation*, a study conducted by the Forum-sponsored Task Force on High Performance Work and Workers.

Where the University of Texas at Austin MBAs Go

**Table 2
1995-96 MBA Placements by Region**

Region	Jobs accepted (percentage)
Southwest	50
Midwest	11
West	17
Northeast	9
Southeast	7
Asia	2
Europe	2
Latin America	3

**Table 3
1995-96 MBA Placements by Industry**

Industry	Jobs accepted (percentage)
<u>Manufacturing</u>	
Automotive/transportation	3
Chemicals/energy petroleum	4
Electronics/high tech	20
Food & beverage/tobacco	6
Highly diversified	6
Household/personal products	3
Pharmaceuticals	2
<u>Service</u>	
Accounting	5
Communications	7
Computer services	5
Consulting services	15
Investment banking	4
Transportation/environmental services	9
Commercial banking	5
Investment management	2
Real estate	1
Law	1
Utilities	2

High tech industries accounted for 20 percent of the UT-Austin MBA placements during 1995-96.

Source: Career Services Office, 1995-96 MBA Salary Survey.

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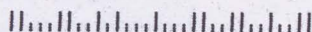
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