IMPACT OF SELECTION AND TRAINING RESEARCH ON
PRODUCTIVITY, QUALITY OF WORK LIFE, AND PROFITS

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This chapter is not a comprehensive review of the research literature relevant to personnel selection and training research. Rather it attempts to place the subjects of selection and training in perspective—that is, in terms of their partial contribution to employee productivity, quality of work life, and profits. Then we will present examples of the contribution of four types of behavioral science interventions: an absenteeism control program, an employee assistance program, a goal setting and feedback program, and an assessment center selection program. Let us begin by defining our terms.

Productivity

Productivity is generally considered to be a measure of the output of goods and services relative to the input of labor, material, and equipment. The more productive an industry, the better its competitive position because its unit costs are lower. Improving productivity simply means getting more out of what is put in. It does not mean increasing production through the addition of resources such as time, money, materials, or people. It is doing better with what you have. Improving productivity is not working harder; it is working smarter. Today's world demands that we do more with less—fewer people, less money, less time, less space, and fewer resources in general.

American workers are increasing their productivity, but not as fast as their Japanese and West German counterparts. Of 12 leading non-Communist industrial countries, West Germany has had the fastest record, with an increase in the average factory worker's production of 5.6% per hour, followed by Japan (5%), Belgium (4.6%), the United States (4.4%), Britain (3.4%), and France (3.3%). Sluggish U.S. productivity has been blamed for many of America's economic ills ("America Makes Gains," 1987).

What are some of the causes advanced by economists to explain the slow growth rate in U.S. productivity? One, the supply of labor that can be directed from inefficient productive activities, such as outdated steel mills, to more productive endeavors, such as electronics or health care, has shrunk. Lacking necessary job skills and trained only as steelworker, these people are "structurally unemployed."
Two, complying with environmental and safety laws, among other government regulations, adds costs to production but does not increase it. Three, increasing dishonesty and crime generate costs that are reflected in increased production costs but do not increase productivity. Four, lower spending for research and development leads ultimately, and inexorably, to slower productivity growth over time.

These are not the only causes of slow U.S. growth in productivity. Indeed, economists admit that they cannot explain all of the reasons for the decline in terms of common economic measures (Dennis, 1979). Consider three other causes: (1) lazy workers and indifferent management; (2) government-induced inflation through practices such as cost-plus contracts, automatic cost-of-living increases in government spending, and big deficits to fight recessions; and (3) paper entrepreneurs, those who capitalize on legal and financial opportunities for profit rather than on improved methods of production. For example, consider that of every 10,000 citizens in the U.S. and Japan, the following ratios are found, respectively: Lawyers, 20 (US):1 (Japan); accountants, 40 (US):3 (Japan); engineers, 70 (US):400 (Japan) (Cascio, 1986). The net result of the trend toward paper entrepreneurship in the U.S. is that there is a serious "brain drain" away from genuine innovation in production, marketing, and sales.

Psychology cannot expect to have much impact on capital investment, spending for research and development, or compliance by organizations with government regulations. However, through behavioral-science-based interventions in personnel selection and training, it can have a major impact on structural unemployment, "lazy" workers, and indifferent management. In terms of the components of total productivity, psychology can reasonably expect to affect the contribution of labor, not the contributions of capital, materials, or energy resources. Improvements in the labor component therefore represent "partial measures of productivity" (Packer, 1983).

Quality of Work Life

There are two ways to look at what we mean by "quality of work life" (QWL) (Lawler, 1982). One way equates QWL with a set of objective organizational conditions and practices (e.g., job enrichment, democratic supervision, employee involvement, and safe working conditions). The other way equates QWL with employees' perceptions that they are safe, relatively well-satisfied, and are able to grow and develop as human beings. This way relates QWL to the degree to which the full range of human needs is met. Because the second view allows for differences among people—that not all people find the same set of objective conditions (e.g., democratic supervision) to be an important component of a good QWL—we will define QWL in terms of employees' perceptions of their physical and mental well-being at work.

Joint labor-management participation is the very essence of QWL; it is the common denominator that runs through almost all efforts to improve QWL in U.S. firms. Participation is used to identify problems and opportunities in the work environment, to make decisions, and to implement changes. Some of the most common forms of worker participation include the following:

1. Quality circles and other types of problem-solving groups.
2. Union-management cooperative projects.
3. Participative work design and new design plants.
4. Gain-sharing, profit-sharing, and Scanlon plans.
5. Worker ownership or employee stock ownership.