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A survey of management trainee programs at savings associations having more than {dollar}400 million in assets

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A SURVEY OF MANAGEMENT TRAINEE PROGRAMS AT SAVINGS ASSOCIATIONS HAVING MORE THAN $400 MILLION IN ASSETS

by

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VITA

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CHAPTER I

INTRODUCTION

Read any best-selling book on business and the author will state that improving management skills is the key to success for a company. For businesses in a highly competitive market, the quality of management may be the critical factor in the success or failure of an individual organization. But how do individuals develop the skills to become the successful managers all companies want, especially in a very competitive type of business? Is management training the answer?

For about the last ten years, the savings association business has been an industry undergoing stresses due to government deregulation and economic pressures. Savings associations are one of many types of financial institutions that are competing in new markets. Competent managers are recognized as a need due to the increasing sophistication and complexity of the industry. To what extent associations are responding to that need with management training programs has not been known.

In this study, management training research is restricted to the area of management trainee programs at savings associations having more than $400 million in assets. Researching this one type of management training program should define what type of training is provided for relatively inexperienced management candidates. These programs should show what skills savings associations consider to be critical for a new manager and how they are taught.

The purpose of this study is to survey the general characteristics of management trainee programs at these savings associations. Since little is known about these programs, the questions to be answered are:

- How widespread are management trainee programs?
- Are associations who have the programs different from those that lack the programs?
- Are these programs a growing type of training?
- How long are the programs and what are the topics and skills taught?
- What instructional methods are used?
- How are the programs evaluated?
- Why do associations have these programs?

The method of data gathering was a mailed questionnaire that was sent to 440 savings associations. The results answered the above questions and established the basic characteristics of management trainee programs at this type of business.

CHAPTER II

REVIEW OF LITERATURE

A. CHARACTERISTICS OF SAVINGS ASSOCIATIONS

The concept behind the American savings association business began in England in the 1700's. At that time, "friendly societies" or financial cooperatives were formed. Members made regular contributions to these cooperatives and were entitled to draw funds in the event of illness, accident, or unemployment. Eventually, the first building society was formed. Its purpose was to provide funds to purchase homes for the members.

In 1831, a group of men in Frankfort, Pennsylvania, who were familiar with the English building societies, formed the Oxford Provident Building Association. The 37 members of this society made monthly contributions to a common fund. When the fund reached $500.00, the members bid for the opportunity to borrow the funds for the purchase of a home. All of the members continued their monthly contributions until enough funds were raised for each person to buy a home.

Originally, building societies were dissolved after all the members had purchased a home, but this one was so successful that the Oxford Provident was re-formed with a new group of members. Building societies started to become a fixture in the American economy.[1] Commercial banks were not interested in home financing and primarily offered loans and services to commerce and industry.

Building societies existed in several states by the time of the Civil War, and were probably established in all states by 1900. Increasing sophistication and protection became a necessity as building societies expanded. A revealing sidelight on the nature of the business can be found in the story that the first loan made by the Oxford Provident also became the first delinquency. Early associations were unincorporated and unregulated by the government.

As the business became more complex and widespread, the occurrences of bad management or unsound loans increased. During the depression of 1893-97, a number of associations went out of business. This caused several states to pass restrictions on the operation of associations. This was the start of government regulation.

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1 Introduction to the Savings Association Business, The Institute of Financial Education, Chicago, 1979, 6.

Although associations suffered setbacks during this depression, a comprehensive study by the federal government showed that in 1893 there were 5,598 local associations, with a total membership of about 1.35 million people, and assets of $473 million. After the turn of the century, associations began to grow steadily.[2]

By 1920, there were 8,633 associations with assets of $2.5 billion. The business continued to grow through the prosperous 1920's. By 1929, there were 12,342 associations with $8.6 billion in assets. However, significant events occurred in the business during the depression of the 1930's.[3] In the 1930's, 1706 savings associations failed, and savers lost about $200 million.[4] Since loan customers could not afford to make their mortgage payments, associations were forced to foreclose on the properties. Due to the depression, land values dropped, the homes could not be sold for the loan amount, and associations did not have the funds to pay back their savers.

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2 Ibid., 12.

3 Ibid., 16.

4 Ibid., 20.

Because of this disaster to a business which served as an important provider of home financing, two agencies of the federal government were formed to prevent future problems of this scale. The Federal Home Loan Bank System (FHLB) was formed to serve as a source of borrowed funds for associations. It can provide cash to survive a short-term crisis or adjust to temporary changes in an association. The FHLB also issues charters to operate federal associations. The Federal Savings and Loan Insurance Corporation (FSLIC) was organized to guarantee the safety of depositors' funds. These two organizations restored the confidence of the public in the savings associations business. They are still important entities in the existence of the business.

The savings and loan business showed a strong inflow of deposits during World War II although mortgage opportunities were limited. Home construction hardly existed. Savings interest rates were lowered, and much of the funds in savings associations was invested in government securities. Because of the strong deposit base, associations became the dominant mortgage lenders after World War II.

Association growth has generally been steady since that time. Assets of the business totalled $130 billion by 1965, and increased to $900 billion by 1984.[5]

Besides growth of the industry in size, it has also grown in the variety of services it offers to the public. The traditional motto of the business is to promote thrift and home ownership. Although this emphasis is still part of the business, continuing government deregulation and changes in the economy have produced significant changes.

Contrasting the savings and loan business of today to about 10 years ago shows the most significant changes. About 10 years ago, savings associations primarily offered regular passbook savings accounts, a few certificates of deposit, mortgage loans, and home improvement loans. Interest rates and terms on the savings accounts and certificates were regulated by the government with all associations offering the same plans. Loan rates were fixed for the term of the loan (up to 30 years on mortgages). These interest rates changed seldom and only in small amounts. Since that time, these major changes have occurred:

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5 Diana S. Cheseldine, ed., Savings Institutions Sourcebook '85, Chicago, 1985, 44.

- The Individual Retirement Account (IRA) was created.
- Interest earning checking accounts were added.
- FSLIC saver's insurance was increased to $100,000.
- A money market account with a variable interest rate was added. Each association individually determines the interest rate it will offer.
- Restrictions on interest rates and terms of certificates of deposit accounts were eliminated.
- Adjustable mortgage loans were created (the interest rate and/or term may adjust at set intervals.)
- Business loans were added.
- Consumer loans were expanded to include unsecured loans.
- Automatic teller machine services and networks expanded dramatically.
- Associations were allowed to contract for brokerage services for customers.
- Trust services are now allowed (although not many associations have expanded into this area.)

Many of these changes were initiated by the government to remove the non-competitive aspects of the business. Savings and loan associations were both restricted and protected by the laws that resulted in rigid rules on interest rates and types of services offered. The Depository Institutions and Deregulation Committee, appointed by the federal government, is in the process of dismantling many of these rules. When the Committee finishes its schedule of deregulation (in 1986), no interest rates will be fixed and the marketplace will dictate the trends. Individual institutions will offer the rates and plans that each feels will be attractive to customers.[6]

Previously, each type of financial institution had a special niche in the economy. Savings associations, banks, stock brokerages, and life insurance companies are considered to be the primary financial intermediaries. Financial intermediaries manage the assets of other economic units - businesses and individuals. They bring borrowers and savers together.[7] Savings and loan associations traditionally offered savings accounts and provided home mortgage loans to consumers.

Banks offered non-interest earning checking accounts as the primary deposit service, and short-term commercial loans to businesses as their income source. Banks were traditionally uninterested in the consumer as a customer and

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6 Ibid., 68.

7 Benton E. Gup, Financial Intermediaries: An Introduction, Boston, 1976, 3.

tailored their services to the business community. Commercial loans have variable interest rates and are riskier loans due to less secure collateral. Depositors' funds are insured to $100,000 by the Federal Deposit Insurance Corporation (FDIC) which is similar to the FSLIC.[8]

Stockbrokers buy and sell stocks, bonds, etc. on the various stock exchanges for their customers. These investments are considered to be riskier than deposits in savings associations or banks since they are not insured. It also requires considerable expertise to make these purchase decisions. The companies which offer stock or borrow funds through bonds may use the funds for many purposes.[9]

The major liabilities of life insurance are the policies. These policies are long-term in nature and the insurance companies match maturity of their assets with their liabilities. They primarily invest in corporate bonds and mortgages.[10]

Deregulation of the deposit institutions has had an impact on all the financial intermediaries. The lines of

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8 _Ibid_., 86.

9 _Ibid_., 170.

10 _Ibid_., 139.

distinction have blurred and functions now overlap. Many of these institutions now offer similar services and compete for the same borrowers or investors.

To survive in this highly competitive situation, savings associations need highly competent, sophisticated management. This was not needed when the business was highly regulated because the government set the rules that all associations had to abide by. Associations that succeed today must find and develop individuals to become the managers of the future. A management trainee program is the process by which some of them are trying to accomplish this goal.

B. EXISTING RESEARCH ON MANAGEMENT TRAINING PROGRAMS

Management training is a concept that can have widely varying definitions depending upon the individual organizations. It can mean anything from occasional seminars on management topics (planning, delegation, motivation, etc.) to elaborate five year programs for continuing management development. Although there is an enormous amount of literature on the general topic of management training, this review will concentrate on surveys and case studies that emphasize the use of management trainee programs (especially in financial institutions).

Management trainee programs are usually designed to develop managerial skills in individuals who are prime candidates for managerial positions. These individuals often do not have previous managerial experience and may be newly hired. They also hold a job title such as Management Trainee until the completion of a program that may last from several weeks to a few years. Besides developing managerial skills, these programs also sometimes develop technical expertise in the functional areas of the corporation (i.e. lending, accounting, marketing, savings, etc.) Management trainee programs are tailored to each organization although seminars or courses sponsored by universities or training consultants are often included.

Most of the information available on management trainee programs (and the survey results reported later in this report) can be divided into four categories: demographics (vital statistics), structure (time length, teaching methods, number of participants, etc.), content (topics and skills included), and evaluation (measurement of learning and effectiveness).

1. DEMOGRAPHICS

Several studies have reported that management training is widespread in American corporations. Daly[11] describes several studies that report management training as being available in about 90 per cent of the surveyed organizations. In 1983, Zemke[12] reported that 91.3 per cent of banking survey respondents indicated that management training was offered at their business. Since the surveys do not differentiate between management trainee programs and on-going management development programs, it is difficult to determine how much of this widespread training is oriented to new managers. Specific information on management trainee programs has been reported most usefully in individual case studies of programs at specific financial institutions. Although some survey data will be included in this review, much of the information was derived from these case studies.

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11 Andrew Daly, "Management and Supervisory Development," Training and Development Handbook, ed. R. L. Craig, New York, 1976, 22-5.

12 Ron Zemke, "American Banking: Industry in an HRD Crunch," Training, October, 1983, 168.

Generally, the number of trainees in a program at any given time seems to be a function of the size of the organization and the need for new managers. The mere existence of a program does not depend on a high need for managers, however. Some of the organizations only had one, two, or three trainees in the program at a time, although several reported 10 or 20.

2. STRUCTURE

Of the programs where program length was reported, the times ranged from 6 months to 2 years. Several of the programs also explicitly mentioned that the individual needs of the trainees influenced the length of the program. One training program was completely individualized for each trainee and did not set a specific length.

The organizations differed widely in the instructional methodology of the programs. One of the major differences was between the amount of time spent in management skills seminars vs. technical or on-the-job training. In a survey of 225 organizations, Daly[13] reported the usage of the

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13 "Management and Supervisory Development," Training and Development Handbook, 22-7.

different training techniques by number of organizations (Table I). Most of the organizations considered on-the-job training and seminars/conferences to be the major components of the program.

Of the case studies, the organizations that emphasized on-the-job training were the longer programs. A Florida savings and loan has a program that allows trainees to attend classes for about a month, and then places them in an on-the-job training program for 12 months.[14]

Prost[15] describes a program that was a pioneer in savings associations when it was established in 1970. Few associations had programs then. This 15 month program heavily emphasized on-the-job training by department rotation. Mention is made of out-of-house seminars but no specifics are given. However, a list of 16 field trips to local banks, credit bureaus, stock brokers, real estate title companies, and federal agencies is included. The

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14 "On Campus Recruiting is an Educated Move," Savings Institutions, February, 1985, 125.

15 Thomas J. Prost, The Formation of a Junior Executive Development Program for Talman Federal Savings and Loan Association of Chicago, Unpublished Graduate Program Thesis, The Institute of Financial Education, Chicago, 1972, 15.

TABLE I

USAGE OF MANAGEMENT TRAINING TECHNIQUES
BY ORGANIZATION (DALY)

Technique or Tool	Number
On-the-job experiences and job transfers	200
Seminars	195
Conferences	193
Role playing	120
In basket	73
Quantitative techniques	67
Sensitivity training	57
Other	36

purpose of the field trips was the exchange of ideas related to present day problems and an increased knowledge of the savings and loan business.

A more unusual approach to on-the-job training was advised by Sullivan and Miklas.[16] They contend that although on-the-job training is the most frequently used method, it is also one of the most poorly implemented. In this program, on-the-job training is one part of an individualized program for each trainee. However, all trainees were being prepared for the same target job - assistant office manager in a bank branch office. The trainees spent six months in various departments and three months as an apprentice assistant office manager. Performance competencies for each on-the-job training area were prepared and written in the form of performance objectives. This insured consistency in the program, even though the participants were training in different departments at different times. A mentor was also assigned to each trainee to act as a role model, keep communication channels open, and operate as a resource for the trainee. Five weeks of the program were

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16 Robert F. Sullivan and Donald C. Miklas, "On the Job Training that Works," Training and Development Journal, May, 1985, 118.

designated as "mentor weeks" when the mentors determined the appropriate training activities. Seminars were only obliquely mentioned.

Farren and Kaye[17] participated in the development of Merrill Lynch's Management Readiness Program. The six-month program begins with a three-day seminar on the organization and self-assessment. The participants are then divided into groups of four with one mentor for each group. The mentor is a high level manager who serves as an advisor for the entire program. The participants receive individual counseling to determine what seminars they should attend. These seminars are coordinated with their regular job functions. In the final phase of the program, the participants prepare a four-page profile. It outlines career accomplishments, skills, goals, values and other background information on the participants. These profiles are distributed to senior managers seeking to fill positions within the firm. A profile functions as an internal resume for transfers and promotions.

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17 Caela Farren and Beverly Kaye, "The Principles of Program Design: A Successful Career Development Model," Personnel Administrator, June, 1984, 109-110.

An even more novel approach is used at an Ohio bank. Hastings[18] explains the comprehensive Career Development Program. It has a completely individualized approach which places a great deal of initiative and responsibility on the employee seeking career development. As a first step, an employee works with a counselor to accomplish basic self-analysis. Many employees then attend the Career Assessment Workshop to review his/her background, talents, motivations, and special knowledge. This workshop leads into a structure for preparing career plans and choices. A Career Opportunities Booklet lists what possibilities are available at the bank and what career paths can lead to these positions. Further discussions with the personnel staff and management bring the employee to definite plans. An unusual option the bank offers is an Outplacement Service if the employee's goals do not match choices within the organization. However, the employee is not forced into outplacement if he/she decides to remain with bank and reassess career goals. It is offered as a possible option. This bank looks at the individual's career needs first, and

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18 Robert E. Hastings, Career Development: Maximizing Options, The American Society for Personnel Administration, Berea, Ohio, 1978.

then sees if a position within their organization will satisfy this person's needs. This is the complete opposite to some management trainee programs that are highly structured, allow no individualization, and work to mold the individuals to the positions.

2. CONTENT

Most of the studies do not report the amount of time each program spends on each topic area or function. For the programs that specifically mention structured training in managerial skills, the topics are often more similar. Even general mentions of managerial skills at least indicate that the training includes management function skills, interpersonal skills, and communication skills. From one of the surveys where topics were researched in detail, Daly[19] furnished a detailed list of topics and occurrence (Table II). This list shows that many topics are common to a large percentage of the programs.

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19 "Management and Supervisory Development," <u>Training and Development Handbook</u>, 22-5.

TABLE II

LIST OF SUBJECTS COVERED
IN INITIAL OFF-THE-JOB TRAINING PROGRAMS (DALY)

Subject Area	Number of Times Mentioned
Leadership, human relations, working with people, behavioral science, motivating employees	128
Management theory and practice, management concepts, the management process	62
Company policies, benefits, personnel procedures	47
Labor relations, labor laws and regulations, collective bargaining, union contracts, dealing with the union	42
Company organizations, role of the line departments, role of the staff, staff services	41
Problem solving, analyzing problems, decision making	41
Role of the supervisor, supervisory concepts	30
Safety, fire fighting, first aid, housekeeping, the Occupational Safety and Healthy Act	28
Company administrative procedures, mechanics, paperwork	27
Company nondiscrimination policy, equal employment opportunity regulations, the minority employees, deal with minorities	25

Wise and Zern[20] identified eleven skill areas to be included in Hartford National Bank's management training program for branch managers. They were:

- Maintaining desired performance,
- Dealing with an employee who is having a performance problem,
- Giving performance feedback,
- Conducting a performance appraisal,
- Conducting a salary review,
- Establishing goals,
- Assigning work effectively,
- Achieving objectives through teamwork,
- Coaching effective sales performance,
- Reducing resistance to change,
- Enhancing upward communication.

Skill modules were designed for each of these topic areas. Technical topics (such as lending operations, accounting, etc.) were not included in this program.

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20 Richard E. Wise and Howard R. Zern, "Identifying and Improving Management Skills at Hartford National Bank," _Training_, November, 1982, 56-58.

At Merrill Lynch, Farren and Kaye[21] listed a series of self-instructional computer based courses and classroom courses. The computer based courses were:

- Time management,
- Resource management,
- Managerial success,
- Supervisory success,
- Understanding financial statements,
- Issues and perspectives in management,
- Understanding equal employment opportunity.

The classroom courses were:

- Business writing,
- Effective presentation skills,
- Selection interviewing.

The participants were not required to take any particular courses. However, they were encouraged to take a variety of courses after career counseling identified training needs. It is difficult to assume what the "success" courses contained as content.

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21 "The Principles of Program Design," Personnel Administrator, June, 1984, 110.

A Boston bank that started a management trainee program included a combination of management and technical skills in their program. This program included self study modules and classes taught by instructors from a local college. The program (which had 10 trainees) concluded with a Simulator exercise where the trainees assumed the roles of the president, controller, marketing director, etc. This was a computer simulation that was designed to include all skill areas. The course topics and study hours are shown in Table III. As can be seen from the number of hours, technical skills received a greater emphasis than human relations and management skills.[22]

The next three programs to be discussed only included technical skills (or little mention of specific managerial skills.) These are the programs that are longer in length.

Not much content description is given on the Florida association that has a 13 month management trainee program. The participants attend one week classes for tellers, new

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22 "Boston Bank Tests New Training Plan," Banking, August, 1975, 8.

TABLE III

COURSE TOPICS AND STUDY HOURS
OF A BANK MANAGEMENT TRAINEE PROGRAM
(BOSTON BANK)

Subject	Hours
Accounting, Economics, Finance	216
Management Skills	101
Human Relations Skills	45
Banking and New England Merchant Bank Practices	25
Loan Officer Development	15
Simulator	45

account representatives, supervisors, and marketers. The rest of the program consists of on-the-job training.[23]

The on-the-job training program of Sullivan and Miklas[24] concentrated on the areas of:

- Branch office functions,
- Loan analysis,
- Loan review,
- Collections,
- Consumer credit,
- Branch office marketing,
- Sales administration and support,
- Trust sales,
- Money management.

These would be topics of prime interest to the candidates in these programs - assistant office managers in a bank branch office.

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23 "On Campus Recruiting," Savings Institutions, February, 1985, 125.

24 "On the Job Training," Training and Development Journal, May, 1985, 118.

The 15 month training program Prost[25] developed at a Chicago savings and loan association included the longest list of technical areas. The functions that the trainees studied were:

- Lending,
- Savings and lending development,
- Appraisal,
- Loan Service,
- Savings,
- Tellers,
- Computer data center,
- Accounting and financial planning,
- Internal audit,
- Staff services,
- Building planning,
- Legal,
- Advertising and public relations,
- Personnel,
- Service corporation.

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25 The Formation of a Junior Executive Development Program, 10.

4. EVALUATION

There are four evaluation steps according to Kirkpatrick.[26] They are: reaction, learning, behavior, and results.

Reaction measures the feelings of the learners, or how well they liked the program. Reaction has value because participants who react positively are more likely to pay attention to the learning experience.

Measuring learning determines how much of the facts and techniques were understood and retained by the participants. Learning is more difficult to measure than reaction. An assessment of knowledge level prior to the program should be made so that post-program testing shows the change in knowledge rather than a total amount of knowledge. Otherwise, a participant may have already known all the information contained in a program and his/her high test score still would be attributed to the learning experience. This result would not be a true measure of the learning that

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26 Donald L. Kirkpatrick, Techniques for Evaluating Training Programs, American Society for Training and Development, Alexandria, Virginia, 1978, 1.

occurred in the program. Written tests are encouraged so that results can be quantified and summarized for groups of individuals.

Behavior measurement assesses job application of knowledge or skills learned in a training program. It is quite possible for a trainee to learn new skills or information, and not apply them. Areas where this commonly occurs are in supervisory skills, customer relations skills, and other types of communication skills. It is easier to slip back into old habits of behavior than to apply uncomfortable, awkward new skills. Implementation of new skills may require the addition of transfer of training techniques to a training program. Where significant change is desired, a post-program action plan is often suggested.

Even change of behavior is not the final desirable outcome of a training program. From an organizational standpoint, results of training should have organizational impact such as cost reductions, profit increases, reduction of grievances, reduction of turnover, increase in quality, improved morale, etc. This is the most difficult area to measure yet it is the most important. Results are what justify the cost of training. When measuring results, it is critical to separate the effects of training from other factors. Although difficult, measuring training results is the best way to insure that the organization receives its return on training investment.

The literature is critical of the evaluation efforts of management training programs. In one survey Daly[27] studied, 49 per cent of the organizations used trainee opinions as the basis for judging the program, a quarter to one-third asked the immediate supervisors of the trainees for their opinions, and about 10 per cent used performance appraisal data and department records.

In a comparison of similar surveys conducted in 1963 and 1980, Middlebrook and Rachel[28] found an increase of 24 per cent in the number of organizations who practiced formal evaluation of their middle management training programs. They found, however, that most of the evaluation was an assessment of trainee reaction. They contend that without pre and post studies, production records analysis, or other longitudinal studies, the effects of training are an act of faith without basis in evidence.

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27 "Management and Supervisory Development," Training and Development Handbook, 22-6.

28 Bill J. Middlebrook and Frank M. Rachel, "A Survey of Middle Management Training and Development Programs," Personnel Administrator, November, 1983, 31.

Harari and Walt[29] tie the whole issue of management development to the challenges facing the savings association business. This article was written in 1981, when the thrift industry was in worse financial condition than today. About 80 per cent of associations were losing money and mergers were occurring at the rate of 200 per year. Although their alarmist view has now changed in the less troubled environment of today, their contention that managers must be more sophisticated and knowledgeable still holds true. The industry is still struggling with the deregulation changes.

In their assessment, evaluation of savings and loan management training programs is inadequate. They did not feel that many associations even measured reaction except through occasional verbal comments. They strongly urged associations to measure learning, behavior and results.

Some organizations have made the effort to evaluate more than just trainee reaction, and Sullivan and Miklas'[30] banking program is a good example of learning measurement.

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29 Oren Harari and Harold R. Walt, "Management Training: Boon or Bane?," Federal Home Loan Bank Board Journal, November, 1981, 16.

30 "On the Job Training," Training and Development Journal, May, 1985, 118.

Since these trainees spent most of their program in the different departments of the bank, it could have been easy for the program coordinators to lose control of the learning experiences. However, this problem was prevented by establishing written performance objectives for each technical area. Trainees were assessed on these objectives at the end of each section and their actual learning could be tracked.

Farren and Kaye[31] measured behavior and results at Merrill Lynch by analyzing job changes of the participants. By 1983, 223 participants had graduated from their program. Of these, 60 per cent experienced some type of job change: 129 promotions, 29 lateral transfers, 11 upgrades, and two special assignments. Several individuals had more than one change. One of the goals of the program was to have 20 per cent of participants experience job changes within six months after completing the program. Another objective was to develop a pool of men, women, and minorities from which potential managers would be selected. Of the 223 participants, 51 per cent were women and minorities. All of the

31 "The Principles of Program Design," Personnel Administrator, June, 1984, 110.

objectives of this program had been exceeded and could be easily quantified.

At Hartford National Bank, Wise and Zern[32] measured both learning and results. They used pre-training and post-training responses on behavior inventories to measure learning. They also analyzed controllable turnover in the branch offices for results of the program. They found that there was a 17.69 per cent reduction in rate of employee turnover in offices where managers attended the program. This rate was compared to the turnover rate at offices where the branch managers had not attended the program.

Although difficult, these last three organizations demonstrated that higher levels of evaluation can be successfully accomplished. The survey questionnaire used in this research study has a greater emphasis on evaluation due to the lesser amount of existing research in this area.

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32 "Identifying and Improving Management Skills," *Training*, November, 1982, 58.

CHAPTER III

METHOD

A. SUBJECTS

About 3,400 savings associations are currently operating in the United States. For the purpose of this study, a sample of at least 50-60 savings associations having management trainee programs was desired. Several considerations determined the survey group that should result in at least this number of positive survey respondents.

Surveying the entire population of savings associations would have proven too costly and labor-intensive. Also, it should not have been necessary to survey the entire group to yield an adequate number of associations having management trainee programs. However, access to any of the entire group of associations could be easily accomplished. Association names, addresses and asset sizes are available from the U.S. League of Savings Institutions, the major trade association for savings associations. League membership represents more than 98 per cent of the assets of the nation's savings institutions, and the League produces a number of publications on industry statistics.[1] Any logical selection technique would have been possible.

Two important assumptions were made that resulted in the selection of associations having more than $400 million in assets: larger associations were more likely to need management trainee programs, and larger associations were more likely to have a training department or training director to send the survey to. Both assumptions are largely based on demographics of the associations. Of the 3,400 associations nationwide, approximately 60 per cent of them have less that $100 million each in assets. Also, these association only hold a total of about nine per cent of the assets of the whole group.[2] The number of associations per asset size group tapers off much more quickly as the asset size increases. There are also smaller numbers of employees in the low asset size associations. A statistic that has been annually reported on the business is the average number of employees per $1 million of assets. In

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1 1985 Directory of Members, U.S. League of Savings Institutions, Chicago, 1985, iii.

2 Savings Institutions Sourcebook '85, 48.

1984, this number was .36.[3] Although individual associations may vary from this number, it still means that a $100 million association might have about 36 employees. An association of this size does not have many managers and the existence of a structured management trainee program seems doubtful. These statistics encouraged selecting a survey group from the larger associations in the expectation that management trainee programs were more likely to be needed and available.

Additional information influenced the selection of associations having more than $400 million in assets. In the writer's personal experience, it is very unlikely to find a training department or director in the Chicago area in associations having less than $400 million in assets. Even at $400 million, there is often just one employee with full-time training responsibilities. Since the survey instrument was going to be mailed to all subjects under the generic title of Training Director, it was expected that a better response would be received from organizations that had made a formal commitment to training in general. It was found that 440 associations in the country have at least

3 Ibid., 53.

$400 million in assets. This was a reasonable size group to send a mail questionnaire. This group also includes over 70 per cent of the total assets of all associations.[4]

One aspect that was almost completely unknown was how many associations even had a formal management trainee program. It did not appear that a majority of large associations in the Chicago area had programs so it could be expected that less than 50 per cent of the subjects would have programs. A group of 440 associations might only yield the minimum number of 50-60 positive responses to the survey (depending on the overall response rate).

The selected group of 440 associations having more than $400 million in assets proved to be located all over the country. The respondents to the survey all have branch offices and at least 100 employees.

B. PROCEDURE

A questionnaire (Appendix I) was the instrument developed for the mail survey. The purpose of the questionnaire was to define general characteristics of the associations and the management trainee programs. Ten questions

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4 Ibid., 48.

were asked that solicited demographic information such as association asset size, number of employees, number of branch offices, number of trainees, and others. A few questions only applied to associations having a program, and a few questions were only directed to associations lacking a program. If an association did not have a program, the respondent only had to answer demographic questions and return the survey. In addition to these questions, three questions asked about program structure, three questions researched program content, and five questions were directed to program evaluation.

All questions could be answered with check marks or written numbers. In some questions, lines for additional answers were included. A last question requesting general comments had a large blank space for answers. It was expected that the full questionnaire would take 10 to 20 minutes to complete depending on the ease of access to certain information such as asset size, number of trainees, or program results.

A copy of the survey and a cover letter (Appendix II) were mailed to each association along with a self-addressed stamped envelope. After ten days, the responses had peaked, and on the 12th day a reminder postcard (Appendix III) was mailed to non-responding associations. The postcard produced six letters or phone calls from individuals who said that they had not received the original survey. These problems might have been the result of the generic addressee of Training Director. The mail may have been misdirected.

After the postcard mailing, the responses continued to arrive but there did not appear to be a significant surge. A second copy of the questionnaire and another cover letter (Appendix IV) were mailed to the non-respondents 12 days after the postcard. This mailing created another surge of responses which peaked at about ten days. In the second cover letter, the readers were asked to respond within two weeks as the data was to be compiled then.

One month after the third mailing, the data was compiled. A few responses were received after that time but the data was not included. At the time of compilation, 262 surveys had been returned. Out of the total mailing to 440 associations, this response rate was 60 per cent.

Of the returned questionnaires, 13 were excluded because the respondents indicated that the information described general management classes that were conducted for all managers, not just management trainees. These programs covered just a few topics, had large groups in attendance, and were short classroom sessions. To some respondents, the difference between the concepts of management training and management trainee programs may not have been clear. However, most respondents did not seem to have difficulty differentiating these ideas.

Many of the respondents did not answer one or more of the questions, as can be seen on the upcoming tables. Some individuals explained that the information was not known but others simply left the answer section blank.

CHAPTER IV

RESULTS

A. DEMOGRAPHICS

The purpose of this section is to describe the vital statistics of the associations and management trainee programs. First, the asset sizes, number of employees, and number of branch offices are compiled and compared between associations having and lacking management trainee programs. Next, births, current ages, and deaths of management trainee programs are chronicled. Last, the volume of trainees in existing programs are analyzed for trends through time.

The literature did not furnish much information on demographics of the surveyed businesses or training program participants. However, the two published surveys that asked about general availability of management training found percentages of around 90 per cent. Since management trainee programs are a sub-set of all management training, the availability of these types of programs at savings associations was the first question of importance. The 249 survey responses were divided into two groups: those associations having management training programs, and those lacking programs. The associations lacking programs had a majority:

153 (61.4 per cent) lack programs, while 96 (38.5 per cent) have programs. On the questionnaire, only four questions were common to both groups. These questions requested number of employees in the association, number of branch offices, amount of assets, and whether or not a management trainee program existed.

As can be seen in Tables IV and V, as asset size increases, associations are slightly more likely to have management trainee programs. In the two middle asset size categories, size differences do not seem to have a strong association with whether or not a management trainee program exists. The highest and lowest asset categories show the greatest differences.

The responses for number of employees and branch offices also showed a greater likelihood of management trainee programs as the values increased. (Tables VI, VII, VIII and IX) However, the trend was much stronger in these areas. For example, 69.6 per cent of associations lacking trainee programs have 25 branch offices or less, while 44.8 per cent of associations having management trainee programs have 25 branch offices or less. Employee and branch office counts may be more indicative of the number of managers in an organization than asset size measurements. There is usually a branch manager at every location. Even small

TABLE IV

ASSOCIATIONS HAVING MANAGEMENT TRAINEE PROGRAMS
ASSET SIZE

Asset Size In Millions	Number of Associations	Percent of Associations
$ 400 - $ 749	29	30.2
$ 750 - $ 1,999	44	45.8
$2,000 - $ 4,999	12	12.5
$5,000 - $18,000	10	10.4
No response	1	1.0

Total - 96

Median - $1,000 million

TABLE V

ASSOCIATIONS LACKING MANAGEMENT TRAINEE PROGRAMS
ASSET SIZE

Asset Size In Millions	Number of Associations	Percent of Associations
$ 400 - $ 749	55	35.9
$ 750 - $ 1,999	71	46.4
$2,000 - $ 4,999	19	12.4
$5,000 - $23,500	7	4.6
No response	1	.7

Total - 153

Median - $850 million

TABLE VI

ASSOCIATIONS HAVING MANAGEMENT TRAINEE PROGRAMS
NUMBER OF EMPLOYEES

Number of Employees	Number of Associations	Percent of Associations
105 - 249	14	14.6
250 - 499	38	39.6
500 - 999	23	24.0
1000 - 1999	10	10.4
2000 - 6000	5	5.2
No response	6	6.3

Total - 96

Median - 440

TABLE VII

ASSOCIATIONS LACKING MANAGEMENT TRAINING PROGRAMS
NUMBER OF EMPLOYEES

Number of Employees	Number of Associations	Percent of Associations
100 - 249	50	32.7
250 - 499	57	37.3
500 - 999	25	16.3
1000 - 1999	9	5.9
2000 - 8000	6	3.9
No response	6	3.9

Total - 153

Median - 330

TABLE VIII

ASSOCIATIONS HAVING MANAGEMENT TRAINEE PROGRAMS
NUMBER OF BRANCH OFFICES

Number of Branches	Number of Associations	Percent of Associations
6 - 10	8	8.3
11 - 25	35	36.5
26 - 50	37	38.5
51 - 100	6	6.3
101 - 200	6	6.3
No response	4	4.2

Total - 96

Median - 26

TABLE IX

ASSOCIATIONS LACKING MANAGEMENT TRAINING PROGRAMS
NUMBER OF BRANCH OFFICES

Number of Branches	Number of Associations	Percent of Associations
2 - 10	32	21.9
11 - 25	73	47.7
26 - 50	31	20.3
51 - 100	12	7.8
101 - 250	3	2.0
No response	2	1.3

Total - 153

Median - 17

offices with only a few employees need at least one supervisor with the responsibilities of performance appraisal and customer transaction approval.

Since the savings and loan business has been changing in the last ten years, it seemed useful to check the strength of association between asset size and number of branches, and between asset size and number of employees. In the past, it has been assumed that there was a strong association between these variables due to the similarity of savings and loan services and operations. Correlation coefficients were calculated on the survey data. For organizations having trainee programs, the correlation coefficient for assets and employees is .97031. For assets and branches, the correlation coefficient is .90377. For savings and loans lacking trainee programs, the correlation coefficient for assets and employees is .93930. For assets and branches, the correlation coefficient is .93198. These variables showing strong association verify that although the overall business has a potential for diversity, there is still a high level of association between these variables.

The associations lacking trainee programs answered two questions that the other group did not. The first asked if the organization is currently developing a program. Of these associations, 34 per cent answered yes. (Table X)

This result shows that the implementation of trainee programs is not a stagnant operation. When (or if) these expected programs are implemented, they would increase the number of existing programs for this group of subjects by more than 50 per cent. It is not known whether any of the positive responses to this question were wishful thinking rather than actual planning. These results are indicative of the amount of interest in this type of program, however. There were also many written comments requesting the results of the survey due to a desire to develop a program. Although the future for management trainee programs looks promising, the past presents a curious perspective.

The other question that only associations lacking programs answered was an inquiry as to whether the organization had such a training program in the past. The positive responses to this question included 25.5 per cent of the associations. (Table XI) Why had these associations discontinued their programs? A clue to one possibility is contained in two written comments on the surveys. One respondent from an association with several billion dollars in assets wrote, "we discontinued our program as mergers left us with a surplus of managers." This program had existed for many years before that time. Another training director at a $750 million association did not know the

TABLE X

ASSOCIATIONS LACKING MANAGEMENT TRAINEE PROGRAMS
PROGRAMS UNDER DEVELOPMENT

Response	Number of Associations	Percent of Associations
Yes	52	34.0
No	88	57.5
No response	13	8.5

Total - 153

TABLE XI

ASSOCIATIONS LACKING MANAGEMENT TRAINING PROGRAMS
HAD PROGRAM IN THE PAST

Response	Number of Associations	Percent of Associations
Yes	39	25.5
No	87	56.9
No response	27	17.6

Total - 153

answer to the question and commented, "since we are the product of several mergers, some of our predecessor companies may have had management trainee programs in the past." Mergers having an effect on programs was also mentioned by a respondent from a $900 million association that does not have a program. This person said, "as a result of mergers haven't had time to begin a program. Anticipate renewed interest."

One other clue to reasons for discontinuing a program was obtained through further analysis of the 39 associations which had a program in the past. Of these 39 associations, 10 are currently developing a new program. This response would indicate that at least 25 per cent of the associations that discontinued the programs are not dissatisfied with the entire concept of management trainee programs. At least some of the old programs were discontinued for other reasons such as tight economic conditions, lack of need, or dissatisfaction with that particular program.

To further analyze the data on previous existence of programs, a crossbreak was constructed to study the relationship to asset size. (Table XII) A startling reversal occurs between the two high asset categories and the two low asset categories. The larger associations are much more likely to have had a management trainee program at some time

TABLE XII

ASSOCIATIONS CURRENTLY LACKING MANAGEMENT TRAINEE PROGRAMS - CROSSBREAK OF ASSET SIZE AND PREVIOUS EXISTENCE OF MANAGEMENT TRAINEE PROGRAMS*

Existence of Previous Program	Asset Size in Millions				Row Total
	$400-$749	$750-$1,999	$2,000-$4,999	$5000+	
Yes	9 (18.8%)	17 (29.8%)	9 (64.3%)	4 (66.7%)	39
No	39 (81.3%)	40 (70.2%)	5 (35.7%)	2 (33.3%)	86
Column Total	48 (100%)	57 (100%)	14 (100%)	6 (100%)	(125)

*The figures in the body of the table and at the bottom and the right side are frequencies. The percentages in parentheses are percentages calculated down the column totals.

in the past. This result was not analyzed further as the main purpose of this study was the description of characteristics of currently existing programs, but it could be a fruitful area for future study. One guess as to the reason for this result ties back to the comments on mergers. The large number of mergers in the recent past of the business may have been more likely to produce associations in the upper asset categories. These mergers may be a cause of trainee program discontinuation. The low numbers of positive responses in the lowest asset category could be additional support for the idea that it is more difficult to start a management trainee program if other formal training programs do not exist. (It should be noted that Table XII only shows a total response number of 125 associations. Only 125 associations of the 153 that do not have programs answered both questions on asset size and existence of a previous program.)

Discussion is now concluded of associations that lack management trainee programs. The remainder of this chapter will concentrate on the characteristics of the organizations that have trainee programs.

The next demographic question asked for the number of years of operation of the management trainee programs. Many of the programs are fairly new with 24 per cent having been in operation for one year or less. (Table XIII) Conversely, 28.2 per cent of the programs are at least six years old. The use of management trainee programs is neither an old or new trend. Considering how long the concept of management trainee programs has existed (three associations have had their programs for at least 20 years) it has not gained great popularity. For whatever reason, these programs do not have the almost universal acceptance of a training program such as teller training. Based on the writer's experience, teller training may have now achieved 90 per cent availability in associations of this size range.

The last three questions under demographics are concerned with the number of trainees. In the last year, 49 per cent of the associations had one to five trainees included in their management trainee programs. (Table XIV) Although 28.1 per cent had six to ten trainees in the last year, the numbers drop off sharply after that. A correlation coefficient was calculated on the degree of association between asset size and number of trainees but it only had a mid-range result of .51931. Inclusion of individuals in trainee programs may be connected to additional factors such as turnover, economic conditions, or others. In general, this type of training program has a low volume.

TABLE XIII

YEARS IN OPERATION OF PROGRAMS

Years	Number of Associations	Percent of Associations
1 (or less)	23	24.0
2	13	13.5
3	10	10.4
4 - 5	15	15.6
6 - 10	21	21.9
11+	6	6.3
No response	8	8.3

Total - 96

TABLE XIV

NUMBER OF TRAINEES IN THE LAST YEAR

Number of Trainees	Number of Associations	Percent of Associations
1 - 5	47	49.0
6 - 10	27	28.1
11 - 15	10	10.4
16 - 20	4	4.2
21 - 25	3	3.1
No response	5	5.2

Total - 96

To gain a perspective on the past and future number of trainees, associations were asked if the number of trainees in the last year had changed from the previous year, and also whether the number was expected to change in the upcoming year. A crossbreak of these changes is contained in Table XV. The most obvious result on the table is that none of the programs showed both a decrease in the number of trainees from the previous year and an anticipated decrease in the next year. No change/no change was the next most frequent combination. Following that, combinations of increase and no change were the most frequent. Overall, there seems to be a trend toward stable or somewhat increasing numbers of trainees.

B. STRUCTURE

The three areas researched under this topic were the length of management trainee programs, the percentage of the program spent in different instructional methods, and whether the program was individualized for each trainee. Table XVI shows the length of programs by the number of months. Although 60.4 per cent of the trainee programs are 12 months or less in length, there was actually very strong response to four specific time lengths. These were:

TABLE XV

CROSSBREAK OF CHANGES IN THE NUMBER
OF TRAINEES THROUGH TIME

Change In Number of trainees from previous year to last year	Anticipated Change In Number Of Trainees From Last Year To Next Year			
	Increase	Decrease	No Change	Row Total
Increase	10	6	15	31
Decrease	7	0	11	18
No change	15	5	16	36
Column Total	32	11	42	(85)

TABLE XVI

LENGTH OF PROGRAMS

Months	Number of Associations	Percent of Associations
1 - 6	19	19.8
7 - 12	39	40.6
13 - 18	22	22.9
24	12	12.5
36	1	1.0
No response	3	3.1

Total - 96

6 months - 13,

12 months - 24,

18 months - 20,

24 months - 12.

Only 27 associations fell outside of these specific selections. Associations are obviously making long time commitments to these programs. The overwhelming majority see the development of a new manager as a lengthy process.

Since these programs are considerable commitments of time, the next area that was explored in the questionnaire was the percentage of the program length spent in different instructional modes. The most remarkable result of this question was the discovery that large amounts of the programs are spent in job/department rotation. Table XVII illustrates that 56.2 per cent of the trainee programs use job/department rotation for over 70 per cent of the length of the program. Job/department rotation is the dominant methodology of association management trainee programs. The much smaller usage of classroom training is demonstrated in Table XVIII. Many programs appear to have no classroom training at all. Of those that use classroom training, in-house training is more likely to be used than external programs. Management skills are also more frequently taught than technical skills. In the "Other" category, five

TABLE XVII

PERCENTAGE OF PROGRAM SPENT IN JOB/DEPARTMENT ROTATION

Percentage of Program	Number of Associations	Percent of Associations
10 - 25%	8	8.3
26 - 40%	1	1.0
41 - 55%	8	8.3
56 - 70%	15	15.6
71 - 85%	25	26.0
86 - 100%	29	30.2
No response to item	6	6.3

Total - 92

TABLE XVIII

PERCENTAGE OF PROGRAM SPENT IN CLASSROOM TRAINING

	Number of Associations			
Percentage of Program	Technical Skills-External Classroom	Managerial Skills-External Classroom	Technical Skills-In-House Classroom	Managerial Skills-In-House Classroom
1 - 25%	16	27	49	61
26 - 50%	1	2	5	4
51 - 75%	1	0	3	1
76 - 100%	0	0	0	1
No response to item	74	63	35	25

Total - 92

associations added "special projects or assignments." One specifically mentioned, "case studies written by the trainees."

These trainee programs may have long time commitments but most of the program is spent on the job and not in the classroom. Actual job/department rotation is highly valued in these programs.

To determine whether there was flexibility in the structure of these programs based on trainees' abilities, the associations were asked one question. It was, "Is the training program individualized for each person, by allowing sections to be skipped?" The tabulation of responses to this question can be seen in Table XIX. The 59.4 per cent response in favor of individualization shows high flexibility of many of the programs. This may be possible due to the generally small numbers of trainees participating in the programs at one time.

C. CONTENT

In most programs, trainees are participating in both job/department rotation and classroom training. This section will discuss the program content in both of these training methods.

TABLE XIX

CAN SECTIONS OF PROGRAM BE SKIPPED TO INDIVIDUALIZE PROGRAM FOR EACH TRAINEE?

Response	Number of Associations	Percent of Associations
Yes	57	59.4
No	35	36.5
No response	4	4.2

Total - 96

If associations used job/department rotation, they were asked to check the department assignments given to the trainees. (Table XX) In descending rank order, the departments most frequently selected were: branch operations, mortgage lending, consumer lending, checking accounts, and accounting/financial. The areas are the most basic functions in a savings association and are probably common to all associations in this group. A grounding in the basics seems important. All the other areas had respectable frequencies, although office services ranked the lowest. Under the "Other" departments section, associations specified:

- retirement plans (3),
- appraisal (2),
- construction lending (2),
- security (2),
- auditing,
- electronic banking,
- teller training,
- service corporations,
- customer service,
- corporate planning,
- investments, and
- executive administration.

TABLE XX

ASSIGNMENTS DURING JOB/DEPARTMENT ROTATION

Department	Number of Associations	Percent of Associations
Mortgage Lending	78	81.3
Consumer Lending	74	77.1
Commercial Lending	54	56.3
Branch Operations	86	89.6
Accounting/Financial	67	69.8
Checking Accounts	69	71.9
Personnel/Training	53	55.2
Marketing	57	59.4
Office Services	33	34.4
Sales/Business Development	43	44.8
Data Processing	44	45.8
Other	20	20.8
No response	4	4.2

Total - 96

Some respondents may have placed these functions within departments already listed (such as including appraisal within mortgage lending). In general, a majority of the programs rotate employees through almost all departments. A few comments stated, "all departments." However, branch operations was the most frequently mentioned by a large margin.

So far, it has been seen that a majority of associations allocate considerable time in the programs to rotation through all (or almost all) departments. What do the associations expect the trainees to learn in this part of the program? Are managerial or technical skills the focus? Of these associations, 66.7 per cent valued the development of technical skills more than managerial skills in this part of the program. (Table XXI) In the two program outlines furnished by surveyed associations, concentration on department operations was obviously the content of department rotation. It is not clear whether the trainees are expected to actually be able to perform department procedures or merely gain a basic understanding. Since only 11.5 per cent of the respondents said that only technical skills were the focus of this section, it seems doubtful that the associations expect much expertise to be developed. For those who expect managerial skills to be learned, perhaps they are

TABLE XXI

MAIN FOCUS OF JOB/DEPARTMENT ROTATION

Focus	Number of Associations	Percent of Associations
Technical skills only	11	11.5
Technical primary/ Managerial secondary	53	55.2
Managerial skills only	0	-
Managerial primary/ Technical secondary	29	30.2
No response	3	3.1

Total - 96

learned through observation or informal coaching. One informant who selected "managerial primary/technical skills secondary" made the rueful observation, "this is the intention, not necessarily the outcome."

Content of the managerial classroom training programs was also surveyed. (Table XXII) The most frequently taught skill in this area was performance appraisal. This skill can be one of the most critical ones since even the newest first-level supervisors have this responsibility. The least frequently selected skill was budget planning. This skill may be perceived as less useful since many supervisors and department managers do not have this responsibility. The other skills that were selected frequently are classic supervision skills: planning, delegation, time management, company policies, objective setting, decision making, motivational techniques, and problem solving. The pattern of response to this question gives value to the teaching of basic supervision skills.

D. EVALUATION

Five questions in the survey were related to evaluation of management trainee programs. Since evaluation includes measuring reaction, learning, behavior and results, the questions were designed to elicit information on all of

TABLE XXII

MANAGERIAL TOPICS TAUGHT IN CLASSROOM TRAINING

Topic	Number of Associations	Percent of Associations
Planning	48	50.0
Delegation	48	50.0
Performance Appraisal	52	54.2
Objective Setting	44	45.8
Recruiting/Interviewing	39	40.6
Analyzing Management Style	37	38.5
Training/Coaching	42	43.8
Time Management	46	47.9
Stress Management	23	24.0
Budget Planning	16	16.7
Company Policies	44	45.8
Problem Solving	43	44.8
Decision Making	44	45.8
Application of EEO Guidelines	31	32.3
Motivational Techniques	45	46.9
No response	32	33.3

Total - 96

these areas. Since the published literature was skeptical about the depth of evaluation practiced in any management training program, the intention of these questions was to find out whether or not savings associations were extensively evaluating their trainee programs.

Before any training program can be evaluated, it must be determined if the objectives have been established and what they are. In the survey, associations were asked what the major reason for the program is. They were specifically requested to check the one major reason for the program but many respondents disregarded this direction. An appreciable number of respondents checked more than one answer to the question. This response could indicate that many associations were unable to place a higher value on one reason. One person remarked, "really all." Another person who checked more than one reason, also circled the check one instructions and flatly stated, "this is not possible." Although these additional answers mean that the responses add up to more than 100 per cent, there was still a clear preference for one of the answers. (Table XXIII) Management succession planning was selected by 49 per cent of the associations. Three associations specifically added that at least one of the purposes of the program was to provide an overview of department and/or financial business operations.

TABLE XXIII

MAJOR REASONS FOR PROGRAM

Reason	Number of Associations	Percent of Associations
Management succession planning	47	49.0
Difficult to hire managers with appropriate skills	31	32.3
Offer opportunities for advancement of existing employees	21	21.9
Induct new managers into corporate philosophy	24	25.0
Other	7	7.3
No response	-	-

Total - 96

In response to this same question on reasons for management trainee programs, four respondents stated that the training was intended to develop branch office managers. In different questions on four other surveys, specific comments were made that the training was intended for branch managers. This number of responses might mean that some of the other programs are also only intended for branch managers. Due to the number of branch offices these associations have, they need a lot of branch managers. This position is an entry-level managerial position and branch managers are promoted into other managerial positions. Some associations need a constant supply of branch managers, and a management trainee program can develop talented individuals into this position.

An unusual reason for a trainee program was described by the training director of a $2 + billion association. She said that the purpose of the program was to "expose individuals with potential for a professional career position to fast track technical training." Some of the trainees would be placed into supervisory positions while others might be good candidates for professional level positions in departments such as marketing or business development. This association did not consider the program to be strictly limited to management trainees.

Even if an association has firmly defined the purpose and content of the program, how does it know if the actual program is consistent with these definitions? Since many programs rotate trainees through departments, it could be difficult to maintain control. Table XXIV describes the methods used to insure the consistency of the program content. Most of the associations rely on some sort of written method to insure consistency. The most frequently used method was reports or outlines written by the trainers. Most of the respondents checked at least two methods, even though only one was requested. Three replies where no answer was checked said, "N/A," "questionable," and "at this time there are no safeguards."

To measure learning and behavior change, associations rely heavily on written performance evaluations. Over 80 per cent of the associations use this method. (Table XXV) The answer that had the poorest response was written tests or assignments. However, two respondents mentioned either a project, or "tasks completed are certified in a trainee's workbook." This last method could be useful for measuring consistency, learning, and behavior. In addition, four associations specifically mentioned meetings with trainees.

Although there are many aspects to evaluation, the most critical is measuring results. Does the trainee

TABLE XXIV

METHODS USED TO ENSURE CONSISTENCY OF PROGRAM CONTENT

Method	Number of Associations	Percent of Associations
Written instructional objectives	35	36.5
Written general goals	29	30.2
Content reports/outlines written by trainers	39	40.6
Content reports/outlines written by trainees	30	31.3
Other	11	11.5
No response	13	13.5

Total - 96

TABLE XXV

METHODS USED TO REPORT TRAINEE PROGRESS

Method	Number of Associations	Percent of Associations
Written performance evaluations	78	81.3
Written progress reports from trainers	43	44.8
Written progress reports from trainees	40	41.7
Written tests or assignments	28	29.2
Verbal progress reports from trainers	42	43.8
Verbal progress reports from trainees	39	40.6
Other	10	10.4
No response	2	2.1

Total - 96

program produce competent and successful managers? How is this result measured? The last two questions on the survey researched these issues. To gather numerical data on success rate, the associations were asked to give the percentage of trainees in four different job positions one year after placement in management. (Table XXVI) The most frequent response to this question was no response at all (32.3 per cent). Of these responses, 16 stated that the program was too new for these results. Four others simply stated that the information was not available. This pattern is logical considering how many of the programs are less than one year old. The remainder of the responses showed that the trainee program graduates are generally stable or promoted in their job positions. The percentage of trainees who have terminated employment or transferred into non-management positions is small. Considering the negative comments in the literature on results measurement, these responses are surprising. Besides showing a high rate of success for graduates, many organizations are maintaining records on this information.

The last evaluation question on the survey asked how the associations measured the effectiveness of the program. (Table XXVII) The two most frequently used methods were evaluation by the trainees and performance evaluation of the

TABLE XXVI

JOB POSITION OF TRAINEES ONE YEAR AFTER PLACEMENT IN MANAGEMENT

	Number of Associations			
Percentage of Trainees	In Same Position	Promoted	Terminated Employment	Transferred to Non-Management
1 - 25%	8	21	33	14
26 - 50%	13	11	4	1
51 - 75%	7	4	0	0
76 - 100%	22	11	0	2

No response - 31 (32.3 per cent of total)

Total - 96

recently placed graduates by their managers (both at 45.8 per cent). Evaluation by the trainees would be a measurement of behavior. Written comments on this question were:

> "(evaluate) contributions made by trainees during rotation assignments.
>
> "No official evaluation - get feedback."
>
> "Very informal."
>
> "Have not done yet."
>
> "At this time, no tracking procedure."
>
> "Need to work on measuring program effectiveness and defining content, and addressing consistency. What we're doing is fairly general and usually verbal."

At least some of the surveyed associations are not satisfied with their evaluation procedures and would like to improve them. (Some respondents to this question also checked more than one method although only one was requested.)

TABLE XXVII

METHODS USED TO MEASURE EFFECTIVENESS OF PROGRAM

Method	Number of Associations	Percent of Associations
Trainees evaluate program value	44	45.8
Managers of recent "graduates" evaluate program value	21	21.9
Managers of recent "graduates" evaluate job performance	44	45.8
Long-term performance is tracked	29	30.2
Other	6	6.3
No response	13	13.5

Total - 96

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

The mail survey method produced several limitations in this research. Although a 60 per cent response was received, a higher response would have given more validity to the data. Also, many respondents simply did not answer some of the questions. Generally, each survey was only missing a few answers at most but the lack of personal contact made it possible for questions to be skipped. Finally, some misunderstandings resulted because the cover letters did not specifically define a Management Trainee program.

Compared to the published literature, the results of this survey contained many similarities in the areas of demographics, program structure and program content. Surprising but hopeful differences were noted in the area of program evaluation.

Since not much demographic information was available in the literature, there is little to compare. The one measurement that can be compared is the number of trainees in a program. Low numbers of trainees are most frequent in the literature and the survey results. Stable or moderately increasing numbers of trainees seems to be the trend through time for the management trainee programs at these associations.

Availability of these programs currently stands at less than 40 per cent of the responding associations. Smaller associations are somewhat less likely to have the trainee programs. However, within the last two years, there has been a surge of activity in implementing these programs and it appears that this expansion will continue. Many associations are currently developing programs and the future looks promising for these types of programs.

The continuing financial improvement of the savings association industry may be the most significant factor in the increasing number of trainees and overall program expansion. In the early 1980's, the savings and loan industry suffered through a difficult financial period. Although the business, in general, has improved considerably, not all financial problems have been solved. However, those institutions that have returned to profitability are increasing staffing levels. These institutions reduced staff levels during the hard times, and now need more employees to service the increased activity of the business. An increase in staff can mean an increased need for managerial talent. Besides natural attrition of staff levels or layoffs, difficult financial conditions can drive away talented managers or prospective managers. Many associations are experiencing a sudden and acute need to develop new managers.

In addition to an increased need for new managers, many institutions may be adding or expanding Management Trainee programs simply because they now have the money to do so. Even if an organization is committed to the concept of a Management Trainee program, it may not be affordable if the organization is not profitable.

In contrast to this bright outlook for Management Trainee programs, the survey showed that an appreciable number of programs have been discontinued in the past. An area for future research could be an analysis of programs that are no longer used. Were they discontinued because of mergers, tight economic conditions, lack of management support, poor instructional design, or other unknown factors? A few indicators in the results of the survey would seem to show that financial conditions were more influential than any other reason but this result was not conclusive. Knowledge of all the reasons could help prevent future problems for new programs.

Time length of the programs is similar to the time reported in the literature (generally six to 24 months). This amount of time is a considerable training cost to the organization (in trainee salary if nothing else). From comments on the survey forms, it is reasonable to assume that the trainees are not operating in a purely learning mode. They are also performing useful work for the organization. Projects and temporary departmental support work (such as supervising a branch office while the manager was on vacation) were mentioned. Trainees are also evaluated on the work they perform.

The managerial and technical topics also have similarities. Since the programs are designed to develop the skills of trainees, it is not surprising that basic supervision skills were most frequently included. However, trainees spend a majority of the time in job/department training with an emphasis on technical skills. One-third of the associations do not include managerial classroom training at all. At times, indoctrination into the savings association business appears to have more importance than developing managerial skills.

Why does classroom managerial training have such a low emphasis in the programs? The most obvious reason could be the low numbers of trainees at any given time. It is unlikely that an association would conduct in-house classes if only two or three trainees would be included. However, these associations could send these trainees to training programs outside of their organizations. There are many programs available to these associations through the Institute of Financial Education (the educational subsidiary of the U.S. League of Savings Institutions). These programs could easily be incorporated into the structure of an association's Management Trainee program. In general, it is disquieting that these Management Trainee programs include so little formal management training. It appears that the trainees are expected to learn management skills through informal methods such as observation and limited practice. Associations should make a greater effort to include formal management training in their programs.

Several comments on the surveys indicated that some programs were exclusively targeted to preparation of branch managers. An area for future research could be defining which programs are general Management Trainee programs and which are designed for branch managers. This phenomenon could be widespread.

Since no actual documentation was requested on the programs, some caution should be exercised in judging some programs as better than others. However, there were several survey results that seem to be in opposition to the gloomy comments about evaluation made by some of the authors in the literature. One published survey said that only ten per cent of the organizations used performance appraisals in program evaluation. Of the management trainee programs at these savings associations, 80 per cent use performance appraisals in their evaluations. Also, although many of the associations could not report long-term results on their programs (due to recent implementation) a surprising number were able to produce specific figures. The careers of these program graduates appear to be quite successful. However, other respondents at some associations were dubious about the quality of their evaluation methods. They reported that little evaluation was done or it did not meet their personal standards. However, recognition of a need for improvement is a positive sign.

The financial condition of the savings association continues to improve overall. If well-trained managers are the critical factor for business success, then savings associations with effective management trainee programs are making a wise investment in their future.

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APPENDIX

APPENDIX I

MANAGEMENT TRAINEE PROGRAMS SURVEY

If your organization does not have a Management Trainee Program, please complete questions 1-4 only.

1. Your name ____________________ Title ____________________

2. Number of employees in the association __________

3a. Number of branch offices _____ 3b. Asset Size ______

4. (a) Does your organization have a Management Trainee Program? _____ Yes _____ No
   (b) If no, is your organization currently developing a program?
   _____ Yes _____ No
   (c) If no, has your organization had such a training program in the past?
   _____ Yes _____ No

5. If yes, how long has the management trainee program been in operation?
   _____ Yes _____ No

6. How many trainees were included in the management training program in the last year? _____

7. Has this number changed over the previous year?
   _____ Increased _____ Decreased _____ No change

8. Do you anticipate this number to change in the next year?
   _____ Increased _____ Decreased _____ No change

9. What is the duration of the total Management Trainee Program?
   _____ Months _____ Weeks _____ Days

10. What is the major reason your organization has a Management Trainee Program?
(Check one)

_____ Manangement succession planning.
_____ Difficult to hire new managers with appropriate skills.
_____ Offers opportunities for advancement of existing employees.
_____ Inducts new managers into corporate philosophy.
_____ Other. Please specify: ______________________

11. What percentage of the training program is spent concentrating in each of the following areas?

(%)
_____ Job/department rotation
_____ External Classroom Training - Technical Skills
_____ External Classroom Training - Managerial Skills
_____ In-house Classroom Training - Technical Skills
_____ In-house Classroom Training - Managerial Skills
_____ Other. Please specify: ______________________
100%

12. If job/department rotation is part of the program, to which departments is the candidate assigned? (Check all that apply)

_____ Mortgage Lending
_____ Consumer Lending
_____ Commercial Lending
_____ Branch Operations
_____ Accounting/Financial
_____ Checking Accounts
_____ Personnel/Training
_____ Marketing
_____ Office Services
_____ Sales/Business Development
_____ Data Processing

13. If job department rotation is part of the program, what skills are the main focus of job/department rotation? (Check one)

_____ Technical Skills only
_____ Technical skills primarily; managerial skills secondarily
_____ Managerial Skills only
_____ Managerial skills primarily; technical skills secondarily

14. If there is a formal program requiring classroom training, what managerial skills/knowledge ar taught in the management training program? (check all that apply)

_____ Planning
_____ Delegation
_____ Performance Appraisal
_____ Objective Setting
_____ Recruiting/Interviewing
_____ Analyzing Management Style
_____ Training/Coaching
_____ Time Management
_____ Stress Management
_____ Budget Planning
_____ Company Policies
_____ Problem Solving
_____ Decision Making
_____ Applications of EEO guidelines
_____ Motivational techniques

15. How is the consistency of the content of the program ensured? (Check one)

_____ Written instructional objectives
_____ Written general goals
_____ Content reports/outlines written by trainers
_____ Content reports/outlines written by trainees
_____ Other; please specify: ______________________

16. Is the training program individualized for each person, by allowing sections to be skipped? _____ Yes _____ No

17. How is trainee progress reported? (Check one or more)

_____ Written performance evaluations
_____ Written progress reports from trainers
_____ Written progress reports from trainees
_____ Written tests or assignments
_____ Verbal progress reports from trainers
_____ Verbal progress reports from trainees
_____ Other; please specify: ______________________

18. In general, one year after training and placement into managerial positions, what percentage of trainees:

(%)
_____ are in the same positions
_____ have been promoted
_____ have terminated employment
_____ have been transferred to non-management positions
100%

19. How do you measure the effectiveness of the management trainee program? (Check one)
    _____ Trainees evaluate program value
    _____ Managers of recently placed "graduates" evaluate program value
    _____ Managers of recently placed "graduates" evaluate job performance
    _____ Long-term performance is tracked for "graduates"
    _____ Other; please specify: ______________________________

20. Comments:

APPENDIX II

COVER LETTER - FIRST MAILING

Dear Training Director:

As a fellow training professional in the savings and loan industry, you have probably noticed the scarcity of data on management training in our business. As research for my master's degree thesis, I am surveying all savings and loan associations having over $400 million in assets to determine basic characteristics and extent of Management Trainee programs.

To aid me in this research, I would appreciate it if you would fill out the enclosed survey and return it to me in the business reply envelope. If the training function is included in another department in your association, please forward this survey to the appropriate person.

Individual association names will not be reported in the thesis, and a copy of the survey results will be sent to you. I hope this information can be useful to both of us.

Thank you.

Sincerely,

Catherine M. Izor
Training Department Manager

APPENDIX III

POSTCARD - SECOND MAILING

Dear Training Director:
Approximately two weeks ago, I sent you a survey on Management Trainee Programs in Savings and Loan Associations. I have not received your response and would like to remind you about the survey. I would appreciate your help.

Besides providing me with the data necessary to complete my master's thesis, I also will send you a copy of the results.

If you have recently mailed your response, please accept my apologies for this reminder. If you no longer have a copy of the survey, I will send you another shortly.

Thank you.

Cathie Izor
P.O. Box 29146
Chicago, IL 60629

APPENDIX IV

COVER LETTER - THIRD MAILING

Dear Training Director:

Several weeks ago, a copy of the enclosed survey was sent to your association. Since I have not received a response from your organization, I am sending a second copy in hopes that you can take a few minutes to answer it. If the training function is included in another department in your association, please forward this survey to the appropriate person.

The purpose of the survey is to research Management Trainee Programs at savings associations having over $400 million in assets. I am using the results as the basis for my master's thesis, and will send you a copy of the results. Individual association names will not be reported in the thesis.

Only about a third of the surveys that were mailed out have been returned, so you can see that your response is important to this research. Even if your association does not have a Management Trainee Program, your response is useful. Please respond within the next two weeks as I need to begin compiling the data.

Thank you for your help.

Sincerely,

Catherine M. Izor

APPROVAL SHEET

The thesis submitted by Catherine M. Izor has been read and approved by the following committee:

Dr. Todd Hoover, Director
Associate Professor, Curriculum and Instruction

Dr. Barney Berlin
Associate Professor, Curriculum and Instruction

The final copies have been examined by the director of the thesis and the signature which appears below verifies the fact that any necessary changes have been incorporated and that the thesis is now given final approval by the committee with reference to content and form.

The thesis is therefore accepted in partial fulfillment of the requirements for the degree of Master of Arts.

April 17, 1986
Date

Todd Hoover
Director's Signature