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THE ROLE OF NEW EMPLOYEE ORIENTATION IN A LOGISTICS CENTRE

Case Vähälä Yhtiöt

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Abstract

This thesis is a qualitative case study about creating new employee orientation materials for the Jyväskylä distribution centre of Vähälä Yhtiöt. The thesis is divided into two parts: studying the general theories of the new employee orientation and creating specific new employee orientation materials for the client. The client of the thesis is Vähälä Yhtiöt, a full logistics service provider, which handles the operations of Kiitolinja chain in northern and central part of Finland. The client sought an author for compiling the information of the terminal processes of the Jyväskylä logistics centre into a guidebook for the employees of the distribution centre.

The theories of the new employee orientation were gathered from the human resources management literature and from the article databases. The gathered theories were implemented when compiling the orientation materials for the client. The main topics covered in the thesis were why the new employee orientation is needed and what topics the orientation materials should include.

The orientation materials were created by considering both the theories of the new employee orientation and the requirements of the client. Finally, two guides for the client were created: induction materials and the training materials for the Jyväskylä distribution centre.

Keywords
New Employee Orientation, Induction, Training, Human Resources Management

Miscellaneous
Appendices 2 and 3 as PDF format. Appendix 2: 16 pages. Appendix 3: 50 pages. Appendices are not included in the online publication.

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Tiivistelmä

Opinnäytetyö on kvalitatiivinen tapaustutkimus perehdytysmateriaalien kokoamisesta ja perehdytyksen tarpeellisuudesta. Työn tilaajana toimi Vähälä Yhtiöiden Jyväskylän logistiikkakeskus, jonka kappaletavaraterminaalin työntekijöille perehdytysmateriaalit luotiin. Vähälä Yhtiöt vastaa Kiitolinja-ketjun Pohjois-Suomen logistiikkapalveluiden tuottamisesta. Tarve perehdytysmateriaalien kokoamiselle nousi asiakkaan toiveesta saada Jyväskylän kappaletavaraterminaalin toiminnoille yhtenäiset ohjeet oppaaseen, jota voidaan käyttää avuksi niin perehdytyksessä, kuin myös jokapäiväisessä työskentelyssä.

Työssä tutkitaan perehdytyksen teoriaa henkilöstöjohtamisen kirjallisuuden ja artikkeliaineistojen pohjalta. Hankittu teoriapohja käytetään hyödyksi valmistettaessa perehdytysmateriaaleja Vähälä Yhtiöiden toimintaa varten. Työn aihealueita ovat miksi perehdytystä tarvitaan ja mitä asioita perehdytysmateriaalien tulisi käsitellä. Työ on kaksivaiheinen: perehdytysmateriaalien kokoaminen Vähälä yhtiöiden Jyväskylän kappaletavaraterminaaliin ja opinnäytetyöraportin kirjoittaminen Jyväskylän ammattikorkeakoululle.

Teoriasta nousseita näkökulmia käytettiin avuksi päätettäessä perehdytysmateriaalien sisällöstä yhdessä asiakkaan toiveiden kanssa. Lopulta perehdytysmateriaalit jaettiin kahteen osaan: yleiseen perehdytysaineistoon ja työnopastusaineistoon.

Avainsanat (asiasanat)
Perehdytys, työnopastus, henkilöstöjohtaminen

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Abbreviations

HR	Human Resources
HRM	Human Resources Management
NEO	New Employee Orientation
OJT	On-the-Job Training
OSH	Occupational safety and health

1 Introduction

The research is a qualitative case study about generating orientation materials for the new distribution centre employees. The client of the thesis is the Jyväskylä logistics centre of Vähälä Yhtiöt. Vähälä Yhtiöt is a part of Kiitolinja chain, which is responsible for DB Schenker's domestics land transportation.

Vähälä Yhtiöt sought an author for a guidebook for the distribution centre employees in their Jyväskylä unit in April 2013. The need for a guidebook supporting the new employee orientation was topical, because of the changing environment of the customers and operations. The author worked in the Logistics centre of Jyväskylä from May to November 2013 learning the working methods of the terminal and investigating and gathering ideas, needs and materials for the guidebook.

New employee orientation (NEO) has been a hot topic in the Finnish working life for several decades. The importance of the NEO has been recognised and conceded. However exporting the best practices of NEO-principles into working life is time consuming and requires monitoring and improving. In many organisations the orientation plans have been made but not updated. Therefore the best advantages of the employee orientation have not been reached. There is a need for updating the NEO plans for several companies in Finland. (Kjelin & Kuusisto 2003, 246.)

Previously new employee orientation has been frequently studied globally and locally: 40 theses on the subject have been created only in the JAMK University of Applied Sciences Business Administration Programme in 2003-2012 (Kovanen 2013, 3). However, the assignments for preparing new employee orientation related theses are constantly received; therefore the subject is popular.

The research explores the topics of why to orientate, how to orientate and what costs are there included in the orientation process. The current orientation practises of the Jyväskylä distribution centre are also viewed.

Orientation is more than just a brief training of the new employees. Orientation has a major influence on the profitability of the organisation (Kjelin & Kuusisto 2003, 20-22.) Understanding the deeper relationships between the orientation and profitability helps the importance of the orientation to be recognised. (Hacker 2004, 90.)

1.1 Background and Objective of the Thesis

Vähälä Yhtiöt has a strong background in transportation logistics operations. Formerly the operations have been closely connected only to the transportation, such as offloading and shipment delivering. However, in the field of logistics the traditional transportation companies are transmuting to full logistics service providers, which denotes that the companies offer services from the beginning to the end of the supply chain (Okkonen & Lukka 2004, 24). Like other logistics service providers, also Vähälä has started to offer a wide range of logistics services to the customers, therefore the job description of the distribution centre employee has been expanded, nowadays more and more value-added services are performed in logistics terminals (Salonen, T. 2014.)

Kiitolinja chain and Vähälä Yhtiöt do have orientation materials and the guidebook in use for their drivers. The operations in the Kiitolinja chain's logistics centres and terminals have been multiplied during recent years and the new services are offered to the customers increasingly (Ripatti & Tarvainen 2013, 14). The current guidebook focuses only on the transportation services. Vähälä Yhtiöt decided to prepare new guidebooks also for the transport coordinators and the distribution centre employees. Information on the correct working methods for the new operations was found to be, in some cases, outdated or defective in the former orientation materials. There is also lots of tacit knowledge of the correct performances of the operations, which would be beneficial if written down. Therefore the assignment to compile and create a guidebook for the new distribution centre employees was given. The main goal of the guidebook was to collect comprehensive but compact summary of the job in the Jyväskylä logistics centre. (Salonen, T. 2014.)

The objectives of the thesis were to gather theories behind the orientation, apply the theories to practical work by creating the orientation materials to Vähälä Yhtiöt, and validate the end results: the end results of the thesis are orientation materials for Vähälä Yhtiöt. The objectives can be divided into two main goals 1) compiling the theories behind the employee orientation 2) utilising the theory compiled in the creation of the orientation materials for Vähälä Yhtiöt. The questions why to orientate, how to orientate and what costs are there included in the orientation process, from the Vähälä Yhtiöt point of view, were to be studied in this thesis.

1.2 Research Problem

The main goal of the thesis assignment was to produce new employee orientation materials for the use of the Jyväskylä distribution centre of Vähälä Yhtiöt. In order to produce of the orientation materials, theories behind the orientation were studied and applied on the orientation materials. The research problems of the thesis are the questions

- Why is the new employee orientation needed?
- What methods exist to orientate new employees?
- What issues should be included in the orientation materials?

1.3 Methods

Traditionally there are three different research strategies used in academic research: experimental research, survey research and case study. In the experimental research the population is studied by analysing the sample(s) numerically. In the survey research the larger population is analysed by collecting the data from the sample, usually by interviewing, in a standardised form. The strategy of the case study is to study a separate and specific case or group by gathering the data by using various methods i.e. observation, interviews, documentation. The last method is used to study the topic in this paper. (Hirsjärvi, Remes & Sajavaara 2009, 134-135.)

There is also a division into two research methods used traditionally in the academic field; qualitative and quantitative research methods. The division of the methods into two lines is, however, problematic, because there is no single correct way to divide the research methods into two, due to the fact that the methods are somewhat similar (Hirsjärvi et al. 2009, 135). However, there are ways to describe the differences between the qualitative and quantitative methods.

Hirsjärvi and colleagues (2009, 164) list the main characteristics of the qualitative research:

- Data is collected in the natural environment; data collection is not fixed.
- Observation has a strong influence on the results.
- Samples are selected by the researcher.
- The main focus is on studying the subject, not to test the hypothesis.
- The results are unique and analysed as a unique case.
- Research plan may be altered during the research.

Characteristics of the quantitative research methods are, according to Hirsjärvi and colleagues (2009, 140), to consider the following:

- Existing theories
- Conclusions of the existing researches
- Proposing and testing the hypothesis
- Experimental data collection (numerical data)
- Statistical deduction & analysis
- Selection of the subjects.

The case study was organised into three stages: first, observation by learning the work procedures during the working in the company from May 2013 to November 2013 and experiencing the new employee orientation program of Vähälä Yhtiöt in the beginning of the employment in the Jyväskylä logistics centre, second, collecting and analysing the theories, and third, compiling the new employee orientation materials. The elements of both the research methods are used in the paper, however qualitative methods were used more than quantitative methods.

1.4 Research Limitations

The research covers the operations of the distribution centre of Vähälä Jyväskylä, i.e. operations of handling of the parcelled goods and warehousing. The logistics operations of the drivers, the foodstuffs terminal and the oversized goods terminal are excluded from the research; due to the fact that the orientation guidebook includes only the operations related to parcelled goods and warehousing.

The research was limited to the needs of Vähälä Yhtiöt Jyväskylä Logistics centre and its new employee orientation and for its purposes only. The theories involved were analysed from the new employee orientation point of view; the theories about orientating and training of the existing employees were excluded from the research. The main focus of the research was on the creation of the new employee orientation materials to Vähälä Yhtiöt. The orientation policies and the effect of the orientation on the key performance indicators of Vähälä Yhtiöt were not analysed in the research.

New employee orientation is considered to be a part of a bigger cost class; turnover costs (Figure 6; Tracey & Hinkin, 2008, 14.). In this paper only the orientation and productivity loss costs of the turnover costs are analysed. However certain factors of the productivity loss, e.g. departing employees' productivity losses, have been excluded from this research due to the fact that they are not part of the orientation process costs.

1.5 Thesis Client Vähälä Yhtiöt

Vähälä yhtiöt, established in 1937, is a Finnish logistics service provider. Vähälä Yhtiöt consists of the parent company Vähälä Logistics Oy and subsidiaries; Lauri Vähälä, Kiitoterminaali and Kiitohuolto. The Vähälä Yhtiöt headquarters is situated in Oulu, where they also have a logistics centre. Besides the logistics centre in Oulu, Vähälä has the main logistics centre located in Jyväskylä. In addition, Vähälä has logistics terminals in Ylivieska, Rovaniemi and Kemi. (Vähälä Yhtiöt 2014.)

Vähälä Yhtiöt has a corporate management system with the Kiitolinja chain which covers the topics of the quality management, environmental management, Occupational Safety & Health management, and processes and procedures of the chain. The purpose of the management system is to ensure to the customers that the service level they will receive is standardised through the chain. The aim of the management system is in customer service. The purpose of the orientation materials is to reflect the management system's principles in a way, that the orientation serves the goals of the management system. The procedures and the processes of the Jyväskylä logistics centre are audited internally by the Vähälä Yhtiöt own audition and externally by the auditions of Kiitolinja chain and DNV GL, a world leading classification and certification providing society (Salonen, T. 2014.)

1.5.1 Kiitolinja Chain

Vähälä Yhtiöt is a member of Kiitolinja chain, which is responsible for domestic land transport of DB Schenker in Finland. The Vähälä Yhtiöt main responsibility areas of Kiitolinja chain are Northern and Central Finland (Vähälä Yhtiöt 2014). Kiitolinja offers a wide range of nationwide logistics services. Kiitolinja handles parcelled goods, part and full loads, home deliveries and installations, warehouse operations, temperature controlled transports and tailored solutions for the customers. (Kiitolinja 2014.)

Kiitolinja chain's general delivery terms of transport are applied to the Vähälä Yhtiöt transport assignments. The terms include that the transport orders submitted before 12:00 are picked up at 16:00, at the latest, on the same working day, with some exceptions. The shipment is shipped on the following working day or by the fastest possible means and routes according to Kiitolinja Chain's valid delivery times and schedules. (Kiitolinja 2014.)

The shipments may be delivered from the consignor directly, from the origin terminal, through the intermediate terminal and destination terminal to the consignee as shown in Figure 1. Transportations between the terminals are handled mainly by the line haulage. Typical situations when intermediate terminals are used, are when the distance between the consignor and the consignee is long or there is no direct line haulage from the origin terminal to the destination terminal.

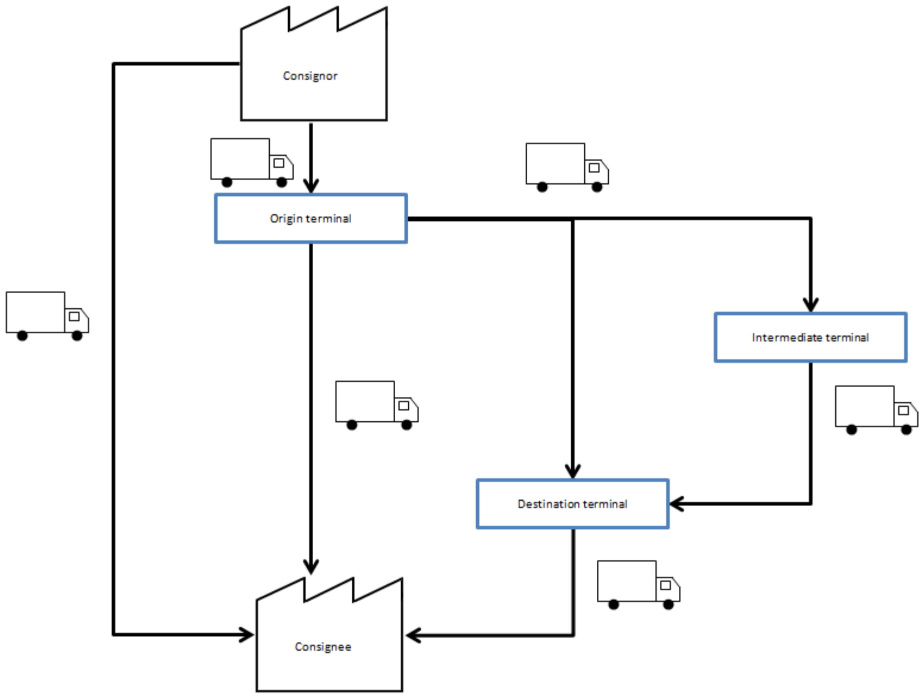

Figure 1. Model of the Shipment Delivery in Kiitolinja chain

Excluding direct shipments, all the shipments require terminal handling, at minimum cross-docking, before the shipment to the consignee. Cross-docking is a method where deliveries are moved straight to the dispatching after the receiving without storing them in between (Richards 2011, 11, 55.)

1.5.2 Jyväskylä Logistics Centre

The Jyväskylä logistics centre of Vähälä Yhtiöt is situated in Kanavuori, Jyväskylä, where it was relocated from Seppälä, Jyväskylä, in 2011. Kanavuori is located in the road network node, which connects the Finnish national road 4 (Helsinki – Utsjoki) and national road 9 (Turku – Niirala). The location of the Jyväskylä logistics centre is special and crucial comparing to other Kiitolinja terminals, thus the line haulage carriers have a possibility to arrive in Jyväskylä and departure from Jyväskylä later than in the other national terminals. (Kokkonen 2013, 7.)

Kanavuori logistics centre was completed in November 2010. The logistics centre consists of an 11 hectare plot, a 14000 m² terminal building and 3000m² tarp hall. The terminal building is divided into 12000 m² production space, of which 2700 m² is temperature controlled, 1000 m² offices and the rest 1000 m² is reserved for miscellaneous rooms. When planning the new logistics centre, the possibility of expansion and the throughput time of the goods were the prior considerations. The logistics centre contains a warehousing section, terminal handling of parcelled goods and domestic appliances, foodstuff terminal and terminal for the oversized goods. (Salo 2011.)

The Jyväskylä distribution centre operates mainly as a sortation centre method, where the shipments are collected from other terminals and picked up from the regional customers, sorted by the postal code and merged into the line haulage carriages overnight or delivered to the regional customers during the following working day. (Richards 2011, 11, 55.) However, depending on the contract, also different methods of material handling may be applied to the shipments, e.g. warehousing and palletising.

Vähälä's Jyväskylä Logistics centre has two main service areas: Area of Jyväskylä and Central Finland region. Shipments to the area of Jyväskylä are picked up and delivered from the terminal daily 05-16, contrary to central Finland region, where the shipments are delivered according to regional schedules; at the most once in a day, in some parts only once a week.

1.5.3 Main Operations of the Jyväskylä Distribution Centre

The main operations of the Jyväskylä distribution centre employees are:

- Parcelled goods sortation
- Warehousing
    - Order picking, dispatching and quality control
- Handling of the oversized goods
- Loading and unloading transport units
- Customer service
    - Receiving & Signing away the goods
- Reverse logistics handling.

The orientation materials focuses all the operations listed above but the handling of the oversized goods, which is not a duty of the distribution centre employee, but is handled by the specialised employees.

Pickup deliveries and deliveries from the line haulages are unloaded from the transportation units to sortation area by forklifts. From the sortation area the deliveries are distributed to the correct loading bays waiting for shipping. Warehousing items are placed on the shelves after the quality control waiting for the collection and dispatch orders. The oversized goods are handled in the tarp hall by heavy forklifts. The logistics centre is also open for the customers, which dispatch or pickup the deliveries straight from the terminal. To be acquainted with the Kiitolinja delivery terms and the correct working procedures, according to Kiitolinja chain, is especially important when dealing with the customers. Reverse logistics handling is needed for all the pallets and containers used by the customers, and for the wastes generated by the logistics operations.

2 New Employee Orientation Theories

There are different terms used for employee orientation in literature, depending on the linguistic differences. Terms “induction”, “orientation”, “training” and “onboarding” are used as synonyms of the process of preparing new employees for their work or describing the different parts of the orientation process.

According to Dessler (2005, 268), employee orientation consists of providing necessary information to perform the work satisfactorily and employee training consists of providing the requisite skills for the work. The same traditional division between orientation and training is used in literature (Acevedo & Yancey 2011, 349; Moisalo 2011, 322; Viitala 2013, 194).

In the literature of the field the orientation is sometimes divided into smaller parts, where the term “induction” focuses on the first impressions between the new employee and the company, whereas the term “orientation” is understood to contain acquiring the required information and skills for the new job (Human Resources Management Guide 2008, 62).

Kjelin and Kuusisto (2003, 14) state that the employee orientation consists of all the elements, planned & spontaneous, which are supporting the individual in the beginning of their career in the new organisation. Following the example of Kjelin and Kuusisto, the term “orientation” is used for this whole process in the research. The term “induction” is used of the initial stage of the orientation and the term “training” is used when describing the methods of training the performance of the duties, as described in Figure 2.

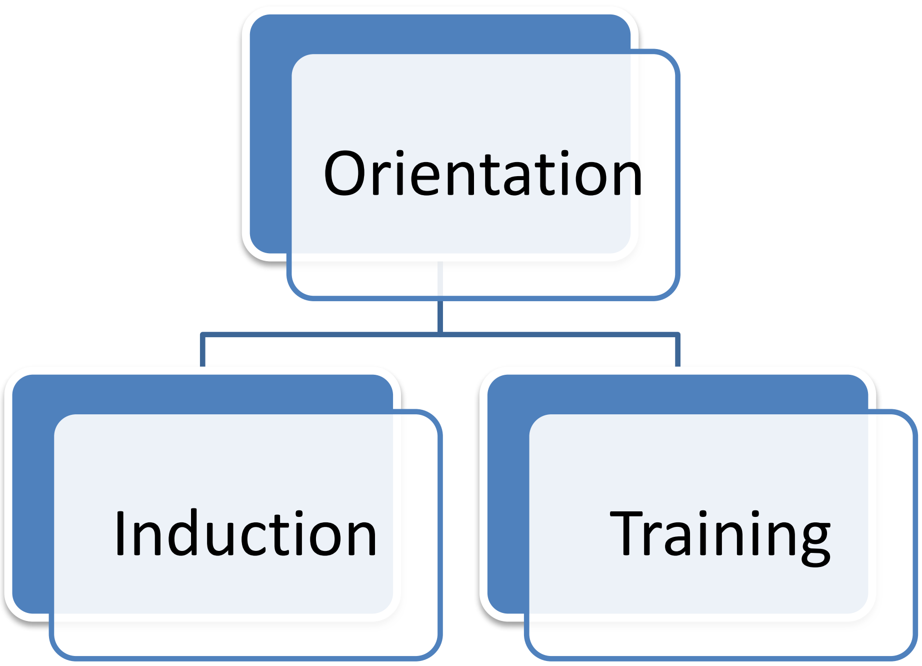

Figure 2. Structure of the Orientation (Kjelin & Kuusisto 2003, 14)

2.1 New Employee Orientation – Why Is It Needed?

The Finnish law imposes the basics of the employee orientation requiring an employer to provide adequate introduction to the work and working environment (L 23.8.2002/738.) The act does not define how to arrange the orientation, but it gives clear guidelines to what topics to be covered in the orientation. Orientation may be carried out by the fellow workers, but the foreman is responsible for the planning, the executing and the supervising of the orientation (Penttinen & Mäntynen 2009, 2).

Researchers share the same point of view of the main purpose of the employee orientation, which is to achieve the sufficient performance level of new employees to work efficiently as soon as possible (Attwood & Dimmock 1996, 52; Dessler 2005, 268; Kjelin & Kuusisto 2003, 14; Viitala 2013, 193). However, employee orientation has also several other functions, objectives and effects on different interest groups.

The results of orientation are conditional on how the orientation is handled. Employee orientation is divided clearly in the two categories: commercial and practical orientation, which should be merged together during the employee orientation (Kjelin & Kuusisto 2003, 201). The goals of the orientation can be divided into three classes: individual goals, goals of the work community, and Organisational goals (ibid., 179).

2.1.1 Two Facets of the Orientation

Orientation is divided into two different facets, which both include broad themes but also specific information. Kjelin and Kuusisto (2003, 201) state that these facets of the orientation are commercial orientation and practical orientation. Newcomers should receive as much practical information as possible, but, on the other hand, newcomers should not be strained by too detailed information. The challenge lies in how to provide enough information to go through the daily tasks and to satisfy the newcomer’s desire for knowledge, but to avoid providing information which is not related to the orientation process.

Commercial orientation emphasises the organisational values and goals. The objective of the commercial orientation is to help the new employee to internalise the relationship between the organisation and the customer to create the unity between the employees to serve the organisation’s mission in the best possible way. Commercial orientation topics are usually broad and abstract. Practical orientation consists of the information on everyday working life; working methods of the duties, hierarchy of the unit etc. Practical orientation information is usually specific. (ibid., 201.)

2.1.2 Individual Goals

New employees are in general motivated and eager to learn at the beginning of the employment. They want to be socialised into the organisation, be accepted as a part of the group and become independent and productive as soon as possible. Newcomers want to adopt the role given and modify it to be personally fitting. During the orientation, newcomers want to make certain that staying in the organisation is meaningful. (Attwood & Dimmock 1996, 53; Kjelin & Kuusisto 2003, 130.)

Emotions, both positive and negative, are included most abundantly at the beginning of the work. Uncertainty is the major emotion felt, even if the newcomer had experienced the identical work before. Newcomers easily compare the new situation to the previous experiences. One of the goals of the orientation is to reassert the positive feelings and to dispel the uncertainty. (Kjelin & Kuusisto 2003, 115.)

To meet and satisfy the individual goals by orientating is possible. It requires, however, being acquainted with the new employee, constructing the trust between the parties by letting the newcomer to question and analyse the present procedures. The essential tool to support the newcomer to adopt the role is feedback. (ibid., 136-139.)

2.1.3 Goals of the Work Community

Hiring a new employee denotes to the work community that the group gets a new member. The main goal of the work community is to be able to continue working undisturbed, although the structure of the group is changing. To be able to secure undisturbed working, in an ideal situation, the work community would take part in the orientation and welcome the newcomer to the group by interacting with the new employee as of the first moments at the work place. The new employee forms key relations with the fellow employees in the first working weeks, therefore it is essential to provide every help to improve the chemistry between the newcomer and the work community at the beginning of the employment (Kjelin & Kuusisto 2003, 186.)

However, the new employee may not be automatically accepted as a part of the group. Newcomers may be seen as threats to the work community relations or to the internal hierarchy. The role of the newcomer may be perceived untruthfully and unnecessary expectations may be laid on the newcomer. Interaction may turn from acquainting to giving orders. (ibid., 146,190.)

The newcomer’s socialisation to the work community may be affected both positively and negatively by new employee orientation. Neglecting the employee orientation feeds the negative attitude towards the newcomer, because the newcomer wants to prove him/herself and does not want to be a burden to the working community. However, without the proper knowledge or skills they are often seen as hindrance to efficient working. Proper orientation provides a realistic picture of the newcomer’s role to the working community and to the newcomer itself. By giving a realistic assessment of the situation, the unrealistic expectations and requirements are avoided and it is easier to make the newcomer involved in the group. (ibid., 146-147.)

2.1.4 Organisational Goals

Organisations want to find, employ and retain the best possible employees of the labour markets. Personnel planning is a time-consuming process which binds lots of organisations’ Human Resources (HR) work contribution. In the end, when the best suitable employees have been hired, lots of resources, time and money, have been already invested in newcomers. Companies want to ensure that the investments will pay back.

New employee orientation is a natural way to share organisational values, missions and strategies, these together determine the aim of the orientation (ibid., 252.) After the orientation, new employees should have a clear picture of the organisation, company policies, and the most importantly what is expected from the employees in the terms of work and behaviour (Dessler 2005, 268.) However the new employee should first learn the basics of his/her new job and unit before giving too much information concerning the wider organisational goals (Moisalo 2011, 329.) The organisational values should be equivalent to the reality at the workplaces; upfront and honest informing leads to the best results in the new employee orientation (Kjelin & Kuusisto 2003, 134-136).

A proper new employee orientation reduces the employee turnover. The higher the employee turnover, the more often the recruiting and the orientation processes have to be repeated, i.e. losses of the new employee investments are multiplied. Recruiting the substitutive employee for the newcomer is the least wanted option for the organisations. (Attwood & Dimmock 1996, 52; Moisalo 2011, 322.) There is a vicious cycle of the employee turnover in the organisations where the employee turnover is high: the higher the employee turnover ratio is the less willing organisations are to invest on the orientation, which may lead to the situation where the employee turnover ratio will grow further and will make organisations to invest in the orientation even less than before (Brum 2009, 1.) Employee retention is one major organisational goal of employee orientation.

Quality management and employee orientation have a strong link. Organisations aim to reduce the defects in their operations through the employee orientation. Defects, if not noticed on time, lead to defective products and services, which lead for example increased number of notices of defects. A notice of defects creates direct costs e.g. refunds. In addition to direct costs, defects might lead to the unmeasurable indirect costs, for example to the drop of the customer satisfaction and drop of the reputation amongst the customers. Continual defects have an effect on the credibility of the organisation. Poor credibility affects both the personnel and customers. The personnel might get frustrated by the continual defects and lose their motivation and commitment to the organisation. (Kjelin & Kuusisto 2003, 20-21.) Akdere and Schmidt (2008, 340-341) state that new employees learn substantially about the organisation’s quality policies during the new employee orientation programs. When merging the new employee orientation program’s quality aspects to the continuous quality training the positive results are to be expected.

Santalahti and Mäkeläinen (2001, 4) emphasise the importance of employee orientation's objective to improve occupational safety by providing the knowledge of the duties and the risks concerning the duties. Occupational safety is interlinked into the larger whole, Occupational Safety and Health (OSH). OSH's primary goals are to foster safe and healthy work environment and to reduce the costs related to accidents. OSH is a part of the organisation's quality management. (Värtö-Niemi, 2013.)

One part of OSH is to identify hazards and analyse the risks at the workplaces. Risk analysis connected to the NEO-programs helps new employees to recognise both the identified risks and hidden risks of the duties. The challenge for the NEO is to provide the information of the hidden risks to the new employees, because the knowledge of the hidden risks is commonly tacit. The best practise to solve this matter is to include the senior, experienced employees to the risk analysis and get them to share the tacit knowledge of the hidden risks with new employees. (Santalahti & Mäkeläinen 2001, 4.)

2.1.5 Effects of the Employee Orientation on the Financial Performance

The financial impact of the employee orientation has been reconciled but only slightly statistically researched, due to the reason many organisations consider the orientation and training costs confidential (Rivera 2010, 164). There is not currently a theory to describe the effects of training investments on financial performance regardless of several attempts (Rivera 2010, 174). However, Rivera (2010, 155) studied the impact of the workplace learning expenditure and allocation of hours of training on their financial performance of over 600 different publicly traded firms in 1996-2005. The main result of the study was that training investment is positively correlated with the financial outcomes: sales, earnings before income taxes, depreciation, amortisation and net income. The research shows that there were both positive and negative associations with the orientation on the profit margin of the companies, depending on the analyse method. However the research suggests that for the orientation to have greater positive impact on the profit margin, more training should be included in the orientation programs, when employees have more potential growth of productivity.

Rivera (2010, 172) states that measuring a single metric of the training effect on the financial performance is not possible because the learning is multidimensional. There are several factors which affect the capability of the employee to learn, for example motivation is one major factor. Motivation may be maintained by the proper induction, but to measure the financial effect of induction numerically is not possible. Proper education decreases the number of defects, industrial accident and turnover ratio, which all create costs. Orientation has an impact on the financial performance, however, calculating the direct impact is not straight forward, because the effects of the orientation are multidimensional and the causality of the orientation to the performance is not easily identified. (Hacker 2004, 90; Rivera 2010, 188.)

2.2 Employee Orientation Process

Planning of the orientation starts at the latest when the recruit is hired. Orientation is always a deliberate process which is performed according to a plan. According to Moisalo (2011, 324), all the stages, roles and resources of the orientation should be planned in advance to achieve a good outcome of the orientation process. He also states that the orientation should always be executed by the plans, but not strictly in fixed order. Orientation plans should be under the constant evaluation and improving. Although the orientation process is planned it should be at the same time flexible and personal (Kjelin & Kuusisto, 2003, 198). Figure 3 shows the 4-step orientation process. On the blue background the actions needed to be taken on each stage and on the white background the materials needed for the each stage are described.

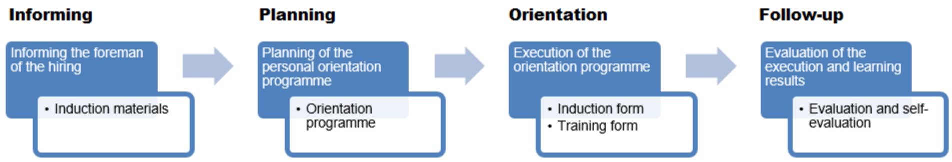

Figure 3. Employee Orientation Process (Moisalo, 2011, 324)

2.2.1 Orientation Planning

The orientation planning requires goals. The goals describe the points wanted to be achieved with the orientation. Goals are individual but based on the vision, the values and the strategy of the organisation, and the position of the newcomer. The organisational goals should be explicit about what they stand for in the terms of skill requirements. According to Kjelin and Kuusisto (2003, 215) goals should be, in order to help the employee perform satisfactory,

- Challenging enough
- Exact
- Determined together with the employee.

Goals of the orientation may be measurable or based on the orientation themes if the goals cannot be measured satisfactory basis. An example of measurable goal could be “Employee should achieve the performance level of 50 unloaded pallets from the transportation unit per labour hour at the end of the training”. An example of the goal of the orientation theme “safety” could be “Employee must learn the safe use of the forklift before letting operating the forklift alone”. To measure what is sufficient level of safe forklift operation is hard therefore the goals based on the theme are used. (Kjelin & Kuusisto 2003, 173.)

Orientation programmes are planned to fulfil the organisational needs, which are based on the business plan, which includes for example product range and working methods. Orientation programmes are then customised for the individual employees based on the duties and roles reserved for the employee. The individual orientation programmes are presented to new employees at the beginning of their employment and the roles of the newcomers are described. This should, however, wait after the induction to prevent the extra stress. The orientation programme should cover the following topics

- Induction
    - Role of the newcomer
    - Induction materials
- Training needs of the newcomer
    - Goals
- Training methods
    - Trainer
    - Training materials
- Follow-up
    - evaluation
    - self-evaluation
    - Improvement.

(Attwood & Dimmock 1996, 100; Kjelin & Kuusisto 2003, 213.)

The orientation forms are used to give a clear picture of what is expected of the orientation to be successful. The forms are also used as checklists where both the employee and the trainer mark the topics to be covered. However, forms should only be used as a help to make certain that all the topics are covered but not as a step by step structure of the orientation which should be strictly followed.

2.2.2 Induction

The orientation process starts with the induction. The purpose of the induction is to socialise the newcomer to the organisation and introduce the organisation to the newcomer. Traditionally the attention has been paid only to introducing the organisation to the newcomer, thus the strengths and skills of the newcomer have remained hidden. (Attwood & Dimmock 1996, 52; Kjelin & Kuusisto 2003, 175.)

All the newcomers, regardless of the position, should receive the basic information on the organisation when starting the work, i.e. organisations should prepare induction materials for the newcomers. Induction materials may be presented to the newcomer in several ways, e.g. by organisation presentations, in written form (guidebook, intranet etc.). The induction materials should be compact and readable. Rapidly updating information should be shared in electrical form to keep the printed materials valid longer. If all the employees have an easy access to intranet only electrical information is sufficient, however printed information can also be reached outside the working place, therefore both modes' advantages should be benefitted. (Kjelin & Kuusisto 2003, 206; Moisalo 2011, 324.)

Correct induction encourages newcomers to commit to the organisation and reduce tension, which is natural for the first working days. The induction process is continuous and lasts through the whole career, therefore the induction and the training processes are overlapping, even though the induction is usually started before the training. The faster the newcomer is taken as a member of the work community, the faster the focus can be paid to the actual duties. (Kjelin & Kuusisto 2003, 129.)

2.2.3 Training

Every employee has their own role in the organisation. Training is executed based on that role, all the duties required to perform by the new employee should be taught to the new employee. Correct working methods and the use of the implements is essential for achieving good performance. Training is also essential from the industrial safety point of view. (Kjelin & Kuusisto 2003, 234.)

The principle in training is to involve the trainee in the training and encourage the trainee to be active during the whole training process. To achieve the best results by training, various models are implemented in different organisations. The benefits of using the models are that they ensure that all the aspects of the training have been taken into consideration and every stages of training have been gone over as planned. Typical training models are for example a 4-

step model and a 5-step model. Training methods are described later on the chapter, Employee orientation methods. An example of a widely used 5-step model is described in Figure 4. (Penttinen & Mäntynen 2009, 4-5.)

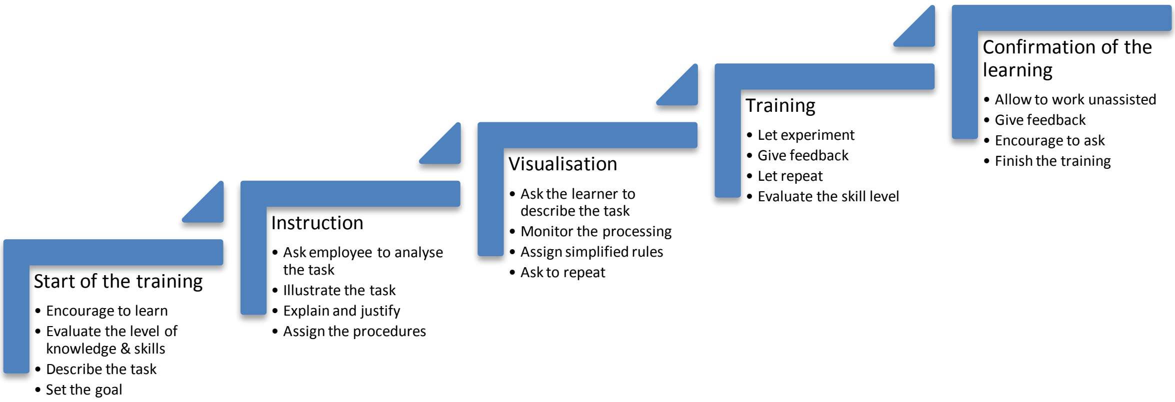

Figure 4. A 5-Step Model of the Training (Penttinen & Mäntynen 2009, 4-5)

2.2.4 Follow-up

In order to evaluate and improve the orientation the results of the orientation should be measured and followed. The follow-up measures both the state of the orientation in the organisation and the progress of the new employee. By performing the follow-up process the orientation may be implemented as a continuous improvement process, where the performance of the orientation is constantly improved. Follow-up of the orientation responds to the questions of the appraisal of effectiveness of the orientation, the performance of the trainees, and the teaching skills of the trainer. Improving the orientation is improving of the management. (Attwood & Dimmock 1996, 113; Kjelin & Kuusisto 2003, 245-246; Penttinen & Mäntynen 2009, 7.)

The appraisal of meeting the training goals should be gone through confidentially together with the new employee. The new employee's experience of the whole orientation process should be taken into account in the follow-up. The feedback is usually gathered by the surveys, which measure the opinions and feelings of the new employee during the orientation period. By the surveys the success of the orientation program is found out. However the fulfilment of the organisational goals should also be taken into account: this cannot be done by measuring the feelings. If the goals are measurable the measurement is simpler but the challenge lies on how to measure the fulfilment of the organisational goals if no proper data is available. As an example to evaluate the orientation performance is to observe the indicators as labour turnover rates or the accident rates of the new employees. (Attwood & Dimmock 1996, 112; Kjelin & Kuusisto 2003, 245-246.)

Feedback should be a two-way process, of which both parties could benefit. At the end the success of the employee's orientation, positive and negative aspects, should be viewed together with all parties (foremen, trainers, trainees) in order to change the unsatisfying elements of the orientation. (Kjelin & Kuusisto 2003, 245-246.)

2.3 Matters Influencing on the Orientation Costs

Employee orientation is mandatory for the organisations and the new employees to succeed. Orientation always creates costs to the organisation. However, the costs of the orientation may be influenced. There are several factors which determine the total cost of orientation. Due to the costs of orientation, finding the adequate degree of the orientation is important.

2.3.1 Costs of the Orientation

Orientation costs are part of the greater cost structure, turnover costs, which include predeparture costs, recruiting costs, selection costs, orientation costs and productivity loss costs. The costs of employee orientation can be divided into direct and indirect costs. Direct costs, for example the trainer's wages, training materials and training hours of the new employee, are easier to calculate, whereas indirect costs cannot be calculated accurately due to the facts that they are multidimensional and often hidden. Indirect costs include for example the loss of productivity and efficiency during the orientation period. Also the impact of the new employee on the productivity of the duties demanding teamwork is an example of the indirect cost, which can only be estimated. When estimating the costs of the orientation, all the profits performed by the new employees during the orientation process are considered to be extra to the organisation. (Brum 2009, 1; Moisalo 2011, 321; Tracey & Hinkin 2008, 14.)

Job complexity, the background experience of the employee, the age of the employee, the type of the employment and company policies are all the factors which affect the duration of the orientation process. The duration of the orientation determines mainly the direct costs of the orientation. According to Tracey & Hinkin (2008, 14) the direct orientation costs can be calculated by multiplying the hourly wage rates by the amount of time spent by all the parties involved in the orientation. (Moisalo 2011, 324; Tracey & Hinkin 2008, 14.)

The recruiting process of hiring a new employee in Finnish organisations has been estimated to create costs from € 9000 to € 34000. The costs direct to the new employee orientation are estimated to be 2000-3000 €. (Hyvä perehdytys-opas [*Proper orientation-guide*] 2007, 22). Tracey and Hinkin (2008, 15) researched the turnover costs in the hospitality industry. The findings were that in total an average of 14 % of the turnover costs are accumulated of the orientation and on average 52 % of the productivity loss. The impact of the productivity costs seems to be great to the total turnover costs. Tracey and Hinkin distinguish four types of productivity loss costs: 1.) Departing employee’s loss of the productivity, 2.) Productivity lost during the developing process of the new employee, 3.) Productivity losses caused by disruptions of the changing work community and 4.) Productivity costs in the line of business where the impact of the personality is great, for example sales personnel. (Tracey & Hinkin 2008, 15.)

Nevertheless, some of the costs can be seen as investments. Investing in an orientation process has several advantages. Proper orientation decreases the employee turnover and increases the commitment by socialising the newcomers, as well as improves the performance of the employees (Brum 2009, 11). Even if the neglect of the orientation cuts the direct costs the impact on the performance will increase the total costs. There is no single logical or economic reason to neglect the employee orientation in the organisations (Kjelin & Kuusisto 2003, 22.)

2.3.2 Duration of the Orientation

There is no single formula which determines the duration of the new employee orientation. However, during the orientation all the goals of the orientation plan should be accomplished. The training phase of the orientation dictates often the duration of the orientation. The starting skills of the newcomer, the job complexity, and the learning capability of the newcomer determine the duration of the training phase. The easier the goals of the employee orientation can be measured, the easier it is to assess the duration of the employee orientation. (Moisalo 2011, 324-325.)

The duration of the orientation process is affected also by the type of the employment. If the employment has a trial period in use, the orientation should last at least to the end of the trial period. The permanent employment and long-term employment orientation should go through all of the stages of the orientation process. Seasonal and temporal employees should receive all the training required to perform the duties at a desired performance level, however the induction process may be lighter. With the short-term employment orientation and the orientation of the seasonal assistants, the best practise is to use brief induction and quick on-the-job training with the working pair within the organisation. (Hyvä perehdytys-opas [*Proper orientation-guide*] 2007, 14-15; Kjelin & Kuusisto 2003, 205.)

2.4 The Quality of the Orientation Has Consequences

Regardless the employee orientation is carried out or not, it always has consequences on the organisation. Proper orientation has positive effects and the poor or non-existent orientation has negative effects on the performance of the organisation. “There is no single logical commercial reason for neglecting the orientation of the newcomer” Kjelin and Kuusisto (2003, 22) declare. Not all jobs require the same amount of orientation i.e. orientation may be carried out by a rather small effort depending on organisational characteristics (Attwood & Dimmock 1996, 54.) Orientation is a complex process which has influences for a long time after the orientation process itself has been finished. The positive influences of the proper orientation are described in Figure 5.

Figure 5. Relationship Between the Employee Orientation, Commitment and Employee Turnover

2.4.1 Commitment

The commitment of the employee to the organisation, to the objectives of the work and to the work community, enables a good performance states Kjelin and Kuusisto (2003, 26). Studies have shown that committed employees remain in the organisations longer than those who are less committed (Brum, 2009, 2). According to Kjelin and Kuusisto (2003, 27), the strongest commitment is achieved, when the employee shares the mission, values and the objectives of the organisation. Where the commitment is lesser, the employee turnover ratio is greater. By investing in orientating and training, organisations are able to increase the commitment, which leads to a smaller employee turnover, which consequently decreases the costs and resources of the organisation (Brum 2009, 11).

According to Brum (2009, 6) there are at least four elements cementing the employee commitment by training within the organisation:

1. If time and effort are invested in employees, they become more committed to the organisation.
2. Employees receiving the training are less willing to leave the organisation.
3. Social support for training is building commitment.
4. Employees receiving specific training are less willing to leave the organisation.

2.4.2 Employee Turnover

Employee turnover ratio, i.e. labour turnover ratio, can be described as number of employees leaving the organisation in the certain time period. Employee turnover is a normal phenomenon in organisations e.g. retiring, part-time workers finding full-time jobs, employees want new challenges in different organisations, are all natural reasons to change work place. Kjelin and Kuusisto (2003, 28) state that employee turnover is not necessarily a result of dissatisfaction or non-commitment. Employee turnover may even be a desirable phenomenon in the organisations. However, hiring and orientating substitutive employees consume time and resources, therefore is expensive. Substitutive employees are hardly ever as productive and efficient at the beginning of employment as the former employees (Moisalo 2011, 321), because of the nature of learning: learning the job requires longer time than the training phase. Therefore even if the new employee is motivated and eager, the knowledge of the job and skills to perform the job are lacking in the beginning of the employment, which affects the productivity (Tracey & Hinkin 2008, 15.) Employee turnover has both positive and negative aspects.

On the positive side, Attwood and Dimmock (1996, 52) state that employee turnover creates possibilities for the new people to find a way in the organisation. Employee turnover may be seen as a tool to promote employees, decrease labour costs due the lower starting wages, and to reorganise work.

Negative effects of the employee turnover are the direct and indirect costs of losing an employee and hiring a substitute employee. The high employee turnover has many negative impacts, which in the worst case might even involve a loss of customers (Kjelin & Kuusisto 2003, 21). Employees have also tacit knowledge concerning their duties at work which is lost, or even worse, shifted to the competitor when resigning (Moisalo 2011, 322.)

There has been found a link between employee orientation and employee turnover in studies: where the attention is paid to orientation, the employee turnover ratio is smaller (Attwood & Dimmock 1996, 51). According to Brum (2009, 10), the training which employees accept and contribute with, has a positive impact on the commitment, which results in the lower level of the employee turnover.

According to Tracey and Hinkin (2008, 14-15) the cost structure of the employee turnover can be divided into five categories: 1) Costs generated by the predeparture are caused by the time and resources spent on the newcomer, e.g. orientation, personal working equipment. If the newcomer quits the job before reaching the proper working performance, all the time spent on the newcomer is misspent. 2) Recruitment costs include all the money spent on attracting new employees to join the organisation. According to Huselid, Beatty, and Becker (2005), Tracey and Hinkin (2008, 16) states that the higher the position the higher are the recruitment costs. 3) Choosing the best candidate creates costs by the time spent on the interviews, reference checks and the meetings for making the decision. These costs are called selection costs. 4) New employees require always an orientation (Kjelin & Kuusisto 2003, 22.) The time consumed on the orientation by all the parties creates costs. 5) Productivity loss costs can be explicated in different ways: Employee’s performance is reducing before leaving. The best performance is not achieved at the end of the training, but it takes more time to reach the optimum performance level, because the learning curve for all the jobs are usually longer than the training period (Rivera 2008, 15.) If the newcomer leaves prematurely the optimum level is not reached. Employee turnover also distracts the fellow workers’ working, which causes the loss of productivity.

Eventually, the opportunity costs may occur when an employee leaves. Competitive knowledge may be transferred to the competitor. The turnover cost classes, explained above, are described in Figure 6.

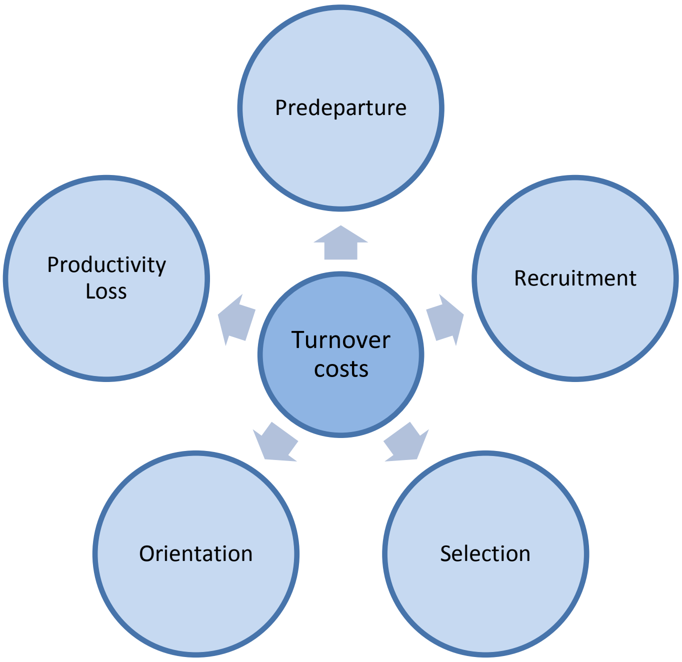

Figure 6. Turnover Cost Classes (Tracey & Hinkin 2008, 14)

2.4.3 Effects of the Employee Turnover Ratio

There are lines of work which naturally have a higher turnover ratio than others, for example in catering business, hospitality services, and facility services. The location of the organisation also has an influence on the turnover ratio: where the opportunities lie to change the work place, there the turnover ratio is in general higher. (Brum 2009, 2.)

If the turnover ratio cannot be lowered to the desired level, the amount of the orientation should be carefully considered, due to the high probability of losing the effort put on the orientation by the predeparture of the newcomer. However, with the help of the proper education, the turnover ratio can be reduced. The more complex the job, the more attention should be directed to prevent the predeparture due to high labour costs. (Brum 2009, 2; Tracey & Hinkin 2008, 14.)

2.5 Employee Orientation Methods

Duties are the core of the employee orientation. The focus of orientation should be on the performance of the duties including the elements of correct working methods, safety, knowledge of systems, devices, and flows of material and information of the duties. There are several correct but different methods to instruct these points to the new employees depending on the situation. (Viitala 2013, 193.) The background education of the employee, the nature of the work, the duration of the employment, the size of the organisation and the number of new arrivals are all factors which determine the methods used in the orientation (Kjelin & Kuusisto 2003, 163).

2.5.1 Execution of the Induction Process

Researchers agree that all the new employees should receive a warm welcome on the first working day. During the first working days and weeks, i.e. during the induction period, the newcomer makes the decision on whether to stay or not in the organisation (Kjelin & Kuusisto 2003, 134). An employer should be prepared to receive the newcomer(s). During the first day all the questions of the newcomer should be answered, however, newcomers are not able to receive all the information at once, therefore the sectioning of the information providing should be well planned. On the first day the most important objectives are to get the newcomer to feel welcomed, to encourage commitment and to socialise the newcomer to the organisation. (Attwood & Dimmock 1996, 51-53; Dessler 2005, 268; Moisalo 2011, 324-329; Viitala 2013, 193.)

New employees make observations of the organisations especially at the beginning of the employment. If the first impressions are poor, the result might be that the orientating and the motivating of the new employee become harder, despite the fact that new employees are in general easy to motivate. Even worse, the poor impressions may lead to the situation where the new employee decides to start looking for a new job. The new employee does not necessary quit immediately, but searches for a new job until the new job is found. When the new employee announces him/her leaving, the organisation is usually unprepared for substituting him/her and the whole recruiting process has to be started from the beginning. (Kjelin & Kuusisto 2003, 133-134.)

New employees actively search for the information related to their duties. As much the information should be provided to the employee as possible. “The more the questions of the newcomer are able to be answered, the more trust is able to develop between the newcomer and the organisation” (ibid., 130.) Certain type of information, e.g. on organisational structures, sickness arrangements, is essential to be told in the orientation. However a human mind cannot remember all the information at the same time, therefore it is wise to provide the essential information also in the written form, e.g. a guidebook or web pages. (Attwood & Dimmock 1996, 53-54; Kjelin & Kuusisto 2003, 130.)

2.5.2 Training Methods

After the successful welcome, the focus of the orientation should be concentrated on the duties. The factors concerned at this point, according to Viitala (2013, 194) are the following:

- Working conditions, working environment and co-workers
- Contents of the duties
- Performance measurements
- Handling of the working instruments
- Work safety
- Work guidance
- Training possibilities.

As noted before, there are several factors which determine choosing the correct and the most suited method to be used in new employee orientation. The following paragraphs introduce different orientation methods.

On-the-Job Training (OJT) is a wide term for all the methods related to learning duties by actually performing them. Performing the duties is not sufficient alone without the dialogue, discussing through the learning objectives and providing the feedback. The advantages of the OJT are that it is fairly inexpensive, newcomers start to produce fairly early, it is timely, empirical, personal and it encourages being active. The drawback of the OJT relates to the practical side: the role of the trainer is huge in the OJT, if the trainers themselves are poorly trained or badly motivated, the result of the OJT may suffer. Also the sufficient level of new tasks taught to new employee is hard to control in everyday working life. The duties performed should be in relation to the preparedness of the new employee. (Dessler 2005, 275; Kjelin & Kuusisto 2003, 220.)

The most common type of OJT is called coaching, mentoring or tutoring, where the trainer or coach gives the newcomer practical and sufficient amount of introduction for performing the duties at the desired level. Coaching should begin from the basics and build the independency of the newcomer in the course of time. Constant feedback and encouraging are indivisible ways of coaching. The main difference between mentoring and tutoring is that tutoring is more based on the master-apprentice model, whereas mentoring is more about finding the fitting solutions for the work without ready-made guidelines. (Dessler 2005, 275; Kjelin & Kuusisto 2003, 222; Viitala 2013, 196-197.) Kjelin and Kuusisto (2003, 228) emphasise that coaching, mentoring and tutoring are not originally and essentially employee orientation methods, but, however, can be used also in employee orientation.

Today the flexibility and the need for multiple skilled persons in organisations are more and more topical (Viitala 2013, 196). Job rotation and cross training give possibilities to increase the flexibility in organisations. Job rotation means that the employee shifts from one duty to another at specific intervals. Job rotation benefits both the individual and the organisation. Individuals get variety to the work and a broader view of the operations, whereas organisations get more skilful employees and, at the same time, enhance the commitment of the employees. Cross training is especially important in organisations where it is important for the employees to know the whole process and be prepared to act independently when needed. Cross training differs from the job rotation in that it provides the needed skills to perform different duties, but it is not performed at the scheduled intervals. (Dessler 2005, 275; Viitala 2013, 195-196.)

The role of the trainer in OJT is considerable, therefore careful attention to the training of the trainers should be paid. First and foremost, the trainer should be motivated to train and know the duties thoroughly. Orientating alongside working, extra orientating salary and distribution of work may form obstacles for the trainer in the orientating process, if not agreed and accepted. Therefore the foreman of the trainer should look through these issues with the trainer before the orientation process starts. Clear roles and expectations help all parties to clarify the goals of the orientation. (Dessler 2005, 275; Kjelin & Kuusisto 2003, 193 & 235; Moisalo 2011, 324-325.)

Sometimes a detailed step by step orientation and training is needed for the functions and processes, which are critical to be performed exactly in the precise order and which pose a great chance of malfunction. For example forklift battery changing may be seen as an operation, which requires this kind of step by step orientation, because the operation poses risks for the battery to get damaged or the employee to get injured if the instructions are not carefully followed. This method is called Job Instruction Training (JIT). JIT is also useful for the duties, whose performance should be standardised. The principles of JIT are that the steps and the key points of each stage should be readily understandable in the similar way by everyone and the probability of the errors should be minimised. (Dessler 2005, 278.)

Orientating may be carried out also as off-the-job training, for example by lecturing. Lecturing may be considered as an option for larger groups or temporary and/or seasonal employees in duties which are rather simple and do not require OJT. Lecturing is relatively inexpensive and fast comparing to the OJT, and rather effective. (Dessler 2005, 278-279.)

A method connecting the theory and OJT is called action learning. Experience gained from the working is capitalised on the theory classes. The benefits of the action learning are utilising the contribution of the OJT and the benefits of the off-job-training. (Viitala 2013, 198.)

In conclusion the main characteristics of the training methods covered above are shown in Table 1.

Table 1. Main Characteristics of Training Methods

	On-the-job-training	Off-the-job-training	Individual	Group	Requires trainer
Coaching	X		X	X	X
Mentoring	X		X	X	X
Tutoring	X		X	X	X
Job Rotation	X		X		
Cross Training	X		X		
Job Instruction Training	X	X	X	X	
Lecturing		X		X	X
Action Learning	X	X		X	X

2.6 Roles of the Orientation

Newcomers are eager to receive information relating to their task at the beginning of their employment. If the orientation does not offer the information, the newcomer reflects him/herself to the fellow workers. The working methods and opinions of the fellow workers do not always represent the formal organisational ones. Therefore the newcomers should have a source where to acquire the formal information to prevent informal and uncontrollable information distribution. To enable the formal information distribution, the roles of the orientation must be defined. According to Kjelin and Kuusisto (2003, 167), the two major factors for the orientation to succeed are the explicit of the structure and interaction between the orientation parties. The clearer the roles and the goals of the orientation are the more explicit is the structure. The more explicit the structure is, the more interaction there is.

2.6.1 Foreman

One of the most important functions of the foreman is managing people. The same applies to the role of the foreman in the orientation process; orientating is managing. Foremen are usually responsible for the orientation of the employees in the organisations. This however does not require that foremen have to orientate all the employees by themselves. Foremen control the orientation process and choose the correct persons to the different tasks during the orientation. (Moisalo 2011, 330.)

The maintaining and improving the performance of the work are responsibilities of the foremen. To affect the performance, the foremen have to know their employees. Foremen should get familiar with the newcomers as soon as possible, even in the event that later the newcomers are not in close interaction with the foremen. The strengths and weaknesses and the personalities of the employees have an influence on the group dynamics. The better the foremen know the members of the staff the more possibilities the foremen have to achieve good performance by choosing the correct persons to particular duties. (Kjelin & Kuusisto 2003, 187-188.)

The roles of the employee are defined by the foreman. The natural way to define the roles is to go through the expectations and the roles of the employee together with the newcomer. The foreman enables the employee to fulfil the expectations and the adaptation of the role of the employee by providing the needed resources and sufficient challenges to the newcomer during the orientation, and also throughout the career. Kjelin and Kuusisto (2003, 189-190) state that the foreman should also explain his/her roles, responsibilities and working methods to the newcomers to clarify the employee’s picture of the organisation.

2.6.2 Trainer

The orientation may be implemented in its entirety by the foreman. The foreman however, always exercises some sort of authority over the employee. Therefore the new employee may experience the presence of the foreman as controlling and watching. Newcomers do not want to reflect themselves poorly to the management, therefore the questions and the lack of skills may be left uncovered if the trainer is superior to the trainee, due to the fear of giving bad impression. To solve the problem a trainer or a tutor is appointed to the new employee usually amongst the fellow employees. (Kjelin & Kuusisto 2003, 189.)

The selection of the trainer is a critical stage, which affects the whole orientation process. The most important aspect when choosing the trainer is the motivation of the trainer. The selection of trainers should always be performed on a voluntary basis. Without motivation, the results of the orientation will be lacking even if the trainer had the required level of skills and knowledge. “The best employee is not always the best trainer” (Moisalo 2011, 330.)

The role of the trainer is to remove all obstacles which encumber the learning of the new employee. The trainer should be accessible to answer all questions and to resolve all uncertainties which the newcomer has. The trainer, in addition to mastering the duties, should have the skill to train and be able identify the learning style of the trainee. Examples of different learning styles are presented in Figure 7. The trainers themselves should be carefully trained before them starting train others. (Dessler 2005, 275; Moisalo 2011, 330; Kjelin & Kuusisto 2003, 38 & 193.)

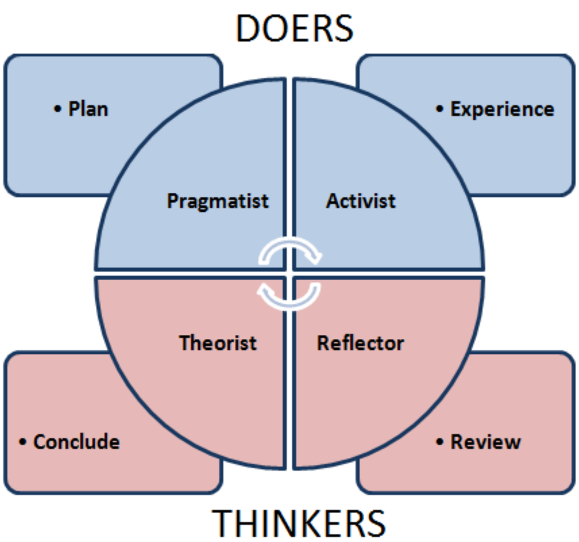

Figure 7. Honey and Mumford's Learning (Style) Cycle (Wilson 2000, 112)

Moisalo (2011, 330-334) lists the key points for preparing the trainer for the orientation of the new employees:

- The learning style of the trainer and trainee should be reconciled.
- Teaching methods, suited for each learning style, should be taught to the trainer.
- The motivation of the trainer should be reinforced.
- The recognition of the learning limitations and learning obstacles should be taught.
- Duties and goals of the trainer should be defined.

2.6.3 New Employee

New employees also have a role in the orientation. After the successful recruiting process the starting point should be an organisation possessing an eager and a motivated newcomer (Kjelin & Kuusisto 2003, 172.) The role of the new employee is to be active during the orientation. The activity of the newcomer should be supported by all means and the planning of the orientation should be that it encourages being active. Orientation is a dialogue between the organisation and the newcomer. Motivation and commitment are required for the new employee for the orientation to be successful. (ibid., 173).

3 Creating New Employee Orientation Materials

For creating the new employee orientation materials for Vähälä Yhtiöt, the current orientation practices were first to be studied. The current orientation practises were studied by qualitative observation method, in other words going through the current orientation process as a new employee. The background of the current new employee orientation was also researched by interviews with the managers and directors of the Jyväskylä logistics centre. After the studying of the current methods the overview and the cost estimations of the current orientation practices and certain error effect were presented. The collected theories of the orientation were implanted to the creation of the NEO-materials. Based on the theory collected, together with the meetings between the author and the client, the choosing what to include in the orientation materials was determined.

3.1 Current Orientation Practices

3.1.1 Performance Indicators

3.1.2 Estimation of the Direct Orientation Costs

Table 2. Direct Orientation Costs of Jyväskylä Logistics centre (Sormunen 2014, AKT 2014)

Direct orientation costs	
Trainee wages	€
Productivity loss (trainee)	€
Trainer wages	€
Productivity loss (trainer)	€
Total costs per employee	**€**
Annual orientation costs	**€**

3.2 Focus on the Errors

Figure 8. Error Hierarchy

3.2.1 Examples of the Errors

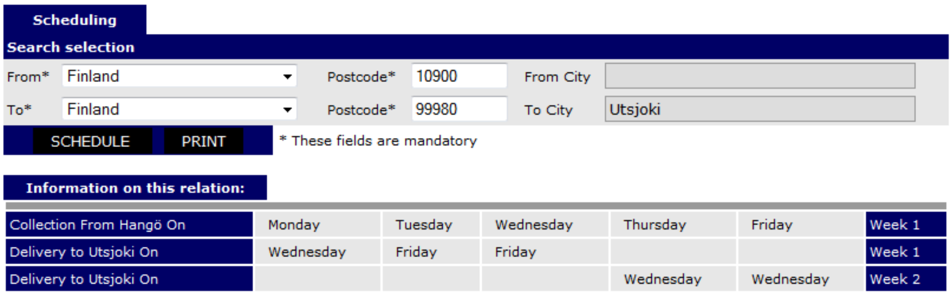

Figure 9. Delivery Time from Hanko to Utsjoki (Schenker, 2014)

Table 3. Effect of a Delivery Error on the Delivery Time

Collection from Hanko on	MON	TUE	WED	THU	FRI	WEEK 1
Initial delivery to Utsjoki On	WED	FRI	FRI			WEEK 1
Initial Delivery to Utsjoki On				WED	WED	WEEK 2
Latest notice of the delivery error	WED	FRI	FRI			WEEK 1
Latest notice of the delivery error				WED	WED	WEEK 2
Delivery to Utsjoki On	FRI					WEEK 1
Delivery to Utsjoki On		WED	WED			WEEK 2
Delivery to Utsjoki On				WED	WED	WEEK 3

3.2.2 Redelivery Cost Estimation

Table 4. Operating Costs of Vähälä Yhtiöt (Salonen, J. 2014; Sormunen 2014)

Operating costs	€/h	€/km
Combination Vehicle		
Truck		
Van		
Driver		

Table 5. Average Cost of the Redelivery (Salonen, J. 2014, Sormunen 2014)

Average cost of the redelivery
Av delivery time (h)
Av distance cost (€)
Av delivery time cost (€)
Total

3.2.3 Error Prevention

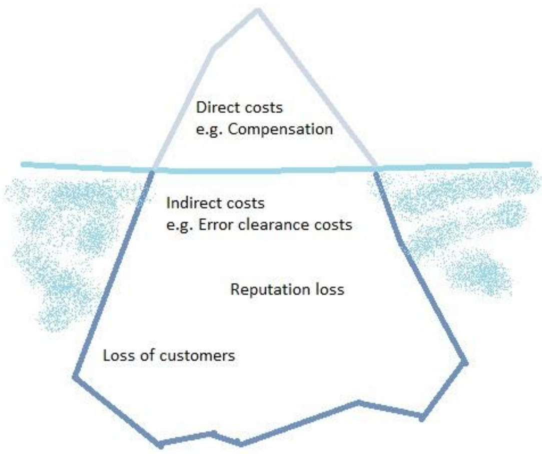

Figure 10. Potential Error Effects (Kjelin & Kuusisto 2003, 21-22)

3.3. Compilation of the New Employee Orientation Materials

3.3.1 Induction Materials

3.3.2 Training Materials

4 Conclusions

4.1 Research Results

The main research problems of the thesis were to answer the questions why the new employee orientation is needed, what methods exist to orientate new employees, and what issues should be included in the orientation materials. The objectives were to compile the theories behind the employee orientation and to utilise the theory compiled in the creation of the orientation materials for Vähälä Yhtiöt. The objectives of the thesis were also to find answers for the questions why to orientate, how to orientate and what costs are there included in the orientation process. All these objectives supported the main task; creating the new employee orientation materials for Vähälä Yhtiöt by the help of researching and implementing the theories behind the orientation.

The topics of the theory cover the field of Human Resources Management, which is not directly from the field of logistics. However, HRM may be linked to the logistics in the paper by 1) common management theories which are connected to logistics engineering duties 2) client from the field of logistics. The paper itself does not concern many core logistics subjects, however, the end results found in Appendices 2 and 3 deal also with the logistics topics.

4.1.1 Need for Employee Orientation

The answers to the research problem of why the new employee orientation is needed, was answered from two different aspects: 1) theoretical aspect 2) client’s aspect. The theoretical aspect was studied by researching the orientation theories and finding the theoretical answers to the question. The theoretical aspect summarises the key points for how the orientation influences the organisation. The theoretical conclusion was that there is no single reason for why not to orientate new employees, however, the orientation process should be planned and carried out according to the plan. The reason why the new employee orientation is needed in Vähälä Yhtiöt, based on the theory, is that the whole delivery is affected by sub processes, e.g. the terminal process, therefore to ensure the undisturbed delivery process, all the sub processes should be performed correctly. The performance, including aspects as for example error prevention, can be affected by proper orientation. In conclusion the new employee orientation is needed to help:

- To perform the work satisfactorily
- New employees to become productive as soon as possible
- To reduce defects
- To provide and share information
- To motivate and socialise new employees
- To maintain employees by reducing employee turnover
- To foster safe and healthy work environment.

4.1.2 Employee Orientation Method and Cost Analysis

The different employee orientation methods were covered in the theoretical part of the thesis. The answer for the question how to orientate was answered by the providing the theoretical information what issues are influencing on the orientation method and to the orientation programme. The orientation method is determined by the personal orientation plan, which should be in line with the organisational goals and the needs of the newcomer.

The current orientation practises at the Jyväskylä distribution centre were also studied. The current orientation method, tutoring, suits well for the Vähälä Yhtiöt distribution centre orientation purpose, because the terminal work includes lots of detailed and changing information which is transferred well to the newcomer by the master-apprentice model. The benefit of the tutoring is also, that the socialisation to the work community is started from the beginning of the employment, because the tutor works as a link between the newcomer and former employees. The focus on orientating newcomers in groups could be increased, because then fewer trainers are needed per a newcomer and the learning of the job is collective and the socialisation of amongst the newcomers is easier started.

The costs of the orientation were studied in the theoretical basis in general level. The cost structure of the turnover costs and of the orientation were covered. The estimation of the direct orientation costs of a distribution centre employee was also made. The deeper analysis of the orientation costs of Vähälä Yhtiöt was not made.

4.1.3 Orientation Materials

The research influenced the choices of the contents of the orientation materials by both providing general information about induction and training, but also providing information about how human mind works. Especially topics in the induction materials were based on the theory what proper induction features. The contents of the training materials were more influenced by the client than the orientation theories, nevertheless certain parts of the training materials were determined by the theory as well.

The research problem of what issues should be included in the orientation materials was concluded to contain the theoretical and organisational requirements of the orientation. The theoretical requirements of the new employee orientation were discussed in the theoretical part of the paper. The organisational goals for the materials were determined in the meeting between the author and the client. The employee orientation theories sustain the choices made in the creation of the end results, new employee orientation materials. There are no templates or standards for how to create proper new employee materials, but the theory gave basic principles what orientation information is advisable to include in written form. However, the issues included in the final orientation materials were more determined by the client, than the theory, but still the theory influenced on the issues proposed to the materials by the author. The orientation materials are ready for the implementation in the Jyväskylä logistics centre. New employee materials work as a decent tool supporting the orientation process and the later working life in Vähälä Yhtiöt.

4.2 Research Critique

To gain the greatest positive impact of the new employee orientation materials on the new employee orientation, the current orientation methods could be further researched, analysed and developed, because compiling the new employee orientation materials is based on the current orientation practises. This paper, however, does not deeply discuss the topics of optimising the current employee orientation practices, because the main focus of this paper was on creating the orientation materials. Optimising the current orientation practices would be a good topic for the future thesis authors. The current duration of the orientation, approximately 80 hours could be assessed if optimal in the future researches. During the writing process of the thesis there was not enough new employees who started working at the Jyväskylä logistics centre, therefore the measurements of the optimised duration of the orientation were not performed.

Also the room was left for studying the impact of the new orientation materials on the performance of the new employees and developing performance indicators of the orientation and measurable performance goals for the distribution centre employees of Vähälä Yhtiöt. Currently there exists no measurable goals or performance indicators for the orientation.

To provide new public information on the topic of new employee orientation is difficult because of the frequency of the subject. The conclusions of the theory sources are more or less identical; therefore the similarity of the researches is inevitable. The public value of the thesis remains small, however the value of the theses discussing the employee orientation to the clients have been greater than to the public (Kovanen 2013, 40). Therefore the conclusion is that the benefits of the orientation researches are more practical than theoretical.

The research methods of this paper could have been wider. The theory based approach used in the paper is suitable for the topic, but more measurements at the client’s premises could have provided more practical applications to the end results. However the number of the new employees is rather small in the Jyväskylä logistics centre, and concentrates on the summer season, therefore it was hard to put the measurements into practice, because the main working time of the thesis was the autumn of 2013 and spring of 2014.

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Appendices

Appendix 1. Cost Estimation Calculations.

Appendix 2. Uuden työntekijän opas [*Guidebook for the New Employee in Vähälä Yhtiöt*]

Appendix 3. Terminaalityöntekijän käsikirja [*Distribution Centre Employee's Handbook*]