

WALES MANAGEMENT COUNCIL

Management and leadership development and training in Wales

An Agenda for Action



“The key purpose of management and leadership is to provide direction, gain commitment, facilitate change and achieve results through the efficient, creative, and responsible deployment of people and other resources.”¹

“Management education – a term generally used to describe the wide range of influences that bring about improved capability and performance for individuals and organisations.”²

“We must engage with managers and capture their imagination if we are to elicit the positive response which will make a real difference to the Welsh economy.”³

“To date, the whole arena of management development has taken a back seat in the quest for a more competitive economy.”⁴

“There is little evidence of co-ordination in the provision of management development services within Wales and there appears to be a lack of strategic planning in this area.”⁵

“There is a demand in industry for more flexibility in the provision of management development Many companies are anxious to see more development taking place on-site rather than away from the manager’s place of work.”⁶

“There is a body of opinion in industry which believes that emphasis should be moved from promoting formal management qualifications to building improved competence.”⁷

“There seems to be strong emphasis on the supervisory aspects of management development and insufficient concentration on, for example, the strategic aspects of management.”⁸

“Effective leadership is a prerequisite for successful businesses – as are workforce skills. But employers are now ranking management skills as the key driver of competitive advantage. This represents a decisive shift from previous years, when workforce and management skills were regarded as equally crucial. Employers believe that it is the quality of this leadership and management that gives them the edge over their competitors.”⁹

“There are new and more demanding challenges that require increasing management skills – less hierarchical organisations, the relentless pace of technological change, greater public scrutiny and the challenges of diversification and globalisation. It is clear that, as these challenges play out in the next five years, the skills of management will become an increasingly important driver for company performance.”¹⁰

¹Management Standards Centre: *Functional Map of Management and Leadership*, 2003

² CIPD: *Developing Managers for Business Performance*, 2002

³ Ian Rees. Chairman, Wales Management Council

⁴ Professor Dylan Jones-Evans, University of Wales, Bangor

⁵ Wales Management Council: *2000 – 2001 Review*

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ CBI: *Employment Trends Survey 2002*

¹⁰ Ibid.

MINISTERIAL FOREWORD

Foreword by Andrew Davies AM, Minister for Economic Development and Transport

There is no question that the quality of our managers in Wales has a vital impact on the performance of their businesses and organisations, and on the economy of Wales as a whole.

That is why we put such emphasis on management development under the first three objectives in A Winning Wales - encouraging innovation, encouraging entrepreneurship and making Wales a learning country.

The Wales Management Council is funded by the Economic Development and Transport Department of the Welsh Assembly Government to give thought, structure and leadership to all activities and initiatives relating to management and leadership development across Wales. The Council therefore has a key role in helping to achieve our economic development targets.

Wales has to have a clear and coherent strategy in this vital field that will inform and guide the activities of all agencies, business organisations, learning providers and funders involved in management and leadership development across Wales.

The Wales Management Council was given a joint mandate with National Council – ELWa and the Higher Education Funding Council for Wales by the Skills and Employment Action Plan 2002 to develop such a strategy. I am delighted that the Council has responded so positively and has produced this document as their contribution to delivery of this vital strategy. I was pleased to see included in it a comprehensive vision for the future, a detailed action plan, and a comprehensive summary of the current research that underpins their recommendations. The importance of this work is further validated by the wide-ranging, cross-sector support this Agenda for Action has received during the informal consultation exercise undertaken by the Council in the last few months.

I very much hope that all those involved in management and leadership development across Wales will not only contribute to implementing the strategy recommended here, but will make the fullest possible use of the supporting information, analyses, and skill checklists that form a key part of this document.

The formula “better managers = better business = a better Wales” bears repeating daily. I hope we can all use this Agenda for Action to make the formula more than just a mantra, but a practical reality.



FOREWORD

The quality of managers and leaders in Wales has a critical impact on our economic performance and development, but Wales does not have a co-ordinated strategy of management and leadership development to help managers throughout Wales “raise their game”.

Wales has a plethora of provision for management and leadership development, but a maze of funding routes and opportunities, a confusion of strategies, a dichotomy of key agencies, and no central source of information to help individual managers find what they need.

This has led to uncoordinated and unfocused provision from many sources, and poor take-up from managers themselves, who are bemused by what is on offer, and sceptical about the benefits for themselves and their businesses.

It is no surprise therefore that the attitude of working managers to management and leadership development is at best confused, and at worst apathetic.

Wales however is not alone. The same problems have been identified throughout the UK, and a wide range of public and private sector organisations are doing their best to find solutions.

This **Agenda for Action** is the first attempt to find a solution for Wales which draws together the work of the Wales Management Council, the major Agencies, professional institutions, and providers, into a unified and “joined up” plan.

In recent months the WDA’s Business Support Review and National Council - ELWa’s Review of Services to Business have endeavoured to bring coherence and clarity to publicly funded support for businesses, large and small, in Wales. We support the aspirations of these reviews and seek to complement them by bringing the same thinking to management development activities.

The **Agenda for Action** goes beyond strategic rhetoric to propose an action plan, targets, and evaluation methods, that if co-ordinated across all agencies and providers, will make a major difference to managers, leaders, organisations, and businesses throughout Wales.

Furthermore, because of our geography, size of population, number of businesses, and comparatively few agencies involved, Wales has a real opportunity to make our own solutions a leader and benchmark for the rest of UK.

The **Agenda for Action** argues that we need to take a radical new look at the nature of management and leadership, methods of training and development, and funding mechanisms, and seek to inspire and instil a new culture in which good managers are held in high esteem, and the pursuit of excellence in management and leadership is something to which every manager, in every sector, aspires.

Wales Management Council

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INTRODUCTION

In the Skills and Employment Action Plan 2002 the Wales Management Council was charged to work with NC-ELWa and the Higher Education Funding Council for Wales to prepare a strategy to boost management development and training in Wales, with a target date of September 2002 for completion.

In consultation with NC-ELWa and HEFCW the Wales Management Council researched and wrote this strategy and action plan by the target date, which was followed by six months' informal consultation with NC-ELWa and HEFCW and public and private sector organisations across Wales.

NC-ELWa incorporated a number of the recommendations in this **Agenda for Action** in its own Review of Services to Business which was presented to the National Council in February 2003.

NC-ELWa are currently preparing an implementation plan for their Services to Business strategy which will be considered by the National Council in June 2003.

The full implementation, funding and management of the proposals in this **Agenda for Action** are in the hands of NC-ELWa, HEFCW, WDA, SSDA, SSCs and other agencies across Wales.

The **Agenda for Action** has three sections

1. Vision, Strategy and Action
2. Context, Background and Research
3. Appendices.

The content of each of these sections is summarised below.

1. Vision, Strategy and Action

- sets out a vision of what the overall strategy and action plan is trying to achieve for Wales as a whole, and managers and leaders themselves
- provides a six point strategy for management and leadership development in Wales
- recommends detailed action for each part of that strategy
- proposes a number of targets for delivery
- offers some thoughts on how the impact of the strategy might be evaluated.

2. Context, Background and Research

- provides summaries of the background research that underpins all the strategic and action proposals in Section 1
- explores the policy context and the historical and statistical background to management and leadership development in Wales
- discusses the connections between management and leadership

- provides a number of checklists of management and leadership skills and abilities
- explores the priorities for management and leadership development and training
- highlights the barriers to effective training and development for managers
- makes observations about some of the funding mechanisms supporting management and leadership development in Wales
- looks at the nature of the demand for and supply of management and leadership development and training in Wales.

3. Appendices

- provide expanded checklists of management and leadership skills and abilities
- summarise the recommendations of the final report of the Council for Excellence in Management and Leadership (CEML)
- summarise (from a recent Wales Management Council report) the management skills that will be needed for the future
- provide in full the Small Firms Enterprise Development Initiative (SFEDI) report *There is another way* which explores the public funding of workforce development in SMEs
- provide a full bibliography of sources used and a list of abbreviations.

The main recommendations are in Section 1, but we hope that all who use this report will find Section 2 and the Appendices of value when they are thinking about management and leadership development for themselves and their organisations.

The Wales Management Council will, within its own resources, provide leadership and work with all relevant public agencies, business organisations and managers themselves to implement the recommendations in this report.

We aim to assist organisations and individual managers directly by:

- Disseminating practical information on management improvement, through conferences, seminars, the printed word and the internet
- Facilitating debate on key aspects of management
- Enabling exemplar businesses to share good practice with other enterprises.

Our overall aim is to help managers in Wales lead and manage successfully.

Our ultimate benchmark is a major increase in the efficiency and profitability of businesses and organisations, leading to significant economic growth for Wales.

Part I

Vision, Strategy and Action

I VISION

This **Agenda for Action** looks forward to a Wales where

Our leaders and managers have the vision and capability to create and sustain businesses and organisations that are rated amongst the best in the United Kingdom and aspire to the best international standards.

To achieve this we need a new vision of management and leadership development embracing the following:

- *Recognition*

The leadership and management potential of each individual is recognised as a key asset in every business and organisation

- *Admiration*

Leadership and management capability is admired and talked about

- *Understanding*

Leadership and management qualities are understood in terms of business imperatives and success, not academic definitions

- *Continuity*

Leadership and management development is seen as a continuous, natural process, driven by business need, not the imposition of esoteric skills and arcane practices

- *Commitment*

Managers are committed to self-improvement for the good of their business and organisation, and personal satisfaction

- *Choice*

Managers can make an informed choice about the leadership and management development opportunities that are best for them and their business or organisation

- *Sharing*

Managers want to share the benefits of their learning and development experience, and best practice, with others

- *Lifelong learning*

Leaders and managers are nurtured throughout the education system, and through a continuous programme of lifelong learning

- *Competencies*

The competencies and skills necessary to make businesses and organisations grow are given a higher priority than the qualifications they may lead to

- *Provision*

The provision of training and development support, from whatever source, is wide-ranging (in level and content), flexible (in the time, duration, and location of delivery), relevant (to business and organisational needs), makes a measurable difference (to individuals and organisations), and these attributes define quality

- *Funding*

Public funding regimes for leadership and management development reflect and support this provision by being wide-ranging (in type and beneficiary), flexible (in amount and timescale), relevant (with outcomes oriented to business and organisational success), and make a measurable difference (to both individuals and organisations)

- *Informal development*

Public funding is made available for both formal and informal development activities and is not restricted to support for the attainment of qualifications

- *Database*

The funding mechanisms, providers and provision of management training and development support are categorised on a national database, available to all

- *Monitoring*

The provision and impact of leadership and management development is monitored annually

- *Co-ordination*

Public agencies and other official bodies in Wales act as a coordinated team in support of the delivery of this vision so that managers experience a seamless and easily understood route to developing their skills.

This Vision is a starting point for all the recommendations in this **Agenda for Action**.



2 BACKGROUND SUMMARY

The key points from current policy and research documents are set out below. More detailed information under each heading can be found in Section 2.

a Context

A Winning Wales – The National Economic Development Strategy sets out the importance of management and leadership development under its first three objectives

- Encourage innovation
- Encourage entrepreneurship
- Make Wales a learning country.

The last of these includes implementing the corporate plans of ELWa-NC and HEFCW, and the Skills and Employment Action Plan 2002.

The NC-ELWa Corporate Plan, under its Skills for Business priority, has a number of specific actions to increase access to management development programmes in Wales, through the piloting of new approaches, with the aim of embedding a culture of learning among managers.

The Skills and Employment Action Plan 2002 contains a specific requirement that NC-ELWa and HEFCW work with the Wales Management Council to produce a strategy to boost management development in Wales. This strategy was to be in place by September 2002, the date of the delivery of the consultation draft of this **Agenda for Action** to NC-ELWa.

NC-ELWa's Review of Services Business of February 2003 gives priority to management and leadership development, and encapsulates many of the recommendations that follow.

b Background

Research inside and outside Wales since 1999 has confirmed a lack of hard information about manager numbers, negative perceptions of management development, the lack of integration of current provision, poor take up of what is available, and the importance of informal over formal learning for SMEs. Little has been done to address these problems to date in Wales, or in the UK as a whole.

The key business statistic for Wales is that 99% of businesses have under 250 employees and can therefore be classified as SMEs. SMEs will therefore be the main focus of this **Agenda for Action**.

Based on current data on numbers of businesses in each employment size band, and the number of employees in Wales, coupled with recent research on the number of managers in each band in the UK as a whole, there are some 63,000 managers in companies with 5 – 500 staff in Wales, with at least a further 100,000 in smaller companies and the public sector. One of the main difficulties in arriving at precise numbers is: who is classified, or classifies themselves, as a manager.

c Managers and Leaders

Managers and leaders are not separate, but part of the same continuum. Leadership abilities are becoming increasingly important for all managers, and particularly at the top of any business or organisation.

The **Agenda for Acton** is built on the premise that leadership and management skills are inextricably linked and Wales must take a holistic approach to their development, for the good of individuals, the good of businesses and organisations, and the good of the country as a whole.

d Management and Leadership Skills

There are numerous pieces of research and anecdotal evidence that attempt to set out the key management and leadership skills. Almost all of these skills can be summarised under the three headings

- *thinking abilities*
- *people abilities*
- *task abilities*

with the greatest emphasis being placed on the ability to manage and lead people.

e Development and Training

Current research clearly establishes the importance of informal over formal learning for SMEs, with strong arguments that informal learning not only suits the way SMEs work but achieves more immediate results.

Mentoring is high on most lists of the most effective development activities.

A considerable body of research highlights the fact that most publicly funded management development provision may be failing to meet the real needs and expectations of SMEs.

f Barriers

The main barriers to the take up of development and training for managers are

- time
- cost
- quality
- motivation (either personal or within the culture of the organisation).

Expenditure on training in SMEs in Wales is low. But across UK the underlying problem is that among SMEs negative attitudes are the major constraint on management development.

g Funding

Funding for management and leadership development in Wales urgently requires mapping and wider publicity so that more people can take advantage of what is available.

There is a strong argument that funding mechanisms must be more flexible, and focused on the real needs of individuals and businesses rather than qualifications.

European Funds from Objective 1, Objective 2 and Objective 3 programmes underpin much that is available, but to date these funds have been under-utilised for management and leadership development projects.

h Demand

The Future Skills Wales survey clearly established the importance of communication skills and the understanding of customers' needs as the priorities for all employees.

But managers' skill needs are changing, and the demands of the future will focus on

- managing and using technology
- leadership
- entrepreneurship
- use of time
- having an open mind
- partnership working
- personal development
- ability to manage change and uncertainty.

From the SME's perspective the learning process will be through immediate problem solving, networking through peers, informal mentoring, and small learning "bites" at times and places of their choosing.

i Supply

Supply is not simply a question of "who delivers what training and development where" but a complex interaction between

- influencers
- funders
- deliverers
- employers.

In Wales this interaction is poor, and must be improved if the provision of management and leadership development support is to improve.

But above all the 'supply-side' must engage in a more meaningful way with the 'demand-side', to give managers what they want (though they may need help in identifying this) and of a quality that is 'best in class.'

Formal qualifications gained through HE and FE institutions will remain important for some, but the numbers are modest in relation to the number of managers in Wales (and the same is true of UK).

There is an urgent requirement to map and publicise current provision of all kinds in all sectors.

A national mentoring network is required to support managers and help them identify their own needs and how to make best use of the available provision.

There is also a strong argument that we should concentrate on the nature of the provision, not outcomes. The analogy of Health and Fitness Centres is helpful – places where SME managers can go to obtain high quality, professional support, tailored to their particular needs at the time, and carefully monitored to ensure maximum benefit.

3 STRATEGY

This **Agenda for Action** looks at the:

- policy context in Wales in which any strategy must be consistent
- managers and leaders, and the skills and abilities they need, today and tomorrow
- development and training methods that are most appropriate for these skills
- barriers to learning that must be overcome
- funding routes and mechanisms
- demand, supply and the centre of excellence concept.

The overall strategy draws together the lessons of all the above and has six objectives that will make a major difference to management and leadership development in Wales:

1. Raising awareness, interest and commitment

To raise awareness of, interest in, and commitment to management and leadership development in all sectors and among managers at all levels.

2. Identifying needs

To help managers identify their own management and leadership development needs.

3. Satisfying needs

To ensure managers can make an informed choice of the best management and leadership development solutions for their business or organisation and themselves, and increase their involvement and participation in management and leadership development activities.

4. Funding

To provide sources of public funding to support objectives 1 – 3, and the provision of relevant leadership and management development support.

5. Evaluation

To set up an evaluation and monitoring framework to assess the outcomes and impact of leadership and management development activity in Wales.

6. Review

This strategy is not a one-time solution to a single problem. It is a continuous process that must reflect the changing needs of every business and organisation in Wales.

These strategic objectives must therefore be subject to continuous review, and update at least every three years, to reflect changing business and organisational needs, Wales' wider economic agenda, and international market developments.

4 AGENDA FOR ACTION

The overall strategy for management and leadership development in Wales is of critical importance, but it will be valueless without a clear agenda for action to put it into effect.

This chapter contains the **Agenda for Action**, which gives its name to the document as a whole, and provides a framework for the activities of the proposed Centre for Excellence in Management and Leadership Development.

It is an *agenda*, not a programme, because it is a “list of items to be addressed”¹¹ by a very wide range of people and organisations, in a wide variety of ways. This variety and complexity, both in managers and leaders themselves, and in the actions proposed, makes a more rigid programme both impractical and undesirable.

This Agenda does not claim to be breaking new ground, and fully recognises the management and leadership development activities that are already taking place in the public and the private sector.

The Agenda seeks to give coherence to these activities, and promote a “joining up” of programmes and funding to improve the provision, relevance and take-up of support for management and leadership development throughout Wales.

What is lacking at this stage is a clear statement of who is to be responsible for each aspect of the Agenda, using what resources.

The key agencies, NC-ELWa, HEFCW and the WDA, are currently engaged in an extensive review of their business support services, and are seeking ways to link these so that the provision to businesses and individuals is more coherent and “seamless.”

In the light of this exercise, it would be inappropriate to make recommendations about who is specifically responsible for implementation. NC-ELWa, HEFCW and the WDA must collectively define how and where their resources will be used to drive this Agenda forward, and in partnership with whom.

There is a broad consensus that this Agenda is a sound basis for progress, to be followed by the preparation of a “complement” that sets out, with authority and clear knowledge of available resources, who does what to take it forward.

A key part of the Agenda is the categorisation of current resources, and a mapping of public funding for management and leadership development.

This is an exercise that pulls together existing information and knowledge from all sources. It is not new research.

It is essential that this is given the highest priority, but in tandem with (not as a prerequisite of) other activities.

A list of actions is recommended below against each strategic objective, but these actions are subject to review and up-date, as are the strategic objectives themselves:¹²

¹¹Oxford Dictionary definition of ‘agenda’.

¹² See also Appendix 4 for CEML’s recommendations for a UK-wide action plan to help managers “raise their game”, and Wales Management Council’s response to these in a Wales context.

1. To raise awareness of, interest in, and commitment to management and leadership development in all sectors and among managers at all levels.

- Regular and continuous media coverage on management and leadership development issues, with an emphasis on best practice that is particularly relevant to SMEs.
- Regional conferences, workshops, and seminars on management and leadership development issues, with an emphasis on best practice that is particularly relevant to SMEs.
- Publications, in print and on the internet, both from within and outside Wales, that focus on management and leadership development, and provide best practice examples, and easily accessible help.
- Increase membership of organisations which have management and leadership development as a core part of their remit and objectives.
- Personal nominations to be encouraged as part of annual national awards for managers and leaders in all sectors and in businesses of all sizes.
- Annual competitions to test and reward management and leadership skills.
- An all-Wales scheme to be set up to accredit businesses and organisations who are both exemplars of good management and leadership practice, and are willing to share this with others.

2. To help managers identify their own management and leadership development needs.

- Set up, maintain, deliver and evaluate a national business-to-business, organisation-to-organisation, and individual-to-individual mentoring scheme.
- Prepare a diagnostic tool that can be used by all businesses and organisations to help individuals identify leadership and management development needs and skill gaps.
- Publicise the benefits of this diagnostic tool, and make it available to all businesses and organisations in Wales.
- Support the use of this tool, particularly in SMEs.

3. To ensure managers can make an informed choice of the best management and leadership development solutions for their business or organisation and themselves, and increase their involvement and participation in management and leadership development activities.

- Categorise the available provision of management and leadership development support, and sources of funding, on a national database, open to all, that can be searched by need and benefit, as well as by product, sector, and geography.
- Maintain this database as the 'one-stop shop' for all management and leadership development support
- Establish a mechanism for publicising assessments by users of the quality of this provision within the database
- Encourage all public agencies and official bodies in Wales to contribute to the building of this knowledge bank in order to present a unified source of information to the user.

4. To provide sources of public funding for strategic objectives 1 – 3, and the provision of relevant leadership and management development support.

- Public funding to be mapped, promoted, and recognised, as the major driver for change in attitudes, delivery, take-up and outcomes of all leadership and management development activity.
- Public funding to be focused on need, not product, and promoted as a flexible enabler, that helps businesses, organisations, and individuals, make informed choices about the training and development that is most relevant to them.
- Simple, unbureaucratic schemes, e.g. Company Learning Accounts, to be introduced, particularly for SMEs with less than 50 staff.
- Major funding to be available for an all-Wales, business-to-business and individual-to-individual mentoring scheme.
- Public funding to support cover to enable others to train, as well as individual training activities.
- Wider publicly funded business support to be linked to the acquisition of competencies and skills (particularly management skills) on a systematic and planned basis.
- Outcomes must be the increase in competencies that are relevant to each business and organisation, and not tied to accredited qualifications.

5. To set up an evaluation and monitoring framework to assess the take-up, outcomes and impact of leadership and management development activity in Wales.

- Monitor annually the quality and quantity of leadership and management development in Wales by company reporting of management and leadership development activity.
- Publicise this activity against management and leadership development targets.
- Research and establish mechanisms to evaluate the outcomes and impact of management and leadership development activity.

6. To review this strategy and action plan to ensure that it reflects the changing needs of every business and organisation in Wales.

- Review the strategy and action plan every two years in the light of monitoring and evaluation information.
- Review the strategy and action plan every two years in the light of reported business and organisation needs.
- Review the strategy and action plan every two years in the light of Wales' wider economic agenda and international market developments.
- Update the strategy and action plan every three years to reflect the previous year's reviews.

5 TARGETS

The National Council - ELWa's interim performance measures and targets, which they will use to measure progress in Skills for Business from 2002 to 2005 are as follows: ¹³

	2002	2005
Number of working age adults in training on Modern Apprenticeships or Modern Skills Diploma for Adults at NVQ3 +	13,500 p.a.	+14,000 p.a.
Number of organisations employing less than 50 people achieving Investors in People	870	+1500
Number of organisations employing between 50 and 200 people achieving Investors in People	340 (28%)	460 (38%)
Number of organisations employing between 200+ people achieving Investors in People	170 (46%)	220 (58%)
Number of SMEs assisted with management development	2,700 p.a.	4,500 p.a.

If these targets are met a total of 14,400 SMEs will be assisted with management development in the next four years. This is 10% of the total of all businesses with less than 250 employees.

The targets for each objective in this Agenda for Action are to achieve growth of at least 5% (on base figures established in 2003) in 2004, and no less than the 2004 figure in 2005 and 2006, in each of the following areas (where appropriate):

1. To raise awareness of, interest in, and commitment to management and leadership development in all sectors and among managers at all levels.
 - Column inches devoted to management/leadership development issues
 - Number and attendance at conferences, seminars and workshops
 - Circulation/readership of/hits on relevant publications
 - Number of members in Wales of membership organisations
 - Number of accredited exemplars
2. To help managers identify their own management and leadership development needs.
 - Set up mentoring scheme by end-2003
 - Usage and spread of mentoring scheme
 - Make diagnostic tool available by end-2003
 - Usage of diagnostic tool
3. To ensure managers can make an informed choice of the best management and leadership development solutions for their business or organisation and themselves, and increase their involvement and participation in management and leadership development activities.
 - Make database of resources and funding available by end-2003
 - Usage of database
 - Number of user-assessments received
 - Participation in management and leadership development activity (see Evaluation below)

¹³National Council - ELWa: Corporate Plan 2002-2005, page 26.

4. To provide sources of public funding for strategic objectives 1 – 3, and the provision of relevant leadership and management development support.
 - Establish all-Wales Company Learning Account scheme by 2004
 - Maximum use of European Structural Funds for management development projects
 - Amount of funding for management and leadership development
 - Take up of funding for management and leadership development
 - Ensure funding focuses on relevant outcomes and impact.
5. To set up an evaluation and monitoring framework to assess the take-up, outcomes and impact of leadership and management development activity in Wales.
 - Establish monitoring scheme by end-2003 for first use at end of 2004.
 - Minimum of 5% growth in all areas monitored year on year thereafter.
6. Review
 - Carry out a review of this strategy and action plan every two years, with a full update every three years.

Both the National Council-ELWa targets, and those in this **Agenda for Action**, all relate to input or activity.

The key importance of measures to improve the quantity and quality of management and leadership development in Wales must be the outcomes and impact on businesses themselves, and through them on the economy as a whole.

Finding meaningful and practical ways to measure these outcomes and impact are fraught with difficulty, but are explored more fully in the next chapter.

6 EVALUATION

a Introduction

Two recent reports from the Council for Excellence in Management and Leadership (CEML)¹⁴ have highlighted the difficulty of finding meaningful ways to measure and evaluate the outcomes and impact of management development and training on individual businesses and collectively on the nation as a whole.

An integral part of this **Agenda for Action** for management training and development must be a methodology for measuring and evaluating the outcomes and impact of this agenda.

It is possible to argue that if the Institute of Employment Studies and Cranfield School of Management have failed to come up with any practical solutions (arguing lack of base data in many cases), it would be foolhardy to do anything but concur, and leave it to others to come up with a solution.

The argument in this **Agenda for Action** is that the lack of any meaningful solution to this problem means that Wales is in as strong a position as anyone to make innovative proposals. Furthermore, if such proposals can be put into effect in Wales, we will be in the forefront of developments in this area, and where we lead, others may follow.

The following proposals are offered as a starting point for rigorous debate, analysis and testing.

b Objectives

The objective of the evaluation exercise is to determine whether the investment in time and/or money in management development has led to greater productivity, and therefore contributed to an improvement in the economy of Wales.

c Criteria

To be effective and meaningful, the measurement and evaluation methods must be:

- universal
- externally verifiable
- valid
- easy to implement
- use hard and soft data
- identify progress

These criteria are difficult to achieve for the following reasons:

- Universal

One size does not necessarily fit all. The availability of financial and non-financial records may vary according to size of organisation, and whether in the private or the public sector.

¹⁴Indicators of Management Capability: Developing a Framework – Institute of Employment Studies
Measuring Corporate Management and Leadership Capability – Cranfield School of Management

The measurement of productivity is a key, but this is far easier in the private sector than in the public.

- Externally verifiable

The data used must be such that it can be verified externally, and is not solely dependent on the organisations reporting on themselves.

- Valid

The criteria must not rely on internal, subjective data, but be presented in a way that allows valid comparison from one organisation to another.

- Easy to implement

If the methodology requires pages of reporting, or unusual, or time-consuming financial analysis, organisations will be unwilling to participate. However, if there were an obvious, easy method of carrying out this evaluation, there would be no need for this report.

- Use hard and soft data

To be meaningful, the evaluation must look at the impact on staff, customers, and other managers – this will require a degree of individual reporting (soft data), in addition to financial or numerical analysis (hard data).

- Identify progress

It must be possible to identify progress (or the lack of it) by comparing data year on year, or period on period.

d Measurement and Evaluation Framework

The attached matrix sets out a possible measurement and evaluation framework covering hard (numerical, financial) and soft (personal, anecdotal) data for activity and impact, the source of the data, and whether this is applicable to the private or the public sector, or both.

e Implementation

Without legislation to make this evaluation part of annual company reporting, implementation could be:

- voluntary (with the risk that no one will volunteer, or that self-selection will lead to invalid data)
- by national sampling of organisations representing a cross-section of the public and private sector in Wales.

The latter is the most realistic course of action, but clearly the larger the sample, the more valid the data.

Management Development – A Framework for Measurement and Evaluation						
Type	Description	Hard	Soft	Private	Public	Source
External	Training and development accreditation - IIP	•	•	•	•	IIP Wales/UK
Input	Annual training expenditure as % total expenditure	•		•	•	Data from business plan, or management accounts.
	Training expenditure per employee per year	•		•	•	
	Training expenditure per manager per year	•		•	•	
	Ratio of manager:employee total annual training expend.	•		•	•	
	Average training/development hours per employee per year	•		•	•	
	Average training/development hours per manager per year	•		•	•	
Impact: financial	Total annual sales ££	•		•	?	Audited annual accounts
	Total annual pre-tax profit ££ and as % of sales	•		•	?	
	Annual sales per employee £	•		•	?	
	Annual pre-tax profit per employee £	•		•	?	
Impact: human	Customer satisfaction		•	•	•	Customer attitude survey
	Manager job satisfaction		•	•	•	Internal surveys
	Employee job satisfaction		•	•	•	Internal surveys
	What are we good at, getting better at, not so good at?		•	•	•	Staff sampling against checklist ¹⁵

¹⁵See CEML matrix of management and leadership activities

7 CENTRE FOR EXCELLENCE

Action Point C9 in the *Skills and Employment Action Plan 2002* states that the 'strategy to boost management training in Wales' should include 'proposals to develop the centre of excellence concept in this field.'

The concept of a centre of excellence can embrace a number of different approaches:

- Physical

A management school (whether attached to a university or independent) providing world-class management and leadership development courses, part-time and full-time, residential and non-residential, personal and on-line.

- Virtual

An on-line resource providing the best in management and leadership development material, with on-line tutors, mentors, and advisers (who can be located anywhere), with highly personalised tuition, plus a comprehensive information resource.

- Network

This could also be called 'centres of excellence.' Providers – both public and private – who are deemed, or accredited, to be the best in their field for particular aspects of management and leadership development support. This network should also embrace companies who are willing to offer themselves as best practice exemplars, and provide business to business mentoring.

Each of these may have their place, and each has its own advantages and disadvantages of cost, ease of setting up, access, and outreach.

The main difficulty, however, with the physical or virtual centre of excellence, and with the network of excellence, is that its very presence does not guarantee that managers will use it, or use it in sufficient numbers to make a real difference to themselves or their businesses.

To be a true centre of excellence, the centre must excel both in quality of provision, and in its ability to penetrate the market in all sectors, and at all levels of manager and business size.

This **Agenda for Action** has already explored the fact that current provision does not engage closely enough with managers' needs, and managers are generally apathetic about what is on offer, so that take up of management and leadership development is low, both for formal and informal courses.

What is needed therefore is a driving force in Wales to make a difference.

What Wales needs is not a Centre of Excellence, but a Centre for Excellence in Management and Leadership Development.

The Centre for Excellence in Management and Leadership Development would be an independent organisation with the following ten aims and objectives:

1. To engage the attention and capture the imagination of managers.
2. To change managers' mind-set so that they recognise the personal and corporate advantages of management and leadership development.
3. To help influencers, funders and deliverers understand and meet the real needs of the market.
4. To provide the information that each side – demand and supply – needs to change the way management and leadership development is delivered and received.
5. To provide a central and impartial source of information on management and leadership development for managers in all sectors.
6. To facilitate the management and leadership development process by signposting managers to the best resources and information to meet their needs.
7. To encourage and sponsor the development of “best in class” learning opportunities where current provision or means of access are insufficient to meet the needs of managers in Wales.
8. To continuously monitor and evaluate management and leadership development activity – demand and supply – throughout Wales.
9. To recommend to policy makers, influencers, funders, deliverers, and managers themselves how management and leadership development might be continuously improved.
10. To continuously drive the management and leadership development strategy and action plan forward.

Wales already has the makings of such an organisation in the Wales Management Council.

Part 2

Context, Background and Research

8 POLICY CONTEXT

a A Winning Wales

The Vision of A Winning Wales – The National Economic Development Strategy of the Welsh Assembly Government is

To achieve a prosperous Welsh economy that is dynamic, inclusive and sustainable, based on successful, innovative businesses with highly skilled, well-motivated people. ¹⁶

The Welsh Assembly Government's first three objectives to achieve this vision are to

- encourage innovation
- encourage entrepreneurship
- make Wales a learning country ¹⁷

and the key priorities within each of these objectives which embrace management and leadership development are:

Encouraging innovation by

ensuring that all businesses realise the potential of innovation in developing new products, processes and management practice, and maximising the use of information and communication technologies

enabling strong links between businesses and our education institutions on a wide range of matters including recruitment, training, management development, international networking and technology transfer

Encouraging entrepreneurship by

offering better support for new and growing businesses

Making Wales a learning country by

increasing the skills of the workforce and tapping the potential of our diverse population

driving up standards and attainment

removing the barriers to learning

strengthening the links between learning and business

creating new opportunities for work-based learning

providing life-long learning opportunities for all.

¹⁶A Winning Wales – The National Economic Development Strategy of the Welsh Assembly Government, January 2002, page 2

¹⁷Ibid., page 7

Under the third objective Developing the Learning Country the Welsh Assembly Government will implement ¹⁸

- ❑ The Skills and Employment Action Plan, which will provide an improved structure to policies for skills development, lifelong learning and employment. In particular
 - improve the mechanisms of workforce development, including: raising awareness of the importance of skills; better identification of skill needs by involving employers and through further research; translating these needs into learning programmes and into job creation
 - provide support so that entrants and re-entrants to the labour market have the skills employers need
 - work with employers and employees to improve skills of their existing workforce, including management training
 - help more people into sustained employment in order to tackle our problems of economic inactivity.
- ❑ The corporate plans of NC-ELWa and HEFCW. (see below)

b Skills and Employment Action Plan for Wales 2002

The *Skills and Employment Action Plan for Wales 2002* grew out of the Future Skills Wales research, and within the overall framework of *A Winning Wales* provides over 50 action points to:

- a. improve the mechanisms of workforce development
- b. supply entrants to the labour market with the skills needed for employment
- c. work with employers and employees to improve skills
- d. help more people into sustained employment.

Action Point C9 refers specifically to management training as follows: ¹⁹

NC-ELWa and HEFCW to work with Wales Management Council to produce a strategy to boost management training in Wales, including proposals to develop the centre of excellence concept in this field. Target: strategy in place by September 2002.

The Wales Management Council, in consultation with NC-ELWa and HEFCW, interprets the remit of Action Point C9 as follows:

- “To boost management training in Wales” must be defined as boosting both take up on the demand-side and the quality and relevance of the provision on the supply-side.

The strategy must

- cover training and development activities from all sources, both inside and outside HE and FE institutions.

¹⁸Ibid., pages 11 and 25

¹⁹Skills and Employment Action Plan for Wales 2002, February 2002, page 17

- cover the widest possible spectrum of management and leadership development and training activities
- encompass the widest possible range of people and organisations involved in management development
- define (if possible) the level of current provision, and advocate an early, and speedy, research project to complete this.
- be radical, based on up-to-date research on real manager needs and training theory
- be relevant, in the broadest terms, to all managers in all businesses
- be designed and written in a way that an action plan grows out of it naturally, and is an integral part of the document.
- attempt to define measurable outcomes and impact
- test fully the nature, relevance and importance of the “centre of excellence concept”.

c National Council – ELWa: Corporate Strategy and Corporate Plan 2002 - 2005

The National Council-ELWa’s mission is

To promote lifelong learning and provide world-class learning opportunities for all in Wales in fulfil their potential. ²⁰

The National Council has five inter-related goals to achieve its mission focusing on essential skills, lifelong learners, applying knowledge, skills for business, and learning communities.

Management and leadership development is covered by Skills for Business.

National Council-ELWa’s goal for Skills for Business is

That every business in Wales values the benefits of learning, continually invests in developing its workforce, and can access the training it needs to move forward. ²¹

National Council-ELWa’s strategy for skills for business is

To provide the foundation for a successful and sustainable economy by ensuring that all businesses have the skills they need to prosper. ²²

The National Council-ELWa will do this by

- anticipating, monitoring and responding to the skills needs of employers and the economy
- bridging the education-to-employment gap

²⁰National Council-ELWa Corporate Strategy, 2002, page 6

²¹Ibid., page 16

²²Ibid., page 17

- enabling businesses to access skills support and services easily
- stimulating awareness of the need for, and returns from, training and encouraging increased investment in training
- raising skill levels, particularly high level skills and management development
- developing the learning infrastructure.

By March 2005 the National Council-ELWa aims to have ²³

- developed a seamless approach to business support with the WDA and other partners
- developed a new and simplified range of skills support which meets the needs of all business
- increased private sector investment in learning
- developed and implemented an effective all-Wales Management Development programme
- raised demand for, and investment in, workplace learning.

To achieve these objectives the National Council-ELWa will ²⁴

- Increase access to management development programmes within Wales through piloting of new approaches, with the aim of embedding a culture of learning among managers (B4)
- Implement a focused approach to the delivery of all business services, including Investors in People (B5)
- Pilot a range of approaches to increase skill levels, including Company Learning Accounts (B6)
- Maximise the impact of the new statutory basis workforce learning representatives on increasing demand for learning within the workplace with employers and trade unions (B7)
- Develop the single gateway for business support working closely with the WDA and others (B8)
- Develop a skills foresight capability through taking on a new role for Sector Skills Councils in Wales and undertaking a second comprehensive survey of employers and learners (Future Skills Wales) (B9)
- Raise and meet the demand for skills for business through research into effective clusters and networks, and other successful approaches to engage businesses with training. (B10)

In addition the National Council-ELWa will respond to a number of regional priorities focusing on Management Development: ²⁵

²³National Council-ELWa Corporate Plan, 2002 - 2005, page 24

²⁴Ibid., pages 24-25

²⁵Ibid., page 25

This **Agenda for Action** is the first stage in developing ‘an effective all-Wales Management Development programme’, and in implementing action points B4, B5 and B6.

d HEFCW Corporate Plan 2003-2006 and Corporate Strategy to 2010

- ❑ HEFCW, together with other stakeholders, undertakes to support developments in workforce skills to underpin the knowledge economy. The Corporate Strategy fully endorses the principle of a skilled and well qualified workforce as an essential component of a ‘Winning Wales’.
- ❑ HEFCW asks institutions to embed activities to promote the employability of undergraduates within their learning and teaching strategies and also in their submissions to the new Higher Education Economic Development Fund. Management and entrepreneurship education are clearly key elements of any measures in this area.
- ❑ Under Third Mission activities HEFCW, as part of its GO Wales Programme, formerly Graduate Wales and Cymru Prosper Wales, undertakes surveys of both graduates and employers, which highlight mis-matches in the demand and supply of higher level transferable skills, with particular reference to SMEs. HEFCW is also involved in promoting continuing professional development activities for recently qualified graduates entering industry.
- ❑ HEFCW recognises the need to work closely with the HE sector, the National Council and the Wales Management Council to address the training needs of companies and to help define appropriate solutions.

e National Council – ELWa: Review of Services to Business 2003

Under the heading *Management Development* the review gives priority to management development as follows:²⁶

The Council is unique in Wales in having a remit to invest public money in improving management competencies that are of undoubted importance to all businesses in Wales. The HEFCW is the only substantial public body charged with promoting the responsiveness of HEIs to this challenge. It is therefore recommended that the area of management development be given priority. With this in mind the Council and the HEFCW need to identify joint solutions to management development needs across Wales in collaboration with the Wales Management Council. In doing this, recognition needs to be given to existing strategies such as the WMC **Agenda for Action**, and the opportunity to use European Structural Funds for supporting the implementation of agreed strategies.

²⁶National Council – ELWa: *Review of Services to Business 2003*, page 8

9 BACKGROUND

a Historical

In 1999 the embryonic Wales Management Council conducted a research study “to investigate what needs to be done, and what resources are required, to build a world class managerial labour pool in Wales.”²⁷

The study had nine main findings:

- No clear and accurate basis for estimating the extent and quality of the existing managerial labour pool in Wales was found.
- Sources of information on the available supply of management development and training provision were fragmented, and not easily accessible from any central source.
- The majority of management development and training provision was supply-driven and focused towards large employers.
- Traditional qualifications and/or unaccredited management development/training provision were favoured above management NVQ routes by the majority of employers and providers surveyed.
- Informal methods of management development were the most commonly used routes utilised by the SMEs surveyed.
- Most employers surveyed had negative perceptions of the term management development, and this included companies that were undertaking considerable levels of formal management development activity. Evidence suggested that the main barriers to the take up of management development/training amongst SMEs surveyed were negative perceptions of management development, relevance of programmes to business needs, cost and time. Survey results also raised concerns over the quality of management development /training provision.
- The potential for integrating existing good practice models, including IIP, has not been exploited.
- Meaningful information in relation to the composition and qualifications of the current managerial labour pool in Wales will require significant effort to extract, and is likely to provide an incomplete picture in real terms.
- The quality of published information on management development varied considerably, and frequently failed to sell business benefits. Sources of information giving examples of management development practice were fragmented, not extensively disseminated and not easily accessible from any central source.

The main recommendation of the study was that the Wales Management Council be formally established as a recognised body to provide leadership and direction for management development in Wales.

In April 2002 the Council for Excellence in Management and Leadership (CEML) published its final report *Managers and Leaders: raising our game*. The introductory Overview in this report suggested that from a UK-wide perspective little had changed in the three years since the Wales Management Council report. It is appropriate and salutary to quote this Overview in full:²⁸

²⁷Julienne Mortimer and Hywel Roberts: Management Development Project report, May 1999

²⁸ Council for Excellence in Management and Leadership, (April 2002): *Managers and Leaders – raising our game*, page 4

Good management and leadership is pivotal to investment, productivity, delivery of service and quality of performance across both the public and the private sectors. But despite the growth of formal management education over the last 20 years, and despite the increase in the amount of training received by managers in both large and small establishments in the same period, management deficiencies continue to be cited as a cause of poor productivity and performance.

A recent study identifies management as one of the four immediate key skills 'hotspots' alongside ICT, generic/transferrable skills and numeracy. The Council's own research reveals that leadership skills – those skills which relate to

- creating a sense of vision in a fast changing environment
- motivating teams of people and leading them through change
- being innovative in product and services and ways of working

are in short supply from the top to the bottom of organisations.

Looking ahead it is clear that the need for more and better management and leadership abilities can only increase. While managers generally are under increasing pressure to perform, new developments are putting more emphasis on leadership abilities. Less hierarchical structures, the relentless pace of change, greater public scrutiny and more demands for compliance, the challenge of diversity, globalisation and the increasing disintermediation, all point to the need now and in the future for a judicious mix of management and leadership skills to cope with the new and more demanding challenges.

The Council has uncovered a deficit in management and particularly leadership skills. We have found no shortage of supply of management qualifications and learning opportunities. But the supply is mixed in quality, often inflexible, may lack practical application, is light on leadership development, presents a confusing plethora of options to the consumer and is not sufficiently customised to meet the specific needs of the organisation or individual.

We have identified a large latent demand for management and leadership development that is mostly immune to existing Government or supply-side interventions. Our small firms work reveals that SMEs account for about 35 per cent of the UK's management population, but there is little engagement between entrepreneurs and management and leadership development, particularly the formal offerings that are likely to receive public subsidy.

We have found among many organisations, an unclear and unfocused demand for management and leadership development which leads to dissatisfaction with provision and with outcomes, without sending clear signals as to what needs to change. We have also found a concern among organisations at the lack of diversity in their management cadre, which, despite new policies and initiatives, shows little sign of change.

Significant sums of public and private sector money go into management training and development. But the return from this level of investment is not as good as it could or should be. Larger employers, for example, do not rate business or management qualifications above others in the recruitment of staff. Many consider that management development has had little or no impact on the organisation.

We are dealing with a dysfunctional system which needs a variety of interventions to make the demand and supply process of management development connect better. This is the pre-requisite of improved performance, whether it be the performance of the enterprise or the smooth running of hospitals, schools or public services. It is the key factor in improving the UK's productivity.

This is in broad terms the historical background to this **Agenda for Action**. Little has changed in relation to the demand for and supply of management training and development in the last ten years. It is therefore imperative that in Wales we take early action to remedy the deficiencies identified above.

b Industrial and employment structure in Wales

The employment structure in Wales has changed significantly in the last 10 years. The numbers employed in the production industries have fallen while there has been a growth in construction, business services and health and social work: ²⁹

1992 SIC	% of GDP (1998)		Employment in Wales (000s)		
	UK	Wales	1990	2000	Change
Agriculture, hunting, forestry, fishing	1.3	1.8	20	20	0
Mining, quarrying - energy producing	0.3	0.4	..	6	6
Mining, quarrying – non energy producing	0.2	0.5			
Manufacturing	20.3	27.0	220	205	-15
Electricity, gas, water	2.1	1.6	22	4	-18
Construction	5.2	5.2	49	61	12
Wholesale/retail trade and repair	12.3	10.8	151	159	8
Hotels and restaurants	3.3	3.5	59	62	3
Transport, storage, communication	8.4	6.0	53	42	-11
Financial intermediation	6.2	3.9	25	24	-1
Real estate, renting and business activities	21.4	15.1	74	91	17
Public admin., defence, social security	5.2	5.9	73	79	6
Education	5.5	6.6	89	85	-4
Health and social work	6.7	8.9	112	132	20
Other services	5.1	4.9	44	49	5
Adjustments for financial services	-3.7	-2.3	n/a	n/a	
TOTAL	100.0	100.0	991	1019	28

The number of VAT registered enterprises in each Local Authority area, as at April 2000, and the proportion in each SIC code are as follows: ³⁰

VAT registered enterprises		Percentage of enterprises in						
Local authority	Number	Agriculture	Production	Con- struction	Retail	Hotels/ catering	Property/ Business services	All other
Isle of Anglesey	2,045	36	5	11	14	10	9	15
Gwynedd	4,310	33	5	10	15	11	9	17
Conwy	3,215	26	5	10	15	12	13	19
Denbighshire	2,745	25	7	11	14	9	13	21
Flintshire	3,575	13	11	12	12	7	18	27
Wrexham	2,795	16	12	14	11	7	15	25
Powys	7,700	52	5	8	7	6	8	14
Ceredigion	3,570	48	5	9	10	7	8	14
Pembrokeshire	4,540	38	4	10	12	11	9	16
Carmarthenshire	6,330	44	5	9	10	6	8	18
Swansea	3,960	6	8	11	18	10	20	27
Neath Port Talbot	1,955	6	12	14	18	12	14	24
Bridgend	2,315	5	10	13	16	11	18	27
Vale of Glamorgan	2,535	10	9	12	15	7	22	25
Cardiff	6,390	1	8	11	15	7	31	27
Rhondda Cynon Taff	3,400	4	11	17	18	11	14	25
Merthyr Tydfil	735	3	9	14	21	16	12	25
Blaenau Gwent	850	3	16	12	21	13	11	24
Monmouthshire	3,150	27	5	9	9	7	21	22
Newport	2,530	5	10	12	15	8	22	28
ALL WALES	72,525	23	8	11	13	9	15	21

²⁹Welsh Assembly Government (2001): An Analysis of the Welsh Economy to Underpin the National Economic Development Strategy, pages 12 and 13

³⁰Ibid., page 19

Wales has 4% of the total of VAT registered companies in the UK.

The number of businesses, number of employees, and turnover by size of business at the start of 1999 in Wales (the latest Wales data available) are as follows: ³¹

Number of employees	Number of businesses	Employment '000s	Turnover £m ex VAT	Businesses %	Employment %	Turnover %
None	91,930	111	3,419	63.8	15.2	6.6
1 - 4	36,505	101	7,191	25.3	13.9	13.9
5 - 9	8,310	62	3,922	5.8	8.5	7.6
10 - 19	4,455	63	4,315	3.1	8.7	8.4
20 - 49	1,880	59	3,964	1.3	8.1	7.7
50 - 99	525	37	2,650	0.4	5.1	5.1
100 - 199	270	37	3,010	0.2	5.1	5.8
200 - 249	50	12	1,085	-	1.6	2.1
250 - 499	115	41	3,399	0.1	5.6	6.6
500+	95	206	18,702	0.1	28.3	36.2
All Wales	144,135	728	51,657	100	100	100
1+ employees	52,205	617	48,238	36.2	84.8	93.4

Over 99% of businesses in Wales, those with 0 – 250 employees, are classified as SMEs. ³²

The key statistics are as follows:

- 98% of the businesses in Wales have less than 20 employees, employ 46% of the workforce, and produce 36% of total turnover.
- 2% of the businesses in Wales have between 20 and 250 employees, employ 20% of the workforce, and produce 21% of total turnover.
- Less than 1% of businesses in Wales have more than 250 employees, employ 34% of the workforce, and produce 43% of total turnover.

c Number of managers in Wales

The Wales Management Council research study in 1999 (see above) highlighted the difficulty of establishing, with any accuracy, the number of managers in Wales. A CEML Working Paper published in 2001 ³³, using data from the Skills Task Force 2000 ³⁴, provides valuable information on the distribution of managers by enterprise size across the UK.

³¹Source: Small Business Service - National Statistics. Turnover excludes Sector J: Financial Intermediation

³²The DTI classifies businesses with less than 50 employees as small, 50-249 as medium, and 250 or more as large

³³CEML (2001): Upstream, downstream: the flow and stock of UK managers

³⁴National Skills Task Force, DfEE (2000) : Skills Task Force (2000) : Skills for All - Research Report

The CEML Working Paper advises that the data is used with caution, because in the UK junior managers at the supervisory level are occupationally classified with those they supervise (but this is not the case in other countries with which the UK is often compared). However, this data can be applied to statistics for enterprises in Wales to produce the following table, the first of its kind, of the number of private sector managers in Wales: ³⁵

Number of employees	Number of businesses	%	Number of employees	Managers	%	Managers : employees
5 - 9	8,310	53%	62,000	14,600	23%	1:4
10 -24	5,000	32%	70,000	13,800	22%	1:5
25 -49	1,335	8%	52,000	5,900	9%	1:9
50 - 99	525	3%	37,000	4,000	6%	1:9
100 - 199	270	2%	37,000	4,500	7%	1:8
200 - 499	165	1%	53,000	6,300	10%	1:8
500+	95	1%	206,000	13,400	21%	1:13
5 -24	13,310	84%	132,000	28,400	45%	1:5
25 – 500+	2,390	16%	385,000	34,100	55%	1:11
TOTAL						
5 – 500+	15,700	100%	517,000	62,500	100%	1:8
0 - 4	128,435	89%	212,000	128,435	67%	1:2
5 – 500+	15,700	11%	517,000	62,500	33%	1:8
TOTAL						
0 – 500+	144,135	100%	729,000	190,935	100%	1:4

Estimates of the numbers of people in managerial occupations in UK vary considerably from 2.5 million to more than 6 million, but figures from the ONS: Labour Force Survey, Autumn 2001 give a figure of just under 4 million, in all sectors, public and private. ³⁶

The table below gives a breakdown of this figure by SIC code sector and shows the percentage of total employment represented by managers and senior officials in each. However this data needs to be treated with caution as the definition of manager excludes those with managerial functions but without a managerial title.

³⁵The adjustments to the SBS statistics and calculations from the CEML Working Paper mean that this data should be used as an *approximate guideline only*. These are not definitive numbers.

³⁶CEML (2002): Characteristics of the Management Population in the UK: overview report, pages 1-5

Applying the UK percentages of total employment to the employment figures in Wales by sector gives a total of 144,000 managers in all sectors, as shown below.

Sector	UK managers and senior officials ('000)	UK % total employment	Wales total employment ('000)	Wales total managers and senior officials
Primary sector and utilities	89	12	30	4
Manufacturing	727	16	205	33
Construction	242	11	61	7
Wholesale, retail, motor trade	862	20	159	32
Hotels and restaurants	244	20	62	12
Transport, storage, communication	265	13	42	6
Financial intermediation	276	22	24	5
Real estate, renting, business activities	559	17	91	16
Public administration and defence	206	11	79	9
Education	69	3	85	3
Health and social work	242	8	132	11
Other services	195	12	49	6
TOTAL	3976	14	1019	144

According to the Small Business Service figures published in August 2002 there were 3.8 million businesses and public and non-profit organisations operating in UK at the start of 2001. Wales represents just under 4% of that total. Applying that percentage to the total number of managers in the UK gives a figure for Wales of approximately 155,000 managers in all sectors.

The Future Skills Wales 1998 – 2007 report forecasts an increase in the job opportunities for corporate managers/administrators from 87,500 in 1997 to 98,500 in 2007, and a decline in the opportunities for managers/proprietors from 86,500 in 1997 to 82,600 in 2007. The total of these two categories is 174,000 in 1997 rising to 184,000 in 2007. ³⁷

The figures for the number of managers in Wales are therefore as uncertain as those for the UK as a whole, but a figure of about 63,000 managers in companies with 5 – 500 staff is reasonably accurate, with at least a further 100,000 in smaller companies and the public sector.

d Conclusion

99% of the businesses in Wales have less than 250 employees and are therefore classified as SMEs, but the emphasis is on Small as 98% of businesses in Wales have less than 20 employees.

Businesses in Wales with under 250 employees, employ 66% of the workforce, and produce 57% of the turnover.

Businesses in Wales with under 250 employees, including sole trader owner managers, account for approximately (because statistics vary as shown above) 90% of the managers in Wales.

This **Agenda for Action** will therefore concentrate largely on managers and leaders in SMEs.

³⁷Source: Business Strategies 1998, in Future Skills Wales Project – Summary Report, page 12

10 MANAGERS AND LEADERS

The previous chapter highlighted the fact that accurate analysis of the number of managers in Wales and the UK as a whole is complicated by uncertainty about what is meant by a 'manager'.

The first problem is that titles relating to managerial responsibility vary from company to company, and organisation to organisation. One organisation's supervisor, may be another organisation's manager, and vice versa. Some organisations consider the management of staff as a prerequisite of the title manager, others would give the same title to someone with key resource management responsibilities, whether they have staff working under them or not.

Dictionary definitions - "a person who directs or manages an organisation, industry, shop, etc." (Collins), and "a person who manages an organisation or group of staff" (Oxford) – go some way towards defining what a manager is, but they imply a hierarchy, and ignore the fact that anyone who has direct and accountable responsibility for a resource, process or people, in any combination or multiple, is a manager.

The Collins dictionary definition of a leader is "a person who rules, guides or inspires others", which is more helpful than the Oxford "a person who leads, commands, or precedes a group, organisation, or country." Whilst most people would accept "guides and inspires" in the first definition, they would have difficulty with the concept of "rules."

Some argue that the functions of the manager and leader are entirely separate, and are not to be confused. Others argue that the two are inextricably linked, and are the two ends of the management spectrum. In small organisations the manager (particularly the owner-manager) must also be a leader. In larger organisations leadership becomes increasingly important the higher up the organisation each manager progresses.

There is an argument in Wales that the Welsh translation of 'manager' and 'management' should be changed to emphasise this linkage and the importance of leadership:

The current words "rheolwr" and "rheolaeth" have the connotation of "ruler" from the original Latin, a style of management that might have lent itself more to the 1960s and 1970s rather than the 21st century. We have the opportunity to use the word "arweinydd" – meaning "leader" – to put Wales ahead of the game.³⁸

The following statement from the CEML final report *Managers and leaders – raising our game* sums up the importance of linking management and leadership skills:³⁹

We are aware of the controversy which surrounds the issue of management and leadership. Some have argued that in the changing global and economic environment, management has been replaced by leadership. But our detailed investigations have shown that for large organisations, the many pressures on managers to perform and to be accountable to multiple stakeholders in a climate of increasing complexity pose challenges which require both management and leadership skills. Managers today need to ensure that their organisations run efficiently; they need to motivate and inspire, but they also need to demonstrate that the vision they offer for their organisation fits with both the reality of the changing world and the interests of other stakeholders. Today this means integrating economic objectives with social and environmental ones.

³⁸Alun Bowen, Senior Partner, KPMG, Cardiff.

³⁹CEML (2002): *Managers and Leaders – raising our game*, page 10

As does the following in relation to the importance of introducing high performance working practices to make businesses more competitive and successful: ⁴⁰

For the managers, one of the main changes is the end of their role as “commanders”, people who co-ordinate the actions of subordinates by telling them what to do. Their supervisory role is dramatically diminished. In a situation of devolved authority, their task is to facilitate the action and solutions of relatively autonomous work groups or self-managed teams. Crucial here are the skills of leadership. Using high performance working practices, the managers derive authority less from their position in the hierarchy and more from their ability to lead.

Managers and leaders are found in all sectors, but there is a natural tendency to concentrate on the private sector business community as it has the most direct impact on Wales’ economic development. However, the needs of the voluntary sector are no less important:

Many of the problems faced by SMEs are shared by organisations within the voluntary sector which have too often in the past been ignored by public policy on education and training. ⁴¹

as are the needs of the public sector

The public sector employs about 30 per cent of the Welsh workforce and requires appropriate skills and learning opportunities. We need to encourage public sector employers to develop the skills of those they employ and support this sector in developing a high quality service, responsive to the changing needs of customers. ⁴²

Finally, in September 2002, the TUC published a timely report on good employment practices, which in its conclusion encapsulated the issues that affect the whole of this **Agenda for Action**: ⁴³

Is there a ten year old who wants to be a manager when she grows up. Managers have been around for years, there’s millions of them, who needs to hear anything more about them?

But who wouldn’t want to be a leader? We admire and obey them, but at the same time sympathise with their lonely responsibilities of command.

So we shouldn’t be surprised that more and more managers are looking at themselves and discovering that, hey, they’re leaders too. After all, the only obstacle to calling themselves leaders seems to be whether *their* managers will let them.

And yet, the big question for more organisations isn’t whether the people in charge are good leaders, but do they measure up as managers? Too many never wanted the responsibilities they’ve found themselves saddled with, manage subordinates they fundamentally disrespect, or have to make up for the gaps in a business education (where they got any) that taught them nothing about work organisation or people management.

This **Agenda for Action** is built on the premise that leadership and management skills are inextricably linked, and that Wales must take a holistic approach to their development for the good of individuals (helping them to realise their full potential), the good of businesses and organisations (making them more successful commercially, and better places to work), and the good of the country as a whole. Above all, Wales must be a place where good managers and leaders are admired, talked about, and valued.

⁴⁰International Labour Office (2002): Ashton and Sung: *Supporting Workplace Learning for High Performance Working*, page 95

⁴¹National Council – ELWa (2002): *Corporate Strategy*, page 16

⁴²Ibid., page 17

⁴³TUC: briefing document *The Low Road*, September 2002

II

MANAGEMENT AND LEADERSHIP SKILLS

A pre-requisite of any management and leadership **Agenda for Action** is a description of management and leadership skills. Not only do these help to define roles, but they provide an essential framework for training and development.

Building on previous work, and through original research, the Council for Excellence in Management and Leadership has broken new ground in preparing a comprehensive working framework for management and leadership abilities, broken down into three sections: ⁴⁴

- Thinking abilities
- People abilities
- Task abilities ⁴⁵

THINKING ABILITIES	
Think strategically	
■	Balance agendas
■	Challenge status-quo and opposition
■	Develop industry knowledge
■	Develop networks
■	Focus on customer
■	Set goals
■	Spot opportunities
■	Think conceptually and reflectively
■	Think creatively
■	Think entrepreneurially
■	Think globally
■	Think markets
■	Think strategically
■	Think technologically

PEOPLE ABILITIES	
Manage and lead people	
■	Acknowledge and reward others
■	Assess and recognise people's potential
■	Build teams
■	Consult and collaborate
■	Deal with politics
■	Delegate work and responsibility
■	Develop people
■	Facilitate and chair meetings
■	Handle diverse workforce
■	Know employment rules
■	Manage conflict situations
■	Manage level above
■	Motivate people
■	Possess patience and tolerate mistakes
■	Provide feedback
■	Recruit competent people
■	Support people
■	Trust people

⁴⁴ibid., page 11

⁴⁵A simplified version of this analysis can be found in Appendix I

Lead direction and culture

- Create good organisational communication
- Create share vision
- Encourage creativity and flexibility
- Handle change
- Handle risk and ambiguity
- Inspire people
- Lead by example
- Manage public relations
- Plan small wins and reinforce

Manage self

- Accept responsibility
- Demonstrate dependability
- Exude enthusiasm
- Handle stress and health issues
- Manage time
- Possess adaptability and flexibility
- Possess drive, passion and hard-work
- Possess personal ethics and values
- Possess self-confidence
- Possess spontaneity
- Possess stamina and perseverance
- Possess tough-mindedness
- Provide good instincts and common sense
- Strive for consistency of approach
- Strive for emotional stability
- Strive for self-awareness

Manage relationships

- Bargain, sell and negotiate
- Build empathy, relationships and trust
- Create bearing and presence
- Display assertiveness
- Display humour
- Listen to people
- Present self and ideas

TASK ABILITIES**Manage information**

- Acquire information
- Analyse information
- Make plans
- Manage accounts and finances
- Manage budgets
- Take decisions

Manage resources

- Allocate resources
- Marshall resources
- Safeguard assets

Manage activities and quality

- Attend to detail
- Audit quality
- Control and monitor activities
- Develop knowledge of business
- Develop systems and procedures
- Establish priorities
- Evaluate progress
- Monitor, plan and control projects
- Provide practical and technical competence
- Solve problems

This framework contains a number of key elements that are not present in the national management standards, which grew out of the work of the Management Charter Initiative and were introduced in 1992 and revised in 1996/7. The national standards make no reference to the areas covered by 'Think strategically', 'Lead direction and culture', and some elements of 'Manage self', but cover the management of energy, quality and projects in more detail. ⁴⁶

The Management Standards Centre (a division of the Chartered Management Institute) has recently carried out a review, on behalf of the DFES, of the national management standards to reflect current and future management contexts and practices. New national occupational standards for management and leadership will be published towards the end of 2003.

The Management Standards Centre and the Steering Group overseeing the development of the new standards have defined the key purpose of management and leadership as follows:

To provide direction, gain commitment, facilitate change and achieve results through the efficient, creative and responsible deployment of people and resources

and they have produced a draft functional map of management and leadership, under the following key headings: ⁴⁷

- Providing Direction
 - Develop a vision for the future
 - Gain commitment and provide leadership
 - Provide governance
- Facilitating Change
 - Lead innovation
 - Manage change
- Achieving Results
 - Lead business operations and projects
 - Meet customer needs
- Working with People
 - Build relationships
 - Develop networks and partnerships
 - Manage people
- Using Resources
 - Manage financial resources
 - Procure products and/or services
 - Manage physical resources and technology
 - Manage information and knowledge
- Managing self and personal skills

⁴⁶For a detailed comparison see CEML (2002): Managers and leaders - raising our game, pages 58-60

⁴⁷Management Standards Centre, April 2003

The draft functional map is set out in full in Appendix 2.

There is a huge body of literature from many sources that explore further the key management and leadership skills and qualities.

A 1994 survey by the DTI of 100 “winning UK companies” identified the following ranking (by frequency of mention) of the characteristics of a good leader: ⁴⁸

Enthusiast
Champion of change
Good communicator
Leads by example
Risk tolerant
Open
Visionary
Motivator
Good delegator
Failure tolerant

A recent survey of management and leadership literature over the last fifty years produced the following list of “building blocks of leadership”: ⁴⁹

1. Communication and social skills
2. Personal drive, sense of purpose and motivation
3. Dependability, conscientiousness and persistence
4. Ability to motivate
5. Innovation, vision, long range view and originator
6. Honesty and integrity
7. Self-confidence, accept challenge and risk, and emotional maturity
8. Inspiring trust
9. Intelligence and cognitive ability
10. Knowledge of the business
11. Genuine interest in others and valuing them
12. Team orientation

Another study, focused on the public sector, has defined 14 leadership competencies: ⁵⁰

- Leading the organisation*
 1. Inspirational communicator, networker and achiever
 2. Clarifies individual and team direction, priorities and purpose
 3. Unites through joint vision
 4. Creates a supportive learning and self-development environment
 5. Manages change sensitively
- Personal qualities*
 1. Transparency, honesty and consistency
 2. Integrity and openness to ideas
 3. Decisive, risk-taking
 4. Charismatic; in touch
 5. Analytical and creative thinker

⁴⁸DTI: Winning: Competitiveness – How the best UK companies are winning, 1994, revised 1997

⁴⁹Lew Perrin: CEML Working Paper *Comparing Entrepreneurship and Leadership*

⁵⁰Prof. Beverly Alimo-Metcalfe, Leadership Research and Development Limited, University of Leeds.

- ☐ *Leading and developing others*
 1. Genuine concern for others' well-being and their development
 2. Empowers, delegates, develops potential
 3. Accessible, approachable
 4. Encourages questioning, and critical and strategic thinking

The National Assembly for Wales have identified six main principles of leadership for their civil servants: ⁵¹

Everyone wants better leadership but it is not clear exactly what we mean when we say this. Leadership is not only for more senior grades. Leadership can be exhibited at any level; it does not have to be related to grade or position – and may be based on informal structures as much as formal ones.

We have identified the six main principles of leadership for civil servants in the Assembly:

- Sets visions
- Builds terms
- Values people
- Motivates
- Earns respect
- Gets results

We are not saying there is a single “one size fits all” of leadership that we wish to clone, but a leader needs to do all six elements. It is not an exhaustive list, but it is the basis of leadership.

The qualities and behaviours that relate to each of these principles are set out in Appendix 3.

The frameworks cited above provide a comprehensive agenda for management and leadership development and training.

Recent research provides some help in prioritising this agenda.

Ranked management and leadership abilities identified by SME managers (using their actual words) were: ⁵²

People

- Motivation, keep people's work rate up, showing mutual respect, fostering staff goodwill, create comfortable environment, reading people, understanding employees and their needs, willingness to work as hard as others, setting a good example, supportive, perceptive, ability to do the job yourself
- Communication, share and communicate objectives, listening skills, persuasion, change management, diplomacy
- Team building skills, group skills, draw people along with you, personal relationship skills, working with people, being approachable, being open, give staff ownership, creating a sense of involvement, honesty
- Organise people, delegation skills
- Training and staff development, guiding skills, appraisal skills, coaching, recruitment skills

⁵¹Source: National Assembly for Wales, Delivering Better Government Unit.

⁵²CCEML: Management and Leadership in UK SMEs, 2001, page 7

- Confidence with staff and clients, authority, assertiveness, firmness
- Prioritisation, self starter skills, enthusiasm, time management, stress control, goal setting, stay focused, get the best from your boss, flexibility, spinning many plates
- Negotiation skills, presentation skills

Task

- Sales skills, pricing and quoting, marketing skills, customer service, export knowledge, industry knowledge, retail skills, creativity, noticing opportunities, networking skills
- Technical knowledge, design skills, production skills, product knowledge
- Accounting skills, budgeting skills
- Organising administration systems, organising delivery, stock management
- Monitoring procedures were being followed, quality management, know company policy
- IT skills
- Supplier knowledge, getting the best deal from suppliers.

Strategic and analytical thinking

- Learning from others, receiving feedback, reflective skills, questioning skills, analytical skills
- Ability to make decisions and make things happen, have all the answers.

The beauty of this analysis is that it moves away from the aridity of more formal classifications, and begins to get under the skin of what SME managers actually do and think.

The same research explored the ranked management and leadership abilities identified by entrepreneurs, which were: ⁵³

People

- Inspiring, motivating, talk vision, gaining willing action, manage change, engender action, getting the best out of people, creating a sense of adventure
- Clear communication
- Proving by example, lead from the front, live it rather than talk it
- Passion, drive and energy
- Team creation, and team ethic
- Sense of humour, make work fun
- High principles, morality, telling truth
- Relationships building, networking, deal with people outside comfort zone

⁵³Ibid., page 6

- Negotiating
- Trusting people
- Establish values and culture
- Delegation ability
- Listening
- Tolerate, patience and share mistakes, nurturing and supporting
- Spotting and attracting good people
- Resilient
- Encouraging flexibility
- Ability to bullshit
- Training employees

Strategic and analytical thinking

- Clear vision, strategy and goal setting
- Ability to learn as you go, questioning, humility and open mind, sensitivity, self-understanding
- Spot opportunities, market awareness
- Decisive
- Risk-taking
- Common-sense, good instincts

Task

- Financial (figure) skills
- Develop procedures, control and organising, attention to detail, organisational understanding
- Technically competent
- Not about technical skills or controls
- Sales ability, promoting
- Buying.

Both SME managers and entrepreneurs give the highest priority to people management skills, followed by strategic and analytical thinking.

The most significant fact, however, to be drawn from the above ranked lists is the very small number of skills that are covered by formal training courses.

Looking to the future, it is clear that the nature of management is changing and new models of management are emerging. ⁵⁴

⁵⁴The Work Foundation: *Can the UK learn to manage?* 2002, page 20

Traditional models of management have cast managers as policemen/women, spies, controllers, dispensers of reward, sources of wisdom and expertise, order givers, and arbitrators between competing claims. The new model of management tries to paint them as teacher, coach, mentor, facilitator, resource controller and 'servant' of the team.

and much greater emphasis will be placed on leadership skills at all levels: ⁵⁵

The characteristics that we expect to be mainstreamed in the future are the very best practice that we see now. These would include:

- A strong and meaningful customer focus
- Flat hierarchies, with responsibilities spread widely in a way quite unfamiliar in the past
- Team-working and other ways of flexible working
- Effective project management processes embedded widely
- Individuals having much more substantial responsibilities for their own actions and development
- Widespread familiarity with change management techniques and ability to use them
- Coaching embedded in the culture of organisations
- The ability to work with ambiguity
- The ability to manage relationships – internal to the organisation but also external - with partners, supply chains and strategic alliances for the benefit of the business
- Ability to work with a global dimension, and understanding the ways in which organisations are affected by global pressures.

This will require management skills to be much more widespread in the economy than at present. Many people who are not labelled managers, supervisors or team-leaders will be expected to carry out functions that are currently reserved for managers in many organisations.

Alongside that, those labelled managers will require high level skills, to be effective in this less predictable environment. Some of these skills will be identified as 'management' – but others are those thought of more as leadership. In particular new styles will be needed – changing the balance between control and leading – to make more effective use of employees working in different ways.

High level leadership abilities will be required to create a context and environment in which managerial skills in the workforce as a whole, and in managers, can be exercised effectively. Managers will need to be able to motivate and inspire. Managers will need to be able to coach themselves and others. (The current emphasis on the development of leadership in head-teachers and college principals shows how the issues are relevant to the public as well as the private sector.) This is a challenging and exciting set of changes.

This **Agenda for Action** is the first attempt in Wales to address these challenges.

⁵⁵CEML: *Management and Leadership Development – Building Future Supply*, 2000, page 11

12 DEVELOPMENT AND TRAINING

In 1999 the DfEE Skills Task Force produced a research paper on management skills, which contained the following conclusions: ⁵⁶

- ❑ The vast majority of SME owner-managers do not hold formal management qualifications; many have undergone no management training prior to starting their business and a smaller proportion have no prior management experience
- ❑ Many SME owner/managers recognise the potential value of management development activity for the performance of their businesses. Most have difficulty, however, in identifying their specific needs, and how they might best be met
- ❑ Informal on-the-job training tends to be preferred to more formal externally-provided courses, particularly for the smallest enterprises
- ❑ The amount of management training and development increases with firm size, as does the formality of training and development received
- ❑ Very few owner/managers – fewer than 10% according to one study - who engage in management development activities gain qualifications as a result

The third point was echoed in the main findings of the Wales Management Council 1999 report on management development that “informal methods of management development were the most commonly used routes.” ⁵⁷

In 2000 an Institute of Management report contained the following analysis of the proportion of organisations using different types of training for managers: ⁵⁸

<i>Formal training</i>	%
In-company training to develop specific skills	52
External seminars/conferences	50
External open/public courses	46
In-company training to develop organisation specific skills	38
<i>Informal training</i>	
Mentoring	46
Coaching	44
Planned on-the-job development	37
Job shadowing/sitting by Nellie	14
In-company job rotation	12
External placement/secondment	5

Building on this analysis a 2001 report differentiated between the preferred learning methods used by small firms and medium/large organisations: ⁵⁹

In small firms, the entrepreneurs or owner managers prefer informal learning such as mentoring, work-shadowing and networking. By comparison, research suggests that managers in small firms want formal development for career reasons, but because of the small firms environment they need short courses, at flexible times, possibly on-line, on practical applied topics, with credits so that they can build qualifications over time.

⁵⁶DfEE: Skills Task Force Research Paper 3: Management Skills, page 34-35

⁵⁷Julienne Mortimer and Hywel Roberts: Management Development Project report, May 1999

⁵⁸Institute of Management (2000): Mabej and Thomson “Achieving management excellence.”

⁵⁹CFML: Management and Leadership Development: Building Future Supply

Medium and large organisations look for management and leadership development in a very wide range of ways. These include:

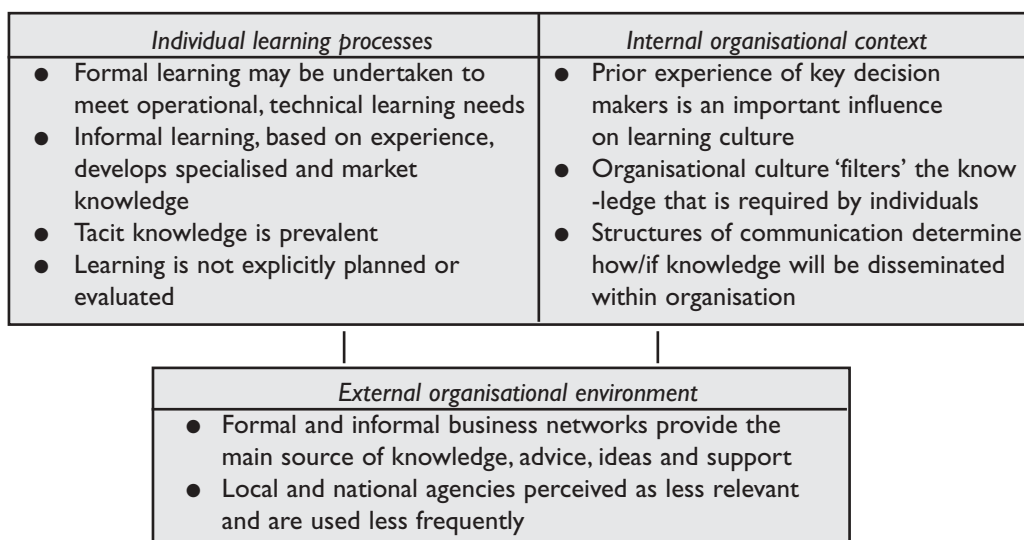
- A wide range of informal development opportunities, such as mentoring, coaching, work-shadowing and job rotation
- Short task-based courses, for groups of staff, for individuals with identified needs, or as part of culture change programmes
- Management development programmes, for example for new graduate entrants. These may include informal development, short task-based courses and more knowledge-based learning, perhaps provided by higher education or others
- Substantial qualifications-based courses, provided by colleges, universities, professional bodies, private providers, and increasingly by large employers for their staff. These may be full-time or part-time. Sometimes they are for high-fliers, but in other organisations are offered more widely
- Stand-alone or 'blended' e-learning

A recent article in the Human Resource Management Journal argues that: ⁶⁰

In large organisations most training takes place within a framework of plans and procedures. Training and development is utilised to meet behavioural and development objectives and is organised on the basis of policies rather than personalities. It supports the achievement of long term objectives as well as short term business priorities. Planning processes are used to identify and meet learning needs at individual, group and organisational levels.

In small organisations, by contrast, the specialised, tacit knowledge of key decision makers is paramount; such knowledge is developed experientially. Learning occurs in an opportunistic and informal way and knowledge is generally tacit rather than explicit. Formal training is used infrequently and formal planning or evaluation is rarely relevant.

The same article sets out a model of learning in small organisations: ⁶¹



⁶⁰Human Resource Management Journal, Vol 12, No.3, 2002: Anderson and Boocock: *Small Firms and Internationalism – Learning to manage and managing to learn*

⁶¹Ibid.

In 2002 the Corporate Strategy of the National Council- ELW_a contains the following: ⁶²

During our consultation on this strategy it became clear that many SMEs have little time or resources to train in the formal sense, and are frequently disappointed by the learning service offered. This is particularly true of micro-businesses (businesses with up to five employees) which account for well over 70 percent of all businesses in Wales.

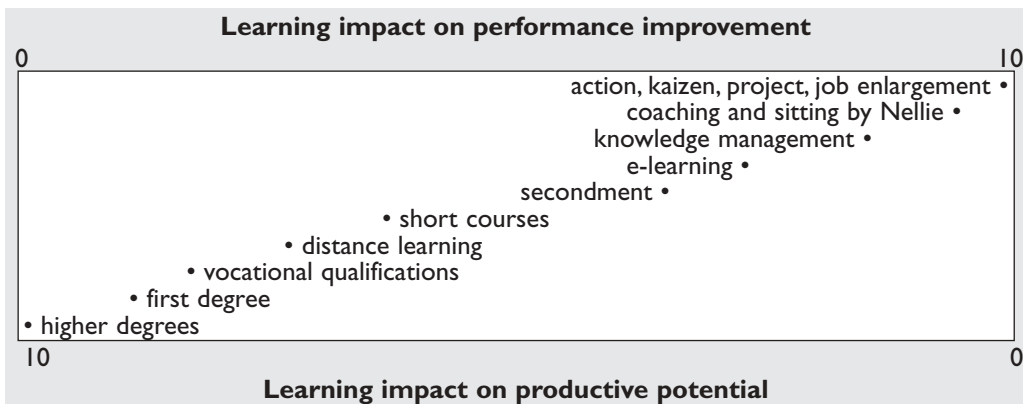
Although SMEs are often criticised for their lack of training, current research indicates that we underestimate the real extent of learning which they undertake because of our tendency to measure only formal learning. Indeed informal learning may often be more appropriate to the needs of SMEs and their employees. Our challenge is not just to increase demand for more formal training, but to make informal learning more effective.

The Chartered Institute of Personnel and Development (CIPD) emphasises the importance of informal learning in relation to its impact on performance improvement: ⁶³

In all organisations informal learning is the prevalent form of learning. In small organisations it may be the only form of learning. Instruction and coaching – the passing on of skills, methods, behaviours – are increasingly recognised generally as learnable management skills and the learning passed on is at least partly thought-through and structured.... Previously these skills have been regarded as something that comes ‘naturally’, particularly to those in management positions. Similarly the sharing of learning between colleagues in the workplace – what works, what doesn’t, how to get round this and that – is the essence of human behaviour. But this is not recognised as a learning process by those who do it. Beyond this lies what might be regarded as the ‘wild west’ of learning: that which is learned by experience and is used but is not shared and is not consciously registered. The less organised the processes of learning, the larger the proportion of knowledge that is effectively located in the wild, unregulated and disorganised west.

There are some defining ‘output’ differences between formal and informal learning. From an organisational point of view, formal learning has more to do with short-term performance improvement. It is an investment in learning which, although having a short half-life in respect of the detail, has a profound impact on the intellectual framework within which later learning takes place. Informal learning may provide as profound an investment in terms of skills and techniques but it unlikely to provide an intellectual framework. On or close to the job, informal learning generally provides significant and very direct benefit in terms of performance.

This is demonstrated in the following chart in which the top right section lists various forms of experiential learning, and the bottom left traditionally taught methods of learning: ⁶⁴



⁶²National Council – ELW_a: Corporate Strategy, page 16, paragraphs 14.3 and 14.4

⁶³CIPD: Workplace Learning In Europe – conference report 2001, page 15

⁶⁴CIPD: *ibid.* However, this chart ignores the increasing use in the HE sector of e-learning in degree-level teaching, and HEI’s involvement in problem-based and work-place learning.

The case is equally strongly made by the Small Firms Enterprise Initiative (SFEDI): ⁶⁵

There is an extensive body of research evidence, based largely on case studies and relatively small surveys, that informal learning is critical in small businesses. This type of learning comes from the daily activities of the business (learning by doing, drawing on experience, solving problems) leavened by assimilation of lessons from others.

The SFEDI report – Small Business Skills Assessment 2002 - argues strongly that “formal qualifications and training cannot be the solution” for small businesses: ⁶⁶

Traditional, formal management training programmes can make only a minor contribution in improving small business skills. Such businesses are heavily constrained by the time taken for and costs of training. If small businesses, and particularly owner-managers, are to engage more in training then the charges levied for this need to be very low since the business will be bearing the cost of the work that is foregone whilst training. The provision must also be temporally flexible. It will need to be provided in ways and for a duration that can be relatively easily accommodated alongside the normal activities of the business. Since the demand for training is likely to be stimulated by challenges confronting the business, it must also be available as and when it is needed.

Accepting that addressing the problems of the business will be a major driver for identifying development needs also means that provision will have to be contextually relevant. Whilst general theories and practice may be pertinent, they will still need to be applied to specific circumstances.

Even where individuals have benefited from formal study they have made even greater use of their business experiences in setting their business strategies. It is also difficult to conceive of traditional business and management courses being able to adequately develop many of the abilities, such as inter-personal skills, intuition, and ability to learn, that are considered important in entrepreneurs and small business managers.

There is compelling evidence that informal learning, and particularly experiential learning, makes the most substantial contribution to the development of small business managers. The individual’s own experience and reflection, observing others, drawing on others’ experience and mentoring are the raw materials from which this learning is fashioned. By definition such learning will not face the problems of constraints and relevance that confront formal provision.

A survey in 2001 asked owners and managers of small businesses about the relative importance of different experiences, training and advice were in helping them to improve their performance. On a 4-point scale (0 = not important; 1 = quite important; 2 = very important; 4 = critical) the average rankings were as follows: ⁶⁷

Discovering what does and does not work	1.92
Reviewing what I did and thinking how to do it better	1.85
Getting better by practice	1.84
Advice from people in the business	1.27
Learning from other people running a business	1.19
Help from accountant/bank manager	1.12
Other training away from my desk	1.01
Other training whilst at my desk	0.88
Business mentoring and coaching	0.79
Other professional help and advice	0.78
Networking at business events	0.66
Training from suppliers and customers	0.55
Help from an advice agency	0.54

⁶⁵SFEDI: Small Business Skills Assessment 2002, page 25

⁶⁶Ibid., pages 33-34

⁶⁷FSB/SFEDI Survey 2001, quoted in SFEDI: Small Business Skills Assessment 2002, page 25

The same 2001 survey produced the following ranking of activities that improved employee performance: ⁶⁸

Learned by doing job	85.2%
Discussions with manager	81.0%
Observing employees	66.9%
Coaching or mentoring	61.3%
On job training	40.0%
Off job training	36.4%
Using learning package	16.7%

In 2001 the ranked responses from UK SME managers and entrepreneurs, when asked how they developed their own managerial and leadership abilities, were as follows: ⁶⁹

<i>SME Managers</i>	<i>Entrepreneurs</i>
<input type="checkbox"/> Formal “off the job” courses	<input type="checkbox"/> Mentorship
<input type="checkbox"/> Learn from experience	<input type="checkbox"/> Observation and contact with other managers/entrepreneurs
<input type="checkbox"/> Observation and contact with other managers/entrepreneurs	<input type="checkbox"/> Formal “off the job” courses
<input type="checkbox"/> In-house training course	<input type="checkbox"/> Learn from experience
<input type="checkbox"/> Mentorship	<input type="checkbox"/> Transformational courses
<input type="checkbox"/> Reading, reviewing, and conferences	<input type="checkbox"/> In-house training course
	<input type="checkbox"/> Reading, reviewing and conferences
	<input type="checkbox"/> Business advisor

A further Institute of Management report in 2001 contained an overview of the perceived effectiveness of various development methods, which once again has mentoring at the top of the list, and formal “off the job and off the shelf” courses significantly low in the list: ⁷⁰

<i>Method</i>	<i>%</i>
Formal mentoring	38
Project management	31
Action learning teams	31
360 degree feedback	30
Cross functional working	29
Intensive high level training programme	27
Informal mentoring	26
In-company job rotation	26
External secondment	25
Participation in seminars and conferences	22
Other business school programmes	21
MBA	20
Accelerated promotion	11
Voluntary community programmes	9

In a survey of Human Resource managers in 2000 asked “What makes a good manager?”, the responses on a scale of 1 – 5 were: ⁷¹

Inherent ability/personality	4.1
Job experience	3.9
In-company training	3.6
External education after joining	3.2

⁶⁸Ibid., page 26

⁶⁹CEML: Management and Leadership in UK SMEs, pages 9 and 11

⁷⁰Institute of Management (2001): Horne and Stedman: *Leadership - the challenge for all?*

⁷¹Institute of Management (2001): Mabey and Thomson: *Achieving Management Excellence*

Formal qualification/training relevant to the job	3.2
Formal qualification/training not relevant to the job	2.3

The range of possible management and leadership development activities is even wider than that contained in the above lists, as it covers private, individual actions, which are largely unseen, and are certainly unreported, but may be no less important than public or corporate activity. Examples of these activities are:

Membership:	trade associations, professional bodies, chambers of commerce, community groups
Reading:	management books, magazines, newspapers, internet
Internet:	information, e-learning
Networking:	friends and business contacts

The SFEDI Small Business Skills Assessment 2002 report contains a valuable appendix entitled “Engaging small businesses in effective learning” with 18 practical recommendations which form an essential checklist for the provision of management and leadership development activities for SMEs in Wales: ⁷²

Facilitating engagement

1. Facilitating the engagement of small businesses with learning, training and development activities should follow the natural contours of their business world. This may occur via individual adviser contacts, local agencies or sectoral bodies, but needs to recognise that many small businesses confront similar problems and can learn from each other.
2. Learning needs to be integrated with the daily activities of the business and relevant to the issues that confront it..
3. Learning activities need to be available in ‘bite-size’ units of about 15 minutes in order to be more appropriate to owner-managers, many of whom will have heavy constraints on the time available for their own learning and development.
4. Bringing small businesses into learning clusters is an effective means of increasing learning between small businesses, even if contacts are conducted at a distance.
5. Owner-managers will seek help from those they know and trust.
6. Businesses that experience the benefits of learning, training and development in terms of improved employee motivation, staff retention etc., are more likely to be willing to pay for such activities.
7. The next generation of small businesses will be able to utilise e-based learning.
8. Owner-managers in new businesses are relatively computer literate when they have completed a business start-up programme.

Learning styles

9. Experiential forms of learning are preferred by owner-managers to formal ‘chalk and talk’ training.
10. A preferred learning method for owner-managers is from the experiences of other small businesses.

⁷²SFEDI: Small Business Skills Assessment 2002, page 39

Objectives

11. Engagement with learning, training and development activities will be greater if small businesses are encouraged to identify the benefits they can derive from these activities rather than discussion of benefits being restricted solely to immediate financial performance.
12. Small businesses enjoy recognition but do not engage in programmes and other development activities for that reason.

Effective learning

13. The effectiveness of learning, training and development material for use in the small business environment will be more effective the more they replicate the informal, experiential learning styles that small business personnel prefer.
14. The effectiveness of learning, training and development material for use in the small business environment will be more effective the more they are based on active learning.
15. An action learning approach is more effective than more passive alternatives in the development of learning for owner-managers.
16. More effective learning occurs in start-up and small businesses if the learning is directed at solving problems for the business.
17. Learning materials are more effective if they are in plain English.
18. The mentor is a more important influence than mentoring materials on the effectiveness of small business mentoring.

The diversity of methods of training and development, and the equal diversity of management and leadership skills and abilities, make it very difficult to define in a single sentence what management development really is. This is in itself a barrier (see next section) to participation in management and leadership development activities. If managers don't know what it is, how can they engage with it? One helpful description recognises the problem but focuses on outcomes and benefits rather than delivery methods: ⁷³

'Management education' ... a term generally used to describe the wide range of influences that bring about improved capability and performance for individuals and organisations ... not a term to describe a range of tightly defined activities such as executive programmes, professional and vocational qualifications, company programmes or corporate universities ... important to focus on what gives benefits to the organisation rather than an arbitrary definition of management education.

This **Agenda for Action** does not make any prescriptive recommendations about the best development and training methods. Any strategy for management development and training must recognise, encompass, and facilitate any and all methods that managers themselves identify as most beneficial to their own and their organisation's success.

⁷³CIPD (2002): *Developing Managers for Business Performance*, page 2

13 BARRIERS

Two recent reports, one UK-wide and one from a postal survey of 4000 SMEs in South Wales, provide a clear picture of the factors which discourage or constrain management development.

The ranked order from the national picture is: ⁷⁴

<i>Discouraging factors</i>	%
Time pressures	82
Cost of management development	58
Covering for absence	51
Lack of support from Board/senior management	46
Lack of support from line managers	43
Lack of enthusiasm of managers	39
Availability of appropriate training	37
Company culture	34
Availability of accessible training	32

The ranked order of the constraints on the development of all skills (not exclusively management skills) in South Wales SMEs is: ⁷⁵

<i>Constraints</i>	%
Lack of funding	39
Cost of training	34
Quality of training available	23
Technical information	14
Lack of staff motivation	11

The problems for SMEs are summed up by SFEDI in 2002 as follows: ⁷⁶

Small businesses have to focus on the short term and survival, so undermining an appreciation of longer term benefits from training. Past research has shown training to be reactive, targeted at specific problems, crisis-driven or fire-fighting in nature.

Small businesses find it difficult to spare time for managers or key workers to engage in training. In a recent survey 85% of small business managers agreed that time was the biggest constraint on their personal development activities.

Cost is also a major constraint. Average costs for small businesses are about double those for the largest businesses.

Further constraints are the perceptions of training needs, the capabilities and attitudes of owner-managers, and the quality and relevance of the training offered.

It is therefore not surprising that small businesses are less likely than large businesses to provide formal training for employees. Just over half (59%) of very small businesses (employing 1 – 4 people) provide on-the-job-training. A third (33%) provide off-the-job-training compared to almost all (98%) of very large businesses (employing 500 or more people).

⁷⁴CEML (2000): *The Flow and Stock of UK Managers* working paper

⁷⁵Cardiff Business School, Small Firms Research Unit (2001): *The Competitive Disadvantage of Firms in South Wales – an analysis of business growth constraints among SMEs*

⁷⁶SFEDI; Small Business Skills Assessment 2002, page 4

Whilst time and cost are clearly identified as major constraints nationally, motivation and commitment to training and development have a much greater influence than the raw statistics suggest. The data from the research on SMEs in South Wales makes this abundantly clear: ⁷⁷

The most stark finding is that more than a quarter of firms (26%) appear to carry out no training at all or have a training budget (27%), with less than half (48%) having any form of documented plan covering training and skills development.

These figures are a clear indication of the lack of human resource development within the majority of SMEs in South Wales, and also the direct knock-on effect of this under-development has on innovative performance, and subsequently competitive advantage.

The survey found the approximate average training investment by SMEs in South Wales to be £9,250 annually. This represents an average spend per employee of approximately £570, such an amount does not even cover the average net cost to employers of training an employee to only NVQ Level 2, which is estimated at £1000.

SFEDI identifies (from a wide range of research sources) that “the attitudes and capabilities of the owner-manager to support the learning process” are critical. Negative attitudes and low capabilities will be a major constraint on management development. SFEDI sums up the constraints on learning, training and development as follows: ⁷⁸

Small businesses will not engage with a learning, training and development agenda that is not of their world and fails to recognise the needs of and constraints on small businesses.

The time frame of strategic business planning reduces with the size of business. Six months is a long time ahead for a very small, less established business.

Approaches to learning, training and development in small businesses need to take account of the shorter planning time frames they use by relating learning opportunities and benefits to these shorter time frames.

Learning, training and development activities are relatively low priority for small businesses.

The smaller the business the less formal the management of the business and the less time is available for planning, learning and development.

The difficulty of taking time off work for learning is an even greater constraint on owner-manager and key worker participation in training than the direct cost of training.

The greater the participation of the owner-manager in the day-to-day operation of their business the more impractical it is for them to participate in training activities during working hours. Training and development opportunities for them and other key workers therefore need to be available in the evening and at weekends.

Small businesses will not take up assistance with business start-up, Investors in People, and similar programmes unless it is highly subsidised. Take up will be higher for programmes that have seed funding, being highly subsidised or free at the beginning with costs increasing thereafter, compared to those that require payment of full costs throughout.

Small businesses do not make their greatest investment in learning in developing management and leadership skills.

⁷⁷Cardiff Business School, Small Firms Research Unit: *ibid.*

⁷⁸SFEDI: Small Business Skills Assessment 2002

14 FUNDING

The aim of this section of the **Agenda for Action** is to explore and recommend ways in which the delivery of management and leadership development and training can be facilitated by new or enhanced funding mechanisms.

Individual and corporate funding to subsidise management and leadership development activities vary from Local Authority to Local Authority, independently of and in partnership with key agencies. To date no attempt has been made to document these funding routes on a Wales-wide basis.

Such an all-Wales analysis is of little benefit to individual businesses as their prime concern is the support that is available to them where they are. However, it would be valuable for Local Authorities and agencies to share best practice, and learn from each other, so that the provision across Wales can be more coherent, and build on what works and is most effective.

A key aspect of the mapping of current provision (that is recommended in the next section) must also be a mapping of current funding routes and mechanisms.

One of the main contributors, if not the main contributor, to this financial support provided by Local Authorities and agencies, is the funds available under the Objective 1, 2 and 3 European Structural Fund programmes.

However under Objective 1 and Objective 2, there are no priorities and measures which are devoted specifically to management and/or leadership development and training. In the light of the proposals in this **Agenda for Action** it is arguable that this is significant gap in the overall strategy.

It is therefore difficult to analyse the impact of Objective 1 and 2 resources on generic management development and training in their respective areas.

The priorities and measures under Objectives 1 and 2 which have a direct or indirect impact on management and leadership development are as follows: ⁷⁹

OBJECTIVE 1	
Priority 1	Expanding and developing the SME base
Measure 2	Promoting entrepreneurship and increasing the birth rate of SMEs (ERDF)
Measure 3	Developing competitive SMEs (ERDF)
Measure 4	Promoting adaptability and entrepreneurship (ESF)
Priority 2	Developing innovation and the knowledge based economy
Measure 3	Support for development of innovation and research and development (ERDF)
Measure 4	Skills for innovation and technology (ESF)
Priority 3	Community Economic Regeneration
Measure 1	Community action for social inclusion (ESF)
Measure 2	Partnership and capacity building (ERDF)
Measure 4	Support for creation and development of businesses in social economy (ERDF)
Priority 4	Developing people
Measure 3	Lifetime learning for all (ESF)
Measure 4	Improving the learning system (ERDF)
Measure 6	Anticipation and analysis of skill needs (ESF)

⁷⁹Source: WEFO - Objective 1 and 2 Single Programming Documents and Programme Complements

Priority 5	Rural development
Measure 2	Training: services to help farming adapt and diversify (EAGGF)
Measure 6	Promoting local economic development (EAGGF)

OBJECTIVE 2	
Priority 1	Developing sustainable and competitive SMEs
Measure 1	Support for enterprise, innovation, and SME development (ERDF)
Priority 2	Sustainable rural development
Measure 1	Rural economic development (ERDF)
Priority 3	Urban community regeneration
Measure 1	Capacity building and community initiatives in urban communities (ERDF)
Measure 2	Developing the social economy (ERDF)

The Objective 1 HRD Partnership Board see management development as one of the key aims of Priority 1, Measure 4, which has a total allocation of just under £77 million of ESF funds from 2000 to 2006.

As at April 2003 55 projects have been approved under this Measure with a total grant value of £35 million. But of these, only 13, with a total grant value of £13 million, were focused on management and leadership development (with one additional project with a grant value of almost £6 million focused on general skills for business).⁸⁰

Under Objective 1, Priority 4, Measure 4, the University of Wales Bangor are currently seeking £4.5 million funding as part of a £9.4 million project to set up a North West Wales Management Development Centre.

It is clear that Objective 1 and Objective 2 funds are being under-utilised for management and leadership development. Early action is therefore required to make the fullest possible use of these resources to achieve the aims and objectives of this **Agenda for Action**.

Objective 3 has a much clearer focus on management and leadership development, but the take up of funds to date is equally disappointing. The strategic objectives of the Objective 3 programme are as follows:⁸¹

1. To support a flexible labour market that contributes to a competitive workforce and a competitive economy, and which promote social inclusion through actions which anticipate and prevent people from moving into long term unemployment or economic inactivity.
2. To reduce the numbers and proportions of people excluded from the labour market through the provision of a range of support which addresses the key constraints facing those who are particularly disadvantaged in the labour market.
3. To develop a culture of lifelong learning in which people take responsibility for their own learning and personal development throughout their lifetime, and have access to the information, facilities and support they need to undertake this responsibility and to fulfil their potential.
4. To improve the competitiveness of businesses and support the development of a knowledge based economy by increasing the adaptability, skills and knowledge of the workforce.
5. To develop a culture of entrepreneurship and innovation
6. To ensure that both men and women have equal access to employment, learning, career progression opportunities and other activities linked to personal and professional development.

The Priorities and Measures that are of direct relevance to management and leadership development are as follows. The last column shows the total amount of European Structural Funds available in Euros (millions) for each Measure from 2000 - 2006:⁸²

⁸⁰Source: WEFO on-line database of approved projects

⁸¹WEFO: Objective 3 Programme Complement

⁸²Ibid.

Priority 2	Equal opportunities for all and promoting social inclusion	Euros (million)
Measure 2	Capacity building for community based groups	6.9
Measure 3	Development of business opportunities in the social economy	5.6
Priority 3	Lifelong learning	
Measure 1	Developing new or improved guidance and learning systems	16.0
Measure 2	Increasing participation and attainment in lifelong learning	13.1
Priority 4	Promoting business competitiveness	
Measure 1	Supporting management development	4.6
Measure 2	Skills and knowledge development for the workforce in SMEs	14.3
Measure 3	Encouraging innovation, r. and d., and the information society growth	4.6
Measure 4	Support to encourage and develop entrepreneurship	6.1
Measure 5	Anticipation and analysis of skill needs	0.9
Priority 5	Promoting gender equality within the labour market	
Measure 1	Pathways to participation	6.5

Only Priority 4, Measure 1 has funds exclusively available for management development. At an exchange rate of €1.60:£1.00, this measure provides just under £3 million at an intervention rate of 45%. Adding public and private match funding provides a total of just over £8 million to support management development, with the target of training 1950 managers and helping 675 companies.⁸³

As at mid-April 2003 £1.4 million has been committed to 15 projects under Priority 4 Measure 1.⁸⁴

As with Objectives 1 and 2, it is clear that more projects are needed to take full advantage of Objective 3 funding for management and leadership development.

At a much more fundamental level there is a very strong argument that the UK as a whole needs to ask some serious questions about the whole funding process and its outputs.⁸⁵

We must change the funding process from being biased towards the learning output, rather than the delivery. Businesses and individuals should determine their own learning benefits package. They can decide why they would or would not participate in a particular learning activity. The benefits will be quite specific to an individual or a business, depending on their personality/business circumstances. It is not acceptable to place the emphasis on learning output (e.g. a part or full qualification) as this pushes providers down the route of producing generic offers and often leaves the quality of learning experience unchecked.

This extract comes from the ground-breaking SFEDI report, *There is another way*, which is quoted in full in Appendix 6. Some further extracts make the point even more clearly and raise issues that will be explored more fully in the next two sections:

We believe that a change needs to take place in the way government funding is provided to support workforce development initiatives in small firms, for the following reasons:

There is little demand from entrepreneurs for the myriad of schemes being offered. Equally, there is little demand for a new cohort of repackaged, 'networked' and remarketed programmes that are based on the premise that 'skills development is good for you.'

⁸³Ibid.

⁸⁴Source: WEFO on-line database of approved projects

⁸⁵SFEDI: *There is another way*, July 2002, quoted in full in Appendix 5

Engagement with formal programmes of workforce and management and leadership development is easier to gain from managers in small and medium enterprises than from entrepreneurs. Overall, however, the level of engagement is still under one in ten. This level is unlikely to increase greatly unless new routes to market are employed, with different offers for small firms.....

Small firms often have long term plans, training budget and strategies, but they are often not referred to as such, or even seen as such. Consequently, small firms miss out when it comes to complying with the conditions of grant funding under government supported initiatives because government 'rules' do not fit the way small businesses operate. We must put skills development opportunities into a small business context.

There are already positive signs in Wales of a move in this direction. ELWAs are piloting 'Company Learning Accounts' which are intended to drive up demand for learning and employers own investment in learning by enabling businesses to specify their own requirements. It is flexible, end-user focused, initiatives of this kind that must become the norm.

Public funding mechanisms are a far greater force for change than is commonly recognised. They have for far too long suffered from the bad press of stifling bureaucracy and irrelevant outcomes, oriented to qualifications that are politically convenient - in that they are easy to count and measure achievement - but have a negligible impact in terms of business results and the wider economic agenda.

One of the main arguments of this **Agenda for Action** is that Wales needs to change its 'funding mind-set' so that public funding is seen as 'a good thing doing good things', helping SME managers do what they want to do, in a manner that is appropriate to them (see above), to achieve the results they want.

15 DEMAND

The demand for management and leadership development can be explored from three, inter-connected, points of view:

- attitude: what makes managers want training and development?
- needs: what are managers' training and development needs?
- methods: what training and development methods do they prefer?

This **Agenda for Action** has already explored negative attitudes to management and leadership training and development under *Barriers* above. Recent research indicates that the factors that encourage and stimulate management training and development are: ⁸⁶

<i>Encouraging factors</i>	<i>1-5 scale</i>
Ability to do job	3.79
Company strategy	3.77
Potential to progress	3.69
Staff motivation	3.58
Cost of management development	3.55
Retention of personnel	3.40
Technological advances	3.40
Structural change	3.36
Demand from managers	3.32
Company culture	3.26
Others in sector	2.72
Investors in People	2.52

This **Agenda for Action** has already explored in some depth various menus of management and leadership skills and abilities, with a degree of prioritisation for the UK as a whole. This section will use a variety of sources to prioritise these skills and abilities in the Welsh context.

The most comprehensive analysis to date of skill needs in Wales was the 1998 Future Skills Wales survey. Though focused on employee skills in general, and not management and leadership skills in particular, it provides some valuable insights into the perceptions among employers of the ranked importance of various skills (weighted by the level of jobs), and how this ranking is likely to change in future. The top ten skills ranking in 1998 and forecast for 2007 were as follows: ⁸⁷

<i>Skills</i>	<i>1998</i>	<i>2007</i>
Communication	1	3
Ability to follow instructions	2	6
Understanding customer needs	3	1
Ability to learn	4	2
Showing initiative	5	5
Team working	6	4
Literacy	7	7
Numeracy	8	9
Problem solving	9	10
Product knowledge	10	8

⁸⁶CEML (2000): *The Flow and Stock of UK Managers* working paper

⁸⁵Business Strategies Ltd: *Future Skills Wales Project 1998*

One commentator observed that “apart from numeracy and literacy, most of the skills referred to are not explicit outputs of either education or training systems, but relate to behaviours learned on the job.”⁸⁸

The Future Skills Wales survey goes on to analyse the relative importance of these skills by company size and by occupation:

Skills	%	Company size by no. of employees				
		2-9	10-24	25-49	50-99	100+
Communication skills	88	0	+1	+1	-3	+3
Understanding customer needs	88	0	+1	-2	-5	0
Ability to learn	81	-1	+2	0	+1	+1
Team working skills	81	-1	+3	+2	+5	+5
Showing initiative	80	+1	-2	-2	-10	-5
Ability to follow instructions	79	-1	+4	0	+4	+1
Literacy	76	-1	+3	0	+2	-4
Numeracy	71	0	-2	-2	0	-6
Product knowledge	71	+2	-3	-7	-16	-14
Problem solving skills	66	0	-3	-2	+6	-4
Organising own learning/development	58	-1	+2	+2	+1	+7
Job specific skills	57	0	0	+3	-2	+5
Management skills	50	-2	-2	+9	+8	+10
Leadership skills	45	-1	+2	+11	+5	+11
Basic IT skills	39	-1	+2	+6	+16	+17
Formal qualifications	24	-1	+2	+1	+8	+9
Advanced IT skills	16	0	-1	+5	+5	+14
Welsh language skills	11	0	0	-1	+2	0
Foreign language skills	4	0	-1	0	-1	+5

Notes: Column 2 gives the % of employers stating that the skill set was very important
Columns 3- 5 give the % points above or below average

It is significant how little importance is attached to management and leadership skills and formal qualifications in the overall ranking, but how much greater importance is attached to these in companies with over 25 employees.

The ranking of skills by occupation shows that ‘corporate managers and administrators’, and ‘managers and proprietors’ all rank *customer needs*, *communication* and *showing initiative* as their top three skills priorities, and not surprisingly, when asked to rank skills relating to their own jobs, put *management* and *leadership* first and second.⁸⁹

It is also important to note that while *formal qualifications* rank low overall, ‘health professionals’, ‘teaching professionals’, and ‘other professional occupations’ all ranked them first in relation to their own job.⁹⁰

More recent research conducted by a Working Group of the Wales Management Council, chaired by Professor Dylan Jones-Evans of the University of Wales Bangor focused on the changing skills needs of managers, to identify those skills that will be most important in future.⁹¹

⁸⁸CIPD (2001): Stevens, Ashton and Kelleher in Workplace Learning in Europe seminar report

⁸⁹Future Skills Wales Survey: Main Report, page 30

⁹⁰Ibid., page 31

⁹¹Wales Management Council (2002): *Creating Future Good Management Practice*

One of the most important conclusions of this study is that managers will continue to need the currently identified managerial skills. However, there will be a need for many of these skills to be developed and extended to take account of changing organisational structures, the changing ways of working due to the development of technology and the changing pattern of world trade. In particular people management and communication skills will be even more important in future.

The new skills required by managers identified in this report are: ⁹²

- technology
- leadership
- entrepreneurship
- use of time
- open mind
- partnership working
- personal and staff development

Each of these is explored more fully in Appendix 5.

Other national surveys, have identified a similar range of key managerial abilities for the future: ⁹³

Changes in the political environment (including deregulation and European integration), economic restructuring and new technologies are expected to contribute to changing managerial skill requirements ... including:

- ability to manage change, uncertainty, contradiction
- learning and adapting
- developing a transforming leadership style
- facilitation skills, greater cultural awareness and developing collaboration
- honesty and achieving sustainable development

The management skills required in small businesses are summarised as follows: ⁹⁴

Small business managers require a diverse range of skills. These include functional or task-based skills (such as marketing, accounts, and administration abilities); strategic, analytical, thinking and planning abilities; and people skills, both within and beyond the business.

Effective management will require a very broad range of abilities, from narrowly defined skills to certain personal behaviours and attitudes. Know-how will need to be accompanied by know-that (knowledge), know-why (understanding), and know-who (the ability to cultivate and learn from networks of external relationships).

The very preponderance of small businesses means that they will be incredibly diverse. Allied to differing business objectives and management structures this means that different skill sets will be required. Skill needs will also change as a business develops or its environment alters.

The previous section *Development and Training* emphasised the importance of informal methods of training and development, which are particularly appropriate to the skills and abilities identified above.

⁹²Ibid.,

⁹³SFEDI: Small Business Skills Assessment 2002, page 17, quoting Winterton et al., 2000.

⁹⁴Ibid., page 4

The SFEDI report referred to in the previous section summarises, forthrightly and concisely, the issues relating to delivery methods for SMEs: ⁹⁵

We know the owner-manager values:

- learning through problem solving in the ‘here and now’
- learning/networking with peers
- small learning bites at times and places convenient for small businesses
- informal mentoring
- delivery in appropriate language for small businesses
- delivery through facilitators who have credibility with the owner-manager.

...We know that very few small businesses are interested in assessment, qualifications or quality awards, unless they need them to trade, or they receive them as an ‘added bonus’ for completing something they wanted to do for other problem solving business reasons. The delivery network must, therefore, be capable of developing small interventions that meet the language of small businesses, i.e. “How do I?”, “Who knows about?”, rather than, say, being sold an NVQ in Customer Care, or Investors in People recognition.

This **Agenda for Action** argues that a four-fold change is required to make a significant difference to the demand for management and leadership development:

- a change of culture
 - to reduce the barriers and stimulate and encourage the take-up management and leadership development
- a change in needs analysis
 - to help managers identify their own development needs more precisely, in relation to their own business, and individual background and expertise
- a change in training and development methods:
 - to ensure that the training and development methods match the identified development needs and managers’ personal and business requirements.
- a change in funding mechanisms:
 - to support informal training and development, as well as the more traditional methods.

⁹⁵SFEDI, *There is another way*, 2002

16 SUPPLY

The question of supply is not simply “who delivers what training and development where?” but a complex interaction between four groups:

- influencers
- funders
- deliverers
- employers

The *influencers* include government departments, government agencies, research bodies, and the whole gamut of strategies and action plans from a variety of sources.

The *funders* are those who provide money to support management and leadership development, directly or indirectly, in all its forms.

The *deliverers* are those in any sector, public, private or voluntary, who supply face to face, individual or group, management and leadership development support.

To include *employers* in the supply list may seem contradictory, but the importance of informal learning, and the high incidence of in-company provision, means that employers supply a great deal of their own training and development.

Many bodies in Wales play dual, if not triple, roles as influencers, funders and deliverers. As has been shown previously, there is a strong argument that funding is the most important influence of all.

A matrix of these four in Wales is on the next page, but is presented at this stage as a sample, not a comprehensive, list. One of the key requirements of this **Agenda for Action** is a mapping of the funding and provision of management and leadership training and development support from all sources. Once this is complete the matrix for Wales can be updated.

The supply matrix is made even more complex by the fact that influencers, funders, deliverers, and users, in Wales must not only interact with each other, but must do so in a variety of ways with those in other parts of the UK.

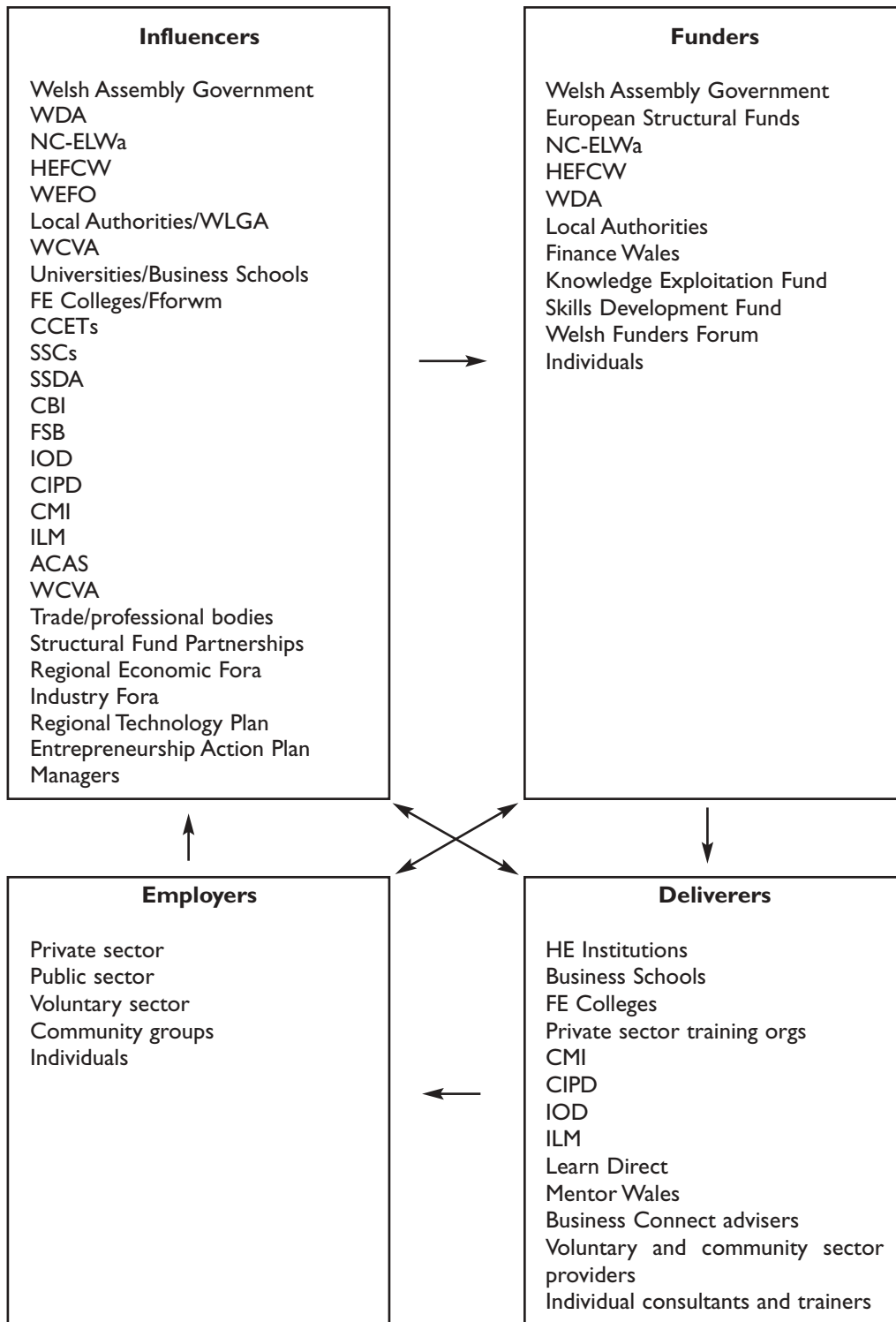
Influencers in the rest of the UK include: the Whitehall government, DTI, DFES, SBS, Business Schools, Universities, and the central bodies of CIPD, CMI, ILM, CBI, IOD, FSB, ACAS, and the numerous other organisations referred to in Appendix 3 and Appendix 8.

Deliverers are not confined to Wales either. There is no reason why management and development support in Wales cannot be sourced from other parts of the UK. In fact Wales will be at a disadvantage if it fails to take full advantage of training and development opportunities provided outside the Principality.

Furthermore, at government and agency level, it is not always clear, post devolution, whether the driving force in some areas of management and leadership development supply should be from outside Wales or within Wales. ⁹⁶

⁹⁶See Appendix 3: Wales Management Council response to recommendations in CEML Final Report.

Management and Leadership Supply Matrix in Wales



The interaction between these four groups, and within these four groups, must be continuous and productive, but this is one of the failings of current arrangements: ⁹⁷

⁹⁷CEML (2000): *Management and Leadership Development: Building Future Supply*, page 10.

The supply side is very fragmented. There seems to be relatively little contact between different types of provider – for example further education and higher education, or public and private sector provision. Frequently each operates in their own world. Providers of formal education often do not relate to learning which takes place in the work place.

This makes it difficult for the demand-side, whether employers or individuals, to find what is available: ⁹⁸

Employers find it difficult to identify provision that meets their needs. This is not so much about the broad issues of quality but about visibility, relevance and fitness for the specific purpose. Can the employers find out easily what is available? Is the provision able to match the context of the sector, of the company's structures, management styles and development strategy?

The supply-side still tends to concentrate on training “short courses delivered in bite-sized pieces to workers by professional trainers” whereas the demand is for new methods of learning: ⁹⁹

Knowledge is no longer just handed down in small amounts in the form of short training courses. Much of the knowledge that is of value to the organisation in furthering its objectives is embedded in the tacit knowledge of the workers learning takes place through interaction with others and through the individual or the group discovering a problem and actively seeking the solution...The worker is no longer the ‘consumer’ of training but he or she becomes an active agent in the process of learning. Learning is no longer clearly bounded and contained within the classroom to be transferred later to the workplace; rather it becomes embedded in the work organisation and the production process In this context the role of the trainer is transformed into that of a facilitator, a person who provides advice and guidance to the learner and the line manager on how to support and facilitate the learning process.

This does not mean that formal, off-site, classroom-style learning, with or without a qualification at the end of the ‘course’, is now obsolete. Far from it. In many professions, and for higher level management skills relating to business planning, finance, strategy, the more conventional forms of learning and training are the most effective development routes. But even here, there is considerable confusion and uncertainty about what is available, and its quality and relevance to particular individual and business needs. Furthermore the numbers of qualifications obtained show involvement by only a tiny proportion of the actual or potential management population.

In Higher Education analysis is complicated by whether the wide definition of Business and Administration studies is used, or the narrower Business and Management. The figures for both for 1999/2000, for the whole of UK, are as follows: ¹⁰⁰

	GRAND TOTAL	First degree	Other u/grad	TOTAL U/GRAD	Higher degree	Other p/grad	TOTAL P/GRAD
Business and Admin. Studies	67,736	31,910	10,100	42,010	15,788	9,938	25,726
Business and Management	44,576	19,100	6,780	25,880	11,078	7,618	18,696

The numbers of first degrees awarded in Business and Administration Studies showed a 23% increase from the number five years earlier, a rate of increase that is double that for all first degree subjects

⁹⁸ibid.

⁹⁹ILO (2002): Ashton, Sung: Supporting Workplace Learning for High Performance Working, p.96

¹⁰⁰CEML (2002): The Contribution of UK Business Schools to developing Managers and Leaders, p.12

In Wales data is held for Business and Administration Studies alone. In 1999/2000, 14,040 students enrolled for this subject area, almost the same as the previous year (14,049). The results in the two years were as follows: ¹⁰¹

	Postgraduate	First Degree	Other U/graduate	TOTAL
1998/1999	883	1,730	1,540	4,153
1999/2000	897	1,805	1,219	3,921

In 1999/2000 enrolments for Business and Administration studies by institution were as follows: ¹⁰²

University of Glamorgan	4,651	North East Wales Institute	660
Cardiff University	2,366	University of Wales, Swansea	576
Univ. of Wales Institute, Cardiff	2,031	University of Wales, Aberystwyth	501
Univ. of Wales College, Newport	1,835	University of Wales, Bangor	311
Swansea Institute of Higher Educ.	1,043	U. of W. Lampeter/Trinity College	51

Outside Higher Education, across the UK in 1999/2000 there were 48,535 vocational qualifications in management at Level 3 and above: 38,989 at Level 3; 9,546 at Level 4/5. The qualifications come from all sources: NVQ, SVQ, Chartered Institute of Management (CMI), Institute of Supervisory Management (ISM, now joined with NEBS to form the Institute of Leadership and Management (ILM)), NEBS Management (see previous note), and non N/SVQ management qualifications recorded by Department for Education and Skills National Information System for Vocational Qualifications. ¹⁰³

In 1999/2000 in FE colleges in Wales there were 12,804 qualifications in Business and Management at Levels 2 to 5: 8,052 at Level 2; 4,558 at Level 3; 194 at Level 4/5. ¹⁰⁴

But both the number of HE and non-HE qualifications are modest when compared with the size of the management population of about 4 million in the UK as a whole, and 150,000 in Wales: ¹⁰⁵

Given the overall size of the UK management population, it must be concluded that the higher education system's management education provision has only a relatively limited impact on the supply of managerial skills.

Though the statistics argue that the number of HE qualifications relative to the management population is a little higher in Wales than the rest of the UK.

From the SME perspective: ¹⁰⁶

Managers in small businesses are less likely to have degrees than those in larger businesses. The proportion of managerial degree holders in businesses employing 1 – 10 people is 18%, less than half that in medium and large businesses where the proportion is 38%.

Workers in small businesses are more likely to lack any formal qualifications. 14% of staff in businesses employing 1 – 10 people have no qualifications, compared to 9% in medium and large enterprises.

¹⁰¹Source: ELWa from HESA statistics

¹⁰²ibid.

¹⁰³CEML, 2002: *Managers and Leaders – raising our game*, page 31

¹⁰⁴Source ELWa from Individualised Student Records

¹⁰⁵The Work Foundation: *Can the UK learn to manage?*, 2002

¹⁰⁶SFEDI: *Small Business Skills Assessment 2002*, page 4

The annual number of graduates in business and administration studies has risen by almost a quarter in the last five years to just under 32,000. This is still only about one eighth of the number of people who start a business each year without prior experience.

The key issue is not the number of people obtaining management qualifications, but whether the supply of management training and development is meeting the needs of managers: ¹⁰⁷

Diverse pattern of demand is matched by diverse supply side, made up of private and public sector education and training providers, consultants, employers' own training and development activity, both formal and informal. It is important to recognise the scale of what employers do for themselves; employers are therefore part of demand and supply.

Our judgement is that at present levels of demand there is no quantitative shortage of supply. (However, for companies operating across international boundaries there is a shortage of training providers able to work in their different locations.) The issues that we have identified relate more to the matching of demand and supply, and to quality.

In Wales there are 13 Higher Education institutions, 23 Further Education colleges (some on multiple sites), and some 200 private sector training providers. In addition, individuals can access training programmes provided by national organisations such as CIPD, CMI, ILM, and IOD. Public sector provision is fully accredited, but may lack relevance, while private sector provision may be more focused on identified needs, but may vary in quality. While informal and in-house training are neither recognised, counted, or reported.

In this maze of provision, the fundamental problems in matching supply and demand are the linkage between the two, and assessing quality. How do managers find the most appropriate source of training for themselves or their staff? There is no central database, and even established sources have to be interrogated by product, not by need, and in many cases the range of courses is so wide that the bemused manager is lost before he starts.

The first requirement therefore is to build a comprehensive database of all the management development provision in Wales. This database should include observations by users of the quality, relevance and impact of the particular course for them (similar to the book reviews provided by readers on Amazon).

In setting up this database a dialogue must be started with the providers about the nature of their offer, and its relevance to working managers, with an emphasis on the 'soft' skills of dealing with people, ambiguity, and change, rather than the 'hard' skills of marketing, finance, business planning, and strategy.

Providers in Wales must themselves be rated "best in class" if managers are to take what they have to offer seriously, and not look elsewhere - in England or further afield - for the support that they need.

But the supply-side is helpless if managers have not worked out, or are unable to describe, what they want. It is here that the supply of mentors is critical, and probably the greatest lack in Wales as a whole.

Definitions of 'mentor' vary, and are more often defined by what they are not, than what they are. The Oxford dictionary defines a mentor as "an experienced and trusted adviser", and Collins "a wise or trusted adviser or guide." Experience, wisdom and trust are the key attributes, and trust comes from understanding, empathy, and positive personal chemistry. Mentors cannot be imposed, they have to be chosen.

¹⁰⁷CEML, 2002: *Management and Leadership Development: Building Future Supply*, page 9

The mentor does not tell you what to do, neither does he do it for you. He or she helps you to understand what you ought to do, and what you can do, and gives you the courage and support to take the next step. And in training and development terms the mentor helps you – without judgement or criticism – identify managerial weaknesses and ways in which they can be strengthened.

Most managers have a mentor in a friend or close colleague from outside their organisation, but most would be reluctant to use them in this way other than occasionally and informally. To make a real difference to managers and leaders across Wales, we need to plan a nationwide mentor programme, both from business to business (a manager in a larger business mentors a manager or managers in a smaller), and from individuals to individuals.

Mentors will help managers identify their needs, articulate their demands, and be a significant force for change in what providers have to offer.

However, the fundamental problem remains, that the supply-side – influencers, deliverers, and funders – has not yet properly engaged with the demand-side. ¹⁰⁸

Small businesses see workforce development as only one of an array of options which could improve their competitive position. Investing in the workforce is only one strategy for boosting productivity. Sometimes a business case can be made for workforce development, but not always. In these cases, it is still possible to target individuals regarding the case for their personal development. In other words, it may not be possible to convince the owner-manager of the business case for the whole organisation workforce development intervention, such as Investors' Building a Better Business programmes, but it may be possible to persuade the owner-manager or staff members to invest in developing their skills through short courses, mentoring or on-line assistance.....

In other words, the initial offering to small businesses is often too big and complex on the business case where the starting point would better be small step of demonstrating benefits of learning at an individual level.

When engagement with an appropriate offer for the small business does occur, delivery of the workforce development initiative is often inappropriate in scope, quality, and 'small business friendliness'. Sustainable workforce development initiatives for small firms will not occur until the delivery network provides the value for money that the owner-manager deserves.

There is insufficient progress in getting the means, media and the people geared up to deliver appropriate workforce development initiatives.....

The SFEDI report from which this extract comes, also provides an illuminating example or model of how management training and development might be provided in future:

The analogy is to think about a Health and Fitness Centre. The Centre will provide a broad suite of facilities and experiences in which members can participate and it is against these standards that the Centre is judged. Within that, individuals, guided by coaches, determine their own personal goals - to lower blood pressure, to improve personal fitness etc. - and they use the Centre's facilities to achieve these goals. SFEDI can help DfES and SBS achieve fit small business 'members' through workforce development delivered by approved centres. The small business members will be recruited through naturally occurring, private sector partnerships aided by government incentives. When introduced to their centre, they will be offered a broad range of SFEDI-endorsed learning interventions from qualified advisers, mentors, trainers and facilitators. The individual can use achievement of their learning goals to gain a nationally recognised certificate and the business can use achievement of organisational workforce development goals to achieve Investors in People recognition.

¹⁰⁸SFEDI (2002): *There is another way*. See Appendix 4

Whether or not SFEDI themselves were involved in such an initiative in Wales, this **Agenda for Action** recommends that this model should be used to change the thinking of influencers, funders, deliverers, and managers themselves about how management and leadership development can best be provided.

Wales needs management development and training support, from whatever source, that is:

- wide-ranging (in level and content)
- flexible (in the time, duration and location of delivery)
- relevant (to business and organisational needs)
- makes a measurable difference (to individuals and organisations)

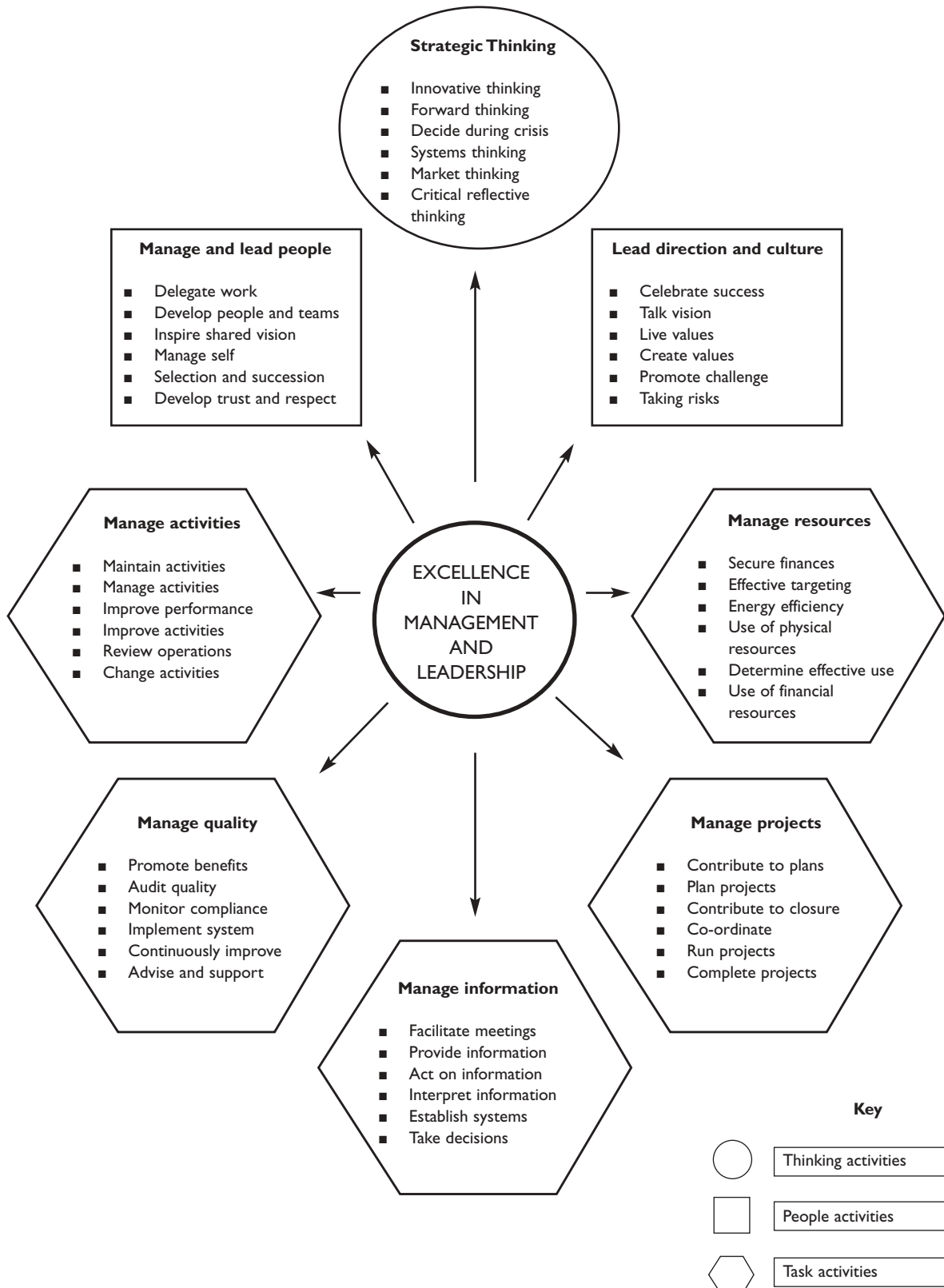
and these attributes together define quality.

Appendices



APPENDIX I

CEML: Management and Leadership Abilities





APPENDIX 2

Functional Map of Management and Leadership

The key purpose of management and leadership is to provide direction, gain commitment, facilitate change and achieve results through the efficient, creative and responsible deployment of people and other resources.

1 Providing Direction

- Develop a vision for the future
 - Map your organisation and its current and future environment
 - Map your role in the wider context
 - Develop your organisation's vision and strategy
 - Plan the future of your own area of responsibility
- Gain commitment and provide leadership
 - Achieve your organisation's vision and strategy
 - Lead people
- Provide governance
 - Ensure compliance with values, ethical and legal frameworks
 - Manage risks in line with shared goals

2 Facilitating Change

- Lead innovation
 - Foster innovation
 - Innovate
- Manage change
 - Plan and implement change
 - Develop and maintain organisational structures and systems

3 Achieving Results

- Lead business operations and projects
 - Lead the business to achieve goals and objectives
 - Lead operations to achieve specific results
 - Lead programmes
 - Lead projects to achieve specified results
- Meet customer needs
 - Promote products and/or services to customers
 - Obtain contracts to supply products and/or services
 - Deliver products and/or services to customers
 - Solve problems for customers
 - Assure the quality of products and/or services

4 Working with People

- Build relationships
 - Build your organisation's relationship with customers
 - Develop relationships with customers
 - Develop relationships with colleagues
 - Develop and maintain relationships with stakeholders
 - Manage conflict
- Develop networks and partnerships
 - Develop personal networks
 - Lead partnerships
- Manage people
 - Value and promote diversity
 - Recruit people
 - Maintain staffing levels
 - Manage the development of people
 - Train people at work
 - Provide informal learning opportunities
 - Manage people's performance
 - Manage flexible working arrangements
 - Retain people
 - Help people address their problems
 - Deal with unsatisfactory performance
 - Build teams

5 Using Resources

- Manage financial resources
 - Identify and obtain funds needed to achieve goals and objectives
 - Manage funds to achieve goals and objectives
 - Manage budgets
- Procure products and/or services
 - Decide whether to make or buy products and/or services
 - Procure external products and/or services
- Manage physical resources and technology
 - Obtain and manage the physical resources needed
 - Continuously improve the sustainability of resource use
 - Use technology effectively and efficiently
 - Provide healthy, safe, secure and productive working environment and practices
- Manage information and knowledge
 - Manage systems for information, knowledge and communications
 - Use information to take decisions
 - Develop knowledge and make it available

- Communicate information and knowledge
- Use meetings to achieve objectives

6 Managing self and personal skills

- Manage yourself
- Manage your own contribution
- Develop your knowledge, skills and competence.

APPENDIX 3

National Assembly for Wales: Delivering Better Government - Concept of a Leader

Objectives	Qualities	Behaviours
Sets visions	<p>Makes team believe they can deliver</p> <p>Sets the context for delivery and adopts the appropriate role</p> <p>Is clear about what they want from people and checks that people know what is expected</p>	<p>Communicates vividly, personally and clearly, so team remembers what they say</p> <p>Builds effective partnerships internally and externally with staff at all levels</p> <p>Creates a climate of purpose</p> <p>Doesn't expect to know all the answers</p>
Builds teams	<p>Encourages a sense of collective responsibility</p> <p>Establishes high performing team with the right mix of skills, expertise and knowledge</p> <p>Makes the team greater than the individual</p>	<p>Gives credit for job done well, and celebrates success</p> <p>Says thank you in person and encourages others to do the same</p> <p>Creates trusting relationships and fosters trust between members of the team</p> <p>Motivates and encourages high standards of achievement</p> <p>Encourages robust debate and openness, shares own ideas at an early stage</p> <p>Is generous with their time</p> <p>Involves people in deciding what needs to be done and gives all staff clear lines of communication</p>

Objectives	Qualities	Behaviours
<p>Values people</p>	<p>Supports and trusts team and individuals so they achieve, learn and develop</p>	<p>Coaches and supports others to give their best</p> <p>Understands individuals' backgrounds and their aspirations</p> <p>Allows people to learn from mistakes and encourages others to do the same</p> <p>Gives staff frequent constructive feedback</p> <p>Cares about individuals</p> <p>Fosters commitment</p> <p>Displays confidence in staff, empowers them to work on own initiative</p> <p>Tackles poor performance or inappropriate behaviour in developmental way</p>
<p>Motivates</p>	<p>Makes team <i>want</i> to do something for them rather than team feels that they <i>should</i> do something</p> <p>Provides a sense of purpose and unity</p> <p>Brings out the talent in everyone</p>	<p>Shares emotions and beliefs as well as relying on logic</p> <p>Is pleased when things go well and makes sure individuals' and team's success is recognised and shared</p> <p>Is supportive when things go wrong</p> <p>Creates a climate where change is welcome</p> <p>Shows humility and will admit own weaknesses</p> <p>Demonstrates that they value individuals for who they are rather than their grade</p>

Objectives	Qualities	Behaviours
<p>Earns respect</p>	<p>Acts as a positive role model and leads by example Is respected by the team who also aspire to be like him/her</p>	<p>Challenges assumptions Takes responsibility if things go wrong Is not afraid to take risks and can take brave actions Takes ownership and responsibility for the teams actions Manages conflict straightaway Has nothing to do with “blame culture” Values diversity, respects people and trusts people to give their best</p>
<p>Gets results</p>	<p>Organises the work to deliver on time, budget and agreed quality standards Makes the best use of diverse talents, technology and resources to deliver results</p>	<p>Removes barriers to change and champions change process Acknowledges own failure and learns from the experience Takes tough and unpopular decisions to achieve outcomes when necessary Identifies areas where the team need to make the greatest impact Matches resources to priorities and shifts resources as priorities change</p>

APPENDIX 4

CEML Final Report Recommendations

Recommendation	Action by (CEML proposals)	Wales Management Council response
INCREASE DEMAND		
Nationally		
1 National Framework of indicators of the UK's management and leadership capability.	DTI, DFeS	Fully support. Ensure DTI/DfeS work covers Wales - if not, NC-ELWa and HEFCW must do this in collaboration with WMC
2 Commit research to underpin the measurement model.	ESRC	Fully support. Ensure ESRC work covers Wales - if not, NC-ELWa and HEFCW + WMC
Larger organisations		
3 Promote voluntary corporate reporting on management and leadership capability	CIPD, CMI, IIP, ICAEW, Govt.	Fully support, but this may be very difficult to implement. Separate mechanisms required in Wales through WAG + other bodies.
4 Test and promote framework of measures and CEML Tool Kit for corporate reporting.	ICAEW,CIPD	Fully support. but difficult to implement (see above). Action by WMC in Wales, with partner bodies – CMI, CIPD, ILM
5 Promote CEML Leadership Best Practice Guide through multiple channels.	CBI, CMI, ILM, IS etc	Fully support. Action by WMC in Wales, with partner bodies – CMI, CIPD, ILM, NC-ELWa and HEFCW etc.
6 Create Leadership Development module in association with IIP, drawing on CEML Best Practice Guide.	IIP	Fully support. Ensure NC-ELWa/ IIP Wales is fully involved in this initiative
7 Establish leadership best practice networks.	CMI, ILM, IS	Fully support. WMC to lead this initiative in Wales, in consultation and collaboration with NC-ELWa and HEFCW
Small businesses		
8 Stimulate demand amongst entrepreneurs.	Govt.,SBS, LSC	Fully support. NC-ELWa and HEFCW, WDA, WAG and WMC to work on this in Wales.

9	Enable entrepreneurs to access priority development needs.	Govt and intermediaries	Fully support. NC-ELWa and HEFCW, WDA, WAG, and WMC to work on his in Wales
10	Signpost entrepreneurs to potential solutions	Govt and intermediaries	Fully support. NC-ELWa and HEFCW, WDA, WAG, and WMC to work on this in Wales
11	Implement demand-led approach of 'joining entrepreneurs in their world'.	Govt and intermediaries	Fully support. NC-ELWa and HEFCW, WDA, WAG, other intermediaries, and WMC to work on this in Wales
Individuals			
12	Introduce a foundation of management and leadership abilities into pre-qualification and cpd learning of professionals	Professional Associations	Fully support. WMC to work with Welsh branches of prof. associations, but main drive must be at UK-national level.
13	Encourage higher take-up from individuals for management and leadership development.	CMI, etc., TUC	Fully support. WMC to work with key bodies in Wales.
IMPROVE SUPPLY			
Better preparation for management and leadership			
14	Develop leadership skills within the 14-19 curriculum.	QCA, OFSTED, SSCs	Fully support. ACCAC, NC-ELWa, WAG, SSCs to work on this. WMC to advise.
15	Make management and leadership opportunities available to all undergraduates in addition to their core curriculum.	HEFC, SSCs	Fully support. HEFCW, WAG, SSCs to work on this. WMC to advise.
Better response to management and leadership development needs in practice			
16	Set up national forum for employers and business school deans to improve dialogue.	ABC, AOC etc.	Fully support. WMC to implement, with HEFCW support
17	Develop courses for FE staff and other trainers to help them interface better with the customer.	LSDA, LSC	Fully support. NC-ELWa to work with Fforwm. WMC to advise.
18	Improve management standards, their effectiveness and their usage.	Man. Standards Centre etc.	Fully support. WMC already sits on CMI Management Standards Review Working Group.
19	Make it possible to include management and leadership units in all occupational qualifications at Level 2 and above	SSDA, Man. Stand. Centre, SSCs	Fully support. NC-ELWa to drive forward through SSCs, and via MSDAs. WMC to advise.
20	Incorporate practical skills/ work experience in the curricula of business /management undergraduate studies and MBAs.	HEFC, QAA, AMBA, ABS	Fully support HEFCW to work on this with Wales Business Schools.
21	Promote all certificates and diplomas in management	Providers	Support, but qualifications must not seen as the be all and end all. They should grow out of business competence.

22	Aim for Centres of Excellence for management and leadership in each region.	LSCs, RDAs, FE, HE	Support. Already in Skills and Employment Action Plan as a concept. WMC to explore type most relevant for Wales.
23	Develop plan to enhance in-house capacity of employers and increase capacity for informal learning.	LSCs, RDAs, C. of Excellence	Fully support. WMC to drive forward with NC-ELWa and HEFCW and other partner bodies.
Raising standards of the supply-side: teaching, research, knowledge transfer			
24	Establish incentives to recruit and retain new teachers to business and management studies.	Govt., LSDA, LSC	Fully support. WAG and NC-ELWa and HEFCW to take forward.
25	Develop research programme to improve process of management learning.	ESRC, employers, providers.	Fully support. WMC to take forward with Business Schools, HEFCW, and WDA
26	Redirect management research towards agenda responsive to needs of practising managers	ESRC, ILM, CMI, BAM	Fully support. WMC to take forward with Business Schools, HEFCW and WDA
27	Transfer leading edge research into teaching	ESRC, LSC, LSDA, Business Schools	Fully support. WMC to take forward with Business Schools, HEFCW, and Fforwm
World Class Business Schools			
28	Allow Business Schools to be more autonomous with their universities	ABC, UJK, VCs	Not sure about the relevance or importance of this to Wales. HEFCW and Business Schools to advise.
BETTER LINKAGES			
Linking demand to supply			
29	Develop on-line signposting	Govt., employers, UFI, providers	Fully support. This is a key part of WMC's strategy and the national Agenda for Action.
Making it happen			
30	Establish a strategic body for management and leadership	DfES, DTI, SSDA	Wales already has one – the Wales Management Council – who should be given the responsibility to take these actions forward, in partnership with WAG, NC-ELWa, and HEFCW, WDA, membership organisations, providers and employers.

General notes on CEML final report recommendations

Wales has the huge advantage of having fewer public organisations involved in the management and leadership development than UK, and a smaller business population.

Using WMC as the driving force, it should be possible to implement a large number of these recommendations more quickly than in UK, so that Wales can be seen as a leader in this field.

WAG may need to give some further thought to the impact of devolution on UK-wide management and leadership development initiatives.

If the UK Government is taking an immediate lead on action points that can benefit Wales, we should aim to take full advantage.

Wales should ensure that it is properly represented on any UK-wide bodies that are deliberating on these issues.

A line of communication should be established by these representatives with WMC to ensure that our national input is properly co-ordinated and a cohesive position is maintained.

WMC should have a role in ensuring that UK-based action is not duplicated unnecessarily.

If the UK Government is tardy, we should give serious consideration to implementing action points for Wales alone.

APPENDIX 5

Management Skills for the Future ¹⁰⁹

1 Technology Skills

Current and future managers will need to be able to understand the developing technology in order to:

- understand the potential use of the technology in their organisation and the rate at which the technology is developing
- understand the implication of the developing technology on markets
- understand the probable future developments in technology which could affect their organisations as a threat and as an opportunity
- be an effective user of the technology, as a car driver rather than a specialist mechanic, in order to provide a role model within the organisation
- be able to set out the required outcomes from technology systems in order to be able to prepare a brief for design specialists
- be able to understand technological solutions being put forward by more technology literate staff.

Given this level of understanding and technology competence, managers should be able to:

- develop their people management skills to deal with the additional requirements of managing distant relationships with staff, suppliers, customers and partners, and the implications, opportunities and threats of a 365/24/7 approach to working patterns
- carry out their responsibilities for financial and physical management in a far more effective manner
- manage information internally between staff and externally to and from customers, ensuring productive use, and avoiding information overload.

2 Leadership Skills

Leadership and mentoring skills are currently recognised as a requirement of managers but more emphasis should be placed on the development of leadership and mentoring amongst managers of the future. There will be an emphasis on leading multi-disciplinary teams and providing leadership for dispersed staff. This is of particular importance in the development of senior managers in Welsh organisations.

3 Entrepreneurship

It is essential that managers develop entrepreneurship skills if Welsh organisations are to develop and flourish within an increasingly competitive future business environment. Entrepreneurship skills are required in order to:

- be able to identify opportunities for their own organisation and to investigate and develop these opportunities for the benefit of the organisation

¹⁰⁹Wales Management Council (2002): *Creating Future Good Management Practice*

- be able to take advantage of any opportunity to establish own business, or a subsidiary of the original business, for personal benefit, for the provision of new employment and benefit to Welsh GDP.

4 Use of time

Technology enables more information to be available quicker, enables global communication on a 24/7 basis. This can lead to stress problems amongst managers, so time management and developing the ability to say 'no' become even more important for managers. It is essential for managers to be able to take quality time out from the routine duties to undertake strategic thinking both as an individual manager during working hours and as a team of managers considering strategic issues for the organisation.

5 Other skills

Other skills that require greater emphasis in future include:

- To have an open mind to consider all possible options and methods of working
- To have an understanding of risk assessment and develop risk management skills
- To have an understanding of knowledge management
- To be open to share information and work in partnerships with other organisations
- To be able to identify the greater skills and commitment required by employees and be committed to the development of their staff
- To learn the process of learning
- To be committed to their own continuous professional development as managers
- To have the confidence to be able to take on a proactive staff development role to develop trust and ensure a commitment of the employees to the use of technology, customer focus, team working, continuous improvement and continuously develop their own skills.

APPENDIX 6

Small Firms Enterprise Development Initiative: There Is Another Way

1 Rationale

SFEDI is concerned that funding of prescriptive workforce development initiatives for small businesses, through DfES and the Small Business Service, is not achieving the required impact or optimum return on investment.

This short paper, proposing 'another way', is a promised outcome from a DfES-sponsored workforce development initiative to develop Employer Learning Networks for small businesses. The SFEDI project was one of seventeen funded by DfES. The SFEDI, small business, e-learning networks, good practice project has a reach of 400,000 small businesses, through four websites, for a DfES investment of £195,000.

This paper is informed by

- SFEDI's project
- five years of practical work with the aim of raising the standard of small firms' learning interventions
- the work of the SFEDI board
- the SFEDI Research Advisory group and the Products & Services Advisory groups

Particular input was sought, gained and included within the paper from:

- Michael Davis, Managing Director, Centre for Enterprise
- Dr Lew Perren, Adviser to Council for Excellence in Management and Leadership SME group

The proposals advanced in this paper have policy implications that would particularly affect the Regional Development Agencies, Learning and Skills Councils, Business Links, National Training Organisations in England and government supported organisations such as Investors in People UK, Basic Skills Agency, Health & Safety Executive and the Small Firms Enterprise Development Initiative itself.

2 Provision of Government Funding for Workforce Development in Small Firms

We believe that a change needs to take place in the way in which government funding is provided to support workforce development initiatives in small firms for the following reasons:

There is little demand from entrepreneurs for the myriad of schemes being offered. Equally, there will be little demand for a new cohort of repackaged, 'networked' and remarketed programmes that are based on the premise that 'skills development is good for you'.

Engagement with formal programmes of workforce and management and leadership development is easier to gain from managers in small and medium enterprises than from entrepreneurs. Overall, however, the level of engagement is still under one in ten. This level is unlikely to increase greatly unless new routes to market are employed, with different offers for small firms.

The credibility, value for money and return on investment of government-sponsored initiatives for workforce development in small firms is being sorely tested by the incredibly high investment cost in marketing, PR, advice and delivery to meet government targets per 'successfully engaged' business. In the last ten years, huge sums of money have been spent in TECs, Business Links and NTOs (and their equivalent bodies), together with direct investment in Investors in People UK and other Agencies. These £millions have gained just under 7,000

Investors' recognitions from public, voluntary and private sector small and medium enterprises, and perhaps the achievement of around 40,000 NVQs in small firms. The prime target is the 360,000 small firms of between 5 and 49 employees who employ 4.5 million people, and here the take up to investment ratio would be even worse. The targets/outputs set by Government are part of the reason for insufficient return on investment.

Small businesses see workforce development as only one of an array of options which could improve their competitive position. Investing in the workforce is only one strategy for boosting productivity. Sometimes a business case can be made for workforce development, but not always. In these cases, it is still possible to target individuals regarding the case for their personal development. In other words, it may not be possible to convince the owner manager of the business case for a whole organisation workforce development intervention, such as Investors' "Building a Better Business" programme, but it may be possible to persuade the owner manager or staff members to invest in developing their skills through short courses, mentoring or online assistance. From this small starting point at the individual level, DfES and SBS can still ultimately gain their desired organisational outcome of Investors in People recognition.

In other words, the initial offer to small businesses is often too big and complex on the business case where the starting point would better be a small step of demonstrating the benefits of learning at an individual level.

When engagement with an appropriate offer for the small business does occur, delivery of the workforce development initiative is often inappropriate in scope, quality and 'small business friendliness'. Sustainable workforce development initiatives for small firms will not occur until the delivery network provides the value that the owner manager deserves.

We know the owner manager values:

- learning through problem solving in the 'here and now'
- learning/networking with peers
- small learning bites at times and places convenient for small businesses
- informal mentoring
- delivery in an appropriate language for small businesses
- delivery through facilitators who have credibility with the owner manager.

Conclusion:

There is insufficient progress in getting the means, media and the people geared up to deliver appropriate workplace development initiatives. This should be the main focus of SFEDI on behalf of the DfES and the SBS.

SFEDI can set and disseminate national standards and good practice.

For the benefit of the delivery network and their small business customers, SFEDI should endorse the means, media and people (delivery centres) against these standards/good practice.

3 How to refocus the offer and stimulate demand for workforce development in small businesses

Focus on the owner manager/entrepreneur and implement the recommendations of the Council for Excellence in Management & Leadership. Specifically, this means:

"join the entrepreneurs in their world and tap seamlessly into the activities that they would be undertaking as a normal part of running their businesses. Management and leadership development needs to become an integral part of the entrepreneur's life and it needs to mimic the informal opportunities that many successful entrepreneurs experience".

This can only be achieved through a willingness for the DfES and the Small Business Service to provide support and funding to the private sector to arm them with appropriate workforce development interventions. Constantly pouring government money into the small part of the existing, publicly funded business support network will never succeed in 'joining the entrepreneurs in their world'.

We need to recognise that this will also mean non prescriptive, informal mechanisms to develop management and leadership development.. This is why SFEDI's approach to the Employer Learning Networks project was to provide a rich diversity of business problem solving learning opportunities, through websites with which small businesses were already engaging in great numbers.

Focus on the manager in small and medium enterprises. Unlike the owner/manager/entrepreneur, the managers of small businesses will be more likely to buy informal development opportunities. This has been proven by such programmes as "Building a Better Business", (Investors in People for small firms). However, there is a need to provide very short, practical, learning interventions that link to the development needs of the business. Currently, there is a great shortage of such appropriate 'courses', appropriately delivered. It is necessary, however, to focus on the manager in a small business, because there needs to be a champion for learning and skills development in small firms, given the absence of a Personnel or HRD manager in companies this size.

Focus on prospective owner managers during start-up support programmes. Only Government can take the lead in equipping the next generation of entrepreneurs in small businesses with the appropriate skills for competitiveness and in enabling workforce development in their business ventures. Targeting prospective owner managers/entrepreneurs is a more effective strategy than constantly trying to change attitudes of existing owners of established businesses. We need to invest significantly in better quality start-up development programmes for those intending to recruit staff for their new businesses. We cannot afford to keep giving start ups second best in support from advisers, trainers, coaches, mentors and learning media. We must step up the quality of this support in order to stimulate good practice in workforce development from future generations of owner managers.

Focus on the individual in the small business. The concept of Individual Learning Accounts, particularly the pilot of the Small Firms Learning Account, for which approaching 300 firms have registered, recognises our earlier point that it is not always appropriate to present the business case for training. Indeed in some cases it is not even relevant, such as when a business competes on product price alone and requires low skilled, minimum waged workers to provide that product. In many cases, it is better to promote the benefits and to provide the opportunities for the individual to learn to further their contribution and career.

4 Improve the delivery network and the 'language' of delivery.

Even with a refocused offer, the market for workforce development in small businesses will not be stimulated unless the following areas are addressed.

It appears that Learning & Skills Councils will be the initial organisations contracting for workforce development in small businesses. Both they and the Small Business Service should not be restricted to the current, publicly funded small business and learning and skills support network of Business Links, NTOs, approved centres for NVQs and Modern Apprenticeships etc.

We need engagement through the formal and informal support networks that small businesses are already choosing in 'their world', rather than asking them to engage with a new world of suppliers. This means incentivising the private sector for engaging with small businesses and

then assisting in the delivery of workforce development initiatives. Developing these private sector incentives for DfES and SBS to enable quality assured delivery to small businesses, very much fits with SFEDI's endorsement role. We believe that Government should give SFEDI this independent role and fund SFEDI to provide it, on the understanding that SFEDI consults with and achieves 'buy in' for the proposals from four, key partners namely:

- the Council for Excellence in Management and Leadership,
- Investors in People UK,
- NTO National Council (or its successor), and
- the University for Industry/Learndirect.

The improvement of advice and guidance for workplace development interventions. Another reason for engagement of small firms with private sector, small business, learning and skills support, rather than just the publicly funded sector, is that small businesses really need mentors who understand what is available, at what time and at what price. The mentors should know who is good and the deals on offer. All too often, providers write up their learning offer in terms of publicly funded outcomes - eg NVQs, Investors, Modern Apprenticeships - whereas businesses identify their learning needs in terms of business problems. It is generally left to the business to try and work out which learning offer best meets their needs. Similarly, liP and Business Link advisers in general have few incentives to broker learning deals. Indeed, many are worried about giving referrals to private sector suppliers.

We must have an advice and guidance network for workforce development that includes 'incentivised' learning introducers, who don't just signpost to Learndirect, they set up the appropriate 'course' for the owner manager.

Building workforce development for small firms, in small steps, with bite size learning opportunities. We know that very few small businesses are interested in assessment, qualifications or quality awards, unless they need them to trade, or they receive them as an 'added' bonus' for completing something they wanted to do for other problem solving business reasons. The delivery network must, therefore, be capable of developing small interventions that meet the language of small businesses, ie 'How do I?', 'Who knows about?', rather than, say, being sold an NVQ in Customer Care, or Investors in People recognition.

Small firms often have long term plans, training budgets and strategies, but they are often not referred to as such, or even seen as such. Consequently, small firms miss out when it comes to complying with the conditions for grant funding under government supported initiatives because the government 'rules' do not fit the way small businesses operate. We must put skills development opportunities into a small business context.

If, for example, we target to achieve 20,000 Investors in People recognitions per year from 2004, then this should be an outcome of 100,000 small businesses starting down the road in 2002 through taking a small 'bite' of learning to solve a day-to-day business problem. In other words, the eventual case for Investors recognition is proven over a much longer period of time. Learning networks and a whole range of successful learning interventions for individuals will precede pushing the small business case for gaining Investors in People recognition.

Building in peer based activities and development of facilitators of learning and workforce development in small firms. We know that the academic-type training or assessment-based route to qualifications is still popular for managers and their staff in larger firms, but it is also proven that, for the most part, this is not popular in small businesses. However, we do know that learning networks, group training approaches and informal mentoring and facilitators (rather like an action learning approach to problem solving) are both popular and welcomed by small businesses. They provide long term motivation to the owner managers to keep investing in personal and staff development.

The existing delivery network and the requirements of assessment bodies (in order to draw down government funding), is presently incapable of delivering the type of learning that small firms like. In the same way as the Small Business Service is investing in business adviser training and development with the help of SFEDI standards, so SFEDI would like to assist SBS on the next phase which we propose is an investment in small business learning introducers, facilitators and mentors.

The improvement of the learning and skills development media available for small businesses. This is a prime role for SFEDI, through its endorsement and dissemination programme. We need to ensure that SFEDI endorsed good practice is used and built upon consistently through the delivery network.

5 Change the targets/outcomes required for government funding of workforce development initiatives in small firms.

a) We must change the funding process from being biased towards the learning output, rather than the delivery. Businesses and individuals should determine their own learning benefits package. They can decide why they would or would not participate in a particular learning activity. The benefits will be quite specific to an individual or business, depending on their personal/business circumstances. It is not acceptable to place the emphasis on learning output (e.g. a part or full qualification) as this pushes providers down the route of producing generic offers and often leaves the quality of the learning experience unchecked.

b) If, however, the emphasis is placed on driving up standards in delivery, it would still lead to quality outputs without being prescriptive to the individual or the business. By certifying the provider to deliver the learning experience to an appropriate quality standard, we can then leave the individual to determine what 'qualification' or recognition for their achievements they will seek. Each of these certified providers can offer a whole range of SFEDI endorsed learning interventions for staff in small businesses. Each SFEDI endorsed learning intervention can be given a 'guidance value' as to how it may contribute to Investors in People and EQFM recognition.

c) The analogy is to think about a Health and Fitness Centre. The Centre will provide a broad suite of facilities and experiences in which members can participate and it is against these standards that the Centre is judged. Within that, individuals, guided by coaches, determine their own personal goals - to lower blood pressure, to improve personal fitness etc. - and they use the Centre's facilities to achieve these goals. SFEDI can help DfES and SBS achieve fit small business 'members' through workforce development delivered by approved centres. The small business members will be recruited through naturally occurring, private sector partnerships aided by government incentives. When introduced to their centre, they will be offered a broad range of SFEDI-endorsed learning interventions from qualified advisers, mentors, trainers and facilitators. The individual can use achievement of their learning goals to gain a nationally recognised certificate and the business can use achievement of organisational workforce development goals to achieve Investors in People recognition.

APPENDIX 7

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APPENDIX 8

List of Abbreviations

ABS	Association of Business Schools
ACAS	Advice Conciliation and Arbitration Service
AMBA	Association of MBAs
AOC	Association of Colleges
BAM	British Academy of Management
CBI	Confederation of British Industry
CCETs	Community Consortia for Education and Training
CEML	Council for Excellence in Management and Leadership
CIPD	Chartered Institute of Personnel and Development
CMI	Chartered Management Institute (formerly Institute of Management)
DFES	Department for Education and Skills
DTI	Department of Trade and Industry
EAGGF	European Agricultural Guidance and Guarantee Fund
EC	European Commission
ERDF	European Regional Development Fund
ESF	European Social Fund
ESRC	Economic and Social Research Council
FE	Further Education
FSB	Federation of Small Businesses
GDP	Gross Domestic Product
HE	Higher Education
HEFCW	Higher Education Funding Council of Wales
HEI	Higher Education Institution
HESA	Higher Education Statistics Agency
HRD	Human Resource Development
ICAEW	Institute of Chartered Accountants in England and Wales
liP	Investors in People
ILM	Institute of Leadership and Management (formerly Institute of Management, and National Examination Board for Supervisory (NEBS) Management)
IOD	Institute of Directors
IS	Industrial Society (now renamed The Work Foundation)
LSC	Learning and Skills Council
LSDA	Learning and Skills Development Agency
NC-ELW	National Council - Education and Learning Wales
NVQ	National Vocational Qualification
OFSTED	Office for Standards in Education
QAA	Quality Assurance Agency
QCA	Qualifications and Curriculum Authority
RDA	Regional Development Agency
SBS	Small Business Service
SFEDI	Small Firms Enterprise Development Initiative
SFRU	Small Firms Research Unit, Cardiff University
SMEs	Small and Medium Sized Enterprises
SSC	Sector Skills Councils
SSDA	Sector Skills Development Agency
TUC	Trades Union Congress
Ufi	University for Industry
UUK	Universities UK
WAG	Welsh Assembly Government
WCVA	Wales Council for Voluntary Action
WDA	Welsh Development Agency
WEFO	Welsh European Funding Office
WLGA	Welsh Local Government Association
WMC	Wales Management Council

