

Management Development in Wales



A survey of current practice
2004 - 2005



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The Wales Management Council is an employer-led body, funded by the Welsh Assembly Government to promote the development of managers in the private, public and voluntary sectors in Wales.

The Wales Management Council aims to inspire, motivate and drive change in the perception, delivery, take-up and funding of management and leadership development in Wales.

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Welsh Assembly Government

WALES MANAGEMENT COUNCIL

MANAGEMENT DEVELOPMENT
IN WALES

*A survey of current practice
2004 - 2005*



Cyngor Rheolaeth Cymru
Wales Management Council



FOREWORD

Good leaders and managers are the key to successful organisations, but do we do enough to help our managers develop their skills to compete in today's tough markets?

Recent research from Cardiff Business School has identified 1600 providers of management and leadership development programmes in Wales, with over 17,000 different ways of helping managers develop their skills.

But are managers in Wales taking advantage of this plethora of provision? Do they even know it's there?

We wanted to find answers to these questions, and in doing so develop a clear picture of "the state of the nation" in terms of management and leadership development in Welsh organisations.

The research summarised in this report provides

- hard evidence to show how Welsh businesses and organisations help their managers to develop and improve
- base data against which progress in future years can be measured
- critical facts to influence policy makers, funders and training providers.

This report is based on a mass of statistical evidence gleaned from over 1500 organisations of all sizes and from all sectors via postal and telephone questionnaires. We have tried to present the evidence in the most user-friendly way possible. Figures are rounded to highlight their key message, as decimal point precision is largely irrelevant, and we have freely interpolated opinions, observations, and comparisons with other research. We hope this approach will make the report both readable and informative.

We would like to thank

- Stuart Cook of Strategic Marketing, Cardiff for his creative help in developing the questionnaire and methodology for this research, and all members of his team who conducted the research, and analysed the results
- All those who responded to the questionnaire in writing or via telephone interview. It is your voice that matters, and we are grateful to you for letting us hear it.

As in all research projects you will find here results that you expect, results that are disappointing because they are inconclusive, results that support your favourite theory, and results that make you think or think again.

We hope that this report will stimulate a great deal of thinking, and, much more important than that, some real action to ensure that managers in Wales develop their skills to an even higher level to meet the economic and market challenges that are facing them.

Wales Management Council

February 2005

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I. EXECUTIVE SUMMARY

a. Aims and objectives

The aim of this research was to carry out a robust and statistically valid, cross-sector survey of the extent and nature of management and leadership development activity in companies and organisations across Wales. This will provide information and data against which future developments and progress can be measured, and to which policy makers, funders, and training providers can respond.

b. Response profile

The research questionnaire was sent to just under 10,000 organisations across Wales. 592 organisations replied, a response rate of 6%. This was boosted to 1,576 with the addition of 984 telephone interviews.

77% of respondents were from organisations with less than 50 employees; 23% were from organisations with over 50 employees.

All sectors were represented, but dominated by wholesale, retail and catering (25%), manufacturing (22%), education, health, recreation, and other services (19%), financial and business services (16%).

27% of respondents were recognised or committed to achieving Investors in People; 14% were not pursuing but considering IIP; 58% had no interest in pursuing IIP.

36% of organisations (mostly those with less than 10 employees) do not undertake any management development at all. This is most prevalent in the construction, agriculture, retail, and hospitality sectors.

The responses, weighted by employee numbers, suggest that there are 181,600 managers in Wales.

c. Definitions

We based our definition of management and leadership skills on the work carried out by the Council for Excellence in Management and Leadership (CEML) in 2002 and the new National Occupational Standards for Managers completed in 2004. We focused on three core skill areas: *thinking*, *people*, and *task*.

d. Skills

We attempted to find out which management and leadership skills organisations think are the most important, and where they devote most attention and resources. The responses were largely inconclusive, with responses evenly balanced across all three of the options listed above. *Task* and *people* abilities came out slightly ahead of *strategic thinking*, though this scored more highly with smaller companies than large, who focused on *people* skills. Further analysis of *people* and *task* skills provided little conclusive information. All this however suggests that the problem may lie in the language of the questions as managers do not naturally categorise their activity in this way. However, categorisation of some sort is vital if managers are going to explore the strengths and weaknesses of their own management skills as a way in to defining their development needs.

e. Development

We asked how managers develop their skills on-the-job and off-the-job. *Getting better by practice* topped the poll of on-the-job options, followed by *mentoring, job shadowing* and *advice from others*. From the off-the-job options, *in-house training (away from desk)*, and *self-directed learning* scored high, followed by *external seminars/conferences* and *external courses*. The prevalence of in-house training over external training was notable, as was the lack of emphasis on *networking* despite the fact that this is seen by many as an integral part of attending seminars and conferences.

f. Training

Moving from the “what” and the “how” to the “how much”, we asked how much management training does each manager receive each year. The mean was 6.5 days. 60% of organisations say that their managers receive 1 – 5 days, 25% say 6 – 10 days. Larger organisations (over 50 employees) invest in more training days than smaller. The overall estimate of the number of management training days that take place each year in Wales is 550,240 with an estimated total spend of £138 million. 22% of organisations have a training budget, and this is much more prevalent in larger organisations. On average, those who have a training budget devote 33% to management training, but this rises to 40% in smaller organisations. 80% of small businesses in Wales do not have any training budget at all. Larger organisations are more likely to have a specific training plan for managers than smaller. Training plans for managers are selective, with 75% of organisations having plans for less than half their managers. Just under 40% of those with training plans for managers include both on-the-job and off-the-job learning. Those who follow programmes leading to qualifications put business schools and universities at the top of the list of where those qualifications come from. Very few organisations use other awarding bodies such as CMI, ILM or CIPD. 65% of organisations say their training takes place mostly in Wales, 20% said that it was equally divided in and outside Wales, 15% said mostly outside.

g. Advice

Recent research from Cardiff Business School identified 1600 providers of management and leadership development, and 10,000 different programmes or offerings. We wanted to find out where organisations get advice to find their way through this maze. Colleges and universities came top of the list, followed by WDA (who have no specific remit for management development), and then ELWa, accountants, banks and Learn Direct.

h. Change

Finally we asked what respondents believed needed to change to increase the provision and take-up of management and leadership development in Wales. There was a positive response to all the options given, but those receiving the highest scores were:

- Learning approaches more closely aligned to the development needs of the business
- Training that fits seamlessly into the way organisations work normally
- Learning approaches that integrate on and off the job training
- Evidence that management development is a profitable investment.

Mentoring scored in the mid-range over all, but higher with larger organisations. *Informal forums* for managers to share experiences scored low over all (as did *networking* above), but was rated high by larger organisations.

i. Action

Out of this research we have identified ten actions for the future:

- *Future research*
Repeat this research every two years to measure progress
- *Development priorities*
Help businesses understand the range of management skills that they need
- *Strategic thinking*
More emphasis to be given to strategic thinking and planning
- *Informal v. formal learning*
Think about training “in the round” to embrace formal and informal methods
- *HE, FE and in-house training*
In future research, differentiate HE/FE provision, and explore who provides in-house training
- *Networking*
Facilitate informal learning and problem-solving networks
- *Mentoring*
Increase mentoring capacity and support
- *Training days*
Persuade businesses to devote more time to management development
- *Training location*
Research the reasons for take-up of training outside rather than inside Wales
- *Help and advice*
Capitalise on trust placed in college and universities.

2. INTRODUCTION

The Wales Management Council aims to

“Inspire, motivate and drive change in the perception, delivery, take-up and funding of management and leadership development in Wales.”

We believe that managers matter. It is the quality of managers in Wales that will make the real difference to the success of our businesses and organisations, and to growth in the Welsh economy.

There is a great deal of anecdotal evidence, and some hard research, that point to the fact that in Wales management development is perceived as being of little importance, and the take-up of management development opportunities is low.

But is this a true picture? Are we guilty of “doing ourselves down” and not recognising or understanding what is actually going on.

We felt that we had to get to the bottom of this, and try to capture a snapshot of the “state of the nation” in relation to what organisations in Wales are actually doing to develop their managers and leaders today.

We therefore commissioned Strategic Marketing, Cardiff in 2004

To carry out a robust and statistically valid, cross-sector survey of the extent and nature of management and leadership development activity in companies and organisations across Wales.

The purpose of this is two-fold. The research will provide information and data:

- against which future developments and progress can be measured
- to which policy makers, funders, and trainers can respond.

What we mean by management and leadership development is explained in Chapter 3.

The research results are in Chapters 4 – 8.

Chapter 9 offers some thoughts about future action.

The methodology, survey questionnaire and profile of respondents are set out in Appendices 1 – 3.

Appendix 4 provides a full list of the new National Occupational Standards for Management and Leadership.

Appendix 5 contains the Executive Summary and key Conclusions from the complementary research conducted by Cardiff Business School in 2004 into the provision of management and leadership development opportunities in Wales.

We are planning further, qualitative, research to assess the value and impact of management and leadership development activity on business results during 2005.

3. DEFINITIONS

What do we mean by management and leadership development?

When we set out to draw up the specifications for this research we were faced with an immediate problem. We wanted to explore “the extent and nature of management and leadership development in Wales”, but what did we mean by “management and leadership development”, and even if we explained this satisfactorily to ourselves, would anyone else understand what we meant, or see it in the same way?

We faced the same problem in 2002 when we were writing *Management and Leadership Development and Training in Wales – An Agenda for Action*. In that document we argued that a description of management and leadership skills was a pre-requisite for further action, as such a description not only helped to define roles, but also provided an essential framework for further development.

Agenda for Action opened with a quotation from the Chartered Institute of Personnel and Development from their 2002 publication *Developing Managers for Business Performance* which said that “Management education (is) a term generally used to describe the wide range of influences that bring about improved capability and performance for individuals and organisations.” Which is helpful in that it highlights the depth and breadth of the problem.

In Chapter 11, pages 43 – 50 and Appendices 1 and 2, of *Agenda for Action* we provided a number of lists of management and leadership skills, all complementary rather than contradictory, but all exacerbating the problem of finding a core definition which would give a meaningful basis to this research.

The simplest way is to use a combination of two analyses of management and leadership skills, the first from the Council for Excellence in Management and Leadership (CEML) published in 2002, which was a precursor to the second, the National Occupational Standards for Management and Leadership published in 2004.

The CEML list has three main categories, with eight sub-headings, each broken down into six skill areas, making a grand total of 48 skill headings. The main headings are

- Thinking Activities
 - Think Strategically
- People Abilities
 - Manage and lead people
 - Lead direction and culture
- Task Abilities
 - Manage activities
 - Manage information
 - Manage resources
 - Manage projects
 - Manage quality .

In 2004 those working on the new Management Standards started off with a definition which was to form the background and basis for all their subsequent work:

“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 resources.”

The National Standards themselves categorised management and leadership skills under six headings, each with sub-headings as indicated by the numbers in brackets below, a total of 47 skill areas:

- Managing self and personal skills (3)
- Providing direction (12)
- Facilitating change (6)
- Working with people (7)
- Using resources (7)
- Achieving results (12).

The full list can be found in Appendix 4.

These two complementary lists were the starting point for our research, but some further simplification was necessary to focus on the key areas of management development as seen by companies in Wales.

These skill definitions were also used as the basis for the complementary research by Cardiff Business School in 2004 to map the provision of management and leadership development across Wales.

But the big question remained, just because we found these lists helpful, would managers in the field take the same view when they began to answer our questionnaire? The responses in the next chapter suggest that more work needs to be done to make these lists meaningful.

4. SKILLS

What management skills are the most important?

The most important questions in the survey relate to the “how”, “where”, and “how much” of management and leadership development in Wales. But before getting to these we needed to explore the “what”: which management and leadership skills do organisations think are the most important for them, and where do they devote most attention and resources?

The previous chapter has identified that lists of management and leadership skills are extensive, but we knew that it would be counter-productive to attempt any exploration of the 47 individual items in the new occupational standards for management and leadership (see Appendix 4).

Instead we took a simpler breakdown developed by the Council for Excellence in Management and Leadership (CEML) in 2002 which categorised management and leadership skills under three headings:

- Thinking abilities – future vision, strategy, direction
- People abilities – leading people, managing relationships
- Task abilities – managing resources, activities, quality

We asked respondents to divide 10 points across these three to “reflect the division of resources that you devote to improving managers’ performance.”

Overall, respondents tended to give equal weightings to each of the three categories. This might reflect reality, but is just as likely to reflect that they do not really know the answer, which is probably an issue for all the questions in this chapter.

However, the fact that over all *strategic thinking* takes third place, albeit by a small and may be dubious margin, is a matter of concern.

There is some evidence that large and small organisations have different priorities, but this is not statistically significant:

Small companies devote more management development resource to developing *strategic thinking* abilities than larger companies. This is not surprising, because owner-managers in small companies are more likely to be involved directly in strategic decision making.

Large employers devote more resource to developing *people abilities* than in smaller organisations. Again not surprising because managing large teams is a key issue for larger organisations.

We then explored *people abilities* in more detail, asking respondents to divide points equally between:

- Managing and leading people
- Manage self
- Leading direction and culture
- Managing relationships.

These headings were linked to the new occupational standards for managers and tied in with the categories used by Cardiff Business School in their mapping of the provision of management and leadership opportunities across Wales (see Appendix 5).

Once again, statistical significance is weak, but there are some pointers:

For Wales as a whole, *managing and leading people* scores highest. More emphasis is given to this skill by larger organisations than smaller organisations, which reflects the answers to the previous question.

There is little difference between the other factors.

We went on to explore attitudes to *task abilities* under the following three headings:

- Manage resources
- Manage information
- Manage activities and quality.

As above, statistical significance is weak, but there are some pointers.

For Wales as a whole, *managing activities and quality* is given the most emphasis, but only marginally more than *managing resources*. *Manage information* is clearly last in importance.

There is no difference between large and small companies on any of the three areas.

On one level, all these results are disappointing in that they do not give clear and statistically valid answers to the questions we were asking. However, we are also acutely aware that the problem may well lie in the questions, rather than the answers.

We know from other research that categorising management and leadership activity is not something that engages the attention of managers, particularly those in small businesses. Managers know what they have to do and get on with it. What is the point of worrying about which skill category the current task falls into? Not a lot in relation to getting the job done and achieving results. But it does matter when you start thinking about what you are good at, and more important, what you are not good at. Then some kind of analysis is vital.

The problem highlighted by this part of the research is not the focus of development activity, but the difficulty of identifying development needs against the huge range of abilities every manager has to demonstrate every day.

You could argue that getting the job done is not enough. Getting the job done better, with better results, is what matters. That lies at the heart of this research.

Next time, we may need to ask questions that are closer to the way managers themselves think about the jobs they are doing and the results they want to achieve.

5. DEVELOPMENT

How do managers develop their skills?

Most people recognise that management and leadership skills are best developed through a mixture of on- and off-the-job learning. We wanted to find out which methods are used most frequently.

a. Learning on-the-job

In the survey we suggested seven on-the-job ways of learning, with a free form option at the end:

- Mentoring and coaching
- Planned on the job development
- Getting better by practice
- Job shadowing/learning from colleagues
- Advice from other people in the business
- Planned in-company job rotation
- External placement or secondment
- Other

This was not meant to be a comprehensive list, but we tried to capture as broad a range of activity as possible, and we hoped that a list of this type would encourage respondents to think widely about the learning and development that takes place in their organisation.

We asked respondents to say whether they used these methods “never”, “occasionally” or “repeatedly.”

Approximately 33% of organisations use one or more of these approaches “repeatedly”, which rises to over 40% when weighted by the number of employees. And a further 33% use these approaches “occasionally.”

Getting better by practice tops the table and is repeatedly used by 70% of organisations.

Mentoring and coaching, job shadowing/learning from colleagues and *advice from other people in the business* are used repeatedly by approximately 40% of organisations. Larger organisations are more likely to use these approaches repeatedly than small organisations. Between 25% and 33% of organisations with less than 10 employees never use these approaches compared to 5% to 10% of organisations with 250+ employees.

Planned on the job development is repeatedly used by only 33% of organisations, but it is much more prevalent in larger organisations. 66% of organisations with 250+ employees use this repeatedly, compared to just over 25% of organisations with less than 10 employees.

Planning in-company job rotation (10%) and *external placement* (5%) are used repeatedly by only a small number of organisations.

In summary there are perhaps no real surprises here. It is clear that the more informal the approach, the higher the use. However, this must be put in context of the data in the next chapter relating to the percentage of organisations that include informal, in-house learning as a part of the training plans for their managers: under 40% of respondents include both on- and off-the-job training “most of the time”.

b. Learning off-the-job

We next asked about off-the-job learning, using the following list of activities:

- In-house skills training (away from desk)
- External seminars and conferences
- Networking with managers in other organisations
- External taught course leading to a qualification
- External taught course not leading to a qualification
- Self-directed learning on a set topic
- Other

The difference between large and small employers is even more marked here than in on-the-job training.

Approximately 17% of organisations repeatedly use one or more of these off the job approaches. Weighted by employees covered this rises to 37%, which reflects the fact that large employers use off-the-job training significantly more than small employers. This applies across the various approaches except for *self directed learning* and *networking* where the differences are not significant.

Just over 37% of organisations use one or more of these approaches occasionally.

In house training (away from the desk) and *self-directed learning* are used repeatedly by more than 20% of organisations. But this covers 50% of all employees because of the much greater use by large companies.

External seminars and conferences are used by just under 18% of organisations.

External courses leading to a qualification are repeatedly used by 17%.

External taught courses not leading to a qualification are used repeatedly by less than 10% organisations.

Networking with other managers is used repeatedly by 12% of organisations, but more than 50% never use this approach.

The main surprise here is the prevalence of in-house training that is away from the desk over external training courses. With hindsight it would have been valuable to ask whether this in-house training was organised and delivered by the company themselves, or whether they brought in external trainers to deliver it.

External seminars and conferences also score high. Once again this begs a further question about the effectiveness of these events as a learning and development experience. Anecdotal evidence would suggest that the level of attendance is not matched by the take-away benefits. It also raises some further questions about the low emphasis put on networking. Almost every business conference is designed to give many opportunities for managers to network. Despite this, it is clear that respondents do not see networking in the context of learning and personal development, but there is a considerable body of other research that shows that for small businesses learning from peers, inside and outside your own organisation, is regarded as one of the most effective development routes.

6. TRAINING

How much management training is going on?

One of the key reasons for conducting this research was to provide base-line data against which progress can be measured in future years. Therefore, questions about the amount of training, training plans, qualifications, and the location of training are critical.

We believe that the amount of management and leadership development that takes place is very important for the economic health and success of Wales. This data therefore gives us a snapshot of the current situation. Whether the situation will have improved or deteriorated in future years remains to be seen.

The first question we asked was a very basic one: “On average, approximately how many days off-the-job learning does each manager have in a typical year?” The question referred back to the off-the-job approaches summarised in the previous chapter, and we collated data only from those who responded that their managers “occasionally” or “repeatedly” used or took part in off-the-job learning.

The mean (in the statistical sense) response was 6.5 management training days per year.

But there is a wide variation between organisations:

- 60% of organisations say that their managers receive 1 – 5 days per year
- 25% of organisations say 6 – 10 days per year.

There were concentrations of responses around 2 and 5 days, and to a lesser extent 10 days, which may reflect training policies, and each organisation’s view of the most effective training package.

Small organisations tend to invest in 2 to 5 days training per year, whereas larger organisations tend to invest in more training days (5 to 10 days), but there is a wide variation even within organisations of the same size.

So how many manager training days are taking place in Wales each year?

Based on the number of managers in companies who use off-the-job training days, multiplied by the number of off-the-job training days per manager, the total is 550,240.

At a conservative average cost of £250 per training day, this relates to a total spend of £138 million. Large as this may seem, this figure is roughly 10% of the total estimated by ELWVa to be spent on workforce development in any one year.

ELWVa spends approaching £1 million per day on training in support of workforce development. Across Wales, employers and other are thought to invest a further £3-4 million each day in employment related training.

Developing the Workforce – Learning in and for the workplace, August 2004

We are also interested in whether management and leadership development is planned or ad hoc, so we started by asking whether respondents have a training budget?

22% have a training budget. This is a weighted figure which reflects the significant variations by size of organisation, with small organisations (who dominate the industrial profile in Wales) scoring much lower than larger organisations.

<i>Number of employees</i>	<i>% who have training budget</i>
1 – 9	16%
10 - 49	34%
50 - 249	56%
250 +	82%

99% of businesses in Wales have less than 50 employees. This data suggests that 80% of them do not have a training budget, and by definition 80% are not pre-planning any money for the training and development of their managers.

We then asked those who said they did have a training budget, what proportion was allocated managers. Taking the sample as a whole, about 33% of the budget is for management training, but with organisations with less than 10 employees the figure rises to nearer 40%.

We have no comparative data to judge whether these statistics are “good” or “bad” at this stage. The level of training must be related to the needs of the business, and the existing skills, or lack of them, in the workforce. A high figure for management development is not in itself a good thing, if the development needs of other members of the workforce are being ignored. However, as the drivers of productivity, service improvements, strategic thinking, and innovation, the development needs of managers should have a high priority in any organisation, and from that should grow a more informed view of the development needs of other employees.

Based on this view of the importance of management development, we next asked what proportion of managers had a training plan. This is a rather crude attempt to explore whether management training was ad hoc or more structured, and it presupposes that there is a budget to support such a plan.

Organisations with less than 50 employees are much less likely to have a training plan for managers, than larger organisations.

25% of organisations do not have any training plan for managers at all.

Among the 75% who do have training plans for their managers, this is on a very selective basis. Approximately 75% have plans in place for less than half their managers, so for the majority of managers their training is unstructured. For the other 25% of organisations most if not all managers have training plans. And let’s not forget that this is all in the context of only 22% of all organisations having a training budget at all.

The sample is getting smaller and smaller, but we wanted to explore whether these training plans included on-the-job and off-the-job learning.

The thinking behind this is that for many organisations the mind-set is that training of any sort is defined by a “formal, off-the-job, course” often from an FE college or University department (see responses in next chapter to sources of advice about management training). However, other research has clearly established the critical importance of informal, in-house training, which grows out of every day problem-solving and learning from others. This is particularly important for small businesses where the constraints of time and finance for training are often acute. We therefore believe that organisations must be encouraged to recognise such in-house training as a vital part of the training mix.

The responses from those who had training plans for their managers indicated that just under 40% included both sorts of learning “most of the time”. 60% include on-the-job training “sometimes” or “rarely”. All of which confirms that at present the majority do not think of learning and development in this holistic way.

Management development that takes place off-the-job may consist of courses which will lead to a qualification. We thought it would be valuable to explore which awarding bodies are used most often for these qualifications. We offered the following options:

- Business Schools
- Universities
- Chartered Institute for Personnel Development (CIPD)
- Institute of Leadership and Management (ILM)
- Chartered Management Institute (CMI)
- Other

As we found with other questions in this survey, there was a huge difference between large and small organisations.

Larger organisations with 50 or more employees are more likely to use business schools and universities, but this applies to no more than 10% of respondents, and usage of other bodies was at 5% or below.

Between 85% to 95% of organisations with less than 10 employees never pursue qualifications from any of these awarding bodies. Only a very small minority use CIPD, ILM, or CMI. This is consistent with overall attitudes to training in general and management training in particular, but it presents a huge marketing opportunity for awarding bodies of all shapes and sizes.

Finally, we asked where managers undertake their off-the-job training. Was Wales losing out?

- 65% said their training takes place “mostly in Wales”
- 20% said “about equal” inside and outside Wales
- 15% said “mostly outside” Wales.

Naturally this begs a question for another survey, what is on offer outside Wales that is more attractive than anything we have here, and can we emulate it?

7. ADVICE

How do managers find out what training is available?

We know that the whole training arena in Wales is a complex and confusing maze of providers, initiatives, programmes, and funding regimes. Management and leadership development is no different, and recent research suggests it could be even worse. A very recent survey by Cardiff University Business School identified 1600 providers of management and leadership development opportunities in Wales, and 17,000 different programmes or offerings. It is safe to say that not many businesses know that, but if they did, would they be delighted or bemused? We would suggest the latter, and they would certainly need help to find their way in, through, and out of the maze. We therefore asked a number of questions about advice on management and leadership development.

First of all, we asked “compared to other training and development issues, what is your experience of finding someone to advise on management development issues?”

40% of organisations find no difference between finding an advisor on management development issues and other training and development.

About 40% say it is easier, or very easy, and 20% say it is harder, or very hard.

Related to the size of the problem, as we perceive it, these results are quite encouraging. But do they reflect a lack of knowledge about what is “out there”, or a satisfaction that they know what they want and how to get it?

We then delved deeper and asked “who do you normally contact for information on management training?” The contact points are set out in the table below. The response options were “never”, “occasionally”, or “repeatedly”. We show the aggregated response below, weighted by organisations, and by employees.

	% responding “occasionally” or “repeatedly”	
	<i>Weighted by organisations</i>	<i>Weighted by employees</i>
College/University	39	77
Welsh Development Agency	36	45
ELWa	28	52
Accountant	31	19
Bank	18	10
Learn Direct	12	28

Colleges and/or universities are the most frequently contacted, followed by WDA and ELWa.

With hindsight, we now wish that we had separated the question on colleges and universities to identify more clearly whether organisations turn most frequently to their local Further Education college, or their University or Higher Education institution.

It is notable that the WDA, who have no specific remit for management and leadership development, ranks higher than ELWa who have a remit for skills development at all levels.

Larger organisations (more than 50 employees) make more use of WDA, ELW, colleges, universities and Learn Direct than smaller organisations.

Small organisations (under 50 employees) make more use of banks and accountants. This begs the very important question: are they the right people to ask? Other surveys, particularly from the Federation of Small Businesses, clearly identify that small businesses have a significantly greater trust in the advice that they receive from their bank or accountant, compared to advice from publicly funded advisors or support organisations. However, the extent to which this advice, starting as it must from a view of the organisation's finances, extends to all areas of management and leadership development is questionable. And do smaller organisations really see their bank or accountant as a first port of call for general advice on management and leadership development issues, outside of financial issues? We doubt it.

Two significant development opportunities emerge from this data:

The high ranking of colleges and universities suggests that they should be encouraged to maximise the impact of their "third mission" activities by selling their services and courses even more enthusiastically to a receptive business audience.

Despite the caveats above, banks and accountants have a unique opportunity to enhance their standing and market penetration, by capitalising on the fact that many businesses see them as a prime source of advice for management and leadership development issues.

8. CHANGE

What needs to change?

The final question in the survey asked respondents for their views on a variety of actions that could have a positive impact on the provision and take-up of management and leadership development opportunities in Wales.

We suggested eight options, with a free form question at the end to allow people to add others if they wished:

- Availability of mentoring from trusted individuals
- Learning approaches more closely aligned to the development needs of the business
- Informal forums for managers to share experiences
- Training that fits seamlessly into the way organisations work normally
- Learning approaches that integrate on- and off-the-job training
- Rationalisation of support services
- Clear evidence that management development is a profitable investment
- More information about management development programmes on offer
- Other

We wanted to break away from exploring attitudes to “what” is on offer that tend to focus on the conventional menu of formal courses and off-the-shelf training programmes. Instead the questions explore attitudes to more informal methods of management development, how that is delivered, and the rationale behind such investment.

The first point to note is that the response to the free form question at the end was so small as to be of no significance. On the one hand this suggests that our list of eight options is sound and comprehensive, on the other it could simply mean that at the end of a fairly detailed questionnaire respondents lacked the energy or will to say any more.

It is also clear from the research data that it is the size of organisation that determines differences in responses, not the sector to which they belong.

Responses to most of the actions have a higher proportion of organisations scoring 6 out of 10 or above, rather than 5 or below. Overall this suggests positive support for them all.

The actions with the highest scores were:

- Learning approaches more closely aligned to the development needs of the business
- Training that fits seamlessly into the way organisations work normally
- Learning approaches that integrate on and off the job training
- Evidence that management development is a profitable investment.

Conventional wisdom has it that smaller businesses have the greatest difficulty in understanding the importance of, and finding the time for, management development. We therefore expected the response to the question about evidence that management development is a profitable investment to score higher in the responses from organisations with less than 50 employees. In this survey the reverse was true. Organisations with over 50 employees score this higher than those under 50. But we must bear in mind that the question focused on the impact on Wales as a whole, not on individual organisations. As with all surveys, questions beg questions. Is this response indicative of a lack of

belief in the importance and benefits of management development, or are large organisations better placed to take an objective view of the needs of the whole country, where the industrial profile is dominated by small businesses.

The other top four responses argue convincingly for flexible management training and development that is integrated much more effectively to the needs and objectives of each business. This supports other research among businesses of all sizes across the UK, cited in our *Management and Leadership Development and Training in Wales – An Agenda for Action* published in 2003.

The mid range scores from all respondents supported

- Availability of mentoring from trusted individuals
- More information about management development programmes on offer.

Organisations with more than 50 employees gave higher scores for mentoring than small organisations.

We were a little surprised that the issue of information about development programmes did not score higher, as there is such a confusing plethora of providers and development opportunities in Wales, as outlined at the start of the previous chapter. However, an interpretation is that businesses believe they have their own needs well covered, and therefore they have all the information they require.

The actions that are expected to have the least impact are:

- Rationalisation of support services
- Informal forums for managers to share experiences.

There is strong evidence from other surveys that the rationalisation of support services is important to many, but if our respondents do not regard such support services as valuable, or have little experience of them, they are unlikely to score this question other than they have done, bearing in mind that for most it is the effectiveness of the support, not the rationalisation, that is of greatest importance.

Despite the low aggregated score, the idea of the informal forums was rated high by large organisations. Those with more than 50 employees score this higher than those with less, and those with 250 or more employees scored higher still. Is this an area where larger organisations have already seen the benefit of interaction with their industry peers, and would therefore like to do more of the same? And if it works for them, should we be doing more to facilitate the similar forums among small organisations?

The ranking above relates to the overall responses to the questionnaire, and is greatly influenced by the preponderance of small businesses in Wales. If the results are weighted by the number of employees, the responses of the larger organisations dominate, which gives mentoring and forums much greater importance.

9. ACTION

Action for the future

a. Future research

Action: repeat this research every two years

This research has been designed to be repeated regularly to measure the extent to which management and leadership development in Wales is increasing and/or changing in its focus or emphasis. We would argue that it takes time to implement new initiatives that will have a real impact on the take-up of management and leadership development opportunities, so the most appropriate interval for this research is every two years.

b. Development priorities

Action: help businesses understand the range of management skills that they need

The response to the questions on skill priorities clearly indicate that we need to spend more time helping people to understand the overall framework of management and leadership skills, and rephrasing these questions in language that is more relevant to those answering and more focused on the jobs they are doing and the results they want to achieve.

c. Strategic thinking

Action: more emphasis to be given to strategic thinking and planning

The fact that strategic thinking came third out of three in the skill priorities reflects that for many businesses, particularly small businesses, it is the here and now that matters most, not future direction. However, there is other evidence that small businesses in Wales devote very little time to thinking about and planning their long term strategy, so this research highlights the need for policy makers and providers to encourage businesses to devote more time to this development area.

d. Informal v. formal learning

Action: think about training “in the round” to embrace formal and informal methods

Organisations need to think more holistically about training and development opportunities so that in-house, informal learning is regarded as an essential and planned part of the training and development “mix”. More needs to be done to make funding regimes and mechanisms more supportive of both sorts of training.

e. HE, FE and in-house training

Action: in future research, differentiate HE/FE provision, and who provides in-house training

The responses to this questionnaire have revealed the need to differentiate provision and advice from Higher Education institutions and Further Education colleges, and to explore in greater depth who provides in-house (away from the desk) training.

f. Networking

Action: facilitate informal learning and problem solving networks

There is ample evidence that small businesses regard learning from their peers as one of the most effective, and trusted, development routes. Instead of allowing networking to be an ad hoc, and largely ignored, development activity, we should seek ways to facilitate it, to bring small informal groups of businesses together who can draw on their collective experience and knowledge to seek and find solutions to individual problems.

g. Mentoring

Action: increase mentoring capacity and support

The responses weighted by employees gives very strong support to mentoring. We need to build the mentoring capacity and experience in Wales to make mentoring support more widely available to businesses large and small. For further information see our 2004 report *Mentoring in Wales*.

h. Training days

Action: persuade businesses to devote more time to management development

There is no way of judging, in an absolute sense, whether the mean of 6.5 off-the-job management training days per year is a good thing or a bad thing. To assess this further qualitative research needs to be conducted into the impact and business benefits from this training. However, it is questionable whether this figure genuinely takes account of all the learning that takes place in any one year. And to that end, we would certainly expect the figure to increase in future years as managers both increase their understanding of development pathways and their take-up of the opportunities that are available to them.

i. Training location

Action: research reasons for take-up of training outside Wales

The resources devoted to management and leadership development in Wales are considerable, yet roughly £40 - £45 million (between 25% - 30% of £138 million) is spent outside Wales. We need to research in greater depth where the provision in Wales falls down against external competition, and encourage providers to raise their own game in response.

j. Help and advice

Action: capitalise on trust placed in college and universities

The confidence placed in the HE and FE sector, and to a slightly lesser extent, in the WDA and ELWa, provides a unique marketing platform to increase the support and encouragement for businesses to take management development more seriously. Banks and accountants should also capitalise on the trust that is placed in them to increase the management effectiveness of their clients.

APPENDIX I

Methodology

Sample and Questionnaire

The sample of organisations was taken from Dun & Bradstreet (D&B) Marketing Database. The database contains regularly verified information on 2.1 million private and public sector organisations in the UK, ranging from sole traders to multinationals, from headquarters to single locations and branches. The data is classified by Standard Industrial Codes, number of employees and location. We defined the universe as organisations with one or more employees in the private or public sector.

A total of 9,954 Welsh organisations were drawn from the D&B database which contains 39,274 organisations in Wales. Only one site per organisation was selected where organisations had multiple locations. The sample was constructed to ensure that the final achieved sample enabled analysis by size bands as well as by industry sector. This meant over sampling the medium to large organisations - all organisations with 20 or more employees were included - and reducing the number of very small organisations. This bias is corrected in the weighting adjustments outlined later in this section.

The questionnaire was designed by Strategic Marketing in full consultation with the Wales Management Council. The terminology used in the questionnaire was designed wherever possible to allow cross-referencing with the Management and Leadership mapping study undertaken by Cardiff University and other organisations such as the Council for Excellence in Management and Leadership. The questionnaire was also translated into Welsh.

The Survey

The questionnaire was sent to the sample of just under 9,954 organisations. The mail out included a covering letter addressed to the managing director or equivalent at each employer explaining the purpose of the research along with the questionnaire. A first class business reply paid envelope was enclosed. Each letter was marked with a unique identifying number so that returned questionnaires could be identified against a response database.

Fieldwork took place between July and August 2004. Completed surveys were returned from 592 organisations; a response rate of 6%. This was boosted to 1576, with the addition of 984 telephone interviews. The telephone interviews were used to boost areas of poor response and to ensure that sectors and size bands had significant numbers of respondents to be representative of the population.

Organisations with less than 10 employees accounted for almost 33% of the postal questionnaire responses compared to 20% of the telephone responses. Significantly just under 75% of the organisations that claim not to undertake management development activities, were respondents to the postal survey.

The charts in Appendix 3 show the breakdown of respondents by number of employees and by sector.

The target respondents for the survey were public and private sector organisations with at least one employee. This meant that sole traders were excluded from the sample population.

Sample Weighting

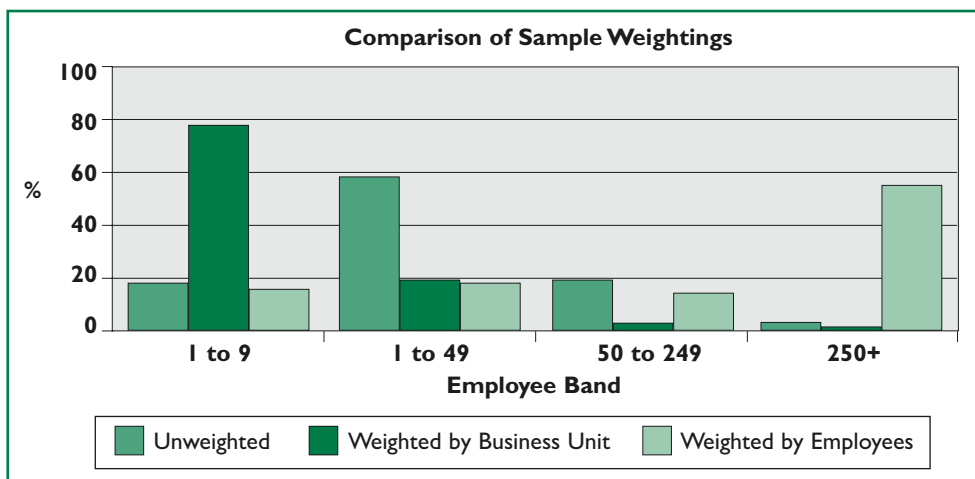
The DTI/Small Business Service data from 2001 provides the most accurate information on the number of enterprises, employment and turnover in the private sector and public corporations (with the exception of public administration) in Wales.

Employees	Enterprises		Employment		Turnover	
		%	'000s	%	£million	%
None	106,300	68.8	125	16.8	4,599	9.0
1-4	32,670	21.1	99	13.3	6,500	12.7
5-9	7,855	5.1	58	7.7	3,932	7.7
10-19	4,395	2.8	62	8.3	4,184	8.1
20-49	2,105	1.4	65	8.7	4,336	8.4
50-99	660	0.4	45	6.1	3,575	7.0
100-199	255	0.2	35	4.7	2,914	5.7
200-249	55	0.0	12	1.6	1,484	2.9
250-499	105	0.1	37	5.0	3,544	6.9
500+	95	0.1	209	27.9	16,288	31.7
TOTAL	154,495	100.0	748	100.0	51,354	100.0

Using this data the sample achieved has been weighted in two different ways in order to reflect the position in Wales as a whole. The two weighting approaches are:

- A weighting by business unit which reflects the number of business units in each of a matrix of interlocking size bands and industrial sectors in the Welsh population
- A weighting by employment which reflects the number of employees represented by the firms in each of an interlocking matrix of size bands and sectors. This places greater emphasis on the larger firms in the sample which account for more employment and more managers. Average UK employment for each size/sector band has been used for these weightings because this is the best available data.

The chart below compares the unweighted sample with the sample weighted by business units and employment. It demonstrates the greater weight placed on larger organisations when weighted by employment.



The survey results in the main body of the report use either a business unit or an employee weighting, depending on what is most appropriate for the information we are trying to portray. If we are trying to demonstrate the impact on the Welsh economy as a whole, or to demonstrate a proxy for the number of managers affected, then weighting by employment is the most appropriate. If we are merely describing the profile of business performance then weighting by business unit is the most appropriate.

Statistical Reliability

As with any survey there are likely to be many sources of bias, which we have tried to minimise. The respondents to the questionnaire are only samples of the total population so we cannot be certain that the figures obtained are exactly those we would have if everybody had been interviewed. We can however predict the variation between the sample results and the 'true' values from knowledge of the size of the samples and the number of times that a particular answer is given. The confidence with which we can make this prediction is usually chosen to be 95% that the 'true' value will fall within a specified range.

The following table illustrates the predicted ranges for different sample sizes and percentage results at the 95% confidence 'interval', based on a random sample.

Approximate sampling tolerances applicable to percentages at or near these levels			
	Standard Error at the 95% confidence level		
	50%	70% / 30%	90% / 10%
Sample size	+ or -	+ or -	+ or -
1500	3	2	2
1000	3	3	2
500	5	4	3
300	6	5	4
200	7	7	6
100	10	9	6

When results are compared between separate groups within a sample, or between different surveys, different results may be obtained. To test if the difference is real, the difference between percentages for the two sample results must be greater than the values in the table below.

Difference required for significance at or near these levels			
	Standard Error at the 95% confidence level		
	50%	70% / 30%	90% / 10%
Sample size	+ or -	+ or -	+ or -
500 and 500	6	6	4
200 and 200	10	9	6
200 and 100	12	11	7
100 and 100	14	13	8
50 and 50	20	13	8

APPENDIX 2

Interview Questionnaire

About Your Organisation

1 What is your main business activity?

Description:

.....

Manufacturing	
Wholesale and retail	
Electricity, gas and water supply	
Construction and building	
Transport, storage and communication	
Financial services	
Hotels and catering	
Real estate and renting of equipment	
Business services (e.g. finance, marketing, accounting, legal, IT support, consulting, recruitment etc.)	
Other community, social, and consumer services	
Public administration and defence	
Education	
Health and Social work	
Agriculture, forestry and fishing	
Mining, quarrying,	
Other services (Please Specify)	

2 Including yourself, how many people work for this organisation in Wales?

Number of Employees			
1 - 4		100 - 199	
5 - 9		200 - 249	
10 - 19		250 - 499	
20 - 49		500 or more	
50 - 99			

3 Is this organisation part of a larger company/organisation?

Yes No GO TO 5

4 Is this larger company/organisation UK owned or not?

UK owned Not UK owned

5 Approximately how many managers work for this organisation?

(include team leaders, first line, middle and senior managers)

Number of managers

6 Does your organisation meet the Investor in People standard?

Recognised Working towards
 Not pursuing Not pursuing but considering

Management and Leadership – Key Skills

We would like to look at the broad skill areas on which your organisation focuses in order to improve the performance of managers. We are interested in where you focus, not on how much resource you commit.

- 7 Divide 10 points between the following three management skills to demonstrate how you allocate resources to improving manager’s performance:**

Skill Area	Points
Thinking Abilities – thinking strategically and providing future vision and direction	
People Abilities – lead people, manage relationships, manage yourself etc.	
Task Abilities – manage resources, activities, quality etc	
	10

- 8 Divide 10 points between the following four people abilities to demonstrate how you allocate resources to developing each of these aspects of management performance**

People Abilities	Points
Manage and lead people	
Manage self	
Lead direction and culture	
Manage relationships	
	10

- 9 Divide 10 points between the following three task abilities to demonstrate how you allocate resources to developing each of these aspects of management performance**

Task Abilities	Points
Manage resources	
Manage information	
Manage activities and quality	
	10

Management and Leadership - Learning Approaches

Most people recognise that skills are best learnt though a mixture of on-the-job and off-the-job learning. These questions look at the learning approaches that your organisation uses. Again we are interested in what approaches you use not how much resource you commit.

- 10 To what extent do you encourage the use of the following on-the-job approaches to improve the performance of your managers?**

On-the-job learning approaches	Never	Occasionally	Repeatedly
Mentoring and Coaching			
Planned on the job development			
Getting better by practice			
Job shadowing / learning from colleagues			
Advice from other people in the business			
Planned in-company job rotation			
External placement or secondment			
Other (specify)			

11 To what extent do you encourage the use of the following **off-the-job learning approaches to improve the performance of your managers?**

<i>Off-the-job learning approaches</i>	<i>Never</i>	<i>Occasionally</i>	<i>Repeatedly</i>
In-house skills training (away from desk)			
External seminars and conferences			
Networking with managers in other organisations			
External taught course leading to a qualification			
External taught courses not leading to a qualification			
Self directed learning on a set topic			
Other (specify)			

12 On average, approximately how many days **off-the-job learning does each manager have in a typical year? (Off-the-job covers those approaches identified in the previous question)**

day(s)

13 Is there a training budget for this organisation?

Yes GO TO Q14 No GO TO Q15

14 Approximately what proportion of your training budget is allocated to managers?

% Percent of training budget spend on managers

15 What proportion of managers has a training plan?

Less than 25% more than 75%
 25% to 50% IF NONE GO TO Q17
 51% to 75%

16 To what extent do training plans include on-the-job learning in addition to off-the-job learning?

Rarely Sometimes Most of the time

17 If you encourage managers to learn through courses that lead to a qualification, which awarding bodies do you use?

<i>Awarding Body</i>	<i>Never</i>	<i>Occasionally</i>	<i>Repeatedly</i>
Business Schools			
Universities			
CIPD (Chartered Institute of Personnel Development)			
ILM (Institute of Leadership and Management)			
Chartered Management Institute			
Other (specify)			

18 Compared to other training and development issues, what is your experience of finding someone to advise on management development issues?

<i>Very easy to find advice</i>		<i>About the same</i>		<i>Very hard to find advice</i>
1	2	3	4	5

19 Who do you normally contact for information on management training (whether leading to qualifications or not)?

<i>Organisation</i>	<i>Never</i>	<i>Occasionally</i>	<i>Repeatedly</i>
Bank			
Welsh Development Agency			
College / University			
ELWa			
Accountant			
University for Industry			
Learn Direct			
Other external advisor (specify)			

20 Where do your managers undertake their off-the-job learning?

<i>Mostly inside Wales</i>		<i>Equal amount inside and outside Wales</i>		<i>Mostly outside Wales</i>
1	2	3	4	5

21 Please rate the extent to which the following actions would have a positive impact on the scale of management development in Wales.

	<i>Very little</i>					<i>A great deal</i>				
	1	2	3	4	5	6	7	8	9	10
Availability of mentoring from trusted individuals										
Learning approaches more closely aligned to the development needs of the business										
Informal forums for managers to share experiences										
Training that fits seamlessly into the way organisations work normally										
Learning approaches that integrate on and off-the-job training										
Rationalisation of support services										
Clear evidence that management development is a profitable investment										
More information about management development programmes on offer										

22 What other actions would you suggest that would increase management development activity in Wales?

.....

.....

APPENDIX 3

Profile of organisations interviewed

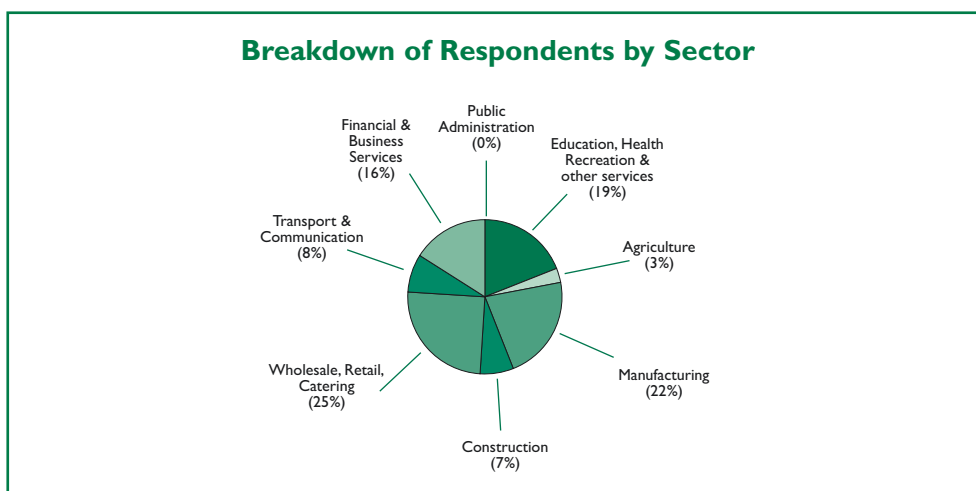
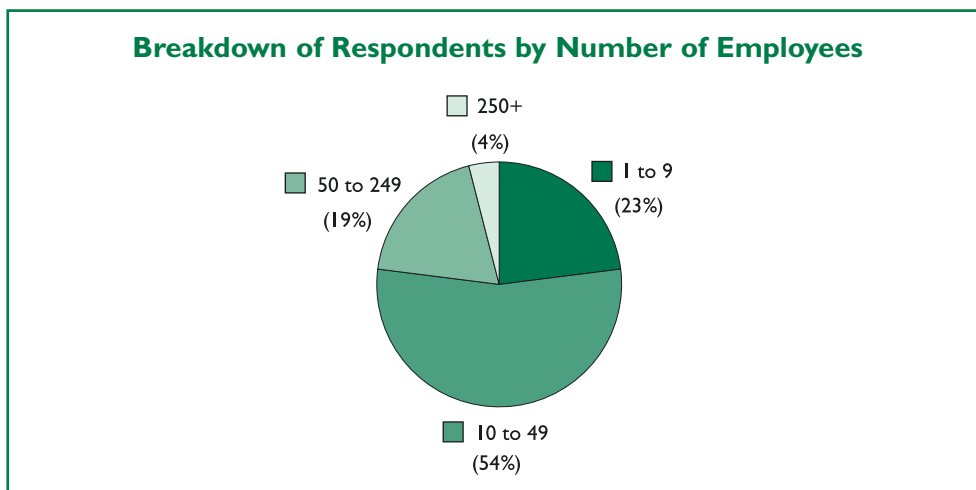
1. Total response

The questionnaire was sent to the sample of just under 9,954 organisations. Completed surveys were returned from 592 organisations; a response rate of 6%. This was boosted to 1576, with the addition of 984 telephone interviews. The telephone interviews were used to boost areas of poor response and to ensure that sectors and size bands had significant numbers of respondents to be representative of the population.

2. Breakdown by size and sector

Organisations with less than 10 employees accounted for almost 33% of the postal questionnaire responses compared to 20% of the telephone responses. Significantly just under 75% of the organisations that claim not to undertake management development activities responded to the postal survey.

The following charts show the breakdown of respondents by number of employees and by sector.



3. Corporate structure and ownership

We asked all respondents whether their company was part of a larger group, and whether this larger group or parent company was based in UK.

The reasoning behind this question was that the attitudes and culture of the parent organisation could have an impact on their attitudes to management and leadership development.

8% said they were part of larger companies, and not perhaps surprisingly this response was much greater in larger companies with over 50 employees. 33% of companies with between 50 to 249, and more than 50% of companies with 250+ employees, answered “yes” to this question.

Among those who were part of a larger organisation, 70% of the parent organisations are UK based.

4. Number of managers

Based on the answers to this question we estimate that there are 181,600 managers in Wales. This is subject to the usual issues concerned with defining managers as well as sampling.¹ The number of managers in organisations of different sizes is shown below:

<i>Size of organisation</i>	<i>Number of Managers</i>
● 1 – 9 employees:	90% of organisations have 1 or 2 managers
● 10 – 49 employees:	80% have 1 to 4 managers
● 50 – 249 employees:	There is a very wide variation in the number of managers across organisations: 56% of organisations have between 4 and 10 managers, and a further 25% have between 11 and 20 managers
● 250+ employees:	75% of organisations have between 11 and 100 managers. There is also a wide variation in the number of managers and there are some very large public sector employers in this category with several thousand employees.

5. Investors in People

We believe that the Investors in People (IIP) standard is an excellent predictor and guide to the extent of management and leadership development activity in any organisation. We were therefore interested to know how many of our respondents were already recognised as an Investor in People, or were working towards achieving that standard.

The breakdown across the respondents was as follows:

● Recognised as an Investor in People:	19%
● Committed to achieving IIP:	9%
● Not pursuing, but considering:	14%
● Not pursuing:	58%

¹ This data correlates well with the estimates in the Wales Management Council's report, published in 2003, *Management and Leadership Development and Training in Wales – An Agenda for Action*, page 39, which estimated the total to be 190,935.

However, organisations who are involved in IIP are probably more likely to respond to this research, than those who are not, and therefore we expected the weighted results to present an exaggerated picture of the take-up of IIP in Wales. This proved to be the case in the case of recognitions, whereas the figure for commitments was reasonably accurate:

	<i>Research results (weighted)</i>	<i>Actual figures</i>
Recognised as an Investor in People	3,663	1,207
Committed to achieving IIP	1,504	1,530

6. No involvement in management and leadership development

The meat of this research was to find out what companies and organisations in Wales are actually doing to develop their managers and leaders. But every silver lining has a cloud, and we were also interested to find out, if we could, what proportion of organisations do nothing at all to develop their managers. This negative information is just as important for policy making, as the more positive information in the main chapters of this report.

Based on the combined telephone and postal responses, 36% of organisations do not undertake any management and leadership development. But 96% of these organisations have less than 10 employees and they represent only 10% of employees in Wales.

36% is almost certainly an underestimate. 60% (weighted) of the postal respondents do not undertake management development compared to 15% of the telephone response.

In round figures by industry sector the proportion of organisations that do not undertake management development, in descending order, is:

- Construction: 70%
- Agriculture / forestry organisations: 40%
- Wholesale / retail / hotels: 40%
- Transport storage and communication 40%
- Manufacturing: 20%
- Real estate, renting, financial and business services: 20%
- Education, health, and consumer services: 20%

106 organisations declined a telephone interview and claimed not to be involved in management development. We only have basic, unverified, profile information for these. However the majority of these organisations employed less than 50 people – a very similar profile to those organisations that we interviewed or were postal responses who said they did not undertake management development.

APPENDIX 4

National Occupational Standards for Management and Leadership

The new occupational standards for management and leadership, approved in May 2004, describe the level of performance expected in employment for a range of management and leadership functions or activities.

The standards were developed by the Managements Standards Centre between 2002 – 2004 following extensive consultation with individuals, employers and other key stakeholders.

The main unit headings are listed below. Full details of the standards can be downloaded free of charge from www.management-standards.org. A CD-ROM is also available, via the website, for £5.

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.

A. Managing self and personal skills

1. Manage your own resources
2. Manage your own resources and professional development
3. Develop your personal networks

B. Providing direction

1. Develop and implement operational plans for your area of responsibility
2. Map the environment in which your organisation operates
3. Develop a strategic business plan for your organisation
4. Put the strategic business plan into action
5. Provide leadership for your team
6. Provide leadership in your area of responsibility
7. Provide leadership for your organisation
8. Ensure compliance with legal, regulatory, ethical and social requirements
9. Develop the culture of your organisation and diversity in your area of responsibility
10. Manage risk
11. Promote diversity

C. Facilitating change

1. Encourage innovation in your team
2. Encourage innovation in your area of responsibility
3. Encourage innovation in your organisation
4. Lead change
5. Plan change
6. Implement change

D. Working with people

1. Develop productive relationships with colleagues
2. Develop productive relationships with colleagues stakeholders
3. Recruit, select and keep colleagues
4. Plan the workforce
5. Allocate and check work in your team
6. Allocate and monitor the progress and quality of work in your area of responsibility
7. Provide learning opportunities for colleagues

E. Using resources

1. Manage a budget
2. Manage finance in your area of responsibility
3. Obtain additional finance for your organisation
4. Promote the use of technology within your organisation
5. Ensure your own action to reduce risks to health and safety
6. Ensure health and safety requirements are met in your area of responsibility
7. Ensure an effective organisational approach to health and safety

F. Achieving results

1. Manage a project
2. Manage a programme of complementary projects
3. Manage business processes
4. Develop and review a framework for marketing
5. Resolve customer service problems
6. Monitor and solve customer service problems
7. Support customer service improvements
8. Work with others to improve customer service
9. Build your organisation's understanding of its markets and customers
10. Develop a customer-focused organisation
11. Manage the achievement of customer satisfaction
12. Improve organisational performance

APPENDIX 5

Provision of management and leadership development in Wales

In June 2004 Small Firms Research Unit at Cardiff Business School compiled a report on the provision of management development and leadership training in Wales on behalf of ELWa. The full report is available on the Wales Management Council's website www.walesmanagementcouncil.org.uk.

The following are extracts from the Executive Summary and the concluding Summary and Recommendations.

Executive Summary

The Small Firms Research Unit of Cardiff Business School has compiled this report on behalf of ELWa. Its aim was to inform policy makers about the availability of management and leadership development programmes to Welsh businesses. The report is based on the findings of a 5-month study investigating management and leadership provision in both the public and private sectors across Wales. The emphasis of the research has been focused on assessing quantitative information on organisations offering management and leadership training as opposed to developing qualitative data.

UK Government and the Welsh Assembly Government have championed the development of management skills. Whilst governments acknowledge the importance of good management skills to a winning economy and to the successful development of individual firms, they also recognise the weaknesses that exist in management and leadership across the corporate sector.

The report shows that a wide range of opportunities exist in Wales to develop leadership and management skills. However the report also highlights the sheer number of available programmes, which can cause confusion for managers trying to identify the most suitable programme for their specific needs. There is often limited information available on the content of programmes – especially for those that are being made available outside the Higher Education (HE) and Further Education (FE) sectors. Furthermore there appears to be very little information on the quality, relevance and value to business of current provision in both the public and private sectors. This latter point is becoming increasingly important because it is also apparent from the interviews with stakeholders that SME managers are not fully engaging with private sector provision nor are they completely persuaded by the relevance of HE and FE offerings.

The report found there are issues related to the quality of training and the perceived benefits of training to the firm. For development programmes to be successful they have to be focused on the interests of individual managers and related to the needs of the company. Overcoming these problems will require a better balance to be struck between demand and supply. And here lies the conundrum: to boost Management and Leadership Development (MLD) in Wales will necessitate an increase in the demand-side in terms of encouraging increased take-up of skills development programmes and raising awareness of the benefits of training to both the company and the individual. However, to achieve this, and to successfully engage those managers who are sceptical of the benefits of training, improvements are required in the quality and relevance of the supply-side.

In terms of quantity and availability, the system currently appears to be skewed towards the supply side. For example, the Wales Management Council's *Agenda for Action* suggests there are approximately 150,000 managers in Wales across all sectors. The findings in this report suggest there are an estimated 1601 organisations offering at least 17,000 management and leadership

programmes - approximately 1 course to every 10 managers. However the number of managers actually receiving some form of training in management and leadership skills is likely to total less than 10,000 - which would appear unsustainable. These figures suggest some rationalisation is required to ensure managers are able to see the wood for the trees and some quality assurance of supply is introduced. The report also highlights the wide variety and high numbers of courses available via HE and FE – altogether over 500 ‘courses’ are on offer. However differences in data collection procedures and methodologies meant meaningful estimates of the number of participants were difficult. For example, there was a lack of consistent data relating to the status of part time learners and so the report could not estimate accurately the approximate number of ‘managers’ engaged in management development. However, a more dependable data set is being developed by the Higher Education Statistics Agency (HESA) which will help the development of future estimates.

With the Objective 1 Programme reaching its mid term the report devotes considerable space to assessing the management and leadership programmes being delivered with European funding. The vast majority of these programmes are being delivered by the public sector. However, the full evaluation of these programmes has not yet reached the public domain so little data currently exists for a meaningful analysis of the nature of the provision and number of beneficiaries.

Another major part of the study was devoted to an analysis of management and leadership providers in the private sector. The study found a vast array of programmes being offered of which less than a third are accredited and approximately a third of those accredited are GNVQs. Encouragingly, the study found that more than 60% of the providers advised they were delivering ‘management development’. However the study found the sector is diffuse and uncoordinated with more than two-thirds of providers being micro organisations.

A key element of the report was an assessment of the ‘Learning Network’. From qualitative evidence gathered from interviews with key stakeholders a SWOT analysis of current provision was developed. Whilst a number of strengths were detailed there were also weaknesses that need addressing. However it was encouraging to note the large number of opportunities that stakeholders identified compared with the areas that required action because they were perceived as threats.

To some extent the analysis of this section suggests the Learning Network is a complex area that requires more detailed mapping and evaluation in order to produce a more accessible and quantifiable offering to potential members. At present the network is too diffuse and confusing to allow end users to engage fully. The report concludes with a summary and a list of recommendations that incorporate key findings.

Summary of Findings

The sheer number of organisations that have been identified as working in the field of MLD in Wales is quite amazing. This poses a difficult challenge to policy-makers, SME managers and others if they are to maintain current information on the activities of organisations in the area –the vast majority of them are micro businesses. The continuing churn of these micro SMEs adds to the challenge.

Major differentials exist in terms of the type and levels of management and leadership offered and ultimately provided across Wales. Around half of these providers receive some funding from the public purse which begs the question of whether the Government stimulates to a certain extent the multitude of organisations involved in the area.

The task of policy-makers is further complicated by the vast array of training and consultancy services offered by each organisation. Many of the organisations funded by the public purse, such as HE and FE, offer the greatest number and diversity of courses.

The upshot of this is that there is no shortage of providers or qualifications for MLD. Some of the providers have a world-class reputation – for example, MBAs from top Business Schools. But, too often the forms of training and the qualifications offered are not sufficiently attractive or focused, to achieve the scale of improvement in leadership and management skills required by Welsh SMEs.

This review of existing provision reinforced to some extent the anecdotal evidence provided in the stakeholder interviews. The mapping exercise demonstrated that there is a plethora of poorly coordinated publicly funded initiatives - particularly European funding. Much of this appears to be driven by Government agendas and existing funding regimes, rather than any direct demand from SMEs themselves. Existing provision is very 'supply-led' and there is a crucial absence of 'demand-led' solutions that understand and reflect the needs of the SME manager.

The main gaps in provision lie in the area of practical, vocational, hands-on approaches to training delivered in a workshop environment that actively engages the participant. Managers complain that benchmarks are few and far between and there is no widely acceptable MLD qualification at senior management level.

A key issue emerging from this study is that significant differentials exist in the availability of data across the board from HE, FE, public and private sectors and European funded programmes. This has a continuing impact on the ability to effectively measure and benchmark MLD. This in turn constrains the type of initiatives that policy makers can introduce.

Small businesses are the backbone of the Welsh economy. Effective management of people and other resources within SMEs is fundamental to the success of Wales' economy. Managers need the right skills to enable them to operate effectively and flexibly in an ever-changing employment market. The lack of managerial and leadership skills is likely to be directly related to the high failure rate in SMEs. For example, as the following charts illustrate, the stock of VAT registered companies in Wales has been falling rapidly over the last ten years compared with other regions of the UK.

Figure 5.1 Stock of VAT registered firms in UK

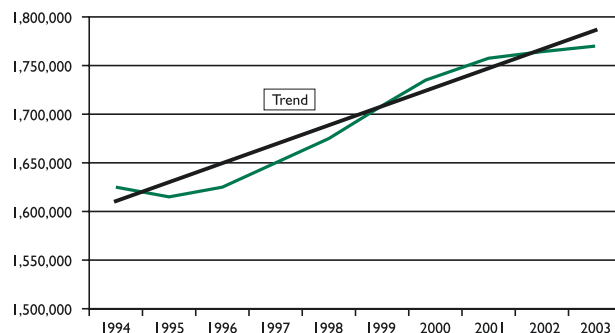


Figure 5.2 Stock of VAT registered firms in Scotland

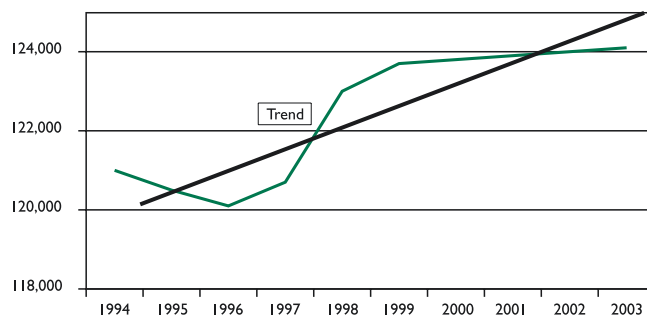
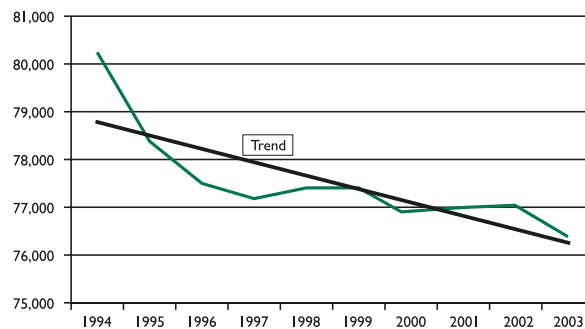


Figure 5.3 Stock of VAT registered firms in Wales



Source: DTI

In addition to the high failure rate, there is also concern about the low number of new firms that succeed in growing to an appreciable size in Wales - less than 2% of start ups grow to employ 50 or more people. The poor performance of the SME sector in Wales is increasingly being linked to weaknesses in management and leadership and to related training issues within the sector.

The managerial skills deficit in Wales is being singled out for attention because many of the other factors that can influence the success or failure of firms, like the level of the exchange rate or the phase of the business cycle, are common across the UK. Clearly, helping improve the quality, calibre and capacity of managers and leaders in SMEs is becoming one of the most important policy options for the Welsh Assembly Government seeking to close the prosperity gap with the rest of the UK. Not only is skills and training within the Assembly's remit but, compared with all the other factors that might be holding back economic growth, the managerial skills gap appears to be the most significant independent obstacle to growth.

As was shown in section 2 of the report a huge amount of funding for management and leadership has come from European programmes, with a range of projects available across Wales. Some are focused heavily on MLD, whilst others have a more indirect impact. However, despite the millions of pounds of European money being spent on MLD, there appears to be little work being carried out as yet to assess the full impact of these projects. Current outputs are not particularly meaningful in measuring both the up-take and effectiveness of MLD in SMEs. The good news is that up until the end of 2006 when the current European programmes end there is ample funding available to develop more focused management and leadership projects across key sectors of the Welsh economy.

The results of the questionnaire show that ELWVa is currently the most common source of funding for respondents. There are two main explanations for this; firstly, the majority of lead organisation for European funding are public sector organisations (from whom we had a relatively low response rate to the questionnaire) and/or secondly, the amounts of money being made available from ELWVa are small in size, but fairly widely dispersed.

Different people have different conceptions of what management is about. This inevitably shapes their view about the way in which managers ought to learn and be developed. Because the availability of funding leads the development of training programmes this has created an impression from managers that all forms of training have to be subsidised. This leads to reluctance to spend resources on training. Also, the wide array of funding and the plethora of poorly coordinated provision mean that the individual manager has difficulty choosing a relevant training package.

Ultimately, improvements in management and leadership skills will only happen if employers, facing the day-to-day realities of running their organisations, see a value and purpose in investing scarce resources in upskilling their senior management team. They are more likely to engage in management development if it is offered through the types of communication channels and

intermediaries that they trust. The trick is to deliver MLD in ways that encourage employers and individuals to adopt, in their own interest, the strategies that will drive up performance and enable their organisations to respond positively to changes in the economy.

Recommendations

Outline recommendations, that have not been prioritised, are summarised below to aid further research. These proposals have emerged from the desk research, from the results of the questionnaire, from follow up discussions with correspondents and from the stakeholder interviews. They have been categorised under the three key areas which need to be addressed; stimulating demand and raising the quality of supply, funding for MLD and; informal learning.

Stimulating Demand / Raising the Quality of Supply

- **Build credibility of MLD** through raising quality standards and developing appropriate kite marks for courses relevant to industrialists and middle managers
- **Greater assessment of provider credentials** (i.e. qualifications/ managerial experience etc)
- **Simplifying current qualifications and structure**
- **Take action on identified gaps in provision** i.e. in strategic decision making and in meeting the needs of micro SMEs
- **Benchmarking Performance** – there is a need to develop a framework of indicators (personal and organisational) to assess management capability and evaluate the impact of any development undertaken. (To be effective, guidance will need to be given to providers on how to use it)
- **Appropriate benchmarking tools should also be developed in the public and voluntary sectors**
- **Best Practice** - develop and highlight case studies of best practice and exemplars of successful leaders to demonstrate the 'real' benefits of MLD
- **Engaging Intermediaries** (i.e. Business Eye, Enterprise Agencies, Business Advisors, and Membership organisations) to understand the importance of the role of MLD. In this way they can play an important role as catalysts for MLD (particularly for informal learning)
- **Rationalisation of existing support structures**
- Identify the key drivers of business growth in the SME sector and **develop better methods of articulating the role of MLD** in addressing these drivers
- **Development of a diagnostic** to assess the needs of SME managers and their capacity to undertake training so as to make more efficient use of scarce resources
- Utilise the data from this project to begin to **build and populate a database of providers**. For the database to be successfully used by the network it must provide access to local learning opportunities, formal and informal, supported with qualitative, objective assessments of their effectiveness (i.e. Amazon style), tailored to identified needs of SME managers

Funding for management and leadership development

- **Develop information on funding available for MLD** provided through key stakeholders i.e. ELWa, WDA , WAG and WEFO
- **Develop close links with other on-going research** in the area, such as that being undertaken by SSDA who have substantial funding to carry out a major study of MLD in the UK
- **Implementing ‘seed-corn’ funding** for innovative ideas to establish a desire for MLD which is self-sustaining
- **Review the funding regime.** The focus of the funding regime is currently too much on outcomes rather than learning – there is a need to re-address the balance
- The funding regime has given impetus to the development of a large number of uncoordinated deliverers. Need to **develop a more flexible funding regime that responds better to SME needs**
- **Capitalise on £27m + of un-spent European funding** by developing more focused MLD options for key sectors of the economy
- Use this funding to move management and leadership to the top of the training agenda and establish existing best practice across all sectors. **Develop MLD as a key channel for business support**
- **Integration of MLD funding** - funding for MLD should not be considered in isolation – it should be integral to other business support packages, through demonstration of management competencies

Informal Learning

- **Incentivise and stimulate demand for informal learning and continuing professional development (CPD).** Some of this research has emphasised the significance of informal over formal learning to SMEs. The lack of support from Government for informal learning needs to be reversed
- **Recognise the contribution to MLD that informal learning such as mentoring, skill swapping, work-shadowing, and networking groups can provide.** We recommend that a significant amount of the remaining European Funding (in the key period up to 2006) be dedicated to Informal Learning and CPD to support existing networks and clusters and enhance informal learning opportunities.

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