Developing Effective Managers and Leaders

Chris Mabey
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Module 1

What Is Management and Leadership Development and Why Is it Important?

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Learning Objectives

After reading this module you will be able to:

• provide a justification for a fresh analysis of management and leadership development;
• identify a number of reasons why the distinction between managers and leaders is largely artificial;
• define what is meant by management development and how it relates to the fields of management education and management learning;
• identify some contrasting historical/cultural conceptions of managers and leaders and the implications of these for management development;
• explain why the development of leaders and managers is so important;
• describe a number of guiding principles that are needed to deepen our understanding of management development.
1.1 Why Is the Study of Management and Leadership Development Important?

There are several compelling reasons to justify a fresh, empirical and critical analysis of management and leadership development. (We discuss the distinction between the two in the second module; for now we use the term ‘management development’ to refer to both managers and leaders.) The first is economic. There has been a long-standing belief that national productivity can be attributed to three types of investment: in firm-specific production, in distribution, and in managerial capabilities. The last is widely recognised as the most important. Although the logic and plausibility of this skills–performance link is open to question, this does little to diminish government concern, both national and international, about the calibre of managers, often accompanied by the notion that lessons can be learnt from competitor countries. So in Europe, for instance, the globalisation of business and the emergence of a new knowledge-based economy are seen to be challenging the adaptability of European education and training systems. And the EU’s poor productivity relative to the USA and other industrialised countries has been linked, in particular, to the inferior quality of management in SMEs, especially in the use of information and communication technologies (O’Mahoney and Van Ark, 2003). This is also reflected in the developing economies of Europe, where in some cases the needs are more fundamental (see Box 1.1).

Box 1.1

In 1998 and 2000 a cross-country analysis of management training was conducted in nine CEE countries, including several preparing to join the EU (Gudic, 2001). Based on interviews in over 1000 companies the following findings were highlighted:

- There is passive, even negative, attitude towards change, culturally embedded from a long experience of living in a static environment: this is limiting the managerial capabilities desperately needed to conceive, develop and implement appropriate strategic responses.
- The HR function is focused primarily on staffing activities while neglecting those dealing with HRD and management development.
- According to general managers, the greatest capabilities are concentrated at the highest levels of management. This reflects an attitude that the hierarchy remains untouchable, or that managers are assessed according to their experience rather than against criteria of innovative behaviour, social and cultural competence.
- Managers have difficulty articulating their training needs and tend to follow what’s on offer from training providers, who market their current product/service portfolio rather than investigate what their customers’ needs really are.
Take a moment to benchmark your organisation, and the broader political and economic climate in which it operates, against the four constraints referred to by Gudic. On a scale of 1 to 10 (with 1 representing definite agreement and 10 representing definite disagreement), how would you rate your employer, or those known to you in the following areas?

- A negative cultural attitude toward change/doing things differently
- A primary HRM focus on recruitment and reward strategies
- A tendency to focus management development on senior levels only
- Difficulty in identifying and articulating training needs

A total rating of less than 20 suggests you are starting from a low base. Attitudes and systems in your organisation will have to alter significantly if management development is to be taken seriously and start reaping wider benefits.

The example in Box 1.1 leads to a second reason for spotlighting management development, namely the sociocultural insights it provides about national priorities. The way countries and companies go about improving their management ‘stock’ tells us a good deal about the importance they place upon management and leadership and the strategies favoured for achieving economic success. Within China, for example, an initial focus from the late 1970s through the 1980s was on basic technical training. Yet by the latter part of the 1980s the focus on management development became a significant challenge and high priority within the government. The immensity of this challenge, as viewed by government, was revealed when the Chinese Vice Minister for Education in 1988 projected that, with 400,000 state-owned enterprises, 300,000 joint ventures and 200,000 township enterprises, there was a need for 2.7 million trained managers. By 1994 it was estimated there were still just 500 MBAs in China (Southworth, 1999). Of course, management development continues apace via increasing numbers of Chinese managers ‘taking business and management courses outside China, the interaction of Chinese managers with their Western partners in joint ventures, and the settlement of an increasing number of Western educated overseas Chinese in China as managers, experts and entrepreneurs’ (Branine, 2005: 471).

A third reason is financial. Management development is big business, and generates an industry of its own throughout the world. Government departments, professional institutes, training agencies, consultancies, business schools and corporate universities are just some of the groups that stand to gain from the continued and increasing preoccupation with creating a new generation of business leaders and managers. The global investment in management development activity, estimated to be $37 billion some years ago (Boyatzis et al., 1996), has increased markedly since then. In developed economies such as the UK, some 20 million days per year are spent on programmed management training, a figure that could well be doubled if less formal development is taken into consideration (Burgoyne et al., 2004). This is quite apart from the indirect aspects of investment, such as time spent on design and delivery, opportunity costs, the setting up of training systems and evaluation activities. In France there is a legal requirement for employers to allocate 1.5% of total annual payroll to vocational training, although it is the employer who decides how, and on whom, this is spent. Turning to emerging economies in central Europe, the investment in training managers for individual companies ranges from several thousand US dollars up to $135,000 in Romania and up to $625,000 in Slovenia (Gudic, 2001). Naturally, given the number of days devoted to manager training and the amount of investment in these activities, there is keen interest in knowing whether these are resources well spent. Training days and development budgets are only input measures. What is required is some measure of the outcomes,
but such evidence about the quality and benefits arising from management development is difficult to come by.

A fourth reason is that, as yet, the field of management development lacks coherent theory. In one sense, this is no bad thing. Authors have tended to invoke a wide range of theories in their studies (economic, sociological, psychological, institutional, to name just a few) and an array of methodologies (positivist, ethnographic, interpretivist among others) in their quest to understand the rationale for and returns on management development, and this makes for a rich and interesting commentary. The disadvantage is that the fruits of research in such parallel fields often fail to cross-fertilise and inform new research. At worst, researchers remain so committed to their favoured paradigms that they are dismissive of the findings of work from other traditions. To practitioners, this may appear like esoteric in-fighting between academics. However, management development is a field particularly prone to anecdotal advice, to fashion, and to ‘genre training’. Using appropriate methods and research tools to sift the claims, the rhetoric and the true value of various management development initiatives may actually prove to be a timely contribution to those responsible for designing, commissioning and assessing such activities.

Fifth, there is the issue of social responsibility. The style, content and availability of management and leader development in a given organisation or sector or country/region are closely connected to the stance taken on matters such as diversity, social responsibility and ecology.

Note down two or three ways in which an organisation might demonstrate a corporately responsible approach to management development.

Possible responses might include a good employer considering the degree to which their management development:

- favours certain ethnic or other groups (and possibly discriminates against others);
- promotes ethical and socially responsible behaviour;
- monitors the propensity of burn-out among potential leaders;
- exposes managers to the ideologies of external pressure groups;
- encourages periodic questioning of its own values and policies;
- facilitates engagement with local communities and their concerns.

A UK report on leadership development poses the question: ‘Are [managers and leaders] rewarded for behaving in accordance with good employment practice, not only in terms of health and safety requirements, which in many countries include stress, emotional and mental welfare…? (James and Burgoyne, 2002). It is entirely possible that the way an organisation allocates its development opportunities (indeed the privileging of managers as against other staff for the more attractive and expensive training opportunities is itself contentious), the values that are conveyed during such activities (actual rather than espoused), the expectations and psychological pressure placed upon participants (to imbibe corporate values, for instance) and the absence of post-development support are all factors that amount to social irresponsibility.

A sixth reason is more individual. Few of us remain unaffected by management development in our professional lives. Whatever our occupation or vocation, if we were to conduct a brief personal audit of the past year it is likely that we have participated in some kind of training and development activity, whether formal or informal, planned or more serendipitous. For many, we shall also have contributed to the development of others. For those in management roles, in the early days of our careers, training and development tends to be prescribed
or even mandated. However, as our careers progress, we exercise more choice. To put ourselves forward for a development centre leading to guided personal development; to accept an overseas assignment despite the fact that our partner will have to put their career on hold; to accept the mentor that we have been assigned to or to seek our own; to draw upon savings to study for a higher qualification; to move to portfolio working or take a ‘career break’ – such choices are informed by a number of internal and external factors, but the final judgement entails risk. Hopefully this module will provide pointers as to the potential value of alternative development opportunities and the assumptions underpinning them, and help to avoid some of the regrets expressed by a senior manager during a research interview about executive coaching (see Box 1.2).

**Box 1.2**

'I was a divisional director at the time and a number of us tried different people and different approaches. When I look back on my first coach the good things about it were – this sounds very damning, probably is – but I began to realise as things unfolded that I had never worked for a really good line manager – in 20 years I had never worked for a really good line manager that actually helped me develop my skills or use my talents. In fact quite the reverse. I felt I had probably given an awful lot to loads of other people in my team and upwards and not got much back – interestingly. So the coach for me … was very useful in making me […] think about my potential, my talents and my development needs and thinking about what I could do myself.'

Does the experience of this manager resonate at all with your own? How helpful have your line managers been in terms of helping your personal development? Have you benefited from effective coaching at times in your career? What was it that made these coaches so valuable? Do you coach others in the workplace or in social/recreational activities?

If anything, coaching and personal development are all the more valuable for those managers operating in multi-ethnic, multicultural and/or international settings. Understanding the subtle nuances of management development practices as they apply in different cultures is becoming a prerequisite to successful cross-national project working, collaboration and partnering, as well as representing an opportunity for cultural learning and career self-management (Tayeb, 1996).

In summary, many stakeholders in and around organisations have a vested interest in management development. As an activity it sits at the intersection point between the (inter)national concern to create social capital, the organisational need to build capability while improving their social responsibility, the aspiration of training agencies to provide a quality service, and individuals seeking self-improvement. The situation in New Zealand, as summarised by Damian Ruth (see Box 1.3) is not untypical of other countries.
Box 1.3

The study ‘World Famous in New Zealand’ indicates that agility is central to successful New Zealand companies. In particular, there is the capacity to learn rather than the possession of any specific skill on the one hand and long-term staffing on the other, with selection based on personal competencies such as problem-solving, interpersonal skills and commitment to organisational values. Another report reveals that New Zealand middle managers are looking for leaders with confidence and conviction, who can demonstrate and impart strong positive emotions for work, stimulate people to exceptional efforts, and inspire enthusiasm and generate commitment. New Zealand Leadership surveys reveal that top managers thought that only 51% of their immediate subordinates had the capability to move into senior positions and be effective leaders, and 42% of middle and senior managers did not consider the development of subordinate leaders to be the organisation’s responsibility.

It seems many countries face this conundrum. There is a shared conviction that developing managers is the key to future prosperity; there is a vivid portrayal of what effective management and exemplary leadership look like; and yet there is widespread disappointment about progress towards reaching the agreed goal.

1.2 Outline of the Course

Latham and Seijts (1998: 269) conclude their review of management development with a call for organisational psychologists ‘to move from exhortations of the effectiveness of management development to determining if, how, and under what conditions, management development truly develops managers in enduring ways’. We acknowledge this to be a worthwhile goal, and one that we address in Modules 2 and 3, but the danger is that it neglects issues of politics, power, control and interest groups with divergent needs and agendas within and outside organisations. The difficulty with this functionalist stance is that stated managerial objectives are taken as read, and the criterion for evaluating management development is restricted largely to the extent to which such objectives have been met. In such circumstances practitioners remain largely committed to a given approach, with any perceived ‘failure’ being put down to a need for refinement, as opposed to any fundamental questioning of the way the management development intervention was conceived, publicised, implemented, interpreted and so on. Such an approach has been criticised for failing to deal adequately with causality and for taking a unitarist perspective, where organisational members are assumed to share a single set of motives and interests.

It could be argued that the field of management development would benefit from multiple theoretical perspectives: ‘a most pressing need is to determine the domain of strategic organisational training decisions and the processes that lead to these decisions’, and to achieve this ‘researchers [should] expand their lenses for conducting research on strategic issues’ (Martocchio and Baldwin, 1997: 24, 35). We agree that the study of management development could benefit from this kind of approach, and Modules 4 to 7 of this course are devoted to this task of reframing.

Others take a more critical view, however. Management development is cast as a largely one-sided attempt by senior management to impose control or advance ideological power interests rather than a means to ‘develop’ employees in any kind of holistic or benevolent sense (Ackers and Preston, 1997). Other critiques regard management development as a
bureaucratic and potentially harmful irrelevance, where standardised portrayals of management bear little resemblance to the diverse worlds of ‘real’ managers. In contrast to these broadly negative critiques, other authors have suggested that deeper insight might be gained by trying to look beyond questions of good or evil (Townley, 1998), success or failure (du Gay et al., 1996), and by searching for more multifaceted ways in which management development might simultaneously work for and against the interests of any particular agent. It is in this spirit of critical exploration that Module 7 is written, before offering some theoretical and practical conclusions in the final module.

Broadly speaking, the first modules of the course introduce the subject by drawing upon empirical data from a variety of sources and country contexts. We then encourage you to step back and review the (largely implicit) theoretical perspectives that motivate and shape the study of management development. This is intended to inspire and guide avenues of research that you may wish to pursue, perhaps as a course assignment or an extended project/dissertation. The final modules offer some tools and approaches to assist this more in-depth task of reflexive analysis.

Before we get started we need to define terms. The title of this course refers to the development of leaders and managers. This distinction deserves explanation, and we deal with this issue first. Next, given the burgeoning fields of learning, education and training, we need to be clear how we are using the concept of management development. The term ‘manager’ also requires some scrutiny, as this too means different things to different audiences. Assisted by these reference points we can begin to examine management development more precisely, and the third section in this module outlines five principles that we believe should guide such analysis.

### 1.3 Management and Leadership: a Dubious Dichotomy?

Where does the exercising of management stop and the art of leadership begin? For every article or book on management development there are probably 20 devoted to identifying and developing leaders. The idea of separating the qualities of leaders and managers can be traced back to an influential paper by Zaleznick (1997) in which he depicts ‘the manager as a rational, bureaucratic, dutiful, practical and unimaginative dullard but the leader as a visionary, restless, experimental, even twice-born dynamo’ (quoted in Raelin, 2004: 132). Kotter (1990) is one of many writers who have reinforced this distinction, extolling good management as necessary to bring order, consistency and quality to otherwise chaotic organisations, and contrasting this with leadership, which is about preparing the enterprise for change and helping employees to cope as they struggle through it. Such ideas were still felt to have currency a decade later, when the same paper was reprinted in the *Harvard Business Review* in 2001, but the basis of this dichotomy has to be questioned on several grounds.

#### 1.3.1 Delayering of Organisations

First, these characterisations were predicated upon large, hierarchically structured and bureaucratised organisations, where managers had responsibility for well-defined roles such as planning, budgeting, controlling, staffing and problem-solving. Far fewer organisations fit this description of predictability now. The decreasing numbers employed in workplaces, and the decline in the number covered by systems of consultation and negotiation, have shifted
the manager’s power base from positional to personal. The increasing fragmentation of the workforce, with differing patterns of working, contractual forms, outsourcing and home-working, calls for a more flexible management style, as does the need to manage their own and others’ work–life balance. All of this is happening in an HRM context that is increasingly moving towards individualised employment contracts. The capacity to scan boundaries, to establish strategic direction and to inspire others to follow is no longer the exclusive preserve of those at the top of organisations. Most staff with responsibility in organisations, whether they be entrepreneurs in a small or medium-sized enterprise (SME), project managers in a matrix structure, supervisors with remote working staff, or members of a virtual, international team, will be called upon to lead – and follow – at different times in their working week, irrespective of their job title.

1.3.2 Eclipsing of Leadership Theories

Second, studies of leadership have moved on. Trait theory pointed to a set of intrinsic qualities possessed by some individuals and not others. Although largely discredited for failing to account for social, historical or situational variables, the idea was that leaders are born, not made, imbued with some kind of indefinable X-factor. Contingency theories and leader–member exchange theory finesse this idea by elevating the importance of considering the relationship between leaders and their environment and/or their followers. However, these theories remain fairly prescriptive and individualistic in their focus. More recent leadership development approaches have emphasised the relational element of leadership residing in the networks, commitments, trust and mutual exchange between members of a community, which collectively create social capital (e.g. Day, 2001). Here leadership is emergent rather than prescribed, self-evident rather than appointed. As Paauwe and Williams (2001: 94) point out: ‘Management in the sense of controlling what people do is hardly useful when dealing with knowledge workers. They have to be rather supported and defended. They cannot really be managed. They can only be led.’ So, again, the distinction between leader and manager becomes immaterial, where everyone is potentially a leader (or indeed a manager) and leadership is seen as an effect not a cause. Although this concept of dispersed leadership is appealing, it can underestimate the power dynamic in organisations: those in privileged positions as a result of historical antecedents will rarely relinquish their differential status, and even if they do, followers may react by swiftly replacing them with traditionally oriented alternative leaders: such is the natural superiority of the leader in the collective psyche! (Ray et al., 2004).

1.3.3 Culture-Bound Concepts of Leadership

A third reason for caution is that much of the theorising about leadership has taken place either in a Western context or from a masculine perspective (Vinnicombe and Singh, 2002) – or indeed both (Van der Boon, 2003). An in-depth analysis of leadership across 62 different countries called Project Globe is seeking to understand whether and how leadership varies across different cultures (House et al., 2002). Certain attributes associated with charismatic leadership, for example, may be important for successful leaders worldwide, but the expression and meanings of such attributes may depend on cultural context. So, although concepts such as transactional and transformational leadership may be universally valid, specific behaviours representing these styles may vary profoundly. Indonesian inspirational leaders need to persuade their followers about the leaders’ own competence, a behaviour that would appear unseemly in Japan. Vietnam, like its Chinese neighbour, is a society based
on Confucian values. The central Confucian principles are harmony, hierarchy, collectivism and personal relations. Thus developing long-term relationships is seen as critical for management success in Vietnam. Hierarchy means the complete acceptance of the authority of leaders by subordinates in order to maintain harmony.

1.3.4 Convenience

A fourth reason to be suspicious of the leader–manager split is the convenient way it elevates the self-importance of corporate leaders. Popular management theory – and again this originates primarily in the West, but is readily available at the bookshops of international airports – is redolent with values that appeal fundamentally to managers aspiring to be leaders. Clark and Salaman (1997) argue that there is a very good reason for the enormous success and impact of this literature. This is the fact that it appeals to managers not simply because it displays qualities that managers themselves value and use, but because it enhances their confidence in performing their role as corporate leaders through their mythic storytelling. Whether it be self-help business handbooks, case accounts of successful turn-arounds, or cult biographies of successful CEOs, such literature ‘defines’ the qualities necessary for effective leadership in the contemporary organisation. The cumulative effect is to characterise and ultimately legitimise the ‘otherness’ of leaders. Part of the corporate attraction of these texts is that ‘the questions formulated and answered, the perspective taken, the sectional interests supported etc. are grounded in a world view, a set of beliefs and values, which indicate that the top managers of corporations and other organisations are a highly important group’ (Alvesson, 1990: 27). The danger, of course, is that such leaders come to be seen, and come to see themselves, as above criticism, immune to dissent. The mystique becomes a defensive device. But leadership is not an inherently moral concept. Some leaders are trustworthy, courageous, generous. Many are not. And even good leaders are not necessarily good people, as reports of corporate scandals and exploitation of privilege constantly remind us.

Box 1.4

This argument is echoed by Hansen (1996). He suggests that managers’ accounts of their organisational experiences are an important element of popular management literature sometimes referred to as the ‘hero management school’, such as those books written by Lee Iacocca, Donald Trump and Thomas J Watson Jr, which highlight the prerequisite attributes for success as a senior manager. In their books these individuals emphasise three key senior management qualities: leadership; decisiveness; and an intuitive feeling for the market. Hansen argues that these particular characteristics are seen as critical because they create ‘an image of strong-willed people at the top, making decisions in a way that only they could’ (1996: 44). The implication is that you cannot learn these crucial management skills at a business school, because ‘the abilities you need to be a truly great business leader are ones you either have or you don’t. And the few chosen ones, the select, have had them from birth’ (p. 44).
Presumably, as a business school student, you would part company with those who insist that leadership acumen is innate. If you were pressed on the matter, what percentages would you give to these statements?

• Leadership ability is down to genes. ____ (%)
• Leadership ability can be developed. ____ (%)

It is fairly common to hear people say that true leaders are ‘born not made’. However, you may be surprised to learn that, across Europe, the prevailing view among HRD managers is that innate factors (inherent ability and personality) are more important factors for effective management than training and development (Mabey and Ramirez, 2004).

To conclude, in the context of management development, what are the implications of saying that managers are one thing and leaders another? It is true that managers are often bureaucratically appointed, and thus have a mandate to get things done in their part of the organisation. It is equally evident that, in some cultures, inviolable respect is invested in leaders. But, as Raelin reminds us, managers don’t have to be ‘hired hands’ … who are condemned to a life of unimaginatively carrying out corporate goals or endorsing the status quo. Managers [or indeed, we might add, non-managers] are hardly excluded from leadership. They need to work with their peers, bosses, subordinates, and others, and in this constant interaction there is opportunity for leadership to emerge from anyone. What might be most impressive about the manager is not taking the reins but supporting others to take them as the situation warrants … Might our leadership development efforts be better directed toward the role of leadership as a mutual social phenomenon rather than as a position of authority?’ (Raelin, 2004: 132).

In this course we choose to use the term ‘management development’, but for the reasons given and unless otherwise stated we take this to include the development of leaders in an organisational context also.

**Case 1.1: Developing Global Leaders at HSBC**

Here is a personal account from the Group CEO, reflecting on the success of Hong Kong and Shanghai Banking Corporation. It forms part of an article entitled ‘In search of global leaders’ published in *Harvard Business Review* in 2003.

*Source: From PERSPECTIVES • In Search of Global Leaders, HBR 2003: 40*

**Stephen Green (Group CEO, HSBC)**

When I joined HSBC in 1982, it was essentially an Asian company, although it did own 51% of Marine Midland Bank in New York. We had around 30 000 employees at that time, mostly English and Cantonese speakers. Today’s HSBC is a very different organization, employing some 215 000 people across the globe. Of the United Nations’ six official languages, our employees are very well represented in all but one.

We expanded mostly by means of acquisition, starting with the Midland Bank in the UK – a deal that doubled the size of HSBC, gave us a European presence, and broadened our range of services. Later, we also bought CCF in France. Outside Europe, our acquisitions included Bamerindus in Brazil, Grupo
Financiero Bital in Mexico, and, this year, Household Finance in the United States. Today, our assets are evenly distributed between Europe, Asia, and the Americas. We are unusual among the world’s largest banks in that significantly less than half our profits come from any one jurisdiction. Even the largest banks typically have three-quarters or more of their profits coming from one home base. In 2002, no single jurisdiction accounted for more than 40% of our profits.

Despite the enormous changes in its demographics and business, HSBC has retained a remarkably consistent corporate identity. That’s largely because of the way we develop our senior management team. No one gets to the top at HSBC without having worked in more than one market. If you look at the executives currently running the company’s largest businesses, all of them have worked in more than one, and nearly all in more than two, major country markets. We strongly believe, as many others do, that travel broadens the mind. And if travel alone does that, just think how much more you get from living and working in different countries.

Most of our recruits are recent university graduates. We tend not to go out of our way to look for MBAs or people in their thirties. In fact, I think it’s a mistake for companies to have too much of their top talent join their organizations in mid-career. (Though I should admit that I was a mid-career recruit myself!) Our recruitment process is sophisticated, involving a complex process of tests, interviews, and exercises. We don’t look so much at what or where people have studied but rather at their drive, initiative, cultural sensitivity, and readiness to see the world as their oyster. Whether they’ve studied classics, economics, history, or languages is irrelevant. What matter are the skills and qualities necessary to be good, well-rounded executives in a highly international institution operating in a diverse set of communities.

In fact, HSBC has long been famous for its cadre of global executives, formerly known as international officers. We now call them international managers, which sounds less militaristic. They are hired with the expectation that they will spend their entire careers with the institution and also be very mobile. But we don’t limit our international development to these managers. HSBC will give any promising executive who expresses an interest in gaining international exposure the opportunity to work overseas. Take the chief operating officer of our UK business. He’s a Welshman in his early fifties. Until about five years ago, he had never worked outside the United Kingdom – for his entire career, he had been a UK-based executive at the former Midland Bank. One day, he put his hand up and said, ‘I’m willing to go overseas,’ and so we made him country manager for India. He spent three years there and took to it like a duck to water, later becoming country manager for Malaysia, one of our biggest Southeast Asian businesses, before taking up his current job.

Twenty years ago, most of our top recruits came from British schools and universities, and today’s top team reflects that bias. But we now have many able non-British managers in our ranks due to recent acquisitions. Today, we recruit at 68 universities worldwide, this year hiring people from 38 different countries, so that our team of the future will be much more representative of our geographic spread of businesses.

Because of our recruitment and development practices, many of our people have worked in multiple countries – some emerging, some developed – and in different sorts of businesses, from retail and wholesale to banking and insurance. These global employees act as a kind of organizational glue for the company.

The fact that they have all had those experiences also means that many of them have a great deal in common. A British manager with international experience will tend to identify more with a Japanese manager with international experience than he will with another manager who has worked in only her home country. But that doesn’t mean that we’re trying to develop identikit managers. Far from it. If, for example, my French colleagues lost their Frenchness or my Brazilian colleagues lost their Brazilian-ness, life would be a lot duller, and HSBC would be a lot less profitable. We prize our diversity. That’s all part of the richness and fun of working together, and it’s what makes us so creative and responsive to our clients’ needs.
1 Strangely, given that he is describing leadership in his organisation, Green does not employ the term ‘leader’. Reading between the lines, therefore, what do we glean about the distinction between management and leadership?

2 What, in Green’s view, are the key ingredients of a successful manager/leader in HSBC?

3 He talks about the ‘remarkably consistent corporate identity’ of HSBC, yet also refers to ‘prizing diversity’. This appears contradictory. Is it possible to achieve both at the same time? How?

1.4 What Do We Mean by Management Development?

It is generally agreed that management development refers to the process by which individuals improve their capabilities and learn to perform effectively in managerial roles. But the enduring simplicity of this definition is deceptive. Each element attracts controversy. For instance, what exactly is included in the term development, and how is this to be distinguished from management training, education and learning? Why should we focus exclusively on managers and managerial roles? What is meant by effective performance, and how is this to be interpreted and measured?

1.4.1 What Is Distinctive About Management Development?

In a study of four European countries, nearly 500 managers were asked the question: ‘What was your most developmental experience last year?’ These are some of their responses:

- Being given the responsibility to implement redundancies; setting up a new business unit;
- having to grapple with an ambiguous management strategy; coping with the loss of an excellent colleague; opening an office in a new country; involvement in an industry think-tank; managing a multiracial work group (Tamkin et al., 2006).

Do these examples constitute training, education, development, or all three?

Before reading on, write down a brief definition for each of the following: training, education and development.

Management Development and Management Training

Training and development tend to go hand in hand in organisational terminology, and are difficult to disentangle at a practical level. However, distinct theoretical perspectives have developed. Training usually refers to job-specific skills improvement in a current job role, and is associated with the traditional, stable and long-term psychological contract. Here the onus rests with the employer to train their workforce, addressing skills gaps and resulting in linear career growth for the employee. Training is a widely researched area within occupational and organisational psychology, because the instruction and acquisition of job-specific skills are seen as crucial to both organisational and individual effectiveness. To illustrate this, some studies have focused on the impact of training at the individual level, showing that training results in enhanced learning, increased motivation, and positive work attitudes. Other studies have pointed to the important role of a supportive environment to facilitate the effective transfer of learning. Because training is job-specific, it generally relies on a
predictivist perspective that views jobs as relatively stable entities to which certain skills need to be matched. By contrast, the wider-ranging objectives of development invoke a more mutual perspective, reflecting a new psychological contract. Here the organisation is seeking to cultivate leadership talent, and the manager is taking increasing responsibility for engaging in lifelong learning and possibly developing multiple careers. This has resulted in a growing body of research on employee and management development, which has sprung from a range of theoretical orientations, such as organisational and individual competence, self-awareness, feedback effects and the validity/impact of specific development approaches. For all this, we still know little about the effects on individuals and organisations of a diverse range of development activities, such as development centres, developmental appraisals, multi-source feedback, coaching and mentoring. Clearly, the fields of management training and management development, although different in emphasis, overlap considerably.

Management Development and Management Education

Another sister discipline to management development is that of management education. There are two contrasting approaches to the development of managers that have emerged since the 1960s (Fox, 1997). The first is management education, which is provided largely by university and management schools and is subject to the critical rigours of the wider academic and research community. The second is management development driven more by market mechanisms. This is a subset of human resource development (HRD) and provided largely by the private sector in the form of in-house training and development and/or assisted by freelance consultants and training agencies. Of the two, management education tends to be more theoretical, emphasising a body of knowledge in the academic disciplines relevant to management, and is delivered predominantly by traditional classroom methods. Individuals usually exercise a good deal of discretion over which courses to pursue. By contrast, management development tends to be more practitioner focused, aimed at developing personal knowledge and a repertoire of skills. Although this may involve classroom tuition, the range of methods for developing managers is far more diverse, usually and typically initiated by the employer.

There has been a blurring of boundaries between management education and management development, certainly in the US and Western Europe, over the past 10–15 years. Can you think of any factors that may have prompted this?

There has been a growing acceptance, from the 1980s onwards, of business and management studies as a mainstream subject within the university curriculum. The same period has also witnessed the growth in the post-graduate and post-experience market for Masters-level courses that has required management schools to move closer to corporate expectations in terms of style and syllabus. These two factors have increased the number of academically qualified managers, who in turn expect management development practitioners to be appropriately qualified. Fox (1997) also refers to the demand for new Masters degrees from independent consultants (especially in areas such as training and development, management development, HRD and change management) wishing to maintain their client credibility and professionalism in an ever more competitive market place. Conversely, more university faculties are offering bespoke consultancy, executive programmes and virtual learning partnerships with private and public sector organisations. Corporate universities, with their concern for high-quality tuition, tailored learning and corporate consonance, perhaps epitomise this convergence between management education and development.
Management Development and Management Learning

A third discipline of relevance to management development is management learning. This has been characterised as a new disciplinary area of knowledge and practice, which is both a subject area and a research community (Fox, 1997). It encompasses management education, training and HRD, as well as informal managing and learning processes. This perspective is helpful in recognising that ‘formal education and development activities are merely the tip of a learning iceberg’ (1997: 25). It shifts the focus away from a set of practices to be learnt – what Lave and Wenger (1991) term ‘intentional instruction’ – to understanding the processes by which managers (and indeed people generally) learn. Management learning also emphasises the role of the group in learning. This is something that an individualised approach to management education and development often overlooks. By removing individuals from the fabric of their everyday working–learning contexts, off-the-job training maroons them away from the very communities of practice that provide such a rich source of experimentation, reflection and learning in the workplace. Viewing management development through the prism of management learning also alerts us to wider institutional, cultural and political cross-currents that influence the definition and formation of management capabilities in a given regional context or knowledge domain.

So although the primary focus of this course is upon the training and development of managers as a corporate activity, understanding the way management development is undertaken and evaluated at an organisational level will necessarily invoke research from other arenas of management learning. For example, local training delivery cannot be divorced from wider institutional factors such as national policies of skill formation and government intervention (policy-education level); and the design of firm-level management development will be influenced by industry- or sector-specific qualifications structures (policy-corporate level) and informed by the fruits of research in the fields of training methods, transfer of learning, training and the like (operations-education level).

Easterby-Smith and Thorpe (1997: 50) conclude that the overall coverage of research in the various dimensions of management learning is ‘variable’ and ‘thin’. Sponsors, whether they be governments or corporations, have tended to dictate the questions being asked and dominate the methods being used, leading to outputs that bolster establishment thinking. The possible exception is management learning research at the operations-education level: here the focus on the effectiveness of various teaching/learning processes has ushered in more critical and discursive approaches and methodologies. These bring into question the functionalist treatment of management development as an activity that exists exclusively, or even primarily, to build the knowledge, skills and abilities of managers with a view to ultimately enhancing ‘performance’ at the organisational and macroeconomic levels of analysis (see below).

For the purposes of this course then, we use management development to refer to the way it is structured, its mode of delivery and its underlying morality.

By structure we refer to the means by which organisations devise strategies and establish internal systems for developing managers, including such activities as career planning and arrangements for diagnosis and review of development. Depending on the country concerned, this will be influenced – possibly constrained – by sectoral, professional and governmental policies.

The delivery dimension concerns the actual methods used for developing managers – whether formal or informal, whether on the job or off the job, whether internally or
externally delivered. Whereas development of managers is the focus, we take this to largely incorporate management training, to overlap considerably with management education, and to be located within the wider domains of management learning (see Figure 1.1). This figure also reminds us that management development is often a key element of wider organisation-al learning (Starkey, 1996) and organisation development (OD) interventions (Oswick and Grant, 1996).

Figure 1.1  The domain of management development

The moral dimension is far more implicit. It refers to the capacity for management development to simultaneously promote diversity and discrimination, empowerment and exploitation, socialisation and marginalisation.

Although we locate management development in this way, we are not discounting a good deal of management learning that takes place incidentally, experientially and/or beyond the boundaries of formal and informal development arranged by the organisation. Nor do we imply that training and development activities automatically result in an organisationally, or even personally, productive learning experience. Indeed, these are crucial issues that thread their way through the course.

1.4.2  Why Focus on Managers?

In one way the task of management might be regarded as a trivial and inglorious occupation, hardly meriting sustained analysis. The profession of management has a serious identity crisis. Other professions have established national if not international credentials, sophisticated routes for continuous professional development, powerful lobbies for policy-making, and assessment processes for monitoring quality, standards and accreditation in their respective fields. ‘Management’ struggles on all these fronts. In the UK, for instance, the last 20 years have seen a succession of ambitious attempts to establish a coherent and credible national approach to improving management and leadership capability. None appears to have had an enduring impact. There is a similar though not identical story in the rest of Europe. EU environments are increasingly influenced by a series of general directives on academic and professional recognition; to date, management education and development has
remained largely outside this regulatory framework. Especially pressing is the perceived need to create future accreditation mechanisms for management practice for present and future member states, in a manner that supports cultural diversity, subsidiarity and market transparency.

Yet, despite this identity crisis, it could be argued that managers are a pivotal part of the workforce.

Reflect on your own role or that of others in your organisation. What is it about what you/they do that is distinctively managerial? To put it another way, what do managers do that other employees do not do?

My belief is that as formulators of strategy, as decision-makers, as role models, as facilitators of innovation, as motivators of staff, managers represent a key constituency, and their sustained development constitutes an activity of supreme importance. It could be argued that the label ‘manager’ is not that important. However, you will remember that, in the HSBC case, Green refers to international officers becoming international managers, which suggests that labelling can signify important shifts in thinking. Let’s consider four aspects of management in a little more detail.

Managers as Brokers of Knowledge

It is now widely argued that the one unique source of sustained competitive advantage available to a given enterprise is the so-called ‘intellectual capital’ it possesses. Broadly speaking, this refers to the way an enterprise acquires, creates and utilises specialist knowledge and expertise. There are two features of these assets. First, they are much less tangible than they used to be, and more deeply embedded in the way an enterprise organises itself. Second, they are highly dependent on the particular ways of working, or ‘routines’, of a given organisation, whether this be the preferred style, language, courseware, software and so on. The challenge for managers is to make such tacit knowledge meaningful. This can be done – astute management development can help – perhaps by exploring the necessary skills to systematise and facilitate knowledge-sharing behaviours by creating conditions of trust, and by building communities of practice where diversity is celebrated, not ignored, and where non-conformity is valued, not penalised.

Managers as Linchpins of Learning

If management can be learned, can learning be managed? How can control over the learning process be relaxed while at the same time channelling the benefits from it? Jones and Hendry (1992) quote Illich in this regard: ‘Learning is the human activity which least needs manipulating by others. Most learning is not the result of instruction. It is rather the result of unhampered participation in a meaningful setting’ (Illich, 1971: 39). So a second pivotal role for managers is to help construct a meaningful learning environment around them. According to Argyris (1987), most managers are actually skillfully incompetent at achieving this sort of deeper learning. By this he means that managers may be more expert at using a series of cognitive processes than they are at recognising and thinking about the processes themselves, usually because the latter activity is potentially too threatening to existing relationships and mindsets. This explains why senior executives, who are perfectly aware of the importance of learning – innovation, risk-taking, critical analysis, knowledge exchange – frequently do not display these qualities in their behaviour or support them in others. Their
thinking may be characterised by skilfully deployed defensive routines that are actually anti-
learning.

Not all organisations are guilty of this. Some international firms use their multicultural 
environment as a growth opportunity. For instance, they plan strategic secondments to 
promote learning, especially between different areas of technology and between functions 
such as R&D and marketing, to help their staff understand the organisation from a multiplicity 
of perspectives. Or they encourage conflict and disagreement in a team setting, because this 
can push managers to question existing premises and cultural blind spots, and make sense of 
their experience in a new way.

**Managers as Makers of Meaning**

The character and morality of the employee have always been central concerns of managers 
as they seek to govern and structure organisational life. One of the hallmarks of a strategic 
approach to HRM in the 1990s was the bold attempt to ‘win hearts and minds’ by setting up 
culture change projects. The boldness came from their explicit and vigorous attempt to 
reconstitute work activities and employment generally – in effect, to redefine what work and 
organisational membership mean. The labels of these programmes differ, and will continue 
to do so as fashions change: total quality management, business process re-engineering, 
supply chain management, six sigma leadership have followed in quick succession. But 
invariably their underlying philosophy is simultaneously hard – increased flexibility and 
continuous improvement – and soft – to induce entrepreneurial and customer-focused 
attitudes in staff (Keenoy, 1997).

This, of course, places invidious demands upon middle managers. They may be uneasy 
about the role cast for them as managers of (new) meaning, but find themselves unable to 
resist or contradict the rhetoric they find themselves part of. Again, management develop-
ment is central here, because of the way senior teams look to such training programmes as 
the means to usher in, exemplify and legitimise a new cultural order (Kamoche, 2000).

**Managers as Arbiters of Efficiency?**

However, while, the approaches described above are directly concerned with the pursuit of 
management objectives and controlling the workforce, they typically present themselves as 
products of neutral, academic/scientific research and analysis. They claim to represent 
objective scientific analyses of the way the world is – or organisations are – but in fact they 
represent the way managers see the world, and the interests they pursue. In other words, 
they deny their nature and origins.

The questions formulated and answered, the perspective taken, the sectional interests 
supported etc. are grounded in a world view, a set of beliefs and values, which indicate 
that the top managers of corporations and other organisations are a highly important 
group, whose actions are normally supposed to support the social good … managerial 
actions … are worthy of support and it is the duty of management writers to provide it 

And all of this in an environment that is loaded to favour masculine values (Kerfoot and 
Knights, 1998).
Thus, under the banner of management development, ‘tools’ such as ability tests, assessment centres, performance–based reviews and competency-based development programmes may be enlisted. Despite the claims of organisational initiatives to be about improving efficiency or exploring ‘the way we do things around here’, such analyses in fact studiously ignore certain key elements of organisational structure and process – the nature and role of power, of conflicts, of exploitation, of difference (Townley, 1994; Bartrum, 2005). Some of the basic assumptions and taken-for-granted ‘realities’ of organisational life are left unquestioned and unaanalysed.

Once again this positions managers simultaneously as participants in and consumers of a dominant discourse. By discourse I mean a way of speaking, writing or thinking that incorporates particular things as given – as unchallengeable truths. An example is an attempt by the government in the UK to increase accountability, deliver achievement and quality in further education in a measurable way, using a schools inspection scheme called Ofsted (see Box 1.5).

Box 1.5

Changes in recruitment and training of teachers, in common with other public sector workers, can be seen as part of a drive to increase efficiency. This is essentially a process new to further education in the UK. Groundwater-Smith and Sachs (2002) see this as part of a national drive for an ‘audit culture’: an attempt to make practices and processes more transparent, leaving little room for negotiation and professional judgements. Such a culture supports a very hierarchical and top-down form of human resource management. This can be contrasted with the more traditional view of ‘activist professionals’, who draw their inspiration and motivation from holding the best interests of their clientele at heart, recognising that needs vary, are contextualised, and require careful thought and decision-making.

Much of the centralist and managerialist drive in quality can be seen as an ambiguity over ‘trust’ in employees and definitions of professional practice. The highly prescribed nature of standards indicates a lack of trust in professional judgement and choice. Under the new public service management, auditing has become a way to ensure routinised, institutionalised practice rather than rational choice. It requires the construction of specific performance measures and ‘political technologies’ that bring persons and objectives into alignment. ‘In short, the audit society requires a kind of meta-performativity, where standards are met for their own sake, whether they are appropriate and ethical or not’ (Groundwater-Smith and Sachs, 2002: 347).

The discourse discussed here is obviously one of ‘raising standards’. However, it is also about the wish to monitor and control performance, to shape pedagogy, practice, and what it is to be a teacher in this sector. An initiative that at first glance appears to benefit the individual teacher by providing further development opportunities could actually be construed as centralist interest in regulation and surveillance (Avis, 2003).

### 1.4.3 What Is ‘Effective Performance’?

The last part of our working definition is that management development will enable individuals to ‘perform effectively’ in their managerial roles. When presented with a management development activity most of us would have a clear picture of successful outcomes.
Consider a development activity you have been involved in or have observed recently. What were the expected outcomes? What, for you, were the real benefits, if any? Who were the real ‘winners’, and were there any ‘losers’?

The discussion so far has emphasised the fact that it is easy to presume our personal success criteria will be shared by others. In particular, because of their dominant position in organisations – structurally, ideologically and according to gender – top teams have a way of galvanising opinion about the value of a given development intervention around their own interests, and drowning out contrary views. But there are a variety of stakeholders: participants, their subordinates, peers and line managers (all of whom will be members of either majority or minority groupings), HR professionals, senior managers, business planners, external consultants and government funding agencies. Each has a different interest in, influence over and ownership of training and development interventions. Indeed, given the actors involved, the reputations at stake, the budget invested and the proximity of most management development activity to the power nexus of the organisation, it is no wonder that it remains one of the most contested of human resource interventions.

Burgoyne and Jackson (1997) discuss the example of a competency-based leadership programme, and note how hierarchically defined stakeholders might support or block the programme for contrasting and congruent reasons. This reminds us that, depending on the particular management development activity, a varying constellation of constituencies will coalesce around a particular issue or group of issues, each with different objectives in mind. ‘Different factions can support the same action for entirely different reasons. Support for a particular initiative can be garnered from a plurality of purposes and, therefore, does not have to conform to the same unitarist definition of its purpose’ (Burgoyne and Jackson, 1997:63)

Certainly this begins to explain how the very same management development intervention can come to be evaluated quite differently by a range of stakeholders. What it possibly overestimates is the freedom with which these differing views can be expressed and achieve currency. As discussed in the previous section, the degree to which such constituencies are free to act, intervene and shape outcomes will be subject to the prevailing discourse.

1.5  **Who Are Managers?**

So far we have been talking about managers in the context of development as though they represent a commonly understood, circumscribed and homogeneous group of employees. This is clearly not the case.

1.5.1  **Historical Conceptions of What It Means to Manage**

In the same way that the definition of management development is not self-evident, neither is the notion of management itself. The roots of the concept are revealing. The French verb *ménager* connotes the comparatively humble role of housekeeping, the Italian term *menaggiare* refers to the idea of handling or training horses, and the original Latin word *manus* means a ‘hand’. The term ‘manager’ was later extended to war, and to a general sense of taking control, taking charge and directing. The semantic root is instructive, because it conveys ‘the social divisiveness of management as a contradictory process – a process in which a person simultaneously takes responsibility for and seeks to control a valuable, yet wilful and potentially resistant resource’ (Willmott, 1997: 163). This social division of labour, Willmott
argues, is neither universal nor inevitable, but owes its existence to historical and political processes through which managerial work comes to be defined and ascribed to a privileged social group. Grey (1999) also alludes to the distinction between management as an activity and management as a (privileged) category of person. Several writers, keen to become liberated from such modes of colonialist discourse and speech –whether this occurred in the distant past or continues in the present – have critiqued the Western/non-Western divide in management thinking (see Box 1.6).

**Box 1.6**

**Colonial theories** cast management as a distinctly Western concept. A clear exponent, according to Frenkel and Shenhav (2006: 867), is Drucker, who in his early work argues that management ‘is not only a salient product of Western thought, it is also one of the factors that distinguishes the West from other civilisations, and accounts for the West’s economic and social superiority.’ Like many other ‘one best way’ theorists, Drucker sees ‘other’ cultures as exotic and inferior, identifying universalism with Westernisation.

**Post-colonial theories** point out the ethnocentric bias of management practices. Because such ideas were and are shaped in a colonial context, ‘they define the West directly or indirectly as modern, rational, and homogeneous, whereas the ‘other’ (the ‘East’, the ‘Third World’, the ‘native’, and the ‘ethnic’) is perceived as less progressive and rational […] Much like the ‘classic’ colonial project, the neo-colonial project of Americanisation meant the introduction of a colonial productivity discourse and its practices in an attempt to bolster and legitimize a cultural and economic hegemony around the globe’ (Frenkel and Shenhav, 2003: 1540, 2).

**Hybrid theories** emanate from a particular stream of post-colonial research that has sought to demonstrate that the binary distinction between Western and non-Western (whether Orientalism or any other) is not sustainable. Rather, it is argued, management discourse should be seen as a hybrid product of the colonial encounter. ‘A non-binary epistemology suggests collapsing the boundary between West and non-West and allowing a hybridity to filter in, without denying the asymmetrical power relations between them. From a non-binary perspective we need to show, therefore, how Western and non-Western experiences (and representations) are inseparable; and how binary perspectives may purify the colonial practice and mask its hybrid history. We submit that the binary distinction between the West and the Orient employed by organisation and management theorists often masks the hybridity of their origins’ (Frenkel and Shenhav (2006: 860).

What are the implications of this critique for management development? First, it encourages us to explore historical, cultural conceptualisations of who managers are, what they do and how, therefore, they can best be developed. This we consider in a moment.

Second, it alerts us to the way management development activities, perhaps more potently than most other HR practices, can serve to legitimise established priorities and values in the enterprise concerned. Deetz (1985) refers to legitimation as the process by which decisions and actions that distort communication are rationalised by invoking ‘higher-order explanatory devices’ (1985: 127). So, for example, the need for the leadership programme described above might be justified in relation to a set of core competencies for aspiring managers to become more results-oriented and customer-aware. Quite apart from the potential contradic-
tion in behaviour and psychological stress these goals may induce for the individual manager, the point about legitimation is that the competency framework becomes an explanatory device, and remains beyond examination or question. In a similar vein, Frost (1987) describes socialization as a mechanism of learning and orientation that directs and shapes desired attitudes, behaviours and interpretative schemes of some players to the benefit of others. Most of us can identify with this dimension of management development, encountered most vividly when we are newcomers to an organisation: whether explicitly in the guise of training programmes, or more subtly in the form of mentoring, buddyng and modelling, we discover what is acceptable, tolerated, overlooked and outlawed.

Third, and following on directly from the idea that managerial knowledge is historically sectioned and situated, we note that management might also be regarded as a predominantly masculine and Western form of constructed knowledge, or discourse. As management development is a prime diffuser of such knowledge, its ability to promote diversity must be seen as suspect.

1.5.2 Cultural Views of What a Manager Should Do and Be

Earlier I asked you to consider what you feel is distinctive about the work of a manager. Now I’d like you to think about the extent to which your definition of a manager is influenced by your national or regional culture. This is probably best done by comparing managers in your country with those you have encountered in another.

The North American model of management has been traced back, not uncontroversially, to the frontier mentality of the early settlers (Prasad, 1997). By contrast, the attributes necessary for senior management and leadership in South East Asia include patience, sincerity, honesty, consensus, flexibility, and a willingness to learn: this finding by Van der Boon (2003) leads her to conclude that, in the Asian business environment, the ‘best man for the job is a woman’ (2003: 141), noting that women hold key management and political positions, particularly in the Philippines, Malaysia, Thailand and Singapore. Leadership and management in Japan are ‘predicated on power and knowledge relations in which the ‘common instinct’ that is generated by long-term interaction amongst insiders guides practice with an elegant simplicity (wabi-shabi) that is not commensurate with precious displays of individualism and Anglo-Saxon models of leadership’ (Ray et al., 2004: 325).

Yet even to talk about Anglo-Saxon models may gloss over important differences. For example, whereas British managers may emphasise the need for communication and interpersonal skills, and see the organisation primarily as a network of relationships demanding negotiation, influencing skills and image promotion, German managers may be more likely to emphasise individual creativity, and to see the organisation as based on competence, rationality, knowledge and technical expertise. In contrast, French managers may emphasise the importance of being recognised as ‘high potential’, and see the organisation as based on power, authority and political trade-offs (Laurent, 1986).

Attitudes towards management are naturally forged from political processes and cultural values. For example, Turkey can be described as being ‘medium high’ on the uncertainty avoidance index (Hofstede, 1991). Hofstede describes how young democracies (which he defines as being those that have developed their forms of government since World War I, such as Turkey) tend to show higher uncertainty avoidance than older democracies. This notion fits with Ataturk’s reforms, which coincided with a Turkish republic salvaged out of the Ottoman Empire in the years following World War I. A Romanised alphabet, Western
dress, and a society no longer founded on religion but on secular values were among the sweeping changes that patriotic, forward-thinking Turks were expected to embrace. Yet traditional Turkish values, especially around status, remain (see Box 1.7).

**Box 1.7**

The cultural syndrome of status identity embodies the notion that cultural members are stratified into hierarchies or groups based on culturally relevant information. Turkish organisations are distinguished by central decision-making, highly personalised, strong leadership, and limited delegation, together with steep hierarchies indicating the subordination of employees to their leaders – yet are also described as ‘families’. Turkish leaders are characterised by paternalistic attributes. Within this notion of hierarchy versus egalitarianism, hierarchical cultures like Turkey’s favour differential social status, implying distributions of power. And within hierarchical cultures lower-status individuals are respectful and defer to higher-status individuals. This status identity syndrome manifests itself in the Turkish context, with paternalistic leaders demonstrating parental consideration towards their subordinates (from Ashford, 2005).

This glimpse into the way managers manage in one culture suggests that different countries will have quite different ways of identifying, grooming and developing their managers. This is driven partly by educational priorities, corporate strategies, historical legacies and cultural values. Table 1.1 shows how the interplay of national culture/organisational culture and career orientation and strategy lead to contrasting pathways of management development.

**Table 1.1  Favoured ways of identifying and developing managers**

<table>
<thead>
<tr>
<th>MANAGED DEVELOPMENT APPROACH</th>
<th>Unmanaged functional trial</th>
<th>Managed potential development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The ‘MNC’ Model</strong></td>
<td>Little elite recruitment</td>
<td>Careful monitoring of high potentials by management review committees</td>
</tr>
<tr>
<td></td>
<td>Decentralised recruitment for technical or functional jobs</td>
<td>Review to match up performance and potential with short- and long-term job and development requirements</td>
</tr>
<tr>
<td></td>
<td>5–7 years’ trial</td>
<td>Importance of management development staff (often report to CeO/GM)</td>
</tr>
<tr>
<td></td>
<td>No corporate monitoring</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Problem of internal potential identification via assessments, assessment centres, indicators</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Possible complementary recruitment of high potential managers</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Apprenticeship</strong></th>
<th><strong>Functional ladders</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The ‘Germanic’ Model</strong></td>
<td>Annual recruitment from universities and technical schools</td>
</tr>
<tr>
<td></td>
<td>2-year ‘apprenticeship’ trial</td>
</tr>
<tr>
<td></td>
<td>Job rotation through most functions</td>
</tr>
<tr>
<td></td>
<td>Intensive training</td>
</tr>
<tr>
<td></td>
<td>Identification of person’s functional potential and talents</td>
</tr>
<tr>
<td></td>
<td>Some elitist recruitment, mostly of PhDs</td>
</tr>
<tr>
<td></td>
<td>Functional careers, relationships and communication</td>
</tr>
<tr>
<td></td>
<td>Expertise-based competition</td>
</tr>
<tr>
<td></td>
<td>Multifunctional mobility limited to few elitist recruits, or non-existent</td>
</tr>
<tr>
<td></td>
<td>Little multifunctional contact below level of division heads and ‘vorstand’ (executive committee)</td>
</tr>
</tbody>
</table>
### Managed elite trial

**ELITE COHORT APPROACH**  
**The ‘Japanese’ Model**  
- Elite pool or cohort recruitment  
- Recruitment for long-term careers  
- Job rotation, intensive training, mentoring  
- Regular performance monitoring  
- Equal opportunity (mistakes allowed and no immediate sanctions for poor performance due to job misfit, difficult boss etc.)

### Time-scheduled tournament

- Unequal opportunity, good jobs to the best  
- 4–5 years in a job, 7–8 years up-or-out  
- Comparison with cohort peers  
- Multifunctional mobility, technical-functional track for minority

### ELITE POLITICAL APPROACH

**The ‘Latin’ Model**  
- Leadership potential identified at entry  
- Elite pool recruitment (non-cohort)  
- Predictive qualities  
- From schools specialised in selecting and preparing future top managers  
  - ‘Grandes écoles’  
  - MBAs  
  - Scientific PhDs  

### Elite entry, no trial

- High flyers  
- Competition and collaboration with peers  
- Typically multifunctional  
- Political process (visible achievement, get sponsors, coalitions, read signals)  
- If stuck, move out and on  
- The ‘Gamesman’ [sic]  

### Source: Adapted from Evans et al., 2002.

However, the example in Box 1.8 reminds us that cultural stereotypes can be misleading. We return to this framework in Module 3, where we introduce more fully the complicating factors of size and sector when analysing management development.

**Box 1.8**

**Michael Marks**, CEO of Flextronics, describes his attitude towards cultural stereotyping.

‘About ten years ago, right after NAFTA took effect, I had the idea of locating a Flextronics manufacturing plant in Mexico. I clearly remember people saying to me, ‘Don’t do it. That’s a siesta culture,’ implying that any labor or other cost savings to be gained there would be offset by the workers’ laziness. I made a trip anyway and checked out three factories, one making cables for the auto industry, one making toasters, and one doing electronic assembly. I came away thinking, ‘It’s not humanly possible to work harder than these people or to produce products faster than this.’ We built a plant near Guadalajara in 1997, and within five years its revenues grew to more than $1 billion.'
1.6 What Is Needed to Deepen Our Understanding of Management Development?

So far in this module I have clarified what is meant by the term *management development*. I prefer not to see managers and leaders as distinct entities, but rather to see them on a continuum, with any responsible employee potentially able to operate as a manager and exercise leadership as circumstances demand. I have proposed that focusing on development does not preclude reference to related fields of management learning, education and training, because the boundaries between these domains are relatively permeable anyway. I have also suggested that an elastic use of the term *manager* is called for, partly because being a ‘manager’ has quite different cultural connotations in different parts of the world and, in particular, it is helpful not to be constrained by the politico-historical undertones peculiar to the West.

For a number of reasons, managers play a pivotal role in organisations, and a systematic, critical study of the way they are trained and developed is overdue. Finally, despite being a hot topic for governments, enterprises and individual managers alike, much remains to be discovered about how and why managers are developed, or indeed how and why they even exist as a distinct category of person. Here in the final section we outline five principles that we believe should guide such an exploration. In order to chart the territory of management development more fully, we propose that such an analysis needs to be international, mesolevel, multi-paradigmatic, diversity-sensitive and empirically driven.

1.6.1 International

It is clear that any study of the ways in which managers and leaders are developed would benefit from an international approach. Not only does this, one hopes, avoid ethnocentric bias and assumptions, it also offers the possibility of rich, cross-cultural insights. It might be argued that, although governments in different countries pursue quite different goals in their early education systems and adopt varying levels of corporate intervention at a policy level, there is a general trend toward regarding management development as market-driven. Globalisation and the increasing reach of multinationals are creating common expectations of managers across the world, and corporate cultures are arguably becoming more influential than national cultures. For example, having examined the particular historical emphases of management models in Germany, France, Japan, UK and US, Thomson *et al.* (2001: 61) note that

The general trends are similar. All the models expect something from the individual manager in terms of self-development over and above what might be done by the organisation. All five countries favour development beyond the initial education and induction; in Germany and Japan it is more formalised, especially in the large companies, than in France, the United States, and Britain. All the countries have problems with management development in small businesses …

But this idea of convergence in the realm of management development, fuelled by the inexorable diffusion of best practices, has been questioned, particularly where it is assumed that global HR practices are inevitably converging on a US model (Gooderham and Brewster, 2003). Based on extensive survey data gathered over the last decade, Brewster *et al.* (2004) reach a more nuanced conclusion concerning 23 countries in Europe. They point to directional convergence of HR practices, with increasing training and development as one example of a generic trend. However, they differentiate this from final convergence, noting
that there is very little evidence that countries are becoming more alike in the way they manage their human resources. If this is true in the relatively homogeneous arena of the European Community, then it is even more starkly the case when we consider approaches to developing managers and leaders in other continents (see Box 1.9).

**Box 1.9**

To understand the nature of management development within Asia, it is important to consider the historical and cultural influences that have formed the system of personnel practices used to ensure the availability of qualified employees for key positions. For countries such as Singapore and China, where there is a deep collectivist orientation influenced by Confucian values, the evolution of management development has been heavily guided by planned economies controlled by the respective governments. As Singapore became a self-ruled country under the influence of Lee Kuan Yew, and as China emerged after the death of Chairman Mao Zedong in 1976, these governments have aggressively focused on how to ensure adequate managers to support the success of these societies.

The implications of the planned economy within China can be most clearly evidenced through the growth of MBA programmes, which are relevant as business schools have become increasingly focused on corporate management development (Beeby and Jones, 1997). In China and Singapore the implications of this focus on business schools by the government have had a significant impact on the practice and policies of management development (Wang, 1999). As the graduates of these programmes facilitated the rapid development of joint ventures and high technology within China, these massive corporate transformations profoundly influenced the structures, social processes and individual behaviours within these firms (Tsui et al., 2004). For example, some of the trends reported within management development in China have included a shift from an academic to a professional orientation, from general knowledge learning to competency development, from technical orientation to managerial focus, from a common programme to an adaptive curriculum planning, and from ‘one shot’ training to strategic distributive development (Wang, 1999).

### 1.6.2 Meso-Level

What the example above (Box 1.9) also demonstrates is that, to reach an adequate understanding of management development, we need to engage with and seek to integrate different levels of analysis, incorporating both individual and contextual factors. This so-called *meso-level analysis* indicates a desire, particularly by policy-makers, to move beyond the more traditional macro and micro thinking that have dominated organisational analysis in the past. As Evans (2001: 542) puts it:

> Experience has shown that macro level theories are often too abstract and frequently applied to concrete situations with little attention to the mediating processes, while micro level theories tend to ignore the impact of broader structural factors on micro level decision-making settings.

In fact theorists in the field of international human resource management have been seeking to address such issues for some time. These authors propose an integrative framework of international HRM in multinational corporations that maps the twin influences of
Module 1 / What Is Management and Leadership Development and Why Is it Important?

exogenous factors (industry/regional characteristics and country culture) and endogenous factors (structure and orientation of parent company and competitive strategy) upon human resource management issues, functions and policies. However, such accounts tend to focus entirely on the multinational corporate experience, and lack worked examples. In this course we apply meso-level thinking as an analytic tool for tracing the intricate web of institutional, cultural, structural, organisational and micro-political/agental factors that shape the priority, content, impact and significance of development activities in different parts of the world.

1.6.3 Multi-Paradigm

It has already become apparent that, if we are to understand the full significance of activities conducted under the banner of management (and leadership) development, we need to invoke different/competing paradigms or perspectives (Alvesson and Deetz, 2000). To date, much research in the field has been atheoretical and acontextual. Studies that have sought to theorise have drawn on a diverse range of approaches, utilised their favoured methodologies, and remained firmly rooted in a single paradigm. This has led to a fragmented picture and a confusing set of findings.

Common-sense logic tells us that the careful development of managers is likely to have a positive influence upon individual capability and organisational performance. Work within the normative paradigm has begun to identify those variables that facilitate and those that frustrate such impact. Employing both quantitative and qualitative research designs, functionalist research therefore has its value in delineating more carefully the linkages between activities and outcomes, with the intent of creating a coherent, robust model of management development. However, this does not tell the whole story, partly because it relies on self-reported data and partly because it assumes organisations operate rationally to achieve unitarist goals. The interpretative paradigm is well suited to gaining insights concerning the more perplexing, local and emergent processes associated with management development interventions. The approach allows the investigators to privilege participant responses and reflections by giving attention to the feelings, intuitions and meanings ascribed to development activities they have experienced.

There is a growing body of literature that takes a critical perspective on the evaluation of management development. For example, some authors have drawn attention to the various ways in which management development offers technologies that act to ‘normalise’ the managerial self, thereby suppressing diversity in the pursuit of order, predictability and control (Hopfl and Dawes, 1995). Therefore, to fully appreciate the potency, whether hegemonic or subversive, of management development we need to move beyond issues of ‘good or evil’, ‘success or failure’ by investigating the ways in which such programmes and activities might simultaneously work both for and against the interests of any particular stakeholder.

1.6.4 Diversity-Sensitive

The notion of diversity management rose rapidly to prominence during the 1990s, and continues to gather momentum even today. We are now at a point where many organisations devote significant resources aimed (ostensibly) at valuing and leveraging diversity to the benefit of both individual and organisation. In many cases this involves the training and development of managers with a view to sensitising them to the benefits of diversity, and then providing them with the apparent wherewithal to ‘manage’ it. However, diversity-
specific interventions will most likely form only a very small part of a typical manager’s development experiences. This begs the question as to how mainstream forms of management development (being the main focus of this course) fare when it comes to their impact on diversity. We consider such a question to be all the more pertinent, given that most analyses of management (let alone management development!) tend implicitly to take a neutral stance when it comes to diversity and inclusion – which is a polite way of saying that they typically ignore such issues altogether. At this juncture we should be clear as to exactly what we might mean when we refer to diversity. This is less straightforward than it might seem. Not only is there much controversy on the issue, certainly within academic circles, but any particular definition will have political consequences for the very people whom diversity might be expected to affect. From a practitioner’s point of view, however, the typical pragmatic stance is to adopt a notion of diversity based around essentialist forms of group difference, expressed in terms of, for example, age, disability, race, religion, sex and sexual orientation.

There are many indications to suggest that management development frequently struggles to provide a ‘level playing field’ with regard to difference along such dimensions. In a sense, this should come as no surprise. Indeed, there are powerful theoretical reasons for a degree of scepticism concerning management development’s alignment with diversity. The few authors who have taken the trouble to delve into the origins and evolution of management have found its knowledge and practices to be dominated by influences that are white/Western and masculine (e.g. Kerfoot and Knights, 1998; Grey, 1999; Vieira da Cunha and Pina e Cunha, 2002). And all this despite the overwhelming tendency for management to be represented as a scientific and value-neutral activity (Alvesson and Deetz, 2000). Theoretically, then, if we consider management development to be a prime diffuser of knowledge and practice that is inherently sectional, should we really expect it to provide equal access for all demographic groups? An emerging body of empirical evidence supports the view that we should not, and we explore this evidence in Module 8. Given this experience, management development might usefully be held (at least partly) accountable for the continuing and lamentably low representation of minority groups within the upper echelons of management (EOC, 2005). However, we do not wish to imply that all management development automatically deserves to be considered equally to blame for this. Our approach throughout the course will therefore be to try, wherever possible, to interrogate management development (on both theoretical and empirical grounds) for its alignment with the assumed interests of those who are traditionally under-represented within the ranks of management.

1.6.5 Empirical

In its early days, the field of management development attracted more than its share of prescription, with varying degrees of rigour. In the UK we have seen successive national manifestos and critical success factors for management development being proposed, along with typologies of effective and less effective approaches to management development from both British (e.g. Burgoyne, 1988) and North American authors (e.g. McLagan, 1989). The following decade saw a growth of more empirically based work, focusing on the education and corporate sectors at both policy and organisation levels; but, as discussed above, this research was variable in quality, tended to have a strong establishment bias, and was invariably conducted to make a political point. Where the focus was on development in the workplace, it was usually descriptive. In order to navigate our way around management
development we are presented with an incomplete map, as Box 1.10, which briefly traces the contours of European research, shows.

**Box 1.10**

In Europe, research into the education and development of managers is less advanced than research into general education and higher level, technical education and training (Nyhan, 1998). Current knowledge on what constitutes good practice in Europe is inadequate in five respects.

- It often deals with training generally (without separating out managers), and is uncontextualised, telling us more about the quantity and types of training undertaken than explaining its quality and effects (Larsen, 1994).
- The few previous studies that have focused exclusively on training for managers have tended to examine specific issues, such as the development of competences (Winterton and Winterton, 1997) or the usage of training procedures and practices in different countries (Bournois et al., 1994), rather than the overall significance of management development.
- The favoured methodology has been the use of broad-brush surveys (Brewster and Hegewisch, 1994; Gudic, 2001; Brewster et al. (2004)) that lack analytical detail. Exceptionally, in-depth case studies of a few organisations have been conducted (e.g. Storey et al., 1997): these are rich in detail but limited to a small range of sectors.
- There have been several country-specific studies of management development, for example in the UK (Thomson et al., 2001), in Ireland (Graham et al., 2000), in Romania (Cseh, 1999), in the New Independent States (ETF, 1997) and in Holland (Paauwe and Williams, 2001), as well as non-European studies (e.g. Branine, 1996), but cross-national comparative studies remain rare.
- Various studies have analysed management training and development from an international perspective, but the chosen lens has invariably been that of the MNC (Noble, 1997; Tregaskis, 2001).

In many ways, this sets the research agenda and the challenge for this course. We need to move on from prescriptive advice and descriptive data. We need to understand more fully what is happening in the realm of management development by discerning and making more visible the theory/assumptions underlying such policies and practices. To achieve this, we need empirical substantiation, preferably in an international setting. In their review and critique of international HRM, Schuler et al. (2002) call for more qualitative research to study the processes by which international human resource management policies (including training and development) evolve, diffuse and become institutionalised. If this can be done in a way that gives equal weight to both macro and micro factors in a given country or region, that gives due consideration to issues of diversity and, in its attempt to offer explanation, avoids reliance upon a single paradigm, then we shall have made real progress in illuminating the arena of management development.
Learning Summary

- For several reasons, it is probably unhelpful to make a sharp distinction between leaders and managers (and their development).
- Management training and management learning are separate fields of enquiry from that of management development, but in practice the boundaries are becoming increasingly blurred.
- The label ‘manager’ varies widely in its meaning according to context and, certainly in the West, comes with a good deal of historical baggage.
- Whatever the cultural and historical expectations of what managers should do, they play a pivotal role in organisations, and their development needs to be taken seriously.
- In research terms, the field of management development is relatively immature and would benefit from cross-national, meso-level and multi-paradigm analysis.

Review Questions

1.1 What is distinctive about management and leadership development as against, training, education and learning?

1.2 Module 1 describes three levels that influence MLD: policy-education level, policy-corporate level and operations-education level. Give practical examples of each.

1.3 Why invest effort in the development of managers and leaders?

Case 1.2: Could Management and Leadership Development Have Saved Enron?

Introduction

This case is based on the demise of Enron, as recounted by Mangham (2004). It provides interesting insights into two issues discussed in this module: first, the shifting nature of management and leadership; and, second, the fact that any analysis of management and management development needs to encompass structure, delivery and morality. We let Mangham take up the story:

Until shortly before its problems became public Enron was seen to be a very well-managed company. In February 2000, for example, Fortune magazine’s survey of America’s most admired companies named Enron the most innovative US firm for the fifth straight year. In the same survey, Enron also topped ‘the quality of management’ list, coming in ahead of Jack Welch’s General Electric. Later that year the magazine included Enron in its list of ‘MO stocks to last the decade’. Fortune was not alone in its assessments: many newspapers, articles and analysts hailed its management and its stock. Business schools – notably Harvard – fell over themselves to write case studies demonstrating the strength of the company and the skilled leadership of Enron. None of those cheering Enron on in its good years questioned its integrity or the moral leadership of the company.
A model of leadership

So how might a theory of leadership re-describe the spectacular demise of companies such as Enron? Perhaps what is required is a theory that can accommodate the perception that the company was managed well in what we may call the technical aspects of management and leadership, a framework that also focuses on the moral aspects of managing that so many perceive to be a major reason for Enron’s fall from grace. Badaracco and Ellsworth (1989) offer such a tool. It is informed by the literature on leadership, and tested and refined through extensive discussions with high-achieving senior executives. The authors hold that integrity lies ‘at the very heart of understanding what leadership is’. For them, integrity suggests wholeness and coherence. It also suggests ‘rightness, a sense of moral soundness’.

The authors hold that the key to high achievement lies in consistency and coherence among three elements:

The first comprises a leader’s personal values, a leader’s aspirations (for the organisation) and a leader’s actions. They describe the personal values that lead to outstanding managerial performance under three headings: strong personal ethics, positive belief in others, and a compelling vision for their company.

The second, central, element of their model of leadership is that high-achieving leaders have visionary aims for their companies. Overlapping somewhat with their description of personal values, Badaracco and Ellsworth maintain that there are five aspects to a leader’s aims for the company: recruiting, developing and promoting people with high intellectual ability and the desire to excel; ensuring that members of the organisation have a deeply shared sense of community and of the company’s goals and purpose; seeing that communication is open and candid, even to the point of heated, emotional debate; structuring the company in such a way that subordinates have substantial autonomy; and determining that a desire for high ethical standards pervades the company.

The third element of the model – action – consists of the link that a leader makes between his/her personal beliefs and the aims he/she has for her/his organisation. It is through action that a leader will ‘move a company toward the ideal organisation, one that is consistent with the leader’s personal values’ in a world beset with choices and dilemmas. Consistency is the essence of leadership.

Applying these ideas to Ken Lay at Enron, it is possible to argue that he espoused a strong personal ethic. He was instrumental in setting up the company’s code of ethics, and he was a ‘prominent speaker on business ethics before his company bit the dust’ (McCrae, 2003). Badaracco and Ellsworth argue that the principal standards against which personal ethics should be adjudged are honesty and fairness. These were attributes that Lay was proud to hold dear to himself and his company. They were the attributes that he stressed in his introduction to the company’s code of ethics, which everyone was required to sign: ‘We want to be proud of Enron and to know that it enjoys a reputation for fairness and honesty and that it is respected (Cruver, 2002: 333). They were the ‘core values’ that were drummed into new starts, and were printed at the bottom of every sheet of Enron stationery – RICE: respect (‘We treat others as we would like to be treated ourselves’), integrity (‘We work with others openly, honestly and sincerely’), communication (‘We have an obligation to communicate’) and excellence (‘We are satisfied with nothing less than the best in everything we do’) (Cruver, 2002: 42; Fox, 2003: 79).

The second personal value is a strong belief in the ability of other people. Badaracco and Ellsworth believe that good leaders can attract high-calibre individuals to their organisations and can shape and motivate them to act for reasons beyond personal economic self-interest. Lay clearly attracted very high calibre people to Enron, who in turn recruited and trained the brightest and the best. By the year 2000 over half of Enron’s 17 000 employees had college or advanced degrees (Fox, 2003: 87). Lay delegated responsibility, and gave many people the opportunity to show what they could do. Many employees appeared to be proud to work for the company. Throughout the 1990s the company increasingly developed a name as a centre for smart, ambitious young professionals. They saw Enron as the ultimate launching pad for a business career: ‘Highly respected, bitterly admired – if you were craving the fast track, you dreamed of working at Enron’ (Cruver, 2002: 1). It is also possible to argue that – together
with Jeff Skilling – Lay was largely responsible for shaping the motivation and behaviour of those he recruited. Although the desire for personal gain appeared to be strong among Enron employees, to the point of greed in some of them, there is strong evidence that many were enthusiastic about building a strong and respectable business. To this extent they reflected the fact that Lay and Skilling in particular seemed to have a compelling vision for the company. Badaracco and Ellsworth claim that this vision has its source in ‘personal and imaginative creativity’ that extends beyond analysis and is embodied in actions that reflect ‘initiative, risk taking, and an unwavering commitment to its achievement’ (1989: 101). Few would dispute that Enron was such a company: it aspired to become the world’s leading company, and it nearly made it.

Furthermore, there appears to be evidence of open communication, and of plans being tested through vigorous debate. All three of the authors cited above provide instances where the various levels and divisions of the company dialogue and debate ideas, plans and procedures. Fox, for example, speaks of the circumstance where business groups were set to compete against each other as though they were different companies (Fox, 2003: 86). Skilling boasted that ‘the whole organization is like a free market of people and ideas’. However – as we have seen – these writers also provide strong evidence that this challenge and testing was not a feature of the board – nor, it would seem, of the accountants, bankers and analysts who so faithfully followed Enron into the abyss. As an instance, Andersen clearly knew of Enron’s practices, and even described aspects of them as ‘intelligent gambling’, but, after having decided to make some suggestions to Enron in order to mitigate their concerns, when asked they said nothing.

It is clear that the aspect of leadership that Badaracco and Ellsworth hold dear – a desire that high ethical standards should pervade the company – is the one that is found wanting in Lay, Skilling, Fastow and the members of the board. For Badaracco and Ellsworth ethical standards are the crucial links between leaders’ aims for their organisation on the one hand, and their own personal beliefs and actions on the other. The values that Badaracco and Ellsworth hold to be important to the promotion of high ethical standards are ‘honesty, fairness, mutual respect and trust, and compassion and sensitivity in the exercise of power’ (Badaracco and Ellsworth, 1989: 104). Lay claimed that fairness and honesty were the watchwords of Enron, but, as others have claimed since Enron’s fall, unfairness and dishonesty may well have been the order of the day within the company (Cruver, 2002: 333). Rupert Cornwell writes, about an investigation into Enron’s tax avoidance, that it apparently included the bribing of tax officials. He reports the words of a Republican senator who claimed that the tax avoidance schemes read like the plot ‘of a conspiracy novel’ (Cornwell, 2003: 21). Enron’s treatment of its own employees when bankruptcy loomed – reneging on its pledge to meet the terms of their individual employment contracts and restricting their rights to cash in the value of their Enron stock until it was worthless – is seen to indicate the senior management’s lack of fairness (Bryce, 2002: 210). More than one commentator has noted that the senior managers realised much of the value of their own share options shortly before the steep decline in the share price set in.

[...] Clearly the leadership of Enron is seen to fall well short of the characteristics that Badaracco and Ellsworth deem to be necessary for a high-achieving company. Were they to take a look at Enron I feel that they would probably concur with Bryce’s judgement that ‘Enron failed because its leadership was morally and ethically corrupt’ (2002: I 2).

1. What went wrong at Enron? Where did the rot start?
2. To what extent do current theories and concepts of leadership address such issues?
3. What role, if any, does leadership/management development have in creating socially responsible and skilled cadres of managers and possibly averting such corporate crises?
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