



140245527X

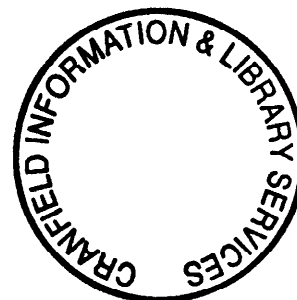


**SWP 42/91 "1992: AN INVESTIGATION OF STRATEGIES FOR
MANAGEMENT DEVELOPMENT"**

**PROFESSOR SHAUN TYSON
Human Resources Group
Cranfield School of Management
Cranfield Institute of Technology
Cranfield
Bedford MK43 0AL**

(Tel: 0234 751122)

Copyright: Tyson 1991





Shaun Tyson

Introduction

Management development in the emerging European context is a major issue for those concerned with the education and development of managers in the European Community. The question of how the United Kingdom is preparing managers for the next exciting decade is being addressed during a period of change and debate on the nature of management education in the UK. Following the Constable and Handy reports, the Charter initiative is slowly moving towards a recognised list of competencies, which its proponents believe all managers should possess.

Management development is normally a mixture of formal and informal processes. Some definitions of management development describe management education rather than management training. Training is regarded as being concerned with current job performance, whereas 'development' is more an act of faith, and in its concentration on the approach to managerial work, is more akin to education. The purpose of education is broad attitudinal development, which enables people to live a full life. The objective is to help people to form and sustain relationships, to allow people to express themselves and to achieve fulfilment. Development is therefore about creating a broader understanding of life into which decisions can be placed; where for example flexibility, tolerance of others and a respect for their opinions, intelligence and perceptiveness are more important than specific skills.

The growing internationalisation of business interests means managers have to respond by broadening their own understanding of the world, and of different cultures. For managers in multinationals, 'Europe' is one of several regions where they do business. The management traditions of companies trading internationally may be drawn from Britain, America, Japan or from other countries. The cultural assumptions managers bring will be influenced by the management traditions in which they are developed. As Thurley and Wardenius ask:

"How far do current and emerging European social, cultural, economic and political aims and objectives lead to a model of management which is distinct from American and Japanese models?" (P4)

The creation of a high level of political and economic collaboration within the European Community would seem likely to bring changes irrespective of the nature of the social charter, or the particular exchange rate mechanism adopted. The question of how managers will be able to exploit the marketing opportunities presented by the completion of the market, is of vital concern for the British economy, for jobs and for investment.

It is anticipated that the effects of the completion of the internal market programme will be felt in increased competitiveness, more acquisitions and mergers, collaborative ventures and an expansion in opportunities. The effects on managers can be seen as we consider what is required to frame European business strategies, to negotiate deals with companies based on the mainland of Europe, to analyse the market opportunities, to manage joint ventures, and to manage the process of European acquisitions. The need will be for a good knowledge of the language, culture, business environment and the kind of detailed marketing knowledge which only emerges after a long period of familiarisation.

"Detailed understanding of the relevant Community markets is essential".

Hill Samuel 1989 P3

"While language skills are not a precondition for developing a European business strategy, they may turn out to be a great facilitator of its long term success".

Hill Samuel 1989 P45

At varying levels, and in ways which will differ according to the demands of the job, the behavioural requirements or 'competencies' may be anticipated in the future. A broad European based education programme of the scale found in Olivetti's 'No frontiers' programme would seem to be essential. British managers will need to be able to:

1. Understand the economic, social, historical and cultural environment of the European Community countries
2. Converse and socialise with customers and suppliers from EC countries
3. Negotiate with customers and suppliers in EC



4. Recruit nationals from other countries into their teams
5. Integrate nationals of other countries into their teams
6. Supervise the work of groups of people from different countries
7. Manage a boss who is a different nationality
8. Make investment and divestment decisions in EC
9. Find business opportunities in EC
10. Negotiate with trade union representatives in EC

Recent Surveys

If the requirement for development is as extensive as suggested it is important to establish what has been achieved so far. The evidence from a number of recent surveys conducted in the UK and in the rest of the EC can be summarised as follows:

- The demand for 'Euro executives' is likely to exceed the supply and the senior (45 year old plus) Euro executive hardly exists in the United Kingdom. 40% of companies are reported to have done little in practice to prepare for 1992 (Saxton Bampfylde International 1989).
- Most large UK companies are now reviewing their human resource policies in preparation for 1992. When competing for skilled and highly qualified staff, the low pay rates in the UK put British companies at a disadvantage. These companies are also facing problems in retaining well qualified staff. Language skills are at a premium in the UK, and language training is the most common initiative being taken in preparation for 1992 (IRS 1989).
- Surveys of top European Human Resource Managers show them to be like other senior European managers, highly mobile, with a good knowledge of languages. Their training includes an early exposure to the broad European cultural heritage (Haguender 1989).

How then are British managers being prepared for 1992 and beyond? This was the question investigated by a survey undertaken by Cranfield School of Management. There is already ample evidence of British weakness in management development (Handy and Constable Reports). There is also a view that our language training is not as advanced as our main European rivals.

Survey Objectives

The research objectives were:

1. To discover how companies are preparing their managers for 1992 and beyond.
2. To examine the state of language training in British companies in preparation for 1992.
3. To determine whether there are significant differences in the strategies followed, according to size and industry type.

Method

Questionnaires were sent to a sample of large UK based companies, designed to elicit responses on the size and scope of their managerial hierarchy, their training in preparation for 1992 (especially in languages) and their management development strategies. The information was sought from private sector companies only, since it is the commercial opportunities which are seen as most significant. If companies were unable to complete the questionnaire, they were encouraged to either write or telephone, and to augment the information given.

The Sample

Approximately 500 companies selected from the Times top 1000 companies were chosen. These were selected as the first 500, excluding quasi public sector organisations and non UK based companies.

Response

A response rate of 14% was achieved, and in addition to the 71 questionnaires returned there were 9 letters which gave details of the companies' view of how they should prepare for 1992. A high non response is to be expected from a postal questionnaire, in spite of the usual efforts, such as prepaid reply envelopes etc. being used. A return of around 10% is not unusual for a survey of this kind.

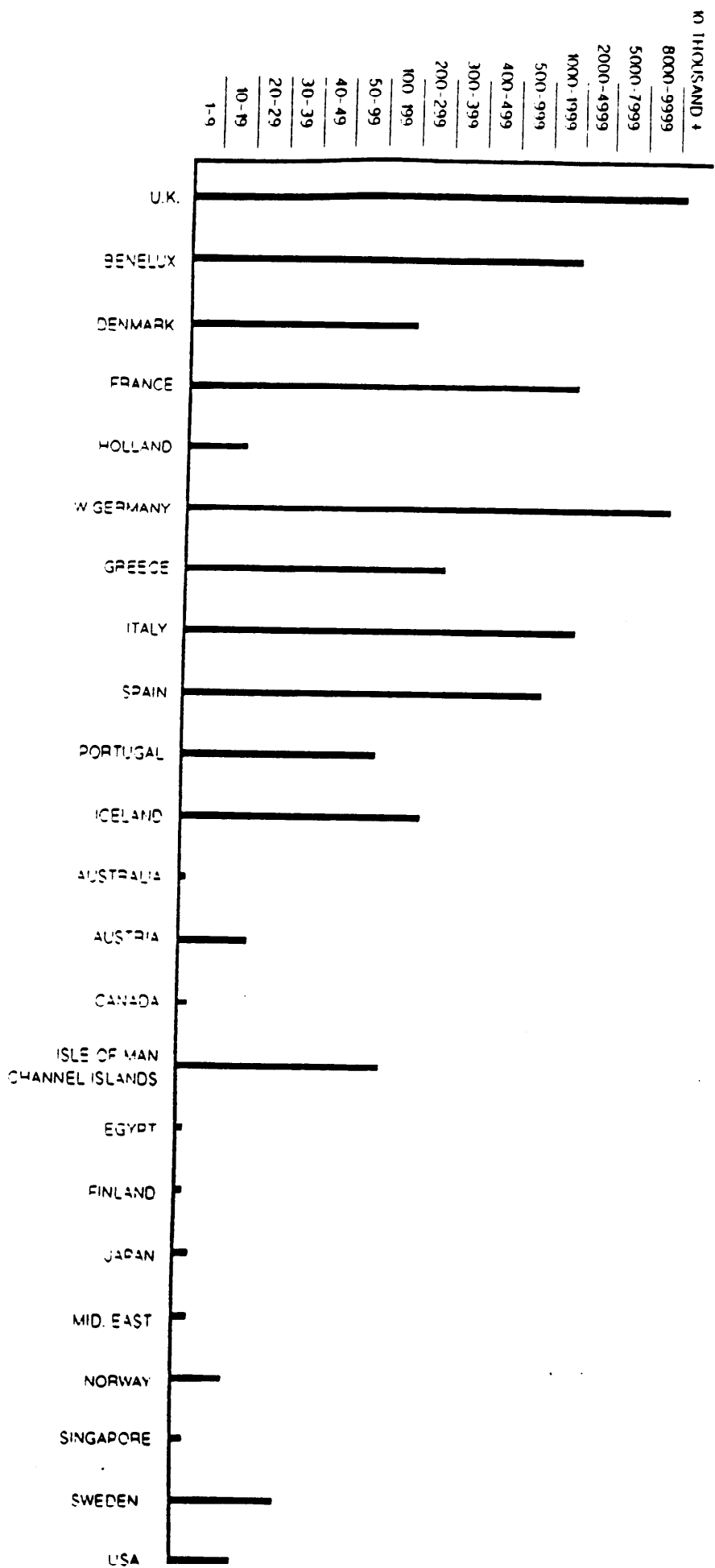
In the sections which follow, details are given of the results to the questions. First there is information on the sample:

Company Size

<u>Table 1</u>		
<u>No of Employees</u>	<u>No of Respondents</u>	
Up to 750	18	
751 - 2000	17	
2001 - 6500	17	
6500+	18	
Total No of UK Employees	<u>70</u>	(1 No response to this question)

<u>Table 2</u>	
<u>Industry Type</u>	
Non-Service industries - manufacturing chemical/pharmaceuticals, extraction and construction industries	= 38
Service Industries - Financial, retail, professional and other services	= 29
(4 with no classification industry type - including conglomerates, which could not be classified)	

TABLE 3
Total No of Managers employed by the organisations surveyed according to where they work.



Language Training

The provision of language training is still only offered by approximately half the companies in the survey. French and German are still the most common, and there is a slight increase in the number of companies providing French teaching. The majority of language training is at the intermediate level - implying that some prior basic knowledge is necessary, and that it is not intended to take the studies to a higher level for the majority of employees. There is evidence that companies which do not currently offer language training, do not intend to do so in the future.

Table 4

Number of managers already fluent in the following languages

Danish 23	Others
Greek 7	Mandarin Chinese 1
Dutch 220	Finnish 2
Italian 216	Hebrew 1
French 837	Norwegian 1
Spanish 302	Polish 1
German 549	Swedish 4
Portugese 32	Turkish 1
	Welsh 1

Table 5 Current provision of language courses

Language training provided by: 46.5%
Language training not provided: by 50.7%

Table 6	Level of Language Teaching		(% organisation responding)	
	Languages already taught		Languages courses planned	
	French	German	French	German
Elementary	12.5	12.5	12.5	20.0
Intermediate	54.2	62.5	56.3	46.0
Advanced	8.3	8.3	6.3	20.0
Intermediate & Advanced	12.5	4.2	12.5	-
Elementary/Intermediate and advanced	12.5	8.3	12.5	13.3
Level not specified	4.2	4.2	-	-

Table 7 Other languages taught at various levels (No. of organisations which taught these languages)

Italian:	6
Portuguese:	4
Spanish:	11

Also taught by more than one organisation:
Arabic, Japanese

Table 8 Courses provided in house or by external organisations

In house:	3
External:	27
Both:	2
By Distance Learning:	13

(39 organisations did not respond to this question)

Courses and Programmes

The survey explored the use of familiarization courses and seminars. In looking at the use of such cultural seminars to familiarize staff with customs, management style

etc. in other countries, only 10 organisations ran such seminars, and only 9 ran business environment courses.

18 companies provided information on the EC during existing courses, and there was evidence of an increase in the number of courses being developed to provide EC data (24 companies were planning to).

The provision of courses does not relate to the size of the Company. However the intention to provide courses in 1992 does - larger companies (employing more than 750 people) are more likely to provide courses than smaller companies. Medium sized companies (750 - 6500 employees) are more likely to provide information about EC than smaller companies, or the very large companies. There is no statistically significant difference between companies of different sizes in the intention to set up new courses about 1992.

The intention to create 1992 courses seems to be strongest in the non service/manufacturing sector. If companies do not provide familiarization courses, it is more than likely they will not provide business environment courses, but if they do not provide business environment courses, they will definitely not put on broad, familiarization courses.

Human Resource Strategies - recruitment, development and organisation

The questionnaire went on to enquire about the extent to which responding companies were adopting one or more well known strategies to develop their managers for 1992. The strategies suggested fall into the category of what Mumford (1989) describes as "Integrated managerial opportunistic processes", that is the explicit intention is both task performance and development, and there are clear development objectives. The responses could be classified according to Burgoyne's 1988 model as being either isolated, tactical moves, ad hoc arrangements designed to help solve particular management problems, or integrated, and coordinated, directed that is at developing the individual manager through the career structure, with various learning opportunities provided. The former model could be found amongst the medium sized companies who are facing the challenge of European competition for the first time, whilst the integrated approach is more often followed by multinationals, or big companies with a long experience of management development.

Human Resource Strategies Used to Provide a Cadre of European Managers

1. Project teams designed to prepare business for 1992:
 - 53.5% yes
 - 46.5% no

2. Recruitment policy (i) Employment of graduates with language skills
 - 67.6% yes
 - 31.0% no
 (ii) Employment of nationals from other European countries
 - 74.6% yes
 - 25.4% no

3. European Career Structure - in order to develop European Managers
 - 37.1% yes
 - 62.9% no

4. Experience of working in Europe significant for promotion
 - 49.3% yes
 - 45.1% no
 (4 non response on this question)

5. Use of appointments to subsidiaries for management development purposes
 - 64.8% yes
 - 32.4% no
 (2 non response to this question)

6. Encourage mobility
 - (i) Long term placements in European countries
 - 36.6% yes
 - 59.2% no
 (3 non response)

 - (ii) Short term secondments in European countries
 - 49.3% yes
 - 45.1% no
 - (4 non response)

(iii) Short term exchanges within European countries

38.0% yes

57.7% no

(3 non response)

General use of expatriates

42.3% yes

53.5% no

(3 non response)

International representation at Board level

46.5% yes

50.7% no

(2 non response cases)

International functional teams within the company

62.0% yes

36.6% no

(1 non response)

Strategies and Organisation Size

Larger companies have developed project teams, designed to prepare business specifically for 1992.

Those organisations with 750+ employees are also more likely to employ graduates with language skills. Companies of all sizes are equally likely to use short term exchanges within European countries as a development device. Similarly, international representation at Board level is not dependent upon size.

Strategies and industry Type

The non-service sector (including manufacturing) companies are more likely to provide a career structure in order to develop European managers. In such industries, experience of working in Europe is likely to be significant when making promotion decisions. Non-service industries are more likely to provide short-term placements and use secondments in European countries.

The Interrelationships of HR Strategies

Those organisations which have project teams also employ European nationals from other countries. These organisations also have international functional teams, and employ graduates with language skills, who are progressed through a Europe wide career structure.

There is a complex of HR strategies which indicates that those companies who employ graduates with language skills are operating career development and promotion policies which have built-in appropriate international experience: they value European experience in promotion decisions, use appointments in subsidiaries for management development purposes and encourage mobility by offering long-term placements in European countries. European career structures are seen as identical to using international functional teams; however, 1992 project teams are not being used as a means by which experience for promotion is obtained, and companies which use international representation at Board level do not see this as a project team method of preparing for 1992.

Commentary

This is, of course, a small sample of British companies, and care should be taken not to assume that the respondents are representative of all industries and commerce. However, given the size and significance of these businesses, they may well be the most likely to be preparing for 1992. Many of the companies responding to this survey were large organisations, employing very substantial numbers of managers in the EC, particularly in UK, Benelux, France, Germany, Italy and Spain - which could be said to be the major economies of the common market.

It is interesting to note therefore that only around half of the sample are currently providing language training, mostly in French and German. Given that this survey has taken place in July 1989, after considerable publicity about the coming opportunities in Europe, it is perhaps surprising that the level of training is so low, and that the planned courses show only a marginal increase in French language teaching.

The broader preparation of managers for 1992 and beyond shows an even worse trend, with only a minority running courses on cultural and background information which will allow the managers to understand the social and business context of the

markets in which they are working. Interestingly, it is the medium sized and larger companies who are at the forefront in training managers through such seminars, and it is the medium sized companies who now see the need to provide information about the EC on their existing development programmes. 'Non-service/manufacturing' type organisations seem to be taking these issues most seriously at present, which no doubt reflects the potential threat of EC competitors, and the fact that goods are easier to export than services in many cases.

The picture of human resource strategies which emerges shows that the main strategy is to use a recruitment policy of employing graduates with language skills and nationals from other European countries to obtain the necessary cadre of managers with an international perspective.

Approximately half the sample are using project teams to prepare for 1992 and regularly use international functional teams. The main methods of development are short term secondments to other European countries, and the use of appointments to subsidiaries for management development purposes.

There is insufficient data to indicate whether any particular industry or organisation size has an identifiable strategy for creating managers with the capacity to exploit European opportunities. However, around 40% of the sample seem to operate a complex of human resource policies which include career development by international postings, using graduates with language skills, long term placements in European countries, and European wide career structures. Detailed issues such as whether these policies are applied to managers of all nationalities, the extent to which the policies are applied, and how they vary between countries is not yet known.

This research has indicated some of the ways companies are preparing for our European future. Much more needs to be done.

References

Burgoyne J. Management development for the individual and the organisation. Personnel Management. June 1988

Haguenoer G. Vers une Gestion Europeenne des Ressources Humaines Etude réalisée par Brossard Consultants dans le cadre du Xivème Congrès Européen de l'AEP. Paris. June 1989

Hill Samuel Bank Ltd. Mergers, Acquisitions and Alternative Corporate Strategies. Published in association with CBI Initiative 1992. W H Allen 1989

IRS Employment Trends. Survey evidence in response of UK companies to 1992. IR RR 435. 1989

Mumford A. Management Development Strategies for Action. Institute of Personnel Management. London 1989

Saxton Bampfylde International. The Search for the Euro Executive. Saxton Bampfylde International Special Report 1989

Thurley K and Wirdenius H. Towards European Management Pitman 1989