The Business Benefits of Management and Leadership Development

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Foreword

How many employers can be confident that they are producing the managers and leaders they need for the future? This ground-breaking report suggests too few are doing the right things to secure adequate returns on their investment in management and leadership.

Historically, there have been gaps in the evidence about how management development influences performance. I was therefore delighted to chair a Steering Board to help guide, challenge and support this project, which helps fill in some of those gaps. It is the largest study of its type, surveying almost 4,500 managers, CEOs, and HR directors, and has generated a wealth of data.

The results highlight strong links between how organisations approach management development and their overall performance. What matters is not simply how much money is spent but how it is spent. Top-performing companies align their development practices closely to their business strategy and they evaluate the effects of their investment more thoroughly. They make clear the organisation's commitment to management development, a commitment which starts with their CEO.

I hope these findings will stimulate fresh debate among employers about management and leadership development. With the economy stalling and the public finances in a precarious condition, the UK has rarely had a greater need for world-class management and leadership. Whether it is unlocking growth in the private sector or creating a more efficient public sector, developing the right management skills and behaviours is absolutely critical.

There can be no doubt that the right development activities can have a transformative effect on people's management abilities. One manager interviewed in this report summed up her experience of an intensive six-month programme by saying, "it provided me with many 'eureka' moments and genuinely changed my life and my expectations for my career… It had a massive impact on my competence at work". We need to give more people life-changing experiences like this to inspire the next generation of managers and leaders.

We cannot leave management development solely to HR teams and training specialists. They have an important role to play, but throughout my career I have seen the difference that the chief executive's commitment to development can make. So I urge CEOs and MDs – of companies large and small, of public services, and of charities – to look closely at how they personally promote better management and leadership throughout their organisations.

I hope this report will spur you all on to create more 'eureka moments' for your people.

Dr Martin Read CBE CCMI
Chair of the Research Steering Board
Non-executive director, Invensys, Aegis Group, Lloyd's and the UK Cabinet Office Efficiency and Reform Board

Acknowledgements

Introduction

What impact does management and leadership development have upon individual managers' performance levels – and on organisations' performance? And how can organisations maximise that impact?

These questions are at the heart of this study, the largest of its type yet conducted in the UK. It explores the business benefits of management and leadership development (MLD) and addresses issues including:

- current practice in MLD
- individual managers' views of MLD and the impact it has on their performance and abilities
- organisations' approaches to MLD and the impact on organisational performance
- how organisations can increase the business impact of MLD and how individuals may identify appropriate MLD for their specific needs.

The results – and the recommendations which we make based on the findings – will be of interest to employers as they seek to maximise the return on investment from their training and development spending, at a time when budgets are under significant pressure.

They will also be of use to individual managers who want to better understand how development activities might strengthen their skill set and enhance their professional abilities.

Finally, we expect that the research will add to the growing evidence base being considered by policy makers as they examine how management and leadership interventions may be able to support economic growth.

Research Context

The literature review undertaken at the outset of this study, which reviewed over 60 pieces of work, found substantial recognition that the development of employees is a key condition for high performing organisations. MLD helps organisations keep pace with increasing demands to boost productivity, retain talent and gain competitive advantage in a faster yet more sustainable manner (Martin, 2009).

In the current climate, with budgets under significant pressure, employers need to maximise the return on investment from their training and development spending. They need to better understand the impact of different forms of MLD and how a range of factors may lead to the desired outcomes for the organisation. One such factor is that of enhanced employee engagement, about which there is increasing evidence for performance outcomes (MacLeod and Clarke, 2009). Another is the increasing research evidence of the importance of the line manager in the achievement of business and people performance (Purcell and Hutchinson, 2007).

The research is also timely for individual managers, since the impact of current economic circumstances on the labour market makes it even more important that they understand how development activities may improve their skills, enhance their capabilities and help develop their careers. The individual manager is likely to have different needs at specific stages of his or her career and it is important for managers to understand how different forms of MLD may be of benefit at particular career stages or management levels.

However, there are relatively few studies that have been specifically designed to assess the impact of MLD on organisational outcomes and fewer still that look at the impact of MLD on performance from both an individual and an organisational perspective (Boaden, 2005; Mabey and Gooderham, 2005). This dual perspective is important since in part organisational performance will be the result of the application of knowledge and skills by the individual, and the development of key attitudes in the workplace. This research seeks to address this need.

Methodology

The research used a multi-layered approach, including a national survey of managers, focus groups, interviews and case studies. The survey was completed by 4,496 people across all levels of management, sectors, size of organisation and geographical areas, including 302 chief executives and 550 HR managers, who were asked a separate set of questions relating to how organisations approach MLD.

Respondents were mainly CMI members but the survey was also circulated to Manchester Business School MBA alumni and to employers via Leadership & Management Wales, the Association of Chief Officers of Scottish Voluntary Organisations and the Chartered Insurance Institute.

The focus groups were held at the beginning of the research among HR directors, MBA alumni, first line managers and middle managers, helping to inform the development of the survey. One-to-one interviews were held at the same time with CEOs, senior, middle and first line managers and consultants across the public and private sectors. An extensive literature review was also conducted at the outset and some of its findings are referred to in this report.

Finally, case study interviews were carried out among 10 organisations of different sizes, sectors and types of ownership in order to provide qualitative data, primarily looking at the benefits of MLD to employers. Further interviews looked at the experiences of individual managers across a range of sectors and different career stages. These interviews are presented throughout the report alongside relevant sections of the survey findings.

Measures used in the report

Throughout the report, we refer to three measures of performance which were developed in order to help us understand and measure the impact of MLD on organisations. Based upon evaluation by CEOs, senior managers and HR directors of 15 specific aspects of their organisation's performance, these three composite measures relate to business, people and organisational performance.

- Business Performance is comprised of financial and growth indicators
- People Performance includes employee engagement and productivity
- Organisational Performance comprises both of these first measures, plus measures relating to turnover and absence.

These performance measures were the basis for grouping responses into High, Medium and Low Performance groups, based on upper quartile, inter-quartile and lower quartile ranges.

Analysis of differences between small, medium and large organisations use standard classifications on the basis of the number of employees. Small organisations are defined as employing up to 49 people, medium 50-249, and large organisations 250 people or more.

Further details of the research methodology and demographic characteristics of the individuals and organisations who took part in the survey are provided in Appendix A. Details of the measures used in the analysis of the questionnaire data, and their definitions, are provided in Appendix B.

Key Findings

Nearly half of UK line managers are ineffective

Overall 43 per cent of managers reported that they considered their line manager to be ineffective or highly ineffective, compared to 57 per cent reporting their manager to be effective or highly effective.

High performing organisations report higher levels of line manager effectiveness. Eighty per cent of managers in high performing organisations report that their line manager is effective or highly effective, compared with 39 per cent in low performing organisations.

This finding highlights that there is considerable scope for improving the effectiveness of UK management and that, by doing so, organisational performance will improve. It also suggests that current management and leadership development practices are not meeting the need for improved management effectiveness.

Range of management and leadership development

Managers and organisations report using an extensive range of different activities to develop their management and leadership abilities. The research identified 26 different types of development activities. On average managers report having experienced at least six over the last three years.

Mismatch between provision and most effective development

Whilst on-the-job experience is most commonly experienced, managers clearly rate accredited learning and qualifications as having the most impact on their management abilities.

It is significant that the types of training being offered by organisations are not necessarily those activities that managers rate as most effective. There appears to be a mismatch between MLD provision and the type of development perceived as most effective, as reported by managers (see Figure A).
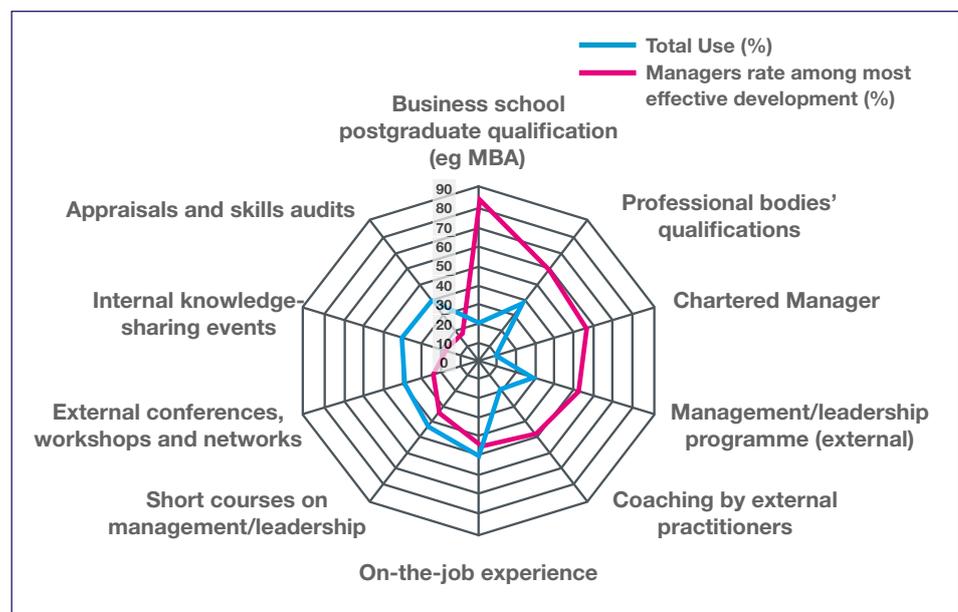
Figure A: Provision of development and its effectiveness

In addition, fewer than half of all managers (47 per cent) reported that they have current opportunities to use the skills and knowledge they have gained suggesting that organisations are failing to make the most of their investment.

Given the vast range of development routes, it is not surprising that both managers and HR specialists struggle to identify the most effective development activities. Clearly, a 'one size fits all' approach to management development is not appropriate. This research examines in depth how different development activities can be targeted to achieve different outcomes such as improving a manager's approach to work and specific skills and abilities.

Qualifications – hitting the 'sweet spot'

Managers rated business school qualifications, professional bodies' qualifications and Chartered Manager as the top three most effective ways of developing their abilities. Professional bodies' qualifications are viewed as particularly important at the early stages of a management career.

Targeting MLD to meet specific needs

The types of development that are seen as most effective depend on management level, age and gender. On-the-job experience is seen as effective by managers at all levels, but more senior managers are more likely to see external conferences, networks, workshops and short courses as more effective. Professional bodies' qualifications and management and leadership programmes delivered by external providers are seen as particularly effective for those at more junior levels.

Coaching, either by line manager or external practitioners, appears in the top five most effective types of MLD for women but not for men. Coaching by external practitioners is identified by over half of CEOs and senior managers as something they wish they had received earlier in their careers.

Different MLD activities develop different competencies: for example management and leadership programmes delivered by external providers are strongest for developing teams, whilst a business school qualification such as the MBA is particularly strong for developing strategic awareness.

Investment in MLD

The survey found considerable levels of investment by organisations in MLD. The average spend per manager, per annum, is £1,414. High performing organisations invest 36 per cent more than low performing organisations (£1,738 compared to £1,275).

The top five reasons organisations gave for investing in MLD reflect a business-outcome focused approach to MLD:

- to achieve organisational objectives (62 per cent)
- to manage change more effectively (49 per cent)
- to improve managers' performance (47 per cent)
- to increase competitive advantage (46 per cent)
- and to support business growth (41 per cent).

Business impact

The research shows that it is not simply a case of making a financial commitment to MLD that leads to business benefits. A range of other factors, in combination, were clearly associated with high performance organisations. Such organisations appear to take a more strategic view of management development with:

- commitment to MLD – driven by the CEO and senior management
- HR practices that reinforce MLD – such as performance management, leadership succession planning and competency frameworks
- alignment between business strategy and HR strategy - managers' skills are clearly developed to drive business results.

The commitment of senior leaders to MLD, demonstrated through their actions and behaviours, is associated with a 21 per cent difference in 'people performance'. A combination of these factors – commitment to MLD, alignment to business strategy, and supporting HR practices – was found to explain as much as 32 per cent of the variation in 'people performance'.

Combined with analysis across industry sectors, these factors accounted for 23 per cent of the variation in overall 'organisational performance' measures.

Measuring the impact of MLD

The Management Development Programme introduced by the Children and Family Court Advisory and Support Service (Cafcass) contributed to a 15% increase in productivity. It has helped Cafcass meet the challenge of absorbing a 45% increase in care cases since 2008-09 with the same number of staff, at the same time as increasing their employee engagement levels.

Employee engagement

Management development appears to be further linked to levels of employee engagement – adding to the indirect benefits of MLD upon performance (see Figure B). In organisations where MLD activity was highest, employee engagement levels were five per cent higher. The perceived effectiveness of MLD was also related to higher engagement scores.

Levels of employee engagement were correlated with the perceived skills of individuals line managers and with career development opportunities received. Given the established links between employee engagement and performance, this study once again reinforces the critical need for effective line management.
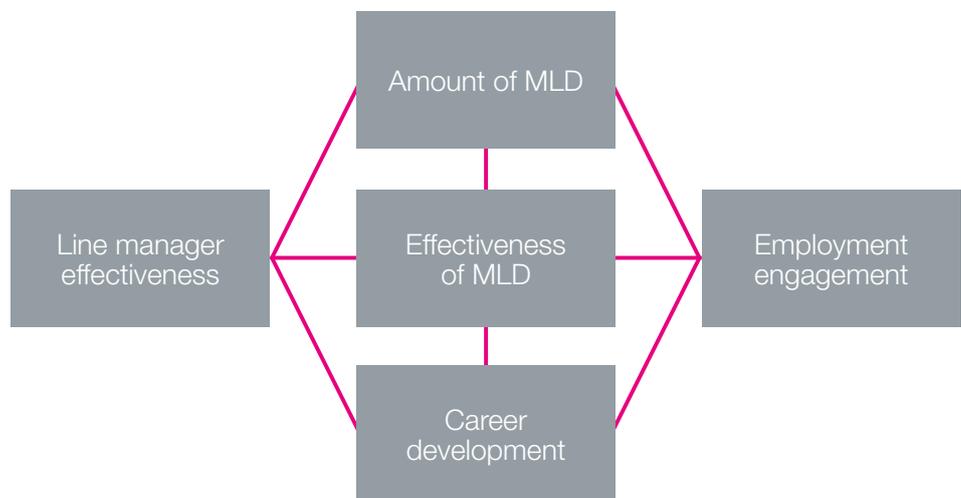
Figure B: Factors affecting employee engagement

Sector

Public sector organisations spend on average £1,515 per manager per year, while private sector organisations spend £1,416 and not-for-profit sector organisations spend £1,133.

Public sector managers report receiving the most types of MLD in the last three years, with an average of 6.5. Not-for-profit sector managers received on average 5.9, while private sector managers received 5.8.

Private sector organisations tend to use more assessment activities than either public or not-for-profit sectors. They also use a wider range of evaluation methods to assess the impact of their MLD with an average of 18 methods, compared with 16.3 and 15.8 in the public and not-for-profit sectors respectively.

Size

The larger an organisation, the more likely it is to provide MLD for its managers – except qualifications, which are equally likely to be used by organisations of all sizes. Employees in large organisations, on average, report 6.7 different MLD activities over the last three years compared with 5.8 and 5.3 in medium and small sized organisations respectively.

However, small organisations spend slightly more than medium sized organisations with £1,298 per manager per year compared with £1,204. Large organisations, on average, spend £1,572 per manager per year.

Large organisations are more likely to evaluate their MLD using, on average, 18.3 different types of evaluation compared with 14.4 methods in small organisations.

Profile of high performing organisations

It is significant that the 30 per cent of organisations that were self-rated as high performers across a range of performance measures were based across all industry sectors and sizes of organisations. Forty-two per cent of this group were small organisations with less than 50 employees and 43 per cent were large organisations; medium sized employers were not well-represented at only 16 per cent of the high performance quartile.

Although the top performers were predominantly from the private sector, 13 per cent were from the public sector and 12 per cent were from not-for-profit organisations. The public sector reported the highest average level of spend per manager, which also indicates that investment alone will not drive up performance.

Thirty one per cent of the high performers had headquarters outside the UK, while international organisations made up only 24 per cent of the overall survey sample. This finding reflects other studies that show higher levels of management and organisation performance among multinationals (Tamkin and Mabey, 2006).

Chapter 1: Current Practices in MLD – the individual experience

This chapter will review current practice in MLD and the types of MLD used by individuals taking into account the impact of age, gender and management level.

1.1 Defining management and leadership development

In this research, MLD refers to any formal or informal management and leadership development that has been undertaken by an individual which increases his or her awareness of, and aptitude for, effective leadership and management practice. In 'formal' development we refer to organised and structured approaches to development which often take place in dedicated learning environments, while 'informal' development is less structured and takes place in the course of normal working life.

MLD forms part of an organisation's total human resource development (HRD) activity, which may be defined as the "process of learning and change in work and employment to enable skilled people to perform competently in their roles" (Gibb, 2011). This process will involve identifying learning needs, and designing, delivering and quality-managing HRD activities. Even more broadly MLD forms a part of an organisation's talent management activity focusing on the development of managerial and leadership capabilities for current and future needs.

MLD should also be integrated within the overall framework of human resource policies and practices of the organisation, including performance management, for example, and aligned to the organisation's strategic requirements. Often this will involve the HR function, if there is one, in the development of both policy and practice but recent research has shown the role of the line manager to be critical for the effective delivery of HR practice and the achievement of organisational objectives (Purcell and Hutchinson, 2007).

MLD practice covers both on-the-job and off-the-job development activities. These may involve different modes of interaction, and include a wide range of specific activities such as open and in-house development programmes, management education and postgraduate qualifications, self-directed learning, e-learning, coaching, mentoring, shadowing, action learning sets and on-the-job experience (Antonacopoulou et al., 2010; Scott-Jackson, Edney and Rushent, 2008). This research identified four broad classes of MLD activities:

- Qualifications: typically formal and off-the-job development activities, including business school and professional bodies' qualifications

- Development programmes: typically formal development activities, but may be either or both on- and off-the-job and include short courses on management and leadership development and external coaching

- On-the-job development: may include formal or informal development, such as on-the-job coaching and 'acting up' opportunities

- Assessment: typically formal development but may be on-the-job or off-the-job and includes 360 degree tools and psychometric tests.

Full details of these categories and the 26 specific types of development activity identified by the research are included in Appendix C.

ARM's management and leadership development programme

ARM is the world's leading semiconductor intellectual property supplier, designing the technology that lies at the heart of advanced digital products. ARM is headquartered in Cambridge, UK, and employs over 2000 people around the world. ARM's people strategy is to provide an engaging environment for ARM employees, where they can fully develop personal and collective potential, better than elsewhere.

As part of the ARM Leadership Programme (ALP), ARM delivers a comprehensive range of training and development interventions tailored to managers and leaders at different line management, project and technical levels. These include external and internal workshops and events, WebEx sessions, informal networking opportunities, action learning groups, mentoring and coaching.

While the ALP is open to all employees, it is targeted primarily at those with leadership responsibility for people, technology or projects. The supporting programmes cover all levels utilising different activities depending on level. Tools for obtaining 360 feedback and identifying suitable mentoring relationships are encouraged at all levels of ALP.

1. For aspiring leaders, the emphasis is on self-management. All employees have access to the online ARM Learning Zone (ALZ), self-assessment tools, lunch and learn sessions, blogs and forums. The ALZ is designed to provide self-directed, bite-size chunks of learning.

2. ALP 1 is targeted at around 300 leaders (globally) who are leading and managing others and emphasises technical and softer management skills. Participants assess their development needs with their manager. ARM specific management development such as policies and performance management are delivered by the internal training team. Soft skills management workshops for those based in EMEA are provided through the Cambridge Network Learning Collaboration – a local business network designed to pool training resources as well as offer networking within the local region. ARM delivers some courses on behalf of the network.

3. ALP 2 is targeted at around 180 leaders of leaders (globally) and emphasises dealing with complexity, cross team collaboration and decision making. External training is more comprehensive and focuses on personal leadership style, external relations and peer networking. Some of the programme is delivered by Cambridge University Judge Business School Executive Education. Development is increasingly designed around individual need and includes one to one coaching.

4. ALP 3 is targeted at approximately 40 senior leaders. Emphasis for development is to bolster the leadership succession pipeline and support new opportunities for business growth. This involves individual career planning supported by executive coaching.

5. For the top level Executive team, there is also executive coaching and personalised development planning.

1.2 The individual experience of MLD

1.2.1 The types of MLD experienced by individuals

In reviewing current practice in MLD an important initial question to establish is the amount and type of MLD activity undertaken by individuals. The research asked all individual respondents to provide information on the MLD activities they had undertaken in the last three years, from the full range of 26 different activities (see Appendix C). The results are shown in the following chart (Figure 1). The top five MLD activities experienced are in order (with the percentage of respondents reporting the activity in brackets):

- on-the-job experience (52 per cent)

- short courses in management/leadership; and professional body membership (both at 43 per cent)

- appraisals and skills audits (39 per cent)

- external conferences, workshops and networks; and professional body qualifications (both 38 per cent).

It is not surprising that on-the-job experience is recognised as the most frequently undertaken form of MLD. As such, it is important for organisations to recognise that normal working life provides rich opportunities for learning and development, and to promote these opportunities. This potential may be enhanced by the effectiveness of an employee's line manager, a theme which will be explored later in Chapter 4.

MLD Activity Undertaken
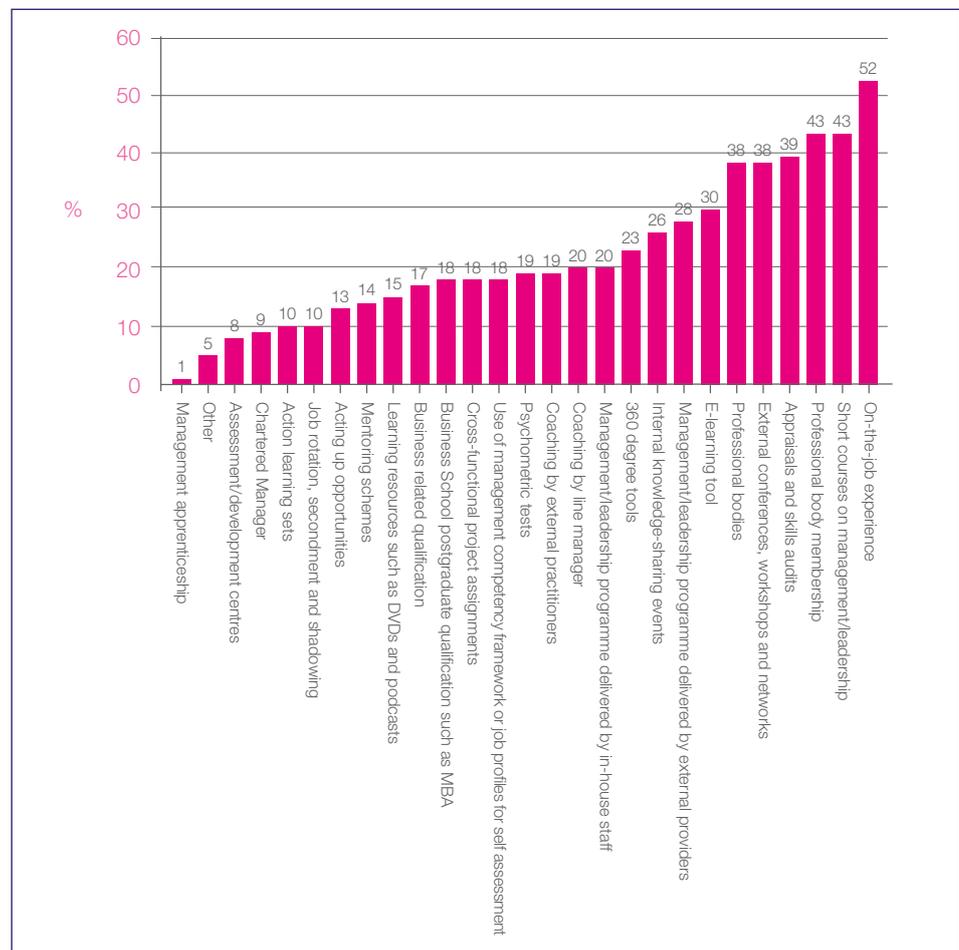
Figure 1: MLD activities undertaken by individuals in last 3 years

1.2.2   The number of MLD activities experienced by individuals

In addition to reviewing the different types of MLD activity undertaken by individuals in the last three years, the research also established the number of different activities undertaken. The most commonly reported number of MLD activities completed in the last three years was four.

However this conceals a wide range of activity. A little over 25 per cent of the individuals in the survey reported three or fewer activities, while at the other end of the spectrum the top 10 per cent reported 11 or more different MLD activities. As a result the mean number of reported types of MLD activity undertaken was six, slightly higher than the mode. The potential significance of this finding lies not only in the link between different types of MLD activities and the development of specific competencies, but also in the relationship between the amount of MLD undertaken and the level of employee engagement.

1.3 The impact of demographic characteristics on individual MLD

The research explored the impact of management level, gender, age, tenure, function, region and organisational performance on the amount of MLD undertaken by individuals.

1.3.1   The impact of management level

Management level was found to be an important influence. CEOs on average report undertaking 5.5 different MLD activities while senior managers report 6.5 and middle managers report 6.4. The level of MLD activity declines from senior management to first line management, with first line managers reporting 5.8 different MLD activities in the last three years, and non-managers 4.7 different activities.

Intriguingly, analysis found that MLD activity among CEOs is related to organisational performance. In low performing organisations, CEOs reported undertaking, on average, 5.2 different types of MLD activities in the last three years, while those in the upper quartile, high performing organisations reported 6.1 different activities. Those in inter-quartile performing organisations reported 5.7 MLD activities. The most important difference here seems to be that CEOs report greater levels of on-the-job MLD activity in high performing organisations.

The relationship between MLD activity and organisational performance is an important theme of Chapter 5.

1.3.2   The impact of gender

In terms of gender, females report slightly more MLD activity than males but the difference is not statistically significant. Both males and females report an average of six MLD activities over the previous three years.

1.3.3   The impact of age

There were, however, some statistically significant differences in terms of age. 'Generation X' (defined as those between the age 35 to 49) reported more MLD activity than other age groups at 6.3 activities, and significantly more so than 'Generation Z' (under 25 years) at 4.2 types and 'baby boomers' (age 50 and greater) at 5.8 types. 'Generation Z' report the least MLD activity, significantly lower than the other groups – although the group size is small (n = 53) and any conclusions must be treated with caution.

Generational differences

Gill Doolin, Group Head of Talent at Smiths News notices the different attitudes to development from different generations of employees, and how these require particular management responses.

I think that the younger generation are … more likely to talk openly about what they want. We find that graduates are very aware of the value of their own talent and they see it as their responsibility to steer their development. This can lead to some impatience and an, 'I think I need it now' attitude, which can be hard to manage. However, they are more likely to take what they have learnt and use to their own benefit.

This contrasts with our experience of working with older people, who can sometimes think that it is their bosses' responsibility to develop them – or have the misconception that development is only relevant where there is some sort of performance problem. The trick is to ensure that MLD can be tailored to suit the individual.

1.3.4   The impact of tenure

Tenure, or length of employment in the organisation, did not appear to play a significant role in terms of the amount of MLD undertaken. Those who have been with an organisation for less than 1 year typically undertake 6.2 types of activity, probably linked to induction training and development. This level declines slightly for the groups between 1-3 years tenure, to 6 types of activity, and then 4-5 years tenure at 5.8 types of MLD. It then increases to 6.2 types for those with 6-10 years tenure before declining slightly to 6.1 for those with more than 10 years tenure. This suggests that the amount of MLD activity remains broadly stable throughout an individual's tenure with an organisation, with an initially higher level of induction development and then further development for those establishing a longer-term career with the organisation, perhaps at more senior levels.

It is also worth noting, that the expectation of tenure is longer in the public sector than in the private or not-for-profit sectors, and in larger rather than small organisations.

1.3.5 The impact of management function

The research also found some clear differences between functions in terms of the number of types of MLD activities undertaken by employees within that function. Table 1 summarises these differences and shows the mean number of MLD activities by function.

Function	Mean number of MLD activities in last 3 years
Production	6.3
Management Consultancy	6.3
Research and development	6.2
Business development	6.1
HR	6.0
Marketing	5.8
General management and administration	5.8
Facilities	5.8
IT	5.7
Purchasing	5.7
Corporate Affairs	5.4
Finance	5.3

Table 1: MLD activities by function

This research has identified a rich and varied picture of MLD activity undertaken by individuals and a range of demographic influences on this activity. There was also a suggestion, with regard to CEOs' MLD activities, that organisational characteristics play an important role, a theme which will now be explored in more detail.

1.3.6 The impact of sector and organisational size

The research distinguished between private sector, public sector and not-for-profit organisations. In terms of the number of different MLD activities completed by individuals in the last three years, the mean number reported by employees in the private sector (n=2174) was 5.8, while in the not-for-profit sector (n=445) it was 5.9 and in public sector organisations (n=1471) it was higher at 6.5 types.

Organisations were classified in terms of the number of UK employees: small organisations are those with up to 50 employees, medium sized organisations have between 50 and 249 employees and large organisations have 250 or more employees. Organisational size was related to the number of different MLD activities used. Employees in small organisations (n=907) reported a mean of 5.3 activities while individuals in medium organisations (n=494) reported 5.8 activities and those in large organisations (n=204) reported the most at 6.7.

Some regional differences were also noted with regard to the amount of MLD undertaken and Table 2 summarises the mean number of MLD activities completed by individual employees in the last three years in 12 regions of the UK.

Region	Mean number of MLD activities
Scotland (n=319)	6.6
South West (n=381)	6.5
SE excl London (n=533)	6.4
Northern Ireland (n=73)	6.4
East Midlands (n=214)	6.3
East Anglia (n=210)	6.2
North West England (n=330)	6.2
Yorkshire & Humberside (n=235)	6.0
West Midlands (n=320)	6.0
London (n=790)	5.9
Wales (n=232)	5.7
North East England(n=121)	5.5

Table 2: Regional differences in mean number of MLD activities completed by individual employees

1.3.7   The impact of organisational performance

Perhaps the most striking differences to emerge from analysis of this data are those related to organisational performance levels. Upper quartile, high performing organisations tend to use significantly more assessment activity than either lower quartile or inter-quartile organisations. Those higher performing organisations also tend to use more on-the-job development and development programmes (although the differences are not statistically significant in these cases).

It is the inter-quartile performing organisations that report the highest provision of qualifications, in contrast to the other types of MLD. They are followed closely by upper quartile organisations and then by lower quartile organisations.

Performance level was also linked to the number of MLD activities reported by employees (findings which are presented in full in Chapter 4). Those in lower quartile performing organisations (n=322) report on average 6.2 types of MLD activities, while those in inter-quartile performing organisations (n=606) report a mean of 6.5 activities and those in upper quartile performing organisations (n=411) report the widest range of MLD activity in the previous 3 years at 6.6.

Chapter 2: Current Organisational Practices in MLD

This chapter will review current practice in MLD from an organisational perspective. It will also consider the impact of characteristics including size, sector and performance level on the type and amount of MLD in organisations.

2.1 What MLD activities are undertaken in organisations?

HR Directors, CEOs and senior managers were separately asked to provide data on their organisational practices. This provides a very different perspective and story to the experience of MLD practices as reported by the individual line managers, as provided in Chapter 1.

Organisations were asked to identify the broad types of MLD activities used and this is summarised below with the percentage of organisations reporting using each activity.

	Types of MLD activity	% organisations using this activity
1.	Development programmes	85
2.	On-the-job development	78
3.	Qualifications	73
4.	Assessment	49
5.	None of the above	3

Table 3: Types of MLD activities used by organisations

Only three per cent of organisations report using none of the types of MLD activity covered by the four categories of MLD used in the research, which suggest that the 26 types of activity covered by the survey was comprehensive. Organisations appear to focus most of their effort on development programmes, whilst the top five MLD activities used by individuals only include one development programme (short courses). Assessment activities are noticeably less frequently used than the other types, whilst again individuals report appraisals and skills audits in their list of top five MLD activities undertaken. This suggests that organisations may underestimate the amount of management development as identified by individuals.

In terms of the specific MLD activities used by organisations, the key findings from this research are:

- the most widely offered type of development programme is that of short courses on management/leadership, which are offered by 77 per cent of organisations

- next in order of provision are management/leadership programmes delivered by external providers (also 77 per cent), management/leadership programmes delivered by in-house staff (70 per cent), mentoring schemes (56 per cent), e-learning (56 per cent), coaching by external practitioners (53 per cent) and finally action learning sets (30 per cent)

- the provision of on-the-job MLD within organisations, is as follows: on-the-job coaching by line managers (84 per cent), general 'on-the-job' experience (76 per cent), professional body memberships (73 per cent), 'acting up' opportunities (64 per cent), internal networking and knowledge sharing (63 per cent), external conferences, workshops and networks (62 per cent), job rotation, secondment and shadowing (53 per cent), cross-functional project assignments (46 per cent) and finally, learning resources such as DVDs and podcasts (35 per cent)

- the top three qualifications activities reported by organisations are vocational or professional bodies' qualifications (76 per cent), NVQs/SVQs (62 per cent) and other management related university qualifications (59 per cent). Fifty-five per cent of organisations offer postgraduate business school qualifications such as an MBA, while 25 per cent invest in Chartered Manager and 14 per cent of organisations offer management apprenticeships

- the most widely used assessment activity, undertaken by 90 per cent of organisations, is that of appraisals, followed by 360 degree tools (60 per cent), psychometric tests (55 per cent), assessment centres (51 per cent) and finally skills audits (34 per cent). Interestingly given the frequency of use of appraisals reported by organisations, it may be that either organisations are underestimating the amount of assessment activity (see Table 3 above), or that appraisals are not always seen as MLD activity.

2.1.1   How are these MLD activities evaluated?

The most common ways of evaluating MLD activities, across all types of activity seem to be feedback from participants for qualifications, development programmes and assessment, and feedback from performance reviews for on-the-job development. Table 4 summarises the findings regarding the ways of evaluating the four main types of MLD activities, with the percentage of organisations using a particular form of evaluation in brackets.

Qualifications (n=441)	Development programmes (n-515)	On-the-job development (n=474)	Assessment (n=297)
• Feedback from those participating in a programme (84%) • Informal feedback from colleagues (64%) • Feedback from performance reviews (64%) • Achieving the success criteria identified at the outset of a programme (54%) • Employee survey feedback (53%) • Training/development needs analysis (47%) • Feedback from 360° assessment (45%) • Whether those involved are promoted internally (33%) • Implementing succession plans (29%) • Anecdotally (27%) • Whether those involved stay with the organisation (23%) • Time and cost to recruit key roles (9%) • Link to hard financial measures (8%) • Initiatives are not currently evaluated (2%)	• Feedback from those participating in a programme (84%) • Informal feedback from colleagues (64%) • Feedback from performance reviews (64%) • Achieving the success criteria identified at the outset of a programme (54%) • Employee survey feedback (53%) • Training/development needs analysis (47%) • Feedback from 360° assessment (45%) • Whether those involved are promoted internally (33%) • Implementing succession plans (29%) • Anecdotally (27%) • Whether those involved stay with the organisation (23%) • Time and cost to recruit key roles (9%) • Link to hard financial measures (8%) • Initiatives are not currently evaluated (2%)	• Feedback from performance reviews (79%) • Informal feedback from colleagues (72%) • Employee survey feedback (44%) • 360° assessment feedback tools (40%) • Training and development needs analysis (39%) • Whether those involved are promoted internally (36%) • Implementing succession plans (28%) • Anecdotally (27%) • Whether those involved stay with the organisation (22%) • Time and cost to recruit key roles (9%) • Link to hard financial measures (8%) • Initiatives are not currently evaluated (4%)	• Feedback from participants (73%) • Feedback from performance reviews (73%) • Informal feedback from colleagues (60%) • Clear success criteria identified at the outset of a programme (53%) • Training and development needs analysis (46%) • Whether those involved are promoted internally (37%) • Implementing succession plans (33%) • Whether those involved stay with the organisation (24%) • Anecdotally (22%) • Link to hard financial measures (10%) • Time and cost to recruit key roles (10%) • Initiatives are not currently evaluated (3%)

Table 4: Methods of evaluating MLD activities

A noteworthy conclusion is that MLD initiatives are widely evaluated and only between three and seven per cent of organisations overall report not evaluating MLD initiatives. At the same time, less than 10 per cent of organisations evaluate by hard financial measures, no doubt because of the difficulty – perceived or otherwise.

Evaluating MLD using a variety of organisational measures

Cafcass looks after the interests of children involved in family proceedings. It has 2,000 employees based in 70 offices and is the biggest employer of social workers in the UK.

In the wake of the 'Baby Peter' case, Cafcass' work in public law care cases, in which a local authority applies to take a child into care has almost doubled. Between 2007-08 and 2010-11 they saw a 45 per cent increase in these types of cases and overall, a 26 per cent increase in the number of children they worked with, rising from 119,000 in 2007-2008 to 150,000 in 2010-2011. Over the past two years the organisation has made corporate efficiency savings of over £7m to protect frontline services to children.

Cafcass offers a wide range of MLD interventions mainly based around skills and knowledge development. Last year Cafcass ran a four-day management programme for all managers to support its transformation agenda. The programme was designed by Cafcass senior managers including the HRD, a Head of Service and the Operations Director. It was delivered by trainers with credibility and experience in the social sector.

The management development programme was a good example of how Cafcass link HR strategy to business strategy. As Jabbar Sardar, HR Director explains:

It dovetailed nicely with three key priorities: performance management, change management and people management. We were clear about the organisational priorities that they needed to deliver. We ensured managers knew we were going to make sure every manager was fully competent and supported to achieve this. We said, "You are part of the future we want to develop you and provide you with the support you need".

Cafcass used hard measures to evaluate the programme's success and have achieved the following results:

- **Sickness rates:** In 2009-10 these were 16.4 days per practitioner. After 2010-11 they were 12.4 days, a 30% reduction; they currently stand at 8.67 days for practitioners based on current staff for the last 12 months.

- **Allocations:** in the wake of the increase in cases being referred to Cafcass, the numbers of unallocated cases increased during 2009-10. As part of the Transformation Programme in 2010-11, the Department for Education provided a one-off grant of £10m which was used to develop new proportionate and efficient ways of working. The Transformation Programme saw productivity increase by around 15 per cent, despite continued record levels of demand in which care applications for the first ten months of 2011-12 are running 12 per cent higher than previous record years.

- **Turnover:** this had been traditionally low. Ten per cent of staff are over 60 and 50 per cent are over 50. In the last three years, over 300 members of staff have retired. In an exceptionally tight labour market, Cafcass has been successful in recruiting to over 95% of vacancies for frontline practitioner staff with agency and self employed staff accounting for the remainder.

The single most important impact of management and leadership development for Cafcass is having competent, supported and engaged frontline workers. Over the past year, while keeping the needs of children at the heart of what we do, we have worked closely with staff in respect of employee engagement and wellbeing, reduced sickness absence by 30 per cent, and absorbed a further 12 per cent increase in care cases (the most resource intensive area that we work on) with the same number of staff.

Jabbar Sardar, HR Director, Cafcass

2.2.1 Use of key HR practices

Eight different HR practices were identified, such as workforce planning, which may be used to facilitate effective MLD in organisations. These practices, with the percentage of organisations reporting their use (n = 605), are listed below.

	HR practices	% organisations using HR practice
1.	Performance management	72
2.	Leadership succession planning	60
3.	Management competency framework	60
4.	Management job profiles	49
5.	Workforce planning	55
6.	Career and management development programmes	45
7.	High potential scheme (41 per cent)	41
8.	Graduate development programme (39 per cent)	39
9.	Other (3 per cent)	3

Table 5: Use of HR practices in organisations

This confirms the central role of performance management in HR activity in general and MLD provision in particular. It also indicates the critical role of the line manager in translating organisational objectives into performance and in developing people within organisations.

2.2.2 Evaluation of HR practices

The effectiveness of these HR practices is typically evaluated by feedback from performance reviews (68 per cent of organisations) and retention statistics for the whole organisation (55 per cent of organisations). As with MLD activities these HR practices may be evaluated in different ways and a summary of the methods of evaluating HR practices is provided in Figure 2.

Again a positive conclusion that may be drawn from the research is that organisations typically evaluate HR practices, although only 10 per cent of organisations link them to hard financial measures. This may be due to the difficulty of directly linking HR activities and practices to performance. Chapter 5 explores this chain of impact to performance.
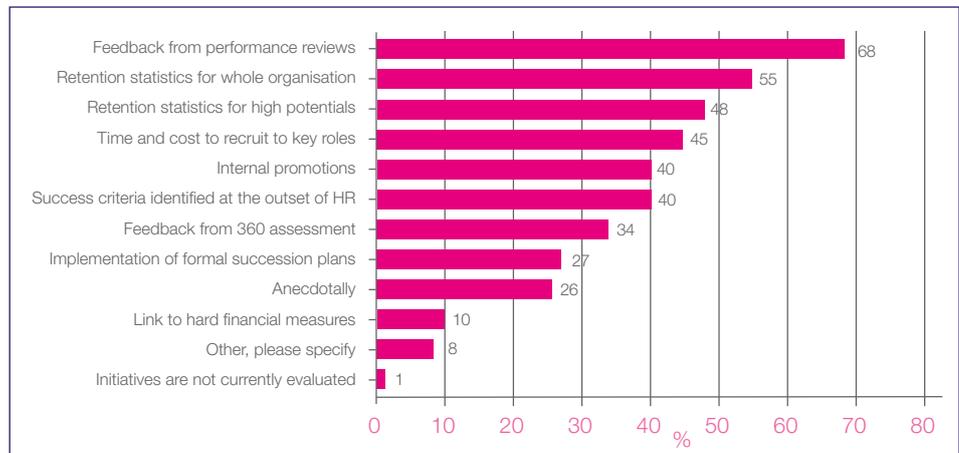
Figure 2: Ways of evaluating HR practices

Linking HR and business strategy

The HR strategy is an integral part of the business strategy. Operationally, ARM Leadership Programme (ALP) is aligned to the ARM Feedback and Development System (AFDS) which is a comprehensive performance management process underpinned by the ARM values. A series of business objectives are cascaded through the organisation. Each manager is expected to set performance objectives within this context and identify development needs with their direct reports. These development needs then drive demand for specific modules within the MLD programme. New modules for ALP may be identified based on individual training plans.

Technical knowhow is central to the organisation and senior leaders require both expertise, developed within the business, as well as leadership skills. Very few people are recruited into senior positions from outside the organisation so management and leadership development is the most reliable way of ensuring the quality of senior leadership.

Elpie Bannister, Learning and Development Consultant, ARM

2.2.3 The impact of demographic factors on organisational MLD and HR practices

This research considered the impact of organisation sector, size and performance level, as well as that of expected organisational tenure and regional differences.

Some sector differences were apparent in terms of the type of MLD used by organisations. Private sector organisations tended to use more assessment activities than either public or not-for-profit organisations. Larger organisations tend to make more frequent use of development programmes, on–the-job development, and assessment.

There were also some significant differences between sector and size in the amount of evaluation of MLD activities. Table 4 identified a number of different ways of evaluating MLD activities. The mean total number of ways of evaluating MLD activities was estimated at 17.5 (n=605). This mean varied between organisations in the not-for-profit, public and private sectors. Private sector organisations (n=316) on average use 18 methods of evaluation, while public organisations (n=154) use 16.3 methods and

not-for-profit organisations (n=54) use 15.8 methods. More noticeable, and statistically significant (p=0.07) is the difference between small (n=38) and large (n=356) organisations – the latter use on average 18.3 methods whilst the former typically use 14.4 methods, although the sample of small organisations is a small one in this instance.

There are also some sector differences in relation to HR practices. Workforce planning is more widely used in the public sector and leadership succession planning, high potential schemes, graduate development programmes and performance management are more widely used in the private sector and also in larger organisations.

There was also a link to organisational performance: the higher the level of perceived organisational performance the greater is the use of workforce planning.

Small business thinks big

Suiko is a consultancy whose mission is to help major companies achieve sustainable competitive advantage through operations excellence. Established over 15 years ago, Suiko has a team of up to 25 people, both permanent and associate employees and is based in Bath with a UK wide customer base plus European and world wide exposure.

Andy Marsh, MD, describes how they develop a 'big business' approach to development despite being a small organisation:

We offer a wide range of interventions from courses at Cranfield to team building events and company conferences. We may be an SME but we think like a big firm. Everybody has a personal development plan and we encourage an ethos of learning and continuous professional development. People join with a level of professional training and we build on that.

We have a business strategy and each person has their own objectives. We have monthly 1:1s and continually focus on performance against our strategy. It's what people expect when they join us and it's what we expect of our people.

2.2.4   The relationship between evaluation and performance

There was a significant difference by performance level in the amount of evaluation of MLD activities: upper quartile performing organisations (n=105) use on average 22.7 methods, and lower quartile performing organisations (n=104) use 14.4 methods on average (p<0.05). The greater number of evaluation methods also suggests that more robust evaluation of MLD takes place in highly performing organisations.

This may be a reflection of how evaluation can improve the effectiveness of MLD activity, which is why MLD evaluation features strongly in the chain of impact explored in Chapter 5.

Chapter 3: Investment in MLD

This chapter will consider the reasons why organisations invest in MLD and will identify the level of spend on MLD activities, as well as the impact of some organisational characteristics including size and sector.

3.1 Reasons for investment in MLD

The top five overall reasons given by organisations for investing in MLD are as follows:

- Achieve organisational objectives (62 per cent)
- Manage change (49 per cent)
- Improve managers' performance (47 per cent)
- Increase competitive advantage (46 per cent)
- Support business growth (41 per cent)

A summary of the responses from HR Directors and CEOs (n = 1983) in terms of the top reasons for investment is provided in Figure 3.
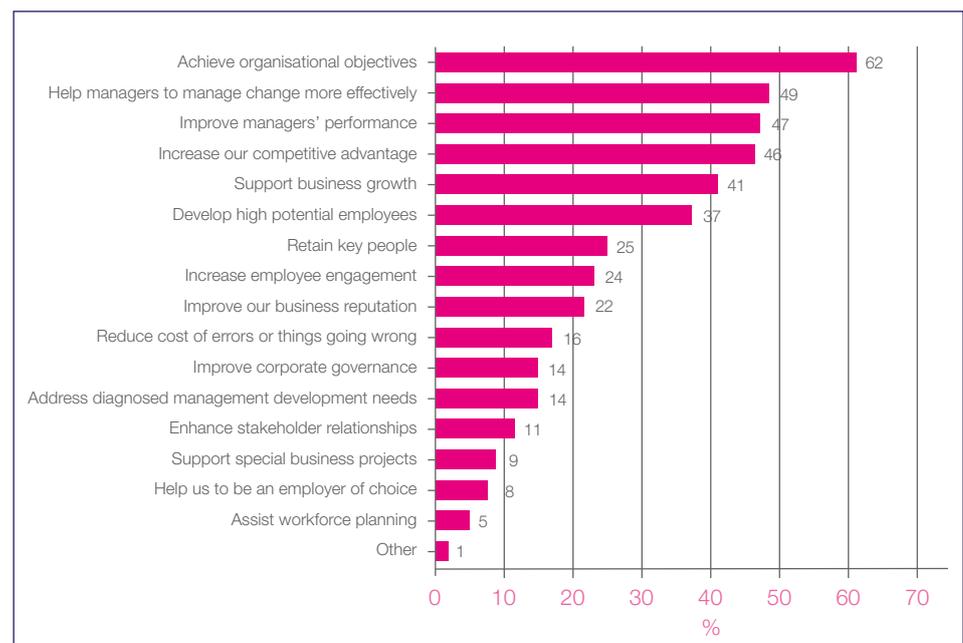
Figure 3: Top reasons for organisations investing in MLD

More than half the organisations represented report that the achievement of the organisation's objectives is one of the top reasons for investing in MLD, a practice that indicates an outcome-focused approach and which should facilitate evaluation. However there are also some differences between organisations based on characteristics such as organisational size, sector and level of budget for MLD.

To illustrate these differences Table 6 below summarises the top three reasons for investing in MLD based upon organisation sector and size. In terms of sector, the need to increase competitive advantage, unsurprisingly, is the top reason for private organisations, and the need to support business growth is also important for them. Supporting growth is also a key reason for small organisations.

Not-for-profit (n=248)	Public (n=438)	Private (n=1187)
• Achieve organisational objectives (75%) • Help managers to manage change more effectively (58%) • Improve managers' performance (52%)	• Achieve organisational objectives (75%) • Help managers to manage change more effectively (66%) • Improve managers' performance (56%)	• Increase competitive advantage (60%) • Achieve organisational objectives (56%) • Support business growth (51%)
Small (n=545)	Medium (n=246)	Large (n=760)
• Achieve organisational objectives (57%) • Increase competitive advantage (55%) • Support business growth (51%)	• Achieve organisational objectives (68%) • Improve managers' performance (56%) • Help managers to manage change more effectively (55%)	• Achieve organisational objectives (68%) • Help managers to manage change more effectively (59%) • Improve managers' performance (50%)

Table 6: Top 3 reasons for investing MLD based on sector and size

Further analysis suggests that organisations that provide a larger budget for MLD are more likely to cite the top 5 reasons cited at the start of this section for investing in MLD, with the exception of managing change. This may suggest that those with a higher budget for MLD also have more explicit objectives for MLD. As a result they may, when associated with higher performance, be more likely to spend their budget in a more focused way.

> **Reasons for investing in MLD**
>
> *We are a people organisation and we need people to lead and manage the organisation. We invest in developing that capability as it is critical to our success. Also we create a challenging and stretching environment by helping people develop their own capability, taking them out of their comfort zone which feeds in to motivation, morale and engagement at an individual and team level. For any good employer, it's the right thing to do. All that links to business performance and our output and our success.*
>
> Suzy Black, Head of HR, Lloyd's of London

> *The reasons we invest in MLD are growing the business, providing better customer service, and improved results and reputation.*
>
> Maddie Silman – Director of Operations, Sequani Ltd

> *Ultimately we invest in MLD to develop talent so we have a strong pipeline. We invest in succession planning as ultimately it is about keeping our best people.*
>
> Lara-Elizabeth Hug, Learning & Development Partner (UK), Merck Sharp & Dohme Ltd

3.2 Financial investment in MLD

Having asked organisations to identify their reasons for investment in MLD, the research also asked HR Directors and CEOs from the participating organisations to provide information on their average annual spend per manager. Approximately 25 per cent, that is 153 of the 607 organisations who responded, indicated that they did not know their annual budget per manager for MLD. The responses of the remaining 454 are shown in Figure 4.

Figure 4: Investment in MLD: annual budget per manager

This indicates that most commonly organisations spend between £250 and £999 per annum on MLD for their managers. However, there is considerable variation in annual budget and some organisations spend much more than this. As a consequence the mean annual spend is estimated at £1,414 per annum. The research also sought to identify the impact of a number of factors on the average annual spend on MLD including size and sector of the organisation.

The annual spend for small organisations (n=34), albeit from a small sample, was £1,298 while that for medium sized organisations (n=79) was lower at £1,204, and that compared with £1,572 for larger organisations. The mean annual spend on MLD in terms of sector is as follows: not-for-profit sector (n=46) £1,133, public sector (n=111) £1,515 and private sector (n=253) £1,416.

It is also worth noting that the level of investment in MLD was related to all types of MLD apart from assessment activities: the higher the annual budget for MLD per manager the greater the use of qualifications, development programmes and on-the-job training, but not assessment. In addition, the level of budget for MLD is related to the use of all HR practices, apart from management competency frameworks and management job profiles, in that the higher the annual budget for MLD the greater the use and effectiveness of these HR practices.

3.3 Investment in MLD and performance

The results suggest that the average annual spend on MLD for each manager is associated with performance: higher performing organisations spend 36 per cent more on average than low performing organisations. Those in the upper quartile for performance spend on average £1,738, compared to £1,320 and £1,275 in the inter-quartile and lower quartile ranges.

Of course, this does not necessarily imply that the level of budget for MLD causes higher performance. Not only is causality difficult to establish, but higher levels of performance, particularly if sustained, may equally lead to higher levels of budget.

The issue of establishing the link between MLD and organisational and individual performance will be considered in Chapter 5, which will explore the impact of several other factors that seem to be associated with the level of investment in MLD. These are, an organisation's attitude to investment in MLD, which seems to have a direct impact on the level of average annual spend on MLD, and secondly, the extent to which business and HR strategy are aligned.

Chapter 4: MLD and Individual Performance

This chapter reviews the survey findings provided by individual managers in relation to their experiences of management and leadership development. It looks at which development activities are regarded as most effective and some of the differences that exist according to factors such as management level, age and gender, organisation size or sector, and the level of organisational performance.

The chapter also sets out the research findings on the impact that different types of MLD have on the manager's approach to work, the development of key competences, and on attitudes to career development. The question of whether managers are getting the right MLD at the right time is also examined.

The later sections consider the survey results relating to how managers assess the skills of their own line managers and levels of employee engagement. The results show significant relationships between these factors and the level and effectiveness of MLD received and point towards areas which employers may need to address in order to maximise the impact of MLD.

4.1 Managers' views on the effectiveness of MLD

Survey respondents were asked to identify all the MLD activities which they had experienced over the last three years. Table 7 summarises the results. The 'Total Use' column reflects the most common MLD activities. However, the most frequently undertaken MLD activities are not necessarily the most effective. Respondents were therefore asked to pick the top three of those activities which they regarded as having had the biggest impact on their management abilities. The 'Total Impact' column indicates the number of managers who cited this form of development as one of their top three most effective MLD activities. The 'Effectiveness Rating' is the percentage of those who have experienced that type of MLD who rated it among the top three most effective, and the 'Effectiveness Rank' is based on this proportion.

The five MLD activities most commonly cited for their impact on management abilities (the 'Total Impact column') were on-the-job experience (24 per cent), professional bodies' qualifications (22 per cent), management and leadership programmes delivered by external providers (15 per cent), short courses in management and leadership (15 per cent), and business school postgraduate qualifications such as an MBA (14 per cent). However, this measure reflects how common an activity is, not just how effective it is.

The relationship between 'Total Use' and 'Total Impact' therefore provides a measure of the effectiveness of each activity relative to the number of people who have experienced it. This is the 'Effectiveness Rating'. On this basis, the rankings are topped by qualifications including business school qualifications, such as MBAs, and professional bodies' qualifications, while the Chartered Manager award also ranks highly despite being less commonly experienced. On-the-job experience, which is the most commonly cited activity for effectiveness, is in sixth place by this measure, picked as a top three activity by 46 per cent of those who have experienced it. This may indicate that normal working life, whilst a rich source of learning and development opportunities, and overall the most impactful source of MLD due to its prevalence, is not seen to be as effective as the more structured experiences of qualification programmes, management development programmes and coaching.

MLD activity (n=4,330)	Total Use	Total Use (%)	Total Impact	Effectiveness Rating (%)	Effectiveness Rank
Business school postgraduate qualification (e.g. MBA)	764	18	627	82	1
Professional bodies' qualifications	1634	38	973	60	2
Chartered Manager	369	9	208	56	3
Management/leadership programme (external)	1202	28	636	53	4
Coaching by external practitioners	841	19	407	48	5
On-the-job experience	2248	52	1041	46	6
Coaching by line manager	869	20	398	46	7
Management apprenticeships	46	1	21	46	8
Acting up opportunities	580	13	264	46	9
Business related qualifications	736	17	313	43	10
Job rotation, secondment and shadowing	438	10	157	36	11
Short courses on management/ leadership	1860	43	635	34	12
Cross-functional project assignments	766	18	242	32	13
Mentoring schemes	602	14	189	31	14
Action learning sets	430	10	127	30	15
Management/leadership programmes (in-house)	875	20	254	29	16
External conferences, workshops and networks	1659	38	446	27	17
360 degree tools	1008	23	268	27	18
Internal knowledge-sharing events	1120	26	254	23	19
Professional body membership	1843	43	351	19	20
Assessment /development centres	337	8	56	17	21
Appraisals and skills audits	1669	39	264	16	22
Psychometric tests	836	19	123	15	23
E-learning tool	1278	30	167	13	24
Learning resources such as DVDs and podcasts	640	15	78	12	25
Management competency framework or job profiles for self assessment	766	18	80	10	26

Table 7: MLD activities: Total Use, Total Impact, Effectiveness Rating and Effectiveness Rank

4.1.1　Gender, management level and age differences

There are also some gender, management level and age differences in the impact and perceived effectiveness of different MLD activities. The following Tables (8(a) to 8(c)) show the top five MLD activities in terms of their effectiveness ratings as analysed against those factors.

Table 8(a) suggests that qualifications are seen as effective by individuals at all levels, with professional qualifications particularly valued in early career stages. The findings also suggest that individual managers regard qualifications more highly than do their HR counterparts, as indicated by the survey responses considered in Chapter 2. Coaching is highly rated at different management levels, but line manager coaching is ranked more highly at more junior levels while coaching by external practitioners is valued more highly by more senior managers.

Rank	CEO (n = 30)	Senior Manager (n = 1426)	Middle Manager (n = 1469)	First Line Manager (n = 709)
1	Business school qualification	Business school qualification	Business school qualification	Business school qualification
2	Chartered Manager	Chartered Manager	Professional bodies' qualification	Professional bodies' qualification
3	On- the-job experience	Management apprenticeship	Coaching by external practitioner	Management and leadership programme delivered by external providers
4	Coaching by external practitioner	Management and leadership programme delivered by external providers	Chartered Manager	Coaching by line manager
5	Professional bodies' qualification	Coaching by external practitioner	Management and leadership programme delivered by external providers	Chartered Manager

Table 8(a): Management level differences in MLD Effectiveness

In addition, the results suggest that on-the-job experience is seen as more effective at more senior levels, as are short courses, external conferences, networks, and workshops, while management and leadership development, whether externally provided or in-house, are more effective at more junior management levels.

Young managers in the focus groups felt that they had a lack of formal MLD, often taking on their first management or team leading role without any training. Several identified a double bind where they requested management training but their managers did not support it as they were not yet managing others. Yet, if they applied for a first line manager role they could not demonstrate any relevant training or experience. The survey findings emphasise the importance of opportunities such as 'acting up', which may offer the chance to gain that first experience.

Rank	Generation Z (n = 56)	Generation Y (n = 583)	Generation X (n = 1827)	Baby boomers (n = 1691)
1	Business school qualification	Business school qualification	Business school qualification	Business school qualification
2	Professional bodies' qualification	Professional bodies' qualification	Professional bodies' qualification	Chartered Manager
3	Business related qualification	Chartered Manager	Management and leadership programme delivered by external providers	Professional bodies' qualification
4	Acting up opportunities	Coaching by line manager	Chartered Manager	Management and leadership programme delivered by external providers
5	Management apprenticeship	On-the-job experience	Management apprenticeship	Coaching by external practitioner

Table 8(b): Age differences in MLD Effectiveness

There is also some evidence that women managers particularly value coaching, both by line manager and external practitioners.

Rank	Females (n = 1558)	Males (n = 2573)
1	Business school qualification	Business school qualification
2	Professional bodies' qualification	Chartered Manager
3	Coaching by line manager	Management Apprenticeship
4	Management/leadership programme	Professional bodies' qualification
5	Coaching by external practitioner	Short courses on management/leadership

Table 8(c): Gender differences in MLD Effectiveness

Value of coaching

Sam was coached by an internal coach for six months. At the same time she was on a 'Women in Leadership' programme which was organised around six off-site days on subjects including strategic career planning, networking, resilience and confidence.

Generally as a manager I was competent, but as a leader I needed to build confidence and take different approaches with different people and situations and find different ways to influence. I was having trouble influencing some of my peers and it got to the point where I didn't know what to try anymore. I could see I was starting to be negative in my approach but I struggled to get myself out of it. With the coach, I talked through this and was challenged about why I felt this way. Understanding why I was finding the situation so frustrating really helped. It built my confidence.

When I was preparing to present to our UK Property Board I felt nervous and questioned my ability, coaching helped me see my strengths fully and I believe I came across much better in my presentation, and in the meeting as a result.

One impact of coaching is that I'm less reactive and more aware of the benefits of explaining how I feel to people. I focus on what I find frustrating about the situation, rather than just the situation and also I am more aware that everyone is different in approach, which is to be appreciated.

I am also on a 'Women in Leadership' programme and used the coaching to reflect on and work on how to apply each module to my role. It was doubly impactful to have both the coaching and the leadership programme.

Sam Culver, Head of Formats and Design Standards, Tesco

4.1.2 Self-funded MLD

A number of focus group participants, at all levels of management seniority, had self-funded their management development including some significant investment in MBAs and other qualifications. Agreement on the intrinsic value of these qualifications was shared but several participants had not seen any career benefit with their current employer after gaining the qualifications. This may emphasise the need for individuals who are considering investing in their own development to look carefully at the expected

outcomes. If an employer is unwilling to support development, it may be that they do not see the activity as meeting the organisation's needs, meaning that subsequent career prospects are not enhanced.

Such experiences however were not universal. Others interviewed during the research had a much more positive experience, such as Jamie Lyons, as outlined below.

Individual commitment to development

I funded my own development as I believed the self investment would help me to obtain a senior management position. With the additional skills I gained I was able to take on more complex projects. This made me feel more committed to my organisation, as I felt I was taking a leading role in contributing to the organisation's success. Development, and particularly the Chartered Manager process, enabled me to be more commercially focused, to ensure I added value, increased service and improved productivity with all the initiatives I introduced.

I was able to provide tangible evidence of cost savings and other financial benefits for the organisation and stakeholders. This has also helped me to introduce new ideas and concepts in my organisation as I had evidence of how previous projects added value.

For example, I could reflect more effectively on my work and input. I used 360 degree feedback from colleagues, suppliers and customers to get a reality check on whether improvements were working. This enabled me to get greater buy-in from all staff at all levels of the organisation and helped to motivate staff to take on the tough challenges we faced.

Jamie Lyons, HR Manager (UK & Ireland)

4.1.3   Sector and organisation size differences

The findings also provide some evidence that different MLD activities may be perceived as more effective in different sectors and sizes of organisations.

In terms of sector differences, on-the-job experience was seen as more effective in not-for-profit organisations (n=449), at 50 per cent, and in private sector organisations (n=2207), at 48 per cent, than in public sector organisations (n=1476) at 42 per cent. Similarly, management and leadership development provided by external providers, the use of e-learning tools, and the use of management competency frameworks or job profiles for self-assessment have lower effectiveness ratings in public sector organisations than in not-for-profit or private sector organisations.

Considered by size of organisation, the effectiveness of a number of activities declined as organisational size increases from small (n=919), to medium (n=449) and to large (n=2067) organisations. These included coaching by the line manager (55, 47 and 44 per cent respectively), on-the-job experience (55, 48 and 42 per cent), and external conferences, workshops and networks (34, 29 and 21 per cent).

4.1.4   Differences between high and low performing organisations

As noted in Chapter 1, organisational performance level was linked to the number of MLD activities reported by employees, with averages of 6.2, 6.5 and 6.6 MLD activities reported by managers in the lower quartile, inter-quartile and upper quartile organisations respectively.

There are also some differences between the performance quartiles when it comes to which types of MLD are rated as highly effective, as summarised in Table 9.

MLD Activity	Lower quartile (n=327) %	Inter-quartile (n=619) %	Upper quartile (n=417) %
Business school qualifications e.g. MBA	82	76	69
Chartered Manager	42	56	72
Management and leadership development programmes delivered in-house	19	30	43
Coaching by line manager	53	49	46
Internal knowledge-sharing events	21	23	29
External conferences, workshops and networks	26	26	37

Table 9: MLD effectiveness ratings by organisational performance group

Analysis showed that the total amount of MLD received by an individual and the perceived effectiveness of this MLD were moderately correlated with each other (rs = 0.49, p<0.001). Both are moderately correlated with total career development (rs ≥ 0.3, p<0.001) which is discussed later in this chapter.

4.2 The timing of MLD for individuals

The timing of MLD is important since there is evidence from the research that if MLD is undertaken at the right time for a manager they are more likely to be positive and confident about their career development. Accordingly timing should be considered in relation to career stage or job level.

Survey respondents were asked a number of questions relating to the timing of their MLD. Table 10 identifies the most appropriate MLD initiative in relation to an individual's job level for each question. This table suggests that managers at different levels have differing requirements. Professional bodies' qualifications are seen as being more important in the early stages of a management career while coaching, external conferences, workshops and business school qualifications are more highly valued in later career stages. This may suggest that more senior managers have reached a 'saturation point' with tools and techniques-based training by that stage of their career.

It should be noted that 'non-managers' includes management consultants and does not represent a more junior level in an organisation. Table 10 also shows the importance of on-the-job experience at all management levels.

Managerial level	CEOs (n = 302)	Senior Managers (n = 1300)	Middle Managers (n = 1528)	First Line Managers (n = 727)	Non Managers (n = 422)
It was ideal timing for my current management needs	External conferences, workshops and networks (n = 39)	Business school qualification e.g. MBA (n = 139)	Professional bodies' qualification (n = 231)	Professional bodies' qualification (n = 163)	On-the-job experience (n = 48)
I could have benefitted more from this development sooner in my career	Coaching by external practitioners (n = 23)	Coaching by external practitioners (n = 94)	Professional bodies' qualification (n = 167)	Professional bodies' qualification (n = 108)	Professional bodies' qualification (n = 40)
It was ideal for my future development needs	Short courses on management/ leadership (n = 24)	Business school qualification e.g. MBA (n = 122)	Professional bodies' qualification (n = 193)	Professional bodies' qualification (n = 137)	Professional bodies' qualification (n = 52)
I have been able to utilise the knowledge and skills I have gained	On-the job experience (n = 53)	On-the job experience (n = 186)	On-the job experience (n = 241)	Professional bodies' qualification (n = 170)	Professional bodies' qualification (n = 49)
It has helped me to progress my career plans	On-the job experience (n = 21)	Business school qualification e.g. MBA (n = 122)	Professional bodies' qualification (n = 154)	Professional bodies' qualification (n = 109)	On-the job experience (n = 38)

Table 10: The most appropriate MLD activity for each management level in terms of timing

With regard to coaching it is interesting to note that 57 per cent of CEOs and senior managers (n=207) who had received coaching in the last three years said that they would have benefited by receiving coaching from external practitioners earlier in their career, while 27 per cent (n=105) would have benefitted by receiving coaching from their line manager earlier in their career.

The right MLD at the right time

Peter Neyroud, former Chief Executive of the National Policing Improvement Agency (NPIA), describes the different types of police service training that he believes are most effective if provided at the appropriate career stage:

I think at the most junior frontline level, there are some absolutely essential skills in terms of managing budget, managing people, managing people's performance that everybody has to have, which is CMI's speciality. It's making sure you're qualified right at the front end. You need that, either before or certainly during the very early stages of managing a group of people.

The second piece of development is a development programme which contains elements of management alongside specialist training. Probably the best of the lot was the programme that trained you to be a senior investigating officer.

The reason why the management and leadership element to it worked particularly well is because they were based on a live rolling scenario. You were listening to some of the best experts in a master class scenario, and then you were being given a scenario that was not dissimilar to some of the ones that they'd investigated, which was fast-moving, and you were being asked and being put in the position of having to role-play your way through it.

The third type of leadership and management development that I think is very prominent in the police service, but not necessarily particularly well-structured, is the one that Conger talks about as putting someone in a real life pressure situation where there's a distinctly different type of project or programme to be done, and providing them with a level of mentoring, but basically letting them experience something completely different to their day to day.

I think the fourth experience, which is absolutely critical as you move into senior management, is the type of experience where you're given the opportunity to think outside the organisation, because the more you go up an organisation, the more the external environment becomes significant …. For example, getting somebody who's practically at superintendent level on a non-executive role on a charity board, or in a local government environment; there are a whole variety of ways you can do that. What you're trying to do is to get people to understand different organisational contexts.

4.3 Approach to work

As well as developing specific skills, another important aspect of MLD is the potential impact on an individual's approach to work, for example in terms of the way that an individual manages their emotions, or takes a proactive approach in work. The way an individual approaches work is formed by their attitudes and beliefs in the workplace and what is important to them.

This research asked managers how specific types of MLD activities helped to develop their approach to work in 10 different aspects. Table 11 identifies the top five MLD activities for developing each of these aspects, with the percentage of respondents reporting that the activity had that effect shown in brackets.

Overall this suggests that business school postgraduate qualifications (e.g. MBAs) are rated by managers as having the most impact on their approach to work, followed by line manager coaching, acting up opportunities, professional bodies' qualifications and on-the-job experience.

However, it also suggests that certain types of MLD activity may be more effective depending on development need. For example, on-the-job activities and informal coaching help managers with learning to take more risks and make fewer mistakes. Business school qualifications are particularly effective for equipping managers to be more proactive and productive, feel more in control and confident about their own abilities and improve the quality of their work. Psychometric tools and coaching work best for improving the ability to manage emotions. In addition to business school qualifications, effective ways of improving creativity include cross-functional projects, action learning sets and networking events, suggesting that creating forums for learning from others can also be a valuable approach.

MLD Activity	1st	2nd	3rd	4th	5th
More positive about own abilities	Business school qualification (75%)	Chartered Manager (70%)	'Acting up' opportunities (70%)	Professional bodies' qualification (66%)	Management apprenticeship (62%)
Improved quality of work	Business school qualification (73%)	Coaching by line manager (65%)	Business related qualification (65%)	Professional bodies' qualification (63%)	On-the-job experience (60%)
Improved management of emotions	Psychometric tests (64%)	Coaching by an external practitioner (58%)	360 degree tools (53%)	Coaching by line manager (48%)	Management apprenticeship (48%)
More creativity in approach	Business school qualification (61%)	Cross-functional projects (55%)	Action learning sets (54%)	External conferences, workshops and networks (52%)	Learning resources such as DVDs and podcasts (47%)
More motivation and energy	Chartered Manager (57%)	Coaching by an external practitioner (56%)	Coaching by line manager (54%)	M&L programmes delivered by external provider (52%)	Mentoring schemes (52%)
More proactivity	Business school qualification (52%)	Job rotation, secondment and shadowing (50%)	'Acting up' opportunities (50%)	M&L programmes delivered by external provider (48%)	Professional bodies' qualification (47%)
More in control	Business school qualification (52%)	Coaching by an external practitioner (50%)	'Acting up' opportunities (49%)	Professional bodies' qualification (49%)	Coaching by line manager (48%)
Make fewer mistakes	On-the-job experience (48%)	Coaching by line manager (44%)	Management apprenticeship (38%)	Business related qualification (37%)	Business school qualification (34%)
More productivity	Business school qualification (46%)	Management competency frameworks (45%)	On-the-job experience (45%)	Professional bodies' qualification (44%)	'Acting up' opportunities (43%)
Take more risks	Job rotation, secondment and shadowing (41%)	'Acting up' opportunities (39%)	Business school qualification (36%)	Cross-functional projects (33%)	On-the-job experience (33%)

Table 11: Top five MLD activities for developing specific approaches to work

These results suggest that a combination of theory-based MLD with practical application and reflection in the workplace may be most effective in developing approaches to work. In addition it seems that professional bodies' qualifications and then business school qualifications are particularly important in early career and that the value of specific types of MLD changes as managers progress in their careers and organisations.

4.4 Developing managerial competence

Competency-based approaches to MLD have become increasingly important and competences are typically seen as concerned with behaviours which lead to effectiveness within a particular context (Woodall and Winstanley, 1998). They are linked to attitude to work but have a more behavioural focus.

In the focus groups it was clear that first line managers have a sense of responsibility for their own professional development but found it difficult to establish what development works best for specific needs. They were clear that some development can be 'just in time' but other development needs to be longer term. They were positive about membership organisations like the CMI which provide resources to help the development of a broad range of skills and help people to explore what they need to develop by assessing their skills.

Having been asked to pick the three most effective types of MLD which they had experienced, survey respondents were further asked to rate the impact of those activities in terms of their effectiveness in developing 24 specific managerial competencies.

Table 12 summarises the impact of the five most commonly cited activities (selected since they are both most common and highly effective) upon the development of specific managerial competences. The percentage of those reporting that the particular activity has an impact on the competence is shown in the relevant box.

Competence	On-the-job development (n = 1041) %	Professional bodies' qualification (n = 973) %	Management or leadership programmes delivered by external providers (n = 636) %	Short courses on management or leadership (n = 635) %	Business school qualification e.g. MBA (n = 627) %
Clearer about organisational objectives	45	51	43	38	62
Better able to assess information	44	51	41	35	70
Better recognise value of diverse views	32	42	44	33	55
Develop team more effectively	50	57	59	48	40
Support training of others	49	53	51	43	40
Help apply others learning to workplace	38	43	42	36	42
Better value others contributions	35	36	40	29	37
Improve teamwork	51	47	54	43	43
Seek more feedback on my performance	27	38	37	23	33
Better manage conflict	40	43	44	36	41
Handle organisational conflict better	39	37	37	26	42
Clearer communicator	38	41	46	37	48
More confident/assertive	45	51	48	33	60
Making things happen more	46	37	37	29	43
Better able to persuade and influence	44	42	47	33	49
Maintain networking	33	34	33	29	41
Handle stress and have better wellbeing	28	28	29	25	26
Better able to prioritise	39	36	35	31	39
Seek continuous improvement	38	53	43	37	52
More effective delegation	37	35	36	26	31
Able to manage change better	38	44	43	34	53
Better align to organisational strategy	34	40	35	28	58
Greater awareness of other cultures	28	31	32	24	47
Strategic awareness	37	55	47	36	75

Table 12: MLD activities and managerial competences

This suggests some substantial differences between the suitability of these different MLD activities for developing specific competencies. Table 13 seeks to make this connection clearer by showing the five most cited competencies for each of those MLD activities, with the percentages given in brackets.

MLD Activity	On-the-job experience	Professional bodies' qualification	Management and leadership programme delivered by external providers	Short courses in management and leadership	Business school qualification such as an MBA
1.	Improve teamwork (51%)	Team development (57%)	Team development (59%)	Team development (48%)	Strategic awareness (75%)
2.	Team development (50%)	Strategic awareness (55%)	Supporting training of others (51%)	Improve teamwork (43%)	Ability to assess information (70%)
3.	Supporting training of others (49%)	Supporting training of others (53%)	Improve teamwork (54%)	Supporting training of others (43%)	Clarity of organisational objectives (62%)
4.	Making things happen (46%)	Seeking continuous improvement (53%)	Confidence and assertiveness (48%)	Clarity of organisational objectives (38%)	Confidence and assertiveness (60%)
5.	Clarity of organisational objectives & Confidence and assertiveness (both 45%)	Clarity of organisational objectives & Ability to asses information & Confidence and assertiveness (each 51%)	Strategic awareness & Ability to persuade and influence (both 47%)	Clearer communicator & Seeking continuous improvement (37%)	Better align to organisational strategy (58%)

Table 13: Top five competencies developed by five types of MLD activities

As is the case with the findings on the 'approach to work', this suggests that a combination of theory-based MLD with practical application and reflection in the workplace may be most effective in developing managerial competence.

MLD can transform an individual's approach to work

I completed a six-month intensive development programme while working for Capita – this training really was life enhancing. It provided me with many 'eureka moments' and genuinely changed my life and my expectations for my career… It had a massive impact on my competence at work. The structured development and the confidence this gave made a huge difference to my aspirations. I was told that I was one of the most creative people that they had come across and this made me approach my choices and decisions differently from there on in.

Lorna Leonard, Finance Director, Display Plan

4.5 Attitudes to career development

In addition to exploring the impact of MLD on how managers approach their work and their competence, this research also sought to explore the impact on managers' attitudes to career development. These attitudes may affect an individual's decision to stay with an organisation and levels of organisational commitment and employee

engagement. The research was concerned to find out whether individuals felt that they had the knowledge and skills to progress their career, the opportunity to use the skills and knowledge they gained through MLD and opportunities to develop their management and leadership skills, as well as whether they were following a career plan.

Overall 47 per cent of individuals (n=4330) reported that they have the skills and knowledge to progress their career while 47 per cent also reported that they have current opportunities to use the skills and knowledge they have gained. The more MLD undertaken by individuals, the more confident they felt that they had the skills and knowledge to progress their career.

The greater the number of MLD interventions rated as effective by managers, the more confident they felt about their skills (although this did not apply to CEOs, possibly because skills development is less important to their career development). Similarly, the more MLD undertaken and greater the extent to which this activity was perceived as effective, the more individuals perceived that they had current opportunities to use the skills and knowledge gained through MLD. This suggests that providing a range of MLD activity alerts managers to opportunities to try out new skills and it may be that experiencing a varied mix of MLD increases managers' flexibility of approach. This was particularly true for men (57 per cent) compared to women (42 per cent) suggesting that men have – or at least perceive that they have – greater opportunities to use their skills than women. While those who judge their MLD as effective seem to perceive more opportunities to use it, it is also possible that if their job or organisation does not provide them with opportunities to use the skills or knowledge gained, managers are less likely to perceive the MLD as effective. In either case, the implications for employers are clear.

4.5.1   Sector, size and performance differences

There were also some differences in attitudes to career development based on the sector, size and performance of the organisations in which individuals were employed. These differences are summarised in Table 14. Perhaps most striking is the impact of organisational performance on the two career attitudes, with substantial differences between the attitudes of managers in high and low performing organisations.

Organisation Characteristics: Sector, size and performance level	"I feel that I now have the skills and knowledge to progress my career" %	"I have current opportunities to use the skills and knowledge I gained" %
Charities (n=449)	49	54
Public sector (n=1476)	49	47
Private sector (n=2207)	48	47
Small (n=919)	46	48
Medium (n=499)	47	47
Large (n=2067)	49	48
Upper quartile (n=417)	54	54
Inter-quartile (n=618)	46	53
Lower quartile (n=327)	44	41

Table 14: Organisational characteristics and career attitudes

There are also differences in relation to industry sector and these are summarised in Table 15, although the small size of some of the samples should be borne in mind.

Industry sector	"I feel that I now have the skills and knowledge to progress my career" %	"I have current opportunities to use the skills and knowledge I gained" %
Finance, insurance (n=263)	53	46
Local government (n=356)	51	48
Consultancy & business services (n=440)	48	52
Health & Social care (Public and Private) (n=313)	44	46
IT (n=150)	44	41
Engineering (n=139)	50	44
Construction (n=111)	49	48
Police (n=161)	50	50
Manufacturing and production (n=244)	48	48
Wholesale & retail (n=79)	41	37
Transport & logistics (n=84)	49	50
Electricity, gas and water (n=84)	56	56

Table 15: Industry sector and career attitudes

4.6 Development opportunities and career plans

With regard to the other two questions asked in relation to career development attitude there was a similar pattern, in that individuals who undertook more MLD were more likely to say that they constantly looked for opportunities to develop their management and leadership skills. This suggests either that managers who undertake more MLD are naturally more attentive to their development needs or that MLD may increase proactivity in managers to seek out new development opportunities.

Managers who had undertaken more MLD over the last three years were also more likely to report that they were following a career plan. Men (38 per cent) were more likely than women (29 per cent) to report that they followed a career plan. Similarly, the more effective the MLD interventions, the more likely that the manager would report following a career plan. This was true for CEOs, senior managers and middle managers but did not apply to first line managers. This suggests that they may need additional support in career planning, perhaps providing appropriate models and techniques.

4.7 Career development

Based on the responses to the questions on career development, a measure of the total amount of career development was created.

Men reported a significantly higher level of 'total career development' and age was also a factor here. The youngest category, 'Generation Z', reported the lowest scores whilst the group above them in terms of age, 'Generation Y', reported the highest scores,

followed by 'Generation X'. Both 'Gen Y' and 'Gen X' reported significantly higher scores than the oldest group, the 'baby boomers'.

Job level differences were also apparent and the total career development score declined with managerial level.

As noted in section 1 of this chapter, analysis showed that both the amount of MLD received and its perceived effectiveness are moderately correlated with the total career development score ($rs \geq 0.3$, $p<0.001$).

MLD can support career progression

David Nelson, Site Research Director at Tesco, describes how timely support in the form of coaching helped him to manage the challenges of a more senior management role:

I had moved into a 'safe-hands role', the next level up, to provide maternity cover for a director post… The timing was perfect. My director spotted this, he was very supportive, recognised it was a big step up and suggested coaching.

I think that I would have failed without the support of my coach and the HR team. It was a very different role. It really struck me how lonely the director's job was. I felt that everyone, your team and stakeholders, expect you to deliver and be professional, while wanting a piece of you. Coaching was an open space to talk about want I wanted to achieve and I believe that without it I could have gone backwards.

We worked on assertiveness and decision making. The coach helped me with my approach to structuring a conversation, getting people on side. I was finding it hard to influence my team and when I brought it up with them it was clear that they found my lack of direction frustrating. It was particularly useful having an internal coach as she could come to some of my team meetings and understood the dynamics.

4.8 The effectiveness of line management

The importance of the line manager in the achievement of organisational objectives and the development of employees has already been noted. Accordingly the research sought to explore the perceptions of individual respondents on the performance of their line managers, through a series of 22 questions.

Overall, 21 per cent of individuals (n=3083) considered their managers to be highly effective, 36 per cent rated them as effective and 43 per cent rated them as ineffective or highly ineffective.
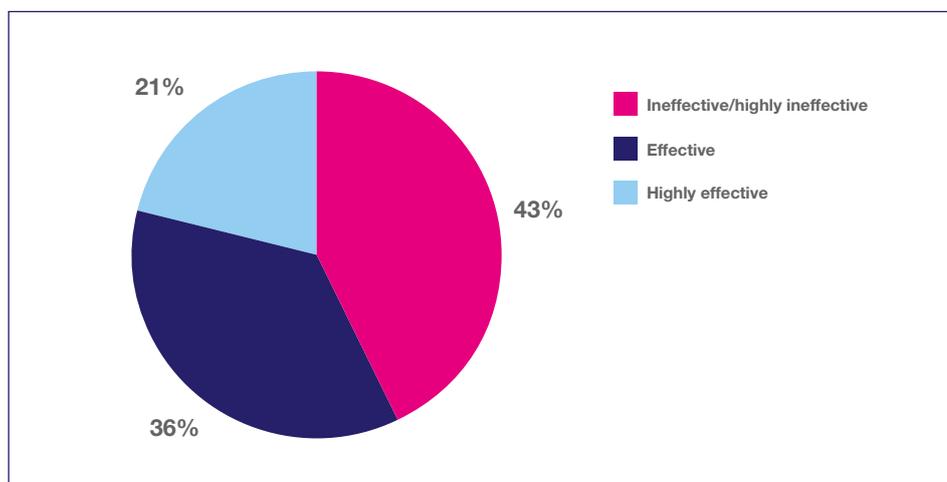
Figure 5: The effectiveness of the line manager

4.8.1 Management level, performance, size and sector

There are some interesting differences when these are broken down by other factors, especially by management level and organisational performance level. These are summarised, as well as organisation sector and size – where there are few noticeable differences – in Table 16.

	% reporting line manager as ineffective or highly ineffective	% reporting line manager as effective	% reporting line manager as highly effective
CEO (n=59)	20	41	39
Senior manager (n=897)	38	39	23
Middle manager (n= 1196)	45	35	20
First line manager (n=578)	41	36	23
Charities (n=288)	42	36	22
Public sector (n=1225)	44	35	21
Private sector (n=1540)	41	38	21
Small (n=479)	45	33	22
Medium (n=396)	42	38	20
Large (n=1710)	41	38	20
Upper quartile (n=271)	20	42	38
Inter-quartile (n=428)	35	45	20
Lower quartile (n=223)	61	26	13

Table 16: Reported line manager effectiveness based on management level, organisation sector, size and organisation performance level

CEOs and senior managers reported higher levels of line manager performance than did middle managers. This might suggest that the quality of line management improves with seniority in the organisation, but with substantial numbers reporting ineffective line management at all management grades, there is clearly room for major improvements.

Once again, a noticeable feature of this data is the impact of organisational performance level on perceptions of effectiveness. Upper quartile performing organisations have fewer ineffective or highly ineffective managers and more highly effective managers than inter-quartile and especially lower quartile performing organisations. Eighty per cent of those in high performing organisations rated their manager as effective, compared with just 39 per cent in low performing organisations. Management level also seems to play a role and the data may suggest a possible issue with the perceived management capability of middle managers.

The data was analysed to see if there were any differences based on industry sector and there were no significant differences. However, the top three industry sectors, in terms of the overall reported quality of management, were the IT sector, the finance and insurance industry, and transport and logistics. The bottom three industries were, in order, wholesale and retail, engineering, and local government.

4.8.2   Strengths and weaknesses in line managers' skills

The research was able to identify the key strengths and weaknesses of managers at various levels. Individuals were asked to rate the performance of their line manager on 22 areas of performance on a scale of one to five, with five representing high performance. On this basis, the strengths and weaknesses of the managers at different levels are summarised in Table 17 (the mean scores are shown in brackets).

Management level	Top 3 strengths reported	Bottom 3 weaknesses reported
CEOs (n=503)	• Thinks strategically taking the wider factors shaping the organisation/ environment into account (3.56) • Tenacious and resilient in the face of conflict and opposition (3.52) • Develops and maintains a strong professional network (3.50)	• Ensures that everyone is clear on their contribution to the strategic goals (3.04) • Ensures that MLD is provided (2.84) • Receptive to feedback on his/her performance (2.78)
Senior managers (n=1707)	• Able to recognise organisational politics and work effectively with it (3.44) • Demonstrates a good level of confidence and is assertive in leading others (3.44) • Understands my organisation (3.4)	• Provides opportunities and support for me to consolidate what has been learnt on MLD programmes (2.77) • Alert to the team (2.71) • Asks for honest and relevant feedback on his/her performance from staff, peers and managers (2.51)
Middle managers (n= 700)	• Knowledgeable about the organisation (3.71) • Gives employees responsibility for their own work (3.65) • Understands the organisation (3.55)	• Asks for regular feedback on his/her performance (2.32) • Develops action plans and prioritises my future workload (2.81) • Manages conflict when it arises (2.89)
First line managers (n=173)	• Works to ensure that all staff are treated fairly (3.48) • Gives staff responsibility for their own work (3.64) • Knowledgeable about the organisation (3.72)	• Asks for regular feedback on his/her performance (2.49) • Develops action plans and prioritises my future workload (2.97) • Manages stress well (3.04)

Table 17: Key strengths and weaknesses of managers at different levels

4.8.3   Sector differences

Some differences emerged in the reported levels of line manager skills when analysed by industry sector. Figures 6(a) and (b) show the mean scores for line manager skills, displayed as a percentage, in various private and public sector areas.
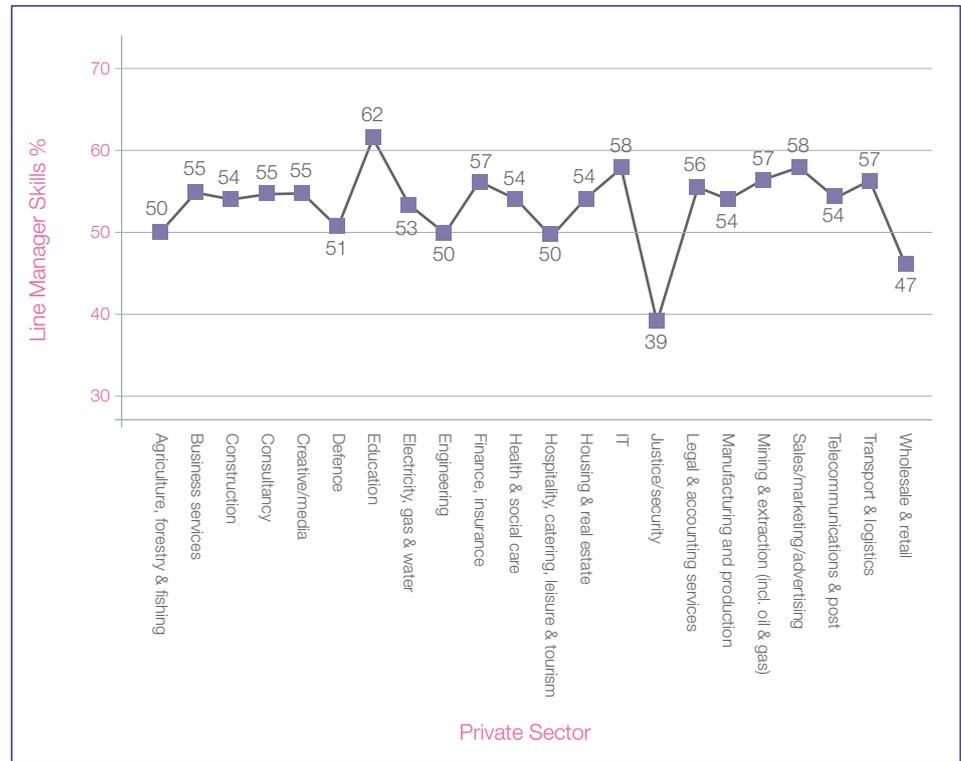

Figure 6(a): Line manager skills in the private sector

Figure 6(b): Line manager skills in the public sector

4.9 Employee engagement

Employee engagement is the final and in some respects the most important potential individual outcome of MLD that will be considered in this report. It plays a key part in the chain of impact of MLD and is increasingly discussed in the literature.

Engagement was measured in this survey by responses to 10 questions including: 'I am excited by the work that I do', 'I feel the organisation can accommodate my career plans' and 'I feel able to continuously improve the way we do things' (see Appendix B for further detail).

Each question was rated on a five point scale and on this basis it is possible to estimate the overall level of engagement of respondents. A total of 57 per cent emerged as 'highly engaged', a finding which seems to suggest higher levels of overall engagement than is commonly assumed and it may be that the sample, drawn largely from CMI members, may be a factor here. Nonetheless, some differences do emerge when considered by organisational sector, size and performance level, as summarised in Table 18.

	Disengaged and highly disengaged %	Engaged %	Highly engaged %
Overall engagement	11	32	57
Not-for-profit (n=187)	12	33	55
Public (n=501)	14	40	46
Private (n=845)	10	27	64
Small (n=437)	11	27	62
Medium (n=218)	12	34	55
Large (n=695)	12	35	52
Lower quartile (n=108)	23	46	31
Inter-quartile (n=258)	5	27	67
Upper quartile (n=181)	2	15	83

Table 18: Levels of employee engagement – overall and by organisation sector, size and performance level

There seems to be a clear link between levels of engagement and organisation performance, as shown in Figure 7 below, which is a theme to which we will return.
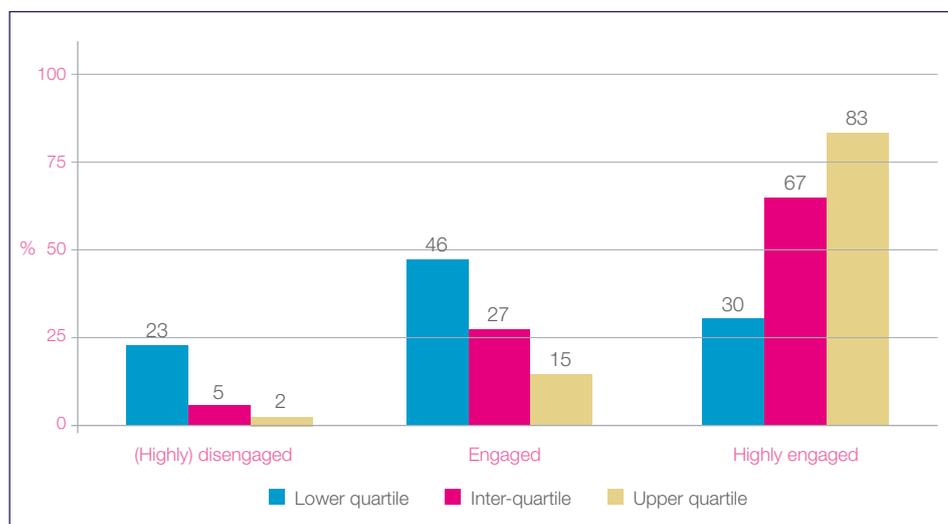
Figure 7: Employee engagement levels and organisational performance

4.9.1   Management level, tenure and age

As has been found in other research, levels of employee engagement showed significant differences by management level. The higher the job level, the higher the level of reported engagement. CEOs and senior managers showed significantly higher levels of engagement than all other levels – CEOs scored 46 out of 50 compared with 42 for senior managers and 40 for middle and first line managers.

The length of service with an organisation was also a factor and the lowest level of engagement was reported by those whose tenure was four to five years (39.6 out of 50), with the highest reported by those with a tenure of greater than 10 years (41.1 out of 50). These differences, but no others, were statistically significant.

There were small but significant differences by age. The highest levels of engagement were reported by 'baby boomers' (41.3). The level of reported engagement among this group was significantly different from that of 'Generation X' (40.1), where the reported level of engagement was marginally lower than that for the younger 'Generation Y' (40.2).

There were no significant differences in terms of gender.

4.9.2   Employee engagement in different sectors

Figures 8(a) and (b) show the mean employee engagement scores, displayed as a percentage, in various private and public sector areas.
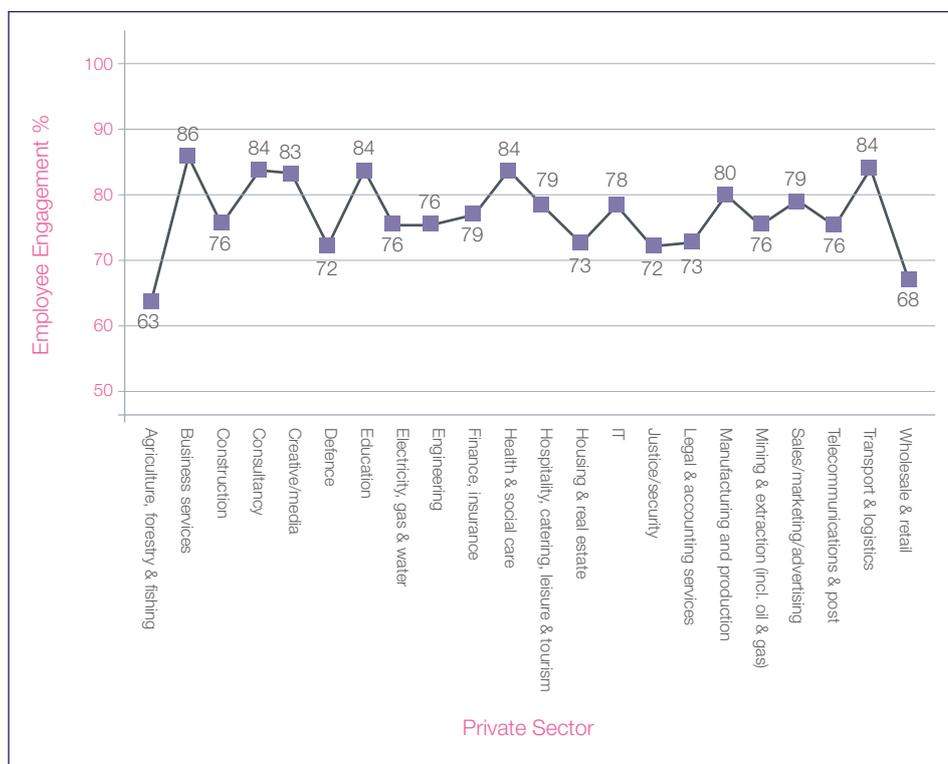
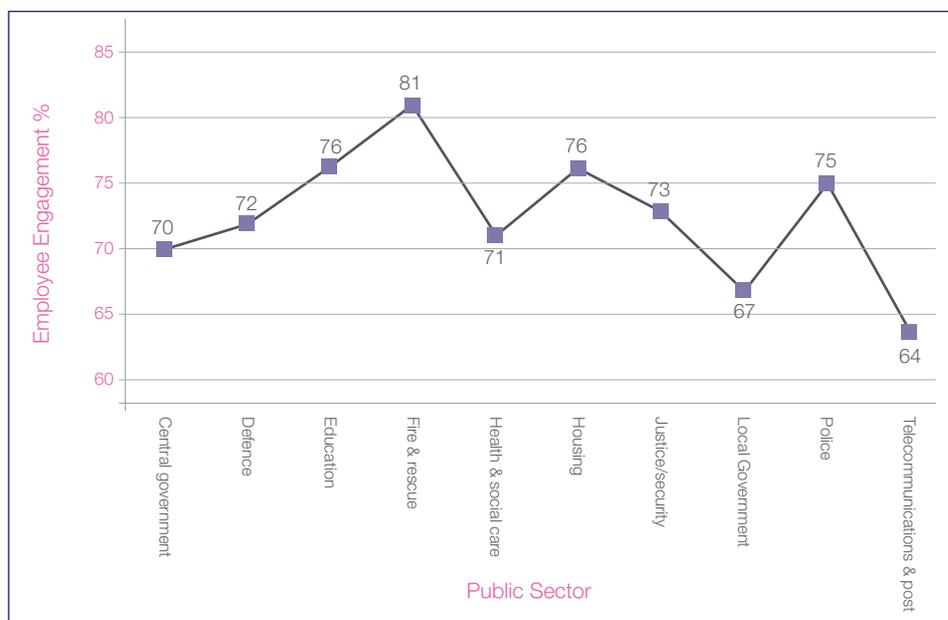**Figure 8(a):** Engagement in the private sector

Figure 8(b): Employee engagement in the public sector

4.9.3   Employee engagement and the line manager

The MacLeod Review into employee engagement concluded that the line manager is one of the most significant factors in employee engagement. The findings of this

survey provide further evidence showing the importance of this crucial relationship, as levels of employee engagement were significantly related to the perceived skills of the individual's manager, with a moderate positive correlation (r = 0.49, p<0.001).

In this regard there were no significant differences on the basis of age, gender or tenure, but there were some significant differences based on job level.

4.9.4   MLD, line manager effectiveness and employee engagement

The research found some important relationships between the different factors considered in this chapter: that is, between MLD activity, line manager effectiveness and employee engagement. In organisations where MLD activity was highest, employee engagement levels were five per cent higher.

As noted in above, employee engagement and the skills of the individual's line manager were correlated. Employee engagement was also significantly related to the total amount of MLD received by the individual (r = 0.10, p<0.001), the perceived effectiveness of MLD (r = 0.15, p<0.001), and to the total career development score (r = 0.22, p<0.001). Line manager skills were also correlated with the total amount of MLD, MLD effectiveness and total career development (see Figure 9).

4.10 Summary This chapter has reviewed the research results relating to how managers assess the effectiveness of MLD, its impact on their approach to work, on the development of key competences, on their career prospects, as well as managers' levels of employee engagement and their perceptions of their own line managers.

It has shown some clear and significant correlations. The greater the perceived skills of an employee's line manager, the greater the amount of MLD received, the greater the effectiveness of this MLD, and the greater the level of career development, the higher the levels of employee engagement. High performing organisations are characterised by higher levels of line manager effectiveness and higher levels of employee engagement: These findings clearly reinforce the importance of the line manager and the importance therefore of MLD throughout the line management structure.

This forms an important part of the chain of impact which links MLD activity to organisational performance. The impact of these and other factors on organisational performance are the subject of the next chapter.
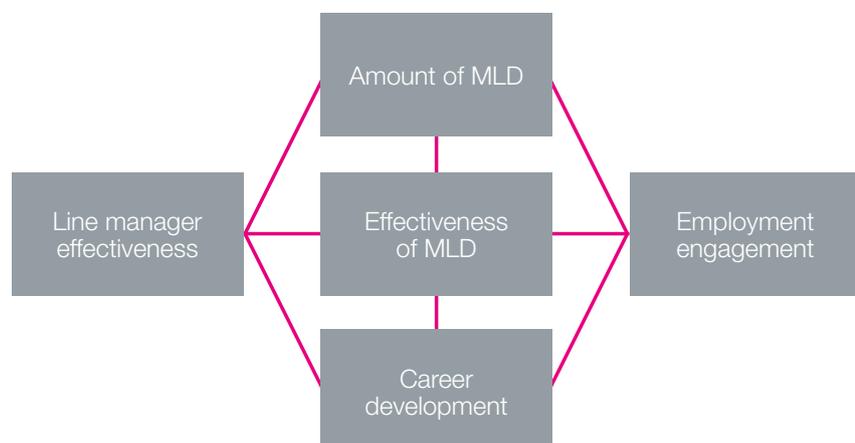

Figure 9: Factors affecting employee engagement

Chapter 5: The Business Impact of MLD

This chapter examines the critical question of how management and leadership development is related to performance. The relationship is described as existing through a 'chain of impact'. Primarily drawing on the organisational data provided by HRDs and CEOs, it finds significant relationships between organisational performance levels and a variety of practices. These include the extent to which the organisation's HR strategy is aligned with business strategy, the use of HR practices which help facilitate the delivery of MLD, and the budgets for MLD.

5.1 The chain of impact

The link between MLD and organisational performance is notoriously hard to prove. The relationship is better seen as a chain of impact, with MLD influencing performance through a number of factors, than as a direct relationship. This is reflected in some of the existing literature. For example, CMI's previous study *Management Development Works* (Mabey, 2005) shows how MLD leads to the higher performance of organisations relative to their key competitors, but finds that it is not a direct relationship. Rather, MLD impacts on other factors – including employee engagement and organisational commitment – which in turn lead to increased performance (Burgoyne, Hirsh and Williams, 2004).

In a similar vein, the degree of career development an individual receives has been associated with the degree to which they feel organisational commitment – attachment to an organisation displayed through loyalty and pride in working for that organisation (Lester and Kickul, 2001). In turn, organisational commitment has been positively linked to reduced absenteeism, reduced turnover, increased job satisfaction and increased performance (Bishop and Scott, 2000; Sarantinos, 2007).

Furthermore, organisational performance is negatively associated with turnover rates that result from poor or reduced organisational commitment. Performance measures such as profitability, financial growth, and productivity have all been found to suffer because of the loss of human capital that results from high turnover rates (Shaw, 2011). The impact of MLD on organisational performance is therefore also related to its impact on individuals.

5.2 Key factors relating to MLD and their link to organisational performance

This research shows that there are some important factors which enable an organisation to achieve maximum impact from its MLD activities. This section will outline these factors and report the findings of the research in relation to their impact on organisational performance. The analysis draws heavily on the range of measures developed on the basis of the survey data: see Appendix B for further details of these measures.

5.2.1 MLD effectiveness

The first of these factors is MLD effectiveness. HR directors and CEOs were asked to rate the effectiveness of the four types of MLD activity in developing management and leadership capability within their organisation.

Once again there were some significant associations in terms of organisational characteristics. The rating of all four types of MLD activity significantly increased with the performance level of the organisation (p<0.05). Upper quartile, high performing organisations seem to recognise MLD activities as being more effective than either inter-quartile and lower quartile organisations.

However neither organisational size nor sector seemed to have any effect on perceptions of effectiveness.

The perceived effectiveness of the four types of MLD activities was also related to the organisations' budgets for MLD activity. There was a small but significant ($rs = 0.14$, $p<0.001$) correlation between the perceived effectiveness of the four types of MLD activities and the level of annual spend per manager on MLD. The more an organisation spends on MLD the more likely it is to be perceived as effective. Of course, this finding does not address the question of whether MLD is more effective because the organisation spends more – or whether they spend more because they are more convinced of its effectiveness.

Importantly, there were also small but significant correlations between the perceived effectiveness of MLD and organisational performance, a topic that will be addressed later in this chapter.

Evaluating MLD using a variety of organisational measures

Cable & Wireless Worldwide has run Management Matters, a management development intervention which is targeted at all managers in the organisation regardless of their level, since April 2010. This is delivered via a monthly webinar which is interactive and each month covers a relevant theme around a business or management capability need. It is recorded so managers can catch it at a convenient time. Themes have included performance management, setting objectives and Stephen Covey's 'Seven Habits'.

Caroline Burgess, Head of Leadership and Colleague Development, describes how their Management Matters programme has led to a number of business benefits:

We are currently embarking on a true transformation of the organisation and we provide webinars on the management skills to support this. We recognise that strong general management capability drives business performance and improving our managers' capability increases colleague engagement and, therefore, the achievement of business goals. In our Colleague Engagement Survey, during a six month period with very little else happening, the ratings of managers increased 5 per cent.

We provided a targeted management development programme for the area of the business with the lowest management scores. This was a two-day offsite programme for 20 managers and included some outdoor experiential development. The increase in manager ratings after this programme was 7- 12 per cent across the group which may reflect the more intensive development.

Another way we measure the impact of management and leadership development is to measure internal mobility. In the two years in which we have run Management Matters we have seen an increase in internal promotions from middle management to the next layer up. In two more years we expect to see more of our own senior managers promoted to the top table as the pipeline is stronger but people need a year or two at senior level to get exposure and experience.

We also measure retention, particularly of the high potential group. We focus considerable development on this group ensuring that they have a lot of one-to-one development, expanded roles, rotation opportunities and high visibility to ensure that they feel motivated and valued in the business. In the 18 months up to September 2011 we had a zero attrition rate from our group of 55 high potentials.

5.2.2   The effectiveness of HR practices

As with the effectiveness of MLD activities, the effectiveness of HR practices was rated by HR directors and CEOs. The overall mean rating of effectiveness for HR practices on a 5-point scale was given as 2.77, which suggests some room for improvement in the effectiveness of HR practices overall.

Nevertheless, the findings suggest that higher performing organisations have more effective HR practices. The mean score for lower quartile organisations was 2.44, that for inter-quartile organisations was 2.78, whilst that for upper quartile performing organisations was 3.11. These differences were significant ($p<0.05$). Similarly, the perceived effectiveness of HR practices increased with budget level for MLD ($rs = 0.11$, $p<0.01$).

However, organisation size did not seem to be related to the effectiveness of HR practices. Effective HR practices are as likely in small as in large organisations.

5.2.3   HR and business alignment

Previous literature has identified the alignment between business and HR strategy as a potentially important factor (e.g. Mabey, 2005) so the survey looked at this factor as a possible part of the chain of impact. It considered factors such as the linkage between HR management and business strategy, the involvement of HR in the development of business strategy and whether managers are developed against specific skills and competences linked to business needs. HR directors and CEOs were asked to rate this alignment on a series of 5-item scales.

The results were that business and strategy alignment did not differ significantly based on organisational size or sector. However, it did vary between organisations in the different performance quartiles, and those with different budget levels. High performing organisations have significantly higher levels of alignment than both the inter-quartile and low performing organisation groups. Inter-quartile organisations also have significantly higher levels of alignment than low performing organisations. This suggests that the alignment between HR and business strategy is a key differentiator between higher and lower performing organisations.

Similarly organisations with annual budgets for MLD per manager greater than £1,000 had significantly better alignment than organisations with no budget for MLD or a budget less than £1,000.

The research suggests a number of further important relationships between the level of alignment of business and HR strategy and other key factors. It was correlated positively with the effectiveness of HR practice ($r = 0.50$, $p<0.001$), the number of HR practices employed ($r = 0.47$, $p<0.001$), and less strongly with the level of budget for MLD ($rs = 0.09$, $p<0.05$).

It was also correlated with the performance measures, including people performance ($r = 0.46$, $p<0.001$) and organisational performance ($r = 0.41$, $p<0.001$). In addition, it was correlated with commitment to MLD ($rs = 0.11$, $p<0.01$), which we will now consider.

5.2.4   Attitudes to MLD: scepticism and commitment

The survey asked HR managers and CEOs a series of 12 questions about attitudes to investment in MLD in their organisation. Analysis of the responses suggests that there are two distinct attitudes at play. The first was identified as 'scepticism', and the second as 'commitment to MLD'. Sceptics tended to feel that there is no evidence that MLD offers business benefit or that the consequences of MLD may not necessarily be beneficial to the organisation. In contrast, those identified in the 'commitment to MLD' group reported that senior management demonstrated their commitment to MLD, and that there was actual investment to back this up.

It appears that scepticism is related to organisational size, but not to sector, budget or performance level. There is more scepticism in smaller organisations and the level of scepticism decreases as the size of the organisation increases. There was only a relatively weak relationship to performance.

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By contrast, upper quartile performing organisations are more committed to MLD than lower performing ones, a finding that is significantly different (p<0.01) at all levels of performance. In addition, the stronger the level of commitment to MLD, the greater is the reported effectiveness of HR practices (r = 0.48, p<0.001), the greater the level of HR and business strategy alignment (r = 0.56, p<0.001), and the higher the people performance (r = 0.47, p<0.001), which will be considered shortly.

Commitment to MLD is also associated with the level of budget provided for MLD and with organisational performance. Commitment to MLD is higher in those organisations which provide larger budgets for MLD, and particularly in those organisations with an annual spend of more than £1,000 per manager.

However, the score for commitment to MLD is not associated with the size of the organisation, nor its sector.

5.2.5 Organisational, business and people performance measures

As outlined in the Introduction and detailed further in Appendix B, three measures of performance were developed in order to understand and measure the impact of MLD on organisations. These measures relate to business, people and organisational performance. Then, on the basis of the overall organisational performance measure, responses were grouped into high, medium and low performance groups. Those upper quartile, inter-quartile and lower quartile ranges have been referred to throughout this report.

The three measures for performance were related to various organisational characteristics. It was found that the mean level for all performance measures increased significantly (p<0.05) as budget per manager for MLD increased, although this does not demonstrate a causal relationship between budget and performance.

There were also significant differences in performance level based on size – not all of which suggest that "larger is better". People performance was significantly higher in small organisations than in large organisations. In terms of business performance, medium sized organisations reported the highest mean performance, while the mean score for large organisations was the lowest.

Some differences also emerged between different sectors. The level of people performance was highest in the not-for-profit sector whilst business and organisational performance was highest in the private sector. There were significant differences (p<0.05) in levels of performance between the not-for-profit sector on the one hand and the public sector on the other.

5.2.6 Performance, MLD and organisational characteristics

The research investigated the relationship between organisational, business and people performance on the one hand and a number of MLD-related factors. These are the effectiveness of HR practices, the total number of HR practices, the total amount of evaluation of MLD, attitude to MLD as well as annual spend on MLD per manager and finally business and HR strategy alignment. Table 18 shows the correlations found between these variables, where higher scores indicate a stronger correlation. It shows significant relationships between these factors in all but one instance.

Variable	Commitment to MLD 1.	Business and HR strategy alignment 2.	Number of HR practices 3.	Effectiveness of HR practices 4.	Total evaluation of MLD 5.	Annual budget for MLD per manager 6.	People performance 7.	Business performance 8.	Organisational performance 9.
1. Commitment to MLD	1								
2. Business and HR strategy alignment	.56	1							
3. Number of HR practices	.35	.47	1						
4. Effectiveness of HR practices	.48	.50	.36	1					
5. Total evaluation of MLD	.34	.44	.56	.38	1				
6. Annual budget for MLD per manager	.13	.10	.07*	.10	.14	1			
7. People performance	.46	.46	.24	.40	.26	.18	1		
8. Business performance	.27	.31	.23	.30	.22	.13	.52	1	
9. Organisational performance	.38	.41	.27	.37	.31	.15	.80	.84	1

NB all correlations significant at p<0.05 other than that marked with an * which is non significant

Table 18: Correlations table: performance and organisational characteristics

These relationships were explored further by means of a (stepwise) regression analysis with MLD lack of commitment, business and HR alignment, total evaluation of MLD, effectiveness of HR practices, and total number of HR practices as independent variables, while controlling for budget, size and sector. Each of the three different performance variables was considered as a dependent variable in turn. The key findings are that:

- The alignment of HR and business strategy, MLD commitment, and the effectiveness of HR practices together explain 32 per cent of the variance in people performance.
- The alignment of HR and business strategy, MLD budget and the effectiveness of HR practices together explain 14 per cent of the variance in business performance.
- The alignment of HR and business strategy alignment, MLD commitment and the effectiveness of HR practices together explain 23 per cent of the variance in organisational performance.

Figure 10: Factors which explain 23% variance in organisational performance

5.3: A model of the impact of MLD on organisational performance

The research findings suggest a link between MLD activity and the performance of an organisation, even if it is not a direct relationship. The model in Figure 11, below, includes the key factors identified in this chapter and seeks to show how MLD activity may impact on performance (people, business and organisational).
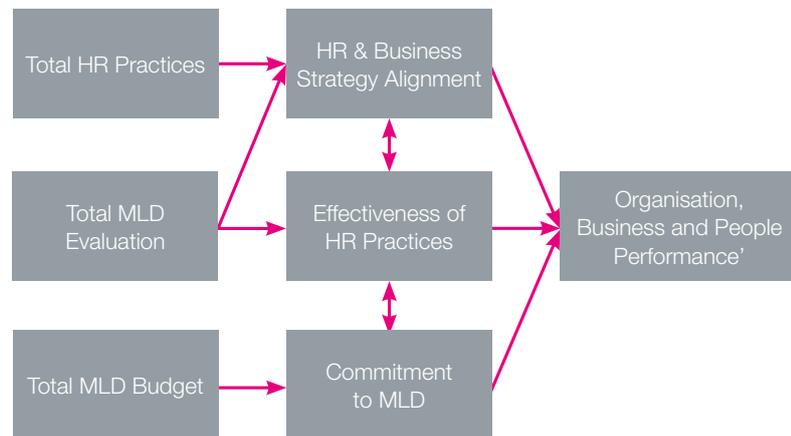
Figure 11: A model of MLD and organisational performance

The impacts of each of the three factors on the left – the total budget for MLD, the amount of evaluation of MLD, and the number of HR practices such as performance management which facilitate the delivery of MLD – are influenced by the three factors in the core of the model. Accordingly, the greater the amount of evaluation of MLD, for example, the easier it will it be to align HR and business strategy and to develop effective HR practices. Likewise, the greater the level of HR and business strategy alignment and the more effective the HR practices in an organisation, the greater the likely impact of MLD activity on performance.

There is no arrow linking the amount of evaluation of MLD and commitment to MLD, for example, because analysis did not find a predictive relationship between them. Nevertheless, as Table 18 showed, they are correlated.

The research suggests that HR and business strategy alignment, the effectiveness of HR practices and the commitment to MLD are all strongly related to each other. The more one of them is affected the greater the knock on effect on the others. Therefore the model suggests that MLD evaluation will impact on HR and business strategy alignment and the effectiveness of HR practices, and these will in turn influence commitment to MLD.

The three factors in the core of the model are those which have a direct impact on performance. To increase the impact of MLD on performance it will be important therefore to improve alignment between HR and business strategy, commitment to MLD and the effectiveness of HR practices in the organisation.

Aligning HR to business strategy and evaluating the impact of MLD

Steve Bottomley, Head of Planning, Human Resources at AstraZeneca describes how their structured business planning and HR processes, enable them to measure and develop their people capabilities to meet business requirements.

Each year we review our business strategy and, alongside that, our people strategy and people priorities. Subsequently, we also review our HR strategy accordingly. We currently have the following five people priorities:

- to achieve a step change in leadership and management capabilities;
- to deliver key capabilities across the organisation
- to improve employee engagement and build a high performance culture;
- to improve the strength and diversity of the talent pipeline;
- to acquire and retain key talent

In each one of these people priorities, MLD is a key enabler to their achievement. We do this by looking at what has changed since our most recent strategy, what has changed externally and what new/emerging challenges we have internally. Each year the Board has a full strategy day where our Executive VP for HR presents the people strategy and people priorities alongside the business strategy. Against each of these high level people priorities, we also identify and agree with our HR leadership team what the measures of success are, and we track these on a quarterly basis.

Similarly, we also agree measures of success against the HR strategy and these are also reviewed quarterly. In addition, our Learning function produce and review a 'Learning Dashboard' on a quarterly basis so from our annual employee survey, for instance, which I think is so crucial for this sort of evaluation, we are able to understand the view of of leadership and management performance as perceived by our employees. There are about 85 questions in there so there's a wealth of information we get from that on an annual basis.

In addition, AstraZeneca used their employee survey to measure the impact of their US Manager Curriculum which was rolled out between 2008 and 2009 in their CS&O, Operations and HR departments. This activity was led by Craig Alexander, Global Learning And Change Lead, Human Resources. The intervention consisted of three modules which looked primarily at performance management and coaching. Using their 'Manager Performance Index' measure which is derived from the six questions below, as well as measures for 'Leadership', 'Individual Development', and 'Immediate Manager', AstraZeneca found a noticeable improvement.

The Manager Performance Index questions include:

- I receive the training and development I need to do my job
- I have the opportunity for personal development and growth in AstraZeneca
- My immediate manager coaches me to find my own solutions to improve my job performance
- My immediate manager coaches me to develop my strengths
- My last performance review discussion helped me improve my job performance
- I am praised for good performance

Despite an overall 1-2 per cent improvement in the various measures across the US division of the business, the 2009 scores rose by 3-12 per cent where the intervention was targeted. In sales, where the intervention had not yet been delivered, there was no improvement in the year on year scores at all in any of the measures. This outcome data suggested the successful delivery and impact of the learning intervention.

Ultimately, the impact of MLD will increase the capability of the organisation, which then translates into business performance. That might be improved sales performance in a market; it might be a more efficient manufacturing operation in operations; or it may be the discovery of the next blockbuster drug. That's the ultimate goal here and I think capability of people in our organisation is at the heart of achieving any of those.

5.4 Summary

A direct relationship between MLD and organisational performance is notoriously difficult to prove. Nevertheless, the effect of MLD on performance can be considered in terms of a chain of impact. The findings presented in this chapter offer substantial evidence about how MLD can strengthen the links in that chain.

The findings show correlations between organisational performance and budget invested in MLD. However, it is always possible to ask which came first: investment in MLD, resulting in better performance, or better performance generating greater financial returns which can be invested in development? While these findings cannot answer that question directly, they emphasise that performance is not related to budget alone. High performing organisations are not only those which are spending more on average, but are those which have put in place certain practices, thereby providing the right conditions for MLD to be effective.

These include ensuring the alignment of HR with business strategy, using effective HR practices to facilitate the delivery of MLD, and demonstrating commitment to MLD. These areas therefore emerge as important practical areas for organisations to address in order to get the most from their investment in MLD, and they form part of the recommendations presented in the final chapter.

Conclusion

This research set out to identify the impact of MLD on organisational performance, and because of the chain of impact, the link between MLD and individual performance. The findings provide clear evidence that the level of investment in MLD, the alignment of HR and business strategy and the commitment to MLD within an organisation, alongside effective HR practices and the evaluation of MLD has a significant impact on organisational performance. In addition the amount of effective MLD received by an individual, and the presence of a skilled line manager, has a significant impact on an individual's competence, approach to work and, above all, employee engagement which also have a positive impact on the performance of the organisation.

The table below shows the characteristics of organisations by performance. High performing organisations consistently show higher scores across all areas of effective MLD provision.

Category	Low Performance	Mid-Performance	High Performance
Level of management effectiveness:			
Effective	39%	65%	80%
Ineffective	61%	35%	20%
Highly engaged	30%	67%	83%
Opportunity to use skills and knowledge	41%	53%	54%
Have the skills and knowledge to progress career	44%	46%	54%
HR alignment (mean scores – max = 30)	20	21	24
MLD commitment (mean scores – max = 15)	8	9	10
MLD activities for employees (mean number of types of activity)	6.2	6.5	6.6
MLD activity for CEOs (mean number of types of activity)	5.2	5.7	6.1
Financial commitment	£1,275	£1,320	£1,738
HR (mean number of practices)	2.44	2.78	3.11
Evaluation (number of ways of evaluating MLD)	14.4	17.5	22.7

Table 20: Key characteristics of MLD provision based on organisational performance

Equivalent tables summarising the differences according to organisation size and sector are included in Appendix D.

It is significant that the 30 per cent of organisations that were self-rated as high performers across a range of performance measures were based across all industry sectors and sizes of organisations. Forty-two per cent of this group were small organisations with less than 50 employees and 43 per cent were large organisations; medium sized employers were not well-represented at only 16 per cent of the high performance quartile (see Appendix D for a profile of organisations in the upper quartile for performance).

Although the top performers were predominantly from the private sector, 13 per cent were from the public sector and 12 per cent were from not-for-profit organisations. The public sector reported the highest average level of spend per manager, which also indicates that investment alone will not drive up performance. Instead, organisations should adopt a strategic approach to development characterised by:

- commitment to MLD – driven by the CEO and senior management

- HR practices that reinforce MLD – such as performance management, leadership succession planning and competency frameworks

- alignment between business strategy and HR strategy - managers' skills are clearly developed to drive business results.

This research is based on a substantial data set collected from both managers and organisations. It has revealed a rich picture of MLD activity and also provided an understanding of the chain of impact linking MLD and performance. As a consequence it not only offers recommendations to organisations on how the business impact of MLD may be increased but it also makes a contribution to the ongoing debate about the business case for investment in MLD, the development of management and leadership skills in the UK and how MLD may contribute to future economic growth.

Recommendations

CEOs and Board Directors must take responsibility for ensuring that leaders and managers' skills and capabilities, at all levels, are effective and aligned to the organisation's strategy. The high performing organisations in this study have a clearly differentiated approach that provides clear recommendations for those seeking to gain more impact from their MLD.

High performing organisations' top level managers show commitment to MLD

- Be clear about the organisation's leadership 'brand' and what is expected of all managers and leaders
- Challenge senior leaders on their commitment to developing managers at all levels of the organisation
- Provide role models at the highest level with CEOs and senior managers demonstrating their personal commitment to learning
- Smaller organisations may need to network with other organisations to co-commission MLD and share best practice.

Effective line managers achieve high employee engagement

High performing companies have more effective line managers – who are key to driving higher levels of employee engagement:

- Develop management capability: develop core competencies and knowledge of management practices through formal learning such as qualifications
- Provide bespoke development solutions which are aligned to specific skills and competencies, learning styles and career stage
- Value behaviours: coaching by both line managers and external practitioners was especially valued by senior managers, and something they would have appreciated sooner in their careers
- Ensure managers are able to have effective career conversations to help align personal aspirations with the organisation's goals and values.

High performing organisations spend more on MLD

- Provide sufficient resources and commitment to development, even during tough times. Development is a long-term strategic investment that feeds the leadership pipeline for years to come
- Despite high levels of expenditure, many organisations are not achieving the desired results in terms of improved management effectiveness. All MLD investment should be strategically aligned to the business plan and targeted at managers' specific development needs.

MLD has a bigger organisational impact when aligned with organisational and HR strategy

- Ensure MLD supports the talent pipeline; consider the financial benefits of growing your own leaders who understand the culture from the ground up
- Undertake long-term workforce planning
- Develop HR and learning and development practices to support MLD procurement, design, application and evaluation

- Do not offer development for its own sake – locate the 'sweet spot' where organisational aims meet individual career aspirations.

High performing organisations evaluate MLD to a greater degree

- Be very clear what success looks like. What are the critical success factors?
- Align MLD to organisational performance measures to support the development of hard evidence of return on investment (ROI)
- Assess managers against success criteria before, during and after the development intervention
- Be flexible; use evaluation data to improve MLD interventions for even greater impact.

Accredited learning and qualifications are rated as the most effective by individual managers and meet employers' need for competence

- Review how accreditation can provide employers with clear links to competency standards
- Facilitate greater transfer of learning to the workplace as a result of assessed assignments/projects
- Cater for all levels of management and skills using the appropriate level and depth of qualification from team leading to strategic leadership
- Facilitate evaluation of MLD with accredited learning tools
- Offer recognised qualifications to enhance your employer reputation
- Provide accredited learning to give individuals professional recognition and assist their career development
- Enhance job satisfaction by using qualifications to give individuals the confidence that they are operating at a recognised standard.

On-the-job development is the most prevalent form of MLD

- Create a rich organisational learning environment, providing access to resources to support normal daily business such as e-learning, webinars and professional memberships
- Provide coaching for all levels of management
- Build coaching capability within the organisation at all levels through 'leader as coach' programmes and accrediting internal coaches
- Create a culture of learning across the organisation by encouraging forums that facilitate knowledge-sharing, idea creation, collaboration, cross-functional working and debate. These may include 'lunch and learn' sessions, action learning sets and co-coaching groups
- Encourage participation in external networks such as professional body forums or trade associations.

For Government The research clearly shows how management skills are affecting the UK's competitiveness. Given that effective MLD can have an overall impact on organisational performance of 23 per cent, any increase in line manager effectiveness could help to drive improvements in public service delivery and economic growth.

In general, both employers and individuals are investing in a range of MLD activities, so this research is not necessarily making a case for more investment in training provision.

Indeed, the findings suggest widespread investment by public sector employers. Such spending should be protected in the current and forthcoming spending periods, across an increasingly diverse and localised public service landscape.

However, investment needs to be matched by much greater awareness among employers – both public and private – about how they can maximise the return on their current investment. Given the mismatch between provision and effective MLD, there is much that can be done to raise awareness with employers and to help signpost to effective provision. Both business schools and professional bodies clearly have a valuable contribution to make in raising management standards. It is important that education and business policies consider how best to enable greater access and opportunities for individuals and employers to engage with formal management education.

The research highlights the importance of timing and the fact that many managers would have benefited from support before taking on a management role. There is clearly more that Government could do to promote earlier access to management education, so that young people have an understanding of basic management and leadership tools and practices at the start of their careers.

This research also shines a spotlight on what might be termed the 'squeezed middle': that is, mid-cap firms, currently a key focus for policy makers seeking to promote growth. It is notable that medium sized organisations are considerably under-represented in the profile of high performing employers, making up only 16 per cent of this group. They are also spending the least on MLD. While small businesses seem to be making the most of their flexibility and large organisations have the strategies and support structures in place to reap the benefits of their investment, too many medium sized organisations appear to be floundering.

This research intends to ignite the debate about how employers can improve management capability, and consequently organisational performance. Government can play a key role in this by:

- enabling young people to have earlier access to management and leadership development activities by reviewing provision at schools and colleges

- actively recommending high quality management and leadership education and accredited learning that has been recognised for effectively delivering the skills employers require

- providing incentives, support and guidance for medium sized businesses to help these employers prioritise investment in management and leadership development. The UK Business Schools Taskforce, set up by the Department for Business, Innovation and Skills, could work with professional bodies to play a key role in enabling medium sized businesses to engage with their local university business school and management networks

- maintaining and improving, through effective evaluation, the public sector's own spend on management and leadership; recognising the need to develop the leadership and management skills of the Civil Service and public sector to enable leaders to improve services, achieve efficiencies, and create productive cross-sector delivery partnerships. The new Major Projects Leadership Academy is a welcome initiative but with the National School of Government closing in 2012, further action may be needed to ensure that management and leadership skills are not neglected

- working with agencies such as UKCES, Sector Skills Councils and Local Enterprise Partnerships to ensure that leadership and management skills are considered as a key part of their 'skills for growth' strategy.

Further resources: CMI services

Membership: Becoming a member of CMI demonstrates commitment to professional standards and continuing development. It provides access to a range of resources, tools, research, library services and development opportunities to help individuals become better managers.

Chartered Manager: Being Chartered is the ultimate recognition of a professional manager and leader with proven experience and appropriate qualifications who demonstrates consistently high standards of performance. Chartered Managers can be relied on and trusted to deliver.

Qualifications: Through CMI's network of Approved Centres or CMI's own open programmes, a wide range of qualification opportunities are available to individual managers to help them develop their skills and knowledge, and progress their careers.

Find out more at **www.managers.org.uk/bettermanagers**

Management development and qualifications
CMI helps organisations achieve their objectives by professionalising their managers and leaders, through development programmes and qualification. These include core management and leadership capabilities as well as areas such as management coaching and mentoring skills, all with clear progression to Chartered Manager (CMgr) status.

Accreditation and validation
CMI provides benchmarking and recognition by quality assuring in-house management and leadership development and, where rigorous qualification mapping requirements are met, by providing accreditation.

ManagementDirect
CMI's online management and leadership resource portal provides learning support for managers on development programmes and job support in dealing with everyday tasks and challenges in the workplace. Unique learning journey functionality delivers structured learning while the rich learning resources (including video, e-books, e-learning modules, checklists and templates) support self-directed and informal learning.

ManagementKnow
ManagementKnow is part of a suite of diagnostic and evaluation tools that support needs analysis and benchmarking of capability. Assessment modules in the areas of Performance Management and Employee Engagement provide rich data to drive targeted, cost-effective development of management teams.

ROI Alignment Tool
CMI's innovative ROI Alignment Tool measures the degree of alignment between learning and development activities and both individual and organisational objectives. It shows where MLD is effective in supporting what the organisation is trying to achieve and, where it is less so, identifies areas of development activity and supports decision-making about future strategies.

Find out more at **www.managers.org.uk/betterorganisations** or contact us by calling **01536 207404** or emailing **employer.engagement@managers.org.uk**

Further resources: Penna services

Attraction and Communications
We are an expert, award-winning creative agency that specialises in employer reputation management.

Managed Recruitment
We transform the way our clients recruit and retain the great people they need to deliver their strategic goals.

Executive Search
Offering a unique combination of search, assessment and coaching tools, we lead the way in both the public and private sectors.

Executive Interim
One of Europe's leading suppliers of Interim Managers, we ensure the highest levels of client service and professionalism in all that we do.

Assessment
We lead the way in helping clients predict how their people will perform in different roles, teams, organisations and cultures.

Board and Executive Coaching
Partnering you to really get under the skin of your business and your leaders, our board and executive coaches provide insight and ideas on how to further enhance your people strategy.

Learning and Development
We're here to help clients develop their leaders, their managers and their overall performance through tailored developmental solutions.

Consulting Solutions
If you're planning a restructure, thinking about how best to organise your business, or need to ensure performance delivers strategy, our expertise and experience can help you survive and thrive.

Outplacement
As a leading global outplacement provider, our individual and group outplacement services can help your people move quickly to secure their next career move, 'get on' with their lives and help you send a positive message out to those you retain about your people values.

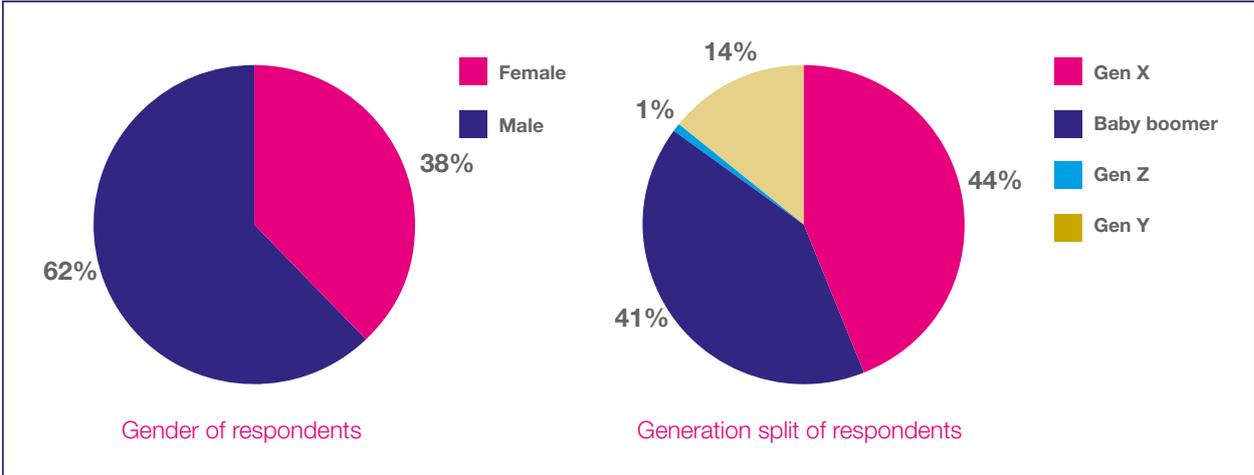For more information, go to **www.penna.com**
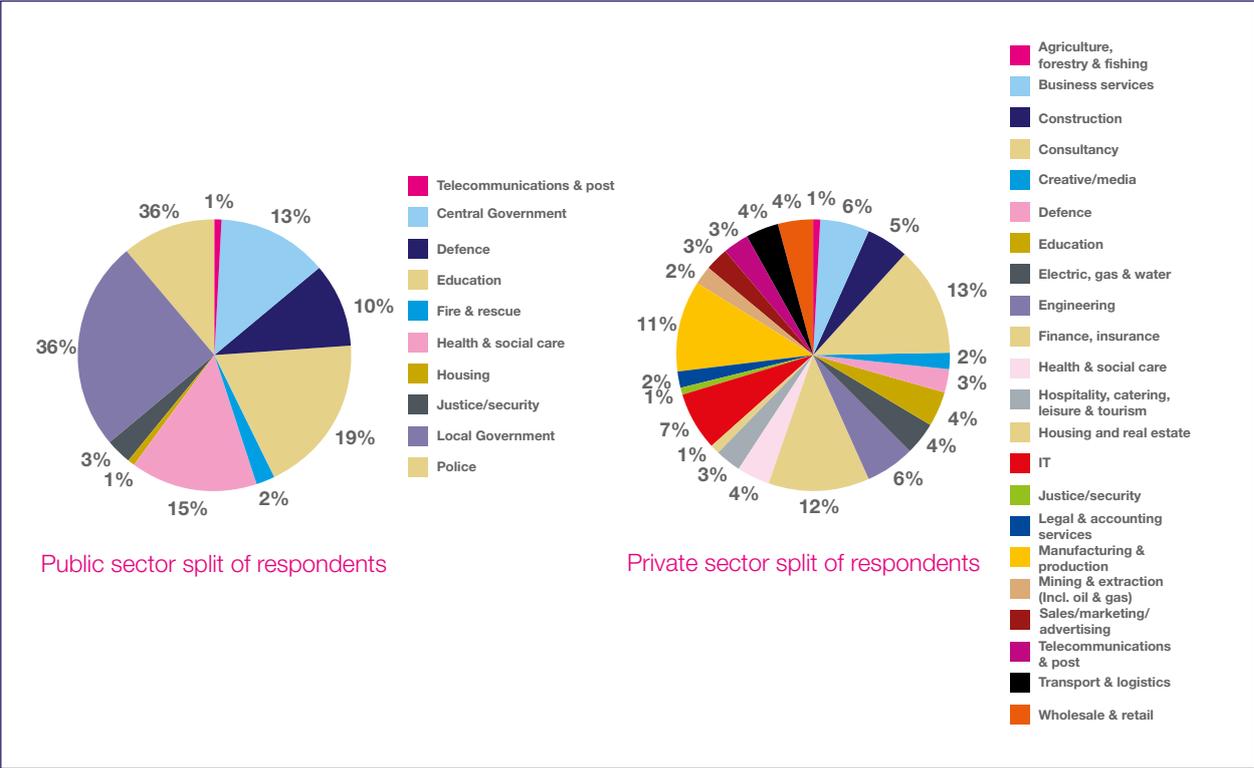
Appendix A: Research Methodology

The research is based on a large set of data which was collected using the following methods:

- A literature review of the academic and management literature on management and leadership development. Over 60 sources were reviewed as part of this process.

- Four focus groups with groups of HR directors, MBA alumni and first line and middle managers. Eighteen interviews were also conducted with CEOs, senior, middle and first line managers and consultants across the public and private sectors.

- A national survey distributed to more than 120,000 managers and consultants, a substantial proportion of which was drawn from CMI's membership, across all levels of management, sectors, size of organisation and geographical areas. The purpose of the survey was to explore managers' experiences of MLD, their views of the effectiveness of different forms of MLD, and related organisational practices.

- Case study interviews were carried out in 10 organisations of different sizes, sectors and ownership in order to provide qualitative data, primarily relating to the benefits of MLD to employers. The case studies were carried out through interviews with CEOs, HR Directors and Learning and Development Managers, plus additional desk research.

Survey sample and statistical analysis

The survey questionnaire was completed online by 4,496 respondents (a response rate of approximately 3.5 per cent) who provided data on their individual experiences of MLD. This includes 1,374 CEOs and senior managers, and 550 HR managers, who provided different data on organisational approaches to MLD. The key demographic characteristics of the individuals and organisations who took part in the survey are summarised in the following pie charts.

Female
Male

38%

62%

Gender of respondents

14%

1%

44%

41%

Gen X
Baby boomer
Gen Z
Gen Y

Generation split of respondents

Management split of respondents

Legend: CEO, Senior Manager, Middle manager, Line Manager, Non Manager

7%, 30%, 36%, 17%, 10%

Regional split of respondents

Legend: Northern Ireland, Scotland, Wales, North West England, North East England, Yorkshire & Humberside, West Midlands, East Midlands, East Anglia, South West, South East excl. London, London

2%, 8%, 6%, 9%, 3%, 6%, 9%, 6%, 6%, 10%, 14%, 21%

Public sector split of respondents

Legend: Telecommunications & post, Central Government, Defence, Education, Fire & rescue, Health & social care, Housing, Justice/security, Local Government, Police

1%, 13%, 10%, 19%, 2%, 15%, 1%, 3%, 36%, 36%

Private sector split of respondents

Legend: Agriculture, forestry & fishing; Business services; Construction; Consultancy; Creative/media; Defence; Education; Electric, gas & water; Engineering; Finance, insurance; Health & social care; Hospitality, catering, leisure & tourism; Housing and real estate; IT; Justice/security; Legal & accounting services; Manufacturing & production; Mining & extraction (Incl. oil & gas); Sales/marketing/ advertising; Telecommunications & post; Transport & logistics; Wholesale & retail

1%, 6%, 5%, 13%, 2%, 3%, 4%, 4%, 6%, 12%, 4%, 3%, 1%, 7%, 1%, 2%, 11%, 2%, 3%, 3%, 4%, 4%

Statistical analysis was undertaken involving, correlation, regression, ANOVA and other techniques depending on the nature of the variables and purpose of the analysis. Where a p value is given (e.g. p<0.05) this indicates the likelihood that the finding occurred by chance, and p<0.05 means that there is a one in twenty chance that the result occurred by chance. Further details of the measures used in the analysis of the questionnaire data, and their definitions, are provided in Appendix B.

Appendix B: Measures used in the report

This appendix provides details of the variables and measures developed in and for the analysis of the questionnaire data, beginning with the organisation-level variables and then the individual-level variables.

(i) Organisational Performance

We asked HR managers, CEOs and senior managers to rate their organisations over 15 measures of performance. Factor analysis of these items led to the removal of two items after which a three factor structure was revealed explaining 67 per cent of the variance. The three factors were labelled Business Performance, People Performance and Turnover and Absence. The first factor comprised 5 items and created a scale with reliability $\alpha = 0.83$ and the second comprised 4 items and created a scale with $\alpha = 0.86$. The third factor only comprised two items and could not create an acceptable scale. However, the items were retained in the overall Organisational Performance scale with $\alpha = 0.78$. The scale items are as follows:

Business Performance

- Current financial performance
- Business growth
- Corporate governance
- Environmental sustainability
- Quality of products / services
- Development of new products / services
- Customer satisfaction

People Performance

- Employee engagement
- Workforce productivity
- Ability to attract/retain key people
- Being an employer of choice

Organisational Performance

This scale was a composite of the Business and People Performance scales and the following two items:

- Workforce turnover
- Sickness absence rates

In addition to the scale a grouping variable was created which identified lower quartile, inter-quartile and upper quartile groups based on the Organisational Performance scale. The quartile ranges were calculated using PASW Statistics 18. Consequently, the lower quartile was comprised of 365 organisations (25 per cent), 675 in the inter-quartile (45 per cent), and 447 (30 per cent) in the upper quartile. These formed 'low', 'medium' and 'high' performance groups for the analysis.

(ii) Business and HR Strategy Alignment

We asked HR managers a total of seven questions about the strength of the alignment between HR strategy and business objectives. One item was removed following factor analysis, which identified a single factor that explained about 54 per cent of the variance. The remaining six items were used to create a scale with an acceptable reliability, $\alpha = 0.83$. The scale items included: 'We link HR management to business strategy'; 'HR plays an active role in formulating business strategy'; 'HR management is viewed as a powerful source of competitive advantage by most managers in my organisation'; and 'We have a formal training plan that links to business strategy'.

(iii) Attitude to Management and Leadership Development

We asked HR managers a series of 12 questions about the attitudes to investment in MLD in their organisation. A factor analysis of the 12 items identified four factors which explained 58 per cent of the total variance. These factors were labelled 'scepticism', 'MLD commitment', 'on-the-job only' and 'buy not make'. The latter two comprised only two items and could not provide scales. The other two contained five and three items respectively, and each created a scale with marginally acceptable reliabilities $\alpha = 0.69$ and $\alpha = 0.63$. Examples of the scale items are as follows:

- 'Scepticism': 'there is no evidence that MLD offers business benefit' and 'managers are more likely to leave if we invest in them'
- 'MLD commitment': 'senior management is committed to MLD' and 'my current organisation's management development practices are producing the types of managers it wants'.

(iv) Investment in MLD

We asked HR managers for the average spend per manager on MLD in their organisation. From the data provided a grouping variable with three groups was developed: 'no budget', 'up to £999' and '£1000 and over'.

(v) Evaluation of MLD

We asked HR managers a series of questions around how they evaluate MLD (e.g. 'by achieving the success criteria identified at the outset of the programme' or 'link to hard financial methods') and from this developed a single score reflecting the total amount of evaluation.

(vi) HR Practices

We asked HR managers a series of questions about the HR practices used in their organisation (e.g. 'workforce planning' or 'management competency frameworks') and from this developed a single score reflecting the total number of HR practices used in the organisation.

(vii)   Amount of MLD

We asked individual respondents to identify the MLD activities they had undertaken in the last three years from a list of 26 activities. From this a score of the total amount of MLD undertaken by an individual was obtained.

(viii)   Effective MLD

We asked individual respondents to further identify up to three of the MLD activities they had experienced in the last three years which had the most impact on their management abilities, from the list of 26. From this a score of effective MLD activities was obtained.

(ix)   Career Development

We asked managers about how they felt about their careers, for example if they had a career plan they followed and if they had opportunities to develop their management and leadership skills. From this we created a measure of the total amount of career development received.

(x)   Line Manager Skills

Managers were asked a number of questions to rate the perceived performance of their line manager, from which a composite scale, comprising 22 items, was created with a scale reliability of approximately $\alpha = 0.97$.

(xi)   Engagement

We asked all respondents a series of questions exploring how engaged they feel with their organisation. A factor analysis of the 10 items used identified a single factor which explained 59 per cent of the total variance. The items created a scale with acceptable reliability, $\alpha = 0.93$. The scale items included: 'I am willing to go the extra mile to help my organisation be successful'; 'I am excited about the work I do' and 'I feel able to be innovative and significantly change the way we do things'.

Appendix C: MLD activities

Four categories of MLD activities were included in the survey questions for HR directors and senior managers, as follows.

(i) Qualifications

- Postgraduate business school qualifications such as an MBA
- Other management (business) related university qualifications
- NVQs/SVQs
- Vocational/Professional bodies' qualifications
- Management apprenticeships
- Chartered Manager

(ii) Development programmes

- Short courses on management/leadership
- Management/leadership programme delivered by in-house staff
- Management/leadership programme delivered by external providers
- Coaching by external practitioners
- Action learning sets
- Mentoring schemes
- E-learning

(iii) On-the-job development

- On-the-job coaching by line managers
- Job rotation, secondment and shadowing
- Internal networking and knowledge sharing
- External conferences, workshops and networks
- Professional body memberships
- Learning resources such as DVDs and podcasts
- Cross-functional project assignments
- 'Acting up' opportunities
- General 'on-the-job' experience

(iv) Assessment

- Psychometric tests
- 360 degree tools
- Assessment/development centres
- Appraisals and skills audits

Appendix D: Size, sector and performance profile

Key characteristics of MLD provision based on organisational size

	Small	Medium	Large
Level of management effectiveness:			
Effective	55%	58%	59%
Ineffective	45%	42%	41%
Opportunity to use skills and knowledge	47.8%	47.3%	48.1%
Have the skills and knowledge to progress career	45.9%	47.1%	49.2%
HR alignment (mean scores – max = 30)	20.43	21.37	21.71
MLD commitment (mean scores – max = 15)	8.97	8.96	9.33
MLD activities for employees (mean number of types of activity)	5.5	6.6	7.2
MLD activity for CEOs (mean number of types of activity)	5.4	6.6	7.5
Financial commitment	£1,297	£1,204	£1,572
HR (mean number of practices)	3.5	4.0	4.8
Evaluation (number of ways of evaluating MLD)	14.6	16.7	18.7

Key characteristics of MLD provision based on organisational sector

	Not-for-profit	Public	Private
Level of management effectiveness:			
Effective	58%	56%	59%
Ineffective	42%	44%	41%
Opportunity to use skills and knowledge	54.3%	46.5%	47.2%
Have the skills and knowledge to progress career	49.0%	48.6%	47.8%
HR alignment (mean scores – max = 30)	20.42	21.06	21.69
MLD commitment (mean scores – max = 15)	9.58	9.00	9.22
MLD activities for employees (mean number of types of activity)	6.5	7.5	6.8
MLD activity for CEOs (mean number of types of activity)	6.1	7.9	5.1
Financial commitment	£1,132	£1,515	£1,416
HR (mean number of practices)	3.4	4.4	4.8
Evaluation (number of ways of evaluating MLD)	16.4	17.0	18.7

Profile of high performing, upper quartile organisations

Company size	% of high performance organisations
Small	42
Medium	16
Large	43
Sector	
Public	13
Private	73
Not-for-profit	14
Headquarters	
UK only	69
International	31

Appendix E: Case study organisations

Arm

Sector:	Technology
Employs:	More than 2,000 worldwide
About:	Based in Cambridge and founded in 1990, ARM is the world's leading semiconductor intellectual property supplier, designing technology that lies at the heart of advanced digital products, from wireless, networking and consumer entertainment solutions to imaging, automotive, security and storage devices.

AstraZeneca

Sector:	Pharmaceutical
Employs:	Around 61,000 people (46% in Europe, 24% in the North America, 7% in Latin America and 24% in Asia, Africa and Australasia).
About:	AstraZeneca is a global, innovation-driven, integrated biopharmaceutical company, discovering, developing, manufacturing and marketing prescription medicines for six important areas of healthcare, which include some of the world's most serious illnesses: cancer, cardiovascular, gastrointestinal, infection, neuroscience, and respiratory and inflammation.

Cable&Wireless Worldwide

Sector:	Telecommunications
Employs:	More than 6,000
About:	Cable&Wireless Worldwide is a global telecoms company providing a wide range of high-quality services and applications. Established in the 1860s, Cable&Wireless Worldwide helps more than 6,000 organisations deliver their goals. Their vision is to be the first choice for mission critical communications.

Children and Family Court Advisory and Support Service (Cafcass)

Sector:	Public sector, social care
Employs:	2,000
About:	Set up on 1 April 2001 under the provisions of the Criminal Justice and Court Services Act, Cafcass looks after the interests of children involved in family proceedings. They have 70 offices and are the biggest employer of social workers in the UK.

Lloyd's of London

Sector:	Finance
Employs:	903
About:	Lloyd's is the world's specialist insurance market, conducting business in over 200 countries and territories worldwide. It brings together a concentration of specialist expertise and talent, backed by excellent financial ratings which cover the whole market.

Merck Sharp & Dohme

Sector: Health

Employs: Approximately 86,000

About: Merck Sharp & Dohme is a global healthcare leader, providing innovative medicines, vaccines, biologic therapies, and consumer and animal health products to improve health and well being. MSD works with customers in 140 countries to provide broad-based healthcare solutions.

Sequani

Sector: Medical research

Employs: 180

About: Sequani Limited is a long established research organisation based in Ledbury. Sequani has built an outstanding reputation in pharmaceutical, biotechnology and medical device product development. Their services include the design and execution of all or part of a drug development programme.

Smiths News

Sector: Support Services

Employs: 6,000

About: Smiths News is the country's leading newspaper and magazine wholesaler, delivering over 55 per cent of the UK's newspapers and magazines. Smiths News PLC was created from a split from WH Smith Group in 2006.

Somerset County Council

Sector: Local government

Employs: Approximately 5,000

About: Somerset County Council covers a predominantly rural area with a population of approximately 500,000. There are pockets of deprivation in both its urban and rural areas and the county has one of the fastest growing elderly populations in the country.

Suiko

Sector: Consultancy

Employs: Up to 25 people both permanent and associate employees

About: Suiko is a consultancy whose mission is to help major companies achieve sustainable competitive advantage through operations excellence. Established over 15 years ago, Suiko is based in Bath with a UK wide customer base plus European and world wide exposure.

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