Tensions in Management Development in New Zealand

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ABSTRACT

This paper is based on a survey of human resource managers (HRMs) and line managers (LMs) in 86 firms in New Zealand, exploring management development. It describes their assumptions about what makes a good manager, the preferred approaches to management development, their firms’ management development systems, perceptions of what stimulates and inhibits management development, and the methods used to evaluate management development initiatives. The purpose is to tease out the consistencies and inconsistencies, conceptual and in practice, on the assumption that effective development is holistic and requires a reasonable degree of alignment between these elements. The research confirms tensions already identified in the literature on New Zealand, and reveals sharp differences between the views of HRMs and LMs, which has implications for consistent holistic practice.

Key words: HR, approaches to MD, evaluation of MD, stimulators and inhibitors of MD

INTRODUCTION

In the face of globalization and increasingly competitive economies, the Ministry of Economic Development of New Zealand (Massey et al 2004) and the New Zealand Department of Labour (2004), as well as The New Zealand Institute of Management and the Human Resources Institute of New Zealand, have directed more and more attention to management development (MD) and capability. This paper is modelled on Mabey and Gooderham’s study (2005), but is limited to exploring tensions in management development in New Zealand. Tensions that have been identified in the literature range from fundamental conceptual incommensurabilities to variations in research results.

Some basic tensions arise as soon as one attempts to define management development (MD). For example, the claim that “We educate children. We train monkeys, dentists and doctors. But we develop managers…” (Paauwe and Williams, 2001a) provides a platform for various distinctions, all of which are contested and contradicted even within management (cf Fox, 1997; Grey and French, 1996; Thomson et al 2001; Clegg and Ross-Smith, 2003), and even more so depending from which disciplinary framework one chooses to work (Swanson, 1999; McLean, 1998). In their seven key issues for management development, Paauwe and Williams begin with what organizations should regard as management development. They go on to ask who owns MD, meaning who legitimates it,
what a manager needs in order to be effective, who is responsible for MD, are real life projects good
teachers, the extent of integrating MD into organizations strategy, and the measurement of evaluation
of MD. This paper touches on most of these issues.

Many of the tensions discovered in this research may emanate from the fact that ‘HRD research is
classified by both ontological uncertainty and methodological hegemony’ (Sambrook, 2004:613),
in which it is clear that there is little agreement on what HRD (which encompasses MD) is or should
be (Lee, 1998; McLean, 1998; Swanson, 1999, Walton, 2002). Commonly, a distinction is made
between a British approach in which HRD is ‘supporting and facilitating the learning of individuals,
groups and organizations (McGoldrick et al, 2002:396) and a US approach in which performance is
valued, as in ‘The purpose of HR is to enhance learning, human potential, and a high performance in
work-related systems’ (Bates et al, 2001). It is in this broad context that research specific to New
Zealand is now considered.

NEW ZEALAND RESEARCH ON MANAGEMENT DEVELOPMENT

Twenty years ago a study (Inkson and Campbell, 1985) came to uncomplimentary conclusions about
management education in New Zealand. It argued that there was a ‘sausage machine’ approach to
education which was marked by a lack of useful research. Five years later, Hooley and Franko (1990)
noted that when in the 1980s New Zealand companies were exposed to international competition, the
inadequacy of a short-term financial orientation to survival was exposed. They pointed to a lack of
strategic planning and leadership skills and underdeveloped or non-existent HR planning. They
offered 23 recommendations to achieve international levels of management education, which included
the need for a marketing orientation, an increase in inter-personal skills, multi-skilling, and visionary
leadership.

In 1993, the New Zealand Ministry of Commerce commissioned research into management
competencies (Page, Wilson and Kolb, 1994). The findings indicated that New Zealand managers, like
their overseas counterparts, felt buffeted by uncertain times and rapidly changing environments. They
were being told to look outside their organisations in terms of long term strategic planning whilst they were overwhelmed with short-term, day-to-day issues within their organizations. They were also being told they were not as effective as they should be, and that there were no magic recipes. They felt pressured into acquiring a specific set of demonstrable and measurable skills, and there were literally hundreds of skills an effective manager was supposed to have. These lists seldom included the softer, less demonstrable skills such as credibility, valuing others and leadership qualities.

There has been more recent work that indirectly addresses management development. One example is *World Famous in New Zealand* (Campbell-Hunt/CANZ 2001), which argues that agility is central to successful New Zealand companies and an HR practice that encourages this is flexible work design which entails cross-training, flexible job profiles, and teamwork. This implies that it is the capacity to learn rather than the possession of any particular skill that is important. The research also identified long-term staffing as important, with selection based on personal competencies such as problem-solving, inter-personal skills and commitment to organisational values. According to another report, *Firm Foundations* (Knuckey and Johnston 2002), about 85% of businesses indicate they conduct in-house training with at least some of their employees, but it is not specified what portion of this constitutes management development (page 13).

Other reports raise questions about the sources of management development and responsibility for management development, and indeed, what it should comprise. For example Kennedy (2000) reports that middle managers are looking for leaders with confidence and conviction, who could arouse passions, demonstrate and impart strong positive views of work, and stimulate people to exceptional efforts, who inspire enthusiasm and generate commitment. New Zealand Leadership surveys (Parry 2002; Parry and Proctor-Thomson 2002) revealed that although chief executives had a more positive view of their organisations than many employees, top managers also thought that only 51% of their immediate subordinates had the capability to move into senior positions and be effective leaders. Furthermore, 42% of middle and senior managers did not consider the development of subordinate leaders to be the organisation's responsibility. Recent research on management effectiveness stresses
the role of support (Page et al, 2003) with particular emphasis on the role of supervisors and subordinates, as well as organizational culture. Research commissioned by the Ministry of Economic Development to provide a framework for building management capability in New Zealand built the framework around the four themes of developmental mechanisms, the external environment, individual characteristics and the internal environment (Massey et al, 2004). It would appear that in general New Zealand is in line with other parts of the world. This emphasises the need to deal with inconsistencies that appear in MD.

THE MODEL

The model for this research is as per Mabey and Gooderham (2005). The restricted description offered here does not indicate the thorough grounding in the literature that Mabey and Gooderham supply. The model, briefly, relates elements of an open systems model (Garavan et al, 1995; Tamkin and Hillage, 1998; Mabey, 2002) to Delaney and Huselid’s (1996) index of organizational performance but focuses only on management development (MD). However it excludes other HRM practices such as recruitment, selection procedures and compensation (Becker et al, 1997). The theoretical basis is drawn from Wood’s (1999) best practice / contingency theory dichotomy. According to Wood (1999) arguments that human resource management (HRM) systems are strategic assets that enhance organizational performance and therefore value creation, fall into two categories. These are the “best-practice” perspective which disregards firm circumstances (e.g., Pfeffer, 1994), and the perspective that emphasises contingencies such as the degree to which the firm has aligned its HRM practices with its competitive strategy. This universalistic approach to HRM policies and practices can be contrasted with the alternative, contingency approach of Huselid and Becker (1995) that infers that it is not just the number of best practices that influences the market value of a firm, but also the degree to which those practices are integrated into an internally coherent system that fits with the firm’s individual situation and business priorities.
SAMPLE AND METHOD

Using a commercial database direct telephone contact was made with the human resource manager (HRM) or equivalent in 238 firms throughout New Zealand. Each firm had to employ more than 20 people, have an HR-dedicated person and at least one line manager somewhere in the company, be New Zealand-based or -owned, or, if part of an MNC, be able to report on activities exclusively within the national border, and have some form of organizational performance assessment, and finally not be a public, government or non-profit organizations. Each HRM was asked to identify a line manager (LM) in their organization willing to participate in the study. Those that were unable or unwilling to do so were dropped from the sample. This procedure was followed for as long as time and funding allowed. Finally 95 agreed to respond. For various reasons (untrustworthy data, inappropriate respondents, etc) nine interviews were discarded. Data was finally generated from telephone interviews with both HRMs and LMs in 86 firms, giving a response rate of 36%. The interview schedule was the same as that used by Mabey and Gooderham (2005) which was in turn based on that used in earlier studies of management development in the UK (Thomson et al., 2001; Mabey, 2002).

An attempt was made to balance the sample by size and type to broadly relate to the European sample. There were 29.1% respondents from the manufacturing / process industries, 22.1% from the distribution / transport sector, and 48.8% from the services sector. Only companies with more than 20 employees were included, with categories larger than those usually used in New Zealand. Our sample contained four groups: 20-99 (29.4%), 100-249 (17.7%), 250-499 (24.7%), 500+ (28.2%). The sample was evenly spread between the turnover of $1m- $20m, $21-$54, $55-$200, $201m-$30billion.

ASSUMPTIONS ABOUT WHAT MAKES A GOOD MANAGER

It has been widely accepted since Van Maanen and Schein’s work of 1979 that management excellence arises from the interplay of experience and inherent ability. Despite research that has refined this view, the issue remains complex and theoretically problematic. McKenna (2004) points out that textbooks based on an experiential approach to skill building are contradictory in that they
ultimately privilege predisposition over training in the practice of behaviours. If we accept that inherent ability/personality is an almost immutable given it places considerable burden on the firm to, firstly, recruit and select with great care, and secondly to provide work learning experiences. It also requires a person able to learn from that experience, which is a broad competence that is difficult to identity.

Table 1 about here

Rankings 3 and 4, relative to 5 and 6, indicate a preference for training / education focussed on firm needs with broader education / training ranked lower. This could indicate that the value of management education and training in a generic sense is low. This begs the question of how one develops the capacity to learn from experience, and if it is a generic skill. Another dimension is that a dismissive attitude towards general management education might not serve a firm’s interest in lean times, i.e., just when firms may need new approaches and divergent thinking they may not have it due to an instrumental leadership and short-term view of management development (Van der Heijden, 2003).

A related issue is responsibility for MD (Paauwe and Williams, 2001a; 2001b). The respective means for responses to the statement (posed elsewhere in the instrument) “Responsibility for MD is taken by the organization” on a 1-5 scale is 3.72 for HRMs and 3.00 for LMs. If indeed much responsibility for MD is taken by the organization as HRMs report here, and top managers think that only 51% of their immediate subordinates have the capability to move into senior positions as Parry and Proctor-Thompson (2002) report, more research is required. Whilst one might expect HRMs to have a higher mean than LMs due to positive bias about their own practice, the difference points to different understandings on responsibility, management development and the kind of experience from which one can learn.

PREFERRED APPROACHES TO MANAGEMENT DEVELOPMENT

Common sense would suggest a correlation between assumptions of what makes a good manager and preferred approaches to management development. The research does not confirm such consistency.
For example, the assumption that experience is important would support the practice of job-rotation and learning on the job, the assumption that the work environment and particular the boss is important would support the practice of coaching and mentoring. Training and education are based on the assumption that individual characteristics are important factors (Van der Sluis-den Dikken and Hoeksema, 2001). If inherent ability/personality is a little less than immutable (or considered so) then at least a considered investment in developing ability would make sense. If job experience is a high contributor, why prefer external or internal courses or programmes over job rotation?

Table 2 about here

Note that the ranking and means by HRMs and LMs are almost the same. The high ranking for internal programmes to develop skills, in the light of low ranking of job rotation, would suggest that it is very specific skills that are sought. The low ranking for e-learning is difficult to assess, since several of the interviewers indicated that the concept of e-learning was not widely understood.

SYSTEMIC ELEMENTS

It would be expected that assumptions about management ability and the preferred approaches to management development would be reflected in the system adopted by the firm to develop managers. This is investigated through Mabey and Gooderham’s construct of management systems, made up of several elements.

The first element of this variable, based on best-practice indicators, is the formulation of some kind of *management development policy statement*, signifying its strategic importance for the organisation (Garavan, 1991), suggesting more than an *ad hoc* approach (Gratton *et al*, 1999). Another best-practice indicator is *appraisal* of development needs (Bevan and Thomson, 1992; Fletcher, 1997) with sensitively-handled feedback (Alimo-Metcalfe, 1998; Fletcher, 1997). However, evidence for the efficacy of this is mixed (Fletcher, 2001; Fletcher and Perry, 2001), and there are problematic ideological issues (Newton and Findlay, 1996; Townley, 1993) especially pertinent to bi- or multicultural NZ. *Career planning* has long been considered an essential management development system (Kanter, 1989; Herriot and Pemberton, 1995), but Arnold (1997) notes the paucity of information upon
which to evaluate its impact. Fast-track development for selected managers is utilised by especially large, international companies and usually with high, perceived success (Arthur et al, 1989; Clark, 1992). However, Clark (1992) notes its limitations, not least that it is elitist, discriminates against those taking career breaks (usually women) and that it discourages innovative behaviour (Larsen, 2000). Systematic evaluation of management development is a final best practice isolated by Mabey and Goodeham (2005). The rationale seems reasonable – that the degree to which management capability has been enhanced as a result of training and development interventions should be assessed (Holton, 2002). However, this problematically assumes that such effects can be meaningfully measured and directly attributed to training interventions (Burgoyne et al, 2004), and that the inputs to training and development lead to desired outputs (Antonacopoulou, 1999). Table 3 presents the results of asking both HRMs and LMs about the existence of certain elements of the system in their firm.

**Table 3 about here**

The most striking thing about these results is the substantial disparity between HRMs and LMs. Almost three-quarters of HRMs but only one quarter of LMs say YES, their organization does have a regular appraisal system for their managers. The disparities lend credence to the debate about the basic meaning of terms being a problem in HRD (Kellie, 2004). It may also be expressive of social and power relations embedded in HRD practices (Trehan, 2004). With respect to careers, an examination of the seemingly opposed assumptions that either management development comes with experience, job-rotation and learning on the job or as a result of coaching, mentoring and tacit development programmes, should take into account that ‘there is still no clear picture of the determinants of career success (Van der Sluis-den Dikken and Hoeksema, 2001), and that the relationship between individual career success and organizational management effectiveness is very complex.

**STIMULATORS AND INHIBITORS OF MANAGEMENT DEVELOPMENT**

Management development presumably takes place according to need, either the firm’s need or the needs of individual managers. This need or stimulation would be mediated by what inhibits management development. It can be expected that preferred approaches to management development
and the systems put in place to secure it, would be shaped by the outcome of stimulators mediated by inhibitors.

**Table 4 about here**

The greatest triggers are external changes and business needs. That is to say, it is immediate business needs, rather than the needs of managers that trigger management development. It is notable the extent to which HRMs’ views and LMs’ views on stimulators are similar, in contrast to the disparity of views on systemic elements of management development in place in organizations. The biggest difference between HRMs and LMs is ‘no response’, indicating perhaps a lack of concern and interest on the part the LMs.

**Table 5 about here**

There are no statistically significant differences between HRMs and LMs on inhibitors of management development. The high rating for the need to cover for absent staff members indicates the classical management / business dilemma of maintaining production and increasing productive capacity. It may also be reflecting what van der Heijden (2003) calls ‘instrumentality’, by which the production in the short-term must not be sacrificed for increased productive capacity in the long-term.

**THE EVALUATION OF MANAGEMENT DEVELOPMENT**

Finally, the method of evaluating management development would be expected to align with assumptions about, preferred methods for, systems of, and stimulators and inhibitors of management development. For example, if the firm assumes the value of work experience but does not provide it, preferring instead programmes and courses, and is guided primarily by external business needs, one could not expect a coherent management system leading to an increase in managerial effectiveness. One would also have to carefully distinguish the evaluation of management development from the evaluation of managers.

**Table 6 about here**

The most used method assumes a causal link between MD and organizational performance. This is problematic (Antonacopoulou, 1999) but, as Mabey and Gooderham (2003) show, certain specific elements of a system may be linked to organizational performance. Given the disparities of HRM and
LM views exposed in this research, there is little reason to place much faith in feedback, structured or informal. Evaluation of training is often reduced to a ‘happiness index’ just after a course, reflecting the difficulty of attribution. Given the range of factors impacting on firm performance, and on the behaviour of managers, it would be impossible to attribute improvement to any particular course or even to courses in general. Given substantial disparities between the views of HRMs and LMs on what the company is doing, the fact that such reliance is placed on inference and communication is cause for concern. If a firm wishes to conduct and evaluate MD effectively, it needs to understand what constitutes human competence at work, and that, is seems, is constituted by the meaning work takes on for workers in their experience of it, rather than a specific set of attributes (Sandberg, 2000).

CONCLUSION

For decades, the discussion over the efficacy of MD has essentially refined the assumption presented by Van Maanen and Schein in 1979 that the outcomes of MD result from the interaction between individual and organizational characteristics. Of course, many of these refinements have been crucial insights. The focus of this paper has been on the persistence of tensions and contradictions, conceptual and in practice, between assumptions, approaches, systemic practices and perceived stimulators and inhibitors and evaluation. On the assumption that effective development is holistic and requires a reasonable degree of alignment between these elements, this research would suggest that more qualitative research on the validity of constructs and on the meanings and understandings that people have about work, would be valuable.
TABLE 1: What makes a good manager?
(according to HRMs – LMs were not asked)

<table>
<thead>
<tr>
<th>Characteristics/Quality</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job experience in the workplace</td>
<td>4.22</td>
</tr>
<tr>
<td>Inherent ability/personality</td>
<td>4.01</td>
</tr>
<tr>
<td>External management education gained after joining the organisation</td>
<td>3.76</td>
</tr>
<tr>
<td>In-company training</td>
<td>3.72</td>
</tr>
<tr>
<td>Formal qualifications or training related to the job</td>
<td>3.37</td>
</tr>
<tr>
<td>Formal qualification or training not specifically related to the job</td>
<td>3.09</td>
</tr>
<tr>
<td>Approach</td>
<td>HR</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>External public courses</td>
<td>3.70</td>
</tr>
<tr>
<td>Internal programmes to develop skills</td>
<td>3.70</td>
</tr>
<tr>
<td>Mentoring/coaching</td>
<td>3.45</td>
</tr>
<tr>
<td>Formal qualifications</td>
<td>3.35</td>
</tr>
<tr>
<td>In-company job rotation</td>
<td>2.55</td>
</tr>
<tr>
<td>e-learning</td>
<td>2.41</td>
</tr>
<tr>
<td>External placement secondments</td>
<td>1.98</td>
</tr>
</tbody>
</table>
TABLE 3: Management Development Systems

<table>
<thead>
<tr>
<th>Element of system</th>
<th>HRM</th>
<th>LM</th>
</tr>
</thead>
<tbody>
<tr>
<td>We have a regular appraisal system for our managers (% saying YES)</td>
<td>73.3</td>
<td>26.7</td>
</tr>
<tr>
<td>Management needs are discussed at these appraisals (% saying YES for all)</td>
<td>61.5</td>
<td>38.5</td>
</tr>
<tr>
<td>Do you plan managers’ careers in your organization? (% saying YES)</td>
<td>67.6</td>
<td>32.4</td>
</tr>
</tbody>
</table>
### TABLE 4: Stimulators of management development

<table>
<thead>
<tr>
<th>Factor</th>
<th>HRM</th>
<th>LM</th>
</tr>
</thead>
<tbody>
<tr>
<td>External changes</td>
<td>21</td>
<td>16</td>
</tr>
<tr>
<td>Business needs</td>
<td>18</td>
<td>19</td>
</tr>
<tr>
<td>HRD Strategy, goals and practices</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>Individual demand</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Internal changes</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Supply driven</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Cultural and work ethos</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>No response</td>
<td>7</td>
<td>21</td>
</tr>
<tr>
<td>Inhibitor</td>
<td>HR</td>
<td>LM</td>
</tr>
<tr>
<td>----------------------------------------------------</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>Need to cover for absent staff members</td>
<td>3.36</td>
<td>3.00</td>
</tr>
<tr>
<td>Lack of enthusiasm from managers themselves</td>
<td>2.77</td>
<td>2.80</td>
</tr>
<tr>
<td>Lack of appropriate training possibilities</td>
<td>2.69</td>
<td>2.90</td>
</tr>
<tr>
<td>Lack of support from Board/senior staff</td>
<td>2.38</td>
<td>2.58</td>
</tr>
<tr>
<td>The cost of management development</td>
<td>2.26</td>
<td>2.69</td>
</tr>
<tr>
<td>Method</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------------</td>
<td>----</td>
<td></td>
</tr>
<tr>
<td>Assessment of organization quality, performance objectives</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Structured and informal feedback</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Appraisal and Performance Review</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>Career Development and succession planning</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Evaluation of training activities</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>No process to measure impact and/or no evaluation</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>
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