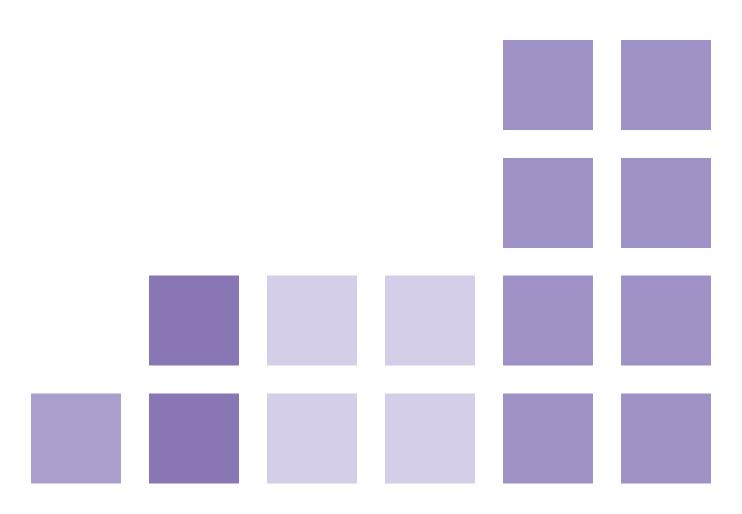


# Developing Leadership And Management Skills Through Employer Networks

August 2010



**Expert advice from the UK Commission for Employment and Skills** 

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## **Executive summary**

#### **Background**

In *Towards Ambition 2020: Skills, Jobs, Growth* the UK Commission recommended that the development of effective leadership and management in small and medium-sized enterprises (SMEs) should be a stronger priority for Government business support programmes – with an enhanced focus on effective human capital development to improve their capability to develop their workforce in support of business goals. This report reviews the leadership and management offer to SMEs within the UK and makes recommendations for a new approach to engaging employers and improving the relevance of existing leadership and management support through encouraging the growth of employer networks.

In reaching its recommendations the UK Commission gathered information from a series of interviews with key stakeholders, held a workshop with business leaders and management development providers, as well as drawing on its own Employer Collective Measures and High Performance Working reports and existing academic and policy literature.

#### The importance of leadership and management

It is clear that improving leadership and management skills is vital to improving the performance of UK businesses and achieving overall economic growth. Strong leadership improves the ability of an organisation to innovate, to exploit new ideas and develop new propositions to enable business growth. Strong leadership and management also unlocks the potential of the workforce, harnessing the skills, ideas and knowledge required to propel business productivity.

Currently, the UK lags behind our global competitors in terms of investment in leadership and management skills. For example, Germany's average public investment in training is €4,438 per annum per manager compared to the UK's €1,625¹. Several competitor countries such as Spain, France, Norway and Denmark all spend more on manager training than the UK.

<sup>&</sup>lt;sup>1</sup> UKCES, Management and Leadership in the UK Review 2008.

The inefficiencies caused by this is costing the UK £6 billion per annum<sup>2</sup>. It has also been acknowledged that a significant part of our productivity gap with the USA can be attributed to the relative capabilities of UK leaders and managers<sup>3</sup>.

#### Supporting the development of leadership and management skills

Raising leadership and management skills is not simply a case of providing good quality development programmes – if it was we would be further advanced in our relative position to our competitor countries. Even the best development programmes and qualifications designed to improve leadership skills are regularly beset with problems over defining the key traits of leadership and clearly differentiating between leadership and management skills<sup>4</sup>. Furthermore, there is no clear consensus on the most effective forms of delivery which engage managers in SMEs.

Within the UK, the need to improve publicly-funded provision for leadership and management support is clear. There is no single or cohesive approach and, despite the efforts of brokerage services such as Business Link, employers are often either unaware of the offer or are unable to access appropriate levels of support due to the complexity of the offer. Furthermore, there is limited evidence to demonstrate that the current provision is clearly valued by employers and that it can demonstrate true impact upon business performance. BIS are addressing this through the provision of five Employee Engagement Guides, including one on leadership and management, which provide information and practical guidance to help employers adopt employee engagement techniques in their workplaces.

Moreover, with the downward pressure on public expenditure, any recommendation for improving leadership and management support must be considered in the context of achieving more and better for less public expenditure.

#### **Employer networks**

There is growing evidence to support the role of employer networks as a mechanism through which employers can invest in their own skills and, ultimately, those of their workforce. There are a number of bodies and agencies which already represent employer issues such as Chambers of Commerce, the Federation for Small Businesses, the Institute of Directors and Sector Skills Councils. However, employer networks represent an opportunity for employers to directly engage with other employers to address issues around leadership and management.

Employers who were engaged in this review were unanimous in their opinion that peer-topeer learning was a particularly effective way of developing their leadership and management capabilities.

<sup>&</sup>lt;sup>2</sup> CMS, Management Standards Essential Guide, (http://www.sfbn-mandl.org.uk/files/NOS/brochure.pdf).

<sup>&</sup>lt;sup>3</sup> Leadership and Management Advisory Panel (April 2008), Key messages: Briefing Paper, p. 6

<sup>&</sup>lt;sup>4</sup> Barker, R., How can we train Leaders when we don't know what Leadership is? (1997)

Employer networks can exist on a spatial or sectoral basis they form as a result of a series of drivers, but they usually coalesce for the purposes of accessing a specific skills need or to address wider business challenges. Networks of this nature provide an ideal environment for employers to share ideas, experiences and information which support the development of leadership and management skills. Collectively, employers have an enhanced capacity to navigate issues which surround leadership and management as well as an enhanced ability to navigate complex offers of support, such as the existing publicly-funded leadership and management offer.

#### Recommendations

Developing leadership and management skills has clear value in stimulating business productivity and overall economic competitiveness. Failing to ensure that businesses have the ability to effectively harness the skills of their workforce and identify areas for innovation and business growth puts at risk the UK's ambition of becoming a world leader in employment and skills.

Employer networks present a new opportunity for Government to create an environment which would truly stimulate effective leadership and management development, where employers can interact and share experiences of leadership and management as well as experience an enhanced capacity to navigate and explore the overall skills offer presented by Government. It is essential within the programme design of employer networks that Government adopts a facilitative role in supporting the establishment of networks, and ensures that ownership truly sits with the group's employer members.

We therefore recommend that Government should:

- initiate action to raise awareness and promote the benefits of employer networks, e.g. through road shows, existing employer engagement channels and support programmes.
- provide seed-corn funding for groups of employers wishing to establish employer networks, e.g. through the development of repayable network 'start up' loans. A modest amount should be allocated from existing support programmes such as the Train to Gain programme in England (£26 million for leadership and management in 2009/10) to support the establishment of networks. Co-financing from employers should be a key feature of any funding support.
- invest in improved information, advice and guidance for employers, e.g. by building strong inter-network links with the Leadership and Management Advisory Service in England enabling employers to make the right choices about where to invest in developing their leadership and management skills.

## 1. Leadership and management support within the UK

In *Towards Ambition 2020: Skills Jobs Growth*, the UK Commission recommended that the development of effective leadership and management in SMEs should be a stronger priority for Government business support programmes – with an enhanced focus on effective human capital development to improve their capability to develop their workforce in support of business goals. This is a necessary step if we are to achieve the wider aspirations of *Ambition 2020* where the UK becomes truly world class in skills.

The UK Commission recommended that the UK should create a 'strategic, agile and labour market led' employment and skills system. At the heart of this is the proposition to create high-performing workplaces based upon strong leadership and management practices.

It is clear that improving leadership and management skills is vital to improving the performance of UK businesses and achieving overall economic growth. Strong leadership improves the ability of an organisation to innovate, to exploit new ideas and to develop new propositions enabling business growth. Strong leadership and management also unlocks the potential of the workforce, harnessing the skills, ideas and knowledge required to propel business productivity.

All four nations within the UK have recognised the importance of leadership and management and have developed strategies to deliver publicly-funded support to raise the levels of leadership and management within their respective economies (see Annex). As well as the direct funding of publicly-funded support, there are several employer representative bodies such as the Chambers of Commerce, the Federation of Small Businesses, the Institute of Directors and Sector Skills Councils who provide support and advice regarding leadership and management support.

Reviewing the existing offer of support revealed several underlying problems:

- There is no coordinated offer of leadership and management support. While there are multiple partners involved in the delivery of publicly-funded leadership and management support, the planning of support and engagement with employers through publicly-funded provision is rarely coordinated. The result is an overall offer which often duplicates itself and suffers from multiple partners attempting to engage with employers over leadership and management support.
- Employers are not fully aware of the leadership and management offer available to them. Feedback from employer engagement within research for this report showed that many employers were simply not fully aware of publicly-funded leadership and management support.

- The publicly-funded leadership and management offer is constantly changing. England and Scotland both offer leadership and management training as part of its core offer to employers, with England supporting training through the Train to Gain service and Scotland offering training via the three agencies which aim to support Economic Development and support to Employers. Other nations and regional and local partners rely upon discretionary funding sources (e.g. the European Social Fund) to deliver leadership and management support. The result is that, because these programmes have finite project lengths, the overall offer is constantly in flux.
- The offer does not respond fully to employer demand. Employers who were aware of publicly-funded leadership and management support commented that offers which were responsive to their demands, such as the leadership and management offer within Train to Gain, were valued. However, they also reported that large elements did not fully meet their business requirements, often citing qualifications in leadership and management not being fully appropriate to meet the needs of their businesses.

There is limited evidence to demonstrate that current provision is having a positive impact upon business performance. The recent Confederation of British Industry's (CBI's) employer survey<sup>5</sup> pointed to the positive responses from SME employers to the leadership and management offer within the Train to Gain service available in England. However, the survey conducted was limited in its sample size and does not represent a comprehensive view of all employers. Furthermore, employers engaged within this review also commented that they were reluctant to invest time and resource within provision which was not able to demonstrate direct business benefits as an outcome.

To realise the ambition of a more innovative, responsive and effective system of support for leadership and management, these issues need to be resolved. At a time of increasing downward pressure upon public expenditure, there is a demand to create a system which eradicates duplication, complexity and confusion whilst demonstrating an offer with clear benefits which would encourage co-investment from employers. Publicly-funded support needs to be focused on support which truly responds to the needs of employers and which raises employers' own ambitions to develop the skills which will enable their businesses to become world class.

<sup>&</sup>lt;sup>5</sup> The leadership and management offer within Train to Gain is available within England only. The CBI's education and skills survey (2009) conducted a survey of 581 employers (186 sized between 1-199 employees) and identified that the leadership and management offer was valued by smaller businesses for improving staff morale, and improving company performance and efficiency.

## 2. Employer networks

## The role of employer networks within leadership and management

The key outcome of the employer consultation event held as a part of this review (see box below) was the recommendation to explore how government could raise leadership and management skills through supporting peer-to-peer learning amongst employers.

The employers at the consultation event acknowledged the power of peer-to-peer learning and recognised its potential to open up new ways of learning, embracing the social aspect of leadership and management development which many employers value:

'As we heard the entrepreneurs in Windsor telling their stories of the key individuals who had influenced them at various stages in their careers, we couldn't help but be struck by the sheer **power** of peer mentoring and peer-to-peer learning...our general discussion pointed to the tremendous **potential** of this sort of "entrepreneurs club" when there is a shared commitment to the group and to sharing experiences in an open and trusting way, including "war stories" and near-disasters as well as instant successes!'6

Peer-to-peer learning to facilitate the development of leadership and management is not a new concept. Action Learning which forms a part of existing offers (such as the Sector Skills Alliance's leadership and management offer) is a form of peer-to-peer learning under the guidance of a facilitator.

Peer-to-peer learning is also provided by many private bodies, such as Vistage International, PlatoGB, the Institute of Directors and several other examples of privately-organised employer networks, all facilitating some form of peer-to-peer learning for their members. However, some of these networks regularly charge significant fees which may discourage or exclude many SMEs from accessing their support and resources. Furthermore, these groups (especially groups which are self assembled) usually consist of members who are already from high-performing businesses and already consist of members who recognise the value of peer-to-peer learning.

The role of Government therefore is to support employers who do not currently recognise the value of addressing leadership and management support or to assist employers who do not currently have the resources to access this level of support.

<sup>&</sup>lt;sup>6</sup> Outcome note from UK Commission consultation with employers on leadership and management.

UK Commission for Employment and Skills employer consultation on developing new ideas around leadership and management: Windsor, November 2009

The Consultation was organised to develop some new ideas for improving the leadership and management support available to businesses which are growing, or have the potential to grow.

UK Commission colleagues were joined by members of BIS, university business schools as well as a number of entrepreneurs who all led businesses which had won awards for business performance and commitment towards workforce development.

One of the key outcomes from the event was the unanimous support for peer-to-peer learning in supporting leadership and management development. Participants pointed to the real benefits to be gained from sharing ideas and experiences with fellow entrepreneurs which would reveal real life examples of strong leadership and management. Several of the participants reflected upon where they had done this in the past and the benefits they had gained as a result. One of the participants shared that they were a member of an existing autonomous network and reflected upon the benefits it brings to its members (The Employer's Alliance – see below).

The consultation resulted in recommendations for the establishment of and support to employer networks:

- Employer networks will only succeed if the group is truly owned by its members. Employers must feel able to shape the network to meet the business needs of the group rather than being constrained by parameters set by Government programme design.
- Government should work towards facilitating and 'nudging' support for employer networks, letting networks manage themselves whilst offering limited funding and support.
- Government should look to develop a simpler offer of leadership and management support, and promote the establishment of networks.
- Whilst employers were keen to assert that a level of autonomy within employer networks is essential, a strong engagement from Government in the form of robust information, advice and guidance is essential.

#### The benefits of employer networks

Employer networks offer a mechanism to inspire and engage employers through peer-to-peer learning in a tangible business-focused way. They can exist on a spatial or sectoral basis they form as a result of a series of drivers, but experience suggests that they usually coalesce for the purposes of accessing a specific skills need or to address wider business challenges. Networks of this nature provide an ideal environment for employers to share ideas, experiences and information which support the development of leadership and management skills. Collectively, employers have an enhanced capacity to navigate issues which surround leadership and management as well as an enhanced ability to navigate complex offers of support, such as existing publically-funded leadership and management offers.

They are particularly suitable for raising leadership and management skills for the following reasons:

Networks facilitate peer-to-peer learning. Research points to the value of adopting a social aspect of delivering leadership and management support<sup>7</sup>. A network can create a high level of trust and reciprocity amongst its members which is conducive to creating high-quality knowledge transfer8. Experiences gathered from the Windsor event and further research9 showed the suitability of this high-trust environment for sharing experiences about leadership and management and the social aspect of entrepreneurial learning<sup>10</sup>. At a recent event in Scotland, employers recognised the need for and benefit of working together;

'Collaboration was a strong theme coming out of the conversation. Like many such words, it can be a very good intention but challenging to action. At its core is trust, and that trust develops when people have a shared interest in the outcome, and confidence that each party will play their part...We want to encourage that."11

Employer networks encourage investment in the skills of the wider workforce. One of the recommendations from the UK Commission's Review of Employer Collective Measures was to trial employer networks as a vehicle to encourage employer investment within the skills of their workforce.

Gold and Devins (2002).

Uzzi (1997), Podolny and Page (1998).
 Dalley and Hamilton (2000), Deakins and Freel (1998), Rae and Carswell (2001).

<sup>&</sup>lt;sup>10</sup> Gold and Devins (2002).

<sup>&</sup>lt;sup>11</sup> GlobalScot Network (2010).

Networks enhance an individual employer's capacity to address complex issues. As emphasised in Chapter 1, the current leadership and management offer is neither simple nor directly accessible, with many employers citing that they are confused and deterred from accessing provision due to its complexity. Networks can potentially provide a vehicle for improving understanding of the system which may lead to increased engagement with Government-funded provision as employers can 'pool' knowledge of leadership and management support.

The Employer's Alliance case study (see box below) shows an example of where the group jointly identified specific learning and development needs, and invited guests to come and address the group about a specific topic.

- Employer networks offer an agile system of support. The enhanced collective capacity of a network over an individual employer would enable employers to become aware of, and respond quicker to, changes in policy and eligibility requirements of available leadership and management support. This would allow them to have a greater understanding of the overall offer of support and make a more informed choice when accessing provision.
- External issues can be addressed in a 'live' environment. Issues such as the recent economic downturn can be reviewed and addressed through the network, and knowledge transfer allows for individuals to be better equipped to identify support and address issues.
- Networks facilitate information transfer which supports innovation. Networks provide employers with the opportunity to discuss and share ideas and this creates a positive environment which would facilitate innovation and increased productivity.

Example of an existing employer network: The Employer's Alliance, Leeds, West Yorkshire

#### Overview

The Employer's Alliance was established in 1995 and has acted as a network for local businesses within Leeds. Membership of the group varies between 12-15 members and they have 10 meetings a year. The alliance was originally part of a Government-funded venture. However, in 1999/2000 the group agreed to organise themselves – they established: a statement of values, but agreed to keep an informal arrangement between members; a format for the meetings; and a coordinator to manage the group. Funding to the group helps support the coordinator post and contributes to the costs of speakers if they charge.

#### **Analysis**

The group see the appointment of a coordinator as essential because they do not have the time to arrange the logistics of the meetings themselves, and the coordinator is central to sustaining the momentum of the group. The group has a semi-open membership where members can leave and rejoin based upon their perceived value of the group and external constraints. The group also recognises the importance of not allowing potential competitors to be members of the Alliance at any one time, and has taken measures to ensure that this does not happen.

Whilst the group does not have a trained facilitator, they recognise the potential benefit a facilitator could bring to certain issues. On exploring the role of facilitators, the group commented that whilst it may be useful, it is essential that ownership remained with the group.

Speakers are invited based upon the needs of the group, e.g. learning on a specific topic such as Employment Law. The group relies upon informal networks to engage the majority of speakers and as a result they regularly do not have to pay fees.

Motivation for the group clearly comes from recognising the benefit the network can bring to each member, as well as the opportunity to learn from and support other members within the group. As one member commented:

'You are only there if you want to be there...you only get out of it what you put into it. In a profit-making situation, pressure comes from the need to discharge formal training which may not necessarily be what you want. In our group it is relaxed – if we want training, we will go and get it and if we want to find out about a topic, we will go and find speakers who can tell us about a subject, "from the horse's mouth".'

The Alliance recognises its strength lies in its autonomy and that this would be essential if the model was replicated elsewhere.

## 3. Issues to consider in the development of employer networks

The benefits of employer networks are substantial:

- They present the opportunity to create an environment where leadership and management issues can be discussed and shared within a high-trust environment.
- They have the potential to engage a greater number of SMEs in relevant business-focused leadership and management development activities at a relatively low cost.
- They provide the potential for an effective mechanism for employers and Government to engage in dialogue which can inform the effective delivery of true employer responsive provision.
- They can exist within the current skills system, acting as a tool to help employers navigate the leadership and management offer and engage with practitioners and policy makers to enhance future support.

However, the following issues have been identified as potential barriers to the success of employer networks:

■ The role of Government. The Windsor consultation event highlighted the role of Government as a potential barrier to the success of employer networks:

'We were all absolutely and utterly clear that E4E [Entrepreneurs for Entrepreneurs] must not be organised and "programmed" by Government. No way. That would kill it dead...The network needs to be "owned by entrepreneurs and driven by entrepreneurs", and at every level they need to be defining its character and sharpening up the messages to enable them to reach out to and engage with other entrepreneurs...The network must not feel **in any way** like "another Government scheme or Government programme", and because some might suspect that this is what it is in disguise, it needs to make this unmistakably clear for all who will listen. "This is not a Government wheeze, this is entrepreneurs acting with the support of Government because Government rightly sees what this network could achieve through enabling entrepreneurs better to support other entrepreneurs". 12

The existence of successful employer networks which operate without public support shows that networks can exist without specific Government funding. However, public support has the potential to grow the number and enhance the capacity of such networks further so they become accessible to a far greater number of managers and leaders in SMEs. The challenge is to provide that support whilst resisting the pressure to closely control or micro manage networks which benefit from it. If the presence of Government is too great within a network, it is likely that employers will not feel empowered to own and shape its direction and they may become disengaged by the bureaucracy which often accompanies public funding.

<sup>&</sup>lt;sup>12</sup> Outcome note from UK Commission consultation with employers on leadership and management.

- Defining whether networks should operate as 'open or closed' units. A 'closed' network presents the opportunity to create a collective group which is encouraged to share knowledge and information based upon trust. This helps to ensure that information being exchanged is of a high quality and information exchange is likely to occur more often¹³. An 'open' network allows for its members to freely move between groups. Whilst high-trust knowledge transfer may be lost, the participation in multiple networks creates a greater environment for an individual employer to access knowledge and ideas which would stimulate innovation¹⁴. Both approaches have merit and both would lead to effective leadership and management development. The key here is that employers themselves, not policy makers, should choose which is the most appropriate.
- Membership. Creating an environment of trust to facilitate information sharing is identified as a core aspect of successful networks. Business competition between potential members could act as a serious threat to the creation of such an environment and therefore must be considered when promoting the benefits of networks. This raises issues over adopting a sectoral approach to networks as the risk of competing members is greatly enhanced. However, adopting a spatial pan-sector approach to networks would also demand intensive support to aid its establishment until members felt capable of operating the network alone.
- Networks should not place excessive demands upon the resources of its members. Whilst networks offer many potential benefits to their members, a potential barrier is the scale of demand placed upon the resources of their members. These may include financial demands (e.g. high membership costs), time demands (i.e. time taken out to attend meetings) and resource demands (e.g. requirements to organise events/invite speakers etc). In supporting networks we need to consider the need for networks to operate with some organising capacity. The Employer's Alliance case study addressed this through the appointment of an administrator for the group who was paid for out of the network's membership fees.
- Support to networks is flexible enough to respond to their needs over time. A network's requirements for leadership and management support are likely to change as the network establishes itself and matures. Take the role of a facilitator as an example highly-skilled and credible facilitator has been shown to be an important factor in establishing networks¹⁵ and these could be provided from higher education institutions with business schools who offer Action Learning (e.g. LEAD initiative in the North West of England). However, over time their role may no longer be required and may actually be detrimental to the network, so programme design needs to be flexible enough to allow facilitators to withdraw from the group when it is decided it is appropriate to do so.

<sup>13</sup> Coleman (1988).

<sup>&</sup>lt;sup>14</sup> Burt (1992), Kimberly (1981).

<sup>&</sup>lt;sup>15</sup> Cox, Sumption et al (2009), Rogers (2004).

- Employer networks should not create additional complexity to the offer of support to employers. Employers are already represented by a number of bodies ranging from Chambers of Commerce, the Federation of Small Businesses and the Institute of Directors to private organisations which provide networking and support to employers such as Vestige and PlatoGB. The creation of employer networks is designed to target employers who would not normally access leadership and management support, or as a vehicle to engage and empower employers to have greater dialogue with publicly-funded support. Consideration should be given to how employer networks would fit into the existing models of support.
- Engaging with an appropriate audience. Employer networks are much more likely to attract employers who already possess a degree of 'self knowledge' and recognise the need to extend their knowledge further and learn from others¹6. Therefore it is likely that networks are less likely to attract those employers who will benefit most from leadership and management support, so any programme design needs to consider strategies which engage with those harder-to-reach groups.
- Using networks as closed markets to sell products and services. Using networks as closed markets for individuals to sell products and services is a major barrier for networks that wish to sustain themselves. Members from the Employer's Alliance said:

"It was completely against the purpose of us being there. We were there out of our choice and for our own benefit...if it became apparent that an individual was there to sell us a product through a presentation, they were quickly stopped"<sup>17</sup>.

<sup>16</sup> Blum (2009).

<sup>&</sup>lt;sup>17</sup> Employer's Alliance (2010).

## 4. Implementing employer networks

As discussed previously, employer networks do already exist but are usually characterised by members from businesses which display a level of self knowledge and recognise the benefits that collaborative working can bring. They also have the resources to subscribe to networks which may have high membership fees or demand a significant time investment to be run independently.

The argument for public support revolves around the benefits of providing limited resources and support for employers to form networks where they would not normally have done so due to the high cost of entry and a lack of perceived benefit from peer-to-peer learning.

As stated before, a key principle in any network support programme design is that Government should take a reduced role and encourage ownership of the networks to sit with employers. Therefore none of the recommendations below propose long-term funding of employer networks, and co-financing of support should be a key facet of programme design.

In addition, this review has a UK-wide remit and therefore acknowledges that there are different systems for engaging employers across the four nations. These recommendations therefore, aim to provide policy makers with an overarching policy framework from which to take employer networks forward and embed them within their overall offer to employers.

There are several funding options which Government could consider in supporting the development of networks:

- Funding promotional and awareness-raising events. Promotional events or road-shows were recognised by employers engaged in the research as an effective way of raising awareness of the value of investing in leadership and management skills and the role of employer networks. There are several examples of where successful events have been held which promote the investment in leadership and management skills, such as the RAW 2010 event¹® in the North West of England. The recent 'Made not Born' Campaign in Northern Ireland which aimed to promote the development of leadership skills also had a series of road-shows which had guest speakers and presentations from local businesses. To date the event has been attended by over 800 SMEs¹®.
- Infrastructural investment in improving information, advice and guidance to employers. Where there is the demand to create or strengthen an employer network, Government should look to fund a resource which could support employers to assemble and coordinate a network. One option is to offer support through an independent body to initially facilitate meetings between employers, supporting them to structure meetings. Another option is to provide additional support such as diagnostic tools or online resources to access different elements of improving leadership and management support.

<sup>18</sup> www.RAW2010.com

<sup>19</sup> www.delni.gov.uk/index/madenotborn

There are also additional sources of support which could be explored such as that provided by the Centre for Excellence in Leadership and Management in Wales which provides a web-based information portal on leadership and management information for Welsh businesses.

Agencies already exist (including Chambers of Commerce, the integrated Business Link service, Workforce Development Forums in Northern Ireland and Sectoral Relationship Managers in Wales) who could facilitate this role and could potentially target harder-to-reach employers. However, this role must be specific in supporting the establishment of employer networks with a view to employers eventually becoming self sustaining. If employers choose to continue having an independent body facilitating the networks, it must be considered whether the chosen agency has the resources to do so and whether employers could co-finance this role.

- Providing a Government-backed loan to support the establishment of networks.

  A Government-backed 'start-up loan' was also recommended from engagement with employers within this review. Loans could be used to establish the network, including the funding of a network coordinator and facilitator for example, and once the network is fully established, employer contributions to the network through membership fees could lead to the repayment of the loan. This proposal is similar to the Workforce Skills Initiative in Canada which invites competitive bids to a national fund to encourage networks of employers to address their human resources and skills issues. Within Ireland the Skillsnet initiative is another example of facilitated network support, though it is funded through an employer payroll levy.
- Co-financed leadership and management support. This proposal is similar to the existing leadership and management offer of support within the Train to Gain offer of support within England. However this could be extended to include co-financed support for additional functions which would aid employer networks, such as a coordinator or network facilitator.

## **Appendix**

## Overview of existing programmes of public support for leadership and management across the UK

#### **Department for Business Innovation and Skills**

Supporting Leadership and Management outlined in the Skills paper *Skills for Growth*. Central support for leadership and management support from Train to Gain leadership and management programme, administered by the Skills Funding Agency. Also working with National Standards Centre to map National Occupational Standards against the relevant leadership and management skills.

#### **Skills Funding Agency**

Funds leadership and management support to businesses between 5–249 employees. Since introducing the offer, over 30,000 employers have been assisted. Funding in 2009/10 was £26 million.

### Train to Gain, Leadership and Management Offer

Up to £1,000 of grant support is available to fund any leadership and management support identified within a personal development plan (PDP): the first £500 does not require match-funding. Remaining £500 grant must be match funded in cash by the employer.

#### Leadership and Management Advisory Service

A leadership and management specialist adviser must diagnose the skills need (through a process called a 'skills diagnostic') and write a PDP with the leader/manager which identifies the training and development needed. Funding is available on the basis of the PDP.

#### Regional development agencies

Currently fund additional leadership and management activities with funding from several sources (ESF, Discretionary etc). Level of offer different across each region.

#### **Sector Skills Councils**

As a part of their wider remit to increase productivity and improve the skills of their sectoral workforces, sectors have an overarching leadership and management offer led the Alliance of Sector Skills Council.

Leadership and Management Offer in England

#### **Scottish Government**

The current vision outlined within the skills strategy in *Skills for Scotland* is 'for a smarter Scotland with a globally competitive economy based on high value jobs, with progressive and innovative business leadership'. A refreshed strategy will be published shortly which will articulate a renewed focus on improving leadership skills to increase productivity and growth in Scotland.

#### **Scottish Enterprise**

Role is to effect significant, lasting change in the Scottish economy, enabling companies and sectors to compete in the global market place. A key strand of this is to support the development of leadership and ambition

Scottish Enterprise offers a broad range of support from awareness raising through to bespoke leadership development activity. Different types of support available tailored to meet identified company needs. The range of support includes:

#### Website support through SE.com including strengthen your business.com and BG website

- Success through succession
- Rural leadership
- Managing people for growth workshops
- Business mentoring
- Leadership for growth
- Future Leaders
- Leadership and Management development grants
- Learning journeys
- Specific sectoral support.

## Highlands and Islands Enterprise

Offers a broad range of support from presentations, workshops, vocational training and information gateway. Different types of support available tailored to meet identified company needs.

Has an extensive range of support from presentations, workshops, vocational training and information gateway:

- Institute of Directors courses and lectures
- Business mentoring
- Contact centre team leader
- Emerging leaders programme
- Entrepreneurs growth programme
- Entrepreneurship development programme
- Podcasts
- High level leadership programme.

#### **Sector Skills Councils**

As a part of their wider remit to increase productivity and improve the skills of their sectoral workforces, sectors have an overarching leadership and management offer led the Alliance of Sector Skills Council.

### Skills Development Scotland

Has the vision to be a catalyst for positive change in Scotland's skill's performance.

Provides support for leadership and management as part of its wider support services, including:

- The vocational training programme for young people 'Skillseekers' and for Modern Apprenticeships
- Individual Learning Account Scotland: Means-tested financial support (up to £500 per year) to access a range of courses
- The National Learning Opportunities Database.

Leadership and Management Offer in Scotland

#### Welsh Assembly Government (WAG)

All leadership and management support comes under the banner of "Enhancing Leadership and Management Skills" (ELMS) which is a £37 million project funded by the European Social Fund. Leadership and management support is a part of the wider strategic objectives laid out in Welsh Skills Strategy, *Skills that Work for Wales*.

## Sector Skills Development

Provides sector specific focus to leadership and management development.

#### Management Diagnostic Programme

Development of a consistent approach for analysing management skills and competencies within sectors.

## Workforce Development Programme Discretionary Funding

Funding via WAG to provide HRD Advisors to assist business achieve key development aims.

## Training and Accreditation for Coaching and Mentoring Skills

A pilot programme to train mentors and coaches to gain skills and achieve a relevant qualification.

### The Centre for Excellence

A leadership and management development information, research and evaluation service for Wales.

#### The Leadership and Management Workshops Programme

A series of open access workshops delivered across Wales by a network of providers.

#### **Sector Skills Councils**

As a part of their wider remit to increase productivity and improve the skills of their sectoral workforces, sectors have an overarching leadership and management offer led the Alliance of Sector Skills Council.

Leadership and Management Offer in Wales

## Department for Employment and Learning (DEL) £1.34 million

In DEL's Success through Skills strategy for Northern Ireland, leadership and management skills were identified as a priority which led to Leading... To success: Management and Leadership Development Strategy and Implementation Plan in June 2007.

## Ireland Factoria Davidant

**Invest Northern** 

Economic Development
Agency for Northern
Ireland, additional
European Funding to
support Leadership and
Management Development.

#### Intro

Aimed at young graduate managers to develop their skills to be more productive within their organisation. Includes on and off the job training.

#### **Other Programmes**

Includes programmes such as:

- Leaders for Tomorrow
- The KNOW aimed at senior managers
- Institute of Directors Young Directors Programme
- Investors in People (IIP).

#### Business Improvement Training Programme

Provides an advisory service and financial support for training and development activities.

### Management and Leadership

Programme designed to specifically improve the leadership and management capabilities of Invest NI client companies.

## Management and Leadership Development Programme

A bursary programme for stand-alone courses for personal management development.

## MAP – Management, Analysis and Planning

Aimed at SME companies which funds a three-day cost-free consultancy from an IIP assessor to map existing managerial skills against key business objectives. Assistance of up to £6,000 is then made available for the company to undertake identified training and development.

#### Business Improvement Agent

Aimed to facilitate continuous improvement to support business growth. Agent provides in company advice and support to promote continuous improvement.

#### Solutions, Interim Managers, Northstar Mentors

These are a range of programmes designed to support in-house training to enable individuals to develop leadership and management skills which will improve the business.

#### **Sector Skills Councils**

As a part of their wider remit to increase productivity and improve the skills of their sectoral workforces, sectors have an overarching leadership and management offer led the Alliance of Sector Skills Council.

Leadership and Management Offer in Northern Ireland

## **Notes**

Developing leadership and management skills through employer networks

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The UK Commission aims to raise UK prosperity and opportunity by improving employment and skills. Our ambition is to benefit employers, individuals and government by advising how improved employment and skills systems can help the UK become a world-class leader in productivity, in employment and in having a fair and inclusive society: all this in the context of a fast-changing global economy.

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