

Working Paper

No. 2003.30

**Camilla Leth, Anne-Mette Hjalager and
Henrik Holt Larsen**

**Management Development in Denmark
Policy and Practice Viewed From the
Perspective of Managers**

INSTITUT FOR ORGANISATION OG ARBEJDS SOCIOLOGI

Handelshøjskolen i København

Solbjerg Plads 3

2000 Frederiksberg

Tlf: 38 15 28 15 Fax: 38 15 28 28

Management Development in Denmark
– **Policy and Practice Viewed From the Perspective of Managers**

Camilla Leth, Anne-Mette Hjalager and Henrik Holt Larsen
Copenhagen Business School

Contents

Preface	3
Introduction	4
Theme 1: Characteristics of the Excellent Manager	6
Theme 2: Preferred Methods for Management Development	7
Theme 3: Resources for Management Development	9
Theme 4: Strategic Management Development	12
Theme 5: Short- and Long-term Efforts in Management Development	13
Theme 6: Effects of Management Development	15
Tables and Figures	18

Preface

This report contains the major results from a study of management development in Danish organizations. The study is part of a European research project with participation of Denmark, the U.K, France, Norway, Rumania, Spain, and Germany. The project is part of the so-called Leonardo program the purpose of which is to further cross-country competence development and collaboration within the European educational sector. The first phase of the project is a quantitative interview study of one hundred organizations in each of the participating countries. The second phase consists in qualitative case studies in selected organizations in each of the countries. In Denmark one hundred and one organizations have participated in the study.

Identical questionnaires and interviews are conducted in all of the mentioned countries and the huge amount of data is analyzed in each country and across countries. The findings will be published in books, journals and newspaper articles. Hopefully the findings of the large European project will thus affect the way in which educational institutions and organizations manage the "Europeanization" of management development.

The present report solely describes significant findings from the questionnaire study conducted in Denmark. Two hundred and two managers have participated, that is two from each organization. We thank the contributing organizations without which it would not have been possible to generate this picture of management development in Danish organizations.

The Department of Organization and Industrial Sociology at the Copenhagen Business School is the Danish partner in the project. The project has been conducted by Camilla Leth in collaboration with Ilse Kristensen, Mette Gundersen and Lea Green under the supervision of Henrik Holt Larsen. Anne-Mette Hjalager has contributed to the preparation of the report.

Copenhagen, February 2003

Camilla Leth

Anne-Mette Hjalager

Henrik Holt Larsen

Introduction

Organizations are increasingly expecting their common employees to demonstrate judgement and action and to contribute actively to managerial processes, but the need for management - and hence management development - is still great. Aside from securing the corporate spirit and commitment related to the daily production, a leader must be able to guide change, spot values, and navigate in chaos. Simultaneously all sectors and branches are subject to pressure for achieving more short-term economic results. And many organizations are forced to appraise a larger world be it Scandinavia, Europe or the entire globe.

There is little doubt that managerial competencies are essential and must be developed continuously. And Europe being increasingly interwoven means that managers must work on understanding each other better. This does not necessarily imply that managerial style and practice must be harmonized, a visions that is hardly realizable. Greater mutual understanding can facilitate collaboration to the benefit of mutual growth and welfare in Europe.

This report is a small contribution to the work of creating a larger European perspective on management development. The Leonardo Da Vinci program financing this research project aims to create the framework for adaptability and entrepreneurship. The program supports projects that work to promote competencies and human resources. In particular the program emphasizes the development of skills and knowledge that can contribute to the technological adaptability and organizational change of European organizations.

The intentions of the project comply well with the common spirit and philosophy embedded in Danish organizations in that increasing import is ascribed to management development. This includes both individual development of managerial skills and competencies, e.g. development of managers, and the coining of organizational management processes, e.g. management development. The study underlying this report focuses on both aspects and treats them synonymously.

Activities can be staged, such as management courses, but the daily life of the organization involves situations that contribute to develop individual and organizational managerial competencies. This is the broad perspective of the study which elucidates factors that combined determine management development in organizations. How it takes place and its affects. The study also investigates the correlation between management development and economic performance.

The report is grouped into six themes:

- Theme 1: Characteristics of the Excellent Manager
- Theme 2: Preferred Methods for Management Development
- Theme 3: Resources for Management Development
- Theme 4: Strategic Management Development
- Theme 5: Short- and Long-term Efforts in Management Development
- Theme 6: Effects of Management Development

Selection of organizations and responses

The interviewed organizations are selected from Købmandsstandens OplysningsBureau A/S (<http://www.kob.dk>) database of VAT registered organizations in Denmark. The selection criterion is that the population must represent a broad variety of branches and number of employees. Only private organizations with more than twenty employees are included in the study. In effect the selected population is not perfectly representative of Danish business life, but it includes organizations to which management development presumably plays an important role.

The 101 organizations interviewed represent the following branches and staffs:

Insert Table 0.1

Originally 200 organizations were asked to participate in the study, and a response rate of 50% must be said to be satisfactory. The majority of organizations that declined the invitation referred to insufficient time. Others referred to the fact that they were already contribution to studies conducted at the Copenhagen Business School or that they on principle never participate in studies. If an organization declined to participate it was, to the extent possible, replaced with another organization within the same branch and of the similar size.

Interview Procedures

Prior to contacting the organizations we had a questionnaire that is being used in all European countries in which the study is conducted. The telephone interviews conducted have started from this questionnaire.

The first contact was made to the person responsible for management development. In the larger organization this would typically be an employee in the HR or the personnel department, while in smaller organizations it would often be the finance manager or the owner. We use HR managers for this category of interviewees no matter whether they work full time with HR/personnel jobs or are responsible for other types of tasks (e.g. finances, management).

The HR managers were asked to give the names of three line managers, that is three persons with management responsibility for an important line function in the organization. This could be sales, production, marketing, IT, etc. Among the three line managers identified by the HR managers one was selected for interview. The study thus includes both one HR manager and one line manager from each participating organizations, and the interviewed line managers represent various subject areas and levels – from top managers to foremen. In effect, the interviewed line managers represent a broad specter of “responsibility” that to a large extent is determined by the size of the organization.

Therefore of the 202 interviewees, 101 are line managers with general managerial responsibility for a defined function within the organizations, e.g. sales, production or finances, or they are top managers. The remaining 101 managers are responsible for human resources and hence for management development.

In the report we investigate whether or not the two groups of managers differ in attitudes and activities related to management development.

Theme 1: The Excellent Manager

This section shows that:

- personality and training in the organization are determining factors in the development of the excellent manager
- new management capacity is needed due to organizational growth and development
- both organizations and educational institutions are facing great challenges in making external and internal training form a synthesis.

The interviewed managers were asked to state what in particular makes a manager an excellent and efficient manager. Figure 1.1 how many of the HR managers that agree to the statements.

Insert Figure 1.1

According to 83% of the HR managers, the natural abilities and the personality of the manager are considered as the most important basis for developing an excellent and efficient manager. Apart of this, the HR managers strongly emphasize internal training and concrete experience with the organization. The HR managers focus more strongly on the manager's knowledge of the organization than on his or her formal education and training. Giving high priority to internal training indicates that organizations wish to mould their managers, such as by socializing them into values and corporate culture.

The response pattern also demonstrates the expectation that managers have a natural talent for managing and a personality appropriate for managing employees. The interviewees find it possible to learn to become a better manager though only if the person possesses the right personality. In effect it becomes of vital import to select employees in the organization who possess the natural talent for managing. The question is, however, whether a sufficient number of people with a natural talent for management are born, and if this is not the case, how difficult it is to develop the talent in a sufficient number of other employees!

It is interesting that the size and branch of the organization do not seem to play any role for prioritization. Thus small and large organizations – from production companies to financial consultancies – seem to pursue the same line. This reflects a fairly unequivocal understanding of what it takes for a manager to be excellent and efficient.

More Managers in the Future

The interviewees are of the opinion that management development will remain a topical issue. A large number of organizations have and still are experiencing growth and development that require a larger number of managers. The study shows that 44% of the organizations have not expanded the number of managers while this is the case in 40% of the organizations. Expectations for the future are relatively optimistic. Looking three years

ahead, however, not much seem to indicate great changes in the volume of managers as 64% of the organizations have responded that the number of managers would remain at the same level. If changes are going to occur, the interviewees tend to expect the number of managers to increase, as 25% of the organizations expect the number of managers to grow within the coming three years. Only a few found that it might prove necessary to reduce the staff of managers. The results demonstrate that the respondents are not sharing unequivocally the argument often raised that formalized management is going to be scaled down in the future.

85% of the organizations expect their turnover to increase within the coming three years but the growth will not necessarily entail more managers. In 80% of the organizations turnover has increased over the last three years, but in 44% of the organizations it has remained at the same level during the last three years.

Future Challenges

The findings from this part of the study show that the managers are extremely aware of the value of internal management development. There is hardly any doubt that the daily practice constitutes an essential building block for knowledge and experience, and that management training predominantly consists in solving tasks. Managers also recognize external management training and training activities at educational institutions, but the latter are not found to be as important.

The great challenge lies in further strengthening the dialogue between educational institutions and business life. Practitioners can contribute to the education of coming generations with their instructive experiences from business life. On the other hand, the purpose of the educational sector is to make sure that theory and perspective are not lost.

Theme 2: Preferred Methods for Management Development

In this section we demonstrate that

- the interviewed managers prefer traditional methods for management development
- more recent methods, e.g. mentoring and e-learning, are not incorporated to any appreciable extent
- the proportion of training equals company size
- there is no correlation between choice of method and industry
- the great challenge of incorporating mentoring and e-learning, and the responsibility for benefiting from this, rests with both companies and the educational sector.

There is a wide range of practical methods for management development. We asked the managers in the study which methods the companies applied. The table below shows the percentage of HR managers and line managers that agree to the specific method being used for management development.

It appears from the table that traditional methods are used extensively. Internal training and participation in external courses and conferences are preferred to job rotation, e-learning, and mentoring.

Insert Table 2.1

It is not surprising that HR managers speak of a larger scope of training activities than do line managers. The explanation is probably that HR managers are often responsible for initiating and coordinating management development. Line managers only reflect on their own domain, while HR managers include the whole company – though primarily from the HR perspective. Studies in other countries – e.g. Norway – show that line managers' and HR managers' 'perceptions of reality' often differ profoundly. The two groups seem to adhere to two quite different '(un)realities'.

According to 60% of the HR managers, the company uses external course, conferences, and seminars as methods for management training. Furthermore, 56% of HR managers state that next to external courses, internal training programs are most frequently used. Line managers consent to this prioritization, but not to the extent to which the latter is used. 49% of the line managers find that external courses are used to a high extent whereas 44% find that external courses, conferences, and seminars are highly used. It appears that line managers find internal training to be employed more extensively than external courses.

Line managers and HR managers agree to training via the Internet and outplacement of employees being the least used methods.

Number of employees is important

The extent to which job rotation and internal training programs is used depends on the size of the company. It takes time and resources to prepare and implement internal training programs. Therefore it is no surprise that large companies of more than 500 employees use internal training programs more extensively than smaller companies. Thus 60% of the companies with more than 500 employees use extensively internal training programs while the same only applies to 15% of companies with 20-99 employees. The percentage for companies with 100-249 employees is 16, and 32% of companies with 250-499 employees are also using internal training programs fairly extensively.

The number of employees also has an impact on to what extent job rotation is used, but here we find greater differences. None of the companies with 20-99 employees uses job rotation extensively, whereas 32% of companies with more than 500 employees do so. It is interesting that 12% of the companies with 100-249 employees use job rotation while only 4% of companies with 250-400 do so.

Insert Table 2.2

It can be almost impossible to use systematic job rotation in smaller companies operating with a few employees performing the same functions, such as sales or economy. On the other hand, the characteristic of small companies is that they do not operate with the same division of labor and specialization, as do large companies. In effect jobs in smaller companies are typically broader than similar jobs in large companies, meaning that the former have 'build-in job rotation'. Our findings show that it takes more than 10 employees before formalized job rotation becomes widespread in the company. A number of companies have become increasingly focused on flexibility, including employees and

managers being able to perform several functions and to move fast between different units. This is an argument for staking heavily on job rotation in the company.

It is suggestive that industry plays no role in choice of methods. Across industries the preferred method for fulfilling learning needs is thus to let employees attend courses.

The almost automatic juxtaposition of (need for) learning and participation in courses is seen in other sectors as well. A representative study among municipal employees and managers reveals that courses are by no means the preferred way of learning.

Opting for courses as a method for management development probably reflects conventional thinking among both HR managers and line managers. More recent methods, such as mentoring and e-learning, are only considered to a modest extent as an alternative or supplement to courses. Much seems to indicate, however, that management development is a field in constant transition, and that it is important to many companies to follow-up on the most recent trends. In addition, the larger demand from managers for development may lead to new methods being considered or tested.

Future challenges

Certain of the suggestive comments in the study show that employing new managers or employees in the HR department may result in management development being given higher priority. And job rotation across companies may result in positive training dynamics. New generations of managers seem on and off ready to seek new challenges. Professional and collegial networks may help facilitate that change of job proves advantageous to both employees and companies.

The need for testing new methods for management development is great. The methods that have proved effective must be consolidated in the companies and in this context both HR managers and line managers play an active role. For the education sector the challenge consists in make future employees familiar with concepts such as mentoring, coaching, and job rotation as tools for management development.

Theme 3: Resources for Management Development

This section shows that:

- pressure of work and costs are the major reasons for deficient management development
- the positive message is that two-thirds of the interviewees are not pointing toward these obstacles
- small organizations seem to spend less money on management development than larger ones
- HR managers find that line managers spend around eleven days annually on management development whereas the line managers state seven days
- to a large extent the challenge consists in integrating management development into the daily routines

- the challenge is to convince managers that developing competencies through various courses outside working hours will strengthen their career prospects.

The HR managers and line managers are asked about the barriers to management development in the organization. Table 3.1 illustrates the responses.

Insert Table 3.1

Absence during training and costs are the major barriers to management development according to both HR managers and line managers. 39% of HR managers find absence related to training to be an obstacle whereas “only” 27% of the line managers share this opinion. We might have expected that line managers would find it difficult to have their tasks attended to while on training and that the percentage would be higher. Presumably the attempts to increase flexibility within line functions in Danish organizations are about to succeed! Among line managers there is, however, general agreement that management development costs constitute a much greater barrier than absence during training. Their prioritization thus differs from that of HR managers who find absence during training to represent a greater obstacle than costs.

Another interesting issue is the line managers’ response to whether low enthusiasm among managers is the reason for deficient management development. Based on responses from the HR managers, more line managers than HR managers find the managers’ lack of enthusiasm to be an obstacle.

It is suggestive that almost 25% of the line managers find support from top management to be insufficient. This seems to indicate that many organizations are still not signaling openly the importance of development and training for the organization. Most of the HR managers and line managers find relevant training opportunities to exist. Comparing responses from the two groups more line managers are of this opinion. The reason might be that the HR/personnel function is not sufficiently proficient at communicating relevant training options to line managers. On the other hand, the HR/personnel function might not be properly informed about the needs of the line managers for development and training.

Absence Plays an Important Role

In relation to staff size and branch there seems to be no immediate difference between the two groups on what functions as a barrier to management development. However, a larger share of the HR managers within the labor intensive service sector (e.g. restaurants and cleaning companies) find absence during training to be an obstacle whereas only a few within the financial sector share this opinion. The reason might be that different cultures and attitudes toward learning and development characterize the branches, but the differences may also be of a practical nature. Shifting working hours characterize the labor intensive service sector, whereas work within the financial sector can be organized more flexibly – or the staffing is more ample. Here the staff’s educational level might also play a role.

Prepared to Pay

The interviewed organizations spend on average DKK 3,550 annually per employee on training activities. But the money spent on training and management development

depends on the number of employees in the organization. In general, small organizations spend on average less on developing their employees and managers than do large organizations. The reason is, among other things, that the “investment” does not pay, the fact being that small organizations have larger staff turnover than large ones.

If the money spent on training and management development in 2001 is divided among branches, the study shows that financial service organizations such as banks and insurance companies spend the largest amounts on training, including management development whereas labor intensive service organizations spend the least. This pattern is also reflected in other studies. Nevertheless the picture changes when focusing on how much organizations spend on management development in particular. Knowledge-based organizations (e.g. consultancies and engineering firms) spend the most whereas production firms spend the least.

It is worth noticing that labor intensive service organizations rank fourth in terms of costs for management development compared with other branches that are not spending much on training activities for common employees but rather focus on management development. Within the labor intensive service sector knowledge is “incorporated” into routines and machines and training takes place on-the-job. Managers, on the other hand, must be well qualified and demonstrate a good grasp of things in general. The reverse is the case within the manufacturing sector that ranks third in terms of the total amount spent on training and fifth in terms of costs spent on management development. This pattern might be rooted in traditions within the manufacturing sector where not least the labor movement has attempted to strengthen training activities “on the shop floor”!

According to the HR managers, line managers spend on average eleven days annually on management development. This average is, stress the HR managers, highly influenced by management development taking place 365 days a year. The managers themselves are of the opinion that they spend seven days annually on management development.

Future Challenges

It is sometimes maintained that Denmark holds an informal European championship in continuous training. A generous public subsidizing of the educational sector contributes to speed up both general and tailor made training activities in the organizations thus adding to the organizations’ own investments. This study seems to confirm the perception that in general barriers to training are limited.

But the challenge of promoting training in smaller organizations still exists. However, all types of organizations are facing the challenge of turning management training and development into a natural part of every-day life – of putting “the learning organization” into practice. And there are many methods in support of this idea.

Managers are often individuals who, on their own initiative and for their own means, embark on various continuous training activities, such as Open University studies or private courses. Adding theoretical knowledge to competencies might supplement the internal and experience-based training. Appraisal interviews and training activities should strive to construct a logical relation between internal and external management development, ensuring that public training courses are utilized most optimally.

Theme 4: Strategic Management Development

This section shows that:

- business strategies are common and include, though not always, management and staff development
- the perceptions of HR managers and line managers differ widely and the HR managers have the strongest feeling of being included in strategic management development
- small organizations include personnel policy formally into their business strategies to a larger extent than large ones.
- the challenges consist in identifying appropriate methods for rendering visible personnel strategies in the business strategies and ensuring managers at all levels relevant influence on the design of the latter.

The study asks about the relation between formulated business strategies and what happens within staff and management development. The following main results are illustrative of the activity and its anchorage in the organizations:

More HR managers than line managers find the business strategy clear, coupled to the personnel strategy, and the personnel department playing an active role in the design of the strategy. The “view” from the personnel department is thus somewhat different – better than from the line organization.

The policy for management development reflects the business strategy in 65% of the organizations according to the HR managers. Line managers find, however, this only to be the case in 40% of the organizations. In these figures may lie hidden the understanding among line managers that HR managers may plan and construct visions, but the practical decisions are taken in the line, including decisions about management development and continuous training. Another possibility could be that the policies for management development and business strategy, and their interrelationship, are not communicated adequately.

There is a clear correlation between influence and perception of business strategy among the HR managers. The greater influence they have had on the business strategy, the clearer they find it.

The Significant Impact of Size and Branch

46% of the organizations with between 20-99 employees have a clear business strategy, while 64% of organizations with more than 500 employees have a clear business strategy, according to the HR responsible. 70% of the HR managers within the finance sector highly agree with the personnel strategy being coupled to the business strategy. In the production sector only 14% of the HR managers share this view.

Future Challenges

For several decades the different self-knowledge of staff and line respectively has been a general theme in organization research. The study confirms that the two groups' images of

reality, and their sometime jealous maneuvers within the organizational space, are unchanged. Only a few of the organizations have succeeded in exploding these traditions by one simple decree. Therefore one of the future challenges will be to include both HR managers and line manager in the formulation of policies for management and personnel development.

Recent organization theory often points toward competencies and human resources being the most important commodities, and in effect the HR department should be positioned much closer to the top management and perhaps play a different role and perform a different function. It seems that many of the organizations in the study have realized the necessity of top management and HR management working closer together. The challenge of the remaining organizations will be to change the organization concurrently with changing external demands.

Theme 5: Short- and Long-term Efforts of Management Development

This section shows that

- 50% of the organizations operate with budgets for management development, whereas far less have a written policy guiding their efforts
- only in larger organizations is career planning common
- 50% of the organizations use management assessment as a tool
- challenges consist in developing and disseminating methods to ensure coordinated management development planning that both the organization and the managers find attractive
- the challenge is to generate a far more long-term perspective on management development simultaneously with the external world changing still faster.

A large number of the interviewees find that they are continuously in the process of developing managerial competencies through resolving daily tasks. Understanding the daily tasks as challenges is correct and precise, and people that recognize this are probably also fast learners.

However, written policies for management development and budgets may constitute the lubricant for not turning this process into mere humdrum. Or policies and budgets may work as points of reference when measuring the outcome of the efforts.

Insert Figure 5.1

Figure 5.1 shows that 50% of the organizations have included management development in their budgets. This clearly signals that management development is given priority but not to the extent that they formulate a policy on the area. This seems to indicate that management development is still governed by need and thus often based on ad hoc solutions and perhaps on individual desires among employees. At worst this approach might turn budgets for management development into pools for rewarding high performance.

Short-term Management Development

80% of the interviewed managers find that organizations attempt to keep most of the managers for more than five years. Therefore, it is interesting that only 56% of the organizations, according to the HR managers, seem to focus on long-term development of managers, that is over two years or more.

Insert Figure 5.2

This is also interesting in view of the fact that 75% of the organizations fill management positions by internal promotion when possible, and that 47% plan in due time when to fill vacant positions at top management level.

There seems to be a gap between management development and other long-term competence interests among organizations. This emphasizes once again that management development is primarily oriented toward “immediate” needs. In the development of managers the long-term, planned (and steady) efforts are rare. Therefore, organizations wishing to keep and promote their managers for longer periods may cut the bough on which they sit.

Line managers experience, to a larger degree than HR managers that organizations are more prone to subscribe to short-term policies on management development.

Career Planning

14% of the organizations plan the careers of all managers. 62% of the organizations plan the careers of certain managers. In other words 76% of the organizations operate with career planning.

Not surprisingly it is the large organizations that plan the careers of managers in that they have at larger internal labor market to operate in. When discussing career planning with employees the organization ensures that managers are challenged and developed internally and thus stay with the organization for longer periods. Applying this policy cogently, will reduce the costs and risks of recruitment.

Insert Figure 5.3

Career planning is more widely applied than programs for selecting and developing employees with great managerial potential. 32% of the organizations have a program for the selection and development of people with great managerial potential. In this context the size of the organization is important: 56% of the organizations with more than 500 employees have a program for the selection and development of managers with great managerial potential whereas only 6% of organizations with 20-99 employees have such programs.

Assessment of Managers

According to the HR managers 64% of the organizations have a system for regular assessment of certain or all managers. The tendency is that the organizations either have a system for assessment of all managers or none at all. Line managers and HR managers disagree on whether or not managers are assessed regularly. Fewer line managers than

HR managers find the organizations to have a system for regular assessment of managers. One reason for this discrepancy may be that the organizations have a policy of regular assessment of managers but find it difficult to conduct assessment in keeping with the policy. In 64% of these organizations the managers' needs for development are only discussed in connection with 58% of the assessments, according to the HR managers. The line managers find this to be the case in 51% of the assessments. It is surprising that the need for development does not occupy a more explicit position in the assessments as this is the forum for pointing out possible "gaps" in the manager's way of managing.

Insert Figure 5.5

50% of the line managers find that the organization assumes main responsibility for their development while 65% of the HR managers share this opinion. It is suggestive that to a subsequent question 55% of the line managers state that they assume responsibility for management development. The impression is therefore, that the responsibility for management development is shared fifty-fifty by the organization and the managers. This indicates that managerial staff is rather motivated for development.

Future Challenges

There seems to exist a certain reluctance to deal with policies for management development, career planning, and assessment of managers. At least it is far from all organizations that have systematized these issues.

Whether the need for tightening assessment processes and concentrating efforts really exists is debatable, and many will be prone to shrink from such measures. However, the development seems to be toward increasingly more organizations and their employees finding career planning and assessment of managers appropriate and attractive. The challenge consists in coordinating the expectations and personal goals of employees, which are not always explicit, with the objectives of the organizations. New "tools" have emerged in supplement of the well-known appraisal interviews, career development plans, and plans for more holistic management development processes. Organizations and managers can meet to discuss common visions starting from knowledge and competence accounts.

Theme 6: Effects of Management Development

This section shows that:

- approx. 50% of the HR managers find management development to have had effects
- whether this "score" is sufficiently high is debatable
- personal development is given higher priority than exact management competencies
- line managers are more skeptical toward the effects of management development than HR managers
- effects of management development are often measured unsystematically and correlation with the bottom line uncertain
- the challenge consist in developing better tools for measuring effects

Management development is expected to show effects. The managers should function better and more efficiently – for their own sakes as well as for the sakes of the employees and the organization. The efforts should be reflected in the bottom line and experienced as better quality among customers.

More than 50% of both line managers and HR managers find management development to have had positive effects on the organization over the last three years. Whether the percentage is sufficiently high is debatable.

The purpose and reasons for management development are uncovered through three separate questions. 64% of the HR managers agree or highly disagree to the development of individual capabilities being the purpose. In 58% of the organizations the purpose of development is to furnish managers with a set of specific competencies. In 43% of the organization the purpose of management development is to make managers better at performing certain functions in the organization. Thus, the understanding of management development tends to be one of personal development rather than exact capabilities.

Branch or number of employees does not, in general, affect the understanding of the purpose of management development. Approx. 20% of the respondents representing the distribution and transportation branch and labor intensive services highly agree to the purpose of training being to prepare managers for certain functions in the organization. Also the financial section rear managers internally while this does not apply to the same extent to production and knowledge-based service organizations.

37% of the line managers find the present policy on management development to have developed managers who meet the objectives. However, every fourth line manager disagrees. Somewhat more than 50% of the HR managers (51%) find the present activities within management development to have developed successfully managers who perform according to the needs. 61% of the line managers find most managers in the organization to view the development of human resources as effective means to turn the organization competitive. However, most importantly, 14% of line managers find that most managers are not seeing the development of employees as effective means of becoming competitive.

59% of the HR managers find the organization to give high priority to management development while this only applies to 42% of the line managers. 32% of line managers disagree or disagree highly with the organization giving high priority to management development.

Line managers are far more skeptical of the purposes and effects of management development. The reason may be that management development is a matter for the HR managers and through their jobs line managers get the opportunities of seeing the results of the organization from different perspectives. It is impossible to say whether the skepticism of line managers is just, but the differences are indicators of the different cultures and objectives driving the various departments of an organization. The differences may also signal the need for more goal-oriented communication and collaboration.

64% of the organizations plan to give higher priority to management development within the coming two years. The expectation is thus that management development has effects.

Only 31% of the organizations evaluate systematically management development activities. A different and perhaps more significant factor than direct evaluation of activities is whether they have an effect. More than 50% of both line managers and HR managers find management development to have had positive effects within the last three years.

To the question: "How are you measuring the effects of management development?" approx. every fifth HR managers says that the effects are measured in relation to the bottom line. Whereas every fourth says effects are measured by way of appraisal interviews and "360 degrees measurements". Every tenth answers that effects are not at all evaluated.

Future Challenges

This sub-analysis of the effects of management development strongly demonstrates that within each organization significant different perceptions of the effects of management development prevail. One underlying factor is the different tasks performed by managers. If management development is to succeed and have effects on the bottom line of organizations, activities and effects must be rendered more visible. There is a need for developing measuring tools and simultaneously to strengthen dialogues across departments.

Branch:	
	No. Or organizations
Distribution and transport	47
Knowledge-based service, e.g. consultancies and other business services	21
Manufacturing	14
Financial service	10
Labor intensive service, e.g. catering, cleaning, etc. .	9

Size:	
Number of employees	Number of organizations
20-99	26
100-249	25
250-499	25
500-	25

Figure 0.1: Interviewed organizations distributed on branches

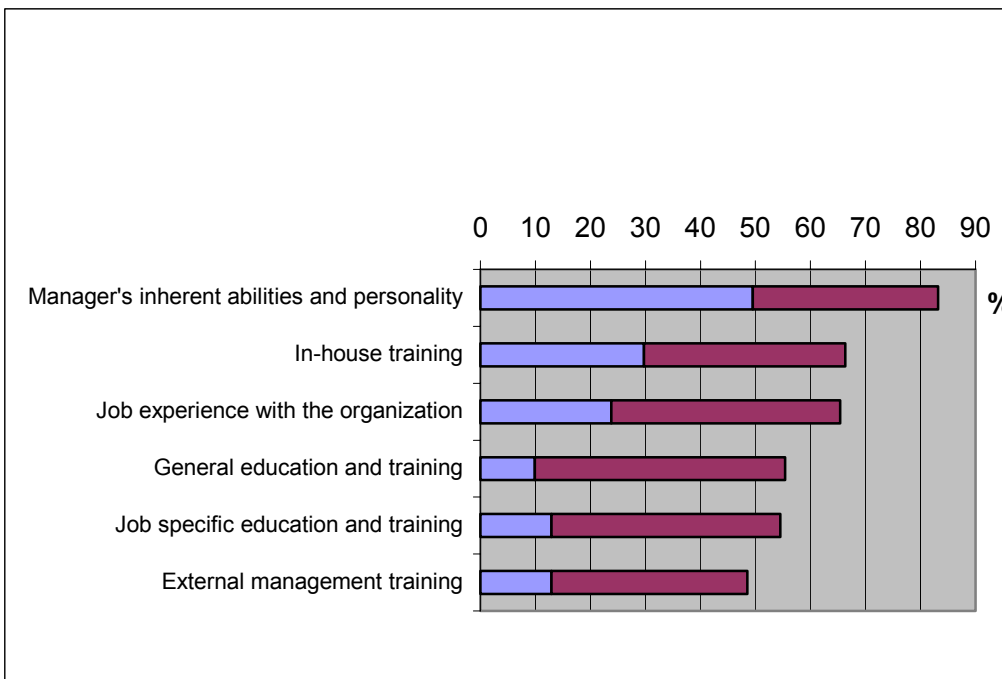


Figure 1.1: What is important for developing a good and efficient manager? (HR manager)

	HR Managers	Line Managers
External courses and conferences	60	44
Internal training programs	56	49
Formal training after start in the company	45	31
Job rotation	33	22
Mentoring	22	24
Training via the Internet	9	2
Temporary outplacement of employees	2	5

Table 2.1: Methods for management development

Company size	20-99	100-249	250-499	500+
Internal training programs	15	16	32	68
External courses	32	21	7	22
Internal job rotation	-	12	4	32
Temporary outplacement	-	-	-	4
Mentoring	9	7	-	9
E-learning	4	-	-	-
Formal training	11	7	7	18

Table 2.2: Use of training activities, % of organizations

What are the obstacles for management development in your organization?	HR managers %	Line managers %
Production gaps occur when people are absent due to management training, gaps that are difficult to fill	39	27
Costs of management development	35	34
Insufficient support from top management/top managers	21	24
Lack of enthusiasm among managers	17	20
No relevant training opportunities exist	7	12

Figure 3.1: Obstacles for management development

	HR managers	Line managers
Organization has a clear business strategy	88	74
HR managers play an active role in formulating business strategy	47	30
Organization's personnel strategy is coupled with business strategy	56	48
Management development reflects business strategy	65	40

Figure 4.1: HR and business strategy

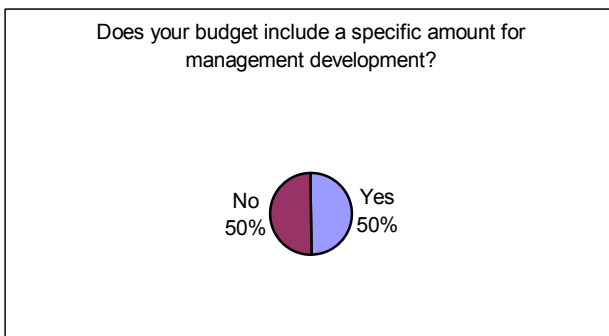
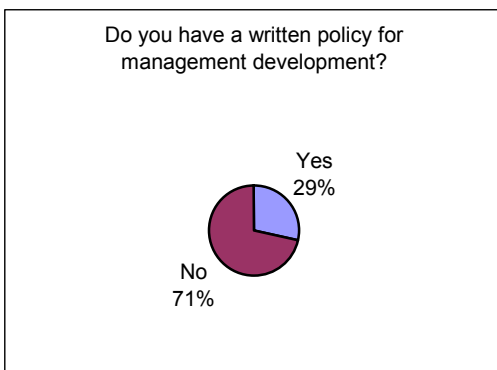


Figure 5.1: Policy and budget for management development

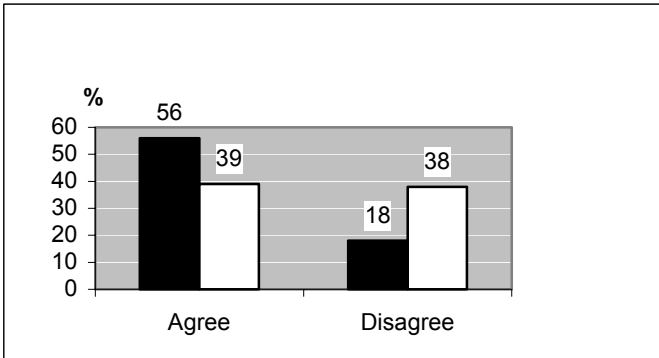


Figure 5.2: Focus on long-term development of managers (two years or more)

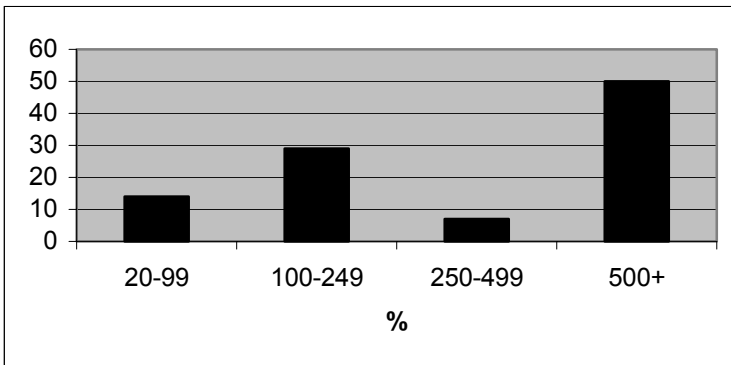


Figure 5.3: Career planning for HR managers and line managers

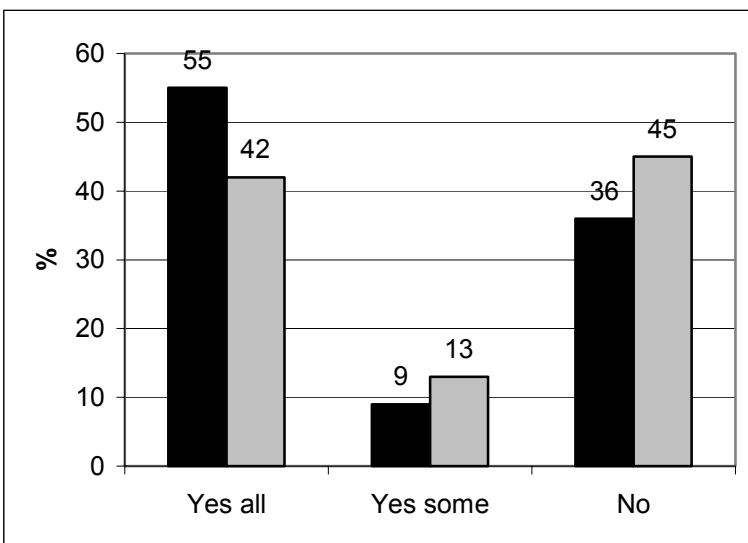


Figure 5.4: Does the organization operate with a system for regular assessment of managers?

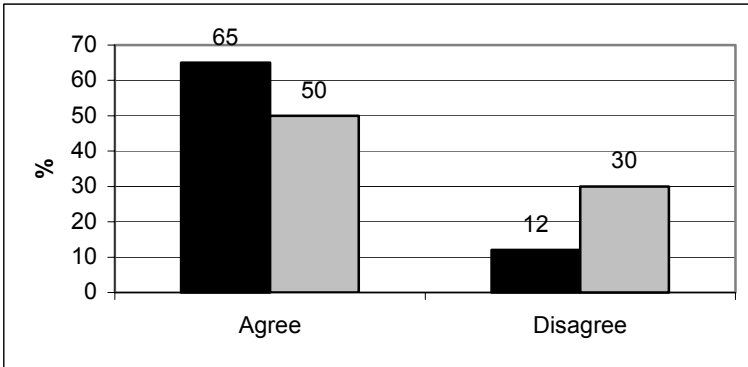


Figure 5.5: The organization assumes major responsibility for the development of managers