

Enterprising

Nation

**International Best Practice
in Leadership and
Management Development**

**Research and Report of the Overseas Study Tour by the
Industry Task Force on Leadership and Management Skills**

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The study tour members visited North America and Europe in August 1993 and Asia in October 1993.

The Industry Task Force on Leadership and Management Skills was established by the Minister for Employment, Education & Training, the Honourable John Dawkins, in July 1992 following the Prime Minister's 'One Nation' Statement. The primary role of the Task Force is to provide advice to the Australian Government on initiatives to - improve leadership and management skills in Australia.

The Industry Task Force, under the chairmanship of Mr David Karpin, formed into four sub-committees to focus on the key areas of leadership and management skills development in Australia. These areas are higher education, small business, Australian industry and the issue of diversity within management ranks. The program for the Task Force has involved extensive consultations with business, industry and education providers in Australia, a wide-ranging research program and assessments of international best practice in management and leadership development.

The Sub-Committee on Management Skills in Australian Industry was commissioned by the Task Force to undertake an overseas study tour to investigate and report on international best practice in leadership and management skills development. (The Task Force visited North America and Europe in August 1993 and Asia in October 1991).

This report of the Study Tour forms part of the series of reports commissioned by the Task Force as an aid in the development of the Task Force recommendations to the Australian Government. The particular issues, which the Study Tour was asked to address, are as follows:

- Investigate best practice for supervisor/team leader programs
- Review management skills/competencies for new forms of work organisation
- Identify leadership and management development strategies for enterprises
- Review skills development for international operations
- Investigate how managers and potential managers learn, including models for work-based learning
- Identify how technologists/specialists make the transition to managerial roles

Executive Summary and Findings

The enterprises visited during the study tour were selected on the basis of their 'best practice' performance and their international reputation as world leaders in their respective industries. Individual experts were also selected to provide their own views on all aspects of management and leadership development.

In broad terms, best practice is the way in which leading-edge enterprises manage and organise their operations to deliver world-class standards of performance in such areas as cost, quality and timeliness. More specifically, the Australian Best Practice Demonstration Program, sponsored by the Department of Industrial Relations, defines best practice (our italics) as:

"The comprehensive, integrated and cooperative approach to the *continuous improvement of all facets of an organisation's operations*. It is the way leading edge companies manage their organisations to deliver world class standards of performance."

It was assumed that one of the components of best practice was a commitment by enterprises to the growth and development of the skills, competence and performance of their managers. The 1992 Overseas Mission on International Best Practice reinforces this. It reported that one important element of change in leading-edge firms was the implementation of broad-based training and education programs to enhance multi-skilling and continuous skill development of all employees.

The term management development as used here is a shorthand way of describing the combination of management training, education and development activities in an enterprise or more formally it can be defined as the total continuous learning process through which managers develop their competence.

The Study Tour visited a total of 61 organisations in North America, Europe and Asia, and believes that it has been able to piece together the elements of best practice in leadership and management skills. It is clear that there is no one prescription for best practice and that it reflects more of an organisational state of mind than any precise formula. Chapter 5 of this report is an attempt to piece together an outline of the elements, which together provide the basis for an organisation to embrace best practice in management and leadership development.

The Chapters, which precede Chapter 5, also identify initiatives, which should be taken to improve the competence of Australian managers to enhance Australia's international competitiveness.

1. Productivity and Competitiveness

The relationship between leadership and management skills development and improved enterprise performance, along with the level of commitment by enterprises and organisations to implement management development programs aimed at improving their local and international competitiveness, is a key issue for Australia. The Overseas Study Tour has found that there is widespread recognition of this relationship in North America, Europe and Asia. In particular, the issues relating to the new forms of work organisations that are evolving and the impact that such reorganisation has on the skill and competence requirements of leaders and managers, along with the increased internationalisation of business and industry, are key drivers in organisations. The move away from hierarchical organisational structures to flatter, more fluid structures, along with the need for organisations to continuously improve all aspects of their business to attain and sustain their competitiveness, leads to an increased recognition within organisations of the latent competitive advantage, which exists within their workforce.

A consistent theme, which emerged in the consultations of the Overseas Study Tour, was the pivotal role, which the issue of quality can play in delivering increased productivity and competitiveness through the empowerment of the workforce. There is a strong view internationally that those companies which take their commitment to quality beyond the certification stage into a mode of continuous improvement find that the empowered and flatter organisational model emerges as the most effective means of achieving improved quality and customer satisfaction. The commitment to continuous improvement also facilitates an increased commitment to management development within the enterprise, particularly at the front line supervisor level as that person is seen to be a critical player in gaining improved quality through the utilisation of the enterprise's human resources.

The issue of leadership, and in particular its definition, was addressed by the Study Tour. The most useful definition of leadership, which as encountered suggests that leadership, is the process of bringing about achievement of performance business objectives without relying on the authority of the position. Many organisations also subscribe to the view that all employees should be encouraged to use their leadership skills and not to rely on a person who may carry a title, which bestows some authority.

The key findings in relation to productivity and international competitiveness are:

- **Competitive performance is directly related to the levels of management skills throughout an enterprise.**
- **Leadership is the process of achieving business objectives through others while not relying on the authority of the management role.**
- **Competent managers give high priority to continuous improvement in all aspects of their organisation's performance**
- **A commitment to ongoing quality improvement *is an effective* lever for promoting improved management development *practices in* enterprise**

2. The Front Line Manager

The front line manager was a central theme in many of the consultations during the Study Tour. There is no doubt that international best practice in management and leadership development involves a strong commitment to the development of front line managers. These people are seen as a key to the firm's competitiveness as they have a critical role in achieving productivity. There is universal acceptance of the need for the traditional role of the supervisor to be replaced with a role, which emphasises skills in coaching, teamwork and leadership. This changed role of the supervisor reflects a growing recognition of the fact that while technology is universally available, the successful firms of the future will be those who can effectively harness the skills of their workforce. In this regard, the front line manager/team leader is seen as the critical player in achieving that increased productivity and competitiveness.

The Study Tour saw many examples of Initiatives to upgrade the skills of front line managers, particularly in those areas relating to teamwork, coaching and leadership. As well as the example of the German Meister training program, the United Kingdom's Management Charter Initiative and the National Examining Board for Supervisors have programs for the development of front line managers, which are being widely embraced by industry. The GM Saturn Corporation in the United States represents a best practice example of the new 'front line manager'. Similarly, in Canada the 'Compete To Win' program has a strong focus on the front line manager. The National Association of Manufacturers and the American Society for Training and Development in the United States, also promote the need for American business and industry to embrace this new role for the front line manager. This focus on the front line manager is also a well-known feature of Japanese industry and, as the Study Tour reveals, is also gaining increasing prominence in Korea and Singapore.

The overall impression from the Study Tour is that for Australia to properly harness the primary element of competitive advantage, a greater commitment must be made to the development of our front line managers. The Task Force research shows that over 50% of the front line managers/first line supervisors in Australia have not received any formal training for that role. This places Australia at a comparative disadvantage in terms of our international competitiveness. Other countries have recognised the need to address this issue, and the Overseas Study Tour believes that to be competitive Australia must also address this issue.

The key findings in relation to the issue of the front line manager are as follows:

- **Front line manager seen as a key management resource for achieving enterprise competitiveness**
- **Widespread acceptance of importance of changing role from "cop" to "coach" as a lever to upgrade workforce skills and commitment**
- **Overseas countries have given high priority to the development of front line managers**

3. Management Competencies

Despite the apparent reluctance to embrace management competencies in Australia, they are widely used by enterprises in North America, Europe and Asia as a key tool for developing management and leadership skills. In this regard the use of management competencies are seen as an important aspect of best practice in management and leadership development. The competencies, however, must be closely linked to the business strategy of the enterprise.

The extensive work undertaken in identifying management competencies by the American Management Association and Hay McBer in the early 1980s has been adopted by many enterprises throughout the world. Perhaps the most notable example of the management competency approach is the Management Charter Initiative in the United Kingdom, which has identified management competencies for the first three levels of management and uses these competencies as the basis for a national qualification.

A large international company, BP International, has made a major commitment to the use of management competencies for all management levels within the organisation as it believes that competencies are the most effective and practical means of identifying the skills required for a particular position in the company

and then the identification and delivery of programs to equip individuals with those skills. It is clear from the Overseas Study Tour that Australian business and industry could gain significantly from embracing management competencies as part of their management development strategy.

The management competencies could be used at two levels. At the front line manager level, national management competencies could be used as the basis for a national approach to the development of front line managers, while at the middle and senior management levels the development of management competencies on a national basis could simply be part of a program to encourage enterprises to make use of those competencies as a tool for their enterprise management development programs. It is not suggested that the management competencies at these levels should be prescriptive, but rather simply as an element of best practice which is widely disseminated and available for use by business and industry as it sees fit.

The key findings in relation to management competencies are as follows:

- **Competencies are widely recognised as a key management development tool for enterprises with application to all levels of management**
- **Competencies provide the focus within enterprises to link management development to business strategy and direction**
- **Any national initiative to develop generic competencies must be industry driven with strong government support and must provide scope for enterprise specific competencies**

4. Skills for International Operations

With the rapidly increasing internationalisation of business and industry, Australia cannot afford to be left behind in terms of the internationalisation of our managers.

The Study Tour found that there is a greatly increased recognition within the English speaking countries of the importance of equipping managers with skills appropriate to this internationalisation phenomena. The non-English speaking countries have for many years recognised the importance of such skills and organisations such as the Carl Duisberg Society in Germany have provided extensive programs to enable German managers to gain an understanding of the international market place, and in particular acquire skills and information to assist their enterprises develop and acquire export markets. Similarly, programs in Japan, Korea and Asia have been offered for many years with the same objective.

The Overseas Study Tour believes that Australia needs to make a major effort to 'internationalise' our managers so that they too have an understanding and the skills necessary to compete effectively within the international market place. The consultations with organisations overseas suggest that such a program should be jointly government and industry funded, and as well as including managers from all levels within organisations, should provide opportunities for postgraduate students to undertake studies in relevant overseas countries. The Carl Duisberg Society is seen as an example of an effective government/business initiative in this area.

The key findings in relation to skills for international operations are as follows:

- **Non-English speaking countries have a much stronger commitment to equipping their managers with skills for international operations as a key strategy to identifying and developing export opportunities**
- **High priority and resources are devoted to international skills development by both industry and government in these countries**
- **Programs for undergraduate and postgraduate studies overseas are seen as providing countries with a comparative advantage**

5. Best Practice Management and Leadership Development

Chapter 5 of this report seeks to identify and to piece together the key elements of Best Practice in Management and Leadership Development.

The Study Tour consultations revealed that there is significant value in providing enterprises with information as to the key elements of best practice in management and leadership skills development. Organisations such as the Centre for Creative Leadership in North Carolina, USA, and the Wuppertaler Kriess in Germany are examples of organisations, which through their strong research base are able to provide significant guidance to enterprises. And as a result of that research provide the basis for the development of effective management and leadership development programs. Similarly, programs such as the Investor in People program in the United Kingdom are recognising firms which make a commitment to people development, the Management Charter Initiative in the United Kingdom for its work on promoting increased management development, and many of the other organisations visited all provide elements of this best practice approach.

An objective of organisations, which aspire to best practice, is the development of a learning organisation culture within an enterprise. A learning organisation has been identified as one, which "facilitates the learning of all its members and continuously transforms itself".

The Overseas Study Tour has highlighted the value, which Australia could gain from having an increased focus on best practice in management and leadership development. It is critical, however, that such a focus be underpinned with a strong research base, which provides for on-going research into and promulgation of information on best practice in leadership and management development.

The key findings in relation to the issue of Best Practice in Leadership and Management Development are as follows:

- **Enterprise best practice in management development is being recognised as a key strategy for improved enterprise competitiveness**
- **Enterprises can benefit significantly from having access to information as to what constitutes best practice in management development**
- **Significant, management development results from work experience and can be maximised by integrating off the job training and education**
- **The move towards the "Learning Organisation" concept can be enhanced by the implementation of best practice in management development within the enterprise**

1. Productivity and Competitiveness from Leadership & Management Skills

1. 1. Striving for International Competitiveness Frameworks and Initiatives

The vigour and enthusiasm with which Australian industry and commerce approaches the development of new skills in our leaders and managers depends to a great extent on the visible linkage between such skills development and increased productivity and competitiveness of the enterprise or organisation.

In all countries visited there was strong evidence of the recognition of the relationship between skills development and the improved performance of the enterprise. Most governments have in place, or had initiated strategies to enhance skills development, and in particular, to encourage an increased commitment to such skills development by their own industries.

1. 1. 1. Government Initiatives

The Canadian Government recently commissioned the major national consultative program under the title of The Prosperity Initiative, which sought to identify ways in which Canada could become more prosperous.

The report recommended a number of actions, which the government could take, particularly in the area of increased harmonisation of legislation between the Federal and Provincial Governments, and the formation of a number of Joint business and labour bodies to oversee economic and skills development.

The Singapore Government rigorously pursues the education and skills development of its people as the most critical link in maintaining and improving the country's standard of living. A number of innovative enterprises have been initiated through the Government's Economic Development Board and National Productivity Board, which clearly illustrate the benefit of increased skills to improved economic performance.

In Ireland the Industrial Development Authority, in conjunction with the National Training Authority, have introduced a Management Development Grants Program, which provides management training and assistance to small businesses who commit themselves to a management development program.

1.1.2. Organisational Initiatives

In the United States, recognition of the link between competitiveness and leadership and management skills is evidenced through the establishment of the Centre for Creative Leadership in Greensborough, North Carolina. CCL was founded by the Smith Richards Foundation, which was funded by the Vicks Chemical Company. The Centre's mission is to encourage and develop creative leadership and effective management for the good of society overall. It accomplishes its mission through research, educational programs and publications with emphasis on widespread innovative applications of the behavioural sciences, to challenges facing the leaders of today and tomorrow.

In Canada, the Labour Market Productivity Centre conducted a major review of Canada's requirements in relation to the need for improved international competitiveness. This review identified a number of initiatives which should be taken to foster such competitiveness, including:

- Strengthening business/labour relations;
- Workplace changes through increased and improved training;
- Modern management skills development
- Organisational reform;
- Major changes to industrial relations approach;

The Canadian Manufacturers' Association manages the government-funded initiative 'Compete to Win' program. This program aims to integrate human resource development as a key ingredient of continuous improvement programs at the enterprise level. It identifies, specifically, strategies for skilling the new forms of front line managers and team leaders.

In Japan, Nikkeiren, the Japan Federation of Employer Associations has established the Nikkeiren (Fuji) Management Development Centre, which delivers a wide range of quality management programs targeted to all levels within enterprises.

1.1.3. Enterprise Initiatives

At the enterprise level, the establishment of the GM Saturn Corporation by General Motors is strong evidence of the recognition of the new forms of work organisation and skills development as being critical to re-gaining world competitiveness.

The Corporation was established with the objective of becoming a world-class car plant in order to match Japanese competition. Through a Greenfield site approach, General Motors built the Corporation with an organisation based on teams, and the strong involvement of the United Auto Workers Union in the

management of the company. The Chief Executive Officer of the Corporation expects all positions in the organisation, and particularly those in more senior organisations, to be involved in training.

British Petroleum International identified the need to make changes in the organisation, to be successful into the future. The company recognised that changes needed to be made to the skill base, with emphasis on developing key competencies. BP's Project 1990, a project designed to re-position BP after some significant losses in the late 1980's, required a re-think on what leadership and Management skills were required for the company in the 1990's. A fundamental component of the model was the implementation of succession planning, and the assessment program for managers to support competency level development.

Personnel development was identified as a cardinal activity with the Head of Group Learning reporting to the International Chief Executive Officer. In 1990, following the project review, there was a decision to build BP as a learning organisation with strong corporate support for this direction.

At NEC in Japan, as part of its overall approach to management and enterprise development 880 employees from 42,000 staff are currently on assignments 'm overseas posts. Generally these assignments are for 4-5 years. NEC employees make approximately 10,000 overseas trips per annum.

The Samsung Corporation in Korea operates a number of technology training centres and a Human Resource Training Centre. Its programs include those targeting CEO, and 21st century leader programs. Program emphasis is on the development of people management skills.

Professor John Burgoyne, Head of the Department of Management Learning at the Management School, Lancaster University, referred to a quote from Sir Geoffrey Holland, a Director of the United Kingdom Manpower Services Commission, who said "If we are to survive individually or as companies, or as a country, we must create a tradition of learning companies. Every company must be a learning company". Professor Burgoyne went on to say that the learning company idea is about a vision of what might be possible. It is not brought about by simply training individuals. It can only happen as a result of learning at the whole organisation level. Their definition is that "a learning organisation is an organisation that facilitates the learning of all its members and continuously transforms itself".

1.2. Organisational Reforms - A Modern Work Organisation

Clearly, the significant reforms being implemented at the enterprise level are about increasing competitiveness at a local and international level. A fundamental motivation for such reforms is a drive for increased productivity through the introduction of more efficient processes and procedures and more effective utilisation of human and physical resources. Within 'best practice' enterprises visited, a range of strategies are being implemented to assist the reform process. A stronger international focus was also apparent, and skills development in this area is addressed separately in this report (Chapter 4).

The GM Saturn Corporation was an outstanding example of a company, which has recognised organisational reform, and investment in people as a strategy to ensure that it's level of productivity and product quality were internationally competitive. The contribution by all employees to the decision-making process was a significant aspect of gaining maximum commitment from the workforce. This is achieved using strongly team-based organisational arrangements.

1.2.1. The Cultural Change

Achieving such changes requires a significant cultural change within enterprises, which will essentially depend on the workforce accepting the philosophy of continuous improvement, supported by an emphasis on customer focus. There is strong evidence to suggest that many enterprises are addressing these issues in the first instance through pursuing quality registration under the international standard ISO 9000 series. Whilst enterprises recognise that such registration is only a first step on the total quality management journey, it was seen as an effective mechanism for raising the awareness of employees for putting into place improved processes and procedures that improve customer focus.

America's National Association of Manufacturers, in its report *Workforce Readiness - How to Meet our Competitive Challenges* of December 1992 in its Executive Summary, states "creating high performance workplaces with the goal of improving the quality of products and services demands a much more highly skilled and empowered workforce than we currently have. Updating and upgrading the skills with current workers, combined with re-organising work systems to achieve globally competitive levels of productivity is a fundamental challenge facing corporate America in the 1990's and beyond. To help manufacturers achieve high performance workplaces, information and technical assistance is needed to motivate senior management to action and provide them with proven strategies for getting started and sustaining progress". The Association went on to indicate that corporate cultural change, in their view, had just begun 'in the United States although, sadly, it is not a new issue for its competitor trading nations.

The paradigm shift to flatter structures, teamwork, and empowerment, has been very slow in the United States business community. It is estimated that only 10 percent of United States companies have made the change to date as a means of achieving high performance. The Association did not believe that business had yet committed the monies to long-term education and training to create a permanent place for change, and to ensure commitment to workplace re-organisation. They believe that significant monies needed to be invested in training the 'front line worker' as a first step in this process.

1.2.2. Organisational Strategy

Organisations and enterprises that had taken on the new challenge of reform, were generally taking on a similar approach, with the introduction of flatter organisation structures to eliminate previously inefficient hierarchical arrangements. In many cases very fluid organisational arrangements have emerged which allow a more effective utilisation of employees and encouraged multi-skilling of individuals. A fundamental principle in respect to this restructuring is the empowerment of production and service responsibilities to work units at the operational level. This is seen as significant devolution of responsibility, and is consistent with the strong move to a team-based approach where the benefits of multi-skilling and collective responsibility for performance levels in respect to quality and output are occurring.

Such re-arrangements are clearly increasing the contribution and commitment of the workforce with individuals having a direct impact on the overall performance of the enterprise.

The Firm Fleishauer in Cologne, Germany was an excellent example of this organisational reform. The Firm is a major sales, service and repairs automotive company, specialising in Audi and Porsche vehicles. Their introduction of modern organisational practices were well advanced, and exhibited some similarity to GM Saturn Plant arrangements within the German context. Finn Fleishauer has strongly embraced a team approach, with team leaders qualified with Team Meister qualifications. Bonus payments are paid to teams and shared equally within them, based on work output exceeding standard rates set by the industry.

Worker input, decision-making, and participation to decision-making within in teams in respect to processes and technical arrangements are strongly encouraged. There is a conscious effort within the teams to break down barriers between the so-called white and blue-collar workers, with a strong effort by the firm to devolve responsibility and accountability to teams and individual team members. The teams handle their own finance and personnel matters with training to the team leader directed to improve these skills.

1.2.3. The Change Process

Invariably, such organisational reforms are occurring within a clearly established framework. Changes of such magnitudes to enterprises has required a long term corporate vision, and this is usually set out in a corporate or strategic plan which sets out the short and longer term outcomes and objectives, and related performance indicators for the enterprise.

A critical element of this strategic plan is the awareness among employees of its existence and the impact, which their contribution can have on its achievement. Examples of best practice in this regard illustrate the benefits of the widest possible participation by all employees in the development, and consequent understanding and commitment to achievement of the plan. Those companies, which the study tour believe to be utilising best practice, have identified, through an effective human resource development component

of the plan, the skills development strategies that need to be put into place to achieve the enterprise's objectives, including output targets, performance, and quality levels.

In the case of the GM Saturn Corporation, each individual employee has an annual personal development plan that sets out their training for the year, linking how their skills development would further enhance the performance of their work unit in achieving its specific objectives and outputs, within the context of the total plant operations.

Similarly, BP International are developing competencies within the initial emphasis on those that will lead the organisational change, build the best teams, and shape the company's performance. Personal development plans are compulsory for high potential managers, and voluntary for every manager. BP is presently examining a reward system for individual achievement of such development plans.

In Korea, the Samsung Corporation, with its reputation as being one of the best employers in Korea, has a high commitment to education and training of its employees, with a number of training centres throughout Korea, a number of programs emphasising new people-management skills associated with organisational reform, with particular emphasis on international operations.

In Singapore, Delco Electronics, a Division of the General Motors Corporation, has a culture that focuses on the practice of people-centred management, with the philosophy that embodies the qualities of competence, productivity, quality consciousness and team spirit. Top priority is given to training and development, with manufacturing and technical skills strongly complemented by human resource management skills. The company policy is that all employees with management responsibility must have a role in training and counselling, with leadership requiring cultural building through enthusiasm and empowerment of others, such that all members of teams can contribute. Again, the human resource development plan is an integral, and high priority component of the company strategic plan. Management development programs have a high priority, and include a team approach to operations.

1.2.4. Leadership Development

There is compelling evidence to suggest that human resource development when related to the organisational reforms that are occurring in best practice enterprise examples is the critical aspect in improving enterprise competitiveness. It is apparent that the roles of managers at all levels are critical in effectively bringing about the process of change.

The GM Saturn Corporation is an excellent example of a modern organisation structure, with all personnel with management responsibilities from the CEO down, required to participate in the training of other staff as an integral component of their responsibilities.

There are various views on the definition of leadership, and whether this forms part of a manager's function within an organisation. A useful definition for leadership was provided by the Centre for Creative Leadership, where they suggest that it is the process of bringing about achievement of performance/business objectives and is not a position of authority. The CCL argued that leadership is an important factor in introducing a quality culture, and is not confined to individuals occupying formal management positions.

CCL have undertaken significant development work on leadership competencies and suggest development of these attributes in managers will strongly enhance their contribution to the strategic directions of the organisation.

The Leaders for Manufacturing Program at the Massachusetts Institute of Technology is a partnership involving the Engineering and Management Schools of the Institution and a consortium of leading US manufacturing firms, with the objective of discovering and translating into teaching and practice the principles that produce world class manufacturing and manufacturing leaders.

It is therefore critical to recognise the importance of developing our managers to ensure that they can fulfil their critical role in bringing about the cultural changes necessary to reform our organisations and enterprises in a manner that enables the desired level of competitiveness to be achieved.

A specific issue in this regard is the more detailed consideration that needs to be given to strategies to assist the transition of specialists to management positions in organisations. This important issue has been researched and findings published by Dr Linda Hill, Associate Professor at the Graduate School of Business Administration, Harvard University.

In recognition of the new role of managers, particularly front line managers, Germany have included in their Meister Certificate, components of coaching and training.

1.3. Development of Leaders and Managers

Within the wider spectrum of management development associated with necessary organisational reform is the new and critical role that team leaders and front line managers must play. The changed role of the traditional supervisor into one of a team leader, mentor, and coach, with responsibility to develop team members and to encourage the required level of input and commitment from all team members to achieve team performance levels is seen as a key to enterprise competitiveness. A relevant report is the United Kingdom Confederation of British Industry publication 'Focus on the First Line Manager', which sets out in detail the new requirements for this important front line management role in modern enterprises.

There are significant overseas initiatives, which illustrate the widespread international recognition of the importance of the need to upgrade the skills of managers. These provided useful examples upon which Australian industry could base initiatives, appropriate to raise the skills of our workforce and, in the first instance, our managers.

1.3.1. Overseas Initiatives

The United Kingdom has established the Management Charter Initiative, which is a partnership between government and business, as a strategy to develop the United Kingdom's management skills. The MCI has developed detailed competency standards for three levels within the National Vocational Qualification System in the UK, at supervisor, front line manager, and middle manager levels, and has established networks through the Chamber of Commerce and local training providers, to encourage the implementation of management skills development programs. The MCI is, in fact, a system of linking competencies with performance, and about achieving business results. An additional initiative in the UK is the 'Investor in People' program, established as a means of encouraging companies to strive for best practice in terms of their human resource management approaches and followed a strong recommendation from the Confederation of British Industry. The initiative, whilst initially government funded, is now moving to an industry-driven arrangement with an independent industry-based Board of Directors taking over responsibility for the program. The program registers enterprises who invest in the skills development of their people, with a program based on four principles. These are :

- Development programs to assist employees develop skills to achieve business objectives;
- Regular review of the training and development needs of all employees;
- Action to train and develop individuals on recruitment through their employment;
- Evaluation and investment in training and development to assess achievement and improve future effectiveness.

In Germany, the Wuppertaler Kriess was established in response to government determination that it needed an independent organisation to oversee, encourage, and carry out research into management development. The organisation is not a direct provider, but a facilitator of management training through a range of institutions. Its role is in research and promotion of best practice in management development.

In Korea, the government has established the Korean Productivity Centre under the Ministry of Trade and Industry as a non-profit, autonomous organisation within its education and training function. The Centre

offers a wide range of management training that seeks to provide skills in relation to business management, marketing, and industrial relations.

In Singapore, the National Productivity Board has established its Training Institute, which provides a wide range of management development programs, aimed at improving Singapore's economic performance, Singapore strongly encourages enterprises to continually train their staff through the Skills Development Fund which, within certain guidelines, is an obligatory taxation impost on companies with reimbursement available based on levels of employee training. Under the auspice of the NPB Institute is the Singapore Service Quality Centre, which concentrates on training individuals in the provision of high quality service to customers.

In the United States, the work of the Centre for Creative Leadership in carrying out research, development, and delivery of leading edge programs in leadership and management development, illustrates a strong recognition and commitment for the importance of the area.

In Japan, the Japan Industrial Training Association was established by the Japan Employers Federation, with objectives to promote industrial education and training activities, provide in-house training programs, and consultancy services on training programs for industry sponsors, study conferences, lectures, and international skills. JITA believes its most effective role is to offer programs for Train the Trainer. These programs have a significant multiplier effect. The Association's main program is its Management Training Program for Japanese supervisors. The program has been significantly updated and is now a very widespread program for Japan's middle management.

The European Commission, in conjunction with the Irish Government, has allocated twelve billion pounds to be spent over the next six years on the development of Ireland. A significant proportion will be directed to education and training. Significant funds for management training will be available from the development grant.

1.4. Findings

- **Competitive performance is directly related to the levels of management skills throughout an enterprise**
- **Leadership is the process of achieving business objectives through others while not relying on the authority of the management role**
- **Competent managers give high priority to continuous improvement in all aspects of their organisation's performance**
- **A commitment to ongoing quality improvement is an effective lever for promoting improved management development practices in enterprises**

2. Development of Front Line Managers

2.1. The Changing Role of Front Line Managers

There is a widespread view in Europe, North America and Asia that to maximise enterprise performance the role of the front line supervisor/front line manager must be one in which emphasis is placed on coaching, mentoring and training skills, rather than the traditional role of controlling and directing. The new role of the front line supervisor is being embraced with enthusiasm by best practice companies. In many instances the change in the role of the front line supervisor/front line manager has been accompanied by the introduction of continuous improvement programs within the enterprises, which have dictated the need for a less authoritarian and more team-based approach to work organisation.

There are large numbers of examples of companies and organisations who have embraced the new role of the front line manager, as well as programs supported by industry and government, which seek to, both

promote the benefits of this new role and offer programs of training to deliver the skills required by the new front line managers.

2.2. North America

In the GM Saturn Plant in Tennessee, all managers and employees are provided with an unusually wide range of opportunities for learning and development. A special target group was the "front line" manager who operated as a team leader at the level of the work team and who was called the work unit counsellor. A second group who had added responsibility and who "managed" a number of these teams was called the work unit module adviser. The most professionally designed learning programs are provided for these front line managers which are at the leading edge of instructional design.

The training of these advisers occurs over a three-year period with on the job experience being dispersed with training covering three areas:

- **Learning the Ropes, which** provided immediate practical knowledge during the first month on the job.
- **Skill Building, which** increased knowledge of guidelines, tools and methods during the first year.
- **Ongoing Development, which** developed and strengthened skills in managing all aspects of the business.

The Centre on Education and Training for Employment (CETE) at Ohio State University also supports the view that management skills must be pushed down into the organisation. CETE acknowledged the GM Saturn Plan as an outstanding example of empowering front line managers at the operational level. (Further details of the GM Saturn approach are detailed in the GM Saturn Case Study in this report.)

On the subject of best practice for supervisor/team leader programs, the American society for Training and Development (ASTD) indicated that the first task is to identify core management skills for organisations that are driven by quality management. As there are distinctions within particular industries, a process is required for individual companies to customise these core skills. These core skills can then be used as the basis for developing the appropriate training/development programs. ASTD emphasised the trend to decentralised management which required "empowerment" and moving from a directive to a coaching management environment. This move was seen as critical to achieving flexibility and the capacity to manage change.

The National Association of Manufacturers report "Workforce Readiness - How to Meet Our Competitive Challenges" identified the use of teams and empowering front line workers as key elements in restructuring work towards increasing efficiency and productivity within the US manufacturing industries. The report also identified the traditional front line supervisor role as being an impediment to achieving these changes. The report drew attention to the importance of teamwork and the development of teams as a means of fully utilising and capitalising on the skills of the workforce as a whole.

The Canadian Government sponsored 'Compete to Win' program provides a comprehensive approach to the up skilling of the Canadian workforce and includes significant emphasis on the importance of the development of teams and the role of team leader. The program is based on a continuous improvement model, which integrates quality with human resource development. The program focuses on people skills necessary to empower employees and on leadership skills which emphasise communication, coaching and performance management skills -necessary to get and keep their people on side". The 'Compete to Win' program is a major national initiative in Canada and receives backing from the Canadian Manufacturers' Association as well as the Canadian government.

2.3. Europe

This strong focus on "supervisors" was also very much in evidence in the UK. The NEBSM (National Examining Board for Supervisory Management) has 27,000 students undertaking its programs, which are

delivered through 820 centres in the UK. The program is based on learning or study guides, which are designed to help supervisors take more responsibility for their own learning. The NEBSM Certificate, which is considered by some employers as a prerequisite to appointment at this level, requires 240 hours of study plus some face-to-face attendance. The more advanced Diploma program requires another 200 hours of study.

The Confederation of British Industry also strongly supported the importance of upgrading the training provided for front line managers. The CBI publication *Focus on the First Line -the Role of the Supervisor* includes a quote from Nissan UK senior executive:

"It is critical that we in manufacturing industry realise that the front line supervisor, if carefully selected, well trained, highly motivated and given the status and pay appropriate to being what I call *the professional at managing the production process* can make more difference to the long term success of the company than any group other than top management. And even here it is the supervisor who delivers top management policies."

The CBI booklet advocates that supervisors should be the key agents of change on shop and office floors as supervisors are not immune to the various changes occurring in the workplace. It is important that they play a transitional role when self-regulated work groups are given considerable autonomy.

An important strategy to develop the UK's management skills was the establishment of the *Management Charter Initiative*, which was established as a partnership between government and business. MCI developed detailed competency standards for these levels of management with emphasis on the front line manager.

A flexible learning approach for front line managers has been developed by the Northern Regional Management Centre. Their Certificate program uses a combination of interactive workbooks and management learning contracts to provide flexible, work-based development. All participants acquire a common foundation of ideas and techniques as well as being able to develop in areas of unique individual need.

In Germany, the *Meister* system has always provided very strong technical depth at front line manager level and the Meister has always been the backbone of German industrial strength. There is mounting evidence that enterprises in other countries now understand the enormous impact of this role in improving enterprise performance. The German system for training these front line managers is probably still unsurpassed. In Lufthansa, there is still a strong focus on programs for junior managers in spite of a massive company wide cost reduction program.

In Ireland, the National Training Authority (FAS) gives priority to supervisor training at its seventeen training centres throughout the country. The FAS is arranging to offer a "Meister type" program, which will have a high component of advanced technical training, as well as management and supervisory skills. It will be offered to team leaders in a four to six week's full time training spread over a maximum of four months.

2.4. Asia

The Japan Industrial Training Association (JITA), established by the Japan Employers Federation (Nikkeiren) has a strong focus on "train the trainer" at supervisor level. JITA's Training Within Industry Program (TW1) is a substantial twenty-eight day program for supervisors. Its MTP Instructors program, covering twenty-three days, has been completed by more than one million Japanese supervisors. The Korea Productivity Centre also offers a TWI program for front line supervisors. Program content covers the new front line skills including business management; cost reduction; personnel; marketing; labour relations; and team building.

The role of the front line manager is seen as a critical element in the workforce structures in companies throughout the Asian region. In each of the countries visited there is a strong commitment to the development of the front line manager as a key resource for maximising team effectiveness. This emphasis is reflected in the numerous training programs offered by the industry associations, management associations, productivity centres and private providers in Japan, Singapore and Korea.

Programs such as that provided by the Japan Industrial Training Association (JITA) have a strong focus on the "train the trainer" courses at supervisor level.

These courses are seen as having significant leverage by providing supervisors/front line managers with training skills, which are seen to be a key element in their role. JITA's Training Within Industry program (TW1) is a substantial 28-day program for supervisors. The extent of management training for supervisors in Japan is evidenced by the fact that over one million Japanese managers have undertaken the basic management-training program offered by JITA. This program was originally devised by the US Air Force for Japanese supervisors following the Second World War. The program has been significantly updated, particularly to emphasise issues of empowerment and teamwork.

The Japan Employers Federation (Nikkeiren) is also a major deliverer of training programs for front line managers in Japan. The main Nikkeiren program is a two-week program, which focuses on communication and teamwork skills. This program is seen as the basic supervisor-training program in Japan. Other organisations such as the Japan Management Association and private providers such as the SANNO Institute conduct a wide range of training programs directed at the front line supervisor. Similarly, major corporations in Japan also have programs, which focus on the role of the front line manager by emphasising the communication, coaching and teamwork skills of the work team.

The Korean Productivity Centre also offers a major program for front line supervisors. The program, which is similar to that offered by JITA, is referred to as its Training Within Industry (TW1) program. This program covers the front line skills including business management, personnel, marketing, labour relations and team building. Other Korean organisations, such as the Korean Management

Association, also offer programs which focus on these skills. As mentioned above, the large Korean companies such as Samsung also have a strong commitment to the development of their front line managers and are increasingly focusing on the teamwork skills, which are seen as necessary for a modern organisation.

In Singapore a national program has been established with a target of providing "train the trainer" training for 200,000 managers and supervisors. This is consistent with the view that a fundamental role for a supervisor and manager is to be an effective trainer within the enterprise. Singapore's commitment to service quality is characterised by the emphasis, which it places on training in quality leadership. The Singapore Quality Service Centre conducts a range of impressive programs to impart skills for managers and supervisors in providing leadership in service quality. These programs, which are six-day residential programs, have been undertaken by in excess of 20,000 managers and front line supervisors in Singapore since 1990. This program is a Singapore government initiative delivered in conjunction with the National Productivity Board in partnership with Singapore International Airlines.

2.5. Workplace Leadership

The focus on front line managers becoming workplace leaders is gathering momentum as the responsibility for continuous improvement and quality management descends to lower levels in organisations. This focus is prompting companies to recognise the key competencies that front line managers will require to carry out new roles especially the catalyst role for workplace reform. Supervisors must also be seen as the key people in transitioning arrangements for team formation and team building skills.

2.6. Findings

- **Front line managers are seen as a key management *resource for achieving enterprise competitiveness***
- **There is widespread acceptance of importance of changing the role from "cop" to "coach" as a lever to upgrade workforce skills and commitment**
- **Overseas countries have given priority to the development of front line managers, e.g.**

UK - MCI/NEBSM
Japan - Nikkeiren
Germany - Meister
Canada - Compete to Win
USA - Enterprise/Industry Programs
Eire - IDA/FAS

3. Management Competencies

3.1. Development of the Competency Approach

Loosely defined as any underlying characteristics leading to successful performance, management competencies have been the focus of significant attention particularly in the UK and the US during the last decade. A considerable number of research studies have been undertaken at national industry and enterprise levels. During the last twenty years many expert books and articles have been written on this subject.

Support for the concept of management competencies differs in different countries. In the UK for example a government and industry supported initiative has prescribed in considerable detail competencies for managers. In the US, the major push came from researchers and the American Management Association in the early 1980's and the main thrust has been to use competencies as a management tool at enterprise level with no national scheme or initiatives. Elsewhere, the promotion of management competencies is seen as an industry or enterprise issue, which does not require any form of government support. A primary focus during meetings was to review management skills/competencies for new forms of work organisation. As well, there was concern to ensure a double focus on both management competencies and technical competencies for managers.

3.2. Management Charter Initiative

Probably the strongest support for this important management tool is being provided by the Management Charter Initiative (MCI) group in the UK. Established as a result of the seminal reports on the Making of British Managers by Constable and the Making of Managers by Charles Handy in 1987, the MCI is a partnership between Government and business. It was formed in 1988 to improve the performance of UK organisations by improving the quality of UK managers. In 1990, the UK Government appointed the MCI as the lead body responsible for the development of National Standards of performance for managers and supervisors. These standards are designed to be used flexibly to suit the requirements of all enterprises.

To date, they have focused on three management levels:- supervisors; front line managers; and middle managers. These levels have been designed to link in closely with the National Vocational Qualification (NVQ) framework, which provides competence-based qualifications for nearly all jobs and professions. This means that managers and supervisors who can demonstrate competence at work can gain an NVQ at the appropriate level from an awarding body. The Management Standards are currently available for supervisors at NVQ level 3; front line managers at NVQ level 4; and middle managers at NVQ level 5.

The management standards developed by the MCI have as their key purpose "to achieve the organisation's objectives and continuously improve its performance".

There are four key roles: managing operations; managing finance; managing people; and managing information. These key roles are further broken down into units of competence; elements of competence; performance criteria and range statements/indicators. The MCI suggests that enterprises can use them for a variety of purposes including development needs analysis, design of training and development programs; assessment; qualifications; job descriptions; recruitment, selection and promotion; succession planning; appraisal; performance pay; organisational structure and total quality management.

The MCI "Crediting Competence" initiative was developed as a means for assessing managers' and supervisors' current levels of skill and competence and to identify areas for further improvement. Managers

are given credit for what they already know, and can do, and resources can then be focused on helping managers to attain new skills critical to the enterprise concerned.

The Confederation of British Industry supports a competency-based approach as the most effective means of improving the skills and competence of front line managers/supervisors. The CBI also supports the Management Charter Initiative to raise the profile of management skills, particularly those based on new forms of work organisation.

3.3. Center for Creative Leadership

The Center for Creative Leadership (CCL) in the US has completed a significant amount of work on leadership competencies. Leadership is seen by the CCL as a process independent of position authority and embedded in everything that a manager does. On this view leadership is everyone's responsibility.

The CCL has identified the following generic competency areas:

- Interpersonal relations;
- Systems - structure and culture;
- Trade offs - trying to get all conflicts in the open;
- Flexibility - responding creatively to situations; and
- Coping - how to maintain equilibrium.

CCL has concluded that the need to deal effectively with interpersonal relationships is high on the agenda for leadership success. If a senior executive is to accomplish a range of leadership tasks, the starting point must be to handle differences between oneself and others effectively. As well, dealing with diversity is critical.

CCL has developed a considerable number of competency-based tools for use in their own development programs and which can be used by enterprises. For example, their "Benchmarks" instrument is a diagnostic tool to help individuals to identify their own particular strengths and weaknesses prior to taking some developmental action.

3.4. Enterprise Competencies

Professor John Burgoyne, Head of the Department of Management Learning at Lancaster University, supports the development and use of competencies but not in the way pursued by the MCI approach which he sees as too mechanistic, particularly when promoted at a national level. He supports the use of tailor made management competencies to suit particular enterprises. An example of this is the approach taken by the Hong Kong Bank in Singapore. The bank's generic management competencies were put together at head office level and support for them varies throughout the organisation. A flexible approach has been taken to their implementation however and divisions within the bank can tailor make them and adapt them to suit their own business requirements. This process is used to generate commitment and support for management competencies from local managements. The Bank's Singapore Training Centre meeting emphasised the need to ensure that any generic management competencies do not lock the enterprise into competencies and skills that are outdated.

At enterprise level BP International in London established a Project 1990 - to, among other things, rethink what leadership and management skills the company required during the 1990's to deliver its business strategy. BP used the Hay McBer model to define their management competencies, which among other things provides a common language for managers about their critical areas of competence. The BP competency grid includes business acumen and customer responsibility; open behaviour and teamwork; and a functional area of technical and professional mastery. Some examples of BP management competencies that have been identified include:

- Leads change: strategic vision; initiates and energises; and leadership in uncertainty;
- Builds best teams: shapes the organisation; creates successful teams recognising diversity; motivates and develops; and
- Shapes performance: defines and clarifies; inspires moulds and improves; coaches.

Competencies of branch managers at the Allied Irish Banks in Dublin include:

- Developing strategy: enabling the manager to prepare effective marketing and business plans;
- Developing the business: enabling the manager to understand key components of the business;
- Managing the business: enabling the manager to manage his/her team effectively through leadership, performance management and staff development; and
- Being personally effective: enabling the manager to maximise his/her performance through the effective use of a wide range of personal and interpersonal skills.

The Japan Industrial Training Association (JITA) conducted a comprehensive survey of in-house corporate training in 1990. Among the key areas of management competence identified as being of most importance to managers was:

- Management strategy-management planning;
- Domestic and foreign economic and social trends;
- Entrepreneurial mind;
- Strategic way of thinking;
- Personnel affairs- management of the organisation.

A considerable number of the enterprises visited were concerned about the skills of their front line managers and the competencies associated with managing people. The Samsung Corporation in Korea places a strong emphasis on people management skills. The company has identified the need to change its training for CEO's and senior executives from having an emphasis on position responsibilities to a primary focus on people management. This training is manifested through a "21st Century Leader" program, which covers six months and is considered to be the equivalent of an Executive MBA program. Its major objective is to get senior executives to understand the importance of motivating their subordinates through the management of their psychological needs. Twelve separate themes are available for study including leadership, negotiation, conflict management and conducting meetings. The American Management Association (AMA) believes that effective people skills require sound management of cross-functional teams; diversity; flatter hierarchies; demotivated staff, and professional and technical people becoming managers.

At the General Motors GM Saturn Plant in the US, distributed leadership and high performance teams are seen as being central to business success. As already suggested earlier, the plant has virtually made the change from the traditional supervisor role to a new leadership role.

This focus on team skills is reinforced by the major National Association of Manufacturers Joint study with the US Department of Labour on Workforce Readiness in 1992. Chief executives in the study reported that the use of teams, and empowerment of front line workers, were key elements in restructuring work towards increased efficiency and productivity.

Finn Fleischauer, an automotive company based in Cologne, has made a strong effort to focus on team skills by devolving responsibility and accountability to teams and team members. The team handles its own finance and personnel matters, with training for the team leader directed to improve these skills.

The notion of reaching an appropriate balance between management and technical skills was also highlighted during meetings. For example, during the MIT discussion about the Leaders for Manufacturing program, there was a strong focus on the importance of leaders and managers having both management breadth and technical depth. The same point was made during the meeting with the Institution of Engineers of Ireland held in Dublin.

3.5. Coaching/Teaching Competencies

Professor Linda Hill of the Harvard Business School, in her work on the transition of specialists into management, emphasises the importance of the coaching skill and says that rewarding managers for coaching subordinates is essential in enterprises. She reports that the most challenging learning was learning about people, not learning about tasks. At the GM Saturn Plant "teaching" is seen to be a key area of skill for all leaders and managing people competencies are strongly emphasised. Similarly, the American Society of Training and Development (ASTD) in Washington consider that competencies relating to learning are very important. The new skills required in a decentralised management structure, in an 11 empowered organisation, include moving from directive to coaching skills and the skills required to manage change. The importance of coaching skills were also acknowledged by the Society of Human Resource Management (SHRM) in Washington which suggests that some built in accountability is needed to encourage managers to develop their subordinates skills. Similarly, the American Management Association (AMA) in New York reports that the role of the traditional supervisor has moved to 'Job coach". At Delco Electronics in Singapore, all employees with managerial responsibilities must have a role in training and counselling. The Singapore Government, through the National Productivity Board carried out a study, in 1990 entitled "The World Class Trainer Infrastructure", As a consequence, a national program was initiated with a target of 200,000 managers and supervisors to become trained as trainers.

3.6. Generic versus Enterprise Competencies

Competencies seem to be most useful to enterprise management development when they are:

1. Determined by current and emerging business requirements;
2. Based on successful management performance;
3. Designed to be simple and easy to use;
4. Associated with equally important key technical competencies;
5. Enterprise focused and tailor made to suit enterprise needs; and
6. Developmentally oriented.

There are clearly a number of management competencies that are generic to many enterprises including for example the cluster of competencies associated with managing people effectively; those associated with business acumen; and those relating to international management. Enterprises also have their own priorities for particular management competencies driven by their business and the level of manager involved. In this regard, considerable attention is being given to those competencies involved with empowering front line managers, particularly in the area of developing people and helping employees to learn and to improve their performance.

In terms of the broad areas of competence that enterprises visited are addressing, the most frequently mentioned include:

- Leadership;
- Strategy;

- Business acumen;
- Customer relationships;
- Managing people;
- Empowerment;
- Learning; and
- International operations

The importance of skills and competencies that focus on international operations will be discussed further below (Chapter 4). Management competencies are also discussed (see section 5.4.5) as an element of best practice management development.

3.7. Findings

- **Competencies are widely recognised as a key management development tool for enterprises with application to all levels of management**
- **Competencies provide the focus within enterprises to link management development to business strategy and direction**
- **Any national initiative to develop generic competencies must be industry driven with strong government support and must provide scope for enterprise specific competencies**

4. Skills for International Operations

4.1. The Australian Scene

The progressive reduction in tariff barriers in Australia and countries overseas along with developments such as the finalisation of the GATT round and the general opening up of international trade will require Australian companies to speed up the process of developing export markets for their goods. The reduction in tariff barriers in Australia alone will mean that in Australia's domestic markets there will be increased international competition and with the likely result of being a reduction in market share for domestic producers, Australian companies will need to secure overseas markets in order to simply maintain production volumes (and employment opportunities in Australia).

Until recently Australian exporters were largely confined to the large Australian commodity producers supplying raw materials for overseas manufacturers. In recent years increasing numbers of small or medium size Australian companies have developed export markets. Australia, however, is a very small exporter of manufactured goods and is facing increasing competition in its export markets for commodities.

The visits to the overseas countries by members of the Task Force have reinforced the need for Australia to develop programs to enable Australian managers to acquire skills, which will assist them to operate in the international arena, particularly in terms of identifying opportunities and then securing markets for Australian produced goods and services. Some Australian companies have seen their market as being limited by the coastline of Australia, however with greater competition on our domestic markets companies are now realising the need to operate in the international arena.

In discussions during the Study Tour, Task Force members came across numerous examples of programs offered by individual firms, industry associations and governments that are designed to provide skills to managers in those countries to equip them to operate successfully within the international arena. Currently in Australia our programs are limited to a small number of overseas fellowships offered by the Department of Foreign Affairs and Trade, Austrade and a limited number of overseas Study Tours organised by industry associations.

4.2. Developing Management Skills

Given the study tour focus on how managers develop skills for international operations, it was interesting to note that many enterprises believe this area of competence to be of vital importance to their future.

4.2.1. Singapore

In Singapore, it is a national issue being promoted by the Government. The Economic Development Board has encouraged the formation of a consortium, which includes the Singapore Institute of Management and the National University of Singapore to help Singaporean companies invest abroad and develop the skills to work and live abroad. Interestingly, there is also acceptance in Singapore that international skills can be grown initially at a domestic level, preferably by working in close proximity to managers who have had international experience in the past. At Hong Kong Bank, a cadre of international managers, known as their "international grade", is developed as a matter of good business sense.

4.2.2. Germany

The German Government sponsors the Carl Duisberg Society (CDG) which sends in excess of 10,000 German managers overseas each year on study tours.

The CDG is an example of a major organisation which focuses on providing German managers with the access to skills for international operations, as well as offering training programs and exchanges for managers from other countries, and programs for German university students to be able to work in developing countries. The CDG is a non-profit organisation, which is sponsored by over 1,000 German companies, while also receiving significant funding from the German Government. CDG is an example of a highly coordinated approach to the provision of skills for international operations and is seen as having had a major impact on the export success of German firms. The CDG could be used as a model for the establishment of a similar organisation in Australia. The case study in this report provides further details of the organisation and programs offered by the CDG.

4.2.3. Canada

The need to provide skills to enable managers to operate in the international environment has been recognised in Canada as a key to Canada's economic prosperity. The Canadian Manufacturers' Association, with the support of government agencies, has established a national program of training through community colleges in Canada. The program is designed to equip Canadian managers with an understanding of foreign markets, the means of gaining access to those markets and then the on-going requirements to conduct business within the international environment. The FITT program is highly regarded in Canada and is seen as an important element in the Canadian strategy to develop its export markets.

4.2.4. USA

The impact of international competition is just as evident in the USA as it is in the other parts of the world, with American managers now stressing the importance of export markets for American companies. This is in contrast to the views expressed to the Australian Mission on Management Skills in December 1990 where American managers indicated that in their view the issue of developing export markets was not relevant as the American domestic economy was a big enough market in its own right without the need to seek export markets. The increased competition from imports in the US domestic market in recent years has obviously forced this change in thinking. Organisations such as the National Association of Manufacturers, the American Management Association, the Society for Human Resource Management and the American Society for Training and Development all now point to the importance of American managers gaining skills and experience, which will enable them to be more effective in the international business community. Each of those organisations believe that American organisations could learn a great deal from the programs offered by the Asian countries in terms of training managers for international operations.

4.3. Cultural Aspects

In turning to the emphasis on international skills, which is so evident in the Asian countries, it is clear that the Asian countries place significant emphasis on the cultural aspects of international trade. This is evidenced by the large number of international study tours which are conducted by organisations in Japan and Korea, and the general recognition of the importance of the managers in those countries having an understanding of the markets into which their goods and services are being or could be exported.

The Samsung Corporation in Korea each year sends four hundred of its employees on offshore study tours lasting six months. It is understood that the focus of these study tours is to enable these employees to observe the culture and management styles in overseas countries. Competition for places on the program is highly competitive and the cost to the company is around \$US 50,000 per person. As well, the Samsung program for new chief executives involves a three-month program in Japan or the US where participants gain a better understanding of foreign markets in which Samsung operates. The Korea Management Association (KMA) also places a strong emphasis on the development of international skills by managers. "Cruising University" projects are organised to Japan and China and "Observational Study Missions" are arranged to business communities in the USA, Japan, China and Canada.

In Japan the NEC Corporation has an International Education Program with the following aims:

Promote company-wide internationalism; develop skills of personnel for overseas assignments; educate in Japan overseas executives and managers of affiliated companies; and share accumulated know-how on NEC's international management;

Approximately eight hundred NEC employees, including managers, are on assignments to overseas posts at any given point in time. Generally these assignments are for four to five years in length. NEC employees make around ten thousand overseas trips each year.

Teijin Limited in Japan, middle sized company with around twelve thousand employees, considers that the training of managers for international operations is very important for the company's future. The main prerequisites for an overseas posting is having a strong track record in a management role in Japan and the potential to adapt to local customs and cultures of the target country.

The Sanno Institute of Management offers an extensive range of international study tours for managers as well as programs for managers from overseas. With Japanese companies moving a significant proportion of their manufacturing offshore, the Sanno Institute believes that this will require a greater focus on the skills necessary for managing offshore operations. The Japan Management Association (JMA), the major management training institution in Japan, believes that exposure to international marketplaces and cultures is essential for the development of Japanese managers. Study tours for managers organised by the JMA are seen as an important means of enhancing the international skills of managers.

The Japan Employers Associations (Nikkeiren) has a special program for emerging managers, which involves twelve seminars held over one year, and a ten to fourteen day overseas study tour, which in 1993 visited Eastern Europe. The purpose of the program is to identify business opportunities and management issues, which will be relevant to Japanese businesses in the next century.

4.4. Need for Australian Programs

The picture painted for the Task Force from the discussions with companies and organisations in Europe, North America and Asia is that the issue of training for international operations is taken very seriously in countries with a non-English speaking background. It seems that there is a tendency in the English-speaking countries to assume that the English language skills will be sufficient to enable managers to operate within the international environment. Increasingly, however, Australian companies are looking to countries in which English is not the main language and the cultures of which are significantly different from our own. The Asian countries have recognised the need to address these issues and are undoubtedly some way ahead of the western English-speaking countries in equipping their managers for international operations.

The Task Force Study Tour has highlighted the need for the establishment of programs in Australia, which can equip Australian managers to take their place in the international business community whilst recognising that the business community increasingly will be focused in the Asian region. Accordingly there is an urgent need for programs to be developed which provide Australian managers with an understanding of Asian business practices, languages and cultures. Australian managers do not need to be proficient in the Asian languages, but they must have at least sufficient language skills and an understanding of local cultures to observe normal courtesies. Similarly we see tremendous advantages to Australia being available if our managers have a greater understanding of the opportunities, which are available for Australian goods and services to be exported to Asian and other countries. The provision of study tours and exchanges and, perhaps just as importantly, opportunities for Australian university students to be able to undertake some of their studies in another country, are seen as critical to Australia's success as an internationally competitive exporter. Such a focus exists in Ireland where the Irish Government sponsors a scheme whereby University students undertake one year of their studies in another European country.

4.5. Findings

- **Non-English speaking countries have a much stronger commitment to equipping their managers with skills for international operations as a key strategy to identifying and developing export opportunities**
- **High priority and resources are devoted to international skills development by both industry and government in these countries**
- **Programs for undergraduate and postgraduate studies overseas are seen as providing countries with a comparative advantage**

5. Best Practice Management and Leadership Development

5.1. Enterprise Best Practice Management Development - Origins

Enterprises visited such as the GM Saturn Plant in the US; BP in the UK; Lufthansa in Germany; the Allied Irish Banks; the Bank of Ireland; Hong Kong Bank in Singapore; Delco Electronics in Singapore; Samsung in Korea; NEC and Teijin Limited in Japan are all, in different ways, strongly committed to improving management quality.

In addition the many experts consulted including Dr Peter Honey, Professor John Burgoyne, Mac Stephenson, George Boak and Alistair Mant in the UK; Dr Linda Hill, William Hanson, Donald Rosenfield and Robert Thomas at MIT in Boston, US; the ASTD and other leading management associations and peak bodies in the US, the UK, Ireland, Germany, Singapore, Japan and Korea all reinforced the importance of upgrading and enhancing the skills of managers and potential managers.

As the study tour progressed, it became clear that the information and opinions gathered about the six topic areas identified above could be used to identify the building blocks of enterprise best practice management development.

In fact, there was only one significant Government backed "best practice" initiative, which embraced not only management and employee development but other aspects of personnel or human resource management as well. The "Investor In People" (IIP) initiative was introduced by the British Government as a means of encouraging companies to strive for best practice in terms of their human resource management practices. This initiative was originally promoted by the Confederation of British Industry and is supported by a range of employer organisations. It is, in essence, a national initiative to promote the value to British enterprises of developing best practice personnel or human resource management strategies and practices. A company could seek to meet British Standards (for example BS 5700), which is about process and also seek to be an IIP company, which is about good management practice. Such a company would be demonstrating commitment to best practice principles.

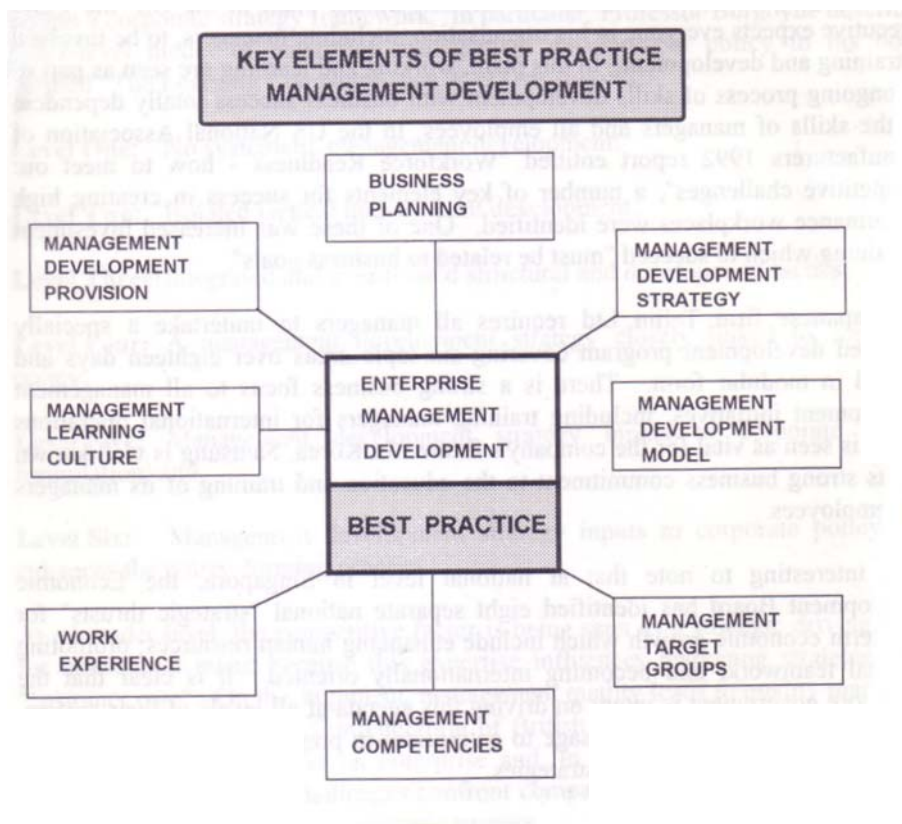
The American Management Association (AMA), suggested that management development best practice could be used by enterprises to demonstrate how it has helped to improve customer service and product quality. The AMA also pointed out that the constant re engineering of many US corporations has made them well aware of the need for management competence and the importance of growing management skills.

In the UK, Professor John Burgoyne suggested that one way of generating acceptance for the importance of management learning was to "highlight examples of good learning organisation practice". Research could be undertaken to identify best practice "learning companies" and a competition could be established to identify the four most effective learning organisations in Australia.

The remainder of this study tour report describes some of the elements of best practice management development that were identified and recorded during each of the overseas meetings and visits. These findings will be blended with the outcomes of enterprise visits in most Australian states to form a more comprehensive view about the key elements of management development best practice for Australian enterprises.

5.2. Enterprise Best Practice Management Development Initial Impressions

The diagram below indicates the key elements of best practice management development that were identified following the study tour. Some of these elements have already been discussed earlier in this study tour report. While they are linked to the early assumptions made by study tour members, it is clear that the expert input received added considerable value to these initial views.



5.3. Key Elements Explained

5.3.1. Business Planning

Business driven management development was a highly visible characteristic of many enterprises visited. Leading corporations such as the GM Saturn Plant, BP, Hong Kong Bank, Delco Corporation, Allied Irish Banks and many others are very clear about the firm link that must be established between business

planning and management development. All aspects of management development must support the business plan and help managers develop the management skills that the business requires.

For example, at Hong Kong Bank in Singapore, management development and other training programs are: "all designed to support directly and indirectly the 1993 Business plan". BP, in London, identified the benefits to the business of management development ten years ago and has invested considerable sums since then in initiatives to enhance leadership and management skills. In fact, its management development function is seen to be so important that it reports direct to the chief executive. The Bank of Ireland has deliberately sought to integrate its management development activities with its business plans. The Allied Irish Banks have developed a corporate plan, which identified training as a major requirement for turning around the business. In the GM Saturn plant in the US, the Chief Executive expects everyone in his organisation, including managers, to be involved in training and development. In this plant, working and learning are seen as part of an ongoing process of skills development with business success totally dependent on the skills of managers and all employees. In the US National Association of Manufacturers 1992 report entitled "Workforce Readiness - how to meet our competitive challenges", a number of key elements for success in creating high performance workplaces were identified. One of these was increased investment in training which to succeed "must be related to business goals".

The Japanese firm Teijin Ltd requires all managers to undertake a specially designed development program covering six topic areas over eighteen days and offered in modular form. There is a strong business focus to all management development initiatives, including training managers for international operations, which is seen as vital for the company's future. In Korea, Samsung is well known for its strong business commitment to the education and training of its managers and employees.

It is interesting to note that at national level in Singapore, the Economic Development Board has identified eight separate national "strategic thrusts" for long term economic growth which include enhancing human resources; promoting national teamwork; and becoming internationally oriented. It is clear that the Singapore government is intent on driving this agenda at all levels of their system. This will provide a strong message to enterprises in preparing their own business and management development strategies.

In all enterprises visited, management development practices were driven by business requirements. In some cases, a business plan was the tool used to direct the course of management development in a particular enterprise. In other cases general business requirements provided the stimulus for activity.

It is clear that best practice management development is dependent on a clear and direct linkage to an enterprise business plan.

5.3.2. Management Development Strategy

In most enterprises, however, there was little evidence of a formal, documented strategy or plan that drove management development activities in particular. Sometimes there was a training plan, which directed training activities for managers and employees. But there is increasing evidence to suggest that a more strategic perspective is emerging as the next stage in the strengthening and maturing of enterprise support for management development.

In this regard Professor John Burgoyne in the UK suggested that a satisfactory national management development policy should include good corporate management development practice. This in turn should be directly related to internal labour markets and it should among other things focus on the effective facilitation of all learning ("whole company learning") and career structuring within a corporate strategy framework. In particular, Professor Burgoyne describes a six-level model of enterprise management development policy in his book entitled "The Learning Company" (pps 96-97) as follows:

Level One: No systematic management development;

Level Two: Isolated tactical management development;

Level Three: Integrated and coordinated structural and development tactics;

Level Four: A management development strategy closely linked to corporate policy;

Level Five: Management development strategy inputs to corporate policy formulation; and

Level Six: Management development strategy inputs to corporate policy and enhances the policy-forming process.

At a broader level, the competitive factor is being seen as a strategic driving force for managerial talent because this expertise influences marketing strategies and "11 customer care". On this argument, management quality leads to quality marketing and quality service. The Confederation of British Industry has put a strong case for training at all levels in an enterprise and, in emphasising that a number of longer term competitive challenges confront companies, the CBI sees training and development as vital keys to economic success.

The Allied Irish Banks (AIB) in Dublin embarked on a major initiative called their "Marketing Action Plan" in 1986. This plan had the development of greater professionalism of AIB managers as its central activity to ensure that the highest standard of service was delivered to the customer.

In Japan, the Ministry of Labour provides extensive subsidies to industries but requires companies to submit a human resource development plan as a prerequisite to providing a subsidy, which at a minimum could cover one third of the cost of training undertaken.

The American Management Association (AMA) suggested that best managed companies in the US have a plan for improving the quality of their management stock. It is a growing trend for larger companies to have these plans. The American Society for Training and Development (ASTD) indicated that the reengineering of US corporations is beginning to include re-engineering of the management development function. While the need for an enterprise management development strategy was accepted, the ASTD suggested that the question to be addressed is how this need will be recognised by enterprises and how they will design such a strategy.

In Singapore, Delco Electronics has an HRD plan that is "an integral; and high priority component of the company's strategic plan". The "Master Training Plan" is a formal method of planning to bridge key skills deficiencies via individual development plans.

Given the need for continuous improvement to meet competitive challenges in all management practices and activities, it seems a sensible investment to prepare some form of management or human resource development plan that links with an enterprise business plan. The primary benefit would be to ensure that managers have the right mix of skills and competence to deliver required business outcomes. The need for some form of promotion, or incentive, to encourage this activity is clear and was underlined during the meeting with the ASTD in Washington.

There is a strong argument to suggest that a management development strategy presents an opportunity for enterprises to consider their strategic management training, education and development priorities and the associated business planning linkages. In this regard, it seems sensible to suggest that a strategic approach to these issues underpins best practice management development.

5.3.3. Management Development Model

Study tour members used a simple model of management development to place the major elements of management learning into perspective. Such a model could help managers to understand how best to learn, develop and improve their performance.

The model used suggests that, at a very basic level, managers learn from four primary sources as follows:

- (i) **Work Role** - This involves learning from a challenging work role.
- (ii) **Work Relationships** - This involves learning from relationships in the workplace including from a senior manager, peers, team members, mentors, networks, experts and so on.

- (iii) **Management Education** - This relates to learning from formal management education programs at undergraduate and postgraduate levels.
- (iv) **Management Training** - This means learning from a variety of internal and external programs of varying lengths and which are competency-based where this is appropriate.

During the study tour, elements of this model were discussed to assess its relevance as a management development tool. For example, the Center for Creative Leadership has undertaken seminal research on the importance of work experience as a primary source of learning and the model was in part based on this work.

Similarly, the Society for Human Resource Management in Washington has produced a "Guide to Developmental Job Assignments in Human Resources." It includes a "Developmental Assignment Model" that sets out how to assist HR practitioners to identify and pursue developmental activities to help prepare them for increased responsibilities. This initiative reinforces the importance of work and job experience as a critical source of learning for all managers.

The separate research project on this model, commissioned as part of the Research Program of the task force, will provide additional information about its utility. Results of study tour discussions suggest it could become a useful component of best practice management development.

5.3.4. Management Target Groups

This fourth element of best practice management development is setting priorities for management development by identifying key management target groups. While this is an enterprise specific issue, five trends associated with it were observed during the study tour..

- (i) The small senior executive group in an enterprise, the "top team" is still critical in determining the level of support and priorities for management development;
- (ii) There is a strong focus on improving the competence and performance of front line managers;
- (iii) The proportion of middle management roles is decreasing with a consequent reduction in the pool of middle managers available for promotion to senior executive positions;
- (iv) Traditional employee & non management roles are absorbing many managerial tasks;
- (v) The "key career transitions" from non manager to manager; from specialist to manager; from local manager to expatriate manager; from senior manager to General Manager need special understanding and proactive developmental support.

While there was an overwhelming focus on training, education and development for front line managers in each country visited by study tour members, enterprises also targeted other management groups, as appropriate, for developmental support. It was also obvious from enterprise visits that some "key career transitions" for managers provide strong development signals, particularly the transition from a technical, specialist or professional role to a management position. Equally important is the transition that some managers are required to undergo from a local into an expatriate environment.

One leading expert on the transition from technical role to manager is Professor Linda Hill of the Graduate School of Business Administration at Harvard University. In her book "Becoming a Manager", Professor Hill studied how individual contributors from a functional background made the transition into a management role. She reports that the transition to manager is not limited to acquiring competencies and building relationships. New managers have to "transform their identity" as they learn to think, feel and value as a manager.

A positive approach to planning for these issues was taken by BP in London who have designed a "continuum of development in five stages as follows:

Stage One: early in a career the focus is on technical skills;
Stage Two: business and technical mastery;
Stage Three: acquisition of leadership competencies;
Stage Four: rounding out of leadership competencies. and
Stage Five: focus on external exposure.

Each stage signals the need for a particular development initiative.

In terms of enterprise best practice, one critical issue seems to be whether a particular enterprise has considered the strategic importance to the business of targeting certain management groups for training, education or development support. This is a top down process, driven by business needs and requiring a careful assessment of how to bridge emerging management skills gaps or deficiencies. In particular, it would seem that some of the key career transitions are not well managed by either individuals or their enterprises. Best practice enterprises understand these issues and manage them effectively to deliver system wide management capability.

5.3.5. Management Competencies

Management competencies have already been discussed in some detail in Chapter above. As well, skills for international operations were covered in Chapter 4.

Key management skills and competencies are used by some enterprises to signal the changes in behaviour required to meet an emerging business innovation or change such as the need for broader cross functional management skills in the case of a business process re-engineering initiative. They are also used as building blocks for the design of in house and external management training and education programs. Management competencies provide an opportunity to focus on learning outcomes and to assess productivity of learning.

Competencies seem to be most useful to enterprise management development when they are:

- Determined by current and emerging business requirements;
- Based on successful management performance;
- Designed to be simple and easy to use;
- Associated with equally important key technical competencies and;
- Developmentally oriented.

There are clearly a number of management competencies that are generic to many enterprises including for example the cluster of competencies associated with managing people effectively., those associated with business acumen; and those relating to international management. Enterprises also have their own priorities for particular management competencies driven by their business and the level of manager involved. In this regard, considerable attention is being given to those competencies involved with empowering front line managers, particularly in the area of developing people and helping employees to learn and to improve their performance.

In terms of the broad areas of competence that enterprises visited are addressing, the most frequently mentioned include:

- Leadership;
- Strategy;

- Business acumen;
- Customer relationships;
- Managing people;
- Empowerment;
- Learning; and
- International operations.

Best practice management development uses management competencies as one important tool in improving business performance. Competencies are designed by an enterprise to reflect its own particular business needs. They are seen to have a number of benefits and to be used for a wide variety of purposes including in many aspects of training, education and development; and a range of personnel related matters including selection, appraisal, and assessment.

5.3.6. Work Experience

Learning from the work role, and from work relationships, was given high priority during enterprise visits and in meetings with experts. For a very long time many companies all over the world have used offshore postings as significant development experiences for their managers. And as already indicated, many of the enterprises visited in Germany (Including the Carl Duisberg Society), Korea, and Japan use planned work assignments abroad as the means for developing international skills. The European Economic Community (EEC) strongly supports exchange programs or partnership arrangements between countries.

But in recent years the focus has widened considerably to include work experience of all kinds. The Center for Creative Leadership has probably done more to promote and research this issue than any other single institution. Their seminal CCL publication "How executives learn from work experience" by Morgan McCall and others has set the agenda for a reformulation of attitudes about the importance of learning from all work related sources.

The CCL's view is that different events experienced by managers teach different lessons and that a primary source of learning is from challenging Job assignments. When a new assignment forces a manager to learn new skills. then that learning becomes a productive experience. The key issue is challenge.

An important distinction is made between:

- Learning *after* an experience and
- Changing course *during* the experience.

Learning to learn is very much about the second course of action. Managers who behave in this way have literally "learned how to learn" from experience.

Professor Linda Hill from the Harvard Business School, discussed an article entitled "Multifunctional Management Development" written by Daplina Raskas and Donald Hambrick and published in Organizational Dynamics in 1992. This article reports the 1989 Korn Ferry International study of CEO's in the year 2000 entitled "Reinventing the CEO: 21st Century Report CEO's were asked to describe the ideal preparation for their successors in the year 2000. Almost seventy per cent of them rated experience in multiple functions as important for future leaders of their firms. The article reinforces this finding and gives strong emphasis to enhancing the capacity of managers by exposing them to multiple functions within an enterprise. The authors warn that not every enterprise will find this approach helpful. They also underline the dilemma facing enterprises committed to this form of development planning. This dilemma concerns how to develop broad gauged flexible managers capable of adapting to a future business environment

while at the same time ensuring that managerial deployment meets current business requirements. The ultimate aim is to develop cosmopolitan managers, "leaders who are experts in the whole company".

In Japan, during the meeting at the Ministry of International Trade and Industry (MITI), the importance of job rotation for all levels of employee was raised and the comment made that it is much more prevalent in larger Japanese companies. Interestingly, the need for some balance was provided during the meeting with Teijun Limited in Japan where company executives indicated that job rotation is not used because it creates generalist skills whereas specialist skills are seen to be the key to success. None the less, Teijun uses offshore assignments as a management development tool. In contrast, the Sanno Institute of Management in Japan considers that rotation and cross-functional assignments for managers is an important part of the management development process used by Japanese companies. These companies solve the generalist versus specialist issue by ensuring that assistant managers have a high level of job knowledge and provide the detailed technical support required.

In Germany, the Lufthansa organisation uses job rotation, foreign duty, and project work as part of its commitment to improving the skills of its managers. At Samsung in Korea, the company has a career development plan, which involves the job rotation of all managers every three years.

In the UK, discussions with Dr Peter Honey and Professor John Burgoyne also reinforced the importance of learning from work experience and the importance of learning itself, to be discussed further below. Dr Honey believes that "learning from experience is the most important of all the life skills".

In London, BP has identified a number of critical points of work experience within its management structure, which provide significant developmental opportunities for potential senior executives. Assignments in these jobs develop a broad range of experience in a wide range of activities.

Mac Stephenson and George Boak from the Northern Regional Management Centre near Newcastle in the UK have undertaken an extensive amount of research into management learning. In his book entitled "Developing Managerial Competences", Boak says "from all the findings of Handy and Constable, and other reports, one must conclude that most managers in the UK get most of their development through on-the-job experience".

It would seem that best practice management development must include a strong focus on learning from work experience, with careful consideration being given to its benefits for managers. The CCL research underlines the importance of challenge as a critical component of learning from work experience. A challenging job is seen to provide a significant learning opportunity.

5.3.7. A Management Learning Culture

Phrases like continuous learning; ongoing learning; lifelong learning-, are well known in the management literature and have been used more frequently in the last decade. In spite of this, "learning" is not yet a fashionable term particularly among managers, probably because it is not seen as directly related to performance and productivity. But there are signs that this view is changing.

In the UK, Dr Peter Honey sees learning itself as an area of competence that underlies all others. It is the most fundamental skill of them all. Similarly, Professor John Burgoyne from Lancaster University considers learning is a "meta competency". For managers, learning to learn skills are critical.

Dr Honey believes learning is still not respectable as a subject area for managers and business people to study. In addition, he says it is also a struggle trying to move enterprises away from traditional notions of training that is usually course based, to the more realistic acceptance of learning in all its forms. In order to get an explosive growth in productivity, learning needs to be as firmly placed on the enterprise agenda as finance. Learning could perhaps be sold to managers as a product or it could be "piggy backed" on some other important enterprise issue.

According to Peter Honey, when managers are asked how they actually learn from experience they usually cannot describe the process of learning. The learning process itself is so important that it requires conscious, deliberate attention. Managers need to ask themselves:

- What have I learned from a particular experience?
- What am I going to do better or differently as a result?

One way of helping managers to understand their own learning is to understand the learning cycle. The Honey learning cycle is based on *Action* (having an experience); *Reflection* (reviewing and pondering that experience); *Knowledge* (reaching conclusions); and *Planning* (planning to do something better). And implementation becomes the next experience. Dr Honey says the key is in getting managers to talk about what they have learned, not what they have done. A useful approach is to encourage managers to become learning opportunists, who make and take learning opportunities for what they are. Managers who are learning opportunists:

- See learning opportunities
- Consciously harness these opportunities

In this sense, learning becomes a managed process rather than a haphazard process.

The London based CENTEC uses the Honey learning materials in its programs.

Learning is seen by the American Society of Training and Development (ASTD) as a key area of competence. The Center for Creative Leadership in the US has placed learning and development firmly onto its research agenda. The CCL research in this area focuses on individuals as leaders and managers and the critical factors which influence how they learn, change and adapt within the context of contemporary organisational challenges. At the American Society for Training and Development (ASTD) meeting in Washington, learning was raised as a key issue and it was suggested that managers need help in assessing what they are actually learning from their day-to-day work experiences. It was suggested that while managers learn from work experience, they would learn a lot more if they understand their own learning style and how to maximise learning from opportunities provided by their work roles. One way of helping managers to assess how best to learn is by facilitated reflection sessions" which is a form of specially designed learning workshop.

The Northern Regional Management Centre (NRMC) in the UK is well known as a key centre of learning research in the UK. Mac Stephenson and George Boak have, with colleagues, undertaken an extensive amount of research into management learning. One of their areas of expertise is learning contracts and George Boak has written a major book on this subject entitled "Developing Managerial Competences - the Management Learning Contract Approach". A management-learning contract is defined by George Boak as:

"a formal agreement between a manager and a trainer about what the manager will learn and how that learning will be measured. The agreement will also cover the manager's action plan and the resources he/she will need. The agreement is formal in that the terms are set down in writing and the document is signed".

The learning contracts designed by the NRMC have won a best practice award from the British Institute of Management and are used widely throughout the UK. Learning contracts have a short-term currency, around four months, and are designed as tools for development and performance improvement.

Development plans are similar to learning contracts and have a longer time scale, usually from three to five years. The American Management Association discussed development plans, which set out a range of learning experiences to be achieved in the medium term. These development plans are used by individual managers and are jointly agreed by manager and senior manager. The AMA indicated that there is a growing trend for companies to have development plans for their managers. BP in London is an example. Development plans are voluntary for every manager and are compulsory for high potential managers. Development is seen as a partnership between the individual manager and BP and plans are based on management competencies. BP is examining the introduction of a reward system for managers who use

these development plans as a framework for learning and improving their performance. In Singapore, Delco Electronics uses a master training plan, which cascades down to individual manager development plans.

More generally, learning is a focus for the UK Training and Enterprise Councils (TEC's), which have among their strategic priorities for managers and employees

"stimulating individuals to take responsibility for their own development and so to contribute to achieving their *lifetime learning targets*"

One of the current London based CENTEC projects on management development for managers in small and medium sized enterprises has as one of its objectives to assess

" preferred learning/cognitive styles in order to establish a Learning Styles Inventory to guide participants in the use of personally effective learning resources"

But learning by an individual manager without supportive enterprise practices inhibits performance improvement. Professor John Burgoyne in the UK says that "we notice that managers can only go so far in developing management skills. They must move to whole Company learning to help the organisation as a whole to change, develop and know its own skills base". Learning is not brought about simply by training individuals, it can only happen as a result of learning at the whole organisation level.

The preface to his book "The Learning Company", written in 1986 by Geoffrey Holland who was then Director of the Manpower Services Commission, said:

"If we are to survive - individually or as companies, or as a country - we must create a tradition of learning companies. Every company must be a learning company"

John Burgoyne, with his fellow authors Tom Boydell and Mike Pedler have defined the learning company in the following terms:

"an organisation that facilitates the learning of all its members and continuously transforms itself"

Professor Burgoyne suggested that generating enterprise support for management learning has obviously been very difficult. The issue is how to *promote, encourage and provide, an incentive for* management learning. Enterprises cannot be forced to provide support for learning and he suggested that one approach would be to highlight examples of good learning organisation practice. Another option would be to establish an "action learning set" of enterprises, which agree to meet in a structured way to learn from each other. Another option is to use the approach suggested by Peter Senge in his book "The Fifth Discipline" -find a touchstone in an enterprise where maximum leverage can be applied to obtain support for management learning initiatives. As well, best practice management development could be promoted to highlight the benefits to managers and their enterprises.

For more than ten years, the BP organisation has supported strongly the benefits flowing from management development. In 1990, following a major review, BP decided to make a commitment to building itself as a learning organisation and many of its initiatives, already described, are dedicated to this end which is seen as having strong commercial outcomes.

During the meeting with the American Management Association in New York, the point was made that the learning organisation is "no big notion". But the AMA meeting also reported that the only sustainable advantage for enterprises is the ability to learn and learn quickly, primarily from the market, and also the ability to respond and react quickly. Increasingly, companies are reflecting on their mistakes and turning them into positive outcomes. Enterprises have to learn how to think differently because creating and developing a learning organisation is not easy to achieve.

At a national level, Singapore sees itself as a learning society. Singaporeans are committed to learning and gaining qualifications, a point made during discussion at Hong Kong Bank's Singapore Training Centre. The Singapore Economic Development Board (EDB) emphasised that with no natural resources, the country is dependent on the talent and skills of its people for economic success. The question of how

learning is linked with productivity in Singapore is a non-issue. Education, training and development are seen as crucial factors for economic development and are the main vehicle through which every individual is given equal opportunity for advancement. Singapore's "manpower development" strategies are based on the following principles:

- Educate each individual to his or her potential
- Develop skills that meet the needs of industry and business
- Promote continuous training and retraining

For the EDB world class operations require trained manpower and specialist skills, which "spearhead new capability development initiatives". Around twenty per cent of the Singapore Government's annual expenditure is on education and training.

Learning is an important component of best practice management development. Enterprises that promote management learning, use a variety of learning tools including learning contracts and development plans, and develop a learning culture for managers are taking important steps towards best practice management development. They are on the road to becoming "learning enterprises".

5.3.8. Management Development Provision

During the visits and discussions there was no clear-cut view about the best way to provide the training and education components of best practice management development. But there are some interesting trends to consider.

The ASTD in Washington noted that the old paradigm of large training functions is being questioned and there is strong pressure on them to produce results. Already some larger US companies have outsourced their training and development function as part of a more general re-engineering process. There has also been a move in some companies to "contract out" parts of their management training and education provision. There is a feeling emerging that the capability of company trainers is not as high as it should be and that external trainers can be brought in for less cost. Allied to this is the ongoing move for part of the responsibility for training to be distributed to line managers.

The Confederation of British Industry reported that industry required providers of management training to be responsive to their enterprise needs. Elsewhere this has been referred to as enterprise or business driven management development rather than provider led management development. The Henley College was cited as a good example of a responsive provider.

The Irish Management Institute (IMI) conducts four Masters programs in conjunction with Trinity College Dublin. The IMI reported that these programs have been well received by industry because they are tailor made to its requirements. The IMI believes that increasingly management training and education will be tailored to meet the specific needs of industry/enterprises. It will be conducted on company premises rather than off site, which will help to ensure, that business objectives are met.

The Dublin City University was established in 1980 to respond to the diversifying industrial sector for higher education support. Its programs are designed to reflect the current and anticipated needs of Ireland's industrial and commercial enterprises. For example the Business School fosters a systematic approach to management education by focusing on both the internal and external environments of business.

In Korea, Samsung has initiated a "21st Century Leader Program" which covers six months and is conducted Jointly by the company with the Wharton School in the US. Half the participants on each program travel to the US for six weeks, with the balance undertaking industry visits in Japan. Samsung is also establishing training facilities in Japan, the US and Europe which will enable it to increase the level of training available to offshore managers and to Korean based managers.

The Allied Irish Banks in Dublin have developed a Master of Science (Management) program in association with Trinity College and the Irish Management Institute. This is a specially tailored Masters program to prepare senior managers of the Bank for their emerging responsibilities.

At Government level in Singapore, the Service Quality Centre, which trains managers and employees, was established as a Government private sector partnership. It was set up via the National Productivity Board (NPB) and Singapore International Airlines (SIA). It has become a best practice example of management and employee training provision.

The Leaders for Manufacturing Program (LFM) at the MIT in Boston is also a partnership arrangement involving a consortium group comprising the MIT School of Engineering; the MIT Sloan School of Management; and thirteen industry partners from the largest corporations in the US. It appears that industry partnerships with academia to build such programs are not strong in the US. Some other partnership programs have emerged since the LFM was established five years ago but there has been no strong move to follow the LFM model probably because of its expense - the original partners provided US\$44m to establish the LFM program.

At the MIT meeting, the view was expressed that US industry is increasingly seeing MBA's as being designed for the banking and finance industry and for consulting firms. Industry reputedly sees MBA's as not helping them. Each year around 70,000 MBA's graduate in the US and it was suggested that there is now a supply/demand problem. The MIT hosts favoured the approach taken with their Leaders for Manufacturing Program, which is designed to strike an appropriate balance between management breadth and technical depth. MBA's tend to favour management breadth at the expense of providing technical depth. On the view expressed at the meeting, the MBA market in the US should shrink to between half and three quarters of its current size, with the balance undertaking programs that have a management/technical subject mix.

The Northern Regional Management Centre in the UK provides a major competency based MBA in association with Northumbria University in Newcastle. This program has already become widely recognised as an innovative program for practising managers and there is an emphasis on in-house application in companies. It develops both the necessary functional knowledge and skills and the personal skills required for effective Job performance.

The way management development is provided has a number of implications for best practice. Enterprise training functions need to consider the benefits of reengineering their processes if this has not already occurred. A best practice management development function would be continually striving to maximise productivity of learning and promoting measurable performance improvement. It would distribute major responsibility for management learning to all managers and determine how to measure the outcomes of this move. Such a function would make business decisions about how to provide training and education programs of the highest quality and at the least cost to the enterprise. Its training and development program for managers would be enterprise and business driven and based on building management performance.

5.4 Findings

- **Enterprise best practice in management development is being recognised as a key strategy for improved enterprise competitiveness**
- **Enterprises can benefit significantly from having access to information as to what constitutes best practice in management development**
- **Significant management development results from work experience and can be maximised by integrating off the job training and education**
- **The move towards the "Learning Organisation" concept can be enhanced by the implementation of best practice in management development within the enterprise**

1. American Society of Training and Development - USA

1. 1. Summary of Organisation

1. 1. 1. ASTD Background

The ASTD is the largest professional association of trainers in the world. It is an international body of more than 50,000 training professionals working in partnership with over 150 local chapters. ASTD lobbies hard with Government in Washington working with Congress and Administration leaders to bring training issues to the forefront of the national policy agenda.

It provides a range of services to its members including training; publications; professional practice support; industry groupings; networks; HRI) information resources; a member information exchange; a national membership directory; and an annual National Conference and Exposition. Only 15% of US Corporations are members and these tend to be the larger ones.

1.1.2. General Points

- ASTD membership overseas is growing
- It is concerned to have an international perspective and to encourage its members to have an international perspective.
- Historically it has been a domestically organised institution with 55,000 US members and around 3,000 members outside the US. ASTD is looking at ways and means of increasing the overseas membership of ASTD.
- For their annual ASTD conference, 20% of registrations came from outside the us.
- This international focus has affected internal ASTD structures and communication systems. Information is being made available on a worldwide basis, and their annual conference next year and probably in successive years will have a stronger international theme.
- ASTD is deploying a range of strategic alliances to help meet their trainer and development goals and objectives.
- ASTD is keen to see how the task force deliberations can be built into the ASTD conference. Study Tour Members were asked to consider preparing a paper for the next annual ASTD conference to be held in California in May 1994.

1.2. Key Issues Raised

The discussion with the ASTD group focused primarily on the six (6) key topics for review that were provided to them by study tour members.

1.2.1. Best Practice for Supervisor/Team Leader Programs

The first task is to identify core management skills for organisations driven by quality. There are some distinctions within particular industries. A process is required for individual companies to customise these core skills (e.g. Sprint in the US which has adapted them to suit their culture). Having identified these core skills, enterprises go to the market place to get self-paced curriculum designed around decentralisation, diversity, global competition which means flexible delivery systems and where appropriate in terms of resources, use of new technology and delivery systems e.g. CD Rohm. A strategic framework is required to include this whole process.

1.2.2. Management Competencies for New Forms of Work Organisations

The important issue here is competencies related to learning and to the learning organisation. Apparently US trainers are finding it difficult keeping up with this particular issue, which has been strengthened by recent books including ' The Fifth Discipline ' by Peter Senge. Some larger companies in US have been outsourcing their training and development function as part of a "re-engineering" move and there has also been a move to "contracting out" training. The reason is to cut back on costs. More importantly, there is apparently a feeling that the capability of individual trainers is not as high as it should be and that external training providers can be bought in for less cost.

The old paradigm of large training functions is being questioned and functions that currently exist are under great pressure to provide results. This is a major transition, which could take five to fifteen years to implement. However long it takes, the trainers role itself whatever is left of it, is more complex and the training function itself has to be distributed throughout the organisation to line managers.

The new skills in a decentralised management or "empowered" organisation include moving from directive to coaching and managing change. Flexibility is a key issue.

1.2.3. Leadership and Management Development Strategies for Enterprises

Increasingly training is being conducted by line managers and there are many examples of companies distributing the training function in this way. Training Departments are " becoming a thing of the past ". In fact, the "just in time" approach is being applied to management learning which means that leadership and management skills are being provided at exactly the time they are required. This of course takes careful planning and judgement to ensure these skills are enhanced or grown at the time when they are most needed.

Just as re-engineering is occurring within organisations there is beginning to be seen a major re engineering of management development. The need for an enterprise based management development strategy is accepted but how to have this need recognised by enterprises and how to put the strategy together are the critical issues. There is of course a link here of values, reward systems, recognition and how organisations tie required behaviour into some form of compensation or recognition system. In other words, there is a need to find mechanisms to encourage a more strategic view of management development and a more strategic view of the provision of management development.

1.2.4. Skills Development for International Operations

Two issues were addressed here :

- (i) What is best practice around the world, and in particular how do European and Asian enterprises go about developing skills for international operations among their own managers.
- (ii) How to help managers develop appropriate cross-cultural skills.

Clearly this requires a sound understanding of how managers learn and can be helped to learn these new skills

1.2.5. How Managers and Potential Managers Learn

It was agreed that work experience and work assignments are critical in helping managers to learn and develop new skills. Equally important is how managers can be helped to assess what they are actually learning from their day-to-day work experiences. While it is clear that managers will learn from work experience, they will learn a lot more if they understand their own learning style and how to maximise learning from opportunities provided by their work roles.

One way of helping managers to assess how best to learn is by facilitated reflection sessions" - in other words some form of specially designed learning workshop. Performance support systems for managers are also available which provide the capability to help them to perform their current role.

1.2.6. Transition of Technologists / Specialists to Managerial Roles

The US Government has several training programs in this area. One contact is Harry Mitchell of the US office of Personnel Management in Washington.

1.3. Lessons Learnt for Management Skills Formation

A number of offshore trends are likely to impact trainers in Australian enterprises:

- training functions, including management development, will need to be "reengineered" to match similar changes elsewhere in enterprises
- the move to push greater responsibility for management development on to line managers will increase
- the training function will require individuals with a sound mix of learning, business and strategic skills
- a 'just in time' approach is likely to become the norm for more and more management development
 - More and more management development will be outsourced
 - A process needs to be found to help enterprises customise management competencies around generic or core management competencies
 - Learning competencies will become more significant to enterprises and more highly valued as critical to the business
 - An open learning curriculum needs to be developed and offered to all front line managers
 - Skills for international operations are vital for managers wishing to operate internationally supported by the documentation of best practice and designing programs to help managers acquire cross cultural skills
 - Work experience including Job assignments are critical in helping managers to learn, although managers must be equipped to better understand their own learning style in order to maximise their learning from these sources
 - Encourage the professional HR and Training bodies (AHRI and AITD) to strengthen their international perspectives and encourage these organisations to assess the implications of the new role that is emerging overseas for trainers and the training function

2. Center For Creative Leadership - USA

2.1. Background of Organisation

The Centre for Creative Leadership is headquartered in Greensboro, North Carolina, and has branches at Colorado Springs (Colorado), San Diego (California), and Brussels (Belgium). The Greensboro headquarters has a staff of approximately 250 people, with a further 100 people employed in the branch offices of the CCL. The CCL was founded by Smith Richardson Foundation, which was funded through the Vick Chemical Company (makers of Vicks Vaporub).

The Centre's mission is to encourage and develop creative leadership and effective management for the good of society overall. It accomplishes its mission through research, educational programs and publication, with emphasis on the widespread innovative applications of the behavioural sciences to the challenges facing leaders of today and tomorrow.

In 1992 the Centre conducted programs for more than 21,000 executives, and since its creation in 1970 has experienced very high level of growth with the number of participants trebling in the last ten years.

2.2. Key Issues Raised

The Centre places significant emphasis on research into the questions relating to leadership and spends in excess of 17% of its revenue on research. This research has enabled the CCL to stay at the forefront of leadership development, thinking internationally, and to thus maintain its competitive edge. The Centre produces a very impressive range of research concentrating in 1993 on four main themes.

- Learning and Development - this focuses on individuals as leaders and managers and the critical factors, which influence how they learn, change and adapt within the context of contemporary organisational challenges. Research projects being undertaken include:
 - defining leadership and leadership development
 - on-the-Job learning
 - impact of development programs
 - development of leaders for quality cultures.
- Leadership Diversity - diversity concentrates on dominant dimensions of difference which influence leadership effectiveness and utilisation within the context of managing diverse workforces and managing cross-culturally. Examples of projects being undertaken include:
 - comparison of men's and women's development opportunities
 - promotion practices within the context of diversity
 - longitudinal study of women managers
 - organisational homogeneity vs. heterogeneity.
- Dynamics and Context - this includes the leadership requirements of managing in an environment characterised by change, complexity and ambiguity: cross-cultural contexts as well as newer forms of work organisation such as teams. Projects currently underway cover topics including:
 - leadership and teams
 - Campbell/Hallum team development survey
 - managing in turbulent contexts
 - cross-cultural competence.
- Executive Selection - Still in the early stages of development, this theme focuses on issues of executive assessment, selection and effectiveness, **vis-À-Vis** the requirements of today's and tomorrow's organisations. Projects which are being examined within this context include:
 - promotion study
 - CEO study
 - best practices study of innovations in executive selection
 - longitudinal study of early identification.

2.2.1. Current Research Compendium at CCL

The Task Force was provided with the compendium of research, which is currently being undertaken by the CCL. It is very interesting to note that a high proportion of this research is very similar to the research, which is being commissioned by the Task Force. CCL was very interested in obtaining further information on the research program of the Task Force and suggested that there might be scope for some collaboration between the CCL researchers and the Task Force researchers on projects of mutual interest. We agreed to the request to provide details of the research program. This is to be sent to John Alexander at CCL.

2.2.2. Conference on Leadership

The CCL is conducting a major conference on leadership on 5-7 January 1994 under the title "New Demands for Leadership: Responding to Turbulence". CCL indicated that they would be very pleased to accept participation from the Chairman of the Task Force. The conference is being attended by 50 business leaders and academics to further progress the CCL's thinking on emerging issues in leadership.

2.2.3. Leadership Competencies

CCL have undertaken a significant amount of work on leadership competencies. As a result of this research they have identified the following generic competencies for leaders:

- Interpersonal relations;
- Systems, structure and culture;
- Trade-offs i.e. trying to get all conflicts on the table;
- Flexibility in terms of responding creatively to situations; and
- Coping - how to maintain equilibrium.

Rather than emphasising the relation between leadership and the position a person holds, CCL sees leadership more as a process that is independent of position authority. They see leadership as essentially maximising the contribution of all individuals and then massaging that contribution in terms of the strategic direction of the organisation. Leadership is thus seen as everyone's responsibility.

2.2.4. Developments in Thinking on Leadership

The Centre has identified four major developments, which they are now including in their flag-ship leadership development program. These areas are as follows:

- the role of quality;
- the role of teams with particular reference to cross-functional teams within the organisation,
- all inclusive work teams within an organisation; and
- the need for tolerance for ambiguity.

2.2.5. The Leadership Development Program (LAP)

The (LAP) is the flagship leadership program run by the CCL. During the last twenty years it has become the "most widely offered leadership program in the world". Its primary purpose is to begin an ongoing process of self-directed personal change. The focus is on the "creative leader". Given the major shift towards teamwork, one of the critical issues addressed is "how do we lead when we do not have the same power?",

2.2.6. Diversity

The CCL has conducted a number of significant research projects and produced reports on this diversity related issues including glass-ceiling studies; diversity studies and cross cultural studies. These have been published in books and articles by CCL and major US publishers.

2.2.7. The Notion of the Heroic Leader

One research study at Chief Executive level conducted by CCL identified the "heroic leader", a person who had been rewarded by his or her strong, confident behaviour. The move towards participative management, and teamwork does not sit comfortably with this style, which becomes embedded to the extent that the *heroic mindset* mitigates against empowerment. The heroic leader does not like to hand his or her power to others. It was suggested that this is the primary reason that socio-technical systems innovation has taken so long to impact on power relationships in organisations.

2.2.8. Broadening the Impact of CCL

While CCL has clearly been successful in its own right as a world-class provider of leadership research and development, the question still remains about how its impact on increased numbers of enterprises and, in particular, on the national scene can be significantly increased. CCL have used national conferences to generate debate and discussion. Their next research conference will focus on the newly emerging competencies.

2.2.9. Learning in Teams

CCL also focuses on learning in teams and has conducted several projects on this subject. They have designed a "Team Development Survey" which is soon to be released and have also developed a group effectiveness model of learning.

2.2.10. Learning From Experience

CCL has also conducted seminal research into the importance of work experience as a primary source of learning. The following distinction is made:

2.2.11. Organisational Change Methodologies

Three separate streams were identified which are becoming integrated:

- (i) Socio technical systems
- (ii) Total Quality Management
- (iii) Business Process Reengineering

2.3. Implications for the Australian Context

The CCL is a very impressive organisation, particularly as a result of its research on the issue of leadership. It is centred in a woodlands setting in Greensboro, which provides ideal environment for learning. As mentioned above, a significant proportion of the research being undertaken at the Centre is very similar to that which has been commissioned by the Task Force.

The strong research base enables CCL to develop programs, which are at the leading edge. For Australia to offer programs at world best practice standards, management/leadership training providers in Australia should be encouraged to conduct research into management/leadership issues.

3. GM Saturn Corporation - USA

3.1. Background of Organisation

The GM Saturn Corporation is a wholly owned subsidiary of General Motors Corporation. The Corporation was established after extensive debate within General Motors and was from its beginnings intended to be a world class car plant. The supporters of the establishment of the plant argued that in order to match Japanese competition the plant should start from scratch with a "blank sheet of paper" and identify how best it could meet or exceed international best practice.

The Corporation was allocated approximately \$3 billion by General Motors and decided that it should base its organisation on teams and from the start involve the United Auto Workers Union in the management of the company.

The company does not use the terms "manager", "supervisor" or "foreman", instead it prefers to use the term "work unit counsellor" to describe the person elected by the members of the work unit to provide leadership within a work unit of approximately 10 people. There are approximately six work units in each module, and the leadership of the module is provided by "work module advisers".

3.2. Work Unit Module Advisers (WUMA)

For each work unit module there are two work unit module advisers who are jointly appointed by the union and management. One is represented (Union) and one is non-represented (Non-Union). These two persons are expected to collaborate and to manage approximately 8-10 work units within their modules. The arrangement is called a "partnership". This partnership extends to the more senior levels of management within the corporation with at each level there being a union representative and a corresponding GM Saturn-appointed representative. For example, the President of the GM Saturn Motor Corporation has a partner in the form of the full-time President of the GM Saturn United Auto Workers Local. Each Vice-President of the corporation has a UAW partner Vice-President, etc.

GM Saturn Research prior to the establishment of the work units found that the most effective size of work units was between 6 and 15 people.

3.3. Structure of Work Unit

Within each work unit a work unit counsellor (WUC) is elected by the members of the work unit (team) for a three-year term.

The leadership role of the counsellor is assisted significantly by the peer pressure which operates within the work group. This means that issues of absenteeism and areas of non-cooperation are generally resolved at the work unit level by peer pressure rather than disciplinary action needing to be taken. The counsellor does not receive any extra remuneration for this role.

In addition to production content, team members have responsibility for execution of 30 work unit functions. Each of the functions is assumed by one of the team members and they are trained to be proficient in those tasks. For instance, the Continuous Improvement Point person receives five weeks of training in methods, ergonomics and related skills.

The peer pressure within the work unit also means that the counsellor is continually watched by the people they lead, and thus the WUCs and the WUMAs must ensure that they do as they say", act consistently and fairly, and provide appropriate leadership to the team/module.

3.4. Role of Professional Engineers

Many professional engineers are assigned to work units/modules. This is a matrix structure with the professional engineers reporting to more senior engineers for technical guidance but expected to be responsive to the requirements of the work unit/modules. There is also a requirement for the professional engineers to work on the production line from time to time in job functions for which they are certified. The certification of professional staff is seen as an important means of demonstrating to the workforce at large that professionally qualified personnel can undertake a number of the shop floor functions. The UAW has no objection to the professional engineers working on the shop floor.

3.5. Reward Systems

The team members in GM Saturn are paid a base salary of 93% of the industry average for their particular classification with 7% of the average being an "at risk" component and dependent on the team member undertaking a minimum of 92 hours of training each year. The "at risk" payment is paid quarterly.

The GM Saturn Motor Corporation has only this year attained profitability and all employees were paid a \$1,000 bonus for achieving profitability. In addition a further \$3,000 bonus was paid to employees for reaching quality targets. GM Saturn has now been judged to be the third ranking car in the United States for quality behind the Lexus and the Infinity vehicles.

3.6. Training

The CEO expects all employees in the organisation, and particularly those in the more senior positions, to be involved in training. The average hours of training in 1993 was 169 hours per employee. Persons who are involved in the delivery of training accrue training hours at twice the normal rate because the company believes that in acting as a trainer the individual learns at twice the rate of a person who receives the training.

The company also requires that all employees undertake training within their first few months of employment with the company in the following areas:

- decision-making skills;
- creative thinking skills;
- listening and assertiveness skills; and
- managing conflict.

Each of these training modules involve 8 hours of training and are seen as an important prerequisite to instilling the team culture within the organisation.

Work Unit Counsellor (WUC) training involves three phases..

1. Learning The Ropes - provides immediate practical knowledge during the first month on the job and includes: WUC orientation; attendance guidelines; consultation guidelines; and people system guidelines.

2. Skill Building - provides increased knowledge of guidelines, tools and methods after six months in the WUC role and includes: valuing diversity in people; conducting effective meetings; budgeting basics; GM/UAW history I; GM Saturn Manufacturing Measurement Systems; living the memo; team development fundamentals; problem solving process; principle centred leadership; and workplace development centre.

3. On-Going Development - develops and strengthens skills in managing all aspects of the business after 12-18 months in the WUC role: managing diversity in teams facilitating team meetings living the budget GMIUAW history 11, leading the GM Saturn way.

3.7. Leadership

GM Saturn is committed to adhering to the following values:

- commitment to customer enthusiasm
- commitment to excel
- trust and respect for each other

- teamwork
- continuous improvement

These values must be fundamental to all GM Saturn team members but especially to those in leadership roles. Behaviour must support GM Saturn's values, and discourage actions contrary to those values. Leadership must "walk the talk".

The GM Saturn Leader will:

Teach and develop others

- be committed to the social and technical development of all team members;
- develop tomorrow's leaders;
- be willing to serve as a teacher, coach and mentor to team members;
- and create an environment, which permits learning and risk-taking.

Manage effectively:

- understand, support and use the GM Saturn decision making process;
- establish positive team norms and team goals, and track progress, establish individual goals with team members and provide the support needed for members to reach their goals;
- employ effective business practices and cost containment procedures;
- support our partnerships with UAW retailers, suppliers and community;
- and manage stress.

Demonstrate Creative Leadership:

- practice and promote Principle-Centred Leadership;
- communicate, communicate, communicate;
- listen, listen, listen;
- be committed to continuous improvement; and
- move the team toward empowerment.

Appreciate the Power of Diversity

- Make affirmative action a priority because it is the right thing to do; and
- recognise diversity as a source of strength

"The job of the leader at GM Saturn is to build a shared vision and the skills which lead to the empowerment of others".

3.8. Lessons Learnt for Management Skills Formation

- The development of the team concept to a stage where it is accepted as being a very effective structure of work organisation can be achieved in most companies.
- Skills development for team leaders must have the full support of Senior Managers.
- Generic and enterprise specific skills are essential for formation of teams.
- Management and Unions both have a vested interest in the development of skills for team leaders and team members.

4. Leaders for Manufacturing Program (LFM), Massachusetts Institute of Technology - USA

4.1. Summary of Organisation

The Leaders for Manufacturing Program (LFM) is a partnership between two MIT Schools and a small group of leading US manufacturing firms whose purpose is..

"to discover and translate into teaching and practice principles that produce world class manufacturing and manufacturing leaders"

The MIT Schools involved are the MIT School of Engineering and the MIT Sloan School of Management. The industry partners are: Aluminium Company of America; the Boeing Company; Chrysler Corporation; Digital Equipment Corporation; Eastman Kodak Company; Ford Motor Company; General Motors Corporation; Hewlett - Packard Company; Intel Corporation; Johnson and Johnson; Motorola Incorporated; Polaroid Corporation; and United Technologies Corporation.

Manufacturing is now being seen as the driver for economic recovery. None the less, US students still need to be persuaded that it is an acceptable area for study.

In the middle of these changing views about the importance of manufacturing, the LFM program was developed. Digital led the external companies and pushed the view that the answers to greater productivity were not simply in robotics and technology. In fact the view was that to make a company world class " required new behaviours and new ways of doing business

4.2. Key Issues Raised

4.2.1. LFM Background

The program was established five years ago with a donation of \$US 44m from the eleven partnership companies originally involved. This amount was required to attract high quality staff and to provide financial assistance to students. There was no Government support for the program. Fellows get, full funding plus \$US 14k per year stipend. The program is full time over two years and requires Fellows to have a Science/Engineering background. The average age of students during the last five years is around twenty-five.

4.2.2. LFM Philosophy

The program aims to reduce traditional barriers between engineering and management. There are strong functional barriers within most University systems between these disciplines and the LFM straddles them. The resulting co-operation is considered as important as program content.

4.2.3. LFM Program Structure

The program has three themes *leadership, integration* and *fundamentals* as follows:

- *Leadership*

focuses on big L and little L leadership throughout the program

- *Integration*

of technical and managerial information including internship; operations management; product/process design; manufacturing policy; total quality management; plant visits

- *Fundamentals*

which includes the following areas of knowledge, most of which forms part of a strong engineering core: physical. mathematical., economic., informational; behavioural; planning.

A feature of the program in Year Two is the internship where six and a half months are spent on an applied research assignment working on real industry problems in a partner company. Each thesis must have an engineering and management emphasis.

4.2.4. LFM - The Current Situation

The program had its fifth birthday in May 1993. There is now a sufficiently durable "working prototype" in action. The question currently being addressed by the partners is how similar programs can be replicated elsewhere. The problem, according to the partners, is twofold:

- the Government has a critical role in growing the numbers but no money
- the same leading US businesses cannot keep funding replicas in other institutions

4.2.5. A View About MBA's and the Way Ahead

The view was expressed that US industry is increasingly seeing MBA's as being designed for the banking and finance industry and for consulting firms. Industry sees MBA's as "not helping them" and, more particularly "they do not suit manufacturing industry". Each year in the US around 70,000 MBA's graduate and it was suggested that there is now a demand/supply problem. Furthermore, the view is that a "two party system" is more appropriate where there is a "proper balance" between both the MBA's and programs with a combined management/technical focus like the LFM.

On this view, the MBA market would shrink from 70,000 to between 50% - 75% of this number with the deficit being made up from Masters programs that have a management/technical subject mix. Alternatively, the LFM could be used to try to influence the current content and design of MBA programs.

4.2.6. The T Concept

The LFM internship is a manifestation of this concept, which simply stated says that industry wants:

- Technical Depth and
- Management Breadth

Thus the stem of the ' T ' is technical depth, whereas the bar across the top of the stem is management breadth.

4.2.7. The Manufacturing Culture

The critical issues in manufacturing nowadays " are far more cultural than technical They require an integration of: technical/managerial/human/ organisational factors.

4.2.8. Leadership in the LFM Program

Professor Robert J Thomas, who is responsible for the leadership component of the LFM, suggests that one of the major problems facing leaders and managers can be understood in terms of orientation as follows:

Present	Future
Focus on Productivity	Focus on Innovation

This poses a dilemma for managers who currently have to grapple with two time frames. The operating assumptions underlying the leadership component of the LFM program are that "while some leadership skills may be innate, others can be learned".

Three key areas of leadership are covered: theory; practice; and values. The leadership skills modules are: follower; team leader; leader/manager; change agent; and visionary. The general leadership principles covered are: community (leadership within an organisation); commitment (which holds it together); and communication (to enable the leader to operate in all directions).

Leadership is accepted as a process. where knowing one's own values is critical. The conclusion within the LFM program is that: "while we cannot teach Leadership, we can help people learn to be leaders". A leader is increasingly being seen as a 'teacher'.

4.2.9. LFM 'Outward Bound for the Mind'

This is a new leadership component in the LFM covering four days, which, says Robert Thomas, are "devoted to an exploration of the images, thoughts and experiences that make up the life of a leader".

Session descriptions for this four day component include: how leaders see and listen; learning and leadership; thought worlds; systems thinking; seeing, listening and leadership; the aesthetics of process; leadership in the age of systems; leading learning teams; the leader as coach; roles in academia; dialogue.

4.2.10. An Industry Perspective on the LFM Program

This perspective was provided by Gary L Cowger a senior executive from General Motors who is a representative on the LFM Operating Committee. GM has provided strong support for the LFM program from the outset along with the other industry partners. He believes that manufacturing in the 70's and 80's in the US "lost the plot". That has changed, assisted by the 'Made in America' report and the book "The Machine that changed the world". He said that it is now more accepted that manufacturing is the way to go and to create wealth". The LFM program is at the centre of this change. There is now a renaissance in US manufacturing and it is now likely that "Washington is going to spend money on it".

The LFM program was "paradigm breaking for industries. When it began, the academia/industry-sponsoring group was "strained" now the industry partners are more cohesive and the stereotypes each side once held about the other have gone.

In GM's case, a "mentor" system has been developed to help Fellows once they commence work. Human resource systems and practices must be changed to accommodate these new graduates and support them as they become more experienced.

The current paradigm shift is towards lean manufacturing. The hypothesised next shift looks like being towards 'agile' manufacturing with "virtual companies" having super agility and flexibility. It seems that this is what some in Japanese manufacturing are also considering.

He suggests that the goal for any leader should be: " to design processes that no one else has yet designed or put in place, that is innovation "

4.3. Lessons Learnt For Management Skills Formation

- The 'two party' model of postgraduate management education based on a purely management program (e.g. MBA) or a purely functional program (e.g. Master of Engineering) can be supplemented by a third model which combines management and a functional discipline (e.g. Master of Engineering Management).
- The "T" concept of management breadth and technical depth is a simple way of emphasising the importance of both management and technical skills particularly in postgraduate management education programs and could be usefully promoted further.
- The design and conduct of the leadership segment of the LFM program at MIT appears to be a best practice example of leadership education at postgraduate level.

5. National Association of Manufacturers - USA

5.1. Summary Of Organisation

The National Association of Manufacturing represents more than 12000 member companies of every size and in every US State. NAM speaks for 85 percent of American manufacturing industry. Manufacturing accounts for 23.3 percent of the nation's gross national product - up from 20 percent in 1982, and employs 18 million workers. In 1990, US exports were agriculture \$35 billion; services \$125 billion; and manufactured goods \$309 billion.

The NAM marketing brochure records that NAM's policy agenda recognises that employees are a company's most valuable resource. NAM supports policies that include promoting quality workers; workforce training; and exempting employer provided educational assistance from taxable income.

5.2. Key Issues Raised

5.2.1. New Forms of Work Organisation

Corporate culture change "has just begun in the US although sadly it is not a new issue". The "paradigm shift" to flattened hierarchies, teamwork and empowerment is very slow in the US business community.

5.2.2. Current Issues Relating to Change

It is estimated that only 10% of US companies have made the change to date to "high performance". Issues of change, TQM, empowerment are now "sexy buzz words". US business has not committed dollars to long term education and training to create a permanent place for change and to ensure commitment to workplace reorganisation. Dollars need to be invested in training "the front line worker".

As a result of lack of investment during the 80's, businesses have been weakened.

5.2.3. Competitive Edge for the 1990's

A healthier time and outlook appears to be emerging. The key issue is:

"how you value your worker will be your competitive edge, now that we all have the same technology".

This focus on the worker "is the only strategy that will add value".

5.2.4. Role for the US Government in Change

US business, not surprisingly, hates Government mandates. One role is in sharing best practice, with the primary role for Government being as a convenor and catalyst. The current chasm between the American people and their Government is so wide that the Government currently cannot be "a good messenger". Both President Clinton and the Labour Secretary Robert Reich "care deeply" about this issue and see workforce training as a national issue but the question is whether people are disposed to listen to them. Already the Federal Government has taken a lead in school to work legislation and trying to envision high performance.

However for this to happen, the commitment of the heart, mind and pocket book of business is critical. Government and business need to work "shoulder to shoulder together". The future will see a nationwide sharing of tools, strategies and practices.

5.2.5. Small and Medium Size Business

The only job growth in the US is coming from this sector. In 1994, ten industry sectors will be researched by the NAM including textiles; telecommunications; and power. The purpose will be to see "what the key is that will make the lock turn to change in an industry". Partnerships will no doubt be an important issue particularly between small companies and large training providers.

A major NAM program for SME's commenced in 1990, based on the member survey undertaken by Towers Perrin called "Workplace 2000." Interestingly, training is moving higher up the survey and thus increasing its perceived importance.

5.2.6. Summary of Skills Gap Survey 1991

Entitled "Learning from the NAM/Towers/Perrin Skills Gap Survey" this NAM survey focused on 4000 NAM companies with a 10% response. Major findings were:

- in every sector of the economy, people predicted it would be difficult to get skilled workers in the year 2000.
- there is a major shortage of technical/professional workers, which will be severe by 1996
- employee skill deficiencies are having an enormous impact on American competitiveness. These deficiencies are "rippling technological advancement and productivity":
 - 40% are having serious problems upgrading technology
 - 37% are having major difficulties increasing productivity
 - 30% cannot reorganise work activities because employees cannot learn new jobs
 - 25% cannot upgrade the quality of their products because their employees are unable to learn quality enhancing skills on training:
 - 55% of manufacturers are presently retraining workers usually in quality and productivity programs or because of technological upgrades
 - 20% or fewer companies are offering remedial education in basic skills
 - smaller companies affected by the skills gap report that the most pressing reason for remedial education is the poor skills of their workforce

Action proposed from the report:

there was no consensus among survey companies on legislative or regulatory actions to increase workers skills so that building this consensus is probably the most important action step arising from the survey data.

5.2.7. Summary of Key Findings in the NAM Report "Workforce Readiness - How to Meet Our Competitive Challenges"

5.2.7.1. Background

The Executive Summary of the report states:

"Creating high performance workplaces with the goal of improving the quality of products and services demands a much more highly skilled and empowered work force than we currently have. Updating and upgrading the skills of current workers combined with reorganising work systems to achieve globally competitive levels of productivity is a fundamental challenge facing corporate America in the 1990's and beyond. To help manufacturers achieve high performance workplaces, information and technical assistance is needed to motivate senior management to action and provide them with proven strategies for getting started and sustaining progress"

5.2.7.2. Major Themes in the Report

CEO's are rethinking the processes around which work is organised and incorporating the principles of total quality systems:

- they view the use of teams and empowering front line workers as key elements in restructuring work towards increasing efficiency and productivity
- CEO's agree that US manufacturers are changing, but at half the speed required to remain competitive. The "re-culturing" necessary for high performers is slow and often impeded more by management (especially front line supervisors) than by worker resistance.
- management is optimistic about their ability to compete and prosper in the future but workers feel powerless, insecure and apprehensive about the future
- disconnection between employer and worker perceptions about the benefits of creating a high performance workplace and trust, based on honest and open communication, emerges as the key precondition for quality efforts to work over the long run
- CEO's recognise the importance of training (especially occupation specific skills training) to match improving technology but they are cautious about general education programs. They are less clear on the importance of training in higher order skills such as critical thinking and problem solving to support restructuring of work through empowered work teams

7.3. Key Elements for Success in Creating High Performance Workplaces

These key elements are

- motivated, committed and sustained Leadership at the top (and all levels of management including front line supervisors) must be fostered;
- enhanced communication geared to achieving mutual trust and shared goals between workers and management;
- increased investment in training which must be related to:

- business goals;

technological changes; and

- work restructuring.

- business labour and government must work together.

8. Final Comments

- "how we value our human resources is how we will win".
- "training is the highest investment".
- "all agree on the benefits of teams, empowerment and work restructuring".
- "any American business that does not focus on the international community is a corpse".
- "it is time to share markets, strategies and opportunities".
- "if the business and labour communities can get together then the Federal Government is likely to provide support".

"there is a need to foster an exchange program (with Australia) based on best practice".

5.3 Lessons Learnt for Management Skills Formation

The culture change to new ways of working in Australian enterprises and towards new forms of work organisation must be strongly encouraged

- More incentives need to be found to encourage Australian enterprises to move towards a high management/employee skills, high quality, high performance mode
- Managers must provide a much stronger emphasis on upgrading their own skills and the skills and contribution of their employees in building the new productive culture
- Major changes to management structures and practices can have a disabling effect on employees if not carefully managed

6. BP International - UK

6.1. Background of Organisation

As part of W's Project 1990 (a project designed to re-position BP for the challenges of the 1990's and beyond) BP has had to rethink what leadership and management skills are required for the company in the 1990's BP identified the benefit in management development to the organisation

Following a major review, BP identified the need to make significant changes 'm the organisation, to be successful into the future. They recognised that significant changes to the skill base needed to be made, with emphasis on developing key competencies. The model was initially developed using Hay McBer as consultants. A fundamental component of the model was the implementation of succession planning and the assessment process for managers to support competency level development.

In 1990, following the project review, there was a decision to build BP as a learning organisation, with strong corporate support for this direction. Personnel development was identified as critical activity with the Head of Group Learning reporting to the International CEO.

6.2. Management Development

BP are developing profiles for each senior executive position and "spider charts" depicting a managers range of experience and skills and feedback on performance from superiors, peers and subordinates.

A major issue which has been identified by BP is the impact of rapid promotion on individuals. In this respect BP has identified a number of critical points of experience within its management structure which must be undertaken by potential senior executives within the company. These critical points will ensure that those executives have a broad experience in a wide range of activities within the company.

The ability for leaders to manage diversity across the world, particularly accounting for different cultures was identified as significant.

The continuum of development of managers was seen in five stages.

Stage One In the early years the priority was given to getting the technical base right.

Stage Two Business and technical mastery.

Stage Three The acquisition of leadership competencies.

Stage Four The rounding out of leadership competencies.

Stage Five Focus on external exposure.

6.3. HRM Issues

An important issue regarding leadership performance was the development of a feedback mechanism by superiors, working teams and subordinates. BP indicated that the performance appraisal was a vexed issue at BP, as they believe that traditional performance appraisal looked backwards. It was felt that there needed to be a balance between the historical perspective of the appraisal process and the more future orientated development process, -competencies give an ideal framework for the development discussion.

Additionally, remuneration, based on groups rather than individual performance was seen as an issue that required further exploration. Performance must relate to the enterprise performance/outcomes, and there should be a strong link to management development plans.

Succession planning in BP was in the past divorced from training but this changed in 1990. Management development now reports to the CEO and reflects where BP is now - HRD critical in BP.

6.3.1. Leadership Program

100 people from the international cadre are seen as a group resource - CEO determines the principles for remuneration and development. The top 100 and feeder stock managed centrally.

6.3.2. Competencies

Examples of competencies include:

- Leads change. This includes - strategic vision - initiates and energises leadership in uncertainty.
- Builds best teams. This includes - shapes the organisation - creates successful teams using diversity - motivates and develops.
- Shapes performance. This includes - defines and clarifies - inspires, moulds and improves - coaches.

Contents of competency grid includes:

- Business acumen and customer responsibility - open behaviour and teamwork and technical and professional mastery.

6.3.3. Development Plans

- Plans are voluntary for every manager but, compulsory for high potential managers.
- Development is seen as a partnership by BP where self-nomination is accepted provided people meet certain criteria.
- Plans for all are based on management competencies.
- BP is examining some rewards for achieving these development plans.

6.3.4. Skills for International Operations

A major BP project is under way in this area. Issues include - a model for understanding new cultures - diversity management - cross cultural management exposure to an international project - focused training on a particular region - also focus on providing the skills and support required by the new job in the new culture - work is also done with the manager's spouse in preparing him/her for the new appointment - start up phase in a new culture requires much more intense preparation.

6.3.5. Technical / Management Mix

- Currently BP provides a view about the technical professional mix required in a job.

- Remuneration can now be based on individuals staying in a professional or technical position and not moving to a management role.

6.4. Lessons Learnt for Management Skills Formation

- Competency based management development of managers must be based on mastery of both technical and management skills.
- The HRM process must be seen as critical to achieving the strategic goals of the company.
- The identification and developments of high potential managers, can be assisted by using profiles of each individual which details experience, qualifications and skills and feedback from peers and subordinates.

7. Allied Irish Banks - Ireland

7.1. Organisational Background

The AIB is one of the two major banks in Ireland with approximately 45% market share. It was formed as a group in 1966 and over the next 20 years the number of employees grew from 1200 to 9000. 1986 was the year of a major re-organisation and eventful cultural change with a Mission Statement and Marketing Action Program (MAP) being developed and implemented. The bank has 120 senior executives and 900 managers.

Their approach to training and development occurred as a result of a complete rethink on the part of the bank in terms of its business strategy.

7.2. Mission and Marketing Action Program

The AIB group mission:

"to be the premier Irish Financial services organisation capable of competing worldwide"

set the direction for the whole company in terms of the challenge of the marketplace.

In particular, the Mission stated:

"Value and service are at the heart of our business. We aim to provide real value to everyone of our customers and deliver the highest standard of service in banking and financial services."

The Marketing Action Program (MAP) is the bank's strategic response to the challenges of the 1990's and the vehicle to achieve the Mission.

The program has a three year implementation time frame and is a step-by-step process to develop the way the bank manages and operates as a business.

7.2.1. Employee Development

Central to the MAP is the development of the professionalism of the employees at all levels, particularly the managers and the program's intent is to harness the interest, dedication and skills of everyone in the bank to the task of becoming the best.

This one vital factor was expressed by the Group Chief Executive as "the way we work together" within the company.

An explicit statement of values and principles of working together was shared with all employees - this statement was developed by a cross-section of managers and employees. The basic values in the 'AIB approach' covered:

- Concern for the individual
- Taking personal responsibility
- Developing open communication
- Commitment to goals and standards.

Making the values into reality meant putting the following six principles into practice.

1. **Demonstrating purpose and commitment.** For managers it means being responsible for the objectives of the work unit.
2. **Accepting and developing responsibility.** For managers this means clear allocation of responsibility, delegating openly and developing individual skills, abilities and levels of confidence.
3. **Personal initiative towards better performance.** For managers this means frequently reviewing and discussing performance of the work unit.
4. **Contribution to the work atmosphere.** Managers have a special role in creating a pleasant atmosphere in the work place.
5. **Being a good team player.** For managers this means fostering team spirit through setting clear and specific objectives for the work unit as a whole.
6. **Concern for the customer.** For managers this means ensuring that there is a clear identification of the needs of customers that the work unit serves.

To ensure that employees would achieve a high level of professionalism a Charter for Employee Development was developed and promulgated throughout the bank. The AIB Charter covered the following areas:

- The development of professionalism among all employees as a fundamental group objective;
- Training and development activities will complement and be driven by business plans;
- Employees have the primary responsibility for their own development.
- All employees have a responsibility for the individual and collective development of colleagues - developing the team; and
- AIB is committed to supporting individuals and groups in their efforts to increase professionalism.

The fundamental principle underlying the Charter is ownership for development ownership by the individual, by team leaders and by the Group.

7.2.2. Key Programs

As part of the MAP process three key programs were structured to support marketing and financial activities.

The *Marketing Effectiveness Program* involved managers from the retail network addressing marketing issues for their respective geographic areas.

The *Financial Services Management Program* is a 14-month program with the objective of enhancing the professionalism of AIB retail bank management with an emphasis on key competitive areas of the manager's job.

The *Financial Service Operations Program* is aimed at Assistant Managers with a focus on key business and personal competencies and a resultant provision of a Diploma of Attainment.

In addition to the above programs the Bank has a Degree program (Msc) designed for executives and managers who wish to acquire further skills in the area of strategic management. The Degree is awarded by the University of Dublin.

7.3. Lessons Learnt for Management Skills Formation

- Management development must be integrated with business plans.
- Managers must take responsibility for their own development.
- Key competence areas must relate to different manager levels.
- Customer focus is central to all developmental activities.
- External assistance from institutions for management development is beneficial providing it is customised.

To summarise the Bank's approach to management development the General Manager, Human Resources stated that:

"we seek managers who can display high capability and high capacity because these people are our future leaders."

8. Carl Duisberg Society - Germany

8.1. Introduction

A key topic for research by the Study Tour was a review of strategies that develop skills for international operations. The Carl Duisberg Society (CDG) has developed extensive international networks and activities that relate to international skills development, and may provide both a model for consideration by Australia, particularly as we strive to develop export markets in the Pacific Basin, and an opportunity to more strongly link into the CDG activities.

This detailed report on CDG provides a basis upon which more detailed consideration can be developed.

8.2. The Carl Duisberg Society (CDG) - An Overview

The Carl Duisberg Gesellschaft is a non-profit organisation for international advanced professional training and human resources development. Its programs are aimed at specialist and managerial personnel from the Federal Republic of Germany, other industrialised nations, and developing countries on every continent. 100,000 people from all over the world have taken part in CDG programs so far. Current participation stands at around 7,000 per year.

CDG is jointly supported by industry and the State, its membership including some 1,000 companies, organisations and leading figures from the private sector. Industry annually provides free services for the work of CDG, worth around \$A 17 million, primarily in the form of trainee positions. The Federal and State Governments bear the bulk of CDG's program, material and personnel costs, contributing close to \$A87 million per year.

About 18,000 trainees, young professionals, students, managers, and top executives from more than 120 countries participate yearly in CDG and its subsidiaries' programs.

CDG is active in two main areas

- international training and exchange programs
- specialised training co-operation with developing countries

These activities are widely financed by the public sector, mainly the German Government.

With its membership of about 1,000 companies, business associations and individuals, CDG is a private organisation under German law; yet close relations with government authorities make it a 'Joint venture' of both the private and public sector.

8.3. CDG - Organisational Structure

8.3.1. In Germany

The CDG has the legal status of a registered non-profit-making Society. Its 1,000 members, including companies and prominent individuals, support the work of CDG, mainly by making personal, practical and financial contributions. The Society is supervised by an honorary Board of Trustees composed of leading representatives of business, academia and society, as well as representatives of the Federal and State Governments.

A Chief Executive Director and an Executive Director share the management of CDG business. CDG employs about 450 people, 100 of them volunteers or part-time staff. CDG headquarters, along with the two program divisions "Advanced Professional Training Abroad and "Co-operation with Developing Countries", are located in Cologne.

CDG regional offices are located in all the Federal States of West Germany, including Berlin, carrying out assignments delegated by CDG headquarters and conducting programs of their own for their respective State Governments. A network of about 90 volunteer-run branch offices and International Clubs throughout the Federal Republic and Berlin attends to the professional and personal welfare of program participants from all over the world.

8.3.2. Outside Germany

The CDS International Inc., New York, is CDG's partner organisation for German American exchange activities. CDS International Inc. also conducts its own international professional training programs. In Brazil, CDG activities are supported by the German-Brazilian Studies Foundation (FUBAE), with which CDG has a formal co-operation agreement.

In response to the growing number and importance of exchange arrangements with Japan, CDG opened an office in Tokyo at the beginning of 1987. In Bangkok, CDG is represented by a Program Co-ordinator, looking after the Society's many and varied activities in South East Asia.

In 50 countries of the Third World former participants in COO programs have established Alumni Associations. They keep in touch with Germany and, in some cases, play an active part in CDG projects.

8.3.3. Clients and Partners

In addition, CDG co-operates with numerous partner organisations and diplomatic missions of the Federal Republic of Germany all over the world.

Most of CDG's clients and partners are governmental agencies in Germany and abroad, international organisations, private foundations and companies. German industry and the international business community support efforts to educate tomorrow's leaders by offering donations, stipends, and other forms of individual assistance and, in particular, practical training placements.

8.4. Carl Duisberg Centren (CDC)

The service package of CDG is complemented by the work of the Carl Duisberg Centren (CDC), which was set up in 1962, and operates in close collaboration with CDG in four specialised areas of activities :

- German language courses for foreign specialist and managerial personnel;
- Professional and in-service training for specialist and managerial personnel from overseas countries and threshold countries;
- Briefings and preparatory seminars for German technical and managerial personnel embarking on assignments abroad; and
- Foreign language courses for Germans.

CDC has its headquarters in Cologne, and operates language centres catering to a total of 700 students in six German towns. Aside from the German courses it runs for CDG, CDC receives most of its commissions from export-oriented companies and foreign governments. CDC programs are either standardised and open to all corners, or tailored to the specific needs of the customers and, if required, staged as internal company training courses inside or outside of Germany.

8.5. CDG Services

CDG develops, plans and conducts advanced professional training programs and international exchanges

- for specialist and managerial personnel from Germany and other nations, including industrialised, threshold and developing countries;
- focusing on technology, business management, administration, infrastructure, skilled trades and administration,'
- in the form of long-term work-and-study stays and short programs such as seminars, courses, conferences and excursions;
- financed partly by scholarships and partly by the participants themselves; and
- on behalf of government agencies in Germany and abroad, private foundations, companies and international organisations.

8.6. Programs for Germans

8.6.1. Industrialised Countries

The heart of CDG's work in this area are the programs conducted in the USA, where CDG obtains residence and work permits, arranges opportunities to audit classes at universities, furnishes contacts with companies and authorities and, in certain cases, secures loans and scholarships.

Japan is another focal point of CDG's program activities. In addition, scholarship programs are available for stays in most countries in Eastern and Western Europe in China, in Brazil and Mexico, and for stays in Asian countries.

Programs are also specifically designed to provide international work experience for students at advanced technical colleges. Specialised study trips are arranged in Europe and overseas for industrial training officers and educators.

8.6.2. In Developing Countries

The "ASA Programs" ("Work and Study Tours in Africa, Latin America and Asia") - a student initiative for which CDG took over responsibility in 1982 - offers students and non-academic young working people an opportunity to perfect their specialised skills and increase their knowledge of the Third World by living and working in a developing country.

8.7. Programs for Foreigners

8.7.1. Industrialised Countries

Since the early sixties, CDG has organised advanced professional training in Germany for large numbers of people from industrialised countries. The majority of participants are decision-makers from the world of commerce and technology and most of them come from the USA, Northern and Western Europe, Eastern Europe and Asia.

8.7.2. From Developing Countries

Most of these CDG programs are conducted on behalf of the Federal Ministry for Economic Co-operation and the West German State Governments, and form part of official German development policy.

The programs offered are geared to the actual requirements of the relevant partner country, and form a bond with the developing countries' own private sector and professional training initiatives. The programs focus on

- promoting industries and skilled trades;
- production and technology;
- management and services;
- infrastructure and media; and
- natural resources.

There are various types of programs; the main one being practical advanced professional training in the Federal Republic of Germany, which consists of several months' German language instruction followed by practical training in industry or commerce. Another program provides formal education with a practical bias - primarily in branches of engineering science - at a German advanced technical college. There are also seminars, courses and conferences in Germany and abroad for senior managerial personnel.

8.8. Exchange Programs

8.8. 1. In Asia and the Pacific

As Europe and Asia are becoming more interested in exchange programs to improve relations to provide professional and technical training, and to expand cooperation, CDG has responded by extending its program offers to Asia, Australia and the Pacific. Special emphasis is given to the German-Japanese Exchange, in close co-operation with Nippon-Carl Duisberg Gesellschaft.

8.8.2. In Europe

One sign of the speed of European unification is the increased demand by young professionals for work and study programs abroad, including practical training and foreign language instruction. Exchanges between Germany and France are especially well developed, but exchanges with Great Britain, Italy, and other European countries are also increasing.

8.8.3. For Trainers in Industry

CDG recognises the important role trainer's play in the education and training of tomorrow's business and technical specialists by offering a variety of specialised international exchange programs. Several hundred vocational experts participate in professional study tours each year, examining the education and vocational training systems of other countries. German trainers have learned about the systems and conditions in Europe, the USA, Japan and many other countries, while specialists from these countries are

studying with increasing interest the German Dual System of vocational training and even, in some cases, considering to what extent parts of the system might be transferable.

8.9. Economic Promotion and Business Development

Most of the CDG's co-operative work with developing countries is conducted under contract to, and with the institutional support of, the German Federal and State Governments. Priority is given to work in the following areas.

8.9.1. Economic Promotion and Business Development

Training is directed at managerial staff from industry as well as promotion centres for small industries, international marketing and trade. The programs are especially designed for:

- development and implementation of business promotion concepts for small and medium sized industries;
- support for the establishment of associations and self-reliance organisations of small and medium sized industries;
- training in selected managerial techniques, such as business development, financial services, international contracts, data processing.,
- training in selected service industries such as tourism and consultancy; and
- international marketing and export promotion.

8.9.2. Production and Technology

Training is provided for engineers, technical and managerial staff from different industries to optimise quality and productivity in firms.

8.10. Lessons Learnt from Management Skills Formation

- Carl Duisberg Society provides a useful model of a joint government/industry approach to providing opportunities for managers to gain skills relevant to the international business environment.
- The Carl Duisberg Society is an example of the commitment, which Australia should emulate in relation to the internationalisation of the Australian management culture.
- As well as providing opportunities for German managers to undertake studies here and abroad, the CDG also acts as a facilitator of exchange programs for managers from other countries to visit Germany.
- CDG would be an appropriate organisation for an Australian initiative in this area to establish links with, as a means of facilitating exchange programs for all Australian managers.

9. Samsung Corporation - Korea

9.1. Introduction

Samsung is one of the largest companies in Korea with 180,000 employees. It recruits 4,000 graduates per annum, including 500 women graduates for the first time in 1992. The Samsung Group comprises a total of 36 affiliate companies.

Samsung has a reputation as being one of the best employers in Korea and is held in high regard for its commitment to education and training of its employees. It operates a number of training centres throughout

Korea, including centres specialising in advanced technology training as well as the Human Resources Training Centre. These centres are of very high quality and are considered to be the best in Korea.

9.2. Key Management Development Programs

The Human Resources Training Centre conducts a wide range of programs including an induction program for graduates, which involves a 27-day program including 5 days of visits to Samsung factories. Other programs include:

- **New CEO Program** - This is a six-month program for all new CEO's within the Samsung organisation. There are 750 CEO's in the Samsung Group. This program involves 3 months in Korea and 3 months in Japan or the USA where the new CEO's gain an understanding of the foreign markets in which Samsung operates.
- **21st Century Leaders Program** - This is a six-month training program and is considered to be the equivalent of an executive MBA program. It is conducted jointly with the Wharton School in the USA with half of the participants on each program travelling to the USA for six weeks and the balance going to Japan for industry visits and to gain an understanding of the Japanese market. This program also includes a one-month intensive English or Japanese language course. Samsung is establishing training facilities 'm Japan, the United States and Europe which will enable it to increase the level of training available to off-shore managers as well as providing opportunities for Korean based managers to study in Samsung facilities overseas. The company has a career development plan which involves job rotation of all management personnel every three years.

9.3. Critical Issues

Samsung has identified the following issues as being critical to its future success:

- The need to change management training from having an emphasis on the position and its responsibilities to having an emphasis on people management generally. This has meant that there has been a change in the program so that rather than concentrating on the management of a particular function and the skills required for that the emphasis is now very much on the skills needed to manage people.
- The company is seeking to address the issue of how it can move from a low wage (labour intensive) operation to a high wage (high technology) operation. Samsung has already achieved this transition in many respects, although as Korean salaries continue to increase Samsung recognises that it must look at ways to effectively manage the change.
- The slow down in the Korean economy has meant that many Korean companies have reduced their graduate recruitment programs. Samsung on the other hand has increased its graduate recruitment program.
- The Chairman of Samsung has recently issued a directive that Samsung employees should commence work at 7:00am and finish by 4:00pm. The Chairman believes that the excessive working hours previously worked by Samsung employees were detrimental to their home life and generally to their quality of life. This 4:00pm curfew is now rigorously enforced throughout the Samsung organisation and is seen as being a catalyst for improving productivity within the organisation as all employees must complete their work within the 7:00am-4:00pm period.
- The company has changed the basis of its appraisal of staff and managers. Previously success was measured in terms of sales/export volumes, whereas under the new system success is measured on quality. This emphasis on quality covers all aspects of products and services, as well as the quality of life available to Samsung employees.
- The company is also in the process of moving from a management style based on the traditional directing and controlling model to Feidlers model of leadership.

9.4. International Skills Development

As part of its program to provide access to international skills for its managers, the company each year sends 400 employees all over the world on a six ' month program. These employees are simply required to observe the culture and management styles in overseas countries. Competition to gain places on this program is very competitive and the cost to the company is approximately \$US 50,000 per person.

9.5. Conclusion

The Samsung Group, and in particular its commitment to training and development of its employees, represents an example of international best practice. The

programs conducted by its Human Resources Development Centre reflect this commitment to education and training at world best practice for its management personnel. The company has a strong focus on international skills and in particular for its managers to observe and gain an understanding of overseas markets and cultures so that Samsung can maximise its opportunities off-shore. Samsung provides a classic example of a successful company making a commitment to its employees and a commitment to its future as a global organisation.

10. Japan Productivity Centre - Japan

10.1. Introduction

The Japan Productivity Centre is a non-Government, non-profit organisation. It is managed by a tripartite board. JPC is funded by its member firms. In addition, it receives funds through commissioned Government projects and international commitments, which are funded by the Japanese Government.

The JPC was established in 1955 and in the period 1955 to 1962 the JPC sponsored over 400 study missions to the United States with 4,200 Japanese managers and union leaders participating in these missions. According to the JPC, the knowledge gained from the study missions and the co-operation between management and unions was the key to the post-war industrial development of Japan. In addition, several hundred American experts were sent to Japan during these years to assist in the industrial development process.

The main areas of activity of the JPC are:

- management training programs
- training and research on labour management relations
- international operations, including exchange programs and overseas technical assistance
- management consulting.

10.2. Guiding Principles

The three guiding principles of the productivity movement in Japan are as follows:

(i) In the long run improvement in productivity will increase employment, however during the transitional period the Government and the people, in order to minimise temporary friction, which may disturb the national economy, must co-operate to provide suitable measures such as transfer of surplus workers to areas where they are needed in order to prevent unemployment.

(ii) To develop concrete measures to increase productivity, labour and management must work within existing conditions in their respective enterprises and must co-operate in determining such measures.

(iii) The fruits of improved productivity must be distributed fairly among management, labour and consumers in accordance with prevailing economic conditions.

The JPC believes that co-operative labour management relations is the key to productivity.

10.3. Quality of Life

Despite the co-operative relations by management and unions in Japan and the high wages which have been achieved, there is concern in Japan that the quality of life for Japanese workers is not as good as it should be and requires priority to be given to this issue so that the Japanese can benefit from their economic success.

The JPC believes that productivity must increase the quality of life and also lead to increased benefits for the whole community (socio-economic development) and enable Japan to address issues relating to the environment (green productivity). The JPC is currently considering a major re-organisation which could involve the amalgamation of the Japan Productivity Centre and the Socio-Economic Council of Japan as the JPC believes that these two organisations have much in common (including a common Chairman) and that the socio-economic development of Japan must be linked to its productivity.

10.4. Steps to Minimise Impact of Economic Downturn

The JPC is of the view that Japanese management do not have the flexibility of western management to lay-off excess staff because of the commitment to life-long employment. Accordingly Japanese management must find creative ways of minimising the impact of the economic slow-down on employment. The JPC President Dr Miyai has identified twelve steps which Japanese companies must follow to minimise the impact of the down-turn in the economy on employment. These steps are as follows..

- 1 ~ Overtime should be controlled/reduced
2. Accrued leave should be taken,
3. Reduce Directors' remuneration
4. Dividend payments to be reduced/suspended;
5. Contracts for non-permanent employees to not be renewed"
6. Ad hoc recruitment of graduates to be reduced/stopped;
7. Regular recruitment of graduates to be reduced/stopped;
8. Relocation of employees to areas of shortage;
9. Secondment of excess employees to subsidiary/outside organisations',
10. Temporary shut-down of factories (e.g. 1 day/week) - part of this cost to be met by Government under the Employment Adjustment Subsidy;
11. Voluntary early retirement encouraged; and
12. Lay-offs to take place after agreement reached with the union.

10.5. Key Issues for the Future

From 1995 the supply of young workers will decline very sharply with the total workforce in Japan declining from the year 2000. By 2017 25% of the Japanese population will be over age 65. Accordingly the JPC believes Japan needs to increase its levels of productivity to provide for the economic well being of an increasingly ageing population.

The shortage of workers with the ageing of the population will result in increased labour mobility for senior experienced employees and as a result the JPC believes the seniority based wages system will most likely only apply to people up to about age 40. Beyond this age people will be employed according to their actual value to the company and prevailing labour market conditions.

The diversification of sense of values of young people is emerging in Japan. Young talented people are job hopping and not viewing large companies as an avenue for long-term careers. Young people want to utilise their talents in a creative fashion and are limited by the company's system of permanent employment.

10.6. Conclusion

The Japan Productivity Centre plays a major role in promoting productivity improvement within Japan. The Centre has given priority to labour management relations with great success. Its move now to seek to merge the Productivity Centre with the Socio-Economic Centre and its simultaneous push for greater adherence to the principle of "green productivity" reflects a conscious change to place greater emphasis on quality of life for Japanese population.

National Initiatives

1. Canadian Industry Initiatives

1.1. Overview

Both the Canadian Government and peak industry organisations in Canada have identified the need to put into place, a range of strategies that improve the country's competitiveness, particularly in respect to increasing its level of export and import placement.

A number of significant initiatives may well provide models that are consistent with the Australian Government's objective of developing our leadership and management skills, and improving our performance in international trade. An overview of these initiatives follows. More detail on each is available to support further research and consideration of their relevance to Australia's situation.

1.2. Specific Canadian Industry Initiatives

1.2.1. Canadian Labour Force Development Board (CLFDB) Research and Study Projects

The CLFDB was announced in January by the Canadian Government as an independent organisation to provide an enhanced role for business, labour, the education and training community and minority groups in training and labour market issues. The CLFDB recognised the need to base industry initiatives on research into best practices. In particular the Board had a mandate to promote a training culture amongst Canada's business and labour organisations.

Initial research projects are aimed at developing strategies to enable the Board to promote the benefits of the training culture and the improved outcomes of a more skilled workforce.

Within this context, the issue of management skills development is embraced. The projects of relevance to the Task Force terms of reference are

1.2.1.1. Strategic Human Resource Management

To review existing literature concerning the situation of training decisions with human resource strategies. and within corporate strategies of firms, and to review the relationship with training to technology and to quality management initiatives. Some important questions are being asked within this project, such as :

- What HRM play as part of strategic decision-making? Are HRM issues of skills, education and training, work design and work organisation seen as part of strategic decision-making by business and labour?

- What constraints are there in improving human resources as part of an integrated strategy to improve quality and competitiveness along with technologies, marketing, etc?
- What role do sector groups and professional associations play in the promotion of HRM within the strategic decision-making of firms?

All of these questions have significance for the considerations of the Task Force, and has strong relationships to a number of our own research projects.

1.2.1.2. Case Studies

To develop a Best Practices Manual that would identify training initiatives and other HRM practices of employers, small businesses and unions, and how these are related to business performance and the quality of workers. This is specifically looking at innovative training and human resource management practices in firms, including small businesses, and examples of innovative training and human resource management practices that are linked to collective agreements.

1.2.1.3. Management Education

To review the manner in which human resource management is considered within business management, executive development, and professional development programs. Questions being asked here are :

- How is HRM represented in management curriculum?
- How is HRM represented in strategic management cases?
- Are there sufficient Canadian cases that highlight HRM policies and techniques as contributing to business and success?

1.2.1.4. Economic Impacts of Training

This project reviews and synthesises existing literature on the impact of training on measures of economic performance, such as productivity, growth, job tenure and on work satisfaction, pay, and quality of work life.

These research projects are presently under way, with draft reports timed to be available between September 1993 and February 1995.

Consideration of these findings would be a most worthwhile activity in respect to our own situation.

1.2.2. 'Compete to Win' Program

The Compete to Win program has its origins back in the early 1980's when the Canadian Manufacturers' Association was receiving information from its members about the need for, and the lack of, suitable supervisory training.

At this time it was apparent to Canadian manufacturers that the quality of management skills at all levels in industry was a significant determinant of the overall competitiveness of Canadian companies operating in both a domestic and international markets.

In 1987 the Canadian Manufacturers' Association finalised negotiations with the government for a contribution of \$1.8m to undertake the research development and implementation of a 'state of the art', and uniquely Canadian supervisory development program that came to be called the Compete to Win program. This significant project was overseen by a management group within the CMA. An Advisory Committee of Canadian manufacturers provided counsel throughout the development of the program's content and teaching materials.

Finally, Gilmour and Associates, a national training and development firm, were brought on as consulting partners, and were responsible for the entire development, organisation and production of all aspects of the Compete to Win program.

The development of the program was driven by an extensive and intensive research phase which successfully included a literature review, focus groups, and the national survey distributed to all Canadian manufacturers listed in the Canadian Trade Index with more than 200 employees - and a random sample of 500 companies with 25 to 199 employees.

This research proved to be powerful in providing direction to the project team. The product that emerged as a consequence of the research phase focused on five key elements

- increased competition
- strategic direction\vision
- customers
- process skills\continuous improvement
- people skills\leadership

The individual programs that were within the project were

- **Systems Director Program** - A comprehensive detailed program which outlines the overall strategies, plans, tasks, activities, resources and actions necessary for the successful implementation of the Compete to Win program.
- **Vision Program** - A program to assist organisations to determine where they want to be at a certain point in time, by developing a Vision Statement, establishing strategic elements and vision objectives, and creating implementation plans.
- **Leadership Program** - A program which focuses all staff on the internal and external customers, provides the process, skills and tools necessary to continuously improve what gets done, and provides an internationally recognised leadership model to help to work with people.
- **Reinforcement Program** - A program which provides a set of materials and instructions and follow up sessions with supervisors to continually monitor, evaluate and coach supervisors where required, so that the knowledge, skills and behaviours learned and practised in the leadership program can be applied to daily job activities. The program is strongly supported by detailed manuals, audiovisual packages and videotapes. Further information is available on the above.
- **Evaluation** - An evaluation of the program to date has now been completed, and a full report is available. With respect to the overall observations of the Compete to Win system, a high level of satisfaction was reported from respondents, with variation between the respective programs. However, it was interesting to note that no-one indicated dissatisfaction with quality and productivity improvements as a consequence of utilising the Compete to Win program.

The evaluators expressed confidence that the program had lived up to its objective of creating a responsive system to support Canadian manufacturers in competing successfully in an aggressive economy, by enabling all employees to work together to continuously improve total quality and productivity. Further information and a more detailed analysis of this program is recommended.

1.2.3. Forum for International Trade Training

The Forum for International Trade Training (FITT) was launched in March 1992, following strong private sector initiatives and government support for a program to improve the fitness of businesses in Canada to successfully compete in the challenging global economy.

The private sector had identified gaps in the current situation, which required

- The need for a systematic national approach to international trade training for individuals and firms to operate an international business.
- Lack of availability of high quality programs to supply practical and functional skills.
- The need for national standards, leading to international standards of excellence.

The Forum for International Trade Training (FITT) represents the unique cross-section of Canadian international business and labour. The collective contributions of the stakeholders create a blueprint of action for the FITT initiative.

Organisations participating in the Management Committee include

- Canadian Chamber of Commerce
- Canadian Export Association
- Canadian Federation of Labour
- Canadian Importers Association
- Canadian Manufacturers' Association
- Canadian Professional Logistics Institute
- Canadian Professional Sales Association
- World Trade Centres, Canada

FITT aims to produce a comprehensive and up to date knowledge base on international trade. The program, which was strongly supported by the Federal Government, is a private sector training initiative for international business, to enable Canadian businesses to acquire the practical 'hands on' skills needed to meet the challenges of international competition. The program brings together business, labour, educators and governments to develop national training standards for those Canadian individuals and companies operating, or wishing to operate, in the international business environment.

It is planned that FITT will invest approximately \$7m Canadian over three years from 1993 through to 1995, to develop, implement and manage five major training programs. These are:

- **FITT Skills** - This provides a professional standard for international trade skills, leading to an internationally recognised diploma in international business.
- **Trade FITT** - This is a strategic overview for entrepreneurs and managers, which will enable them to assess the international business capabilities of their companies. The program will provide managers with 'hands on' practical skills, that will allow them to successfully develop long term operational international business plans.
- **Geo-FITT** - This is developed for any Canadian company needing an understanding of up to date business requirements in specific geographic locations.
- **Sector FITT** - Material for this program is unique to a specific industry and is based on the priority requirements of that sector, using cases and problems.
- **Train the Trainers** - This initiative provides a course for FITT trainers to maintain high standards of instruction.

The private sector is financing approximately \$2.7m and the Federal Government, through seeding, will contribute \$4.3m over the three year period. After three years, the program is designed to be self-financing through the sale of materials and courses.

1.2.4. Qualifications for International Trade Operations

The International Association of Institute of Exporters in Canada has developed a special qualification, The Diploma of International Trade, which is delivered through community colleges. It is interesting to note that the instructors for this course must have an export business background. The program is not a formally accredited program, but is recognised by industry.

2. United Kingdom Government Initiatives

2.1. Introduction

Attention to Management Development occurred in the United Kingdom after the Constable and Handy Reports in 1987 which addressed the Making of British Managers. Strong industry interest in the reports brought about the establishment of a National Forum of industry leaders with strong support from the Shell Company and the Confederation of British Industry. As a consequence of this forum the Management Charter Initiative (MCI) was established as a strategy to improve management skills in the United Kingdom.

In the broader context as a strategy to place education and training in enterprises at the forefront of economic and industrial development in the United Kingdom, Training and Enterprise Councils were established. This was a consequence of the white paper "Employment for the 1990's" prepared in 1988. These Training and Enterprise Councils were proposed as a more effective means of identifying and delivering training programs for industry than the existing Manpower Commission.

A further initiative to raise the level of human resource development in United Kingdom enterprises established following strong recommendations from the Conference of British Industry is the Investor in People" program - a registration arrangement available to companies who met specific criteria in terms of their development strategies for their employees.

2.2. Management Charter Initiative

The Management Charter Initiative was established by the United Kingdom Government as the lead body responsible for the development of national standards for performance of managers and supervisors. These standards are designed to be used flexibly to suit the requirements of all enterprises. To date, they have focused on supervisors, front line managers and middle managers.

These standards match levels three, four and five of the National Vocation Qualification (NVQ) system in the UK. They are provided as detailed competency standards. The MCI Management Standards have their key purpose "to achieve the organisation's objectives and continuously improve its performance", There are four key roles :

- Managing operations.
- Managing finance.
- Managing people.
- Managing information.

The MCI is a system of accrediting competency with performance, and about achieving business results. It is not a mechanism for program delivery, however the initiative is seen as a major contributor to management, education and training in the UK and has been an important factor in raising the profile of management skills.

The competency standards approach adopted is driven by industry performance and is not qualification-based. The Labour movement is very supportive of this approach.

This accrediting competency system enables managers and supervisors to be given credit for what they already know and can do, and enables training resources to be focused on obtaining new skills vital to the organisation.

The MCI is continuing to develop a range of products and services that help organisations to use the management standards to improve the performance of managers. Some circles in the United Kingdom however, while supporting the development and utilisation of competencies, suggest that the MCI approach can be too mechanistic, particularly when promoted at a national level.

The MCI was established from a government start-up grant that has now evolved to operating under the auspices of Training and Enterprise Councils. The government under-pinning was for a five-year period, with industry subscriptions now taking over the operation of the central co-ordinating initiative.

It was emphasised that the MCI initiative was industry-led, and therefore had greater impact. There was a strong view that the initiative had to be independent, and would not have been as effective if established under the auspices of an existing institution or organisation.

2.3. Training and Enterprise Councils

Training and Enterprise Councils were established as a consequence of the "Employment for the 1990's" white paper of December 1988, and provides, according to the Confederation of British Industry, a much more effective means of identifying and delivering training programs than the previous Manpower Commission.

The strengths of the Training and Enterprise Councils were seen as employer-led; locally focused; providing a more flexible approach to the range of programs offered;

Over seventy-five TEC's now operate throughout the United Kingdom. They operate as independent companies but have contracts with the Education Department, from which most of their funding is received. They are usually limited by guarantee and are run by Boards of Directors led by private sector business leaders. Their key objective is "to help provide the country with the skill and enterprising workforce it needs for sustained economic growth and prosperity".

The strategic priorities of the Council are :

- to encourage effective employer investment in skills and stimulating employees to meet their lifetime learning targets;
- helping young people achieve their full potential in raising attainment in line with foundation learning targets;
- stimulating individuals to take responsibility for their own development and so to contribute to achieving the lifetime learning targets.'
- helping unemployed people and those that are disadvantaged in the jobs market to get back to work and to develop their abilities to look forward;
- stimulating the provision of high quality and flexible education in support of the national targets;
- encouraging enterprise throughout the economy particularly through the continued growth of small business and self-employment;

TEC's are licensed by the Management Charter Initiative to use the MCI credit and competency system to assist standards and help managers gain the national qualification for managers.

The TEC's have an important role in assisting achievement of the national targets set for education and training in the UK, which include fifty percent of the workplace qualified to at least NVQ Level 3 by the year 2000.

2.4. The "Investment in People" Program

The "Investment in People" program was developed by the British Government as a means of encouraging companies to strive for best practice in terms of their human resource development approaches. The initiative was developed following strong recommendations emanating from the Conference of British Industry. As a consequence, there was initial government funding, with the initiative now moving into an industry driven arrangement with an independent body comprising high profile industry people, forming the Investment in People (United Kingdom) Board to be established as a limited liability company.

The Investment in People program is based on four principles to which organisations receiving accreditation are required to maintain. These are :

- the public commitment from the top to develop all employees to achieve its business objectives;
- regular reviews of the training and development moves of all employees;
- action to train and develop individuals on recruitment to throughout their employment;
- evaluation of investment in training and development to assist achievement and improve future effectiveness;

Registration occurs through consideration of a range of assessment indicators, which meet a conformity with these national standards.

The IPP. was developed on the basis of existing good practice identified in case studies in the United Kingdom. It has a target of fifty percent of businesses, with 200 or more employees or more participating by 1996. Assessment is carried out by the Training and Enterprise Councils at the local level. These Councils have an important role to play in promoting and encouraging business participation in the program.

It was emphasised that the quantity of funds directed by enterprises to Human Resource Development was not an issue, but an effective strategic approach that targets developments linked to business strategies and goals as a major criteria for registration. An important aspect of the program is the encouragement of individual employees to contribute to identifying and making their own job-related development needs.

The program is promoted as one improving organisational management and the development of investment in staff, in conjunction with the business goals of the organisation.

2.5. National Examining Board for Supervisory Management

The NEBSM was established by the British Institute of Management in 1964 to focus particularly on training for front line supervisors, and generally to provide advice on supervisory issues.

The program has been expanded significantly in recent years in response to the increased emphasis on supervisory/front line manager development programs.

The profile of this activity has been assisted by the increased emphasis on management training in the UK due to establishment of the Management Charter Initiative and the National Vocational Qualifications.

NEBSM currently has 27,000 undertaking its programs, which include a

- Introductory program
- Certificate program at NVQ3 Level

- Diploma program at NVQ4 Level

Whilst the Examining Board is not directly funded by government, it has a significant impact on government-funded programs, which are delivered through some 820 centres throughout the United Kingdom. Approximately half of these centres are technical colleges; twenty-five percent are companies, and a further twenty-five percent are private providers. Each of the Centres pays the NEBSM an annual licence fee of £400 and approximately \$53 per student.

The programs are designed to be as practical as possible and are assisted by detailed study guides, which have been produced by NEBSM. A number of UK employers now require employees to obtain the NEBSM certificate as a prerequisite for appointment to a supervisor/front line manager position. The certificate program involves 240 hours of study and attendance at a provider for approximately one day per week for approximately nine months.

3. Irish Government Initiatives

3.1. Overview

The Irish Government has taken a strong role in seeking to improve Ireland's economic and employment position by attracting overseas companies to establish operations in Ireland. The main government agency responsible for the promotion of industry in Ireland is the Industrial Development Authority (IDA) established by the Government to promote industrial development in Ireland.

The IDA seeks to foster both indigenous and overseas manufacturing industries, as well as international and financial services companies. Encouragement for overseas companies to establish operations in Ireland is based on programs offered to companies, which include

- a reduced corporation tax of 10% on manufacturing industry and certain internationally traded services;
- attractive capital allowances - grants towards fixed assets and staff training, employment for international services and small industry and research and development.

Ireland has also based its attractiveness to foreign companies on its large pool of young skilled well-educated workforce of computer literate graduates.

A substantial part of the Government training is carried out by FAS, the training and employment authority established by the Irish Government.

3.2. The Galvin Report on Irish Managers

The initial impetus for increased Government commitment to management training was the report of the Galvin Committee of Inquiry, which had been established by the Irish Government in July 1987. The Galvin Committee report, which was entitled "Managers For Ireland - The Case For The Development of Irish Managers", identified management training as a key ingredient to business success.

3.2.1. Management Development Grants

The Galvin report led to the establishment of a Management Development Grants Program for small and medium business being established by the IDA. This program provides advice and consultation to small and medium business to determine the most appropriate assistance to meet a company's needs. The program involves four modules:

- records and management information systems - assistance is in the form of group sessions and individual counselling on the job in setting up appropriate records and management information systems

- business planning - this module is primarily aimed at small businesses who would benefit from business planning, group sessions and in-company counselling sessions are provided
- strategic planning - companies with a reasonable level of existing business planning and management information systems can access this assistance to identify areas of growth to maximise their potential business opportunities
- strengthening the management team - this module provides financial assistance to meet the salary costs of appropriate personnel to assist them in their management development activities and provide funding for the undertaking of management development programs.

The overall program is tailored to each company's individual needs and is provided in-house on the company's premises and the overall objective is to assist the company in managing its affairs more effectively.

3.3 Other Initiatives

Other Irish Government initiatives include:

- the IDA Mentor Program under which experienced business executives are matched with small companies to provide advice on all aspects of the operations and development of the business. This program is provided free of charge to the company.
- the provision of advice and financial assistance towards undertaking feasibility studies of business proposals.
- advice and assistance on planning the development of a business, introductions to other government agencies and assistance in establishing relationships with other companies and partnerships.
- employment grants for each full-time position created. These grants are up to 50% of the salary for the first year of the position.
- capital grants towards the cost of new fixed asset investment.
- assistance towards the cost of acquiring new technology and developing new products and processes.

3.4. Conclusion

The approach used by the Irish Government has been a major success. Within the past 20 years Ireland has been transformed from a predominantly agricultural country to one of the most vibrant industrial economies in Europe. Today Ireland has a trade surplus well in excess of Aus\$3.5 billion equivalent to more than 7% of the gross national product, an overall balance of payments surplus equivalent to 2% of GNP and an above average rate of GNP growth.

4. Role of German Industry Associations in Skills Development

4.1. Introduction

An important aspect of the Study Tour research was the role that industry associations might play in the promotion and facilitation of management skills development.

The strong roles that the various Chambers, Associations and Guilds play within the German context, requires a more detailed report to be prepared to enable such arrangements with authorities (in the Australian context) to be evaluated for their application in promoting and encouraging skills development to support improved enterprise performance, and the co-ordination of examinations and credentialing.

4.2. The Framework of Responsibilities

4.2.1. Federal Government Level

In the Federal Government, the Federal Minister for Education and Science is the Minister responsible for principles and co-ordination. Other ministers reach an agreement with the Federal Minister for Education and Science; regulations of other ministers are issued after examination by the Federal Minister for Education and Science.

The basic legal conditions for vocational training in industrial companies and similar institutions are governed by the 1969 Vocational Training Act. The skilled trades field is governed by the Handicrafts Code. The 1981 Act for the promotion of Vocational Education regulates the planning and statistics of vocational training and the work of the Federal Institute for Vocational Education. The Act on Protection of Young People in Employment makes provision for special protection measures for young trainees.

One characteristic of the German dual system is that representatives of the employers, the trade unions, the Lander and the Federal Government co-operate on an equal footing in the Central Committee of the Federal Institute for Vocational Education. They decide on the Institute's work program and give recommendations for the further development of vocational training.

4.2.2. Lander (or States) Level

On the Lander level, there are standing Lander committees for vocational training, which advise the Lander governments on matters of vocational training. The committees comprise representatives of the employers, the trade unions and the Lander ministries.

4.2.3. Regional Level

On the regional level, the autonomous organisations of the economy, the "competent bodies", have considerable competencies. The "competent bodies" are the Chambers of Industry and Commerce, Chambers of Crafts and Trades, Chambers of Agriculture, Bar Associations and Chambers of Notaries, General Medical Councils etc, which are organised as public legal bodies. It is incumbent upon the "competent bodies" to counsel, check and recognise the vocational training in the region on a legal basis. They are responsible for registering the training agreements. Each "competent body" nominates a vocational training committee, which must be informed and heard on matters of vocational training. and which issues regulations on the implementation of vocational training.

All these autonomous duties are decided not by bureaucrats in their offices, but by experts in the companies and schools who are appointed to the vocational training committee of the Chambers, at the recommendation of the employers' associations, the trade unions and the educational authorities.

4.2.4. Company Level

In the training companies themselves, the elected employees' representatives' - the works council - have rights of co-determination in the planning and implementation of vocational training and the employment of instructors.

4.3. The Chambers, Associations and Guilds

The various Chambers in Germany are institutions financed by private companies who have obligatory membership established through the 1969 Vocational Training Act, with membership fees applied, to permit the various Chambers to represent the general interests of the industry, trade, and service areas.

The major Chambers are

- Chambers of Crafts and Trade, which has responsibility for the traditional technical occupations, and to which businesses must be a member if they are going to participate in the delivery of training as part of the dual system.
- Chambers of Industry and Commerce, which has responsibility for the retail and the service related enterprises and occupations of the more generic or nontechnical nature.
- Chambers of Agriculture
- Chambers of Notaries
- Bar Associations
- General Medical Councils

The Vocational Training Act lays down extensive uniform conditions for the vocational training conducted in enterprises. In addition to this, it regulates further education, training, and vocational training. As such, it is the legal basis of the dual system of vocational training in Germany

The Vocational Training Act does not cover school-based vocational training, which falls under the jurisdiction of the individual Federal Lander (states). The Lander enact their own respective school legislation.

For the craft trades, the Craft Code finds application in addition to the Vocational Training Act. This Federal legislation delegates specific tasks to do with vocational training to "competent bodies". In most training areas these are the Chambers, such as those identified above.

The Chambers are self-governing entities. Membership and fees are compulsory for all the enterprises in a specific economic sector or all freelancers in a certain specialised area, e.g. doctors or lawyers.

The Chambers are governed by a General Assembly, which is elected by all members of the Chamber. Some of the main tasks of the Chamber regarding vocational training are:

- Registering training contracts.
- Supervising the execution of training.
- Promoting vocational training through counselling of training enterprises and trainees.
- Determining the suitability of enterprises.
- Establishing an examining committee as well as holding final examinations and trainer aptitude tests.
- Publishing examination regulations.
- Setting up vocational training committees.

4.4. Off the Job and Inter-Plant Training Centres

Small and medium sized enterprises in Germany, especially in the industrially technical, and also in the commercial sector, are increasingly finding themselves in the position of not being able to impart all of the training contents of the workplace.

Consequently the Chambers, as well as employer organisations and trade unions, have set up, with Government assistance, inter-plant Vocational Training Centres to supplement enterprise-based training

The Federal Government and the Lander contribute to the investment costs and subsidised running costs. The Federal Institute for Vocational Training (BIBB) is obliged to assist in the planning, establishment, and further development of interplant Vocational Training Centres.

4.5. Trainers

Trainers assume an important share of the responsibility for carrying out training in accordance with the Training Ordinance. In particular, they have to impart prescribed occupational skills and knowledge.

Trainers must have the following formal qualifications:

- The Master Craftsman Certificate, or
- The final Certificate in one of the specialised fields of training or occupations, together with professional and teaching skills, or
- Have a Degree from an established higher education and professional experience, or
- Registration or licence to practice in the liberal professions.

The Chamber of Crafts and Trade has a particular responsibility for delivery of the Master Craftsmans' Certificate. This Certificate has increased management and personnel (content to *complement the traditional/technical emphasis, and concentrates on how to coach and train others.*

4.6. Training Enterprises

The principle site of vocational learning in the dual system of vocational training in Germany is the enterprise. An enterprise which wishes to conduct training must fulfil certain requirements :

- It may train young people under the age of 18 in recognised training occupations only
- It must have suitable trainers
- It must draw up training curriculum in line with the requirements of the Training Ordinances
- It must be recognised by the competent authority, usually the relevant chamber, as a training enterprise

The competent authority supervises the execution of vocational training enterprises and promotes it by counselling trainers and trainees. Training advisers are called on for this purpose. The training enterprise is obliged to pass on the information necessary for supervision to the training advisers, to submit documents, and permit the training centres to be inspected.

4.7. Task of Chambers in Training

The principal tasks undertaken by the Chambers in vocational training are as follows:

- registering training contracts
- supervising the execution of training
- promoting vocational training through counselling of training enterprises and trainees
- determining the suitability of enterprises
- establishing an examining committee as well as holding final examinations and trainer aptitude tests
- publishing examination regulations

- setting up vocational training committees
- the Chambers also give advice to trainees

4.8. Interim and Final Examinations

Every trainee must sit an examination in the course of his period of training. The examination serves to ascertain the level a trainee has reached. A competent Chamber establishes Boards of Examiners to hold these examinations. Rules to be observed in connection with the final examinations are issues determined by the Vocational Training Committee of the Chamber, which consists of employer and employee representatives in equal numbers.

After passing the examination, the trainee will receive an examination certificate issued by the responsible Chamber. This certificate is not an authorisation; its principle purpose is to show that the person concerned has acquired the qualification that is necessary for the specific occupation. It is also the basis for professional progress and career advancement. Passing the final examination is one of the conditions for admission to the Masters Examination, and many other further training examinations. It demonstrates the aptitude of training in the various branches of trade, industry and commerce, and in many cases, the basis for assertion for collectively agreed claims.

4.9. Further Training

The Chambers may hold examinations to test the knowledge, ability, and experience acquired as a result of further training. The Vocational Training Committees issue special regulations covering the subject matter, purpose, standards, as well as the procedure and conditions for such examinations.

Additionally, they provide further training measures. In this context, there is a distinction between training for advancement - the object of which is to enable the trainee to gain advancement in his Job (that is, to take on a better qualified position in his firm) and training for adaptation, the object of which is to retain and extend occupational knowledge and skills, and to adapt them to technical developments.

These are generally short term measures, while training for an advancement will normally require the trainee to attend courses totalling at least 500 hours of instruction.

For vocational re-training, the Chambers also have examinations for persons who have been re-trained for a different occupation, setting out the required Board of Examiners.

Programs run by the Chambers are continually updated through feedback mechanisms involving consultants and trainers who are in continual contact with business.

4.10. The Chambers as Advisers

In addition to the provision of formal training, the Chambers provide significant advice and support to industry and commerce which, in itself, is a mechanism for skills development. These include

- Starting up a business
- The use of technologies
- Exports and imports

Chambers also provide a wide opportunity for networking on an international basis, through foreign trade conferences, professional study tours, and through contacts to foreign visitors.

Chambers further support training programs with consultancy and assistance for the training companies and the trainees.

The Chambers offer advice on all questions of further education, besides short seminars on topics such as starting a business, marketing strategies, and electronic data processing, as well as courses for the prospective qualified commercial clerks or factory foreman. Chambers also offer companies and individuals tailor-made consultancy services.

Another important aspect of the Chambers' operations is their economic and engineering advisers, who consult widely with business, to assist them in their performance. This is seen as an important strategy for developing skills with managers in small and medium sized businesses. Strong networking between the Chambers, banks and insurance companies help evaluate individual businesses and identify appropriate support and development strategies.

5. Korean Government Initiatives

5.1. Introduction

Korea's high rate of economic growth during the past 30 years was mainly due to the excellent human resources developed and educated by public and private institutions.

As Korea has few natural resources and sufficient population, the efficient development and utilisation of human resources have been the most appropriate policy for the development of the Korean economy.

Over the past five years, the Korean economy has undergone structural changes, wage increases and work stoppages, protectionist pressure in the major industrial countries, import liberalisation and deregulation of direct foreign investment and Korea's overseas investment have critically affected the course of the Korean economy's structural adjustment.

5.2. Korea Productivity Centre

The Korea Productivity Centre is an organisation under the Korea Ministry of Trade and Industry. It was established in 1957 as a non-profit autonomous organisation. The main activities of the KPC are:

- provision of advice and assistance on improving business management;
- promotion of the automation of Korean factories and offices;
- advice, research and education on labour management relations;
- research and statistics on productivity related issues;
- provision of education and training programs in management and production processes
international co-operation of productivity related matters

Within its education and training function the KPC offers a wide range of management training programs. These programs seek to provide skills in relation to:

- business management
- marketing
- industrial relations

Recent focus of activities has been on consultation and guidance for the rationalisation of business management, facilitation of automation in both factories and offices, advice on labour-management relations and education and training programs.

Labour costs in Korea have been increasing at 20% per annum in recent years, which is moving the Korean economy from a low wage/labour intensive economy to a high wage/high productivity economy.

This is producing a major challenge for the KPC to assist companies in improving productivity and in the process remaining internationally competitive.

KPC, in collaboration with the government and private sectors, launched a nationwide productivity doubling movement implementing such measures as:

- Education and training for decision makers
- Productivity instructor retraining
- Productivity improvement techniques training

30% of KPC annual budget is provided by the government. KPC provides consulting services to smaller and medium sized companies. Two main programs are Factory Automation and Office Automation.

Supervisory training programs cover business management, cost reduction, personnel and marketing and labor relations. Also team building programs are being developed that will harmonise the work-force and provide spiritual condition of employee.

The Korean Ministry of Labour provides support for training programs through the provision of a training levy which appears to be similar to that which applies in Australia. The levy in Korea, however, is approximately 0.7% of the pay-roll on average, but varies depending on the number of employees. The Korean Government has obviously recognised the importance of training as a key to productivity and international competitiveness.

The promotion of the need for improved productivity and quality is a recognition by Government of the need for Korea to maintain its international competitiveness as its wage levels increase.

5.3. Korea Labor Education Institute

The Korean Labor Education Institute was established in 1990 by the Korean Parliament in response to the high level of labour unrest during the late 1980's. The KLEI is a tripartite organisation funded by the Korean Government. Its primary purpose is to facilitate improved industrial relations in Korea by providing programs for both union and company representatives. It has three specific objectives:

- as a public labour education organisation to conduct a diverse range of education programs for workers and management personnel on industrial relations and productivity related issues;
- as a "value creator toward advance industrial society" - to promote a greater understanding of the value of automation and a co-operative spirit between labour and management; and
- as an educator for a better quality of working life - by promoting leisure activities and other programs to promote improvements in quality of working life.

The Board of Directors has 15 members with four representing workers, four employers, five from the public and two management (President and Secretary General).

KLEI conducts courses on labour law, wage policy, consultation and negotiation and grievance handling. In-house courses cover top management seminars, union leader training and instructor teaching for vocational trainees.

The KLEI also offers self-study courses; In addition, the KLEI also provides assistance to industries on a consulting basis on the request of unions and enterprises.

Whilst the large companies in Korea are moving to more decentralised structures, and in the process reducing their hierarchical structures, smaller medium-sized companies in Korea still have strong hierarchical structures. The KLEI is promoting the need for organisation structures, which facilitate teamwork and devolution of responsibility. The KLEI believes that where companies retain a strongly

hierarchical or centralised structure, industrial disputation is more likely because of the inability of local managers to resolve disputes.

Korea, like Japan, has provided "life-time" employment, which has encouraged the provision of middle management positions. Like Japan, however, Korean companies are likely to reduce the emphasis on life-time employment, which will lead to a reduction in middle management positions.

The KLEI seeks to promote the creative and autonomous" participation of workers in the management of their enterprise. It also believes that a key issue for it to address is the issue of how workers and managers come together to maximise skills within an organisation. A further issue is related to the attitude of workers to new technology. The KLEI has met some resistance to its efforts to promote the greater use of technology in Korean industries.

The KLEI believes that it is important for Korean managers and unions to be aware of the importance of Korean industry to adopt a global perspective. The KLEI is an active contribution to ILO Conferences, and in recent years has sponsored a number of joint management/union study tours to Russia, China and Japan. The purpose of these study tours is to provide an opportunity for management and union representatives to examine the business environment in those countries and to identify opportunities for Korean industry as well as practices, which may have application within the Korean context.

5.4. Korea Management Association

KMA was established in 1962 as a private and non-profit organisation in response to the First Five Year Economic Development Plan of Korea.

It is Korea's leading management training and consulting organisation with a membership of 1000 of Korea's leading enterprises and public organisations.

Major activities cover:

- Industrial Education and Training practices for HRI)
- Management Consulting services for productivity enhancement
- Overseas education and training practices for globalisation
- Self-study courses for member companies
- Research and development practices

Management education and training programs are conducted with over 50 lecturers/trainers developing and delivering courses. Major fields covered are business strategy and finance for senior managers, situational leadership, lateral thinking and TWI for line management, in-house courses for supervisors and instructors and international management courses.

KMA provide over 80 self-study courses covering such categories as personnel management, corporate finance, and foreign languages and manufacturing management.

KMA believes that the small to medium sized companies in Korea are having difficulty with identifying the types of skills programs, which they should put in place to be more conversant with international management requirements.

The KMA's international observational study missions are designed to provide assistance to small firms in providing opportunities for managers to travel overseas to observe cultural and management practices. International skills programs are covered by the large corporations such as Hyundai and Daewoo.

Quality accreditation – This is seen as an important requirement for Korean companies to establish their international standing as producing products of internationally accepted quality. A quality management program is conducted for companies that want accreditation for ISO 9000.

KMA has an Industrial Relations Centre to promote the balance between labour and management. Major courses conducted are:

- * Principles of industrial relations for managers
- * Leadership for union leaders
- * Labour/economic policy

KMA organise "Cruising University" projects to Japan and China. They also arrange Observational Study Missions to business communities in the USA, Japan, China and Canada.

6. Japanese Government Initiatives

6.1. Introduction

The main players in Japan in terms of identifying industry needs in relation to issues such as leadership and management skills are the Ministry for International Trade and Industry, the Ministry of Labour and a non-government body, the Japan Productivity Centre. Although a non-government body, the JPC works closely with these two ministries and provides an important conduit for direct business and industry involvement in implementing programs to improve Japan's international competitiveness.

6.2. Role of MITI

MITI's role in promoting management skills is very much integrated with its policies to develop Japanese industry. There are 25 separate organisations, which provide management training under MITI sponsorship. These organisations include:

- The Japan Management Association
- The Japan Productivity Centre
- SANNO Institute.

Through its co-ordination of these organisations MITI is able to provide guidance and direction so as to promote a national approach to management education in Japan. Similarly, with MITI's focus on international trade it is able to provide extensive assistance for the various international study tour programs.

MITI also provides subsidies for programs offered by the organisations which it sponsors. This also enables MITI to influence the availability of programs to access particular needs of industry and as such target specifically identified targets and opportunities in relation to management and leadership skills development.

As such, MITI plays a key role in identifying the needs of Japanese industry and then funding initiatives and programs to address those needs. While MITI does not directly conduct international study tour programs, it does provide significant support and sponsorship for organisations which conduct such programs for Japanese managers. MITI sees the need for Japanese managers to have a broad understanding of foreign cultures into which the companies are seeking to export goods. MITI believes that the extensive overseas study tour programs offered by organisations in Japan are an important means of further developing export markets for Japanese goods.

6.3. Ministry of Labour

The Ministry of Labour tends to concentrate on labour relations matters and in the provision of assistance and direction for industry in relation to vocational training issues, leaving MITI as the organisation with primary responsibility for management training issues. The Ministry of Labour, however, provides extensive subsidies to industries for vocational training programs, but requires companies to submit a human resources plan as a prerequisite to providing subsidies. This plan enables the company concerned to receive a subsidy of one third of the cost of training undertaken in accordance with the human resource development plan, and if absence from work is required the subsidy is two thirds of the total cost. The Ministry is currently considering increasing the basic subsidy to 50% of the cost in order to provide increased support for companies during the economic down-turn which Japan is currently experiencing.

Another program conducted by the Ministry of Labour is the Employment Adjustment Subsidy Program which provides for a two thirds wage subsidy for workers who have been declared redundant by their company but are still on the company' payroll and are receiving training. The Ministry of Labour programs are primarily directed at small and medium size enterprises rather than the larger Japanese companies who have sufficient resources and expertise to manage their own affairs in relation to the development of their employees. The human resource development grants made available through the Ministry of Labour are designed to assist small and medium size enterprises in conducting in-company group training and for the smaller enterprises to assist companies in pooling their resources so as to maximise the impact of the training programs. The MOL's requirement for the development of a human resource plan as a prerequisite for funding is seen as a very effective means of encouraging companies to adopt a strategic approach to their training activities and to align that approach with the business development needs of the company.

6.4. Key Issues for the Future

A key issue facing Japan at present is the impact of the economic downturn and the effect this is having on the traditional "life-long" employment arrangements in Japan. This "life-long" employment approach is now seen as limiting flexibility and portability of employees. MITI believes that in the future it is likely that the Japanese Government will need to provide increased vocational training opportunities so as to encourage increased portability/mobility of the workforce.

Similarly MITI believes that the education system in Japan may need to be made more flexible to enable private providers to be able to offer accredited programs. At present in Japan it is very difficult for such providers to gain accreditation for their training programs.

Similarly there is a growing view in Japan that despite the economic development of the country over the last 20 years and the high wages paid to employees, the quality of life for the average Japanese citizen has not improved commensurately.

Accordingly the Japanese Government and organisations such as the Japan Productivity Centre are now re-focusing their thinking to identify ways in which this quality of life can be improved. (Quality of life includes housing, time spent in travelling to work, amount of leisure time, etc) This is seen as a major challenge for Japanese society.

6.5. Conclusion

Overall it is clear that the Japanese Government, particularly through the Ministry of International Trade and Industry, provides strong leadership in identifying trends and opportunities for Japanese industry. In doing so, MITI in conjunction with the Ministry for Labour and the Japan Productivity Centre also focuses on the associated human resource development needs. While MBA programs are virtually non-existent in Japan, the large companies are increasingly sending high potential executives to MBA schools abroad. Similarly there is a strong focus on management training at all levels within the Japanese workforce. Most of the training is undertaken on an in-house basis with a range of organisations including the Japan Productivity Centre, the Japan Management Association and the SANNO Institute providing extensive range of programs for companies and individuals.

7. Singapore Government Initiatives

7.1. Introduction

With no natural resources, Singapore is dependent on the talent and skills of its people for economic success. Education, training and development are therefore crucial factors for the government, and are the main vehicle through which every individual is given the opportunity for advancement.

Singapore's manpower development strategies are based on the following principles :

- educating each individual to maximum potential
- developing skills that meet the needs of industry and business
- promoting continuous training and re-training

In a sense, Singapore could be classified as a learning society.

7.2. The Economic Development Board

The Singapore Economic Development Board is a government agency responsible for industry, planning, the development and promotion of investments in manufacturing, services, and local business. It reports to the Ministries of Trade and Finance. The Singapore Government, through the Economic Development Board, has specific separate strategic thrusts for economic long-term development. It is worthy of noting that the first three directly relate to issues embraced within the Task Force Terms of Reference. These being

- enhancing human resources
- promoting national teamwork
- becoming internationally oriented

Each of these relates to the new skills required by managers at the various levels within enterprises and organisations, and cover the significant areas of industrial reform, with flatter organisation structures and a team approach to development and production and, for Australia, the significant issue of skills for international operations. The other thrusts are:

- creating a conducive climate for innovation
- development of manufacturing and service clusters
- spearheading economic re-development
- maintaining international competitiveness
- reducing vulnerability

An important initiative in respect to skills development in Singapore is the Skills Development Fund. This is financed by a levy paid by employers amounting to 1% of the salary of workers earning less than \$750 per month. The fund is used to finance enterprise training and retraining programs. Within the initiative is the Management Development Grant Scheme, which is part of the Skills Development Fund. This scheme identifies a list of training courses that are offered by commercial schools, consultants and training institutes in Singapore, which target the development of management skills.

A company enrolling its managers in any of the identified courses automatically qualifies for a grant. The scheme allows firms to access relevant training programs at reasonable cost.

7.3. The National Productivity Board

The National Productivity Board is a statutory board under the Ministry of Trade and Industry, with the mission of developing a world-class quality workforce with a rewarding work life.

The NPB is governed by a tripartite Board of Directors, with representatives from employer boards, trade unions and the government, as well as from academic and professional institutions. The Board's four major areas of focus are

- productivity promotion
- training and training development
- management guidance
- productivity measurement

An important strategy of the NPB is the development of partnerships with the private sector, so that their expertise can be tapped and their experiences shared for the benefit of all Singapore. An example of this is a Seiko\NPB national on-the-job training package to help companies implement structured, on the job programs on their own, and directed at supervisors, line leaders, foreman and managers.

NPB is a strong facilitator of international networking. As a member of the Asian Productivity Organisation, it is actively involved in international activities.

Under the NPB is their Institute for Productivity Training which runs a significant range of programs associated with increasing the productivity of Singapore's industry and commerce. The Institute manages the Skills Development Fund, referred to in the previous section, established to re-direct funds strategically to enterprise-based training and skills development activities.

The NPB Institute for Productivity Training is one of the largest training institutes in Singapore and has a prime responsibility for providing opportunities for individuals in employment to upgrade to their maximum productivity potential.

Included in their training development courses are:

- executive development programs, which cover examinable Certificate and Diploma courses
- productivity improvement programs, which impart latest productivity tools and techniques, including customer service
- quality circle programs, which are specifically designed to promote and implement the growth of quality control circles in companies
- programs with local enterprises, which are aimed at assisting local firms to upgrade their operations and improve productivity

The Institute courses are strongly supported by corporate sponsorship awards.

An interesting initiative carried out under the auspices of the NPB in 1990 was a report entitled The World Class Trainer Infrastructure. As a consequence, a national program has been initiated with a target of 200,000 managers and supervisors becoming trained trainers. The major recommendations of this report were

- to increase the trainer to employee ratio in Singapore to one full or part time trainer in every hundred employees
- to develop trainer skills standards
- that the best trainers in the world will be brought to Singapore to train skilled workers to be trainers

- that there will be increased respect and recognition for trainers through:
- making training part of the manager's responsibility
- rotating competent, high potential employees to work in training functions
- encouraging companies to have a training budget
- setting up training systems in organisations, and
- implementing and encouraging these practices
- establishing a supportive training institution network that will be responsible for
 - setting up a national training association
 - conducting national training programs
 - qualifying trainers
 - setting up a trainer database

7.4. The Service Quality Centre

The Service Quality Centre was set up in June 1990 to help all Singapore companies achieve excellence in customer service. It is a government initiative which operates 'under the auspices of the National Productivity Council, but interestingly, established in partnership with Singapore International Airlines.

The objectives of the Service Quality Centre are:

- to conduct national level training and the practice of service quality
- to improve service standards among Singapore companies through consultancy, customised training, and measurement
- to set up a national level service worker-testing program
- to set up a national level accreditation system for service businesses to foster public awareness in service and excellence
- the major focus for the Centre is on the business of developing an excellent service mindset
- the centre provides a full range of products relating to service quality.

Companies who participate in training programs at the Centre are obliged to commit to a specific level of staff involvement, including the participation of executives and senior managers.

Extensive and rigorous residential programs are delivered through the Service Quality Boot Camp. Boot Camp is a term used to identify a period of intense and rigorous training in the US Army. The same term is used by the SQ. Centre to describe the uniquely effective residential portion of their program.

The Centre is already providing training to other countries in the region and, during the next three years, plans to extend this support. Already approaches have been made to establish similar Centres in Malaysia, Taiwan, Thailand and China.

The Service Quality Centre Indonesia is a Joint venture between the Singapore Service Quality Centre and the Bank Central Asia, and commenced operations in 1992.

Appendix 1 - Terms of Reference

1. Examine world wide best practice in developing managers
2. Promote awareness of the importance of leadership and management skills
to productivity
3. Report on the management training needs of small business
4. Review higher education award and non-award courses
5. Advise on measures to improve management training by TAFE and other
training providers
6. Consultation with a wide range of Government agencies, industry, training
providers and business
7. Commission relevant research

Appendix 2 - Organisations Visited by Study Tour Members

Listed by Country In Line With Itinerary

UNITED STATES

American Management Association American Society of Training and Development Centre for Creative Leadership Centre on Education and Training for Employment, Ohio State University General Motors - GM Saturn Corporation Harvard University Massachusetts Institute of Technology National Association of Manufacturers Society of Human Resource Management

CANADA

Canadian Labour Force Development Board Canadian Labour Market Productivity Centre Canadian Manufacturers' Association Industry Science Technology Canada

UNITED KINGDOM

Alistair Mant - Consultant BP International Central London Training and Enterprise Council Confederation of British Industry Department of Employment - Employer Commitment Branch Dr. Peter Honey - Consultant Lancaster University - Professor Burgoyne Management Charter Initiative National Examining Board for Supervisory Management Northern Regional Management Centre

IRELAND

Allied Irish Banks Bank of Ireland

Dublin City University FAS - National Training Authority Industrial Development Authority Institution of Engineers Irish Management Institute

GERMANY

Cologne Chamber of Crafts and Trade Cologne Chamber of Industry and Commerce Firm Fleishauer Lufthansa The Carl Duisberg Society Wuppertaler Kriess

BELGIUM

European Institute for Advanced Studies in Management

FRANCE

INSEAD

KOREA

Korea Labour Education Institute Korea Productivity Centre Korea Management Association Samsung Corporation - HRD Centre Seoul National University

JAPAN

Japan Federation of Employers' Associations (NIKKEIREN) Japan Industrial Training Association Japan Management Association Japan Productivity Centre Ministry of International Trade and Industry Ministry of Labour NEC Corporation Teijin Limited The SANNO Institute of Management

SINGAPORE

Economic Development Board
General Motor's - Delco Electronics
Management Development Institute of Singapore
National Productivity Board
National University of Singapore
Service Quality Centre
Singapore Institute of Management
Singapore Institute of Human Resource Management
Singapore Training Centre - Hong Kong Bank