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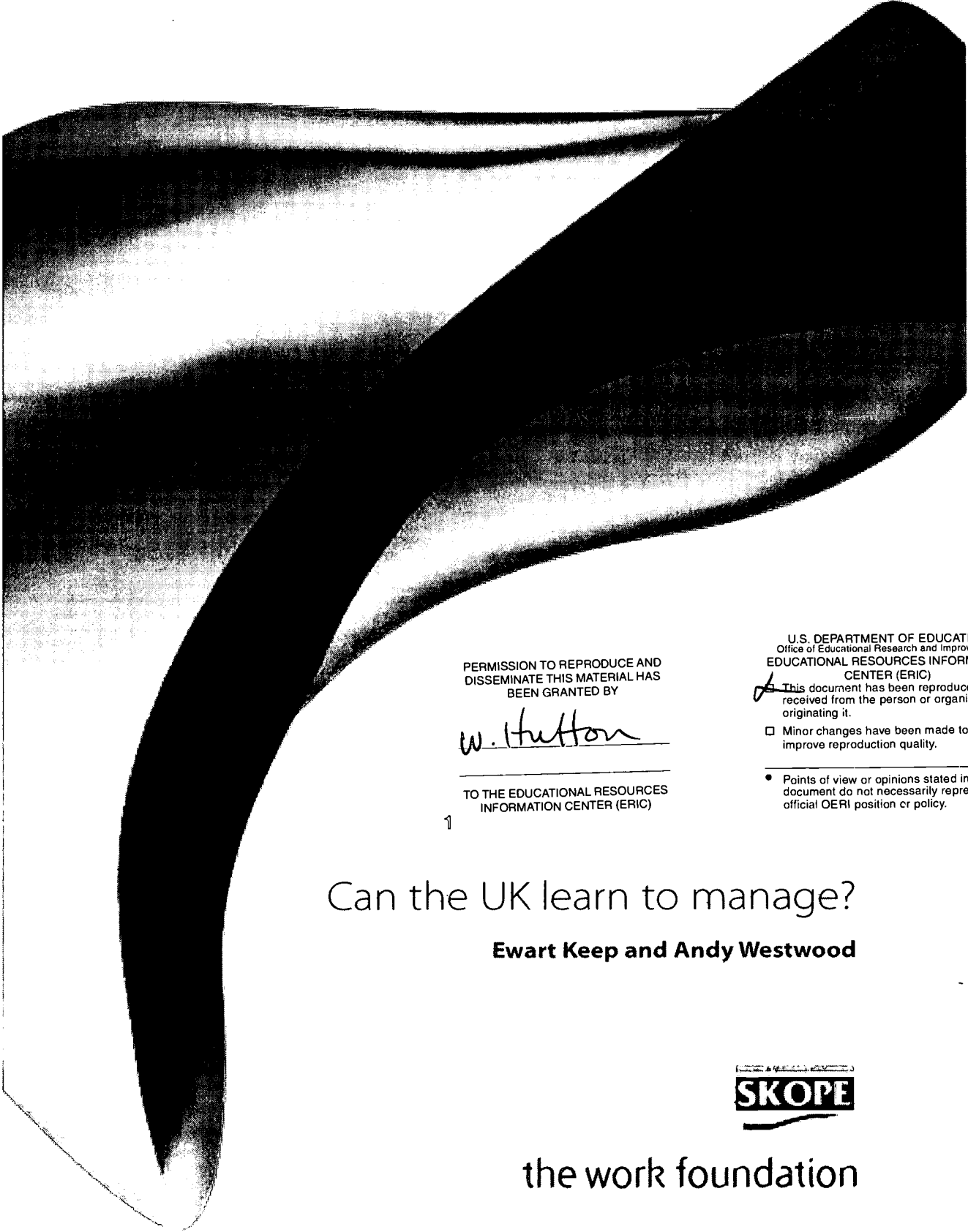
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## ABSTRACT

The United Kingdom management population is a large and moving target. A growing number of individuals describe themselves as managers; the widely held view is there will be many, many more. Figures suggest the scale of the potential market and need for management education and training development (METD) is considerable. Levels of qualifications held by new entrants to the labor force tend to be higher than those leaving the workforce; the overall qualification levels of the national stock of managers are rising. Employer-provided training and higher education is limited. Fundamental changes facing managers are technological literacy, doing more with less, and sustainability and broadening social responsibilities of business. Challenges for management education's future are management fads and fashions; national context and dominance of the United States model; stakeholder or shareholder value models; new models of management and a growing gap between leading- and trailing-edge practice; path dependency and new models of competition; strategic capacity of senior management teams; technicism versus radicalism and creativity; to be a toolkit for the 'action man/woman' or analytical training for the reflective practitioner; universal prescriptions; the gap in teaching business ethics; and METD for small and medium enterprises. The masters in business administration (MBA) degree may be overplayed and overvalued; alternative management education could be a neglected resource. (Contains 60 references.) (YLB)



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# Can the UK learn to manage?

**Ewart Keep and Andy Westwood**



the work foundation

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### **ACKNOWLEDGEMENTS**

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The paper also owes much to other contributors who have been involved at various stages of its production. Patrick Burns, Sam Hardy, Aminatta Forna and Philip Whiteley have all helped with writing, editing or general comments.

### **ABOUT SKOPE**

The ESRC Centre on Skills, Knowledge and Organisational Performance (SKOPE) is based jointly at the universities of Oxford and Warwick. Its aim is to examine the links between the acquisition and use of skills and knowledge, product market strategies and economic performance.

SKOPE's current research programme is split into four themes:

1. The choice of different models of competitive advantage.
2. How product market strategies are put into practice.
3. The relationship between the supply, demand and use of skills.
4. The effectiveness of various policy and institutional interventions by external agencies in support of a 'high skills' vision.

SKOPE's research touches upon many areas of relevance to academics across a broad range of disciplines. It is also of interest to policy makers and practitioners, and SKOPE has worked with the DfES, the Treasury, the DTI, the National Skills Task Force, the Cabinet Office, the Scottish Parliament, the CIPD and other groups to further develop its research activities. For further details, see the SKOPE website at: [www.economics.ox.ac.uk](http://www.economics.ox.ac.uk)

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# Introduction

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“Most would accept that a trained doctor or engineer is functionally superior to someone without such training, and this is recognised in law. This is, at best, contestable in the case of managers and is not recognised in law.” Christopher Grey<sup>1</sup>

Considering the tremendous responsibilities senior managers face in both the public and private sector, it is remarkable that their training and development has never been subjected to the sort of thinking that would accompany the preparation for any other profession of similar size and importance.

Managerial decisions will not always be life or death concerns, although the role of managers in many organisations increasingly appears to be taking on even this level of responsibility.<sup>2</sup> Even managers in organisations who cannot claim this significance still have to make decisions that have direct impact on people’s livelihoods. The mistakes by executives at Marconi and at BT in recent years may not have had impacts like those at Railtrack or Exxon but have still have damaged the careers, income, pensions and family life of thousands of people, and have affected the whole of the economy. Yet there is no widespread concern about management training; no public inquiry into such mistakes.

The few surveys that have been carried out on contemporary managerial interventions are not encouraging. Numerous studies in the US have shown that only a minority of business process re-engineering programmes in the 1990s added value to shareholders, and that in many cases the schemes were disastrous.<sup>1</sup> In 1998 a KPMG study found that mergers and acquisitions enriched shareholders in just 17% of cases; in the rest there was either no improvement or actual impoverishment. It is noteworthy here to point out that British managers are the most enthusiastic deal-makers when it comes to mergers and acquisitions.

Something is lacking in management practice and development. No one would accept an 83% failure rate in surgery or child protection or judicial decision-making. Attention rightly turns to the education and training that senior managers may or may not receive, to see how the situation can be improved.

All too often debates about management education and training are led by views on the Masters of Business Administration, or the MBA. Perhaps even more worryingly, development activity can also be dominated by the ridiculous; managers can variously improve their skills by playing with lego, scalectrix or sheepdogs.<sup>3</sup> While there is unsurprisingly little evidence about the effectiveness of these programmes, there appears to be a good deal more about the MBA. While the proportion of managers who complete an MBA is still a very small proportion of the total – as we shall demonstrate in this report – the qualification has an increasingly wider influence. It is the only managerial qualification that is international, and that is recognised by its initials alone. Directly or indirectly it influences management education and training (METD) more generally, particularly generic METD in the English-speaking countries. However it is important to remember that the vast bulk of management training in the UK still occurs at undergraduate level and that many managers, particularly in small and medium-sized enterprises, receive very little formal training at all.

What research that there has been into the effectiveness of the MBA has produced findings as negative as those on the managerial practices cited above. Professor Henry Mintzberg's research concluded that a chief executive with an MBA was no more likely to be successful than one without one. Carrying out the test on a chief executive is a reasonable choice, given that the purpose of the qualification is to prepare individuals for the most senior posts.

So should MBAs dominate our thoughts on METD in the UK? Is the return on investment from the tens of millions of pounds spent on MBA programmes each year in the UK negligible? Should we be thinking about

much more widespread management education and training programmes rather than the very small numerical focus of the MBA? METD is of growing significance in the UK. Discussions on our productivity gap has focused attention on where targeted improvements may be made. Similarly, our public services can and should be 'managed' much better. Politicians have begun to realise that scrutinising and improving management practices and management training is one of the keys to unlocking the economy's productive potential. It seems the country's economic future lies in our collective management capability.

# 1 Management education in the UK

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The aim of this report is to identify some of the most important issues concerning future METD needs and how they might best be filled, and to identify issues for further consideration. The focus of these points for debate is generally at the level of policy and practice rather than theory. In particular, we will try to pose the essential questions that those engaged in UK management education may need to address. Where possible, what follows tries to highlight areas that are sometimes neglected in the general debate about managerial skills. Such an endeavour poses a number of potential pitfalls. Four should be highlighted at the outset. First, the history of initiatives aimed at improving the quality and quantity of METD in the UK has often been characterised by special pleading and the influence of various interest groups – usually the providers (public and private) of such training and development. Management academics are not always dispassionate observers, they can be a producer interest as well. The Handy Report (1987) is a case in point. There has also been a tendency within public policy debates to equate management training and development with business schools and, even more narrowly, with MBAs.

We argue that METD also serves a broader range of functions, some of which have relatively little to do with the creation of skills (Lees, 1992; Antonacopolou, 2002). For example, METD can be used as a reward or perk, as an opportunity for managers from different parts of the organisation to network, and as an opportunity to identify talent and potential. However, probably its most important 'non-skills' function is to act as the means by which managers are socialised into a particular organisational culture or way of doing things. A great deal of METD, especially that taking place within organisations, is about creating shared assumptions, outlooks, behaviours and modes of thought rather than skills as traditionally conceived.

Bearing these facts in mind, we begin with what exists: the UK management population; its stocks, flows and qualifications. Consideration then turns to the question of whether current METD provision is equal to the scale of the task, in terms of both volume and quality. Current changes



in the business environment and the issues they pose for METD are then surveyed. In the light of these, the challenges faced by UK management education providers are reviewed and assessed.

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**The UK  
management  
population –  
a large and  
moving target**

In thinking about management skill needs and how they might best be met, it is important to note that how we choose to define 'skills', 'management' and 'manager', and more generally how we conceive of the managerial population that might become the beneficiaries of METD activity, will skew both the type and potential volume of METD. The size and composition of the UK management population is a topic that is rarely covered. The UK's current official occupational classification system shows that Britain has a higher proportion of 'managers and administrators' than other European economies.

The new occupational classification system is expected to reduce this population, perhaps by as much as a third. Nevertheless, the term 'management' remains a catch all. Even if we exclude supervisors, the range of activities, spans of control, levels of seniority, bodies of specialist expertise and knowledge, and broader managerial skills, remains very wide. For example, a store manager in a large food retailer operates with very limited discretion – nearly every aspect of their work is controlled by a manual or guidance from head office, but they are still classified as managers. The purchasing, HRM, and distribution experts in head office who devise and codify the policies the store manager implements are also termed managers. So too is the company's chief executive. The METD needs for the various levels and functions will vary enormously (Hirsch and Bevan, 1988; Knights, 1992). This breadth raises issues for attempts at the definition and implementation of generic approaches to managerial skill requirements.

TABLE 1 The size and structure of the managerial labour force (000s)

Category	1981	1998	2006
<b>Intermediate level occupations</b>			
Corporate managers and administrators*	418	665	730
Managers/proprietors in agric. & services	1,475	1,582	1,730
<b>Other occupations</b>			
Corporate managers and administrators*	1,253	1,996	2,192
<p><b>Source:</b> Department for Education and Employment (1999) <i>Second Report of the National Skills Task Force</i>, p25  * It is estimated that around 25% of managers and administrators work at intermediate level</p>			

**Stocks and flows** According to Labour Force Survey (LFS) data, in 1997, 16% of individuals reporting an occupation described themselves as managers or administrators. This means that there were 4.1 million managers and administrators out of the total of 25.5 million individuals who reported belonging to an occupational group (Bosworth, 1999:8). However, even this large figure is likely to be an underestimate of the population potentially in need of management skills. A general trend within the economy is the diffusion of managerial type activities among a wider population of employees. In recent times, many jobs have absorbed or are in the process of absorbing elements of what has traditionally been seen as management work, particularly in professional occupations such as nursing, medicine and teaching (see, for example, Wise and Bush, 1999).

Besides a knowledge of the scale of current managerial population, equally important in assessing the current impact of METD is some idea of flows in and out of this population. Bosworth (1999:9-15) provides detailed data on this issue which indicates that via a combination of occupational mobility, growth in managerial employment and retirement/mortality, on present trends between 1997 and 2006 about 1.4 million jobs will need to be filled. In many cases this will be done by people moving from one managerial post to another, but Bosworth estimates that over the period as a whole there will be a net inflow of new entrants to managerial work of just under 0.5 million.

Alongside this figure there is a frictional problem. According to Hogarth and Wilson (2002) management abilities are one of the most problematic of employers' internal skills gaps with some 26% reporting deficiencies in these areas. There is, then, a need to think big. Not only are there plenty of managers in the UK, but the widely held view is that there are going to be many, many more.

**Quality of skills within the management population**

Data on the quality of the current UK stock of managers is sparse. In the absence of any more effective measure, levels of educational attainment have been used as an indicator of the relative potential of the human capital deployed. The results are not encouraging.

Using the five-level qualification framework afforded by National Vocational Qualifications (NVQs) – and their academic equivalents – Bosworth shows that the average qualification attainments of managers and administrators were:

“Not only below that for professional occupations, but also associate professionals and technical occupations. Indeed, the management and administrator result is only marginally higher than the overall average for all occupations.” (Bosworth, 1999:21-22)

**TABLE 2 Education and training of British management**

Item	UK	USA	Japan	Germany	France
Average terminal education age 1999	19.5 yrs	22 yrs	22 yrs	21 yrs	22 yrs
Percent graduate 1999	49%	74%	78%	72%	61%
Days of off-the-job 1998	4 days	7 days	5.5 days	5.5 days	6 days
Days of on-the-job 1998	4.5 days	8 days	6.5 days	6.5 days	6 days

Examination of the proportion of individuals in different occupations holding particular levels of qualification reinforces this gloomy picture. Managers and administrators as a group had a much higher proportion of members with no qualifications compared to professional workers. One in five managers and administrators either has no qualification at all or is only qualified to NVQ level 1 or its academic equivalent (1999:22). Green *et al's* data from the *Skills Survey* (1997) confirms these findings. In 1997, the managers and administrators covered by the *Skills Survey* indicated that 78.9% of them were in jobs that required some form of qualification, and that 27.1% were using high level (anything above NVQ3/A level) qualifications in their work. By contrast the figures for professionals were 98.8% and 71.1% respectively. For associate professionals and technicians they were 89.8% and 43.1% (Green *et al*, 1997:30).

This situation suggests that if managers are in some respects now seen as the 'leaders' and assumed problem solvers within modern society, in the UK at least their status as such may not rest on higher levels of intellectual ability. In terms of qualifications held, and qualifications required to undertake the job, the intellectual elite of the UK's working population tend to reside in professional and associate professional occupations, rather than management (though some sections of the management population may be very highly qualified).

There must also be grounds for concern at the ability of the managerial population as whole to grapple with the pace and scale of change that is taking place in the business environment (see below). At the very least, the figures outlined above suggest that the scale of the potential market and need for METD in the UK is very considerable. Job growth in managerial work, retirements from the existing management population, and inadequacies in their current levels of qualification imply a requirement for major attempts to boost the supply of METD.

**Training provision – adequate to the scale of the task?** In a country where overall levels of qualification are rising, and where the qualifications held by new entrants to the labour force tend to be higher than those leaving the workforce, it might be predicted that the overall qualification levels of the national stock of managers will also be rising. Bosworth's analysis of LFS data supports this projection, though measured in terms of a simple weighted average based on NVQ levels (or their academic equivalents), the change is relatively small year on year. Unsurprisingly, given the large-scale expansion of higher education in recent times, the main point of improvement is at NVQ level 4 (ie, degree level).

**Employer provided training** In terms of employer-provided management training, the figures tell a less straightforward story. Bosworth's overview of LFS data suggests:

"A generally upward trend over time, with the main overall growth in 1986 to 1990." (1999:25)

Lack of formalised METD within UK companies was identified as a problem by Mangham and Silvers (1986) and the Constable Report (1987), with more than half of all firms making no formal provision for training their managers. According to the Management Charter Initiative (1992), the position has improved since then, with 80% of organisations with 500-plus employees reporting some form of formalised management training programme. Still only half of all organisations surveyed and half that proportion of smaller firms (less than 100 employees) had similar arrangements. Thomson *et al* (1997) indicate a further improvement, with only 4% of larger companies and 20% of SMEs reporting undertaking no training in 1996. Average training days per manager in larger companies had risen from 3.1 in 1986 to 5.5 days in 1996 (Thomson *et al*, 1997:30).

METD provision within the SME sector has traditionally been a source of concern to policy makers and, despite general signs of improvement in UK employers' management training provision, the story with regard to SMEs is generally less encouraging (Gray, 1997; Curran *et al*, 1996). At least in terms of formalised policies and provision, SMEs continue to trail larger employers.

Within the managerial population as a whole, the incidence of training appears to decline with age, but is positively correlated with the levels of qualification held by the individual (Bosworth, 1999:26-27). However, as with the overall levels of qualification held, managers and administrators trail professionals and associate professionals and technical occupations in terms of the incidence of training. Bosworth's data, taken from the 1996 LFS, suggests that male managers and administrators were less likely to receive training in the four weeks preceding the survey than were those employed in protective services or sales occupations (1999:26). Overall, managers and administrators appear to receive only a little more training than the average for all employees.

There is some evidence that what company-provided METD is on offer tends to be heavily concentrated on the most senior managerial staff. Hirsch and Carter (2002) found that the most innovative forms of METD (for example, coaching, project work, and planned career moves) were available to only a small managerial elite. This finding mirrors much other work on company training, where exposure to all forms of training provision tends to increase in cost and intensity the further up the organisational hierarchy the workers involved are.

In terms of the type of training being provided, although great play is made by employers of the issue of employability and of the shift in responsibility for METD from the organisation to the individual manager, in practice the reality may be a little different. Research by Antonacopoulou (1996, and 2002) suggests that genuinely self-directed management learning is relatively rare and that the organisation continues to determine to a large extent how individuals should develop and what knowledge and skills are relevant. These are frequently framed within short-term requirements and are narrowly conceived, task- or job-specific, and not necessarily highly transferable. The danger is that this approach pushes managers and their organisations towards incremental approaches to organisational change, rather than encouraging a more radical approach to organisational transformation.

**Business school training provision** Given its prominence in public debate concerning UK METD, what contribution does management education in the shape of the business schools make to the upskilling of the nation's stock of managers? Each year, undergraduate higher education in the UK produces around 45,000 business and management graduates. MBA provision for home students generates just over 6,000 MBA graduates per annum. This is after a period of very substantial expansion. The number of business schools offering the MBA rose from 26 in 1985 to 116 in 1998. Home student numbers increased from 3,640 in 1990 to 6,095 in 1997 (Bosworth, 1999:32). In addition, the business schools produce about 2,000 other postgraduates in business and management studies.

**TABLE 3 The provision of qualification-based courses (output per annum)**

Programme	1984/85 numbers	1995 targets	1993/94 ** numbers	1998/99 numbers
Undergraduate	4,500	7,000	13,000	45,000
Postgraduate FT (home)	2,200	5,000		1,500
Postgraduate FT (home & overseas)	3,100		4,800	6,500
Postgraduate PT and Distance				10,000
Research degrees (home)	200			120
Research degrees (home & overseas)	300			400
Research Degrees PT				300
Diploma (new)		35,000 *		0
Diploma (others)	1,800			4,000
Total	9,700	47,000	17,800	67,820

Target for new Diploma not linked to specific year – the term used is 'eventually'  
 \*\*estimate based on UFC and CNAAs figures with projections where necessary from historic growth rates

It is worth indicating the progress made in awarding management NVQs during their first five years.

**TABLE 4 Certificates awarded in management (cumulative)**

As at	Level 3	Level 4 & 5	Total
1992	21	400	421
1993	216	2,000	2,216
1995	8,350	4,350	12,700
1998	28,600	8,500	37,100

Over 900 centres offer NVQs or SVQs in Management. By the late 1990s numbers were catching up with the targets set for the 'new' Diploma. By 1998 it was estimated that around 130,000 managers were working towards management NVQs.<sup>4</sup>

Given the overall size of the UK management population, it must be concluded that the higher education system's management education provision has only a relatively limited impact on the supply of managerial skills. In particular, the much-vaunted MBA makes very small inroads. As Bosworth remarks:

"If, as a ball-park figure, we say there are around 3.5 to 4 million managers in post, then clearly the 6000 or so individuals graduating each year with an MBA is just a drop in the ocean. To illustrate this point, if the stock remained constant and infinitely lived, it would take at least 583 years to get everyone up to MBA standard...

An MBA may indeed be inappropriate for a high proportion of the overall management population, but even if the MBA is only necessary for a small number of potential high-flyers, current levels of provision appear unlikely to be able to satisfy the underlying level of need.



Finally, the quality of some of higher education's management education provision may be open to question. By international standards, many UK business schools are relatively small and poorly resourced. Anecdotal evidence suggests wide variations in the quality of both the faculty and the students in some of these institutions. Figures generated by the 1996/97 research selectivity exercise and analysed by Bosworth (1999:33) indicate that of the 100 business and management schools identified in the exercise, only 10 were rated at 5 or above, while 43 were rated at 1 or 2. If high quality research does have a symbiotic relationship with teaching, these figures are a cause for concern."

**Forms of METD** Despite a tendency on the part of those who organise METD to still conceive of it in terms of 'courses' (Antonacopoulou, 1996 and 2002), most METD probably takes place on the job in the form of experiential and more formally structured learning experiences (Eraut *et al*, 1998), much of which would be unlikely to figure in the data on in-company management training provision. Indeed, METD covers a wide range of issues and activities, including succession planning, assessment and appraisal systems (including assessment centres), outdoor/outward bound 'training', job rotation and lateral moves, secondments, international placements, project work and the use of business involvement in the community as a management development tool (Hirsch and Carter, 2002).

METD can be delivered via a variety of modes, including Open Learning (covering CD-rom, computer-based training, and more traditional workbooks) and in-company and external courses. In recent times a great deal of speculation and discussion has centred round the potential of new modes of delivery (CBT, CD-rom) to revolutionise the delivery of METD. Interesting though this is, particularly for those organisations seeking to profit from the supply of METD or to promote a low cost expansion of provision, the relative neglect of content and curriculum design issues (see next section) is worrying. How the 'box' is delivered is undoubtedly important, but the issue of what is in the 'box' may be still more important. It is to this issue that we now turn.

## 2 Shifting goalposts

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The UK's existing and projected management workforce will also be faced with increasingly unfamiliar working certainties. Workforces, organisations, consumers, shareholders and governments are all expecting more from our management population. In thinking about the future of METD, it is important to examine new challenges faced by managers and to ask how they might best be equipped to analyse and deal with these changes. The most fundamental changes and challenges for the future of management might be summarised as:

- 
- The changes**
- Technological literacy
  - Doing more with less
  - Sustainability and the broadening social responsibilities of business (public/private partnerships, etc).

- 
- The challenges**
- Management fads and fashions
  - The national context and dominance of the US model
  - Challenges posed by academe
  - Poor-quality research
  - Stakeholder or shareholder value models
  - New models of management and the growing gap between leading- and trailing-edge practice
  - Path dependency and new models of competition
  - The strategic capacity of senior management teams
  - Domination of classical economics
  - Toolkit for action man or analytical training
  - Gendered nature of organisations
  - Universal prescriptions
  - Gap called ethics
  - Management training and education for small and medium-sized enterprises.

## THE CHANGING BUSINESS ENVIRONMENT

### Technical and scientific literacy

IT and the internet, multi-media and opto-electronics, and new materials and biotechnology offer a few examples of technology profoundly affecting the way that business is conducted and competitive advantage developed and maintained (see Senker, 1992). In order to function effectively in an environment where this type of change is occurring, senior managers charged with strategic decision making need to possess a reasonable degree of technological and scientific literacy. A KPMG survey in September 2001 of 200 senior board members of UK companies concluded that inefficiencies of around £17 billion a year were caused by poor knowledge of systems at board level.<sup>2</sup> Around half the respondents did not know what their IT budget was, and 80% had little idea of what cost-saving they had achieved through their systems. It is clear that many CEOs and chairmen do not have sufficient knowledge of systems to make decisions on technology.

### Doing more with less

"A lot of people are retiring and the back-ups you used to rely on are gone. There's no farm club there; we have taken out the ready talent pools. And the problem is exacerbated because with elimination of middle management and 'assistant to' jobs, the jumps between positions are higher."<sup>3</sup>

William Byham, CEO of a personnel consultancy firm, Development Dimensions International.

A combination of cost reduction strategies, downsizing and, in the public sector, 'efficiency gains' means that managers are constantly trying to achieve more with less. In many UK organisations this has meant work intensification, and, perhaps more importantly, some of the longest working hours in Europe, with a third of all workers undertaking more than a 48-hour week. Indeed, the UK is the only EU member state in which the average length of the working week has increased in the last decade. It is unclear whether the UK's relatively weak approach to working hours regulation will do anything to change a culture that seems to find it much easier to find ways of 'turning the wick up under people' than it does of helping them to work smarter (Kodz *et al*, 1998).

There are major long-term social and motivational implications associated with this strategy, not least in terms of the fact that long working hours render it difficult for staff to find the time and energy to learn (the more so in organisations where the current norm is for more and more learning to be undertaken in the employee's 'own time' rather than during working hours).

It is straightforward and commonplace for managers and professionals to opt out of the 48-hour maximum working week in the UK, established in 1998. This factor, read in conjunction with the lower level of qualifications already noted, indicates that we may be working harder, not smarter. The dominance of business process re-engineering, efficiency gains, 'sweating the assets harder' and so on in the private sector, now spreading through the public sector, have in some quarters been seen to be inevitable and to be beneficial to profitability and effectiveness. Efforts to reduce this tendency through greater staff consultation over restructurings and shorter working weeks have been vociferously opposed by employers' bodies.

Some recent research projects have indicated that the move towards longer hours for fewer workers and managers is not only unsustainable, but may have been a mistake all along. In particular the decade-long Leading Edge longitudinal survey of seven multinationals and one NHS trust by the London Business School found that organisations that had downsized more aggressively encountered serious organisational problems. De-layering lowered morale by tearing up expected career paths. Notably, the US and Swiss-based companies featured had suffered less than the UK organisations.<sup>4</sup> The Roffey Park Management Institute has also highlighted the problems of downsizing, which include the difficulties of learning new skills and the reduced collective ability to innovate and adapt to new challenges.<sup>5</sup>

This view, we would argue, is the conventional assumption underlying management education and informing most management graduates; some would take a stricter view and replace the word 'primary' with the word 'sole'. This attitude is mainstream within management circles, but it is not neutral, apolitical, nor self-evident.

Moreover, sooner or later the laws of diminishing returns start to bite on efforts to further intensify work. Many managers will be faced with looking for new ways of organising work. Whether they and their organisations will have the attitudes, conceptual understanding and skills necessary to make these work is open to serious doubt.

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**Management fads and fashions** A key problem concerns the skills that managers will require in the future (and how they might best be developed). This is clouded by the very strong tendency towards 'fad surfing' within Anglo-Saxon management. A recent visit to a university bookshop's 'management' section revealed the following partial list of key approaches to competitive success: global strategic alliances, electronic commerce, in-company incentive structures, and knowledge management. Each brings very different skill demands. The life of these fads or trends is often extremely limited, perhaps five years. Examples of recently eclipsed fads include business process re-engineering (BPR) and the learning organisation (now being replaced by knowledge management, see Scarbrough *et al*, 1999a). The various management gurus seem to be in agreement with the broad generality that we will need more highly skilled and intelligent managers (Obolensky, 1999), but there is little consensus about the specifics of what will be required.

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**The dominance of the US model** The specificity of national context poses other problems. Although internationalisation and globalisation are supposed to be transforming economic activity and management practice, it remains the case that different countries have very varied approaches to the contents, institutional setting and modes of delivery for METD. The UK fits into what can broadly be defined as an Anglo-Saxon model. Other countries arrange things differently (for a detailed set of snapshots of different national management training and development systems, see Handy *et al*, 1988).

Richard Scase has looked closely at the effects of the US-led Anglo-Saxon model, arguing that it has proved increasingly unsustainable in the longer term:

“Certainly the downside of the Anglo-American model is now becoming evident. The application of the principles of decentralised project management has generated a culture of long working hours. Whether it is in a hospital, a software company or a factory, the breakdown of work processes into project-driven targets inevitably leads to underestimates of the resources needed... The demands and stresses of operating according to the Anglo-American model of organisation with its re-engineered, decentralised business units seem to be leading to an increasing rate of personnel burn-out.”

Of particular note is the fact that the structure of different national and organisational managerial labour markets is central to determining the shape and form of education and training (see, for example, Storey, 1991). So too are different national conceptions of what the main focus of managerial activity (especially senior managerial work) and skill needs to be. In Germany, for example, technical mastery and leadership has been viewed as critical to senior management, and therefore a doctorate in science or engineering has been an important route to top management in the manufacturing sector. Thus in 1985, no less than 54% of the management board members of Germany's top 100 companies held doctorates (Randlesome, 1990:48).

There is however a danger of simplifying national systems or assuming there is only one in each nation. The US model is often described as focusing exclusively upon shareholder value. In fact, there is more than one model in the US and the country is witnessing some profound changes in the way in which management is perceived.

Some important developments are international. The growth of intellectual capital, summarised as the science of measuring value and potential, as well as cost and fixed assets, began in Japan, took off in Sweden, and is now being developed enthusiastically in North America. Skandia of Sweden was the first corporation to publish an intellectual capital report, but the Financial Accounting Standards Board in the US has published proposals on reporting of intangible assets.<sup>6</sup>

The two dominant intellectuals in the field are Leif Edvinsson of Sweden and Baruch Lev of the Leonard Stern New York University. Edvinsson took part in the working group set up by the Brookings Institute and the US Securities & Exchange Commission which resulted in the report *Unseen Wealth*.<sup>7</sup>

Similarly in devising a curriculum that addresses ethical principles and people management issues, US management educators are often far ahead of UK counterparts.

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**Stakeholders versus shareholders** There is a continuing debate about the range of interests that might have a legitimate stake in the management of any given organisation. Simply put, there are two lines of thought. One argues that, once whatever existing legal obligations have been met, the shareholder represents the sole source of legitimate interest and that management acts as their agent. As such, management is a form of property right that cannot be shared with others. The opposing view suggests that organisations have a range of stakeholders – customers, shareholders, employees, and suppliers – and that the needs of all these groups need to be considered and balanced in formulating organisational strategies if the organisation is to achieve long-term success (Goyder, 1998).

In the UK this debate has generally been muted, and has failed to engage the attention of the vast majority of the managerial population. However, the government has signalled its commitment to stakeholder principles, not least in respect of pay deals for senior managers, but also more broadly in terms of different models of corporate governance that might embrace a wider set of interest groups. In Europe the 'pure' view of manager as unchallenged proprietor exercising power on behalf of shareholders is coming under increasing challenge at a political level. Most tangibly in 2001 the European Union approved a law requiring compulsory consultation with staff groups over business restructuring. It would have been implemented earlier but for blocking tactics orchestrated by employers group Unice, which held out for three years.

In France employers have to publish an annual 'bilan social' containing details of the welfare and skills of the workforce. Some companies use the information contained to inform their personnel and business strategies. Concetta Lanciaux, executive vice president of the luxury goods group LVMH, says that its effect is similar to the intellectual capital assessments being developed in Scandinavia and the US. 'It is an example of good regulation,' she comments.

In the case of corporate governance, the British government has been more cautious in trimming the sails of executives, and has relied on codes of conduct rather than law. But institutional investors have increasingly joined the criticisms of ministers and trade unions on high executive bonuses for executives perceived to have failed.

Whether it is through choice or by statute, managers in the UK will increasingly be accountable to a wider range of interests than those of the primary shareholders.

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**Gap between leading and trailing edge**

In recent years a great deal has been written about the emergence of new models of organisational and managerial structures. The overall thrust of this literature has been to argue that the nature of management is undergoing dramatic changes. (Institute of Management, 1994; Prahalad, 1997; Ghoshal and Bartlett, 1999). An extremely lucid example of this school of thought comes in the work of Guile and Fonda (1998 and 1999) for the New Learning for New Work Consortium. In addition to clear exposition, their work has the benefit of being based upon research in organisations attempting to make a step change towards the new model of management. What they suggest is that the strategy, structure and processes within organisations need to change radically to create a value-adding workforce, and that these shifts will, in turn, alter the nature of the managerial task, the required skills and what it means to be a manager. Traditional models of management have cast managers as policemen/women, spies, controllers, dispensers of reward and punishment, decision makers, sources of wisdom and expertise, order givers, and arbitrators between competing claims. The new model of management



tries to paint them as teacher, coach, mentor, facilitator, resource controller and 'servant' of the team.

Change of the type depicted by Guile and Fonda raises profound implications for METD. It is not obvious that the majority of the UK's current stock of managers, mainly selected and developed to perform the very different tasks under the old model, possess the skills, behaviours and attitudes required to perform these radically different new functions.

In particular, moving the people management elements of managerial work to centre stage is liable to reveal major managerial attitudinal barriers and skill deficiencies. Despite paying lip service to the adage that 'people are our most important asset', the weight of evidence suggests that many UK organisations continue to see their staff as a disposable commodity, or a cost to be contained. In too many cases, the skills, commitment and latent ability of the workforce are not being harnessed to good effect.

The problem goes beyond the usually cited deficiencies in management's ability to develop and sustain people management systems that can recruit, retain and motivate. It also embraces product market strategies, work organisation and job design. A recent study on job satisfaction in UK manufacturing firms concluded that:

"The current managerial approaches to job design are counter-productive ... the type of impoverished jobs we see in manufacturing organisations up and down the country represent waste, on an enormous scale, of the resources, intelligence, skills and energy of those required to perform them." (Patterson and West, 1998)

Work by Dench *et al* (1998) among a wider group of employers, arrived at broadly similar findings about the very limited discretion (and skill levels) being built into many jobs. Their research suggests that managers continue to cling (ever harder in some cases) to a traditional, hierarchical model where managers do the thinking and the workforce concentrate on executing this grand design – carefully, consistently and mindlessly.

It can thus be argued that one of the largest skills gaps in UK management appears to centre on the ability of managers to handle people issues in constructive and innovative ways and to put to best use the skills of those they employ. The problem has become more acute with the move by many organisations to devolve responsibility for large areas of people management to line managers, many of whom have been singularly ill-prepared to deal with these new-found responsibilities. The difficulties this situation poses for those trying to design and deliver management education are all the greater because, in terms of competitive and product market strategies and management systems, values and structures, the UK has become an extremely diverse economy. Large organisations, especially in the service sector, appear locked into price-based strategies; Tayloristic work practices; hierarchical command and control management structures; low-trust employee relations systems; high levels of surveillance, not least of managers (see Collinson and Collinson, 1997); limited employee discretion and an underlying belief that managers do the thinking and then direct and control its implementation (Dench *et al*, 1998). As the author and others have argued, such responses may reflect, in the short term at least, a rational market segmentation strategy response to the structure of domestic demand (Keep and Mayhew, 1997).

At the same time, other companies are seeking competitive advantage through moves to higher value-added goods and services, genuine teamworking, a more highly skilled and autonomous workforce, and a shift in the functions of management towards the roles of facilitator, enabler and coach. The battle between these two opposing visions, a battle often being fought out within individual organisations, is of fundamental importance to the future shape, purpose and skills profile of UK management as it enters the 21st century. Although management gurus and futurologists imply that the triumph of empowerment and creativity over command and control is inevitable, the match remains too close to call.

For as long, however, as there is this polarisation (and a range of points in between), UK METD has to cater for a very diverse audience with radically

different conceptions of what management is there to do, how it should do it, and what skills each role requires. These divergent demands raise major issues for METD providers in terms of defining workable curricula, and for any qualification structure that tries to offer generic management qualifications.

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**'Path dependency' and new models of competition** The government's white paper on competition (Department of Trade and Industry, 1998) urged the need for a 'knowledge-driven economy', while the OECD and the European Commission have argued for the adoption of radically different models of work organisation and the creation of the 'high-performance workplace'. Research suggests, at least in the area of people management systems, that to be effective, such change needs to be 'bundled'; ie, comprised of a broad set of intermeshing, mutually reinforcing policies which are implemented as a coherent package (Pil and MacDuffie, 1996). Unfortunately, the same research suggests that such change is inherently risky (as it may disrupt organisational performance) and requires high levels of managerial skills and commitment to work. Yet it is precisely this kind of step change that is required if more organisations are to transform themselves into the new model.

This suggests that one of the keys to good economic performance and the renewal of organisational capability in the UK will be the managerial ability to design and implement wide-ranging, coherent and co-ordinated programmes of organisational change, embracing product market strategies, management structures, control systems, work organisation, job design, and people management systems. It is unclear how many UK organisations have current competitive strategies that require or signal the need for such transformation, or the managerial vision, capacity and skills to superintend this level of change.

In part, our slowness to make the jump to the new model may reflect the problem of 'path dependency' – the tendency for past choices to mould or 'imprint' the way an organisation will act in the present and future, not least by setting management skills or 'core organisational competences' within a narrow band. For example, an organisation which follows the path of cost

containment will find that its managers may not have the incentives, vision or skills to implement any other form of strategy. All the organisation can then do is more of the same, but harder.

Modern managerial recruitment systems based on psychometric testing often reinforce this tendency through 'cloning'. These selection systems are geared to recruiting managers who display the same behaviours, thought patterns, aptitudes and outlook as a profiled selection of current high-performing managers in the organisation. Marks & Spencer is a good example of a company that has used this system, and it might be argued that some of its current problems stem from narrowing the corporate 'gene pool'. The system works well until the external environment undergoes radical change, at which point the range of ideas and approaches that management can deploy to meet this challenge is very limited and locked into a model specifically designed to address a now-vanished world.

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**The strategic capacity of senior management teams** An over-arching concern is the strategic management capabilities of UK senior management teams and their ability to analyse and respond to the challenges outlined. There is a range of issues for concern which are beyond the scope of this paper. Instead, we will focus on a single area: recourse to mergers and acquisitions as a source of competitive advantage.

There is a wealth of academic research from both sides of the Atlantic on this topic. The overall consensus is that mergers and acquisitions fail to produce the expected improvements in business performance (Dickerson *et al*, 1995; Franks and Mayer, 1996; Carper, 1990). They also appear to reduce long-term profitability (Dickerson *et al*, 1995) and frequently appear to reduce innovation and R&D (Hitt *et al*, 1991a and b; Hitt *et al*, 1996). Mergers will only work within particular, fairly tightly bounded circumstances (Hitt *et al*, 1998).

Unfortunately, UK senior managers appear to continue to rely very heavily upon merger activity as a source of competitive advantage. As a proportion of GDP, UK merger activity generally outstrips that in the US, and overall UK companies are the most acquisitive in the world.

This behaviour may reflect a number of motivations: the triumph of hope over experience; the influence of an incentives structure that provides large financial rewards for the leaders of newly merged companies, and for legal and financial firms that act as advisors and brokers for such deals; a need for quick fixes and more rapid expansion than organic growth can deliver; or a belief that, in a globalising economy, size, market share and associated economy of scale advantages outweigh any risks. What it does demonstrate is that research findings have a limited impact on the perceptions and behaviours of senior managers. We may be heading for a knowledge-driven economy, but some forms of knowledge can apparently be easily ignored if they clash with other priorities. Besides raising questions about the wisdom and calibre of senior management teams willing to invest so much in what is, at best, a risky strategy, this situation also illustrates one major problem that management educators face – how to influence practice by the deployment of research and reasoned argument.

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**Technicism or  
radicalism and  
creativity**

An unresolved tension within many management education institutions is the nature of their role and relationship with business. Are management educators there to act as handmaidens to capitalist enterprise and current management practice, or are they there to represent and investigate wider interests (such as those of society, workers and trade unions, consumers), offer radical criticism, or develop and popularise alternative approaches?

These debates raise many large questions. A single, limited facet of these debates will serve as an example. On the one hand, a significant strand of current thought suggests that the organisations that will be successful in the future will be those that can harness the abilities of their employees. Such organisations will be innovative, risk taking, non-hierarchical and able to operate outside the constraints of traditional management control systems. At the same time, a countervailing set of developments and trends can be observed, whereby organisations are in effect revitalising Taylorism and Fordism (particularly in the mass markets of the service sector) in moves driven by a search for certainty, measurability, control and

a form of monolithic consistency of delivery that they equate with quality. These tensions are crystallised very clearly within current debates about knowledge management (see Scarbrough *et al*, 1999; and Scarbrough and Swan, 1999).

How should business schools react? In many ways, the ethos of much management research is supportive of the technicist search for certainty (Fox, 1998), but there are other strands of work, such as organisational development, that are more interested in searching for creativity. Whatever balance might be reached in terms of relative emphasis within management courses, it still begs the question of how students can be sensitised to the need to choose between competing solutions within the varying contexts of very different individual organisations.

**Toolkit for action man/woman or analytical training for the reflective practitioner?** In thinking about re-inventing their offerings, management educators face a market that has fairly clear views about what it wants, and which embodies a strong strand of short-term instrumentalism in its conception of the value of management learning. These in turn reflect organisational and individual concepts of the nature of the managerial task, which exert a very powerful influence over the shape of skill requirements.

Unfortunately, the prevailing practitioner conception and practice of management in the UK sees the manager as primarily a doer, a fire fighter, and 'Action Man/Woman', rather than as an analyst or reflective practitioner. In part, this orientation reflects the problems that analysis and reflection by subordinates pose to senior managers. As an MBA student once remarked to one of the authors:

"What would my organisation want with reflective practitioners? What would we reflect upon, perhaps critically, except the decisions taken by our senior managers. They wouldn't like that."

The difficulty for management educators is the gulf that exists between what managers do and are required to do by the organisations that

employ them, and what theory or even best practice models say they ought to be doing. Attempts to shift the focus of management towards reflection and analysis, or to direct attention towards leading-edge practice, for example in the shape of learning organisations (see Keep and Rainbird, 2002), are open to the criticism that they are not relevant to the needs of managers or able to address the organisational contexts and realities that most managers face. Within a national business cultural heritage that champions the cult of the practical man, charges of abstraction, irrelevance and an overly academic approach have a strong resonance.

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**Universal prescriptions**

Despite constant talk about the need to internationalise approaches to METD, in the US and the UK much of the 'management guru' and producer-led literature on METD stresses the utility of approaches based around broad, generic skills or competencies and competences, and upon the universality (cultural and technical) of particular management systems and techniques. Often what is on offer is a 'one-size-fits-all' toolkit which can supposedly be applied in any circumstances (organisational or national). The drive towards universality is also motivated in no small part by the desire of those selling nostrums (be they management textbooks, airport bookstall management bestsellers, MBA courses, or competence frameworks) to maximise the size of their potential market. There are strong reasons for doubting the validity of this approach.

As both the NHS and the newly privatised rail industry have demonstrated, sector-specific knowledge is still crucial to success. Few of the managers imported into the NHS from the outside world in the 1980s and early 1990s have survived. In the privatised rail industry, the vast majority of senior managers running the Train Operating Companies (TOCs) are old BR managers, as the new owners of the train companies (mainly bus operators) simply lack the know-how to operate effectively in a railway environment.

Protherough and Pick put it more critically:

“Whereas different managements were once closely identified with their products – Palethorpe’s Sausages, Reckitt’s Dyes, Colman’s Mustard – commercial enterprises now buy and sell managers like big football clubs buy and sell their players. And whereas one might once have employed a manager because he was likely to improve the product, better motivate the workforce and hence make and sell more, nowadays a manager is employed because of his or her fabled ability to deal with such abstract matters as ‘long-term strategy’, ‘market positioning’ or ‘rebranding’, which should be at best only a small part of a responsible manager’s range.”

The impact of specific contexts and cultures (organisational and national) also undermines the ability of generic ‘answers’ to produce the expected results. What works in an Anglo-Saxon business environment may play out less well in Japan or Scandinavia, for example in terms of the meanings and values attached to a particular managerial competency framework, which as Trompenaars and Woolliams point out:

“owes its origins to observations of business practice in Anglo-Saxon or US studies, and is often ethnocentric” (Trompenaars and Woolliams, 1999:30)

A wide range of research, both in business subjects and economic geography, underlines the continuing importance of particular institutional settings and the absence of convergence towards some homogeneous norm (Green *et al*, 1999; Maskell *et al*, 1998; Gospel, 1999; Kohler and Woodard, 1997).

At a broader level, business schools tend to celebrate the inevitable triumph of the Anglo-Saxon model of capitalism. While acknowledging the need to undergo adjustment and re-focusing, policy makers in Germany and Japan are by no means minded to accept that the abandonment of their systems and the adoption of a full-blown Anglo-Saxon model of corporate governance and management is inevitable.



Perhaps a more sophisticated comparative approach to the study of management in other countries and cultures might be productive, not least in acting as a mirror wherein both the strengths and weaknesses of the Anglo-Saxon model of management and the skills it prizes can be examined. Looked at from this perspective, it can be argued that, at least in part, other cultures' conception of the managerial task and required skills may chime more readily with the leading-edge model outlined here. One example would be the stress placed within Japanese management on the development of subordinates as a key element of the managerial task (Koike, 1997).

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**The gap called  
business ethics**

Although UK management education has largely been modelled on the US business school model, there are differences. One difference is the greater emphasis placed in the US on people management issues within the MBA curriculum. Another is the contrast in the relative importance attached to the issue of business ethics in US and UK business schools. In the US, this is regarded as an important element in management education. In the UK, with a few exceptions (London Business School being one), the issue is often treated as marginal and comparatively little time or energy is devoted to it. Calls for a widening in the range of social and environmental issues that business needs to address, coupled with an increasingly complex array of legislative requirements and the interplay within a global economy of very different national approaches to the conduct of business affairs, suggest that equipping managers with a better understanding of the issues and the intellectual and moral tools to dissect them will be important (see Kidder, 1999, for an accessible and interesting discussion of the issues).

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**METD for small  
and medium  
enterprises**

The mass provision of METD to SMEs represents a challenge to business educators which has not been resolved. The goal is desirable, but is extremely difficult, perhaps impossible, to achieve. The vast majority of the literature and prescription on METD focuses on the needs of large organisations which can employ a critical mass of often specialist managers. The world of the SME is very different and calls for radically different types and methods of METD.

Unfortunately, although there has been much experimentation with different curricula, learning methods and modes of delivery, METD for SMEs remains an unresolved problem in the UK. There appears to be broad agreement that much of what has been offered in the past has been ill-focused, poorly targeted and hence relatively ineffectual, and that in future more and better focused provision is required. At present, the expectation is that the University for Industry (Ufi) will take the lead in resolving this weakness. Given that Ufi is not supposed to be in the business of providing courses itself, and must rely upon other organisations to deliver the learning, it will be interesting to see what progress it can make and to what degree business schools will be willing or able to help it.

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**Implications for curriculum design**

In light of the discussions above, it seems probable that many aspects of contemporary management needs are omitted from standard courses.

At present, in contrast to many other areas of educational provision, the effort put into curriculum design and innovation is limited. The standard model still relies on non-integrative, compartmentalised knowledge heavily skewed towards the areas of marketing and finance. New areas have been tacked on via additional course options, but the design of a curriculum and learning style that would encourage integrative, analytical thinking remains limited and management education's ability to engage with the concepts discussed by Guile and Fonda (1998 and 1999) sometimes falls short. Moreover, although there are exceptions, in general, the curriculum being offered across the different institutions appears surprisingly standardised. There may be differences in quality and mode of delivery, but content is generally broadly similar.

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**The UK management population – a large and moving target**

Curriculum design reflects the wider political conflicts within the field of management studies – between the functionalists (business orientated) and the more critical/ethical perspectives (socially orientated). This conflict is played out in practice in the ways in which the industrial relations, human resources and organisational behaviour teams in business schools rarely work closely with the finance and accounting teams. As fields of

study these two groups are often ideologically and methodologically opposed. Interdisciplinary research and teaching is rarely achieved and, as such, more critical approaches are only applied within some courses.

The differences are often visible, with those teaching from a functionalist/managerialist approach conforming with norms of (masculine) management in their identity and their image. Those from a more critical perspective tend to try and challenge these norms, seeing themselves not as 'business people' but as explicitly there to question and pose alternatives to business norms.

On courses such as the MBA, this visible split between the two perspectives often marginalises those who present knowledge in a critical way, who may be disregarded as the 'lefties', the radicals, the feminists – by groups that have largely assimilated to business norms.

In the light of these criticisms, and the changes and challenges discussed in this section, we produce a checklist of necessary features of a modern curriculum. They are:

- **Technological knowledge and awareness** – Education on the new and potential inventions and the ways in which they are set to affect the ways in which people live their lives and do business.
- **Knowledge of information systems** – Knowledge of IT networks and the role they play in modern organisations.
- **Ethical awareness and appreciation of the role of business in society.**
- **Strategic analysis and strategic practice** – This needs to incorporate the often-neglected task of implementing change, and the importance of understanding the history and specialist knowledge of the organisation and sector. **Workplace learning/projects** should fall into this category.
- **Management of people** – This must be taught in micro and collective scale, so that people can negotiate and manage teams, but also be aware of the importance of collective morale and motivation, and the imperative to link these with strategy.
- **Financial management** – Should include new forms of accounting incorporating intangible measures so that value as well as cost is analysed.

- **Marketing** – Should incorporate customer relationship management and links with staff development.
- **Entrepreneurship and innovation.**
- **Diversity, gender and cultural awareness.**
- **Critical awareness and political studies.**

This is not a recommended list of module titles. One can sub-divide the essential studies in any number of ways, and it is important that cross-referencing and links are made between the disciplines, which cannot be regarded as discrete. One could put together a course called 'customer relationship management' within which one teaches marketing, organisational behaviour and staff motivation; or make one of the latter three subjects the heading within which one teaches about customer relationships. The point is that all subjects are related, and the weakness of some courses is that there is an arbitrary separation of 'hard' and 'soft' subjects with the 'soft' tag generally taken to be pejorative.

### 3 So what?

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Should we worry that our management population seems both ill educated and ill served by the suppliers of management training? Are we improving anyway – with more and more qualifications, business schools and managers?

Well, yes.

Managers are at the heart of our organisations – public, private and voluntary. These are the jobs and the people that are increasingly coming into the public eye. And they are under intense pressure. The UK's poor productivity record has focused attention on the UK's management infrastructure. As Diane Coyle has observed, the two are indivisible:

“But one thing that's absolutely clear is that productivity hinges even more than ever on management, on what the business does and how, on what each individual contributes, and how their work is jointly organised.”<sup>5</sup>

Politicians too have begun to realise that scrutinising and improving management practices and management training is one of the keys to unlocking the economy's productive potential. Patricia Hewitt recently claimed that 'our managers and leaders are at the forefront of our attempts to drive up British productivity';<sup>6</sup> and since the 2001 general election every minister concerned with delivering improved public services has made direct reference to the need for better management. If 'Blairism' is anything, it is the view that we can and should manage better. Whitehall is littered with management initiatives designed to improve the delivery of key public services. Perhaps the most criticised element of Tony Blair's public sector ambitions has been his over-admiration for the skills and motivation of the private sector manager.

<b>New management initiatives in Whitehall</b>	Cabinet Office CMPS – also PIU project on Leadership DfES – National Centre for School Leadership, Initiatives for College/University Leadership DTI – ESRC Management Research Programme DoH – Leadership Initiative/ NHSU Commission for Excellence in Management in Leadership DTI – Porter Inquiry
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**Managing Whitehall** The government is not only concerned with its vast range of 'management' initiatives and its role as overseer of the management capabilities in the public and private sectors. It also has some other problems relating to management. Arguably some of the biggest management jobs in the UK exist within government; each department can employ several thousand people and have additional lines of direct accountability that cover many more organisations and individuals. Permanent secretaries and other civil servants are managers – although they may not care to admit it. Sir Michael Bichard, the former Permanent Secretary at the DfEE and now Rector of the London Institute remarked recently that many in Whitehall do not consider themselves in this way:

"The importance of management has been undervalued right across the sector. In the Civil Service what matters is policy not management. If you can't 'do' policy then you are relegated to the Siberian fields of management."<sup>7</sup>

There are plenty that just don't seem to get it – and this pushes the significance and the job of management much further down the political pecking order. Strange then that this is the view held at the same time as the politicians are increasingly seeing management as a solution to a plethora of policy problems.

Whitehall is struggling with this concept at a time when management and organisational change is being continually foisted upon them by the UK's political policymakers. At the last election there were several huge

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departmental changes; The Departments for Education and Skills, Work and Pensions, Environment, Food and Rural Affairs were all created. Other new responsibilities were either taken away or given to other existing departmental portfolios. Organisational change continued apace in other areas of government – in the devolved administrations of Scotland, Wales and Northern Ireland, and at the heart of Whitehall with expanded responsibilities in both the Cabinet Office and the Prime Minister's Office.

On the ground this has meant other new areas requiring management attention that are ostensibly different from mere public service delivery: combining the Benefits Agency and the Employment Service into Jobcentre Plus; the DTI's internal organisational review; creating a single inspection framework for health; creating the Learning and Skills Council and Sector Skills Councils and so on.

In this report though, we have found that our training processes for existing and future UK managers are no better for private sector managers than for those in other sectors. More worryingly perhaps, the deficiencies in our supply of management training across the board may lead to even greater supremacy for the expanding MBA culture – which at best is elitist and at worst misses the needs of even those at the very top.

It is however, reasonable and appropriate to emphasise the importance of our management population and its needs as a whole. Over the next two to three years the UK's managers will be judged on how they respond to a series of vital challenges. Business organisations and management gurus will provide little defence – managers will just have to deliver the improvements that policy makers have set them. As the government increasingly says 'what matters is what works' – it is managers who must make things happen.

We know about the commitments for our public services – this second New Labour government will be judged simply on whether its mix of public and private managers are able to make our hospitals, schools and transport work better. This challenge also affects those private sector

managers who have no intention of going near the public realm. Here, the challenge is as direct. Gordon Brown's spending commitments that underpin the planned improvements in public services depend on the UK's ability to improve its productivity record. Put simply, the economy needs to generate extra cash to meet the Treasury's fiscal promises. Without an overall productivity improvement such spending pledges will become increasingly suspect. We know that the UK's productivity record has been poor for many years. We have consistently lagged far behind our North American and European competitors. Improving UK productivity will be a key objective in Labour's second term in government. Consistently, the UK has underperformed against its major industrialised counterparts in Europe, North America and the Far East. In 1998, productivity was 13% higher in Germany than in the UK, 21% higher in France, and 36% higher in the US.

Organisation styles are important too. We should think equally about what we are managing as well as how we are doing it. Low-skill, low-paid, low-specification products and services should no longer be our plan for business success. Rather we should aspire to managing highly creative organisations with highly skilled staff and the highest value from the very best product or service strategies. This should not be a pipedream – these kinds of organisation do exist and at their best are able to provide an environment that maximises individuals' abilities to innovate, problem solve and to deliver on objectives. Managers have no monopoly on creativity and so they must learn how to unlock and inspire the talent of their staff.

The UK's management educators should also take a long hard look at what they do. The UK has as many graduates as France and Germany and at least as many MBAs, business schools and other managerial training programmes. The volume of supply may not, however, be an indicator of its quality. We seem far too quick to embrace new, popular theories rather than addressing the considerably less glamorous reasons for failure. Management gurus and motivational seminars will not help our trains to run on time or increase the numbers of teachers in our schools.



If we can equip managers with the skills they need and put them in environments that nurture rather than challenge these abilities, then we may finally be getting somewhere. We will still, though, have to let our managers manage. Managers should be allowed to make more decisions, to make and learn from their mistakes and to allow their staff to do likewise. We have to break away from our hierarchical, presentee-ist management styles and move to a more creative, empowered and flexible model of leadership. Organisations and workforces need to be inspired, not disillusioned, by their managers.

Managers also need our help in other ways. Over a quarter of men and women are feeling exhausted much, most or all of the time; hours are increasing across the workforce but most dramatically among working mothers; increased work strain – exhaustion, pressure, inability to unwind – due to long working hours.\* Managers and professionals are those creaking most under the strain, their level of dissatisfaction with working hours doubling since 1992, compared to the relatively more modest increase of 30% for the rest of the workforce. If they are the jobs with most to offer the UK over the next few years then we need to prepare and treat them much better.

## CONCLUSIONS

**The MBA: overplayed and overvalued?** Are business schools putting too many eggs in the MBA basket? At one level it seems hard to question the value of MBAs. The fact that they achieve an average 27% rise in salary on graduation (*People Management*, 4 December 1997: 12) would appear to suggest that the employers and the labour market values this form of METD highly and that the rate of return on investment in MBAs must be strongly positive. Nevertheless, there are grounds for questioning the heavy emphasis that is placed on MBAs whenever METD is discussed as public policy.

We have little idea whether the skills and knowledge being imparted by these courses are actually put to good use. Individuals benefit in terms of

subsequent salary, but whether their employers secure a return on investment is generally taken as an act of faith.

Furthermore, one of the traditional arguments deployed about British (particularly English) education is that it is good at dealing with a small elite, but does little for those at the middle or bottom. As suggested above, company management training seems to follow this model. The MBA certainly fits this pattern of criticism, in that it targets a relatively 'select' subsection of the managerial workforce (supposedly the potential high flyers). It is open to debate whether some of the resources currently targeted at MBAs might not be allocated more productively to other types of management training and other segments of the managerial population.

There are, though, plenty of worries about the growth of the MBA in the UK, with plenty of leading business school academics questioning the status of many delivery institutions. As more and more prospective applicants are seduced by the high labour market rewards of following an MBA programme, more and more programmes appear. There are, then, the beginnings of a backlash against the MBA both from within the better business schools; 'where in the *Financial Times* league table does your business school appear?' and from employers' shorthand selection notes: 'MBA – mediocre but arrogant!'

The MBA represents a remedial model of METD, in that much of what is taught on an MBA are the basic building blocks and tools of management, which one might have expected to be reasonably fully developed before embarking on what purports to be a masters level postgraduate qualification. In part, this problem reflects the fact that too many students enter MBA programmes with an insufficient breadth of managerial experience. However, it may also indicate weaknesses in the METD processes in many large UK organisations, in that high-flying managers in their mid-30s have yet to acquire a basic grounding in what many might regard as the essentials of management.

In this sense we need to stop worrying about the MBA. Instead we need to think much more carefully about the management training and development programmes that should be accessible long before this type of study. Whether on the job or off the job, the need is acute. Business schools should be held responsible for delivering a much wider set of programmes and funded to do so. In itself, such wider attention to business and organisational need might also help to address some of the objections to the MBA. A broader approach to management development could only help to factor in broader organisational issues into the teaching of the programme.

### **ALTERNATIVE MANAGEMENT EDUCATION: A NEGLECTED RESOURCE?**

The MBA tail very often appears to wag the management education dog, despite the fact that MBAs represent only one segment of the output of UK management education. Much activity exists in the shadow of MBAs:

- Undergraduate business studies courses and joint honours degrees (eg, business and engineering, and business and a foreign language)
- NVQs in Management
- A huge range of specialist masters programmes in areas such as finance, HRM and industrial relations
- Various post-graduate diplomas and certificates covering the broad spectrum of management disciplines
- Short courses
- Seminars, lectures
- Research on business and management (including PhD and Doctor of Business Administration – DBA) provision and consultancy activities.

Perhaps greater effort needs to go into promoting and developing options such as these rather than focusing too greatly on the MBA as the 'flagship' offering. In terms of meeting the potential volume of demand for management updating and reskilling, it is many of these activities, rather than the MBA route, that could arguably make a significant difference.

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**The need for product development and innovation** Leaving to one side the intellectual or moral arguments for a new approach to management education in the UK, the challenges outlined in this report suggest that, at a practical level, those running UK management education need to think long and hard about future direction.

In a world where the gap between best and worst practice widens, where and at whom should management education's output be pitched? Should the focus be on a 'toolkit' approach or upon generating radical critiques of existing practice, or a mixture of both? Is there an over-concentration on the MBA, at the expense of alternatives? What is management education doing to address the scale of need for more and different management education in the UK? Is it neglecting large parts of its potential market?

In trying to grapple with these questions and issues, those working in business schools, the majority of which are located within a university environment, find themselves under multiple pressures. Their host institutions generally see them as an earned income-generating cash cow, and want to maximise short-term profits. The reward structures and personnel management systems offered by higher education militate against their ability to recruit, retain and motivate suitably qualified and enthusiastic faculty. Customers, whether they are students or organisations, grow ever more demanding and assertive. In terms of their own internal management structures and systems, the gap between what business schools practice and what they teach is probably widening.

The great danger must be that, faced with the pressures of time and resources, and with buoyant market demand for the existing product range, the business schools will invest too little time, thought, energy and resources in re-inventing themselves and in curriculum development to meet future needs. Producing more of the same is highly marketable at the moment, but to pursue this as a long-term strategy may risk running down a cul-de-sac. The scale of this risk is all the greater because technology appears to be lowering the barriers to entry in the management education market, making it easier for private providers, not least corporate universities and large publishing and media companies, to enter the field.

**Final thoughts** Although improvements have been made since the identification of a major weakness in UK METD in the mid-1980s, the providers of METD face major challenges in terms of both the contents and nature of what is being provided. Moreover, in terms of the educational base of the UK management population relative to professional and associate professional groups, managers are trailing quite markedly.

Much of the METD system (both in-company and external provider provision) appears to be centred on the delivery of elements of task, function and company-specific skills. It also acts as an important means of socialising staff into particular patterns of organisational thought and behaviour. We may be in danger of expanding the supply of METD to meet yesterday's skill needs, rather than confronting the requirement for radically different conceptions of the managerial task, for de-constructing orthodoxies in management thinking and practice, and for a step change in analytical, integrative and strategic management skills.

Within this overall tableau, business schools, as the purveyors of high-level management education, currently play, at least in terms of volume, a fairly marginal role, though they can claim to be catering for a relatively lucrative and strategically important segment of the management cohort. In sustaining and perhaps expanding their position within the METD system, management educators within the business schools face a range of substantial challenges, some of which have been outlined above. Their capacity to respond to these challenges is unclear. Finding themselves in much the same situation as UK car manufacturers in the 1950s – able to sell everything they can produce – the necessity of business schools to invest in R&D, product redesign and quality enhancement may be neglected, with results that may parallel what happened to the domestic car producers. The old maxim that, in the long run, nothing fails like success, may yet come to haunt the UK's management educators.

With a degree of irony, research by the Harvard Business School – the standard bearer for the qualification – highlights this risk. Professor Clayton

Christensen of Harvard says that companies offering a popular service in a buoyant market have shown a continuous tendency to ignore a competitive threat from an unexpected source. He has charted the same pattern in mini-computers, traditional steel mills and microchip design, where established companies run by intelligent managers have suddenly collapsed. Could this fate be in store for MBA colleges?

Finally, it is alarming to note that in overall terms we have little or no idea if the METD system is creating the skills that are really needed or which produce useful long-term results. Despite the accepted importance of management skills to organisational performance – the more so because they are the chief source of ideas and leadership in organisations located within a society that has no formalised notions of social partnership or co-determination – there have been very few systematic or rigorous attempts to evaluate the effectiveness of different forms of METD, their impact on organisational behaviour and effectiveness, or the public and private rates of return that accrue to investment in METD activities (see Bosworth, 1999 for a review of what is available). As the DfEE/Cabinet Office's Skills Audit report (1996) observed:

"We are led therefore to the somewhat paradoxical conclusion that, although our management skills may be no better than our competitors, we have created and are continuing to create a system of competence-based training and qualifications which is unique to the UK, together with a Business Schools system based largely on the US model. Therefore, while there is much research into UK management, none has established to what extent good training contributes to good management, and good management to good company performance." (DfEE/Cabinet Office, 1996:43)

It is a worry. We know that management appears to be crucial to so many aspects of the UK's working life. We know in turn that the way we prepare and develop people for such management jobs is also vital. However, our current system is dominated by a qualification and a series of providers that may have little overall effect on the quality of skills in our growing

management population. We cannot allow this elitist approach to undermine our larger management needs. The UK needs to think much more carefully about how it plans, evaluates and funds the broader management training picture. We need to make sure that managers in Whitehall, in our public services and in small and large private sector employers have access to the kinds of training that will make very real differences to the way their organisations perform. This is not happening at the moment.

We need to learn to manage better.

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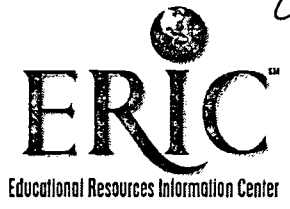
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