



## EDUCATIONAL AND TRAINING NEEDS OF MANAGERS\*

Soos in die vorige uitgawe van *Bedryfsleiding/Business Management* in die vooruitsig gestel is, word die *tweede* uittreksel uit die Pocock-verslag wat tydens die sesde jaarlikse konferensie van die European Foundation for Management Development ter tafel gelê is, gepubliseer, onder die sub-titel. "The New Demands"

Dit val nie te betwyfel dat vooruitgang in sigself die kiem vir verdere probleme omdra nie, soos beliggaam in 'n verwagting van hoër ekonomiese groei, voortdurende verbetering van die lewenstandaard, en gevoed deur die eise van byna onversoembare sektorale belange. Die druk is sosiaal, polities en ekonomies, alles tegelyk. Om hierdie druk te akkommodeer en nogtans die vermoë te behou om organisasies vir optrede te mobiliseer, is essensieel die bestuurder se taak. En bestuurders is in elke sektor van die samelewing nodig om hierdie komplekse integrasie te bewerkstellig — in korporasies, regeringsinstansies, in die sentrale, streeks- en plaaslike regerings, in sosiale dienste, in vakunies, en, inderdaad, binne politieke partye self.

Die bestuurder mag miskien nie 'n gewilde figuur wees nie — deels weens misverstand, moontlik deels weens jaloesie, moontlik weens 'n gevoel dat bestuurders onpersoonlik optree en nie voldoende betrokke is in die lotgevalle van die gewone mens nie. Maar niemand kan ontken dat die rol van die bestuurder lewensbelangrik is nie — as 'n hefboom vir gemeenskaplike optrede, as 'n katalisator om botsende belange met mekaar te versoen, en as 'n werktuig vir sosiale en strukturele verandering: kortom, die soort manne (en vroue) wat dinge kan laat gebeur deur middel van ander mense. Opleiding om hierdie mense voor te berei vir hierdie rol, is van die allergrootste belang. Dit behoort die trots te wees van 'n regering, van korporasies, en van sakeskole om te help in die bestuursopleidingstaak.

### THE NEW DEMANDS

#### The Manager

34. Let us first consider the manager himself (and of course the potential candidates for management) — recognising that whilst we may try to identify the areas of knowledge and of competence which we believe are important for him, the choice will finally be his and depend on his individual hierarchy of needs and beliefs. It is the individual manager himself who will have to make the major effort, learning languages, seeking to understand other cultures and keeping himself constantly abreast of changes in the political, economic and social environment. In so doing he must be ready to accept certain *challenges*.

35. First, the challenge of '*contradiction*'. In all that has been said above, the theme of the prevalence of contradiction comes through most clearly. Economic ends must be responsive to social imperatives, but without putting the economic into jeopardy. But, on

the other hand, without putting the economic in prime of place, the social can be lost. Or, again, managerial power diminishes whereas managerial responsibilities grow. Thus the tolerance and mastery of ambiguities will increasingly be a central feature of managerial activity for which no set approaches, let alone solutions, can be provided. Perhaps a searching mind, coupled with skills of analysis, will be more important than any portfolio of acquired knowledge.

36. One outcome of the changes mentioned above will be the still greater encroachment of politicians and particularly national and local government officials on the corporation. This will require adjustment in organisations everywhere, and in the decision-making process, whereby all the parties involved will be subjected to the mutual pressure of their similar and dissimilar interests. How this complex inter-action, which has been termed '*adaptive planning*', will, in fact, function is uncertain; but its working may be facilitated by the increasingly egalitarian character of

\* Please note: Copies of the full report are available from the European Management Development Foundation, Rue de la Concorde 51, B-1050 Brussels.

society (fostered by the knowledge explosion and the gradual installation of national systems of recurrent education) and by the growing responsibility of trade unionists born of their involvement in real power decisions. Corporations will need also to plan for the really 'bad' scenario, for instance how can they salvage something from the situation if the powerful pressures from outside threaten to wreck their business? Needless to say, new countervailing powers may well grow up, representing other forces which feel left behind.

37. These external pressures will be reflected within the organisation, for nowhere will the challenge be greater than in the *manager's task of leadership* of the organisation seen as a social system (and increasingly as the leadership of highly educated and individualistic workers) in which social dimensions begin to assume an importance on a par with the economic. Emphasis on the whole field of inter-personal relationships is therefore a clear call, covering the behaviour of individuals and of groups towards organisations and towards work itself. Although opinions are divided about the real impact on the manager's tasks of the advent of various systems of 'industrial democracy', properly handled and perhaps given some luck it could in the medium term provide opportunities for sharing — and thus alleviating — some of the burdens on the manager's tasks. Similarly, the influence of new political pressures on industrial behaviour, though complicating the manager's life in the shorter run, may in time become a unifying force for good. But the basic fact remains that management today, and particularly being *seen* to manage at the workplace, is a grind. Yet if the manager opts out and starts to manage by remote control from his office he is lost.

38. So in the *behavioural field*, the future European manager will need real understanding of the emerging forces in society and must have the knowledge and capacity to cope with many demands, as examples:

- guiding innovation by preventive change in anticipation of crisis;
- working with changing organisations, which will increasingly have temporary structures where the co-ordination of semi-independent units will be at a premium;
- acting as an internal change agent, striving to harmonise between the conflicting interests and opposed value systems of different units in the organisation;
- acting in the political role of spokesman of the organisation in communication with the external environment.

It should be mentioned here that the Report concentrates on the individual manager, but we must not forget the importance of *teams* of managers with skills and qualities which complement and support each other. Managers must be able to work in such teams, corporations to weld these teams effectively,

and schools to educate them collectively. Much of the best teaching development in the interface between corporations and schools will be directed to this type of team-building.

39. If the need for the 'management of behaviour' is paramount, still there is a whole array of *analytical skills and knowledge* indispensable for the future manager. In the paragraphs which follow we try to outline the most important of these. In doing this we recognise of course that the first requisite in a successful manager is one of character and of attitude covering a whole range of qualities, such as the courage to take decisions responsibly, the readiness to share power with others, the capacity to live with uncertainties in an unstable, changing environment, self-confidence and confidence in others, readiness to learn and readiness to act — in short, all the qualities which may be defined as 'responsible leadership'. We are also well aware of *two dangers*:

- First, that it is relatively easy to list areas of knowledge and skills which will be required of managers, but extremely onerous on the individuals concerned to assimilate and exercise them. True reforms are not achieved by adding to what already exists, but rather from blending the new into that which remains relevant in the old. Hence, what is available should be sifted to assess what still is and what is no longer valid. We take this to be the on-going task of the educational establishments and of the individual manager himself. It requires in particular not only more research on 'the learning process' but also greater application of what is already known about 'learning to learn'.
- Secondly, there is a considerable danger of giving managers and others superficial knowledge and shallow understanding of a myriad of subjects with which they are confronted in their everyday lives. 'A little learning is a dangerous thing'. Yet basic understanding is indispensable notably in the major areas indicated hereunder in which many managers are still deficient.

40. The most compelling need is for *financial competence* in the widest sense: all managers must be numerate. Despite all their exposure to sophisticated techniques of mathematical evaluation, far too many managers have still not mastered the basic language of finance and accounting. Accountancy is a dynamic Business Language which for a manager is as vital as the knowledge of any other language. Managers need much greater awareness of the impact of inflation and of the accounting conventions affected by inflation. They need much greater competence in judging the viability of a proposal or a budgeted activity in common-sense cash-flow terms and in judging possible profit versus potential risk. Familiarity with the symbols and conventions is not enough: the standard required is fluency, and may perhaps only be achieved by working for a time directly in the finance/economics field.

41. In a wider context European managers need to be familiar with *basic economic reasoning* (macro and micro), and with the conflicting arguments used by protagonists of differing schools of economics in order better to understand the economic options open to governments as they impinge on corporate life. They need to be familiar with the structure and play of capital markets — European and world-wide — particularly since the impact on these markets of new OPEC wealth.

42. Not only must *managers* perform well, and get others to perform well, they *must be seen and heard* too. Much of the previous argument may suggest that managers are merely tools of changing circumstances, reacting to pressures upon them. This cannot be enough. They must act too as *agents* of change, certainly within their own working environment and increasingly within the society around them also. A successful mixed economy depends on understanding and co-operation, it depends on the pursuit of efficiency, and the acceptance of profitable enterprise whether public or private. Without such profits the wider needs of society cannot be met. These concepts will always be attacked by antagonists of the system, and it is an important — yet often neglected — part of the manager's job to state his case and defend his beliefs, not only with employees and union representatives but also with government officials, with the political powers, and with the media and the public at large.

However, this is not just a propaganda or advertising exercise. And although the manager should not be a faceless recluse, neither is it necessary that he be a political tub-thumper: rather, he should think out his beliefs and his values and be prepared to defend them openly. Vital in this respect, although often neglected, is the considerable difference in time horizons: that of the general public is a few weeks, the politician at most a few years, whereas those of the trade unionist and civil servant are a lifetime.

### Corporations

43. First a general remark: corporations have developed an *asset* available nowhere else: more decentralised and nearer the needs of the final consumers, they are capable of efficiently ranking and implementing *strategic options* for their own survival and growth. They will have to capitalise on this asset in the future. There are other, more specific, ways in which they can help managers:

44. They will have increasingly to recognise the *impact that changing social values have on managerial behaviour*, and act accordingly — for otherwise managers will become a 'third estate'. Emerging values will mean that individual managers will want to make individual trade-offs between work and non-work, pay and performance, movement and immobility. The organisation will have to cater for these emerging aspirations both for its own benefit

and for that of society as a whole. Particularly important for corporations in this respect is the development of new systems of managerial motivation under changing pressures — both general pressures such as egalitarian systems of remuneration, and those particular to individual industries, such as zero growth or even economic decline. This motivation will require real delegation of authority. This is especially important under systems of co-determination by workers where the ever-present danger is that intermediate layers of management are by-passed and frustrated. There will be a need to develop new types of innovation-inducing and entrepreneurial organisation. These qualities are especially needed within big organisations and it will be difficult but still essential to structure the organisation in such a way as to foster the innovating and entrepreneurial talents. Large size is often necessary in a business organisation but it can be stifling to initiative. The task is to recognise this danger and to organise in small units as self-sufficient as possible, and with a minimum of inhibiting interfaces with the rest of the organisation. In this knowledge-processing age corporations must become efficient incentive offerers so that their highly educated personnel can really use their imagination rather than 'being the most efficient at supervising how non-operators don't turn a screw' (Macrae, *The Economist*, October 25, 1975).

45. Corporations will have to offer *more management development across frontiers*, not just by moving nationals of the home country but by cross-posting citizens of other countries — the 'third national' concept. Because language and sensitivity to other cultures are problems easier to surmount when young, more of this cross-posting should take place in (say) the middle thirties, but only after a young manager has established himself in a responsible job. Without these broadening opportunities a manager, however brilliant, will increasingly find it difficult to aspire to the most responsible positions in the European context.

Another opportunity, which may be attractive and challenging to many of the best European managers, are assignments in the developing world the success of whose programmes depend in large part on the expertise, technological and managerial skills which can only be provided by corporations (and sometimes by governmental organisations) based in the industrialised world.

But managerial mobility has to be carefully controlled and monitored: too much mobility can lead to rootlessness, discontinuity in management style and negation of the opportunity to learn from one's own mistakes. This is damaging to the corporation and may lead individuals to feel like cogs in a huge machine. Furthermore, the corporation, no longer able to demand obedience of its employees, has to take account of the private aspirations of and pressures on the manager, particularly those connected with his

family: for many managers the challenge of business opportunity now weighs less than the demands of the family.

46. Corporations will have to become more open, *both internally and externally*. They will have to become increasingly vigilant to anticipate socio-political developments, where possible incorporating them into their own structures and processes before they are forced to. For this most corporations could make better use of their internal resources. It is generally accepted, for instance, that enlightened corporate leadership is still an essential element for which there is no substitute. But to keep this leadership 'in touch' senior managers should develop opportunities to meet more frequently with promising employees of different generations to keep themselves better informed of emerging issues and opportunities. We must recognise that in any large organisation there is likely to be a conflict between the established and the emerging styles of management. Both of these styles have their own values, but the friction between them needs to be managed with understanding.

Externally, one of the demands of the modern economic system is that of interchange between government, public corporations and private industry. Where such movements now exist — and they are all too rare — they are usually unilateral. In the coming years corporate managers will expect to be a part of a mutual interchange, and both government and corporations must develop procedures which facilitate mobility, whether for temporary assignments or for longer periods. The point should be made here that civil servants who exercise industrial responsibilities, the leaders of public authorities, the directing staffs of hospitals, and similarly with many other institutions — all these should not be considered 'administrators'; they are managers whose job is the optimisation of society's resources, just as much as any industrial manager in a big corporation.

47. Specialist *training* for the job, whether technical or functional, is a normal corporate responsibility and corporations can be relied upon to give proper attention to this in their own best interests. But they will also need to extend this training coverage to include refresher and up-dating programmes for mature managers so that these are equipped to understand and evaluate technological change. Moreover, as managers move beyond the specialist or functional field, corporations must enable them to prepare themselves in the wider aspects of managerial responsibility — the political, the economic and, above all, the social issues. It may be that this sort of 'environmental education' is best carried out independently, in schools outside the company training system.

### The Schools

48. So we come to the *management education centres* (schools) and how they can help managers,

recognising that these schools are the *bridge* between the academic world and that of corporations, and that they have two publics — individual managers themselves, and the organisations in which these individuals work or intend to work. Both publics have valid claims on the resources of management schools, and the schools have to do the difficult job of reconciling these claims.

Our approach here is to sketch out the major issues concerned with the changing nature and tasks of the schools (rather than with the subject matters) which come about because of the trends previously discerned. A management school is not, basically, a 'chalk and talk' organisation, even with all the technological trappings with which they might nowadays be endowed: rather it is a whole *nexus of teaching, research, consulting and information activities* aimed at helping organisations and individuals to adapt to the changing demands made on them before crisis erupts. Such a concept means that schools will differ in the future in at least two ways.

49. First, schools will no longer be able *just* to teach what they know. For what they know is not necessarily the same as what enterprises and managers require. Secondly, at the same time as their somewhat arrogant previous approach — in instructing managers what they *should* do — declines, the schools should not become merely subservient tools to the expressed needs of corporations. This very position of *relative independence of schools* is, in the longer run, invaluable to corporations who are, of necessity, more concerned with what can be made to work here and now than with the discernment of future needs. Yet as their role changes from 'how to do it' more towards being a constructive critic of corporations and of society, schools expose themselves not only to reciprocal criticism but also to the ever-present temptation in any educational establishment of moving away from the realities of every-day organisational life, their proximity to which has in fact constituted one of their most valuable assets.

50. Linked with the previously-mentioned need of 'coping with uncertainty' (paragraph 35 above) is the demand that *schools should involve themselves even more with the real, messy world* where managers operate, where the ideal solution is a theoretical luxury, where the important thing is to make decisions which are right enough (and right often enough) to get effective results, all within the time available. We recognise of course that it is the over-riding duty of management schools to address themselves to the future, to dedicate thought and research to what the management role will be or might be some years ahead. But the schools will do this better, and certainly more credibly, if their teaching staffs start from a deep understanding of what *is* today in the world in which managers have to live. And whilst

sophisticated management techniques are a valuable tool, the schools need to recognise their practical limitations, and perhaps to devote more effort to the process — in itself a difficult learning technique — of how most effectively to transfer today's best practices to those who need them.

51. *New learning relationships between industry and education* are developing and as broad a range as possible of these should be encouraged. Joint Development Activities, Programmed Learning, Action Learning are descriptions (with no attribution!) which spring to mind. Some of these methods will aim at facilitating learning between managers themselves, working on their real managerial problems, drawing upon management educators according to their needs. One consequence here is the likely growth of more programmes run by schools for individual companies or for a number of companies, since such programmes should be closer to individual corporate reality. But there are dangers in this process, and schools will have to clarify the constraints under which they will and will not work. These matters assume particular importance because corporations are willing — and increasingly encouraged by legislation — to invest considerable amounts of money in educational programmes, and this can be very tempting to educational institutions in periods of budgetary restraint

52. There are a great variety of *interfaces between 'education' and 'industry'* which can help to establish co-operation between what must continue to remain, for their own benefit, basically different worlds. Schools will no doubt wish to develop their own check lists to ensure that these interfaces are kept smooth and healthy. We hope that the ideas outlined in this Report will help. What developments can we see? For the most part schools will continue to develop education for management along lines they have already defined for themselves. Major *new constituents* can, however, be discerned:

Whereas in the past the schools have tended to be manufacturing/production orientated, growth in Europe will in future be found mostly in the *service sector*, through its search for improved efficiency. Of special importance here is the scope for improvement in the application of management techniques to the non-market sector, in particular government administration at all levels, and provision of the social services that now constitute a huge and rising proportion of national resource utilisation. However, schools have a special responsibility to beware of the somewhat soul-destroying techniques which have in the past made the major contribution to raising productivity in manufacturing.

Work in the *marketable services* area has hardly been started by schools, and the bewildering variety of potential clients is a complicating factor, as US experience might indicate.

An area where established schools can be of great assistance is in guidance to the newly-emerging management development efforts in countries outside the EEC, not just the LDCs but also those, such as Greece, Turkey and Portugal, which may shortly become part of the European Community.

Paragraph 55 below suggests there should be a special effort by the schools to involve politicians, trade union leaders and government officials. Indeed, the links between all these constituents in a modern society are so close that it is difficult to imagine effective education programmes which fail to introduce all of them to joint discussion of the mutual problems in society.

Paragraph 29 suggested that technical innovation was of prime importance to the smooth adjustment of industrial societies. Whether or not schools have anything special to offer in the 'management' of technology, and whether indeed such a speciality exists in a teachable form, has been a matter of dispute. But some schools are trying to be useful in this area and we feel that their efforts should be encouraged.

53. Since at least until recently, many European management schools have tended to reflect their American origins with emphasis on economic considerations, the *framework for understanding social change* is still under-developed. Unless special attention is paid to changing this, schools will find it difficult to attract these new constituents.

Given the critical importance of 'the management of behaviour', the labour economists, who have hitherto dominated the field of industrial relations within and outside business schools, and the behavioural scientists must work more closely together in integrated programmes covering all aspects of the human side of industry. But industrial relations go deeper: they are the concrete outcomes of the attitudes of the various constituent parties of society (and not just of the enterprise as such) towards 'work'. As such, industrial relations form a vital element in the definition of corporate strategy for which management will, in the future, have to draw on a greater range of disciplines.

54. Managers are bewildered by the expectations of society in the field of *social responsibility* which, in the eyes of pressure groups and of the media, go far beyond the call of law. It appears that managers will be accountable, in the public's eyes at least, for a contribution to the quality of community life. Yet there are conflicts and inconsistencies here. More conceptual thinking and research is needed on the relationships between industrial management and (a) environmental demands, (b) consumerism, (c) the balance between shareholders, employees, consumers, suppliers and the community at large — and where the individual manager should stand within this sea of conflicting interests.

The schools have an important role in developing this thinking. They will in particular be called upon to clarify distinctions between those areas in the environment that business touches directly (sometimes as a stimulant, sometimes as a problem) and those where it has little or no direct influence. For society tends to confuse these issues and demand more of business than it can furnish, some matters clearly falling in the domain of other components in a pluralist society. What is needed is that the proper parameters of social responsibility in business should be defined, and in this area both management schools and the professional associations (Engineers, Lawyers, etc.) can help.

55. Since ours are mixed economies and, with stops and starts, are likely to remain so, the European manager needs to *understand the structure of government* — local, national, European and international — which rules his world. To these levels of government we should now add 'regional' also, since devolution to sub-national regional authorities is now becoming a strident demand in some European countries and will certainly complicate the

governmental pattern still further. He needs to understand how decisions are made, and how influence can properly be brought to bear, at central and local government level, and within the political system. He needs to see how decisions taken (or not taken) at one level of government produce waves which envelop the other levels.

To this end educational and training programmes must increasingly bring together the managements of corporations, both public and private, with officials of government at all levels. But this is not enough — the programmes and the debate must also include politicians and trade unionists, most especially the latter, however difficult this might appear. Various scattered initiatives across Europe indicate what can be done provided on the one hand we accept that we must listen carefully to the viewpoints of other sectors as a starting point for dialogue and, on the other, we realise that attitude change is a long drawn-out and stumbling process where there is constant temptation to break off the dialogue on points of 'principle' or 'for the sake of efficiency'.