

MANAGEMENT DEVELOPMENT

Learning Objectives

1. *The Changing Nature of Management Development*
2. *Evolution of Management Development*
3. *Objectives of Management Development*
4. *Techniques of Management Development*

Management Development is any attempt to improve managerial performance by imparting knowledge, changing attitudes, or increasing skills. It thus includes in-house programmes like courses, coaching, and rotational assignments; professional programmes like American Management Association Seminars; and university programs. It is estimated that well over 1 million U.S. managers participate in management development programs yearly for a cost to industry of several billion dollars a year.

The ultimate aim of such development programs is, of course, to enhance the future performance of the organization itself. For this reason, the general management development process consists of (1) assessing the company's needs (for instance, to fill future executive openings, or to make the firm more responsive), (2) appraising the managers performance and then (3) developing the managers themselves.

Management development is important for several reasons. A survey of 84 employers reports that about 90% of supervisors, 73% of middle-level managers, and 51% of executives were promoted from within; virtually all these managers, in turn, required some development to prepare them for their new jobs. Similarly, management development facilitates organizational continuity by preparing employees and current managers to smoothly assume higher-level positions. It also helps to socialize management trainees by developing in them the right values and attitudes for working in the firm. And, it can foster organizational responsiveness by developing the skills that managers need to respond faster to change.

The Changing Nature of Management Development

Some management development programmes are company wide and involve all or most new (or potential) management recruits. Here the employees may be rotated through a preprogrammed series of departmental assignments and educational experiences; the aims are identifying their management potential, and at providing the breadth of experience (in, say, production and finance) that will make the new managers more valuable in their first "real" assignment as group product leaders. Then superior candidates may be slotted onto a "fast-track", a development program that prepares them more quickly to assume senior-level commands.

On the other hand, the management development programme may be aimed at filling a specific position, such as CEO, perhaps with one of two potential candidates. When it is an executive position to be filled, the process is usually called succession planning. Succession planning refers to the process through which senior-level openings are planned for and eventually filled.

Such a succession programme typically takes place in stages. First, an organization projection is made, here you anticipate your department's management needs based on factors like planned expansion or contraction. Next, the HR department reviews its management skills inventory to identify the management talent now employed. These inventories, you may recall, contain data on things like educational and work experience, career preferences, and performance appraisals. Next, management replacement charts are drawn. These summarise potential candidates for each of your management slots, as well as each person's development needs.

Evolution of Management Development

Efficient and loyal workers were promoted to the supervisory or management positions and it was soon realised that "Superior workers do not necessarily make superior managers. This realisation necessitated the need for planned programmes for the selection, training and development of managerial personnel".

Formal management development programmes started emerging in the late 1940s and 1950s. Several forces have operated to cause the expansion of management development activities. To name only a few —

1. Shift from owner managed to professionally managed enterprises.
2. Management has been recognised as a distinct kind of occupation consisting of acquired skills and a unified body of knowledge.

Objectives of Management Development

The management development programmes are organised with a view to achieving specific objectives. They are:

1. To overhaul the management machinery.
2. To improve the performance of the managers.
3. To give the specialist an overall view of the functions of an organisation and equip them to co-ordinate each other's efforts effectively.
4. To identify the persons with the required potential and prepare them for senior positions.
5. To increase the morale of the members of the management group.
6. To increase the versatility of the management group.
7. To keep the executives abreast with the changes and developments in their respective fields.
8. To create the management succession which can take over in case of contingencies.
9. To improve thought process and analytical ability.
10. To broaden the outlook of the executive regarding his role position and responsibilities.
11. To understand the conceptual issues relating to economic, social, and technical areas.
12. To understand the problems of human relations and improve human relations skills.
13. To stimulate creative thinking.

The Responsive Manager

For the past few years management development's focus has been shifting from preparing managers to fill high-level positions to preparing them to meet the challenges of managing in fast-changing environments. Increasingly, therefore, the emphasis is on developing a manager's ability to learn and make decisions under conditions of rapid change.

Two experts put it this way: 'As decision makers take on increasing responsibility across their career, their learning needs move from the arena of task learning to behavioural learning to conceptual or policy-level learning. For example, today's corporate managers are under enormous pressure to find the strategic opportunities their competitors have yet to find. This means more emphasis on developing the ability to search for internal strategic opportunities to improve quality. Increasingly, all managers — not just those posted overseas — have to be prepared to deal with global economics, foreign markets, and cross-cultural negotiating'. A manager in a decentralized or self-empowered organization that is a leader must increasingly become a teacher, coach, and consultant rather than a 'boss'.

This is causing a corresponding change in the techniques that are emphasized in management development programmes. Historically on-the-job experiences, including on-the-job training, coaching, and rotational assignments have been far and away from the most popular management development techniques. The problem is that these techniques tend to emphasize showing managers current procedures or getting them to think about how to 'do what we're doing today a little better'. Today there's a shift towards development techniques that teach managers how to learn and how to develop the capacity to deal with change, such as sizing up foreign markets and searching for strategic opportunities.

Techniques of Management Development

There are mainly two types of techniques that help managers develop the skills and attitudes and make themselves competitive. One is through classroom training and the other is through on-the-job experience.

On-the-job training is of utmost importance as the real learning takes place only when the learner uses what he has learnt. But it should also be remembered that class room training or pedagogical techniques have also got their own importance in gaining new knowledge, and learning new techniques, and broader concepts. The below picture presents the concepts and

Concepts and Areas of Management Development Programme

General Administration

How to decide overall company strategy?

- Corporate planning
- Decision theory and decision trees
- Games theory
- Company model on computer.

How to evaluate capital expenditure proposals?

- Discounted cash flow and net present value
- Replacement theory
- Decision theory and decision trees
- Markovitz portfolio selection.

How to improve the flow of information needed to control the organization?

- Costing systems
- Reporting by responsibility
- Organization and methods
- Systems and analysis
- Computers for data processing
- Management by exception
- Computers for data processing
- Computers for information retrieval
- Random observation studies
- Information theory
- Cybernetics.

How to launch a new project?

- Critical path method including PERT
- PERT/COST
- Branching networks
- Resource allocation
- Using a computer with these techniques.

Marketing and Sales

How to forecast demand?

- Exponential smoothing
- Market research
- Moving averages
- Regression analysis
- Box/Jenkins

Time series
Leontieff input-output tables
Use of computer with these techniques.

How to generate new product ideas?

Market research
Brainstorming
Value analysis.

How to launch a new product?

Critical path method including PERT
PERT/COST
Branching networks
Using a computer with these techniques.

How to determine the profitability of a product or product line?

Marginal costing
Contribution analysis
Profit volume ratio
Break-even charts
Linear programming.

How to improve product design?

Market research
Value analysis
Ergonomics.

Production

How to remove factory bottlenecks?

Production control by computer
Critical path methods including PERT
Branching networks
Resource allocation
Using a computer with these techniques
Simulation including Monte Carlo method
Queuing Theory.

How to improve product quality and reliability?

Statistical quality control
Process control by computer, including
Evolutionary operation, and
Adaptive control.

How to cope with complex mixes? such problems as: several factories, delivery to many customers, or several products from many raw materials available from many different sources, or several products profitability made by several process, etc. Mathematical programming by computer, including

Linear programming

Quadratic programming

Separable programming

Integer programming

Dynamic programming.

How to cut labour costs?

Method study

Incentive schemes

Ergonomics

Productivity bargaining.

How to improve labour relations?

Job relations programme.

HUMAN RESOURCE

How to improve training methods?

Teaching machines

Business games.

How to bring order and equity into wages and salary schemes?

Job description

Job evaluation

Merit rating

Salary progressing curves

Time-span discretion.

How to recruit the right number of the right type of people?

Manpower planning

Intelligence, personality and aptitude tests.

PURCHASING

How to check quality and reliability of raw materials?

Statistical quality control including quality protection

Statistical sampling methods including sequential stocks.

How to cut down the cost of purchasing and holding stocks?

- Statistical stock control
- Methods of forecasting demand (see under marketing)
- Economic batch re-ordering quantities
- Simulation by computer.

RESEARCH

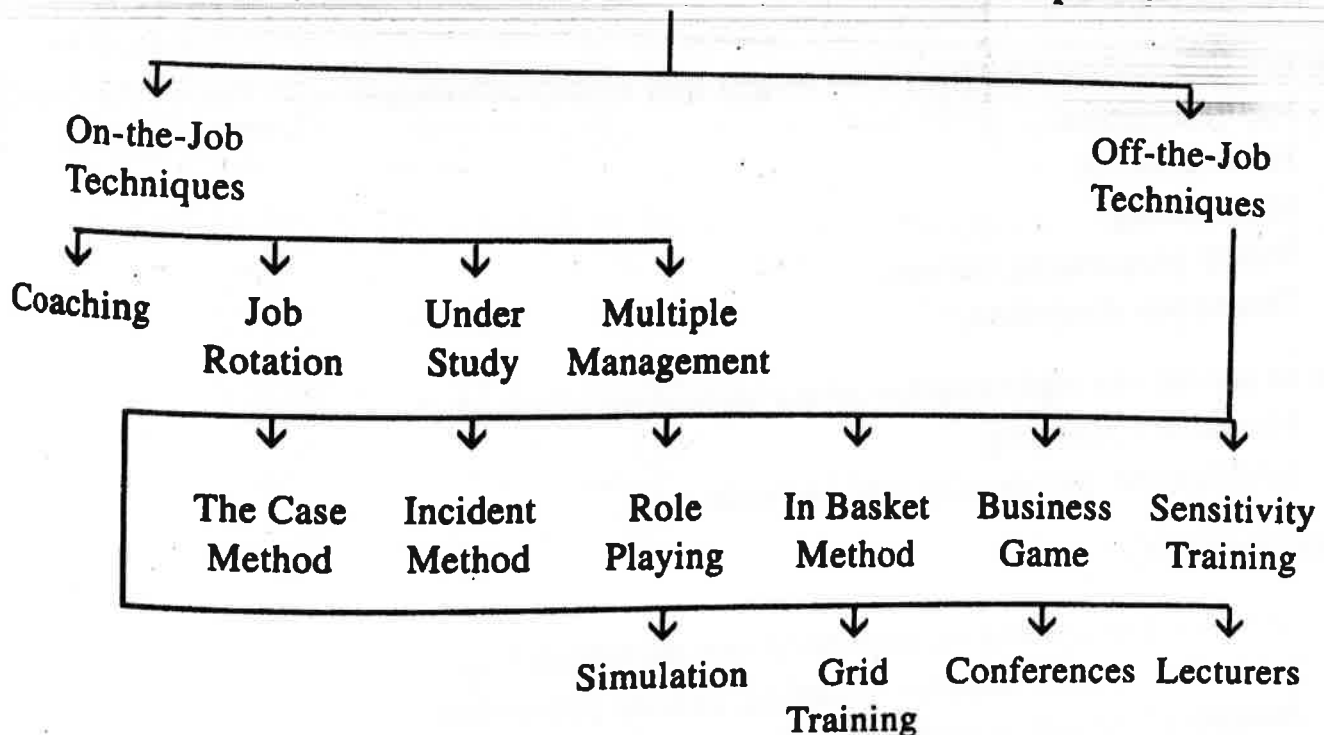
How to reduce the time taken to complete research?

- Method study
- Critical path methods including PERT
- PERT/COST
- Branching networks
- Research Allocation
- Using a computer with these techniques
- Statistical design of experiments
- Scientific calculations by computer
- Simulation by computers.

Learning is haphazard without background and, learning can never be called true learning if it is just theory without practice. When on-the-job training is properly balanced with the class-room training, the real learning takes place.

The following are some of the important on-the-job and off-the-job techniques of management development.

Important Techniques of Management Development



On-the-Job Techniques

These are the most widely used techniques. No other technique may interest the trainee so much as these do since the location of the learner is not an artificial one as the classroom. The success of these techniques depends on the immediate supervisor and how good a teacher he is. On-the-job techniques are especially useful for certain groups like scientific and technical personnel.

Though the costs of training initially appear to be low they may turn out to be high when wastages of all kinds are considered under this type of training.

This method of learning in isolation may prove to be inadequate but in combination with the other techniques will be excellent. The important on-the-job training techniques are: coaching, job rotation, under study, and multiple management.

Coaching: In coaching the trainee is placed under a particular supervisor who acts as an instructor and teaches job knowledge and skills to the trainee. He tells him what he wants him to do, how it can be done and follows up while it is being done and corrects errors. "Coaching should be distinguished from counselling.... Counselling.. involves a discussion between the boss and his subordinates of areas concerned with the man's hopes, fears, emotions, and aspirations. It reaches into very personal and delicate matters. To be done correctly, counselling demands considerable background and ability on the part of the counsellor. If carried out poorly, it may do considerable damage."

The act of coaching can be done in several ways. The executive apart from asking them to do the routine work, may ask them to tackle some complex problem by giving them chance to participate in decision-making.

One of the important limitations of this technique is that the individual cannot develop much beyond the limits of his own boss's abilities.

Job Rotation: The transferring of executives from job to job and from department to department in a systematic manner is called job rotation. When a manager is posted to a new job as part of such a programme, it is not merely an orientation assignment. He has to assume the full responsibility and perform all kinds of duties.

The idea behind this is to give him the required diversified-skills and a broader outlook, which are very important at the senior management levels. It is upto the management to provide a variety of job experiences for those who have the potential for higher ranks before they are promoted.

Job rotation increases the interdepartmental co-operation and reduces the monotony of work. It makes the executives in general management and does not allow them to confine themselves to their specialised field only.

Multiple Management: Multiple Management is a system in which permanent advisory committees of managers study problems of the company and make recommendations to higher management. It is also called Junior-board of executives system. These committees discuss the actual problems and different alternative solutions after which the decisions are taken.

The technique of multiple management has certain advantages over the other techniques. They are:

- (i) Members have the opportunity to acquire the knowledge of various aspects of business;
- (ii) It helps to identify the members who have the skills and capabilities of an effective manager;
- (iii) Members have the opportunity to participate in the group interaction and thereby gain the practical experience of group decision-making;
- (iv) It is relatively inexpensive method; and
- (v) Considerable number of executives can be developed in a short span of time.

Off-the-Job Techniques

Because of the fact that on-the-job techniques have their own limitations, these off-the-job techniques are considered important to fill those gaps. The following are some of the important off-the-job techniques:

1. The case study
2. Incident method
3. Role playing
4. In basket method
5. Business game
6. Sensitivity training
7. Simulation
8. Grid training
9. Conferences
10. Lectures

1. The Case Study: Cases are prepared on the basis of actual business situations that happened in various organisations. The trainees are given cases for discussing and deciding

upon the case. Then they are asked to identify the apparent and hidden problems for which they have to suggest solutions.

The situation is generally described in a comprehensive manner and the trainee has to distinguish the significant facts from the insignificant, analyse the facts, identify the different alternative solutions, select and suggest the best. This whole exercise improves the participant's decision-making skills by sharpening their analytical and judging abilities.

2. Incident Method: This method was developed by Paul Pigors. It aims to develop the trainee in the areas of intellectual ability, practical judgement and social awareness. Under this method each employee is developed in a group process.

Incidents are prepared on the basis of actual situations which happened in different organisations. Each employee in the training group is asked to study the incident and to make short-term decisions in the role of a person who has to cope with the incident in the actual situation. Later, the group studies and discusses the incident and takes decisions relating to that incident, based on the group interaction and decisions taken by each member. Thus, this method is similar to a combination of case method and in-basket method.

3. Role Playing: A problem situation is simulated by asking the participants to assume the role of particular person in the situation. The participant interacts with other participants assuming different roles. Mental set of the role is described but no dialogue is provided.

The whole play may be tape-recorded and the trainee may thus be given the opportunity to examine his or her own performance.

Role playing gives the participants vicarious experiences which are of much use to understand people better. This method teaches human relations skills through actual practice. The exemplary role playing situations are a grievance discussion, employment interview, a sales presentation etc.

4. In Basket Method: The trainees are first given background information about a simulated company, its products, key personnel, various memoranda, requests and all data pertaining to the firm. The trainee has to understand all this, make notes, delegate tasks and prepare memos within a specified amount of time. Abilities that this kind of exercise develops are: (i) situational judgement is being able to recall details, establish priorities, interrelate items and determine need for more information, (ii) social sensitivity in exhibiting courtesy in written notes, scheduling meetings with personnel involved and explaining reasons for actions taken, and (iii) willingness to make decision and take action."

5. Business Games: Under this method, the trainees are divided into groups or different teams. Each team has to discuss and arrive at decisions concerning such subjects as production, pricing, research expenditure, advertising etc., assuming itself to be the management of a simulated firm. The other teams assume themselves as competitors and react to the decision. This immediate feedback helps to know the relative performance of each team. The team's

co-operative decision promotes greater interaction among participants and gives them the experience in co-operative group processes.

All this develops organisational ability, quickness of thinking, leadership qualities and the ability to adopt under stress.

6. Sensitivity Training: The main objective of sensitivity training is the "Development of awareness of and sensitivity of behavioural patterns of oneself and others." This development results in the (i) increased openness with others, (ii) greater concern for others, (iii) increased tolerance for individual differences, (iv) less ethnic prejudice, (v) understanding of group processes, (vi) enhanced listening skills, (vii) increased trust and support."

The role played by the trainee here is not a structured one as in role play. It is a laboratory situation where one gets a chance to know more about himself and the impact of his behaviour on others. It develops the managerial sensitivity, trust, and respect for others. One of the limitations of sensitivity training is that it exacts a huge emotional cost from the manager.

7. Simulation: Under this technique the situation is duplicated in such a way that it carries a closer resemblance to the actual job situation. The trainee experiences a feeling that he is actually encountering all those conditions. Then he is asked to assume a particular role in the circumstances and solve the problems by making a decision. He is immediately given a feedback of his performance.

One of the limitations of this method is that it is very difficult to duplicate the situation to the extent of making the trainee feel the pressures and realities of actual decision-making on the job. The very fact that the trainee knows that it is an artificial situation prevents him from experiencing all that he experiences in real job situation.

8. Managerial Grid: It is a six phase programme lasting from three to five years. It starts with upgrading managerial skills, continues to group improvement; improves inter group relations, goes into corporate planning, develops implementation method and ends with an evaluation phase. The grid represents several possible leadership styles. Each style represents a different combination of two basic orientations - concern for people and concern for production.

9. Conferences: A conference is a meeting of several people to discuss the subject of common interest. But contribution from members can be expected as each one builds upon ideas of other participants. This method is best suited when a problem has to be analysed and examined from different viewpoints.

It helps the members develop their ability to modify their attitudes. Participants enjoy their method of learning as they get an opportunity to express their views.

The success of the conference depends on the conference leader. In order to make the conference a success, the conference leader must be able to see that the discussion is thorough

and concentrate on the central problem by encouraging all the participants to develop alternatives and present their viewpoints and by preventing domination by a few participants.

10. Lectures: It is the simplest of all techniques. This is the best technique to present and explain a series of facts, concepts, and principles. The lecturer organises the material and gives it to a group of trainees in the form of talk. The main uses of lectures in executive development are:

- (i) It is direct and can be used for a large group of trainees.
- (ii) It presents the overview and scope of the subject clearly.
- (iii) It presents the principles, concepts, policies and experiences in the shortest time. Thus, it is a time saving technique.

The lectures do not give scope for student participation and may sometimes be boring which in turn hinders learning. Skills can be learnt only by doing and therefore lectures are of no use for technical skills.

Management Development is of vital importance to any dynamic organisation today. Some organisations have hired professionals to take care of their management development activities.

Review Questions

1. Define 'Management development'.
2. Trace the evolution of management development.
3. What are the areas of management development programmes?
4. Discuss the important techniques of management development.

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