



**Welsh Assembly Government  
Department for Children, Education, Lifelong  
Learning and Skills**

**Consultation on "Skills that work for Wales: A skills  
and employment strategy"**

**Memorandum from the Chartered Management  
Institute**

**April 2008**

# MEMORANDUM IN RESPONSE TO CONSULTATION ON SKILLS THAT WORK FOR WALES

## Executive Summary

- The Chartered Management Institute (the Institute) welcomes the opportunity to comment on the Welsh Assembly Government's consultation document, "Skills that work for Wales."
- The focus of this submission is on improving leadership and management skills in Wales, which would in turn raise business performance and ultimately help the Welsh economy become more globally competitive and attractive to employers.
- The Institute is very active in Wales and we have set out how we can work with the Department for Children, Education, Lifelong Learning and Skills (CELLS) to improve leadership and management skills in Wales.
- We believe that the Assembly Government must continue to focus on higher level professional skills, which in their practical application will have the greatest impact on both performance and on leveraging the rest of the skills agenda. Professional managers play an essential role in developing strategies for workforce development. A greater number of highly qualified managers are more likely to ensure that their teams are adequately trained and can help to embed a culture of learning and professional development that helps drive performance.
- Our overall finding is that the need for better leadership and management skills in Wales is widely acknowledged; this submission concentrates on encouraging the Department to state more overtly *how* it will fulfil this goal.

## 1. Overview of the Chartered Management Institute

- 1.1 The Chartered Management Institute (The Institute) is the only chartered professional body dedicated to management and leadership and consultancy. We support 80,000 individuals and 400 corporate members and have a high level of engagement with employers across all sectors throughout the UK. Our members are employed at all levels of management within business, public sector and not-for-profit organisations.
- 1.2 The Institute has many decades of experience of working with employers in Wales to improve leadership and management skills. We have over 2,500 individual members of the Institute based in Wales, and also work with a wide range of private and public sector organisations, such as all the police forces in Wales, Swansea College, Venture Wales Ltd, and various other training colleges around the country.
- 1.3 The Institute of Business Consulting (IBC) is an organisation within the Chartered Management Institute. It was launched in April 2007 following the merger of the Institute of Business Advisers and the Institute of Management Consultancy. It thereby brings together business advisers and management consultants into one profession, 'business consulting'.
- 1.4 IBC is responsible for the National Register of Business Support Professionals. The National Register was created to meet the need identified by the Business Support as a Profession Group. It provides National Common Standards for business advisers or brokers and a single point of contact for anyone wanting

support for their business. The Institute believes that the National Register can be a powerful route to improve the delivery of business advice.

- 1.5 Through the Management Standards Centre (MSC), the Institute is appointed by Government and the regulatory authorities as the UK-wide Standards Setting Body for Management and Leadership. The MSC sets and maintains the National Occupational Standards on Management and Leadership, which is a national source of guidance for all those working in management.
- 1.6 The Institute works closely with the Wales Management Council (WMC) to promote leadership and management (L&M) skills in Wales. For example, the Management Standards Centre proactively works with the WMC to promote the National Occupational Standards for use in Wales.
- 1.7 The Institute works to promote L&M skills across all sectors, and as such sets out its comments below. We focus on the role of the Institute, as a leading chartered professional body, in the promotion and development of leadership and management skills in Wales.

## **2. Why better management and leadership skills is good for business in Wales**

- 2.1 The value to businesses in Wales of improved L&M skills is clear. The challenges of global competition, demographic imperatives, worldwide economic uncertainty and moves towards a knowledge economy provide new incentives for managers in Wales to improve their skills and thus respond to commercial pressures. To achieve an economy based on world class skills, employers in Wales will need to address critical management and leadership skills across all sectors.
- 2.2 As the Cabinet Office Performance and Innovation Unit's 2001 Report on workforce development concluded<sup>1</sup>, demand for skills is derived from wider management strategies, and these therefore need to change if we are to successfully make the transition to a high skills, high added-value economy.
- 2.3 There are around 200,000<sup>2</sup> managers in Wales, and the number of managers in the UK is predicted to grow by 1.3 per cent per annum between now and 2014, with similar rates of growth envisaged in Wales. Throughout the UK, the current estimate is that around 4.5m individuals in the UK have significant management responsibilities<sup>3</sup>, yet 36 per cent of organisations report that their managers are not proficient.
- 2.4 Research based on longitudinal data and published by the Institute<sup>4</sup> indicates that those employers who take responsibility for L&M development experience better overall organisational performance over a four year period. The research also shows that companies that provide training which *is aligned to the organisation's strategic business needs* benefit most strongly.
- 2.5 Finally, Cardiff business school research<sup>5</sup> shows that in Wales there are 1,600 providers of management and leadership development, offering a total of 17,000

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<sup>1</sup> *In Demand – Adult Skills in the 21<sup>st</sup> Century*. A Performance and Innovation Unit Report – December 2001

<sup>2</sup> Wales Management Council figure quoted by Christopher Ward, <http://icwales.icnetwork.co.uk/business-in-wales/business-features/2008/01/09/changing-face-of-management-91466-20326945/>

<sup>3</sup> *In Demand – Adult Skills in the 21<sup>st</sup> Century*.

<sup>4</sup> *Management Development Works: The Evidence*, Dr Chris Mabey, Chartered Management Institute 2005; *Achieving Management Excellence*, Christopher Mabey and Andrew Thomson, Chartered Management Institute, 2000

<sup>5</sup> Hurlow, S. (2005) 'Leadership in Local Government' for ERU Conference, Cardiff Business School, Sept. 2005

programmes. Whilst this breadth of provision offers significant choice to learners and employers, it is important that suppliers are meeting common standards and can offer quality-assured learning and development opportunities.

### **3. Wales plc and international competition**

- 3.1 Despite some moves in the right direction, unless the Assembly Government, employers and skills delivery bodies *prioritise* management skills for current and future leaders, there is a real danger that we will not make the right management decisions to improve Wales' international competitiveness. It is the skills and capabilities of leaders of organisations that determine how people are employed and whether resources are invested effectively. For instance, in the engineering sector, an important sector in Wales and in which foreign competition is strong and growing, this need to improve global competitiveness is essential.
- 3.2 The productivity gap between the UK and other leading nations has proved an intractable issue for successive governments. Up to 20 per cent of that gap is now attributed to skills provision. For example, differences in management practices between the USA and the UK account for 10 to 15 per cent of the productivity gap in manufacturing between the two countries.<sup>6</sup>
- 3.3 In addition, the Department for Education and Skills' research paper, "Managerial Qualifications and Organisational Performance" (Bosworth, Davies and Wilson, 2002), identified the following key findings:
  - Highly qualified managers are more innovative. They appear more likely to adopt strategies which introduce new, higher quality products and improve the quality of existing products, while less qualified managers are more likely to be engaged in increasing the production efficiency of existing products and services;
  - Better qualified managers are associated with a better qualified workforce; management proficiency and performance appear to be positively linked (although this is a two-way relationship).

### **4. Economic challenges for Wales**

- 4.1 Wales is a successful place to do business and is home to some well-known brands and large companies, including Admiral Insurance, Ford, ING Direct, Toyota, Tritech and moneysupermarket.com. These companies require highly skilled and well-qualified employees and managers.
- 4.2 Over the last few years Wales has had one of the fastest growing economies in Europe, and with only 5 per cent of the UK's population, it has attracted 17 per cent of the UK's inward investment.<sup>7</sup>
- 4.3 However, although employment levels have been improved by successful inward investment, little has been done to develop the supply side of Wales' economy; it is estimated that 50 per cent of North American and European companies operating in Wales make no purchases from the UK (let alone Wales).<sup>8</sup> It is

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<sup>6</sup> *Management practices across firms and nations*, Bloom et al., LSE-Mckinsey, June 2005, quoted in the Leitch Review final report, 2006

<sup>7</sup> *The Competitiveness of Wales*. Michael Quayle, 2002

<sup>8</sup> *Ibid*

therefore clear that there are many untapped opportunities in Wales which can be exploited given the right education, skills and training infrastructure.

- 4.4 Further, business confidence is now falling, in line with the general economic downturn that has resulted from the sub-prime mortgage crisis in the USA. The Institute's recent business survey (December 2007) found that almost half of employers in Wales (47 per cent) believe that a shortage of management skills will have a negative impact on their performance this year.<sup>9</sup> Despite this, 1 in 3 employers (35 per cent) predict a decrease in training and development in 2008.
- 4.5 Wales also has certain demographic challenges which any skills and training solutions have to address. For example, there are around 175,000 businesses in Wales, with 98 per cent of them having fewer than 20 employees<sup>10</sup>. Therefore, any L&M skills training must be accessible by, and practical for, small and medium sized enterprises (SMEs), a notoriously hard audience to reach.
- 4.6 SMEs also face specific management issues. For example, they are potentially less able to cope with changing working practices such as part-time and flexible working. Properly qualified, professional managers will be better equipped to respond to growing demands for flexible working and new working arrangements, as the Government continues to introduce reforms and new workplace rights.

## **5. Delivering a qualified workforce – addressing future skills needs**

- 5.1 The UK's management population is significantly under qualified: under 40 per cent of managers are qualified in any discipline to Level 4 or above compared to 81 per cent of those in other professional occupations.<sup>11</sup> Also, fewer than 20 per cent have a specific management qualification<sup>12</sup>. This is reflected in the fact that employers report deficiencies in management skills, and the high failure rate of SMEs, which is in part due to UK companies competing less on unique value and innovation than their peers from other advanced countries.<sup>13</sup>
- 5.2 The Institute's latest research, published on 13 March 2008 "Management Futures: the World in 2018", examined the future skills needed for organisations to stay productive and competitive. Successful companies in 2018 will be those whose leaders and managers have the foresight to identify changes in the market. There will be a greater fluidity of skills and movement across different environments, with management skills, collaboration and political skills becoming critical alongside technical expertise. Managers must have the vision to create synergy across different activities and be capable of harnessing innovation to deliver business results.
- 5.3 The research also identified important long-term trends for leadership and management needs in Wales. For example, 76 per cent of respondents in Wales believe that management teams in ten years' time will be "more multigenerational", with 42 per cent saying that increased numbers of female managers in senior roles will have changed management styles.<sup>14</sup> It will be important for training providers to take these longer term trends into account when providing advice on leadership and management development.

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<sup>9</sup> *Festive Fun and Future Forecast Survey: Christmas 2007*. Chartered Management Institute

<sup>10</sup> *Tomorrow's Manager: Skills, Development, Investment*. Wales Management Council, 2006

<sup>11</sup> *Labour Force Survey data, March-May 2002*

<sup>12</sup> *Final Report of the Council for Excellence in Management and Leadership, 2001*

<sup>13</sup> *UK Competitiveness: moving to the next stage*. DTI Economics Paper 3 by Prof. M Porter and Christian Ketels. May 2003 (Harvard Business School/ESRC)

<sup>14</sup> *Management Futures- The World in 2018*. Chartered Management Institute, March 2008

## Answers to questions at Annex A

### 6. General questions

- 6.1 The Institute welcomes the broad policy direction set out in the consultation document. However, despite previous strong recommendations that leadership and management skills are given a higher priority in the Welsh Assembly Government's skills agenda<sup>15</sup>, there are only a few explicit references to management skills. We would welcome more detailed plans outlining the strategy by which the Assembly Government intends to improve leadership and management skills.
- 6.2 In terms of priority actions, we would encourage the Department to expand the bullet point on strengthening the focus on leadership and management and the broad commitment to the IIP standard (on p. 17). There is one paragraph on page 19 which states that a goal is "encouraging leadership and management potential", and that the Department will make L&M development "a priority within the expanded Workforce Development Programme", but more detail on this action point, particularly in terms of resources available, would be helpful.
- 6.3 Regarding the question of balance between the needs and responsibilities of individuals, businesses and communities, we would point out that L&M training is most effective when it is:
- made a clear organisational priority, with employers taking responsibility for training;
  - linked to business strategy with established processes and frameworks, and
  - designed to build relevant competence and behaviours<sup>16</sup>

Therefore, the question of balance between the needs of stakeholders is as important as the balance between the individual strategic needs of the organisation and the skills of the employees needed to deliver the business strategy. When this balance is achieved, the needs of communities will be fulfilled by a more vibrant economy and greater job opportunities.

### Specific questions

7. **Question 4:** financial contributions policy (chapter 2, 2.11-2.14)
- 7.1 The current proposals do not provide enough detail to allow readers to understand the proposed new financial arrangements. For example, the document states that learning will be free for individuals aged 16-19. It then states that "beyond the age of 19, individuals and employers should invest in higher-level skills that earn a good private return" but there is no definition of a good private return or "higher level" skills. The document concludes that a separate consultation document will be issued later in the year, with various options outlined. It is therefore not possible to comment at this stage on the proposed changes.
- 7.2 In answer to question 4b), whilst we agree that public funding should focus on ensuring that everyone is equipped with basic skills, some targeted public funding to help raise demand for leadership and management skills would help take-up by

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<sup>15</sup> For example, Wales Management Council's response to the consultation document, "*Wales: A vibrant economy*", November 2005

<sup>16</sup> *Management Development Works: The Evidence*, Dr Chris Mabey, Chartered Management Institute, 2005

small firms, which as previously stated make up 98 per cent of the economy in Wales. We agree that larger companies should be in a position to fund the majority of L&M development activities, or could provide matched funding.

- 8. Question 5:** employers' influence on the content and delivery of skills programmes (Chapter 3)
- 8.1 The strategy for identifying which skills businesses and organisations need is not sufficiently explicit. We agree that the development of a skills policy must be employer-led, and that it makes sense to focus skills delivery through the Sector Skills Councils. However, management and leadership are cross-sector skills for which the current skills infrastructure makes inadequate provision. It is not possible within the work of individual sector-specific Skills Councils to provide a sustainable long-term focal point or recognised centre of expertise for raising management and leadership skills.
- 8.2 Chartered bodies are the centres of expertise for their skill area and are therefore the appropriate organisations to be full partners in the Skills and Employment Strategy for Wales. In a matrix of stakeholders, the SSCs might be said to provide the vertical part of the structure covering the sectors, with the professional bodies and their standard-setting bodies providing the horizontal, cross-cutting part of the structure.
- 8.3 The fact that the professional bodies have strong employer representation on their boards, that they have access to many thousands of practising executives and that they have active research programmes ensures that standards and skills development is based on the real challenges of the occupation and the needs of employers.
- 8.4 A more detailed definition of "human resource development" as outlined in paragraph 3.7 would be helpful. We would argue that this includes L&M skills development, in line with the stated commitment to improving L&M skills on page 17. A definition of the sectors that are considered to be key to the future development of the Welsh economy would also be helpful.
- 8.5 With regard to Modern Apprenticeships, the Institute is in favour of promoting apprenticeships in leadership and management as a first step towards individuals becoming trained managers. However, when talking about apprenticeships it is important to remember that management and leadership skills are needed by employees of all ages, and that apprenticeships are also useful to those over the age of 25, as well as younger people.
- 8.6 In 2006, the Management Standards Centre was commissioned by the QCA to develop an updated framework for management apprenticeships. The resulting MSC apprenticeship in team leading (level 2) and the advanced apprenticeship in management (level 3) rank in the top 25 most popular frameworks in England (in terms of numbers of learners enrolled). They are well established frameworks, having been originally introduced nine years ago, with a revised framework introduced in May 2006. According to LSC data there were a total of 1,818 people engaged in management apprenticeships across England in the 2005-06 academic year<sup>17</sup>.

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<sup>17</sup> LSC's apprenticeships website, [http://www.apprenticeships.org.uk/NR/rdonlyres/F37383E0-2BB7-46A1-81A7-19DCA7B41642/0/Report2\\_0506AugJulyquarterlycumulativestarts.xls](http://www.apprenticeships.org.uk/NR/rdonlyres/F37383E0-2BB7-46A1-81A7-19DCA7B41642/0/Report2_0506AugJulyquarterlycumulativestarts.xls)

## Question 6 – other comments

### 9. Higher-level learning and skills (paragraph 3.22)

- 9.1 We welcome the goal of encouraging higher-level education to develop skills that will enhance graduate employability, “including leadership, communication and team working.” The Institute’s own research has explored the value of management and leadership development,<sup>18</sup> and concluded that competency-driven management and leadership development (MLD), MLD driven by strategy, and giving employers responsibility for MLD, had the greatest positive effect on organisational performance.
- 9.2 When delivering L&M development activities, it is very important that initial measures are in place so that employers and learners can assess the effectiveness of the activities undertaken. Many employers will also seek quality assurances by only using qualified training providers and learners clearly prefer qualifications that are fully accredited to an external nationally recognised standard. Employers with non-accredited in-house learning and development activities should consider the added-value that recognised management qualifications can offer in terms of employee motivation, the ability to attract staff and the organisation’s professional reputation.<sup>19</sup>
- 9.3 In terms of assisting SMEs with L&M development, it is often more practical to deliver work-based learning rather than formal external training days, which can be disruptive to small businesses. Alternatives to formal training for SMEs include professional networks, where managers can learn from their peers who are also facing similar challenges and opportunities.<sup>20</sup>

### Chartered Management Institute’s links with higher education institutions in Wales

- 9.4 Higher education institutions (HEIs) can provide an excellent route for encouraging and delivering leadership and management skills in Wales. The Institute can help promote the role of higher education to employers and already has good links with a wide range of HEIs in Wales.
- 9.5 There are strong links to encourage progression from Institute professional qualifications to HE Masters courses in Wales. Managers achieving Institute diploma and executive diploma management qualifications delivered at Coleg Gwent are presented with their awards at the University of Newport Business School graduation ceremony and Ystrad Mynach College Diploma and executive diploma students receive their awards at Glamorgan University.
- 9.6 Similarly, University of Glamorgan, University of Wales Newport, and Swansea Metropolitan University have all recognised the importance of the Institute’s membership support and have invested in student membership resources for their MBA programmes.
- 9.7 University of Wales Newport are currently integrating the Institute’s unique designation of “Chartered Manager” (see section 12 below) into their part-time MBA course from September 2008. University of Wales Institute Cardiff are

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<sup>18</sup> Ibid

<sup>19</sup> *The Value of Management Qualifications: The perspective of UK employers and managers.* Chartered Management Institute, September 2007

<sup>20</sup> These are ideas put forward by the Wales Management Council in its report, *“Tomorrow’s Manager: Skills, Development, investment”*, 2006

developing the management skills of their own staff through Chartered Management Institute Enterprises programmes.

- 9.8 The Cardiff branch of Institute members jointly holds a series of annual management lectures with Cardiff University, Glamorgan, Newport and UWIC. The Swansea Branch work closely with Swansea Metropolitan University who host a number of joint management networking events each year.

## **10. Recognising and rewarding excellent provision**

- 10.1 The Institute, together with the Wales Management Council, Hilton Hotels, Dolmans Solicitors, Common Purpose and ACCA jointly to set up the "Leading Wales Awards" which have been running for three years. The Awards celebrate excellent leadership and management practice and serve to raise the importance of great leadership and management skills in improving economic performance in Wales. DCELLs recognised the importance of the Awards this year and sponsored the category of leadership in partnership.

- 10.2 The Institute feels that the WAG should show their commitment to encouraging management and leadership training in Wales by firmly committing to annual sponsorship of the Leading Wales Awards.

- 10.3 The Institute, together with other professional bodies, also organises a one day conference for managers and leaders in North Wales and South Wales. The professional bodies recognise that there is a need for management and leadership training and guidance, particularly for SMEs, and use the conferences to raise issues, provide a platform for discussion and an information point for organisations to find out how they can improve their management and leadership skills.

- 10.4 The conferences have been supported by WAG but a firm commitment for annual support would again demonstrate the importance placed on raising management and leadership development in Wales.

## **11. Question 7 – the most important measures of success (paragraphs 1.16-1.19)**

- 11.1 We agree in general with the indicators mentioned in this section. As mentioned above, it is important that clear measures of success are defined at the outset of any development activity or investment in skills. For organisations, a training needs analysis aligned to the business objectives is an important starting point; and for individual learners, a clear personal development plan will help to ensure that development activities can translate into more effective performance.

- 11.2 However, we would reiterate the fact that it is not just qualifications which are important, but leadership and management qualifications, which will raise all sectors' competitiveness. We highlight the stark reality that under 40 per cent of managers are qualified in any discipline to Level 4 or above compared to 81 per cent of those in other professional occupations, and that fewer than 20 per cent have a specific management qualification. The Department's policy strategy should address this issue in paragraph 1.18 by including a target that by 2020, at least 50 per cent of managers in Wales should be qualified in management to level 4 or higher.

- 11.3 The various Chartered Bodies are instrumental in defining the standards for their professions and the qualifications that recognise learning and skills. Evidence demonstrates that many more people take professional qualifications, usually

paid for by their employer, than take NVQs or post-graduate academic qualifications in management-related fields, in order to gain recognition for their management skills.

- 11.4 Recent Institute research into the "Value of Management Qualifications"<sup>21</sup> includes a case study of the Team Silverstone development programme which combines classic classroom learning with practical track-side activities. The modules taken as part of the programme can provide the foundation for an Introductory Certificate or Introductory Diploma in Management accredited by the Chartered Management Institute.
- 11.5 However, we welcome a balance between academic qualifications and vocational skills. While an academic qualification may denote an individual's competence and knowledge at a given point in time, professional qualifications can combine evidence of impact with evidence of relevance through continuing professional development programmes.
- 11.6 Indeed, the Chartered Manager award (see below) is predicated on the individual being able to provide clear evidence of their impact in the workplace and demonstrate their ability to deliver significant change for their organisation.

## **12. Chartered Manager – the national measurement of management capability**

- 12.1 The designation of "Chartered Manager", introduced by the Institute in 2003, enables individuals with a management qualification and a significant commitment to CPD to gain externally validated recognition of their ability to deliver significant change in their workplace.
- 12.2 The six core leadership and management skills areas required to achieve Chartered Manager status<sup>22</sup> are explicitly aligned to the skill areas identified in the National Occupational Standards for Management and Leadership. It therefore provides employers with a benchmark for professional management. As such, it could be promoted more widely by the Assembly Government to help drive demand for professional managers in Wales.
- 12.3 Our website ([www.managers.org.uk/charteredmanager](http://www.managers.org.uk/charteredmanager)) contains numerous case studies and testimonials describing how individual managers have benefited from becoming a Chartered Manager, for example managers from companies such as BAE Systems, Rolls Royce, Northern Ireland Electricity, EWS Railway Ltd, and the Royal Navy. Managers who have achieved the award cite numerous benefits, including: personal career advantages in terms of greater employability and promotion prospects; improving their ability to apply their management and leadership skills; and boosting their business knowledge, self-awareness and confidence.

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<sup>21</sup> *The Value of Management Qualifications: The perspective of UK employers and managers.* P Wilton, P Woodman and R Essex, Chartered Management Institute, September 2007

<sup>22</sup> Leading people, managing change, meeting customer needs, managing information and knowledge, managing projects, processes and resources, and managing oneself.

### **13. Leadership and Management Skills: Policy Recommendations**

- 13.1 In order to assist the Assembly Government in promoting best practice in improving management and leadership skills in Wales, we have set out below some specific policy recommendations.
- 13.2 We believe that the Department should focus on promoting those higher level professional skills that, in their practical application, will have the greatest impact on both performance and also on leveraging the rest of the skills agenda. Professional managers play an essential role in developing strategies for workforce development. A greater number of highly qualified managers are more likely to ensure that their teams are adequately trained and can help to embed a culture of learning and development that helps drive performance.
- 13.3 By 2020, at least 50 per cent of managers in Wales should be qualified in management to level 4 or higher. This could help the Welsh economy attain its business performance goals and maintain international competitiveness.
- 13.4 Chartered Manager should be established by 2015 as a benchmark against which the Assembly Government can recognise and measure professional management capability.
- 13.5 Chartered professional bodies should be acknowledged by the Assembly Government as a source of high quality learning and development in their specific cross-sector disciplines. Professional bodies and their standard setting bodies could play a much greater role in providing a sustainable long-term focal point and recognised centre of expertise for raising management and leadership skills.

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