2011-7

Understanding the Outcomes of Leadership Development - a Contextual Approach

John Golden

Follow this and additional works at: https://arrow.dit.ie/busdoc

Recommended Citation

This work is licensed under a Creative Commons Attribution-Noncommercial-Share Alike 3.0 License.
UNDERSTANDING THE OUTCOMES OF LEADERSHIP DEVELOPMENT
– A CONTEXTUAL APPROACH

by


Dublin Institute of Technology
School of Business Studies

Supervisors: Joseph Coughlan Ph.D.,
James Ruane Ph.D.

Ph.D. July 2011
ABSTRACT
I certify that this thesis which I now submit for examination for the award of Doctor of Philosophy, is entirely my own work and has not been taken from the work of others, save and to the extent that such work has been cited and acknowledged within the text of my work.

This thesis was prepared according to the regulations for postgraduate study by research of the Dublin Institute of Technology and has not been submitted in whole or in part for another award in any Institute.

The work reported on in this thesis conforms to the principles and requirements of the Institute's guidelines for ethics in research.

Signature ___________________________ Date ___________________________

John D. Golden
ACKNOWLEDGEMENTS

I would like to thank Tony Cunningham and Aidan O’Reilly for initially approaching me to take part in their experiment designed to help bridge the gap between practice and academia in the business field. By assembling a group of five practitioners with diverse business and academic backgrounds together, they helped create a unique dynamic with lasting effects. That team of Hugh Kelly, Harry Keenan, Declan Gormley and Patrick Hurst was the source of significant stimulation, support and friendship throughout the course of this project.

I would also like to acknowledge the part played by Jim Ruane and Joe Coughlan as project supervisors and thank them for their guidance and helpful advice. I was also fortunate to have received enormous help in completing this thesis from Tom Garavan, Hugh Scullion, Graham Jones, Pamela Sharkey-Scott and Katrina Lawlor over the last few years.

Particular thanks are also due to Liam O’Mahony and Myles Lee, the study participants and the wider HR team in CRH for their support and interest in this project and to my family who are no doubt preparing to articulate their increasing expectations for my future contribution to domestic duties once this thesis is completed.
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.4.1</td>
<td>Transformational Leadership</td>
<td>36</td>
</tr>
<tr>
<td>2.4.2</td>
<td>Leadership Competencies</td>
<td>39</td>
</tr>
<tr>
<td>2.5</td>
<td>The Macro Context of Leadership Development</td>
<td>47</td>
</tr>
<tr>
<td>2.5.1</td>
<td>The Wider Business Environment</td>
<td>47</td>
</tr>
<tr>
<td>2.5.1.1</td>
<td>Globalisation</td>
<td>48</td>
</tr>
<tr>
<td>2.5.1.2</td>
<td>Organisational Flexibility</td>
<td>49</td>
</tr>
<tr>
<td>2.5.1.3</td>
<td>Cost Management</td>
<td>50</td>
</tr>
<tr>
<td>2.5.1.4</td>
<td>The Knowledge Economy</td>
<td>52</td>
</tr>
<tr>
<td>2.5.1.5</td>
<td>New Technologies</td>
<td>53</td>
</tr>
<tr>
<td>2.5.1.6</td>
<td>Ethics and Compliance</td>
<td>54</td>
</tr>
<tr>
<td>2.5.2</td>
<td>Changing Demographics</td>
<td>55</td>
</tr>
<tr>
<td>2.5.2.1</td>
<td>An Ageing Workforce</td>
<td>55</td>
</tr>
<tr>
<td>2.5.2.2</td>
<td>Participation of Women in the Workforce</td>
<td>56</td>
</tr>
<tr>
<td>2.5.3</td>
<td>Emerging Management Trends</td>
<td>59</td>
</tr>
<tr>
<td>2.5.3.1</td>
<td>Team Working</td>
<td>59</td>
</tr>
<tr>
<td>2.5.3.2</td>
<td>High Performance Work Systems</td>
<td>60</td>
</tr>
<tr>
<td>2.5.4</td>
<td>The Micro Context of Leadership Development</td>
<td>61</td>
</tr>
<tr>
<td>2.6</td>
<td>Emerging Trends in Leadership Development</td>
<td>61</td>
</tr>
<tr>
<td>2.6.1</td>
<td>Top Management Commitment</td>
<td>62</td>
</tr>
<tr>
<td>2.6.2</td>
<td>Line Manager Involvement</td>
<td>63</td>
</tr>
<tr>
<td>2.6.3</td>
<td>Individual Initiative</td>
<td>65</td>
</tr>
<tr>
<td>2.6.4</td>
<td>Opportunities for Skill Utilization in Leadership Roles</td>
<td>66</td>
</tr>
<tr>
<td>2.6.5</td>
<td>HR Infrastructure</td>
<td>67</td>
</tr>
<tr>
<td>2.7</td>
<td>Leadership Development in Organisations</td>
<td>68</td>
</tr>
<tr>
<td>2.7.1</td>
<td>Scope of Leadership Development Programmes</td>
<td>68</td>
</tr>
<tr>
<td>2.7.2</td>
<td>Why Invest in Leadership Development?</td>
<td>70</td>
</tr>
<tr>
<td>2.7.3</td>
<td>Methods of Leadership Development</td>
<td>73</td>
</tr>
<tr>
<td>2.7.3.1</td>
<td>Formal Development Programmes</td>
<td>74</td>
</tr>
<tr>
<td>2.7.3.2</td>
<td>Planned Job Experiences or Job Rotation</td>
<td>75</td>
</tr>
<tr>
<td>2.7.3.3</td>
<td>Formal Coaching</td>
<td>76</td>
</tr>
<tr>
<td>2.7.3.4</td>
<td>Mentoring</td>
<td>77</td>
</tr>
<tr>
<td>2.7.3.5</td>
<td>Self Development</td>
<td>77</td>
</tr>
<tr>
<td>2.7.3.6</td>
<td>360-Degree Feedback</td>
<td>78</td>
</tr>
</tbody>
</table>
2.8 Designing Leadership Development Programmes

2.8.1 Broad Approaches to the Design of Leadership Development Programmes

2.8.1.1 A Formal Development Approach:

2.8.1.2 Organisational-HR Approach to Leadership Development:

2.8.1.3 An Individual-Psychological Approach to Leadership Development:

2.8.1.4 Best Practices Approach to Leadership Development:

2.8.2 Designing the Leadership Development Process

2.8.2.1 The Environment of the Programme:

2.8.2.2 The Self:

2.8.2.3 Senior Managers as Coaches, Mentors and Sponsors:

2.8.2.4 Peers, Colleagues and Direct Reports:

2.8.2.5 Programme Design:

2.8.2.6 Developmental Tools:

2.8.3 Evaluation of Leadership Development Programmes

2.9 Conceptualizing the Outcomes of Leadership Development

2.9.1 Individual Level Outcomes

2.9.1.1 Job Satisfaction and Motivation:

2.9.1.2 Individual Stress Levels:

2.9.1.3 High Performing Managers:

2.9.2 Team and Organisational Outcomes:

2.9.2.1 Reduced Employee Turnover:

2.9.2.2 Productivity:

2.9.2.3 Succession Planning:

2.9.2.4 Organisational Effectiveness:

2.10 Conclusion

CHAPTER 3

LITERATURE SYNTHESIS AND CONCEPTUAL FRAMEWORK

3.1 Introduction

3.2 Key themes Emerging from the Literature Review: Explanation & Critique

3.2.1 Differing Views of What Constitutes Leadership Development

3.2.2 A Multitude of Perspectives on What Constitutes Leadership
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2.3</td>
<td>The Macro and Micro Context of Leadership Development</td>
<td>99</td>
</tr>
<tr>
<td>3.2.4</td>
<td>Leadership Development Strategies, Design Issues &amp; Outcomes</td>
<td>100</td>
</tr>
<tr>
<td>3.3</td>
<td>A Proposed Conceptual Model</td>
<td>101</td>
</tr>
<tr>
<td>3.3.1</td>
<td>International Strategy of the Organisation</td>
<td>103</td>
</tr>
<tr>
<td>3.3.2</td>
<td>Contextual Factors</td>
<td>104</td>
</tr>
<tr>
<td>3.3.3</td>
<td>Operational Factors</td>
<td>105</td>
</tr>
<tr>
<td>3.3.3.1</td>
<td>Organisational Factors</td>
<td>105</td>
</tr>
<tr>
<td>3.3.3.2</td>
<td>Individual Factors</td>
<td>106</td>
</tr>
<tr>
<td>3.3.3.3</td>
<td>Purposes of Leadership Development</td>
<td>106</td>
</tr>
<tr>
<td>3.3.4</td>
<td>System of HR and Non-HR Factors</td>
<td>107</td>
</tr>
<tr>
<td>3.3.5</td>
<td>Leadership Development Programme Design and Outcomes</td>
<td>108</td>
</tr>
</tbody>
</table>

**CHAPTER 4**

**METHODOLOGY**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Introduction</td>
<td>109</td>
</tr>
<tr>
<td>4.2</td>
<td>The Researcher’s Philosophical Paradigm</td>
<td>109</td>
</tr>
<tr>
<td>4.2.1</td>
<td>Effects of a Constructionist Paradigm on Study Approach and Data Collection</td>
<td>110</td>
</tr>
<tr>
<td>4.2.2</td>
<td>Effects of a Constructionist Perspective on the Data Interpretation Process</td>
<td>111</td>
</tr>
<tr>
<td>4.3</td>
<td>The Subjective Position of the Research</td>
<td>111</td>
</tr>
<tr>
<td>4.4</td>
<td>The Research Design</td>
<td>113</td>
</tr>
<tr>
<td>4.4.1</td>
<td>Qualitative Research Design</td>
<td>113</td>
</tr>
<tr>
<td>4.4.2</td>
<td>Case Study Research Design</td>
<td>115</td>
</tr>
<tr>
<td>4.4.3</td>
<td>Strengths of Case Study Research Design</td>
<td>116</td>
</tr>
<tr>
<td>4.4.4</td>
<td>Limitations of Case Study Method Research Design</td>
<td>117</td>
</tr>
<tr>
<td>4.5</td>
<td>The Industrial and Organisational Context of the Programme</td>
<td>118</td>
</tr>
<tr>
<td>4.5.1</td>
<td>The Macro and Industry Context of Leadership Development</td>
<td>118</td>
</tr>
<tr>
<td>4.5.2</td>
<td>Industry Positioning and Competitors</td>
<td>119</td>
</tr>
<tr>
<td>4.5.2.1</td>
<td>Saint-Gobain</td>
<td>121</td>
</tr>
<tr>
<td>4.5.2.2</td>
<td>Lafarge</td>
<td>122</td>
</tr>
<tr>
<td>4.5.2.3</td>
<td>Holcim</td>
<td>122</td>
</tr>
</tbody>
</table>
CHAPTER 5 ............................................................................................................. 162
EMPIRICAL RESULTS: CAPTURING THE COMPLEXITY OF LEADERSHIP DEVELOPMENT OUTCOMES ........................................... 162

5.1 Introduction ...................................................................................................... 162
5.2 International Strategy of the Organisation ...................................................... 162
  5.2.1 Global Business Strategy ........................................................................... 162
  5.2.2 Global HRM Strategy ............................................................................... 164
  5.2.3 Global Staffing Strategy ........................................................................... 166
  5.2.4 Global Leadership Development Strategy ................................................ 168
5.3 Contextual Factors .......................................................................................... 170
  5.3.1 Industry Characteristics ............................................................................ 170
  5.3.2 Temporal Conditions ................................................................................ 171
  5.3.3 Strategic Relationships and Alliances ....................................................... 173
5.4 Operational Factors ......................................................................................... 174
  5.4.1 Organisational Factors ............................................................................. 174
    5.4.1.1 Organisational Culture ..................................................................... 174
    5.4.1.2 Organisational Structure .................................................................. 176
    5.4.1.3 Top Management Support ................................................................ 177
    5.4.1.4 Model of Leadership ....................................................................... 179
    5.4.1.5 HRM Philosophy and Practices ....................................................... 180
  5.5 Philosophy and Purposes of Leadership Development in CRH ....................... 182
  5.6 Individual Factors ........................................................................................ 186
    5.6.1 Technical, Demographic and Work Background of Participants .............. 186
    5.6.2 Ability of Participants .......................................................................... 187
    5.6.3 Personality and Adaptability Characteristics ....................................... 188
    5.6.4 Career Expectations and Orientation .................................................... 189
    5.6.5 Leadership and Coaching Style ............................................................ 190
  5.7 Perceptions of Leadership Development Programme Design Dimensions ........ 192
    5.7.1 Perceptions of Programme Relevance ................................................... 192
    5.7.2 Perceptions of Achievement of Programme Objectives ....................... 194
    5.7.3 Perceptions of Programme Design Quality ........................................... 196
    5.7.4 Perceptions of the Effectiveness of Learning Strategies ......................... 197
6.4.1 The Study Design ................................................................. 244
6.4.2 Data Collection Methods ...................................................... 245
6.4.3 The Paradigm of Inquiry ...................................................... 245
6.5 Recommendations for Further Research ................................. 246
6.5.1 Applying the Framework and Theories .................................. 246
6.5.2 Investigating Emergent Factors ............................................ 247
6.5.3 Sustaining Leadership Development in Organisations ........... 247
6.6 Implications for Practice .......................................................... 247
6.6.1 Programme Leadership ....................................................... 248
6.6.2 Monitoring and Evaluating the Impact of Changes in the External Environment ......................................................... 248
6.6.3 Assessing the Value of Formal Leadership Development Programmes .... 249
6.7 Summary ................................................................................. 250
LIST OF TABLES/ FIGURES
CHAPTER 1

INTRODUCTION

1.1 Introduction

The topic of leadership development is very current in the management and organisation behaviour literatures (Black and Ernest, 2009, Allio, 2009, Groysberg et al., 2006). A considerable proportion of this literature addresses the outcomes of leadership development using quantitative or positivist designs. Typical studies of the effectiveness of leadership development focus on the measurement of outcomes such as the impact of development on leader competencies, productivity, effectiveness and organisational effectiveness. Organisations therefore adopt leadership development interventions to enhance strategic capability and corporate performance (Brown, 2005). Indeed the research has demonstrated that successful organisations possess the ability to link their leadership development to strategic decision making (Tichy and Cohen, 2002). Becker & Huselid (1998) for example, demonstrated that leadership development linked to the needs of the business was one of the four key high performance work systems that improved the financial performance of organisations.

It is also possible to state that to remain competitive, an organisation must have a continuous supply of high calibre leadership talent. Research has demonstrated that up to 4 out of 10 senior managers will fail in their jobs within eighteen months of being appointed (Lublin, 2003). The reasons why this occurs are many; however, two particular explanations are proposed: Many managers are promoted to senior positions because they possess strong operational and financial skills, but do not possess the wider set of competencies to be successful. These include leadership skills, strategic agility and understanding of people and team issues (Conger and Fulmer, 2003). Second, managers are often promoted to positions for which they are not yet ready and as a result they become derailed (Yukl, 2002). This can happen for a variety of reasons including a lack of emotional stability, defensiveness, a lack of interpersonal skills and poor integrity. Both sets of reasons suggest that leadership development has a role to play in minimising the risk of failure or in preparing the leader to succeed.
The purpose of this thesis is to investigate the outcomes of leadership development in the context of a global building materials company. The study utilises a contextual approach to more fully understand the outcomes of leadership development. The value of a contextual approach is highlighted in the literature (Mabey, 2002, Garavan et al., 2009).

1.2 Why a Contextual Approach to Understanding the Outcomes of Leadership Development?

A surprising omission in a lot of the research on leadership development is the limited attention paid to context. Johns (2006) has highlighted that a similar criticism can be made of the wider field of organisation behaviour. Context can be defined as:

"Situational opportunities and constraints that affect the occurrence and meaning of organisational behaviour as well as the functional relationship between variables". (p. 386).

Context has particular salience in the context of leadership development because it enables the outcomes of leadership development to be informed by an analysis of situational influences on leadership behaviour, attitudes and outcomes.

The construct of leadership itself is so highly contextualised. It involves a set of complex interactions among leaders, followers and situations. Smircich & Morgan (1982) argued that leadership is a process of reality construction that takes place in a particular context. Johns (2006) suggested a categorical model of context that focused on two dimensions of context: omnibus and discrete context. In the context of leadership development, omnibus context emphasises a broad consideration of environmental factors that may influence the outcomes of leadership development. So for example, it may be possible to understand how societal, organisational and cultural factors influence the outcomes of leadership development. A particular question concerning omnibus context is whether the outcomes of leadership development in one organisation would be similar in another organisation.

Omnibus context operates in a very broad fashion. It is possible to get a more fine-grained analysis of contextual influences. Discrete context, therefore, focuses on the
influences of specific situational variables that could influence directly or moderate the relationship between leadership development and its outcomes. Three particular dimensions of discrete context have relevance to the outcomes of leadership development: task, social and physical context. Task context focuses on the informational dimensions of leadership, social context emphasises the interpersonal dimensions of leadership and physical context emphasises the physical environment in which the leadership is demonstrated. The focus on this thesis is primarily on the task and social dimensions of discrete context.

1.3 Defining Leadership Development

The concept of leadership development is generally well established in the literature (Day, 2000, McCauley and Douglas, 2004). Day (2000) makes an important distinction between management, leader and leadership development.

Table 1.1: Differences between Leader and Leadership Development

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Leader Development</th>
<th>Leadership Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Type</td>
<td>Human</td>
<td>Social</td>
</tr>
<tr>
<td>Emphasis</td>
<td>Differentiation</td>
<td>Integration</td>
</tr>
<tr>
<td>Model</td>
<td>Individual</td>
<td>Relational</td>
</tr>
<tr>
<td></td>
<td>• Personal power</td>
<td>• Mutual respect</td>
</tr>
<tr>
<td></td>
<td>• Knowledge</td>
<td>• Trust and networking</td>
</tr>
<tr>
<td></td>
<td>• Trust and credibility</td>
<td>• Commitments</td>
</tr>
<tr>
<td>Skills / Competencies</td>
<td>Self-Awareness</td>
<td>Social Awareness</td>
</tr>
<tr>
<td></td>
<td>Self-Regulation</td>
<td>Social Skills</td>
</tr>
<tr>
<td></td>
<td>Self-Motivation</td>
<td></td>
</tr>
<tr>
<td>Development Strategies</td>
<td>360° Feedback</td>
<td>Team Development</td>
</tr>
<tr>
<td></td>
<td>Coaching / Mentoring</td>
<td>Networking</td>
</tr>
<tr>
<td></td>
<td>Personality Profiles</td>
<td>Action Learning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mentoring</td>
</tr>
</tbody>
</table>

He suggests that management development is a pull activity in which organisations draw on particular strategies to enhance the skills of managers. Management development focuses on human capital and addresses task and organisation specific requirements for the job of managing. Leader development focuses on the individual and emphasises the development of intrapersonal skills, knowledge and abilities. The primary challenges are to develop self-awareness, self-regulation and self-motivation.
Leadership development emphasises the social dimension of leadership such as social awareness and social skills. Leadership development should therefore focus on the development of the leader to integrate with the social and organisational context. For the purposes of this thesis, I define leadership development to include both leader and leadership development. Table 1.1 provides a summary of the differences between leader and leadership development.

The literature review will explore in more detail the various definitions and perspectives on leadership development and their implications for understanding outcomes.

1.4 Understanding Leadership Development Outcomes

Leadership development outcomes can be understood at three levels: individual, organisational and societal levels. It is generally accepted that the more direct outcomes of leadership development occur at the individual level (Grove et al., 2005). Individual level outcomes typically focus on issues such as new insights, new knowledge, new skills, shifts in viewpoints, career or vision, assumed leadership positions and readiness for promotion or advancement. The strength of these outcomes is likely to vary according to the individuals involved. These outcomes will also be important in explaining organisational outcomes.

Organisational level outcomes are a board category but are generally defined as those that occur within the organisation, where the programme participants work in or outside organisations where the participants have some type of contact (Black and Ernest, 2009). Examples of organisational level outcomes cited in the literature include team level outcomes, organisational changes or actions stimulated by the leadership development programme, new organisational strategies and plans or a totally new organisational direction.

Society level outcomes are conceptualised as outcomes in society where the programme participants have influenced either in direct or indirect ways through the organisation in which they work. These outcomes may relate to more ethical business practices, greater social responsibility or contribution to the talent pool of the industry. These outcomes are potentially the most difficult to measure and identify.
The outcomes of leadership development programmes may be understood in terms of whether they are episodic, developmental or transformational. Episodic outcomes are those specifically stimulated by the programme, development outcomes are changes that take place over time and build on one another, whereas transformative outcomes are those that involve fundamental shifts or unanticipated changes (Grove et al., 2005). Some outcomes are of an evidential nature in that there are observable facts and information available whereas others are evocative in that they involve feelings and insights.

1.5 Organisational Context and the Study

The study reported in this thesis was undertaken in CRH plc, a global building materials company. CRH continues to grow and expand throughout the world. As it does, it must ensure that it remains competitive by managing and developing its pool of leaders so that they can contribute to business success and performance. The organisation has demonstrated a strong commitment to the development of leaders. The specific programme that is at the centre of this study is the Business Leadership Programme or BLP (Figure 1.1). This programme sought to transform proven functional and business managers into world class leaders. The programme had four overriding objectives: the development of leaders’ skills to create and communicate a vision; to develop the adaptability and flexibility of managers to function in a fast changing global environment; to develop the resilience of managers; and to ensure that leaders have the skill set to deliver superior results. The programme was designed following a comprehensive needs assessment process in which interviews were conducted with top business leaders in the organisation, to articulate the key leadership competencies that would be required to achieve CRH’s corporate objectives for performance and growth. This data informed the design of the programme. The programme was systematically integrated with CRH’s HR systems and philosophy, its talent management system, its performance management system and succession management system. The context of the programme will be discussed in more detail in the methodology chapter.
1.6 The Research Questions

This research attempts to answer the broad question: What factors contributed to the development and outcomes of the BLP leadership development programme within CRH? This question was answered through the following sub-questions:

1. What factors supported by relevant theories contributed to the development of the BLP programme?
2. What factors supported by learning design theory explained the perceived effectiveness of the key elements of the BLP programme?
3. What factors supported by relevant theory explained the outcomes of the BLP programme?

For the purpose of the current study, the term development constitutes the design and adoption of the programme by CRH. Implementation refers to the implementation of the programme and its institutionalisation within CRH.

1.7 Significance of the Study

This study added to the literature and practice in three ways: First, this study has considerable practical applications. If decision-makers understand the issues surrounding leadership development programme design and implementation, they will...
be better positioned to provide supports and budget resources to ensure the long-term viability of these programmes in organisations. Established methods of evaluation are elements of effective leadership development programmes (Roberts and Faulkner, 1997). On-going evaluation will enable organisations to monitor the effective delivery of their programmes and ensure that they meet their objectives. However, this study contributes to understanding of the factors that contribute to the effective design and implementation of the total programme.

Second, this research was conducted within the context of leadership theory, behavioural change theory and the trans-theoretical model of change. These theories proved relevant in explaining how leadership development programmes bring about change in both individuals and organisations.

Third, this study extends knowledge of what factors are important in creating effective leadership development outcomes in a commercial organisation. The current study extends the literature on programme design, programme implementation and programme outcomes.

There are several rationales for conducting this study. The literature on leadership and change theories is focused on leadership development programmes. The study was built on previous studies and extends the findings into new areas. Finally, the knowledge about leadership development programme design, implementation and evaluation has practical implications for organisations and professionals who invest in leadership development.

1.8 Assumptions of the Study

The thesis is based on a number of assumptions that provide the reader with a baseline from which the study was undertaken. This study was predicated on three important assumptions. First, based on empirical studies, the researcher assumed that BLP is currently an effective programme that is beneficial to the leaders it serves. Given the number of leaders who have to date completed the programme; this in itself confirms the effectiveness of the programme. Therefore, the study was predicated in the assumption of some level of effectiveness. If the BLP was not assumed to be an
effective leadership development programme, then its ability to maintain its relevance in the organisation would be already in question.

Second, the researcher assumed that theories of leadership and change developed in business settings were applicable to understanding the programme. The researcher also assumed that the theories and models would apply specifically to a leadership development programme.

Third, the study assumed that those who manage leadership programmes in organisations and CRH specifically would benefit from understanding the factors contributing to programme design, implementation and outcomes, in order to evaluate the ability of a programme to be sustainable in an organisation. Therefore, leadership development specialists will be able to identify the critical success factors.

1.9 Delimitations and Limitations of the Study

Delimitations reduce the scope of the study and the populations from which generalisations can be made (Creswell, 1998). This study is delimited by its focus on the BLP programme, a qualitative, holistic and single-case study. Findings will be informative to BLP decision makers and other stakeholders, however, they cannot be generalised beyond the scope of this study. The results may however be transferable and applicable to inform leadership development specialists in organisations about programme design, implementation and outcome.

Limitations provide context on potential weaknesses inherent in a study (Creswell, 1998). This study is subject to limitations concerning the interpretation and application of the findings. Four limitations of the study should be pointed out here.

First, a qualitative single-case study does not quantify the findings for generalisation to other contexts. It is acknowledged that there may be theoretical generalisation through the application of the theoretical constructs that were used in the study and transferability to other leadership programmes that possess similar characteristics.
Second, interview data and open questionnaires have significant limitations. Personal interviews depend upon the memory of the interviewee and his or her perceptions of the issue investigated. The researcher assumed that study participants would answer the interview questions to the best of their recollection. Participants were involved at different points in the BLP development process. Some had knowledge of the programme since its inception, therefore providing a means of triangulation. The researcher took care to enhance the clarity and accuracy through triangulation with other data sources (questionnaires and documents). Questionnaires were used to gather participants’ and sponsors’ perceptions of the effectiveness of the programme. These questionnaires asked a combination of rating and open questions. These questionnaires are subject to the normal biases as interviews.

A third limitation derived from the use of documentation. Documents are based on the constructed knowledge of the individuals creating the items and rely on correct interpretation of facts and events. These documents may not always contain the relevant facts.

Fourth, the researcher was limited by the perspective or viewpoint adopted – constructionism. The researcher started from the position that knowledge is constructed from individual experiences and perceptions. However, the researcher recognised that all those who participated in the research may have had opposing viewpoints.

1.10 Definition of Key Terms

Because terms can have different meanings and uses in diverse disciplines and because business and human resource management has an abundance of acronyms, a list of definitions is provided here for clarification of understanding.

**Feedback:** Information about an individual that is compiled and presented to that individual. Multi-rater, also known as 360 degree feedback consists of the anonymous completion of questionnaire information, with assessment questionnaires completed by one’s self, one’s superior, and a small group of peers and subordinates. Responses
by the focal individual and by others are compiles and ‘fed back’ to the focal
individual.

**Individual or Personal Development Plan (IDP/PDP):** Dalton & Hollenbeck’s
(1996) definition of an IDP: “It is a description of what a person intends to do in order
to become more effective and how he or she intends to go about it. An individual
development plan is a tool that illustrates the steps one will take to learn new skills in
response to feedback” (p. 25). It is often referred to as a Personal Development Plan
(PDP).

**Leadership:** Visionary Leadership Theory will be used to define the nature and
measure of leadership. It consists of three key elements: a) transformational
leadership, b) transactional leadership, and c) organisational culture as constructed by
leaders.

**Reflection:** Schön (1987) describes the process of reflection as a means to stop and
think about what happened, coupled with the ability to separate a ‘problem’ from the
solution. According to Schön, training of individuals is necessary to understand how
repertoire expands acknowledgement of new knowledge.

**Support:** In this study, support is defined as organisational support. Organisational
support is defined as the degree to which an initiative, such as development, is
encouraged and supported by the organisation as a whole. There should be visible
support from top management and a supportive organisational culture. According to
Dalton & Hollenbeck (1996), ‘Finding support for creating a process of development
involves helping the organisation understand and thus commit to a programme of
development that acknowledges the reality of how adults learn, grow and change over
time. Adults learn what they need to know. This means that a programme of
development must be tied to business needs and the day to day work of the
organisation’ (p. 3).

**Constructionism** is a paradigm of inquiry or a way of viewing knowledge.
Constructionism views knowledge and meaning as constructed rather than absolute
and that reality and truth are a matter perspective.
BLP is an acronym for the CRH Business Leadership Programme designed for middle level managers with potential to advance to more senior positions.

Programme Development constitutes a set of activities involved in designing a leadership development programme to enable its delivery in the organisation.

Delivery of a programme refers to the implementation of a programme in an organisation.

1.11 Structure of the Thesis

The thesis is structured as follows: Chapter two presents the theoretical background to the thesis and reviews all of the literature relevant to understanding the outcomes of leadership development. The chapter discusses the key definitional and conceptual issues surrounding leadership. It explores the purposes of leadership development and examines models that link leadership development to business outcomes. The chapter then explores the various social and task context influences on leadership development and reviews the literature on leadership development strategies and practices. The chapter considers the different levels at which leadership outcomes can be understood.

Chapter 3 outlines a synthesis of the literature, identifying areas of conflict and paradox and highlighting its lack of attention to issues of context in the study of leadership development. It also proposes a conceptual framework to study leadership development in a specific organisational setting.

Chapter 4 describes the methodology utilised in the study. This chapter provides a rationale for utilising a qualitative methodology and the use of multiple methods and multiple informants to understand the outcomes of the leadership development programme. The chapter explains how the fieldwork for the study was undertaken and the approach taken to analyse the data. The chapter provides a detailed description of the programme content and provides a profile of the study participants.
Chapter 5 reports the detailed findings of the study. It first of all, describes the overall outcomes of the study in terms of the three levels of outcomes discussed in the literature review. It then reports data on the various elements of the conceptual model and seeks to identify relationships between dimensions of the social and task context and how they may relate to the various levels of outcome.

Chapter 6 provides a detailed discussion of the study findings. It particularly focuses on the role of context in explaining the outcomes of the programme and discusses the value of a contextual approach to the study of leadership development. The limitations of the study are discussed and the implications for research and practice are explained.

Appendices to the thesis include course material used on the BLP, questionnaires, interview transcripts and tables of psychometric test results for the study participants.
CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The literature on leadership and leadership development are extensive and varied. The leadership literature has a larger historical evolution starting with the Great Man theories of the 1930s, up to post-modern or new era theories of the new millennium. The phenomenon of leadership continues to be a minefield of complexity, diversity and confusion. Despite the vast research over the last century, ambiguity and controversy still exist among researchers and practitioners. The literature on leadership development is largely a concept that has emerged in the new millennium. Until then it was largely a neglected subject. Similarly, the related concept of management development has likewise been neglected. Both leadership and management development are broad and it is difficult to define their boundaries.

Leadership development, while a relatively new field, it is usually considered a subset of human resource development, which in turn is a sub-set of HRM. In this chapter the primary purpose is to investigate critique and evaluate a number of concepts related to the focus of the study, i.e. the effectiveness of leadership development. The literature review is structured as follows: The review initially focuses on definitional issues and addresses the differences that theoretically exist between management and leadership development. The purposes of leadership development are then discussed. This leads into a discussion of the nature of leadership and the macro/micro context of leadership development. The chapter then addresses the design decisions that need to be made when creating leadership development programmes. The remainder of the chapter discusses leadership development strategies and the outcomes of leadership development.

2.2 Defining Leadership Development

A useful starting point considering the nature of leadership development is to compare it with management development. In a field that is still evolving, there is considerable
controversy concerning whether management development differs from leadership development. The following represent three definitions of management and leadership development.

### Table 2.1: Definitions of Management and Leadership Development

<table>
<thead>
<tr>
<th>Management Development</th>
<th>Leadership Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Development (MD) is an attempt to improve managerial effectiveness through a planned and deliberate learning process (Mumford, 1987)</td>
<td>A legitimately targeted and dynamic initiative that can enhance the management block of human capital skills (Lepak and Snell, 1999)</td>
</tr>
<tr>
<td>MD is a term which embraces much more than simple education or training. It is the entire system of corporate activities with the espoused goal of improving the performance of the managerial stock in the context of organisational and environmental change (Lees, 1992)</td>
<td>Leadership development places emphasis on individual-based knowledge, skills and abilities. It focuses on enhancing the collective capability of managers to engage effectively in leadership roles and practices (Day, 2000)</td>
</tr>
<tr>
<td>We may define appropriate MD as a dynamic capability through which the organisation systematically generates and modifies its processes for efficiency and effectiveness (Espedal, 2005)</td>
<td>Effective leadership development focuses on elements of conceptual development, personal growth, including challenges, risk taking, self-discovery, skill building and feedback. The primary contribution of formal leadership development is awareness building. Time and actual on-the-job leadership experience are needed for mastery of leadership (Conger, 1992)</td>
</tr>
</tbody>
</table>

A review of a select number of management and leadership development definitions reveals that there is little to distinguish both concepts and the field is perhaps the most ill-defined. Leadership development definitions appear to emphasise social processes and collective dimensions of leadership, whereas management development emphasises a focus on formal roles and that development activities are for position and organisation specific activities. Leadership development increasingly emphasises the social aspects of leadership. These development activities highlight the interaction between the leader and context.

Day (2000) has made a very important contribution to the definition of leadership development. He suggests three concepts: management development, leader
development and leadership development. Leader development focuses on the individual leader. It is concerned with issues of self-awareness, self-regulation and self-motivation. The purpose of leader development is to help the leader achieve differentiation or uniqueness. It is firmly based on theories of human capital whereby the leader invests in development activities to increase his capital value to organisations and the wider labour market. In contrast, leadership development is an integration. Leaders are developed to enhance their relational competencies to work as effective teams, to develop relationships both internal and external to the organisation and to create value for the organisation based on those capabilities.

Table 2.2 summarises some of the key conceptual differences between management, leader and leadership development.

**Table 2.2: Conceptual Differences between Management, Leader and Leadership Development**

<table>
<thead>
<tr>
<th>Development Issues</th>
<th>Management Development</th>
<th>Leader Development</th>
<th>Leadership Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose/Focus</td>
<td>Technical knowledge, skills and technologies</td>
<td>Individual’s personal goals/objectives</td>
<td>Wider organisation capability</td>
</tr>
<tr>
<td></td>
<td>Meet current job requirements</td>
<td>May not be aligned to organisation needs</td>
<td>Often used to drive organisation change</td>
</tr>
<tr>
<td>Process/strategies</td>
<td>Formal and structured</td>
<td>Based on personal development plan</td>
<td>Wide range of processes often activities learning</td>
</tr>
<tr>
<td></td>
<td>Emphasis on skills development</td>
<td>Highly individualised approaches</td>
<td>Typically module assessment/feedbacks</td>
</tr>
<tr>
<td></td>
<td>Focus on short term skills transfer to work environment</td>
<td>Often incorporate element of self-awareness</td>
<td>Team orientated</td>
</tr>
<tr>
<td></td>
<td>Typically short duration</td>
<td></td>
<td>Balance individual and organisation needs</td>
</tr>
<tr>
<td>For success</td>
<td>Opportunity to transfer skills to job</td>
<td>Individual motivation and ability</td>
<td>Close alignment to organisation goals and culture</td>
</tr>
<tr>
<td></td>
<td>Visible benefits for participants and business</td>
<td>Willingness of organisation to invest in people</td>
<td>Senior management support for change and development</td>
</tr>
</tbody>
</table>
2.3 Purposes of Leadership Development

The purposes of leadership development are both complex and difficult to measure. A review of the literature suggests that the purposes of leadership development can be understood from a number of perspectives. These are known as discourses in the literature (Mabey and Finch-Lees, 2007b, O'Donnell et al., 2006, Alvesson and Deetz, 2000). The four grand discourses of leadership development focus on functionalist, constructivist dialogic and critical discourses. There are two mesa discourses that are also of relevance in the context of this thesis: best practice leadership development and institutional theories of leadership development. Each one will be considered in turn.

2.3.1 Functionalist Discourses

Functionalist discourses represent the most relevant ones in the context of leadership development in organisations. This discourse argues that the fundamental purpose of leadership development is increased individual effectiveness and organisational effectiveness. It is firmly situated within an organisational context that is goal directed. Strategic goals guide leadership development activities. The objectives of leadership development will be organisational rather than individual. These purposes are typically the following:

- To address performance gaps in leadership capability;
- To achieve a strong fit between leadership capability and the organisations strategic goals;
- The development of leaders who espouse the cultural values of the organisation.

Functionalist perspectives or discourses are frequently challenged because they assume that the goals of the organisation remain uncontested. It also assumes that it is possible to objectively identify leadership development needs. Functionalist perspectives place significant emphasis on the need to evaluate the outcomes of leadership development activities. The assumption prevails that the outcomes of
leadership development are beneficial for both leaders and their followers and that it is possible to measure these outcomes in an objective way.

2.3.2 Constructivist Discourses

Constructivist discourses focus on understanding the emergent nature of leadership development in organisations. Constructivist approaches make a number of important assumptions concerning the nature of leadership development. First of all organisations are understood as spaces where individual and collective learning takes place. This learning is mutually beneficial to both individuals and organisations. Leadership development is highly contextual. The competencies of leaders are situational and context dependent. The nature of the leadership development needs emerges from the subjective framing of leadership needs and the experience of work. The constructivist approach largely rejects the value of formal leadership development activities. They have little value given that real development takes place through everyday experiences, diversity, challenges and hardship situations. Development is conceptualised as a process of shared observations, stories and personal experiences. The organisational context, in particular its strategy, is not of value in that it does not assume a link between strategy and leadership competence. The organisation’s culture does have a significant role in explaining the nature of shared experiences and story-telling.

2.3.3 Dialogic Discourse

A dialogic discourse emphasises the importance of multiple voices, organisational policies and the language that surrounds leadership in organisations. Leaders are viewed as social constructions rather than having objective, identifiable characteristics. All leaders are unique. They possess an identity that is negotiable and constantly changing. Similarly there is a unique language associated with leadership development in organisations. Leadership development is therefore socially constructed and historically situated. Issues of power and politics cannot be ignored because they lie at the heart of leadership development. Politics explains the way leadership competence is constructed.
2.3.4 Critical Discourse

A critical discourse on leadership development has emerged in recent years. It represents a fundamental questioning of the dominant functionalist discourse that prevails in many organisations. Critical perspectives highlight how leadership development is used in organisations for the purposes of ensuring control, domination, order and predictability. Critical discourse acknowledges that power and the locus of decision making shape the leadership development agenda. It raises a number of important questions concerning the purposes of leadership development. These include, but are not confined to the following:

- Is leadership development of value as generally assumed?
- What moral and ethical issues are associated with leadership development?
- Whose voices do we hear in leadership development?
- What are the motivations for leadership development and are they appropriate?
- Does leadership development control or emancipate?

Critical discourses encourage leaders to critique their own knowledge to be critically aware of their values, motivations and assumptions and to question development activities for their values and assumptions.

2.3.5 Best Practice Leadership Development

The adoption of best practice leadership development is frequently cited as a rationale by organisations for investment in leadership development. Best practice approaches represent a version of a functionalist approach and make the strong case that there is scope for the alignment of leadership development activities with business strategies. Best practice approaches are highly normative in that they are key principles and practices that are considered to work irrespective of context. The adoption of best practices approaches that fail to consider situational factors will likely produce poor results. Examples of best practice principles found in the literature on leadership development include the following:
• Build the leadership development around a single well-defined leadership model;
• Use multiple learning methods;
• Structure learning around extended learning periods and multiple sessions;
• Support learning with organisational purposes;
• Ensure a well-articulated vision and philosophy for leadership development.

There is support for the types of principles such as those above; however, there is confusion concerning whether best practice leadership development approaches have an impact on organisational performance.

2.3.6 Institutional Approaches

An institutional discourse seeks to explain why organisations adopt different leadership development practices and do not adopt others.

Table 2.3: The Influence of Institutional Process on the Adoption of Leadership Development Practices

<table>
<thead>
<tr>
<th>Institutional Factors</th>
<th>Observed responses in relation to management and leadership development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquiescence</td>
<td>- Follow traditional approaches</td>
</tr>
<tr>
<td></td>
<td>- Copy practices which are perceived to work elsewhere</td>
</tr>
<tr>
<td></td>
<td>- Comply with institutional/ regulatory expectations</td>
</tr>
<tr>
<td></td>
<td>- Balance stakeholder expectations</td>
</tr>
<tr>
<td>Compromise</td>
<td>- Accommodate requirements of customers/ suppliers etc.</td>
</tr>
<tr>
<td>Avoidance</td>
<td>- Reduce dependency on business relationships which require investment in development</td>
</tr>
<tr>
<td></td>
<td>- Steer business away from domains which require high degrees of management and leadership development</td>
</tr>
<tr>
<td></td>
<td>- Ignore requirements of key stakeholders in relation to management and leadership development</td>
</tr>
<tr>
<td>Change</td>
<td>- Adopt and communicate the values of the organisation</td>
</tr>
<tr>
<td></td>
<td>- Establish the agenda for new management and leadership development</td>
</tr>
<tr>
<td>Defiance</td>
<td>- Contest the need</td>
</tr>
<tr>
<td></td>
<td>- Establish alliances with influential commitments to support the organisation's established view.</td>
</tr>
</tbody>
</table>
Why are particular practices more favoured over others? These factors may range across a variety of reasons to do with acquiesce, compromise, avoidance, change or defiance. Table 2.3 provides a variety of reasons as to how institutional theory may operate in the context of leadership development.

2.4 The Nature of Leadership in Organisations

There is an abundance of literature on leadership, however, relatively less is known concerning the impact of leadership theory on leadership and development and the forms of leadership development that will result in effective leadership. Schriesheim (2003) has argued that leadership research is generally irrelevant for leadership development. However, it is possible to argue that leadership theories will inform particular approaches to leadership development. In this section we consider a number of themes in the leadership literature and how the concept of leadership has changed over the past 100 years.

Technological advances, globalisation and workforce needs create new leadership challenges in for- and not-for-profit sectors (Development Guild / DDI Inc, 2000). Over past decades, there has been a shift in the focus of leadership and what it means. In the post-World War II era, leadership was viewed through the actions of the leader, as exemplified by the leadership definition introduced by Bennis, a key leadership scholar of this period. According to Bennis (1959: 285), a leader is ‘an agent (who) induces a subordinate to behave in a desired manner’. By the turn of the 21st century, leadership definitions had acquired a team emphasis: ‘Leadership is a process of influencing others toward achieving group goals’ (Hughes et al., 2006:19) or as an interaction between the leader, the followers and the situation. Across the leadership definitions of the past 50 years, there appears to be at least one major focus: a catalyst or influence, generally assigned to the leader that results in a desired outcome (Drucker, 1985, Rogers, 1983, 1995, Harvey and Hurworth, 2006).

Stogdill (1974: 148) concluded that ‘there are almost as many definitions of leadership as there are persons who have attempted to define the concept’. According to Taylor & Rosenbach (1998: 1), ‘Leadership is widely discussed and studied but remains an elusive and hazy concept. Although the study of leadership is emerging as
a legitimate discipline, one still finds little agreement on what leadership is'. Leadership has been defined in terms of individual traits, leader behaviour, interaction patterns, role relationships, follower perceptions, influence over followers, influence on task goals, and influence on organisational culture (Yukl and Van Fleet, 1992). According to Yukl & Van Fleet, leadership has been studied in different ways, depending on the researcher’s conception of leadership and methodological preferences. The rapid pace of change that organisations have to deal with today has called for more adaptive, flexible leadership (Bass et al., 2003).

Most of the studies divide naturally into distinct lines of research. Yukl (1989: 252) asserts ‘Leadership has been defined in terms of individual traits, leader behaviour, interaction patterns, role relationships, follower perceptions, influence or power over followers, influence on task goals, and influence on organisational culture. More recent studies on transformational leadership, a subject that became popular in the 1980s, can be viewed as a hybrid approach that involves elements from each of the other approaches. Comparing it with earlier approaches, Sashkin & Rosenbach (2005: 3) say:

“Transformational leadership, is, however, quite different. It involves a strong personal identification with the leader. Followers join in a shared vision of the future, going beyond self-interest and the pursuit of personal rewards. The transformational leader influences followers to perform beyond expectations. This means first creating an awareness of the importance of achieving valued outcomes. To do this, transformational leaders work to define shared values and beliefs, a kind of organisational culture that enables followers to get beyond their own self-interests and commit themselves to team, group or organisational goals.”

These contributions reveal that the concept of leadership is still contested. Vroom & Jago (2007) define leadership as ‘a process of motivating people to work together collaboratively to accomplish great things’. They argue that their definition has implications for how leadership is understood. In particular, it cannot be viewed as an innate trait, unique to a person. Yukl (2002) argued that all of the current theories of leadership are beset with conceptual weaknesses and lack strong empirical support.
Several thousand empirical studies have been conducted on leader traits, behaviour, power and situational variables as predictors of leadership.

Rost (1993) starts out early in his book ‘Leadership for the Twenty-First Century’ with criticism of this state of confusion and the loose state of academic rigour. He notes that it is almost ritual that authors begin their work with a statement that despite years of study there is no clear idea of what leadership is and then proceed with several paragraphs covering the popular theories of leadership such as great man, traits, group, behaviourist and situational. Rost goes on to say that there is nothing wrong with those statements, except that 95% of the scholars ignore the statement and write as if the reader knows what leadership is and that the reader’s understanding is the same as their own. These scholars generally do not give a definition of leadership either.

After many years of study and using Burns’ (1978) pivotal work ‘Leadership’, Rost (1993) contends that we must move on from the old industrial paradigm of the 20th century to the post-industrial paradigm of the 21st century, where the leadership models help practitioners make sense of what leaders do. He offers the following definition of post-industrial leadership in an attempt to begin a new school of leadership that consistently and consciously accepts post-industrial assumptions and values: ‘Leadership is an influence relationship among leaders and followers who intend real changes that reflect their mutual purposes’

Rost considers that there must be four key elements for leadership to occur:

1. The relationship is based on influence:
   a. The influence relationship is multidirectional.
   b. The influence behaviours are non-coercive.
2. Leaders and followers are the people in this relationship.
   a. The followers are active.
   b. There must be more than one follower, and there is typically more than one leader in the relationship.
   c. The relationships are inherently unequal because the influence patterns are unequal.
3. Leaders and followers intend real changes.
   a. Intend means that the leaders and followers purposefully desire certain changes.
   b. Real means that the changes the leaders and followers intend must be substantive and transforming.
   c. Leaders and followers do not have to produce changes in order for the leadership to occur. They intend changes in the present; the changes take place in the future if they take place at all.
   d. Leaders and followers intend several changes at once.

4. Leaders and followers develop mutual purposes.
   a. The mutuality of these purposes is forged in the non-coercive influence relationship.
   b. Leaders and followers develop purposes, not goals.
   c. The intended changes reflect, not realise, their purposes.
   d. The mutual purposes become common purpose.

2.4.1 Transformational Leadership

Transformational leadership is increasingly in vogue in organisations. Singh & Krishnan (2007) have observed that organisations are looking for new ways to develop leaders. Bass (1999) argued that:

   “Changes in the marketplace and workforce over two decades have resulted in the need for leaders to become more transformational and less transactional if they are to remain effective leaders.” (p.9)

Bass observed the leaders rely on three techniques to motivate followers: expand the followers’ portfolio of needs, transcend follower self-interests, and elevate the followers’ needs to the higher end of the Maslow Hierarchy.

Transformational leaders are keenly aware that followers have subtle human needs of which they are often unaware. Consequently they do not focus on meeting those needs. These needs can include a desire to do something meaningful with one’s life, make a difference and establish value in one’s existence, or the need to live purposefully. In
contrast to the material payoff of the transactional leader, the transformational leader seeks to focus on meeting deeper human needs (Bass, 1985). The transformational leader inspires the follower by raising these unconscious personal needs to the forefront and inspiring the follower to pursue and potentially fulfil these needs.

The second task of the transformational leader is to help followers transcend their self-interests. To accomplish this, transformational leaders rely on communicating a powerful vision. The leaders then model behaviour that is consistent with the fulfilment of such a vision. Such leaders create a set of core values that define a new reality for both the leader and the follower (Bass, 1985). The pursuit of the vision in the context of new values leads followers to give their best. The greater the internal adoption of the vision, the greater the effort invested. According to Sashkin & Rosenbach (2005:3) ‘transformational leadership… involves a strong personal identification with the leader. Followers join in a shared vision of the future, going beyond self-interest and the pursuit of personal rewards.’

The third job of the transformational leader is to elevate followers to a higher Maslow level of needs (Bass, 1985). In contrast to the transactional leader who can only motivate individuals to the extent there are identifiable needs, the transformational leader exceeds this limitation by leading people to fulfil a higher order of needs, encouraging followers to exert their fullest efforts. Transformational leaders focus on developing followers’ self-concept to encompass a far greater scope than that of which the individual may have been initially aware. Burns (1978) definition of transformational leadership is similar as he notes that leaders induce followers to act for certain goals that represent the values and motivation of both leaders and followers.

Howell & Shamir (2005) noted that the leader-centric perspective of charismatic leadership relies too heavily on the influence of leader characteristics and behaviours to affect followers’ motivation, attitudes and behaviours. In contrast, the transformational leader does not rely on follower dependency. Followers are encouraged to explore and develop their full individual potentials. When a transformational leader is removed, the organisation may continue to thrive (Bass, 1985).
Sashkin’s approach, called Visionary Leadership Theory (VLT), is grounded in the transformational leadership paradigm that was beginning to take shape in the early 1980s. According to Sashkin & Sashkin (2003), the seminal works for both VLT and the broader transformational leadership paradigm are those of Burns (1978), House (1977) and Parsons (1960). Sashkin (1995) extended his own approach by incorporating personal characteristics required for visionary leadership into both his theory and its measure. He also included Schein’s (1985) focus on the leader’s role in constructing organisational culture. VLT as developed by Sashkin (1995), Sashkin & Rosenbach (1998) and Sashkin & Sashkin (2003) identify three personal characteristics of transformational leaders. These are: a) self-efficacy, b) empowerment orientation and c) cognitive capability. According to Sashkin (1995), none of these characteristics is a trait in the strictest sense; all of them are learnable and changeable. He states:

“The personal characteristics of effective leaders are somewhat different from what traditional trait theories of leadership addressed. That is, (Stogdill) these personal characteristics are not something people are born with; they are developed... transformational leaders teach followers to develop these characteristics for themselves rather than simply using their own capabilities to do things for followers” (p. 14).

According to Sashkin & Sashkin (2003), VLT differs from other approaches in that only VLT addresses all three levels of leadership: a) personal characteristics of leaders; b) leadership behaviour; and c) leaders’ effect on the social organisation by constructing culture. Other approaches address one or two of these aspects of leadership but do not deal with all three and how they relate to one another. Sashkin & Sashkin (2003) state:

“Similar to McClelland, neither House’s original work nor later work with Shamir and others includes any recognition of the importance of the leader’s cognitive ability. In their approach, vision is simply an ideal organisational goal or condition and is not related to the leader’s ability. House’s theories do not incorporate a focus on the organisational context of leadership or the leader’s role in constructing the context.” (p. 4)
House (1988) insisted that the only important factor in leadership was motivation of followers, and that cognition is relatively unimportant in comparison to motivation. Sashkin (1995), on the other hand, asserts that vision/motivation is not an aspect of charisma or inspiration or even creativity. Vision is, in Sashkin’s approach, defined as the ability to think through what is happening, to determine causes, and to identify how complicated chains of cause and effect actually work. Visionary leaders do not just try to sell a vision to their followers; they think through the long-term implications of actions as well as incorporating the needs of followers into their plans. Sashkin & Rosenbach (2005) believe that leaders’ contributions are different from the contributions of followers. Leaders synthesise and extend the aims of followers. They also construct conditions under which followers are transformed into leaders. It is thoughtful, reflective vision that enables leaders to transform people and organisations by constructing culture, as described by Schein (1985) and Kotter & Heskett (1992). By appealing to followers’ ideals and values, transformational leaders enhance commitment to a well-articulated vision and inspire followers to develop new ways of thinking about problems (Piccolo and Colquitt, 2006: 327).

2.4.2 Leadership Competencies

Since 1982, Kouzes & Posner (2005) have asked thousands of people to tell their stories of their personal best leadership experience, and found that when leaders are at their personal best, they engage in the five practices of exemplary leadership:

- Model the way
- Inspire a shared vision
- Challenge the process
- Enable others to act
- Encourage the heart.
Associated with each of these five practices are ten commitments to leadership:

- **Find your voice** by clarifying your personal values (Model the way);
- **Set the example** by aligning actions with shared values (Model the way);
- **Envision the future** by imagining exciting and ennobling possibilities (Inspire a shared vision);
- **Enlist others** in a common vision by appealing to shared aspirations (Inspire a shared vision);
- **Search for opportunities** by seeking innovative ways to change, grow and improve (Challenge the process);
- **Experiment and take risks** by constantly generating small wins and learning from mistakes (Challenge the process);
- **Foster collaboration** by promoting cooperative goals and building trust (Enable others to act);
- **Strengthen others** by sharing power and discretion (Enable others to act);
- **Recognise contributions** by showing appreciation for individual excellence (Encourage the heart); and
- **Celebrate the values and victories** by creating a spirit of community (Encourage the heart).

Kouzes & Posner (2003) found that leaders who are competent, inspiring and honest have source credibility. Credibility, which is the foundation of leadership, is earned throughout one’s career and does not come automatically with a title or a job. Credibility is gained by finding your voice, doing what you say you will do, getting close and listening, building a community, developing capacity, and learning continuously. If one believes that ‘leaders are defined by their followers’ (p. 358) and leadership... is only in the eyes of the beholder’ (p. 363), then potentially anyone regardless of position within an organisation can be a leader. One does not need the title of manager or administrator to be considered a leader, for the foundation of leadership is credibility.

The RNAO (Ontario, 2006) completed a leadership best practice guideline and highlighted five transformational leadership practices. The leadership practices identified as fundamental to transforming nurses’ work settings into healthy work
environments for nurses include: building relationships and trust, creating an empowering work environment, creating an environment that supports knowledge development and integration, leading and sustaining change, and balancing competing values and priorities.

Besides essential leadership competencies such as having effective conflict resolution, communication and listening skills, being an effective change agent, or being a visionary that is able to value diversity and think strategically, it appears that trustworthiness and relationship and partnership building are key leadership competencies that are needed to build empowering work environments that will support knowledge development and integration (Heller et al., 2004, Henrikson, 2005, Mahoney, 2001, Murdoch, 2001, Shultz, 2003, Stanley, 2006, Upenieks, 2003, Wieck et al., 2002, Wolf et al., 2005). Kouzes & Posner (2003) articulated the importance of relationships in building trust when they stated ‘Increased trust and confidence won’t magically emerge from a new corporate strategy, policy initiative, accounting system or legislative act. They may help, but the real source of power is in the relationship itself’ (p. 358).

Table 2.4 summarises a range of leadership models and theories. These theories approach the topic from a range of perspectives beginning with trait theory, cognitive and skills based approaches, a range of theories based on relationships between leaders and followers, contingency and related theories and approaches which emphasise morality and follower development such as charismatic, transformational and servant leadership.
<table>
<thead>
<tr>
<th>Approach</th>
<th>Theory</th>
<th>Nature of Theory</th>
<th>Assumption of Theory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trait</td>
<td>Trait Theory</td>
<td>The Trait Theory is a theory that is concerned solely with leader characteristics.</td>
<td>The theory is based on a connection between personality traits and leadership effectiveness. Physical characteristics, aspects of personality, and aptitudes were most often studied. It is generally thought that there are five major leadership traits: intelligence, self-confidence, determination, integrity and sociability. Possession of these leadership traits was believed to be the essential component for exhibiting leadership behaviour.</td>
</tr>
<tr>
<td>Cognitive</td>
<td>Cognitive Resources Theory</td>
<td>The Cognitive Resources Theory is a situational model that deals with the cognitive abilities of leaders.</td>
<td>This theory explores the conditions under which cognitive resources, such as intelligence and experience, relate to leadership effectiveness. The first proposition is that leader ability contributes to group performance when the leader is directive and followers require guidance. The second proposition is that perceived stress influences the relation between intelligence and decision quality. The third proposition is that perceived stress moderates the relation between leader experience and performance.</td>
</tr>
<tr>
<td></td>
<td>Leadership Skills Model</td>
<td>The Leadership Skills model is a cognitive model that relies on the leader’s ability to implement solutions to complex problems.</td>
<td>This model considers that skills possessed by the leader are considered to be the most relevant component for effective leadership. It recognizes that leadership behaviour cannot be removed from its social context. It suggests that leadership potential is developed through experience. It emphasizes that leadership is a social phenomenon. Knowledge is the central leadership skill that is referred to in the model. Knowledge in social perceptiveness is considered essential for effective leadership. The leader is expected to use his/her knowledge to facilitate problem solving.</td>
</tr>
<tr>
<td>Relationship</td>
<td>These approaches to leadership examine the dyadic relationship that exists between leaders and followers. They examine the leader/follower relationship variables that affect leadership performance.</td>
<td></td>
<td>Transactional leadership is based on an exchange between leaders and followers. There are four types of behaviours that are associated with transactional leadership: contingent reward, active management by exception, passive management by exception, and laissez-faire leadership. Contingent reward behaviour includes the clarification of what is expected of followers in order to receive rewards. Management by exception refers to leadership that utilizes corrective criticism, negative feedback, and negative reinforcement. It can either be active or passive. Laissez-faire leadership is descriptive of a leader who acts indifferently to followers and who is not concerned with the mission. This type of leader abdicates all leadership roles and responsibilities. It is often considered a non-leadership factor.</td>
</tr>
<tr>
<td>Psychodynamic Leadership</td>
<td>The Psychodynamic approach to leadership is based on the premise that an individual’s first experience with leadership begins the day that he/she is born.</td>
<td>The psychodynamic approach to leadership assumes that an individual can change behaviours and feelings towards leaders by gaining insight into the leadership relationship that they had with their parents. The theory puts forth a variety of concepts that surround leadership in a family setting. The first concept, the family origin, suggests that the role of the parent is to socialize the child into society and to respond to the basic needs of the infant. The second stage is called maturation, or individualization. During this stage the child becomes increasingly independent of his/her parents and learns how to deal with authority figures. Often this is a direct reflection of the child’s relationship with his/her parents. Following this stage, as the child becomes an adult, he/she develops relationships with leaders which mirror the parent-child relationship. The young adult may act independently, counter dependently, or independently towards the leader. Finally, as an adult some people may choose to repress their childhood memories and move on.</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>Participative Leadership</td>
<td>Participative Leadership is interactive and allows followers some influence over the leader's decisions.</td>
<td>Participative leadership is interactive and allows followers some influence over the leader’s decisions. It may occur in many ways. Autocratic Decisions, Consultation, Joint Decisions, and Delegation are generally regarded as distinct and meaningful and can be ordered along a continuum beginning with non-participative autocratic decisions, and ranging to the highly participative action of delegation.</td>
<td></td>
</tr>
<tr>
<td>Leader-Member Exchange Theory</td>
<td>Leader-Member Exchange (LMX) theory describes the role and the basis of the relationship between a leader and an individual follower.</td>
<td>The basic premise behind the theory is that leaders and followers mutually define the follower’s role and, as they do so, leaders develop a separate exchange relationship with each individual follower. The exchange relationship usually takes one of two forms. Most leaders establish a special exchange relationship with a small number of trusted followers who function as assistants, lieutenants or advisors. These followers are then classified as being in the “in-group”. In the exchange relationship with the remaining followers, who are thought of as being in the “out-group”, there is relatively little mutual influence. The Key to the LMX theory is that there is a dyadic relationship between the leader and each individual follower.</td>
<td></td>
</tr>
<tr>
<td>Social Exchange Theory</td>
<td>The Social Exchange Theory illustrates a dyadic relationship between leader and follower. It stipulates that the followers are the ones who choose, and help to shape leaders.</td>
<td>Like Transactional Leadership, social exchange theory is based on an exchange of benefits and favours between the leader and the followers, but there are two important differences. First, in Social Exchange Theory, the exchange might involve more abstract items and followers are motivated by more than what the leader can award to them. Second, in Social Exchange Theory, followers play an active role in determining and retaining the leader. The leader is not a power wielder like the transactional model proposes. Most forms of social interactions are based on an exchange of benefits or favours, either material, psychological, or both.</td>
<td></td>
</tr>
</tbody>
</table>
| Contingency Model | The contingency models explore the relationship between leaders, followers and the situation. They recognize that a leader's impact on followers is dependent on both the leader's behaviour and the characteristics of the situation.

| Contingency Model | Fred Fiedler's (2005) Contingency Model of leadership is a situational theory that emphasizes the relationship between leader characteristics and the situation. The model describes how the situation moderates the relationship between leadership effectiveness and leadership style. The relationship between leadership style and leadership effectiveness depends on situational favourability. The theory predicts that task-oriented leaders produce high group performance in very favourable or very unfavourable conditions. Relationship-oriented leaders are predicted to produce high group performance only when the situation is moderately favourable.

| Situational Leadership Model | Paul Hersey and Ken Blanchard (1969) proposed a Situational Theory of leadership that prescribes the use of a different pattern of leadership behaviour depending on the "maturity" of an individual follower. According to the theory, the level of follower maturity determines the most favourable pattern of leader behaviour. Maturity "job maturity" and "psychological maturity". Leaders can either be directive or supportive. Given follower readiness and leader behaviour, the theory proposes four possible leadership styles, each one relating to a particular combination of follower and leader behaviour. The first is "telling" which represents a directive style of leader behaviour. It is recommended for followers who have both low job maturity and low psychological maturity. The second style is "selling" which represents a style of leader behaviour that is both directive and supportive. It is recommended for followers who have low job maturity and high psychological maturity. The third is "participating" which represents a supportive style of leader behaviour and involves the leader and follower interacting to determine the proper course of action for a given situation. It is recommended for followers who have high job maturity and low psychological maturity. The fourth is "delegating" which is characterized by a style of leader behaviour, lacking in both support and direction. It is recommended for followers who have both high job maturity and high psychological maturity.

<p>| Path-goal Theory of Leadership | The Path-Goal Theory of leadership was developed to explain how leadership behaviour can influence the satisfaction and performance of an individual follower. It emphasizes the relationship between the leader's style and both the characteristics of the followers and the situation. The theory proposes that a leader's behaviour is motivating or satisfying to followers if the behaviour increases the attractiveness of goals, while simultaneously, increasing follower confidence in achieving them. The leader is, therefore, very active in guiding, motivating and rewarding followers in their work. In short, the leader steers the follower down a path to their goals by selecting behaviours that are best suited to individual follower's needs and the situation. In doing so the leader also navigates the follower around obstacles that lie on the path towards goal achievement. There are four types of leadership behaviours that are generally included in the model: supportive, directive, participative, and achievement-oriented. The theory stipulates that a leader may exhibit any or all of these types of leadership, and that the best type of leadership for a given situation will be dependent on the individual follower's characteristics and the specific situation. |
| <strong>Multiple Linkage Model of Leadership</strong> | The Multiple-Linkage Model developed by Gary Yukl proposes that the overall impact of specific leader behaviours on group performance is complex and is composed of four sets of variables. The four variables are: managerial behaviours, intervening variables, criterion variables, and situational variables. Two of these four variables are influential in determining leader effectiveness. One factor, intervening variables, refers to the immediate effects that the leader’s behaviour has on followers “job performance”. The second set of factors that moderate the leader’s impact on group performance are situational characteristics. In this model, intervening variables may be directly affected by situational characteristics and situational variables may directly affect intervening variables. In the short term, the job of the leader is to correct deficiencies arising in the intervening variables. In the long term, the job of the leader is to improve situational factors. |
| <strong>Leadership Substitute Theory</strong> | Leadership Substitute Theory is a leadership model that identifies situational aspects that reduce or eliminate the need for a leader. The theory identifies two types of situational variables that affect the need for a leader: substitutes and neutralizers. Substitutes act instead of a leader and make leader behaviour redundant. Neutralizers prevent a leader from acting effectively. It is proposed that follower characteristics, task characteristics, and organisational characteristics shape whether or not certain behaviours will act as leadership neutralizers or substitutes. It is believed that both follower characteristics and aspects of the situation, determine whether or not leadership will be effective. |
| <strong>Normative Decision Model</strong> | V.H. Vroom and P.W. Yetton (1973) developed a leadership model that specifies which decision procedures should be most effective in each of several specific situations. The model stipulates that the overall effectiveness of a decision depends on both decision quality and decision acceptance by followers. Both decision quality and decision acceptance are affected by follower participation during decision making. As well, the behaviour used by the leader when making decisions can affect these variables, and it should be noted that the situation is also a key factor for decision quality and decision acceptance. The model identified five possible procedures for decisions involving more than one follower. They then identify five aspects of the situation that mediate the effectiveness of the decision procedure. These aspects of the situation relate to knowledge of relevant information and the degree to which followers are willing to cooperate in carrying out a mission. The model concluded by proposing seven basic rules that may be applied when determining which type of decision procedure should be used under which circumstance. |</p>
<table>
<thead>
<tr>
<th>Approaches with emphasis on morality and follower development.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Charismatic Leadership</strong></td>
</tr>
<tr>
<td><strong>Transformational Leadership</strong></td>
</tr>
<tr>
<td><strong>Servant Leadership</strong></td>
</tr>
</tbody>
</table>
2.5 The Macro Context of Leadership Development

Managers and leaders face the increasing challenge of operating in a complex and dynamic external business environment. To be effective, they need to understand why employees and other people impacted by their actions behave in certain ways and to know how best to lead their organisations to achieve expected results or outcomes. This requires an understanding of the dynamic context in which they operate.

Context is defined by Johns (2006) as situational opportunities and constraints that affect the occurrence and meaning of organisational behaviour as well as functional relationships between variables. It is a key factor in explaining how individual or team activity is translated into outcomes for organisations and helps to explain research findings.

This section examines the contextual factors impacting on management and leadership development in organisations. Some of the most important external influences include globalisation, the need for rationalisation of the business, the increasing impact of ethical issues, restructuring, new technology and developments in management science, the knowledge economy and automation.

Other significant challenges for managers include work-life balance, diversity, team-working, the nature of the employment contract/relationship, the impact of outsourcing, mergers and acquisitions and business performance improvement initiatives.

2.5.1 The Wider Business Environment

The global nature of competition requires companies to deliver more flexible and agile responses in their markets, paying specific attention to their cost structures and to the increasing pace of change in the competitive landscapes. The business environment is dominated by such issues as globalisation, the need for greater agility and flexibility, cost competitiveness, the impact of the knowledge economy and new
technologies and a requirement to comply with high standards of ethics and corporate social responsibility.

2.5.1.1 Globalisation

Businesses today operate in a global context as a result of improved communications, increased competition across markets, the growth of foreign direct investment over the last half century and the formation of global alliances in many industries. Global companies have a major impact on individual economies as they spread their operations throughout the world and co-ordinate their activities to make better use of their resources in a flexible manner. Scholte (2000) catalogued the primary features of globalisation which include: Communications (global telecommunications and mass media; Markets (global product launches and sales strategies); Manufacturing (global production and supply chains); Strategic Alliances; Global Consumers; Finance and Corporate Governance.

Globalisation is driven by powerful economic factors including market, cost and competition and as a result of significant growth in trade, foreign direct investment, information exchange and deregulation as well as the development of large regional trading blocks such ASEAN, the European Union and NAFTA.

The impact of globalisation on individual leaders will differ depending on the sector of the economy in which they operate. Goldblatt et al (1997) suggested that globalisation was a process which affected countries differently depending on geography, and how well their economies had developed with many aspects of economic life such as public services, local labour markets remaining largely unaffected.

Despite the clear trend towards globalisation in product offerings and markets, there remain significant regional and cultural differences influencing how organisations function and respond to leadership and management. Wasti et al (2008) examined significant differences between North American and European Human Resources Research in this area. European organisation studies literature tended to be more
philosophical and critical with a greater sensitivity to national differences and receptive to alternative paradigmatic perspectives. North American research in contrast largely concentrated on developing technique oriented practical theories in pursuit of a normative orientation.

The continued development of globalisation and the emergence of network structures make particular skill demands of managers. According to Allred, Snow & Miles (1996) they must develop partnering skills such as networking and negotiating, relationship management skills and a greater ability and willingness for problem solving and referral to a more appropriate part of their network.

2.5.1.2 Organisational Flexibility

The emergence of new organisational forms has significant implications for managers’ careers. Traditional vertical careers within individual functions or geographies are no longer the norm. Managers who wish to progress on the leadership pipeline must be willing to make lateral moves to broaden the scope of their experience implying the need to develop new skill sets (Snow, 1992).

The intensity of global competition has required organisations to become more flexible on a range of different fronts to maintain margins and grow their market share. The implication for managers and leaders is an increasing requirement to develop their skills, adaptability and creativity. Sparrow, Brewster & Harris (2004) described some of the key attributes required of an organisation to compete effectively in the global economy which they described as the seven simultaneous flexibilities in organisations summarised in fig: 2.1
Fig 2:1: Characteristics of the seven simultaneous flexibilities in organisations (adapted from Sparrow, Brewster & Harris (2004)).

Organisational Flexibility

- **Numerical Flexibility**: achieved by outsourcing, sub-contracting and peripheral forms of employment.
- **Functional Flexibility**: achieved by developing a multi-skilled workforce and core competencies.
- **Financial Flexibility**: Achieved through a range of reward strategies based on outputs achieved.
- **Temporal Flexibility**: achieved by matching attendance time patterns to customers’ requirements through flexitime/annual hours, etc.
- **Geographical Flexibility**: achieved by matching where the job is carried out to business/employee needs such as home working or virtual teams.
- **Organisational Flexibility**: achieved by building in the ability to change structures in response to evolving customer needs by forming temporary alliances, building networks, etc.
- **Cognitive Flexibility**: achieved by matching cognitive skills and psychological contracts with the job requirements and may involve radical change.

Key questions for leaders include knowing whether their organisations are flexible enough to rapidly correct imbalances between talent supply and demand and whether they have reliable data on which to base their strategic and operational decisions in the context of increasingly rapid change and volatility.

2.5.1.3 Cost Management

Organisations respond in different ways to the challenges of global competition but the general downward pressure on prices and margins in businesses require managers and leaders to address their input costs. In addition to addressing external costs such as bought-in materials and services, businesses have been addressing their internal costs through downsizing and de-layering through the planned elimination of positions and jobs (Child, 2005). It may involve outsourcing a range of non-core
activities to specialist sub-contractors or service providers and narrowing the focus of the organisation’s activities.

The literature identifies two types of downsizing: “reactive” downsizing, where an organisation takes short-term across-the-board actions to reduce employee numbers in the face of adverse economic or market conditions and “strategic” downsizing to support the organisation’s long-term strategy. True strategic downsizing usually involves significant structural reforms aimed at moving the organisation forward and may include the implementation of initiatives like lean production, business process re-engineering, or fixed overhead reduction and de-layering.

Organisations must adapt to the particular competitive pressures in their markets by reducing operating costs through downsizing and de-layering where appropriate. Economic Theory views such actions as rational attempts to improve performance in the face of business decline or the need to increase profit margins.

From an Institutional Theory perspective, these forms of cost reduction are accepted as the norm or good practice to be followed by managers, gaining them legitimacy in their organisations and Socio-Cognitive Theory supports the view that the pursuit of efficiency and productivity improvements are effective ways of conducting business better (Zhao, 1997).

Many downsizing initiatives fail to deliver their planned savings and their implementation presents significant challenges for managers. Key abilities needed for success include change management and communications skills. There are many negative implications for “corporate memory” (Burke, 1997b), knowledge networks (Littler, 2000) and the learning capacity of organisations (Fisher and White, 2000) as well as morale. Other consequences for managers include reduced opportunities for promotion and career development. On the other hand, it may offer some managers the opportunity to take on greater responsibility and accelerate their progress up the leadership pipeline.
2.5.1.4 The Knowledge Economy

Peter Drucker identified "knowledge workers" as being critical to economic development nearly half a century ago and continued to write on the topic until shortly before his death in 2005 (Drucker, 2001). IMD’s Global Competitiveness Report (2005) recognised knowledge creation as a particularly significant source of economic growth and that success in this sphere depended largely on the quality and management of human resources. The report differentiates knowledge from information in that it is imbedded in people and contexts and not readily modifiable. It is an important engine of economic growth and the protection of intellectual property poses significant challenges, particularly in emerging economies. The diffusion of knowledge is facilitated by the emergence of knowledge networks and formation of regional clusters of knowledge businesses which according to (Cappelli, 1999) has important implications for the career opportunities of managers.

Building up and securing knowledge at organisational level and demonstrating the ability to use it can be a valuable source of competitive advantage in markets. Critical factors for competing on the level of knowledge include the ability to harness the knowledge of specialists in an effective manner faster and with greater focus than competing organisations. Combining newly acquired knowledge with existing knowledge and the ability to apply it at speed was identified by Child & McGrath (2001) as an important factor.

The extent to which knowledge management activities are successful depends on a number of organisational factors such as the nature of the employment relationship and the firm’s culture. The tacit and personal nature of organisational knowledge was highlighted by (Hislop, 2004) and the willingness of individual employees to share knowledge built up over time with their colleagues and to cede ownership of that knowledge varies considerably. Many employees may be reluctant to participate in organisational knowledge management initiatives if they feel it involves giving away a significant source of power or status. The growing dependence on knowledge as a source of competitive advantage has opened up the challenge of managing knowledge workers and supporting an organisation culture conducive to sharing and developing knowledge.
Management and leadership development activities play a key role in supporting effective knowledge management in organisations. Garvey & Williamson (2002) concluded that training and development initiatives which encouraged reflection learning through experimentation and conducting critical dialogues with colleagues were particularly valuable in this regard.

The motivation and retention of knowledge workers is a critical success factor for organisations. Alvesson & Deetz (2000) identified some of the key roles played by managers in the retention of knowledge workers by instilling in them a sense of loyalty to the organisation. They distinguished between instrumental-based loyalty which depended largely on pay and benefits and loyalty based on developing a strong sense of identity with the organisation's goals and objectives through teamwork. Another key factor in the retention and motivation of knowledge workers identified by Horowitz et al (2003) was autonomy in carrying out their work and in selecting development opportunities.

2.5.1.5 New Technologies

The impact of new technology has been particularly far-reaching in the modern workplace. Automation has led to the de-skilling of production workers but at the same time has created opportunities for the up-skilling of technicians and other knowledge workers. The consequent productivity improvements have resulted in downsizing in organisations.

A major implication of developments in information technology has been the emergence of remote working and its consequent challenges for organisational structures. Many managers remain connected to their work during their leisure time, checking emails, downloading documents, and working outside normal business hours. The ease and speed with which information can be shared facilitates the development of knowledge networks and remote collaboration both inside and outside the firm. The effective management of these networks can pose challenges for organisations but can also provide a valuable source of competitive advantage and the ability to outperform conventional competitors (Child, 2005).
These technologies are vital in creating the necessary organisational flexibility to develop partnerships with suppliers and other parts of the value chain and ultimately to meet the needs of the globalized marketplace.

The implications for managers in an increasingly networked world of work are that the traditional co-ordinating role of the middle manager is diminishing and that the key skills for future success will be in supporting relationship building and managing the flow of information across boundaries. Effective managers will need to manage these boundary relationships, work through external networks and co-ordinate outsourced activities. Managers will have to deal with greater uncertainties and speed across a range of activities including communication, supplier and competition interchange and changes to strategic conditions.

2.5.1.6 Ethics and Compliance

The expectation of society that companies and corporations behave ethically has received significant attention in recent years, more often than not in the wake of a particular scandal being reported in the press. While it is the primary responsibility of directors to ensure that ethical standards are met, this is unlikely to be achieved without the commitment of everyone with responsibility across the organisation to a set of values and strong culture of compliance. Tonge et al (2003) identified a key factor in determining the ethical culture of an organisation to be the example set by senior management. However like other business initiatives, such management commitment should be complemented by appropriate policies and procedures, communication and training and regular auditing and testing to ensure success.

Corporate governance rules have been tightened in recent years following the emergence of corporate scandals involving directors in public companies promoting their own interests at the expense of the company and its shareholders. Cultural differences between continental Europe and North America / UK are apparent in the differing approaches to corporate governance. The Anglo American model focuses largely on protecting shareholder interests while the Continental European approaches tend to take a broader stakeholder view (Garavan et al., 2009).
Corporate social responsibility (CSR) defined by Winstanley et al (1996) as the impact of the company’s activities on society has also gained prominence in recent years. CSR rating agencies have been active across a wide range of industries primarily providing information to investors on how global organisations manage their human resources, suppliers, customers, interact with neighbours and support human rights in their activities. While Mellahi & Wood (2003) suggested that most businesses saw corporate social responsibility and business ethics as niche issues, the fact that an increasing number of companies are producing high quality CSR Reports in addition to financial reports indicates that it is becoming increasingly important for sections of the investor community.

2.5.2 Changing Demographics

Among the key demographic changes impacting on management and leadership in organisations are ageing populations, increasing diversity and the greater participation of women in the workforce; particularly in management roles. These factors are further complicated by changing attitudes to work-life balance and the complications of dual career families.

2.5.2.1 An Ageing Workforce

While the rates of population growth vary considerably in different parts of the world, improvements to health and nutrition are allowing people to live longer. While this compensates to some degree for reducing birth rates in many developed economies to maintain overall population levels and market demand, it has considerable implications for organisations.

The trend towards increasing levels of early retirement during the economic boom of the last decade resulted in a significant loss of knowledge to organisations. A shortage of qualified younger workers often led to wage and salary inflation and increased training and development costs. Burke and Ng (2006) identified the successful transition of organisational knowledge between generations of workers as a
critical priority and suggested a number of methods including coaching and mentoring programmes to achieve this.

The Demographic Network (Demographie Netzwerk e.v.) was founded in Germany in 2006 with support from the Federal Ministry of Social Affairs in Berlin to help organisations develop successful employment strategies in the context of demographic change. Their studies (Pfister, 2010) predict that the European workforce will fall by 20.8 million people or 6.8% by 2030 and that the proportion of the workforce in the 55-plus age-bracket will rise to 87% or 24 million. The organisation supports member companies in implementing strategies to adapt to these demographic changes such as preventative health management, continuous training and multi-skilling, deploying older workers as coaches and mentors, the creation of mixed-age teams and part-time working to achieve a phased transition to retirement as opposed to a sudden stop at a specific retirement age. The recent economic downturn has exacerbated the situation. The value of pension funds has eroded the wealth of the so-called "grey market" and delayed entry to the workforce for a considerable number of young people.

In most countries, rigid social security and pension regulations make it more difficult to implement change and pose a real challenge for adapting to the problem of the ageing workforce.

2.5.2.2 Participation of Women in the Workforce

Diversity is most commonly defined as "the distribution of attributes among interdependent members of a work unit" (Jackson, 2003) Gender diversity is a key contextual factor impacting on organisations and their development of future leaders.

While more and more women are participating in today's workforce, they are generally under-represented in senior management positions across much of Western Europe and North America. This is particularly true in manufacturing industry, with relatively few women emerging at Chief Executive level. According to Eagly & Carli (2007) only 2% of Fortune 500 Companies had female CEOs and women accounted for only 15% of their boards against a background of increasing participation of
women in the overall workforce. In companies comprising the S & P 1500, the numbers of female CEOs increased from one in 1992 to 61 in 2004 (Adams et al., 2007) supporting the view that while the position of women is improving, they remain under-represented in top leadership positions (Adler, 2000). The proportion of women in management positions in Germany for instance is less than 11% (Pfister, 2010).

The case for increased diversity at senior levels in organisations and in particular the greater involvement of women at board level has been made by numerous studies on the basis of enhanced firm performance. Powell (1999) suggested that such diversity would lead to improvements in workforce motivation and loyalty. The role of female directors in providing more effective role models and mentoring to ambitious women throughout the organisation has often been cited as an important factor in accelerating their career progress (Catalyst, 2003, Burgess and Tharenou, 2002). Daily et al (2003) provided evidence of the influence of female board members in product design and tailoring product offerings better to meet the needs of female customers.

It has also been suggested that a female presence enhances the independence of boards from the excessively strong influence of the executive members (Selby, 2000, van der Walt and Ingley, 2003). While relatively few women have reached CEO positions in organisations, they are present in much greater proportions in lower and middle manager positions, particularly in the, banking, hospitality and retail sectors. Many occupy positions in support functions such as customer service, human resources and finance. This tendency towards a narrower specialisation has been identified as a contributing factor in their inability to break through the ‘glass ceiling’ to senior management (Oholt et al., 1994). The difficulty of balancing home and work related responsibilities in societies where traditional male and female roles have been slow to change is often cited as the major reason for low female participation at higher levels of management in organisations (Adler, 2000).

Women make up an increasing proportion of the total workforce and contribute to the growing numbers of dual-career families. Many organisations are faced with the challenge of providing sufficient flexibility in their work arrangements to accommodate this trend. The structure of work, particularly managerial work in organisations is better suited to the traditional role of men in society, than to that of
women and makes it particularly difficult for women with children to advance in their careers. The demands of a senior management career conflict with traditional family responsibilities for priority. Dual careers present particular difficulties for mobility and in particular for the take-up of international assignments (Collings et al., 2007).

In general an increasingly competitive and global environment with the need to communicate across time zones, has resulted in a blurring of the boundaries between work and leisure times for many people. No clear separation exists for many senior managers and Hochschild (1997) argued that home life was being taken over by work in many instances. (Wood, 1999) described a number of theoretical perspectives on work-life balance. In Institutional Theory, the extent to which organisations adopt work-life balance policies varies with size, the sector in which they operate and the degree of unionisation. Larger organisations tend to be more conscious of their need for social legitimacy and companies in the same sector will tend to align their practices with those of their peers. Unions may also exert a degree of pressure on organisations to introduce such policies. As a result, larger private sector companies in profitable segments and public sector organisations tend to be at the forefront of implementing progressive work-life balance policies.

In addition to these drivers, Organisation Adaption Theory suggests that other factors such as the gender composition of the workforce and reliance on highly skilled people who are difficult to replace can be additional stimuli for the adoption of a more flexible work regime.

High Commitment Theory proposes that organisations can increase employee engagement and loyalty by introducing flexible work practices and demonstrating an understanding of the conflicts which arise between work and family or social life.

Situational factors such as shortage of key skills, high absenteeism or staff turnover, an increase in the proportion of female and younger employees can also prompt firms to change their employment policies in this regard.

There is increasing pressure on organisations to help employees integrate the work and non-work dimensions of their lives. Felstead et al (2002) categorised policies in
In this regard as focussing on facilitating employees’ caring responsibilities, their need for adequate time away from work and introducing flexibility in where they work such as allowing them to work from home.

While many organisations have a range of formal and informal arrangements in place, managers often find it difficult to avail of these. A study produced by Drew, Murphy and Humphries (2003) on the work-life balance landscape in Irish organisations is in agreement with these observations.

### 2.5.3 Emerging Management Trends

In response to the intensifying global competitive landscape, the regulatory environment and the evolution of demographic trends, theorists and practitioners have developed a range of organisational responses which focus on key areas such as lean manufacturing, total quality management, business process re-engineering and other high performance work systems. Attention has also been focused on leading high-performance teams, managing functional experts and the management of diversity.

#### 2.5.3.1 Team Working

The value of team working has received increasing recognition over the last quarter of a century as capable of delivering higher levels of performance, improved decision making, better quality and greater levels of flexibility. Despite these well-documented advantages, the effective management of high-performance teams poses significant leadership and development challenges (Slemon, 2006, Alimo-Metcalfe, 2007). Katzenbach & Smith (1993) defined a work team as a “small number of people with complementary skills who are committed to a common purpose, performance goals and an approach for which they hold themselves mutually accountable”.

In global organisations, an increasing number of such teams are virtual in nature with individual members working in different locations and possibly time zones depending largely on electronic communications for their interactions. As a consequence, team members will often come from diverse backgrounds and viewpoints (Scullion and...
Bell & Kozlowski (2002) outlined some of the key factors for successful virtual teams as selection of members, establishing a set of ground rules and the use of technology to supplement occasional face-to-face interaction. The research concluded that the greatest challenge and by far the most important factors in ensuring effectiveness were building a high degree of trust and establishing sustainable connections between the team members. Successful virtual teams need to overcome common communication difficulties brought about by differences in tone of voice, accent and dialects, even if they speak a common language reasonably well.

2.5.3.2 High Performance Work Systems

The development of high performance work systems has generally been aimed at improving labour productivity and organisation performance by focussing on employee attitude and the organisation of work. Most of the approaches such as Strategic Human Resource Management (SHRM), Business Process Re-engineering or Lean Production rely on the core principles of team-working (Dorgan, 2006, de Sitter, 1997).

A number of theoretical arguments have been developed to explain the impact of effective team-working on organisation performance. SHRM Theory suggests that team-working as part of an appropriately designed HR system positively impacts employee behaviour through increased commitment and motivation which results in improved organisation outcomes (Becker, 1997). Self-leadership theory focuses on the participation in decision-making and increased discretion on key motivators to the achievement of superior performance by self-directed teams (Mans and Sims, 1980). Socio-Technical Theory identifies changes in the organisation of work and processes as the main driver of performance improvement (Holbeche and Park, 2004) and Work Design Theory suggests that the influence of intra-group processes such as independence of team members resulting from job designs which introduce greater variety of tasks is dominant (Torraco, 2005) in influencing operational and financial outcomes.

The practical implementation of High Performance work systems in organisations is often seen in the form of systems such as Total Quality Management (TQM) which
resulted from the work of pioneers such as Juran and Deming in Japan after World War II. TQM uses quality improvement as the primary focus for empowerment of work teams supported by enhanced information, training, measurement and communication. Lean production and Six Sigma initiatives focus on a wider range of operational effectiveness targets backed up by training and continuous performance monitoring.

The primary objective of organisations in introducing high performance work systems is to stimulate employees towards higher levels of discretionary output. The primary drivers of discretionary behaviours are ability, opportunity and motivation (Hutchinson, 2002). Abilities must be continuously updated through recruitment and training. The system implemented must provide opportunities for people to demonstrate performance and to develop their competencies and leadership is required to sustain motivation to perform in the long term.

2.6 The Micro Context of Leadership Development

2.6.1 Emerging Trends in Leadership Development

An update of McKinsey & Company’s 1997 survey on the war for talent (Axelrod et al., 2001) confirmed that companies doing the best job of managing their leadership talent delivered better results to shareholders, reinforcing the view that effective leadership development is important to organisations and contributes to the bottom line. The effectiveness of leadership development in this context is inextricably linked to the learning culture of the organisation (Guthridge et al., 2008, Guthridge et al., 2006) and to the involvement of four key stakeholders: Senior Management, Line Management, the individual and the HR or specialist Leadership Development Function.

Support of Senior Management is crucial to the success of leadership development activities in an organisation but is also important to ensure the involvement of line managers and the individual learners in the process. Line managers must take responsibility for identifying and development talent in their area of responsibility and for the performance management process. Properly conducted appraisals and
development discussions provide line managers with an overview of performance and potential. Another key role of the line manager is to seek out appropriate development opportunities for leadership talent.

Individuals identified as having potential for future leadership roles must play a leading role in managing their own development by seeking out opportunities for acquiring knowledge and applying learning in practice.

The HR or specialist leadership development function has an important role in creating and maintaining a development focused culture in addition to designing and delivering specific programmes to identify, develop and leverage the future leadership of the organisation in the context of an integrated talent management system (Morton, 2004).

2.6.2 Top Management Commitment

The need for top management commitment to the leadership development process has been widely acknowledged (Bartlett and Ghoshal, 2002, Koonce, 2006, Ready and Conger, 2007b). Blanchard and Thacker (2007) identified it as one of the key requirements to achieving a high level of commitment to leadership development among line managers. Research conducted by Hay (2007) revealed that 40% of HR professionals needed a substantial amount of support from senior leaders in their organisations for talent management and leadership development initiatives and that it must include reliable evidence of commitment demonstrated by action to be effective. Ashton (2002) maintained that leadership development was a strategic issue for the board which must make line management accountable for its effective implementation.

In addition to providing visible support for leadership development initiatives, the executive team has a primary responsibility to establish viable leadership development policies in line with the corporate strategy to ensure the long-term sustainable performance of the organisation. The Corporate Leadership Council (2005) identified “establishing a credible commitment to development” as one of the four critical components of a successful high-potential development strategy. Story,
Mabey and Thompson (1997) emphasized that the alignment between leadership development and corporate strategy was, along with board support one of the two most important factors in ensuring the effectiveness of an organisation's leadership development process.

Zenger, Ulrich and Smallwood (2000) stated that "Every effective leadership development program must have the endorsement of senior-level management, who have to be good examples of whatever is being taught on the program." Along with Codiani and Kristiansen (2008) they also advocated that the entire top management team undergo such programs themselves to underline their value to other levels in the organisation. Jack Welch's highly visible involvement at GE's Crotonville development centre throughout his tenure as CEO is cited as a powerful example of top management commitment to leadership development.

Morton (2005) concludes that an organisation's talent mindset must cascade from the top with the CEO as driver and take an "enterprise view". She added a further conclusion: "While CEOs play a visible role in integrated talent management, they do not want to take sole responsibility for it. Nor do they want HR to take the lion's share of responsibility. Accountability should be shared between individuals, managers and the company overall." John Adair (2005) devotes a chapter of his book to the contribution of the chief executive to setting the tone for leadership development while leaving the detail of what is needed to be resolved at different levels of the organisation. Chapter 5 reviews the role of the line manager with an emphasis on mentoring and chapter 6 focuses on "self-development".

2.6.3 Line Manager Involvement

Line managers have a key role to play in an effective leadership development and talent management process. Line managers at all levels in the organisation should see it as an integral part of their responsibility and should be assessed and rewarded on the basis of their contribution to leadership development (Alimo-Metcalfe, 2007, Harker and Bishnu, 2000, Saslow, 2004). Key responsibilities of line managers include identifying and developing talent in their areas of responsibility and managing
the performance of their teams. McCartney and Garrow (2006) emphasized the need for line managers to look beyond their individual areas of responsibility and view development in the wider organisational context. Line managers are in a position to gain a clear view of individuals’ motivation and likely future potential through the performance management process and in development discussions with their team members. Another key responsibility of line managers should be to seek out development opportunities for their key contributors.

Gibb (2003) pointed out that line managers’ detailed knowledge of organisational needs can contribute to the effectiveness of leadership development initiatives if they are an integral part of the process. They often have a greater perspective on the issues involved than leadership development specialists in the organisational context. There can also be benefits for the line managers themselves in participating in leadership development activities as they help their teams learn and develop.

Peters and Baum (2009: 261) postulated that a leader’s immediate supervisor is critically important to successful development. They agreed that the nature of an individual’s immediate supervision is one of the most important contextual factors in leadership development and that initiatives in this area need to be “conceived, designed, developed and evaluated with the role of the supervisor in mind and included”. Line Managers are responsible for the environment in which their team members apply their learning. People may learn about leadership from a range of sources, learning to lead must involve the practice of leading and stepping up to real leadership challenges on the job.

The involvement of line managers in leadership development is not without its difficulties. Time constraints and the pressure of more urgent duties make it difficult for them to focus on the longer term development of their teams. Conflicting priorities of line managers and leadership development specialists may lead to tensions (Gibb, 2003) where line managers place an overriding emphasis on short-term performance, divert resources away from development or neglect performing their coaching and mentoring roles or avoid engaging in their own development.
The importance of individuals taking responsibility for their own development is underlined by the Corporate Executive Board’s 2006 report on Leader Led Development (LLD) (CEB, 2006). Ideally developing leaders should use the relationship with their manager to continuously improve their skills and functional knowledge. Individuals must be prepared to actively pursue development opportunities and engage in the evaluation of their development needs with some future target role or level in the organisation in mind. Developing relationships with peers and other leaders inside and outside the organisation also provides opportunities for learning and development. It is also important to invest time in reflecting on learning gained from day-to-day activities and projects. Discussing these with line managers can also provide opportunities for communicating achievements as well as accumulating additional insights. Individuals should seek out opportunities for coaching and feedback to enhance their self-awareness and contribute to their development.

Increasingly individuals have access to more information to guide them in planning their own development. Data from 360 degree feedback, psychometric assessments, coaching and mentoring can help them prepare realistic personal development plans. By taking ownership of their personal development they can benefit both themselves and their organisation. (McCartney and Garrow, 2006).

The importance of individual attitudes and commitment to self-development is underlined in the Corporate Leadership Council’s High Potential Management Survey (CLC, 2005) which differentiated between performance and potential and identified three critical attributes of high performing individuals to predict their likelihood of success at higher levels in the organisation: Aspiration, Ability and Engagement.

In the CLC’s model of Employee Potential, aspiration was described as the extent to which an employee wants to achieve recognition, advancement, influence and financial rewards in the organisation and takes into account their orientation to work-life balance and the extent to which they enjoy their work. Ability is a combination of innate characteristics such as cognitive agility and emotional intelligence and learned
skills such as problem solving and interpersonal skills. The engagement factor is made up of four elements – emotional and rational commitment, the willingness to deliver discretionary effort and their intent to stay in the organisation. The research examined the impact of more than 300 drivers on employee potential and concluded that a range of personal challenges where potential leaders are pushed outside their comfort zones had a far greater impact than traditional job rotation in developing potential.

2.6.5 Opportunities for Skill Utilization in Leadership Roles

A wide range of strategies have been suggested to develop the potential of future leaders in organisations but among the most effective is through challenging assignments (Bemthal and Wellins, 2006b, Kramer, 2007, Ready and Conger, 2007b, Sullivan, 2008). The Corporate Leadership Council’s High Potential Management Survey (CLC, 2005) identified structuring challenges within job experiences as one of the top 3 of 80 drivers which build employee potential from a total of 300 studied. The report identified the need to actively manage the career paths of high potentials and establish methods of continually assessing the extent to which individuals have passed through critical challenges at each stage of their career. A case study from Philips is included in the report. Three career stages were identified with individual talent pools. In the first stage, employees were expected to gain cross-functional and project management experience. In the second phase the focus was on cross-business experience and working directly with end-customers while leading a business and the third phase required participation in major organisational change projects and significant cross cultural exposure. The individual’s success in overcoming these challenges was evaluated at the transition from one phase to the next.

One of the most significant conclusions from the CLC report (2005) was that being challenged mattered more than simply having the appropriate experience. The challenge within the experience is what makes the difference. Action learning approaches to leadership development take this element into account by ensuring that projects have a direct link with a business imperative with clear deliverables against which the participants’ achievements can be evaluated.
In global organisations, mobility and the ability to work in a multi-cultural environment is critical for advancement. Businesses will often require their potential leaders to take up challenging assignments in unfamiliar environments which test their strategic ability and mental toughness (Scullion and Collings, Scullion and Brewster, 2001, Som, 2003, CLC, 2003, Caligiuri et al., 2005, Linehan and Mayrhofer, 2005, Titus, 2006, Jones, 2006, Scullion and Collings, 2006a, Kramer, 2007).

2.6.6 HR Infrastructure


An effective performance management system with regular assessments carried out by trained line managers and incorporating career aspiration discussions and coaching opportunities is a critical component of an integrated HR infrastructure support leadership development (CRH, 2007f, Turner and Horner, Armstrong and Ward, Hall et al., 1995, Kaglioglou et al., 2000, Charan et al., 2001, IBEC, 2002). Other important components include processes for identifying potential and supporting individuals in drawing up their personal development plans (PDP) as well as evaluating overall organisational capability (Ulrich et al., 2002, Bartlett and Ghoshal, 2002, Kramer and Beenson, 2007, Ulrich and Smallwood, 2007). Rigorous recruitment and selection processes which ensure balanced team membership and advancement based on merit are also required (Femandez-Araoz, 1999, 2007) The HR or Talent Management infrastructure must also be capable of planning and tracking potential leaders' career paths and progress and reporting to senior management. Leadership development is central to the broader talent management process and the impact on reward and recognition and succession planning activities.

An integrated infrastructure for HR processes allows the organisation to collate data on a wide range of leadership development and talent management activities and to understand how the organisation is meeting its short, medium and long-term leadership needs. This facilitates target-setting for development and the identification of people with future leadership potential across the organisation as well as potential leadership gaps.

2.7 Leadership Development in Organisations

2.7.1 Scope of Leadership Development Programmes

Leadership development programmes exist in many venues and formats. Besides formal leadership development within some college and university degree programmes, leadership development programmes have become an industry outside the higher education arena, providing a wide range of programmes to the public and private sectors (Gomez, 2007). Some organisations provide leadership development within their own settings, and others send employees to outside programmes (Colvin, 2008). While programme structures vary considerably, there are common, overarching elements of leadership development programmes: design and instructional strategies, desired programme outcomes and assessment methods.

Leadership development programmes encompass various types of design and instructional strategies. Programmes tend to evolve out of specific institutional, organisational, corporate or business needs (Development Guild / DDI Inc, 2000). Some leadership development opportunities might be of short duration, such as an occasional professional development seminar. Other opportunities might have a set duration and repetition, during which activities occur at regular intervals throughout the year-long programme (Drexel University College of Medicine, 2009). Instructional strategies might include traditional academic-type coursework, 360-degree feedback self-assessments, leadership coaching, mentoring, shadowing or
Leadership development programmes tend to have common desired outcomes. Programmes seek to develop collaborative skills, cultural competence and communication skills as well as knowledge, attitudes and perceptions that will impact the leader and the organisation (Development Guild / DDI Inc, 2000, Mancini and Marek, 2004, Ninth House, 2006, Shediac-Rizkallah and Bone, 1998, Cress et al., 2001). Programmes often aspire to increase participant self-awareness and confidence, to develop broader thinking skills, and to promote relationship building, for examples, networking and communities of practice (Development Guild / DDI Inc, 2000, Gomez, 2007, Ninth House, 2006, Cress et al., 2001). In general, the desired outcomes of leadership development programmes are to expand leadership and personal capacities in a holistic manner so that participants are prepared for leadership roles within a particular context.

Assessment contributes to the overall success of a leadership development programme through continual analysis of the participants’ learned experiences (Roberts and Faulkner, 1997, Cress et al., 2001). Assessment can take the form of content tests, practical experience and personal evaluation of changed behaviours. Participant assessments can include journaling, portfolios, self-reflection and practical or participatory evaluation. Surveys are useful for determining overall programme effectiveness and can guide a programme’s future practices (Development Guild / DDI Inc, 2000, Roberts and Faulkner, 1997). A variety of assessment tools provides measures of participants’ knowledge and behaviours; feedback from participants can serve to improve programme effectiveness. Maintaining the effectiveness of a leadership development programme contributes to the challenge of persistence – how to consistently deliver meaningful and practical leadership training for participants over time.
2.7.2 Why Invest in Leadership Development?

Day (Day, 2001) argued that investment in leadership development can be attributed to the relationship between leadership and organisational success. Effective leadership results in significant performance outcomes for organisations (Bass, 1990b). Effective leaders develop their successors in ways that allow the firm to continue to flourish over the long term (Scullion and Collings, 2006b) Effective leaders attract talent to companies and ineffective managers drive talent from them (Axelrod et al., 2001).

Research has demonstrated the significance of leadership development. Bolt et al. (2005) studied the Global 500 companies and found over 70% of firms indicated improving their management talent pool was their number one business objective. Research by Hewitt Associates (2005) found 100% of the top 20 performing firms (based on net income) used specific strategies for developing future executives, but only 62% of companies not listed among the top 20 employed a leadership development strategy. Conger & Ready (2007a) posited:

"The challenge of filling key positions has, in a sense, crept up on businesses, many of which used to view development almost as an employee benefit. Today, demographic shifts – notably, the impending retirement of baby boomers – along with changing business conditions, such as significant growth in largely unfamiliar markets, like China, have combined to produce something of a perfect storm. Leadership development has become a more strategic process, and faulty processes and executive inattention now carry a tangible cost. We’ve attended multiple executive committee meetings where companies have been forced to pass up hundreds of millions of dollars of new business because they didn’t have the talent to see their growth strategies through to fruition” (p. 70).

Budgets provide further proof of the importance industry has placed on leadership development. Organisations have spent 10s of millions of dollars each year to develop their future leaders (Conger and Fulmer, 2003, Kersh, 2002). More than 75% of US companies with over 10,000 employees have spent nearly three quarters of a million dollars annually, or about $58,000 per person each year, on leadership development (Cleveland and Fleishman, 2003). Research by Buus & Saslow (2005) on 51 Europe’s
largest companies showed 54% of the companies planned to increase their investment in leadership development efforts from 2004 to 2007.

One example of an individual corporation investing heavily in leader development was the $3.2 million Leadership Development Institute built by 3M Corporation (Alldredge et al., 2003). 3M indicated it plans to use this facility to grow its next generation of leaders. Money spent and the high interest shown by senior management demonstrate acknowledgement by industry and academia about how important leader development is to organisations. Leadership development, however, is more than just a temporary trend; organisations have a genuine need to develop their own future executives if they hope to remain competitive (Bass, 1990b).

A number of factors contribute to the organisational need for internal leadership development programmes. These include the fast pace at which executives are hired and fired in the modern era (Bennis and O'Toole, 2000), the mass exodus of the Baby Boomer generation from the workforce (Rappaport et al., 2003), and a lack of effective external executive development programmes for firms to develop their managers (Bennis and O'Toole, 2000).

Since 1985, firms have been 3 times more likely to fire CEOs than before 1985 (Bennis and O'Toole, 2000). Almost 66% of all major companies changed their CEOs from 1997 to 2002. Compounding the problem, nearly half of all companies in one survey admitted to not having a leadership succession plan in place ('When the CEO leaves', 2005). When a CEO departs an organisation, its leadership development programme, or lack of it, becomes a significant issue to a firm in need of effective leadership. If the company lacks internal junior managers ready to lead at the executive level, it must look outside the organisation for a replacement, which introduces a new set of issues.

External hires at CEO level will likely degrade organisational performance and the organisation's ability to retain top talent. Booz-Allen Hamilton's (as cited in Gandossy and Verma, 2006) annual examination of CEO succession at the world's largest 2,500 companies showed internally-developed CEOs provided 1.9% higher shareholder returns than externally-appointed CEOs. Furthermore, according to
Gandossy & Verma (2006), when firms hire external leaders, they imply the internal managers are inept, which may cause some of them to leave and may also lower the morale of those managers who remain with the firm.

Groysberg, McLean & Nohria (2006) focused on GE executives hired by other firms from 1989 to 2001 and showed mixed results over the long term. The closer the new environment matches the environment from which the external executive came, the greater the likelihood of success. Allowing external managers to bring others from their external management team to the new firm also contributes to higher rates of success. To reiterate, however, it is in the best interest of firms to have a solid internal succession plan, development programme and people ready to fill management positions with internal hires (Bass, 1990b, Collins, 2001, Gandossy and Verma, 2006, 'When the CEO leaves' 2005). Executive succession has been taking on new meaning with the Baby Boomer generation nearing retirement.

Of organisations that offer leadership development, a large percentage of leaders indicated they were not satisfied with their company's developmental efforts (Bernthal and Wellins, 2006a). This might be because of a lack of understanding in the field of leader development at the practitioner level (Day, 2001, Murphy and Riggio, 2003). Traditionally, universities existed as a source of management development, namely through MBA programmes; however, the effectiveness of this traditional didactic approach has been questioned by modern organisations (Bennis and O'Toole, 2000).

Firms must take on their own initiatives to develop the types of leaders they require. Mintzberg (2004) argued 'conventional MBA programmes train the wrong people in the wrong ways with the wrong consequences' (p. 1806). Business schools face increased criticism from students, industry, the media and even deans from some of America's top programmes for failing to develop useful abilities, not preparing leaders adequately, and not encouraging moral and ethical behaviour (Bennis and O'Toole, 2000).
2.7.3 Methods of Leadership Development

When it comes to developing leaders, organisations tend to adopt one of two approaches: develop leaders as part of a separate programme managed by a human resource function on a leadership development programme or an approach that embeds leadership in the organisations culture. The latter represents the most favoured approach; however, many firms view leadership development as a solitary or isolated programme of activities (Cohn et al., 2005). The focus here will be on a number of methods that are most commonly used in a leadership development context. However, before these methods are discussed, a number of general observations need to be made about leadership development methods.

Day & Halpin (2004) argue that many leadership development sessions do not transfer to the workplace. They commented that the most critical factor in enhancing transfer was the leadership climate. McCauley and Van Velsor (2004) made a similar point when they argued:

"Responsibility for leader development must be shared. Development and the environment in which it occurs, is too complex to be sufficiently managed by the individual alone. Responsibility must be shared by the individual employee, the manager, the person’s team, the people in human resources who help structure development experiences, and the senior executives of the organisation, whose support for development is crucial" (p. 226).

Organisations need to have an integrated system to produce effective leaders. A variety of elements of such a system are identified in the literature: developing the emotional intelligence of leaders (Bunker et al., 2002); integration of succession planning with leadership development (Charan, 2005); and a climate / culture that supports the practice of new leadership behaviours (Bolt et al., 2005).

Organisations develop leaders in a variety of ways including formal development programmes, personal development planning, 360 degree feedback, mentoring, coaching, counselling and job related experiences. Day & Halpin (2001) listed nine leader development practices by order of popularity: formal programmes, 360 degree
feedback sessions, coaching, job rotation, mentoring, networking, reflection, on the job learning and outdoor-based challenges.

2.7.3.1 Formal Development Programmes

Bernthal & Wellins (2006a) found that almost 85% of firms used formal programmes as their primary method of leadership development. However, this is precisely the method that is much maligned in the academic literature. Hernez-Broome & Hughes (2004) concluded:

"Classroom training should not be the only part of a leadership development initiative and may be the least critical. While formal training may even be a necessary element of leadership development, developmental experiences are likely to have the greatest impact when they can be linked to or embedded in a person’s on-going work and when they are an integrated set of experiences".

Bowen et al. (1994) found that many organisations supplement formal programmes with projects and action learning activities. Fulmer & Conger (2004) argued that formal leadership programmes require a collaborative effort between senior management and the human resources department. They must also incorporate real-world learning opportunities.

McCauley & van Velsor (2004) equally argued for a blended approach. They explained it this way:

"We know that although leaders learn primarily through their experiences, not all experiences are equally developmental. For example, the first year in a new job is usually more developmental than the fifth or sixth year. Working with a boss who gives constructive feedback is usually more developmental than working with one who does not. A training programme that encourages lots of practice and helps participants examine mistakes is usually more developmental than one that provides information but no practice. Situations that stretch an individual and provide both feedback and a sense of support are more likely to stimulate leader development than situations that leave out any of these elements. You can make any experience – a training programme, a
relationship – richer and more developmental by making sure that the elements of assessment, challenge and support are present" (p. 4-5).

2.7.3.2 Planned Job Experiences or Job Rotation

Job rotation can be defined as broad experiences through periodic movement to increasingly complex jobs requiring a variety of abilities. A variety of research studies have come to conclusions concerning the efficiencies of developing leaders through planned work experiences (Ready and Conger, 2003, Hewitt and Associates, 2005, Ohlott, 2003). The most agreed conclusion is that planned experiences or job rotations are best when part of an integrated leadership development programme, linked to a clear succession plan (Cohn et al., 2005). It is also agreed that developmental experiences need the commitment of senior management in order to be effective. Particular types of job experiences are more valuable than others.

Ohlott (2004) suggested five broad categories of developmentally-challenging jobs. The first involves transitioning managers into a new work role by changing job duties, increasing accountability, or moving to a new location. The second involves requiring managers to initiate change by managing a small reorganisation, solving problems created by former managers, handling a new project, or dealing with a situation involving problematic workers. The third involves increasing a manager’s responsibility through a greater range of duties by placing him or her in a position offering increased visibility of the firm, by providing a stressful work environment, or by allowing her or him access to high-level, critical decision-making processes. The fourth involves providing a job assignment requiring managers to work laterally instead of hierarchically, for example, having them lead a cross-functional team consisting of members over whom they have no direct authority (Ohlott, 2004). The fifth category involves rotating managers into a job requiring them to deal with diversity. This involves managers working with and managing people who differ in terms of values, experiences, backgrounds and needs. Planned job experiences need however to be combined with coaching, mentoring and feedback experiences.
2.7.3.3 *Formal Coaching*

Coaching is increasingly used for leadership development. Ellinger et al. (2003) summarise coaching this way:

"coaching has been variously defined as a process for improving problem work performance (Fournies, 1987); as a day-to-day, hands-on process of helping employees recognise opportunities to improve their performance and capabilities (Orth et al., 1987, Popper and Lipshitz, 1992); as a process of empowering employees to exceed prior levels of performance (Burdett, 1998, Evered and Selman, 1989, Hargrove, 1995); as a process of giving guidance, encouragement, and support to the learner (Redshaw, 2000); and 'as a process by which one individual, the coach, creates enabling relationships with others that make it easier for them to learn' (Mink et al., 1993: 2). Coaching has traditionally been perceived as a remedy for poor performance and as an approach that links individual effectiveness with organisational performance (Sketch et al., 2001). Other scholars have incorporated the importance of providing relevant learning opportunities so that improved performance becomes a by-product of learning (Mink et al., 1993, Redshaw, 2000)." (p. 438)

This explanation contains a number of important definitions. The coaching provided between managers differs significantly from that provided by professional executive coaches (McCauley and Van Velsor, 2004). Distinctions are also made between coaching for performance and coaching for development (Riddle and Ting, 2006). McCauley & Douglas (2004) define developmental coaching as involving feedback, listening with an open mind, identifying appropriate developmental assignments, providing support and reinforcing learning. Boyatzis et al. (Boyatzis et al., 2006) found that managerial coaching has benefits for the coach as well as for the person being coached.
2.7.3.4 Mentoring

Mentoring typically occurs in formal and informal ways in organisations (Day and Halpin, 2001). Bennis (2004) found that young managers sought mentoring for guidance purposes. Mentoring in this context typically involves a senior leader mentoring a more junior leader; however, some organisations practice reverse mentoring (Stone, 2004). Mentoring does offer a number of important advantages in the context of leadership development. These include: providing a sense of connectedness, professional growth, increased job satisfaction and improved leadership skills. It also contributes to increased leadership capacity throughout the organisation. Van Velsor, Moxley and Bunker (2004) found that mentoring makes a difference between someone learning from a developmental experience or giving up. Mentoring has been shown to be associated with enhanced performance ratings, higher salary, more promotions, greater recognition and more career opportunities (McCauley and Douglas, 2004). Day (2001) and Ruderman (2004) found significant advantages for males over females as a result of mentoring.

2.7.3.5 Self Development


Examples of self-development include enrolling in college courses and participating in community and professional groups. Wolfson (2002) found that leaders should strive to improve a) skills unique to their profession, b) communication abilities, c) the ability to motivate others, d) open mindedness, e) the capability to recognise achieving, f) being available to followers, and g) the capacity for consideration towards others. Modern technology allows for distance learning by means of the
internet, which allows leaders to engage in self-development almost anywhere in the world (Salas et al., 2004).

2.7.3.6 360-Degree Feedback

360-degree feedback played a central role in the leadership programme studied but is not universally supported in the literature as a driver of improved performance. McCauley and Young (1993) argued that:

"By making managers aware of knowledge and skill areas where they are deficient, or of potentials that they have which are not fully utilising, feedback can motivate them to want to improve" (p. 222)

There is an extensive body of literature highlighting the popularity of 360-degree or multi-source feedback. Shipper et al. (Shipper et al., 2007) argued that:

"Essential to an organisation's capacity for sustained growth is the ability of its managers to learn better skills that improve performance.... One initiative used by companies to develop managerial skills is the 360-degree feedback process. This process has been recognised by some for its value because of its inherent ability to reinforce learning and create actionable knowledge" (p. 33).

Multi-source feedback has a number of significant advantages in the leadership development context. It can prove valuable in enhancing self-understanding and for identifying developmental actions. Mabey (2001) suggested that it can result in more effective development plans for individuals and organisations. He found that multi-source feedback had a motivating impact on managers because it highlighted weaknesses, it could track improvements and positive feedback was in itself motivating.

Hazucha et al. (1993) investigated the impact of 360-degree feedback on skill development. They found that multi-source feedback was perceived as useful however little skill change took place where the participant did not follow through on development activities. Smither et al. (1995) found that managers improved their performance six months after an upward feedback programme was implemented.
However, the level of improvement for managers whose performance was rated moderate or low was modest at best. Church et al. (2000) collected data over a three-year period from 538 senior managers to determine performance improvement. They found that it had a marginal effect on performance. De Nisi & Kluger (2000) found that when people received positive feedback there was no subsequent improvement in performance. Stryker (2001) examined the effects of multi-source feedback on leadership behaviour. They found very poor results. These were explained in terms of a lack of goal focus from participants and lack of support from top management.

Kluger & De Nisi (1996) conducted a major meta-analysis of studies and found that feedback interventions in general did not lead to performance improvements. They, in fact, found that feedback actually detracted from performance.

### 2.8 Designing Leadership Development Programmes

The literature on leadership development highlights a number of issues related to the design of leadership development programmes. In this section the focus is on two particular dimensions: broad approaches to leadership development programme design and the building blocks of the design process and the evaluation of leadership development.

#### 2.8.1 Broad Approaches to the Design of Leadership Development Programmes

Four key approaches are highlighted in the literature: a formal development approach; an organisational HR approach to leadership development; an individual psychological approach and a best practice approach.

##### 2.8.1.1 A Formal Development Approach:

This represents the classic approach to leadership development and consists of classroom based teaching and workshops. The formal approach will usually be
positioned as a significant investment in time and resources by an organisation. The formal approach will usually be designed around a series of modules and will vary in duration from 1 week to several months or in some cases over 1 year of formal development. While this approach to leadership development design is considered beneficial, especially where the programme is based on a systematic analysis of needs and it is closely linked to on-the-job experiences. A formal approach can also be used to supplement other developmental experiences such as action learning projects, business simulations and planned job assignments. A number of researchers have found that effective leadership development consists of a number of key elements: personal growth, conceptual development, skill building and feedback (Ready and Conger, 2007b, Garavan et al., 2008). Formal designs are effective in terms of awareness building and business understanding. Conger (2004) found that time and actual on-the-job leadership experiences are required for mastery of leadership. The effectiveness of formal designs depend to a significant degree on the participants’ motivation, ability and opportunities to learn, reflect and initiate change.

2.8.1.2 Organisational-HR Approach to Leadership Development:

This approach to the design of leadership development programmes combines elements such as selection, training, development and succession planning in order to prepare leaders to be effective and to prepare them for the next level of leadership. One particular strategy that falls within this approach is based on the leadership pipeline concept(Charan et al., 2001). The pipeline consists of six passages in the life of a leader in the organisation. Leaders must grapple with the key elements of each passage focusing in particular on knowledge, skills and values. Leaders are also expected to manage the transitions in moving to the next higher level. The pipeline model seeks to differentiate the leadership demands required at different levels of leadership in organisations. It is however a challenging process because it poses significant difficulties for the development of leaders through the pipeline.
2.8.1.3 An Individual-Psychological Approach to Leadership Development:

This approach to leadership development focuses on individual change and how the leader thinks of himself or herself. London (2002) has persuasively argued that there are three critical psychological processes that are key to effective leadership. These are insight, self-regulation and self-identity. This approach to leadership development design argues that leaders must find their own individual way of being effective through a comprehensive understanding of their own strengths and weaknesses, of the context in which they operate, of other people and their needs in the situation, and of how the three components of the self relate to each other. The purpose of the leadership development process is the context of this approach is to facilitate the systematic development of these psychological processes through extensive use of feedback processes, self-reflection and coaching. Experience is considered a key element of the process through which leaders gain insight, achieve more effective self-regulation and develop stronger self-identity.

2.8.1.4 Best Practices Approach to Leadership Development:

The best practices approach to leadership development design seeks to align the leaders personal growth and learning with organisational strategies and requirements. The concept of best practices as a broad one but has been held to encompass a number of developmental processes such as talent identification and management, individual development planning, formal development processes, multi-source feedback, mentoring, coaching and succession planning. McCauley et al. (1998) has advocated that these various processes must be appropriately blended to ensure effective leadership development. Leaders must have challenging experiences, be able to learn from them, receive feedback from others and have time to reflect on experience in order to grow as a leader. Day & Halpin (2001) argued that effective leadership development is dependent on a consistent implementation of best practices, rather than simply adopting innovative practices. Effective leadership development results from a systematic design process and appropriate strategies to match the needs developed. The provision of stand-alone strategies is not effective because learning is not reinforced or integrated into the overall leadership development programme. In
reality, the backbone of the majority of leadership development processes is a formal programme. It represents a framework or shell which can be used to incorporate a variety of best practice interventions. McCauley and Martineau (1998) were supportive of such an approach when they argued that one way to make leadership development more systematic was to design and implement an array of development experiences that are effectively integrated with each other.

2.8.2 Designing the Leadership Development Process

In practice, leadership development will consist of a mix of the approaches discussed in the previous section. The literature on the design issues in leadership development is diverse and fragmented. Figure 2.1 Provides a conceptualisation of the key issues involved.

Figure 2.2: Design Components of a Leadership Development Programme

<table>
<thead>
<tr>
<th>External Environmental Factors</th>
<th>Organisational Learning Culture and Climate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Managers</td>
<td>Programme Design</td>
</tr>
<tr>
<td>• Mentor / Coach Roles</td>
<td>• Explicit and tacit knowledge</td>
</tr>
<tr>
<td>• Role Models</td>
<td>• Instructor or series of instructors</td>
</tr>
<tr>
<td>• Sponsorship of the Programme</td>
<td>• Experiential learning</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Developmental Tools</th>
<th>Colleagues, Peers and Direct Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Personality and ability assessments</td>
<td>• Facilitate team learning and reflection</td>
</tr>
<tr>
<td>• Self and 360° Assessments</td>
<td>• Feedback processes</td>
</tr>
<tr>
<td>• Developmental assessment centres</td>
<td></td>
</tr>
</tbody>
</table>

The key components of this model of design are now discussed:

2.8.2.1 The Environment of the Programme:

The environment refers to the immediate organisational learning culture and climate and the degree to which it is conducive to personal learning, growth and change. It
also refers to the business strategies that are pursued by the organisation. These strategies will shape the content of the programme and the selection of developmental strategies. External environment refers to the dimensions of the external environment that influence the strategies of the organisation and the demands of customers and suppliers. The institutional environment refers to normative, regulatory and cognitive factors in the environment of the organisation that stipulate particular approaches or practices for the organisation. Best practice approaches represent an aspect of the normative institutional environment. Figure 2.3 summarises the characteristics of four types of organisation in terms of contextual elements.

2.8.2.2 The Self:

The self is at the core of the leadership development process. It generally refers to the leader’s personal involvement in the development process. It includes characteristics such as motivation to learn, self-confidence, motivation to transfer, learning style and cognitive style (Garavan et al., 2008). Popper (Popper, 2002) persuasively argued that leadership is a function of an individual’s ability and motivation to lead. London (2002) focused on concepts such as self-efficacy and self-regulation as key to understanding the conditions that encourage or enable individuals to take responsibility for their development. A central plank of effective leadership development focuses on the requirement that the leader is both motivated to lead and motivated to learn. Organisations may use both selection and nomination processes to identify appropriate participants for leadership development processes. Ownership of the leadership development process represents the starting point in explaining the effectiveness of leadership development activities.
Figure 2.3: Organisational Context and Matching Characteristics as Factors Influencing Leadership Development

<table>
<thead>
<tr>
<th>Group</th>
<th>Entrepreneurial</th>
<th>Hierarchical</th>
<th>Rational</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organisation as a microcosm of: in harmony with its environment</strong></td>
<td>Organisation as societal leader or role model</td>
<td>Organisation as guardian of society’s assets and knowledge</td>
<td>Organisation must fight for survival in a hostile environment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Values:</th>
<th>Loyalty, Commitment, Teamwork</th>
<th>Individualism, Creativity, Flexibility</th>
<th>Analysis, Systems, Control</th>
<th>Action, Objectives, Results</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Structures:</th>
<th>Divisional, by way of project teams or product / market</th>
<th>Divisional, either product based or market based</th>
<th>Functional</th>
<th>Predominantly functional and matrix</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Control Process:</th>
<th>Decentralised, predominantly by way of consensus, participation and teamwork</th>
<th>Decentralised, predominantly by way of a shared vision of philosophy</th>
<th>Centralised, by way of explicit rules and regulations</th>
<th>Mostly centralised, by way of clear sets of operating and decision guidelines and principles</th>
</tr>
</thead>
</table>

|--------------------|-----------------------------------------------|------------------------------------------------|------------------------------------|-------------------------------------|

| Culture: | Emphasis on cohesion, teamwork, synergy and consensus  
- Closed informal communication which is shared by way of cliques and membership of an ‘inner circle’  
- Control achieved by commitment to common values  
- Management support emphasises the internal climate and environment  
- Individual’s tasks are negotiated by consensus  
- Rewards are based on informal standards and the ability to maintain internal cohesion – good team players | Emphasis on individualism, creativity, fast response  
- Open, informal communication which is shared with whoever happens to be around at the time  
- Control achieved by commitment to a common vision  
- Management support emphasises leading and inspiring  
- Individuals are empowered to perform their roles  
- Rewards are based on creativity and entrepreneurial behaviour  
- Deviant behaviour is tolerated – provided it is goal directed | Emphasis on order, stability, information and control  
- Closed, formal communication which is shared on a ‘need to know’ basis  
- Control achieved by focus on processes  
- Management support emphasises procedures  
- Individual’s tasks are established by precedence | Emphasis on analysis, guidelines and sustained, high levels of activity  
- Open, formal communication by way of committees and memoranda  
- Control achieved by focus on results  
- Management support emphasises planning  
- Individuals are given structural authority to perform their roles  
- Rewards are based on formal standards and relevant results. No deviation from plans or performance standards |

84
2.8.2.3 Senior Managers as Coaches, Mentors and Sponsors:

Senior managers have an important and very direct influence on the success of a leadership development process. Hughes and Beatty (2005) have identified three dimensions of the senior leadership role. They are first of all sponsors of the programme. They give it their support and help to remove barriers to the effective delivery of the programme. They perform an important role modelling function. Their behaviours influence the behaviours of others. While role modelling or learning through observation is considered a passive development process, it has value when senior managers practice the values of the organisation. Senior leaders act as coaches and mentors. They possess knowledge, skills and abilities to develop leaders in the organisation. It is important in this context that senior leaders possess the skills and strategies to coach and mentor effectively.

2.8.2.4 Peers, Colleagues and Direct Reports:

It was argued earlier in this literature review that leadership is a social process. Leaders learn through time and repeated interactions with their peers. Hughes and Beatty (2005) believed that the social context in which cognitive activity takes place represents an integral part of the learning process. Context and the learning process are closely intertwined with each other. Leadership development processes are enhanced when they involve peer feedback and team based learning. Popper (2002) suggests that peers and direct reports represent a ‘hall of mirrors’ to facilitate the development of leaders.

Figure 2.4 summarises leadership characteristics that influence leadership development.
<table>
<thead>
<tr>
<th></th>
<th>Revitalisers</th>
<th>Creators and Builders</th>
<th>Productivity Managers</th>
<th>Building and Growth Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shared Values:</strong></td>
<td>Participation, cohesion, change</td>
<td>Creativity, innovation, rapid response</td>
<td>Control, analysis</td>
<td>Objectivity, facts, results</td>
</tr>
<tr>
<td><strong>Team Style:</strong></td>
<td>Sensitive to people, offer emotional support – have the ability to empower subordinates</td>
<td>Move very quickly, apparently haphazard – guided by shared vision</td>
<td>Logical, analytical, provide clear structure for their subordinates</td>
<td>Drivers, set clear objectives for their subordinates</td>
</tr>
<tr>
<td><strong>Individual Aptitudes:</strong></td>
<td>Consensus building, good negotiation skills, good conceptual ability</td>
<td>Individualism, vision, flexibility, tolerance for ambiguity</td>
<td>Good analytical skills, logical, desire for stability</td>
<td>High energy, clear focus on objectives, desire for clarity</td>
</tr>
<tr>
<td><strong>Individual Knowledge:</strong></td>
<td>Group dynamics, Communications</td>
<td>Technical</td>
<td>Accounting, Production</td>
<td>Marketing, Sales</td>
</tr>
<tr>
<td><strong>Conditions:</strong></td>
<td>Stable, traditional, or about to change</td>
<td>Turbulent, uncertain, rapidly changing</td>
<td>Established, mature, margins under pressure</td>
<td>Settled down, highly competitive</td>
</tr>
<tr>
<td><strong>Strategy:</strong></td>
<td>Developing long term relations with customers, or about to change strategic direction</td>
<td>Creation of a new market, new product development</td>
<td>Consolidation, fine tuning, improving profits, productivity</td>
<td>Gaining market share, customer focus</td>
</tr>
<tr>
<td><strong>Life Cycle Stage:</strong></td>
<td>Maturity, Revitalisation</td>
<td>Gestation, Start-up</td>
<td>Maturity</td>
<td>Start-up, Growth</td>
</tr>
<tr>
<td><strong>Leadership Development Approach:</strong></td>
<td>Team-based approach, emphasis on support</td>
<td>Innovative approaches, soft skills, leaders as mentors</td>
<td>Strong emphasis on technical development, Limited leadership support for development</td>
<td>Very informal and ad-hoc development approaches</td>
</tr>
</tbody>
</table>

2.8.2.5 *Programme Design*:

This aspect of design focuses on the actual design aspects of the formal programme component. In designing this aspect, it is important to incorporate aspects of the experiential learning cycle (Kolb, 1984). Conger (1992) highlights the need to include design elements that enable the connection of abstract concepts with active experimentation, concrete experience and reflecting observation. Van Velsor & Guthrie (1998) have suggested that it is important to design developmental challenges that include challenge, assessment / feedback and social support. It is important that attention is given to both explicit and tacit knowledge. Yukl (1998) and Day & Halpin
(2001) highlighted the importance of incorporating real life leadership issues with the development of future-oriented leadership competences.

2.8.2.6 Developmental Tools:

Effective leadership development will include a variety of leadership development supports and tools. Typical tools include psychometric assessments, aptitude and personality tests, peer appraisal and 360 degree feedback processes. These tools are typically used to enhance self-awareness and enable the participant develop appropriate personal development plans.

2.8.3 Evaluation of Leadership Development Programmes

Evaluation represents an important component of the leadership development process (Garavan et al., 2009). Evaluation is typically used to achieve a number of important purposes. These include: 1) enhancing organisational dialogue concerning what constitutes leadership effectiveness; 2) the acceleration of desired changes post the development programme; and 3) the identification and documentation of the unintentional outcomes of leadership development (Anderson, 2007). Best practice indicates that it is important to develop the evaluation strategy at the same time as the programme is designed. This will help ensure that the context, assumptions and objectives of the leadership development programme are clearly articulated at the beginning of the process. It is also important that the roles of the evaluators are understood. Evaluation in the context of leadership development will involve the evaluator performing a number of roles such as facilitator, challenger of assumptions, consensus builder and synthesiser (Carmichael et al., 2011). Table 2.5 illustrates a leadership development evaluation plan and suggests evaluation questions, outcome indicators and data collection methods.
Table 2.5: Evaluation Leadership Development Plan Design

<table>
<thead>
<tr>
<th>Evaluation Questions</th>
<th>Indicators</th>
<th>Data Collection Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where learning objectives met?</td>
<td>X amount of participants expressed satisfaction</td>
<td>Surveys, Interviews</td>
</tr>
<tr>
<td>How do participants intend to apply their learning and new skills?</td>
<td>X amount of participants stated that they intend to apply knowledge learned</td>
<td>Survey, Interviews</td>
</tr>
<tr>
<td>Is there growth in competencies?</td>
<td>No. of positive feedback from managers / subordinates</td>
<td>360 degree behavioural change instrument survey</td>
</tr>
<tr>
<td>Are participants receiving support for development and application of new competencies?</td>
<td>X amount of participants expressed satisfaction / dissatisfaction</td>
<td>Survey, Interviews</td>
</tr>
<tr>
<td>How is the organisation benefiting?</td>
<td>The firm is saving X amount in training because of improved performance</td>
<td>Analysis of organisational data</td>
</tr>
<tr>
<td>Have the participants adapted to their roles as leaders?</td>
<td>After W months, X amount of participants have stayed on the job</td>
<td>Survey, Interviews</td>
</tr>
</tbody>
</table>

Kirkpatrick's (1994) four level model of evaluation represents one of the most widely recognised and accepted approaches.

These four basic levels can be summarized and applied to the trainee training as follows: Reaction (level 1). Reaction measures are designed to assess the trainees' opinions regarding the leadership program just completed. Although a favorable reaction to a program does not guarantee transfer to the participants' job experience, it is important to measure for the following reasons (Farner et al., 2001): First, if the participants are not positive and enthused, there is little chance for future benefit. Unfortunately, if they are positive it does not necessarily follow that there will be carryover to their jobs (Farner et al., 2001). Second, it provides suggestions on improving future programmes. Third, reactions can provide quantitative, easy to understand data that the trainers can use to demonstrate the success of the training. Finally, participant reactions can provide trainers with information that can be used to establish relative standards of performance for the design and conduct of future leadership programmes.
Learning (level 2). Measuring learning in this second level of evaluation means determining one or more of the following: what knowledge did the fellow learn? What attitudes and values were changed? It is important to measure learning because no change in behavior on the job and subsequent performance can be expected unless one or more of the learning objectives have been accomplished. Like the level 1 reaction evaluation, this level 2 learning can be assessed at the conclusion of the training program and deficiencies can be addressed (Farner et al., 2001).

Behavioral assessment (level 3). The first two levels of evaluation are necessary but not sufficient. The real key to effective training and development is behavioral change. Management researchers have clearly shown that behavioral change can lead to performance improvement (Farner et al., 2001). Behavioral change due to the leadership development is difficult to assess, but the multisource feedback technique is a relatively easy way to effectively determine if others perceive that the participant is actually doing the desired behaviors targeted in the training; that they are occurring on-the-job.

Performance results (level 4). As indicated above, although behavioral change on-the-job is key, what it leads to, the fourth level of evaluation of performance improvement measured by outcomes such as productivity, retention, customer satisfaction, and profits is even more important. In the final analysis, this performance level is what the previous levels of evaluation are aimed at and is the real test of the effectiveness of any Leadership Development initiative (Farner et al., 2001).

2.9 Conceptualizing the Outcomes of Leadership Development

The outcomes of leadership development programmes can be conceptualized at three levels of impact: individual level impact, team or group level impact and organisational level impact.

Individual Level Impact: A leadership development programme should have an impact on the individuals who experience it. The impact itself, however, can vary. For example, individuals may learn new industry-specific leadership practices.
Participants may develop an increased awareness of their personal managerial style and how it affects others and the environment. They might also change work-related behaviors or increase their productivity using newly acquired skills. Impact will vary depending on the content and design of the initiative and the development needs of individual participants (Martineau and Hannum, 2004).

**Team or Group Level Impact:** Leadership development programmes created for individual leaders will also have an impact at the team or group level. A manager’s team may perform more effectively after that manager has enhanced his or her leadership capability. It may be able to more efficiently implement policies and practices because its manager has developed his or her skill in focusing group effort. After participating in a development initiative and learning skills that encourage better communication among team members, a team leader may be able to manage the team toward more effectively supporting team and organisational goals. When development initiatives are targeted to impact teams, outcomes are more pronounced and more quickly observable because the team as a whole is able to put the members’ new awareness, knowledge, and skills into practice immediately.

**Organisation-Level Impact:** When organisations invest substantial resources in developing leadership capacity, they expect results that will help them achieve strategic objectives, sustain their effectiveness, and maintain their competitive positions. The quality of an organisation’s leadership is only one contributing factor to reaching those goals. Even so, a leadership development initiative can, among other things, facilitate a culture change, enhance the organisational climate, improve the company’s bottom line, and build a stronger, more influential organisational profile when a sufficient number of leaders in the organisation have participated in such an initiative. An organisation may also use development initiatives to augment the internal and external branding of the company name, as is the case when a company offers development opportunities to present itself as an appealing place to work. With regard to evaluation, stakeholders will want to gather information that provides evidence of the link between leadership development and measures of organisational success.

The remainder of this section will explore a number of these outcomes.
2.9.1 Individual Level Outcomes

Three particular individual outcomes are highlighted in the literature: job satisfaction and motivation, individual stress and more effective managers.

2.9.1.1 Job Satisfaction and Motivation:

Job satisfaction is the feeling employees have about their job in general (Smith and Smith, 1975). These feelings are developed from their perceptions of their jobs (O'Reilly et al., 1991). It is multi-faceted in nature (Misener et al., 1996), employees who experience job satisfaction are more likely to be productive and stay with the organisation (McNeese-Smith, 1997). Lok & Crawford (2004) confirm that job satisfaction can be a determinant of organisational performance (Angle and Perry, 1981, Riketta, 2002) and effectiveness (Laschinger et al., 2001, Miller, 1978).

Participation in leadership development was shown to have significant impact on job satisfaction (Lok and Crawford, 1999,, 2001). Transformational leadership attributes, such as empowerment and clear vision, are often seen as important elements for employee job satisfaction (Iverson and Roy, 1994, Sergiovanni and Corbally, 1984, Smith and Peterson, 1988).

2.9.1.2 Individual Stress Levels:

Stordeur et al. (2001) confirmed that work stress was an important topic for organisational leadership. Stress occurs when an individual’s or group’s situation is unclear or overly complex, as well as highly demanding in terms of the level of competence required or having the structure or resources available to meet the demands (Bass, 1990a).

It is estimated that work related stress costs significant sums to organisations in lost productivity, health care expenses, and stress-related legal cases. All employees experience some degree of work related stress and leaders tend to have stressful jobs.
due to their responsibilities and the high levels of demands placed on them (Hambrick et al., 2005, Sparks et al., 2001).
Leaders are at the forefront of adapting to a complex work environment that is characterised by globalization, rapid technological advances, diminished resources and increasing costs (Jaffe, 1995, Kinicki et al., 1996, Murphy, 2002). Due to these changes leaders can experience stress from the excessive demands and lack of control they possess over the implementation of certain organisational policies including physical health problems, depression and job insecurity (Moore et al., 2004, Murphy and Pepper, 2003). There is also substantial support that chronic, unmanaged high job demands result in exhaustion and ultimately job burnout (Lovelace, 2002, Schaufeli and Bakker, 2004).

Lovelace et al. (2007) states that preparing leaders to manage work stress is an important yet often overlooked part of leadership development. Rowney & Cahoon (1988) believed that leadership practices made a difference in the prevention or occurrence of stress and burnout, as well as also helping employees cope with stress factors (Kirmeyer and Dougherty, 1988). Developing mental toughness is also a key objective of leadership development programmes. In his book “Thriving on Pressure”, Graham Jones (2009: 2) states that ‘...one of the biggest determinants of success is the ability to perform to consistently high levels under pressure”.

2.9.1.3 High Performing Managers:

The need to produce high performing managers / leaders is the ultimate outcome of leadership development activities. The issue is how do organisations define and measure ‘high performing’. Day (2000) would argue that this is centered on social capital aspects of leadership. He presents a view that ‘the primary emphasis of the overarching development strategy is to build the intrapersonal competency needed to form an accurate model of oneself (Gardner, 1993: 9), to engage in healthy attitude and identify development, and to use that self-model to perform effectively in any number of organisational roles (Gardner, 1993: 582).
2.9.2 Team and Organisational Outcomes:

A variety of team and organisational outcomes are highlighted. These include reduced employee turnover, enhanced productivity, succession planning and organisational effectiveness.

2.9.2.1 Reduced Employee Turnover:

Bemthal & Wellins (2006a) confirm that leadership development opportunities make organisations more appealing to leaders and promote retention. Leaders need the stimulation offered by development so that they do not lose their motivation, become complacent, or seek more interesting challenges outside the organisation. When leaders are strong and growing, the people they lead have greater confidence, feel more engaged and execute the business strategy more effectively (Bemthal and Wellins, 2001).

In studying organisational commitment, a strong correlation between employee turnover and job satisfaction has been established, when people are dissatisfied at work, they are less committed and may well look for opportunities to leave. If opportunities are unavailable they may emotionally or mentally withdraw from the organisation. Thus, job satisfaction is important in assessing employee’s intention to quit and the overall contribution of the employee to the organisation (Benkhoff, 1997). Employees are more likely to stay with the organisations when they have opportunities to learn and grow and continued learning and development is critical to organisational success (Bemthal and Wellins, 2001).

2.9.2.2 Productivity:

Productivity is defined as the contribution made towards organisational results in relation to the amount of resources consumed (McNeece-Smith, 1997). It measures both quantitative and qualitative factors such as goal attainment and work accomplishment (Bain, 1982). Improved productivity could be a measure of organisational success; Effron et al. (2005) found a correlation between the use of
effective leadership practices and superior financial results. Bradley and Alimo-Metcalfe (2008) found evidence that organisations with high levels of employee engagement had increased productivity and competitive advantage. Leadership development competencies are believed to be instrumental to organisational performance and productivity (Burke and Collins, 2005).

2.9.2.3 Succession Planning:

Bernthal & Wellins (2006a) confirmed statistically significant relationships between a range of business performance measures, the presence of succession management programmes and the quality of leadership development. A combination of strong succession management and leadership development programmes are linked with higher performing organisations, offering competitive advantage. Research has proved that employees leave organisations largely because of the lack of developmental and growth opportunities. By providing a strong succession management programme that creates opportunities for employees and encourages talented individuals to rise to the top, organisations can counteract this situation (Bernthal and Wellins, 2006a). Succession management is critical to ensure organisations have a ready supply of leaders. It is also critical to leaders who value opportunities for growth and development (Bernthal and Wellins, 2006a).

2.9.2.4 Organisational Effectiveness:

In recent years the number of studies documenting a link between leadership strength and organisational performance has dramatically increased. Leadership development may be valuable in increasing leadership effectiveness (Hollenbeck et al., 2006). Bernthal & Wellins (2006a) argued that learning and development was critical to the organisation’s success.

Leadership development programmes aim to increase effectiveness in guiding organisations through periods of uncertainty and change. Leadership effectiveness refers to a leader’s success in influencing followers toward achieving organisational objectives (Vardiman et al., 2006, Bodinson, 2005). Leadership effectiveness is an
evolutionary process of interconnected events and responses to events. Effective leadership is a source of competitive advantage for organisations, and the foundation for organisational performance and growth (Kim, 2007).

It has also been argued that leaders need to be put into situations where they can learn new things in order to truly be effective (Hollenbeck et al., 2006). If leadership learning is critical to organisational success, it is particularly important that it is led effectively.

Organisational commitment has also been viewed as a dimension of organisational effectiveness which contributes to increased effectiveness through work performance and reducing employee turnover (Scholl, 1981, McDermott et al., 1996). Research has shown that increased commitment improves work performance and reduces absenteeism and turnover (Porter et al., 1974, Steers et al., 1997, Dutcher and Adams, 1994).

2.10 Conclusion

Interest in leadership development by both industry and academia has grown because research and real-world experience has provided a more comprehensive understanding of the impact an effective leader can have on the effectiveness of an organisation. Organisations need capable leaders; however, many still struggle with leadership development approaches producing effective leaders. Organisations spend considerably in order to develop their future leaders.

This chapter has reviewed the literature on leadership development. This literature is both diverse and fragmented; however, for the purposes of this thesis, the literature was categorized into a number of specific categories: definitions and purposes of leadership development, the nature of leadership in organisations, the macro and micro context of leadership development, the design of leadership development activities, leadership development strategies and the outcomes of leadership development at individual, team and organisational levels.
In the next chapter, a synthesis of the literature is undertaken and a conceptual framework is outlined which will be used to explain the outcomes of leadership development in a particular organisational setting.
CHAPTER 3

LITERATURE SYNTHESIS AND CONCEPTUAL FRAMEWORK

3.1 Introduction

The purposes of this chapter are: to summarise the key themes that have emerged from the literature; to identify areas of both conflict and paradox in the literature; to highlight the limitations of the research to date, particularly its lack of attention to issues of context and to propose a conceptual framework to study leadership development outcomes in a specific organisational setting.

3.2 Key themes Emerging from the Literature Review: Explanation & Critique

During the past decade, scholars and practitioners have been challenged by how best to design leadership development programmes and understand the outcomes of leadership development. A review of the literature demonstrates that there is a need for more research in this area.

Leadership development perhaps represents the least explored topic within the field of leadership research and theory (Avolio, 2007, Day et al., 2008). Systematic investigations of leadership development interventions are relatively rare in the literature. There is also an absence of theories of leadership development. Avolio & Luthans (2006) reported that a review of the leadership development literature from the previous 100 years only produced 201 articles that studied the outcomes of leadership development. Less than half of these studies focused on middle and senior leadership development. Based on the review of literature undertaken as part of this research, the following key themes emerged.
3.2.1  Differing Views of What Constitutes Leadership Development

The literature makes an important set of distinctions between management, leader and leadership development. Management development is generally understood to focus on management skills such as planning, organising skills and the control dimensions of managing. Leader development is conceptualised as focusing on the self-dimensions of developing the leader. The focus is primarily on self-awareness, emotional management and self-regulation. Leadership development focuses on the social and collective dimensions of developing leaders. It focuses on team functioning, interpersonal skills and relationship management issues (Day and O’Connor, 2002).

The purposes of leadership development are primarily articulated from a functionalist perspective (Mabey and Finch-Lees, 2007a). A functionalist perspective argues that the primary purposes of leadership development are increased individual and organisational effectiveness. Functionalist perspectives assume that organisations are goal focused and that leadership development interventions can be used to address performance gaps in leadership capability. Five additional discourses are also found in the literature; however, they are less influential in shaping organisational leadership development practices. Constructivist discourses emphasise the concept of emergent leadership development. This discourse highlights the role of context, individual and collective development processes and the subjective nature of leadership and leadership development. A dialogic discourse emphasises that there is no single overriding purpose for leadership development and that it is possible to have multiple voices and language surrounding leadership and leadership development in organisations. Critical discourses challenge the conventional functionalist purposes of leadership development. This discourse highlights the control documentation and order aspects of traditional approaches to leadership development. Best practice discourses emphasise the adoption of proposes and approaches that are considered valuable and have worked in other organisational contexts. Institutional discourses focus on external reasons as to why organisations adopt particular leadership development purposes and strategies. Adoption may be related to regulatory, coercive or cognitive factors in the organisation’s institutional environment.
3.2.2 A Multitude of Perspectives on What Constitutes Leadership

The literature on the concept of leadership is both diverse and complex. Notions of what constitutes leadership have changed due to advances in technology, globalisation, changed employee expectations and the emergence of not for profit sectors. The literature generally makes a distinction between a manager and a leader. Leadership is conceptualised as a catalyst or influence for change, a vision oriented process and a process of securing the commitment of followers to pursue that vision. The concept of transformational leadership has achieved a particular primacy in the literature. It is now one of the most widely researched paradigms in the leadership field and it has demonstrated its value in a variety of leadership contexts. There are many conceptualisations of transformational leadership; however, it is generally conceptualised as a leader who acts as a mentor, encourages learning, achievement and individual development. Transformational leaders provide meaning; they act as role models, provide challenges and foster a climate of trust (Bass and Avolio, 1997). Transformational leadership proved to be a particularly valuable theory in the context of this research given that an important dimension of leadership within the organisation studied focused on transformation, change and flexibility in leadership style. Leaders can display a variety of leadership styles at various times and to varying degrees depending on the situation.

3.2.3 The Macro and Micro Context of Leadership Development

The literature on the contextual factors is wide-ranging and complex. For the purposes of the research, an important distinction was made between macro and micro context. Consistent with the theoretical work undertaken by Johns (2006) macro context represents situational opportunities and constraints in the wider environment that impact how leadership development is enacted and understood. Many of the contextual variables discussed at the macro level focused on wider changes in the business environment that potentially shape how leaders perform tasks and enact the leadership role. Micro context focuses on the immediate organisational context, its HR strategies and philosophy of leadership. These factors will have a more direct impact on the design of leadership development activities, their purposes, processes
and strategies. The focus on context is consistent with a constructionist discourse that argues for the primacy of context in shaping both meaning and behaviour context, creating both opportunities and imposing limitations or barriers. It helps to provide a broader canvas to understand why particular choices were made and implemented in a particular way (Madsen, 2001). The identification and analysis of context represents an important advance in terms of the leadership development literature. A significant proportion of that literature adopts a context-free perspective. This type of research, while useful, does not effectively capture the complex and nuanced nature of context in terms of its operation and influence in a particular organisation.

3.2.4 **Leadership Development Strategies, Design Issues & Outcomes**

Leadership development programmes use a variety of strategies and approaches. The literature makes a distinction between formal, job based and relationship based strategies (Garavan et al., 2009). Formal strategies typically focus on formal leadership programmes, multi-source feedback, executive education activities and outward bound programmes (Collins and Holton, 2004). Job based strategies focus on approaches such as action learning projects, job assignments, hardship experiences, secondments and international assignments. Relationship based strategies focus on hierarchical mentoring, peer mentoring and coaching (Tracey and Nicholl, 2007, Reiss, 2007). The literature highlights the need to utilise these strategies in a blended and integrated fashion. One of the major weaknesses of evaluations of leadership development strategies is the almost exclusive use of self-report data. As argued, by Rohs, (1999) 'many evaluation studies of leadership development programmes have employed some form of introspective self-report measure'. Over-reliance on self-reports is problematic given that such reports are prone to many kinds of response bias. This self-report bias has largely occurred because individuals have a desire to be viewed in a socially favourable light (Moorman and Podsakoff, 1992). The literature on leadership development design identifies four key approaches to design: a formal development approach, an organisational HR approach, an individual-psychological approach and a best practice approach. Each approach has particular strengths and weaknesses; however, in practice many leadership development programmes represent hybrids of each approach.
Leadership development outcomes can be conceptualised at three levels of impact: individual, team and organisation (Martineau and Hannum, 2004). Individual level outcomes focus on enhanced competencies, increased self-awareness, reduced stress and more effective performance of the leadership role. Team level outcomes focus on enhanced team functioning, team knowledge and effectiveness. Organisational level outcomes focus on enhanced organisational performance, increased competitiveness and enhanced quality of the organisation's leadership pool. A major challenge identified in the leadership development literature concerns the identification of tangible outcomes. Leadership development interventions may be considered as something that is 'nice to have' when sufficient resources exist, but many organisational leaders have difficulty in identifying their true value. As a result, leadership development can be placed in a precarious position.

3.3 A Proposed Conceptual Model

The conceptual model that forms the framework to analyse the empirical data gathered as part of this research is based on systems theory. A systems approach is based on the concept of systems thinking where an organisation is viewed holistically as a combination of many parts which are integrated in relationship to the whole. An organisation may contain many systems or sub-systems depending on its size, its sector and the institutional context within which it operates. Leadership development may be viewed as one system operating within a broader and larger HRM system, in which the activities within the leadership system interact not only with each other, but also with other systems within the organisation. These include talent management processes, succession planning, performance management and wider HRM/HRD strategies. A systems approach enables researchers to understand how different issues are connected to each other and are influenced by each other and to consider how the impact of changes or improvements in one area will have on other parts of the organisation. Systems thinking requires researchers to understand the inputs and outputs at multiple levels of analysis.

A systems theory approach to leadership development is particularly appropriate in the context of this research for four reasons: 1) it helps to account for the inter-relationship across a range of HR and non-HR factors that exist during all stages of
the leadership development process; 2) it acknowledges that both internal and external factors influence leadership development outcomes; 3) it incorporates multiple levels of analysis; and 4) it helps to identify components of the leadership development system that can be enhanced. Figure 3.1 presents an outline of the conceptual framework developed and used in this research.

Figure 3.1: Conceptual Framework to Explain Leadership Development Outcomes
The conceptual framework adopts a multi-dimensional structure consisting of three components: 1) the international strategy of the organisation; 2) contextual factors external to the organisation and 3) operational factors internal to the firm. The framework indicates that operational factors exist at organisational and individual levels of analysis. The combined impact of the systems of HR and non-HR factors influences both the design characteristics and outcomes of the leadership development intervention. The factors included in the conceptual framework are not exhaustive and it is possible that other factors could also be excluded. The conceptual framework is clearly informed by the linkages between environment, strategy and outcomes. The framework essentially proposes that the system of HR and non-HR factors must be considered in order to more fully explain leadership development outcomes. The framework is also appropriate to an organisation that operates at a global level.

The remainder of this section will briefly explain the key components of the framework in the context of its application to leadership development.

### 3.3.1 International Strategy of the Organisation

The framework suggests that the international strategy of the organisation exists within its global business or corporate strategy. It is defined for the purposes of the framework as an organisation-wide pattern of decisions that enables an organisation to create and capture value in a specific market. The international strategy of the organisation may focus on specific strategies as well as the overall strategic direction. Its shape and content will depend on the industry in which the organisation is active and headquarters location.

The other dimensions of the international strategy of the organisation are its international HRM strategy, its global staffing strategy and global leadership development strategy. These three components will be influenced by the business or corporate strategy. A HRM strategy will include HRM policies and practices in addition to a global staffing strategy and leadership development strategy. A global staffing strategy focuses on determining an appropriate staffing strategy which will support the global business strategy (Scullion and Collings, 2006b). A leadership development strategy focuses on how best to develop its leadership population to execute and support the business strategy (Garavan et al., 2008).
The conceptual framework envisages relationships between the international business strategy, HRM strategy, global staffing strategy and international leadership development strategy. The interaction of these components will influence how leadership development is undertaken and the outcomes that are derived from such activities. The framework envisages a relationship between the international strategy of the organisation and the contextual factors and operational factors. Contextual factors such as location characteristics and industry characteristics could potentially influence the overall business strategy as well as the international leadership development strategy. Similarly the international leadership development strategy could be influenced by operational factors such as the organisation structures, the leadership model that is implemented in the organisation and the cultural characteristics of the organisation. Top management support for leadership development and belief in its usefulness could also significantly influence the type of leadership development strategy adopted.

3.3.2 Contextual Factors

The framework identifies contextual factors as an important component because a variety of factors in the external environment can influence both organisational and leadership performance. It may directly and indirectly influence the outcomes of leadership development.

The framework suggests a number of contextual factors that will impact leadership development outcomes. First, location characteristics refers to a number of dimensions including cultural and social differences in the host location of the leader, the political context, influence of labour unions, trade associations, employment legislation, etc. Second, industry characteristics are considered to be important. These include the sector in which the organisation operates, the competitive situation, the economic factors that are relevant to the sector and the influence of customers and suppliers. These factors may influence strategic planning and in turn human resource and leadership development issues.

Third, temporal conditions are identified. These are defined as events that impact from outside the organisation but which influence how it operates. They could include the
current global financial crisis, regional instability, changes in the industrial sector in which the organisation operates and changing demands of customers. Fourth, strategic relationships and alliances may also be relevant. These include relationships with suppliers, customers, countries and governments. These relationships may influence the types of leadership competencies that are required in organisations, in addition to the roles that leaders are expected to perform.

3.3.3 Operational Factors

The conceptual framework identifies three sets of operational factors that are relevant to understanding leadership development outcomes: organisational factors, individual factors and the purposes of leadership development. Figure 3.1 proposes that there are a number of important reciprocal relationships amongst operational, contextual and strategic factors. These are postulated to operate as a system of HR and non-HR factors to both explain and influence leadership development outcomes.

3.3.3.1 Organisational Factors

The framework identifies five organisational factors that are relevant in explaining leadership development outcomes. Organisational culture is identified as an important organisational factor that influences the potential for learning and as a consequence, leadership development outcomes. Organisational culture can be defined as a common identity or purpose that is shared across the organisation. This culture will impact the type of learning that occurs and the level of risk taking that will be taken in pursuit of learning. The literature highlights the importance of an organisation's management hierarchy or structure in influencing the roles that leaders perform, the learning opportunities that they may avail of and the opportunities for international leadership development. Top management support is identified as an important organisational factor in the context of leadership development (Messmer, 2003). Top management support is defined as active sponsorship and championing of leadership development activities. Organisations tend to have particular models of leadership that shape how leaders perform their roles and the ways they are developed (Madsen, 2001). This model of development is influenced by culture and legacy issues within the organisation. Organisations implement a set of HRM
practices that influence leadership development. These are defined as sets of activities, functions and processes focused on attracting, developing and retaining an organisation’s human resources. These practices may include talent management, performance management, international assignments, and recruitment and selection of leaders. These practices will be linked to the needs of the business.

3.3.3.2 Individual Factors

The conceptual framework identifies five individual factors that are relevant to leadership development outcomes: ability, personality and adaptability, technical competence, career orientation and aspirations and psychological contract. The intellectual ability of leaders is highlighted as an important predictor of leadership effectiveness and leadership development outcomes. The personality and adaptability of leaders has significant implications for leadership outcomes. One aspect of personality is the role of emotional intelligence. This is emphasised as an important predictor of leadership development outcomes. A third factor focuses on the technical competencies of the leader. This technical competence focuses on both the technical knowledge required for the job, technical skills, as well as the ability to influence, control and manage power. The extent of leader technical competence will have an important influence on leadership development outcomes. A fourth individual factor concerns the career orientation and aspirations of the leader. Leader’s motives for participating in leadership development are an important issue. Leaders are increasingly owners of their careers, and they direct the decisions regarding what roles to perform and what development activities to undertake. A final individual factor focuses on the psychological contract of the leader. The outcomes achieved from a leadership development programme can be influenced by both the quality and content of the unwritten and non-contractual relationships that exist between an organisation and its employees.

3.3.3.3 Purposes of Leadership Development

The conceptual framework proposes that the purposes of leadership development represent a critical operational component in terms of understanding its outcomes. Organisations will have different reasons for leadership development depending on the
industry sector, strategic goals, organisational culture and HRM processes. The purposes of a leadership development are generally conceptualised in terms of performance improvement, leadership pipeline development, development of high potential leaders and enhanced self-awareness. The purposes of leadership development are not necessarily mutually exclusive. There may be multiple reasons for leadership development. It is likely that there will be reciprocal relationships between the purposes of leadership development and the other operational factors identified in the framework. The framework also suggests important reciprocal relationships between the purposes of leadership development and the contextual and strategic factors. Contextual factors will influence organisational factors; however, the reverse is less likely to be the case. The framework does however suggest that the direction of the relationship between the operational factors and the purposes of leadership development will more likely be a two-way interaction. Structural and cultural factors may influence the types of HR practices that are implemented. Top manager support may influence the types of leadership development purposes that are acceptable.

3.3.4 System of HR and Non-HR Factors

The conceptual framework proposes that the combination of strategic, contextual and operational factors leads to a system of HR and non-HR factors which explains the choices made in respect of the design of leadership development and the outcomes of leadership development. The system of HR and non-HR factors according to the framework influences the type of leadership development intervention chosen, the duration of the intervention, the selection of development strategies implemented and the evaluation criteria used to assess the impact to the programme. For the purposes of the conceptual framework, HR and non-HR factors are defined as a ‘configuration of HR and non-HR activities, events, processes, polices, practices and strategies that are directed at influencing the outcomes of leadership development’. The nature of HR and non-HR factors will vary within the same organisation depending on its location and business unit characteristics. Guest and Teplitzky (2010) suggested that the system of HR and non-HR factors will consist of interrelationships between and among factors that can best be described as non-linear or ambiguous. The challenge for the practitioners of leadership development...
development is to find the specific configuration of factors that influence outcomes and to manage them appropriately.

3.3.5 Leadership Development Programme Design and Outcomes

The conceptual framework presented in Figure 3.1 proposes that the design of a leadership development programme emerges from the system of HR and non-HR factors. Therefore, the various design components will take shape according to the influence of these factors. These design elements will include consideration of the amount of emphasis placed on the self, the role of senior managers in the design process, the programme design features, the role of colleagues, peers and direct reports and the development tools used to support the leadership development intervention.

The interaction of the HR and non-HR factors with the design of the leadership development programme will shape leadership development outcomes that will feed back into the overall system to influence the leadership development strategy of the organisation and result in enhanced leadership development efforts. The range of outcomes may be conceptualised at individual, team and organisational levels of impact. Outcomes of relevance to individuals include enhanced self-awareness, improved leadership competencies and greater career clarity. Team and organisational outcomes identified include productivity, financial performance and competitive advantage.
4.1 Introduction

This chapter focuses on the methodology used to conduct the research. The study is essentially a holistic interpretive single-case methodology using a mixed-method approach. This chapter focuses on the researcher's philosophical paradigm, his subjective position vis-à-vis the research and the operationalisation of the theoretical framework. In addition, this chapter addresses the sample characteristics, the development of the research instruments and data collection, preparation and analysis. Finally the chapter deals with a number of other design issues, including methods of authentication and consideration of human participants. The chapter also provides details of the industry and organisational context of the case study organisation and of the leadership development programme studied.

4.2 The Researcher's Philosophical Paradigm

The researcher's paradigm of inquiry focuses on the philosophical underpinnings upon which a research study is based (Bentz and Shapiro, 1998). This study essentially based its research activities on constructionism. The paradigm of inquiry stems from an ontological viewpoint. This refers to an individual's perception of reality or the nature of existence (Crotty, 1998). Crotty (1998) suggested that:

"Ontological issues and epistemological issues tend to emerge together... to talk of the construction of meaning is to talk of the construction of meaningful reality" (p. 10).

The researcher holds a relativist perspective: knowledge is open to multiple interpretations that are based on the social interactions between the participants and the researcher (Guba and Lincoln, 1988). In terms of reality of truth, the judgement of an individual is relative to the different points of view held by others, and these differing views are relative to each other – not absolute (Guba and Lincoln, 1988). Different points
of view are relative to each other because individuals construct meaning based on personal experiences (Crotty, 1998). The relativist perspective complements a constructionist paradigm.

A constructionist paradigm of inquiry views knowledge and meaning as constructed rather than absolute and that reality and truth are a matter of perspective (Crotty, 1998).

“It is the view that all knowledge, and therefore all meaningful reality as such, is contingent upon human practices, being constructed in and out of interaction between human beings and their worlds, and developed and transmitted within an essentially social context” (p. 42).

Constructionism assumes a connection to others and to the world; no phenomenon can be described in the absence of someone experiencing it. Believing that knowledge is socially constructed and transmitted, and that individuals create meaning and assign value to phenomena, the researcher benefited from the participants’ constructed knowledge and experiences to find deeper meaning and understanding. For example, during the interview process conducted as part of this research, participants responded based on their distinctive interpretations of the interview questions. A participant’s perception of what was being asked was then answered in light of their personal experiences of the leadership programme. The researcher’s constructionist paradigm influenced the study’s approach, data collection and data analysis.

4.2.1 Effects of a Constructionist Paradigm on Study Approach and Data Collection

A case study design was a logical methodology based on the researcher’s constructionist paradigm of inquiry. A case study method is appropriate for addressing a contemporary phenomenon in a real-life context (Merriam, 1998, Yin, 2003). The leadership programme that was the basis of this study fits this criterion as an on-going programme. Thus, the researcher drew from participants’ constructed knowledge and understanding of situations and events related to the development and roll out of the programme. These participants’ constructed knowledge and experiences provided thick descriptive data, which contributed to a better understanding of the phenomenon (Merriam, 1998). The researcher interviewed and surveyed participants who had been or were currently...
immersed in the leadership development programme as participants, sponsors or as part of the HR team. From this data the researcher elicited deeper meaning of the phenomenon. The researcher’s constructionist paradigm of inquiry also influenced the methods of data collection. The researcher was aware that research participants would have differing personal paradigms and attain knowledge in a variety of ways based on their experiences and interpretations – even in relation to the same phenomenon. A constructionist perspective is useful for capturing participants’ constructed knowledge and experiences.

Choosing the leadership programme as the case study allowed the researcher access to participants’ perspectives based on their distinct knowledge and experience. Although the research purpose and question drive the methodology and methods, the underlying philosophical framework guided the study approach.

4.2.2 Effects of a Constructionist Perspective on the Data Interpretation Process

The constructionist position of the researcher shaped the data interpretation process. A clear interaction between the constructed knowledge of the participants and the researcher existed over the duration of the research. The various study participants reported their stories based on their personal perceptions of reality. Similarly, the researcher interpreted these responses to identify meaning through the voices of the participants. As Rubin & Rubin (2005) point out, interpretive constructionists focus on the specifics and the detailed and they try to build understanding based on those specifics. A constructionist research design includes their descriptions, triangulation and peer examination to mitigate possible shifts in meaning. The researcher in this study did not set out to find support for a hypothesis but instead sought to interpret the shared experiences of study participants.

4.3 The Subjective Position of the Research

A researcher’s qualities, characteristics and experiences affect the results of a research study (Peshkin, 2001). A researcher must strive for neutrality and impartiality. ‘Scholars must state beforehand their prior interpretations of the phenomenon being investigated’ (Patton, 1990: 476). Bias can impact the results and therefore a researcher must make every effort to recognise how bias might be introduced and develop plans to minimise its
effects. This researcher acknowledged three areas for which prior knowledge and experience had the potential for bias: philosophical framework, position and knowledge of content and knowledge of leadership development programmes.

First, because this research study was grounded in the researcher’s constructionist paradigm, the concepts of construction of knowledge applied to the study’s participants as well as the researcher (Green, 1992, Krauss, 2005). Participants related their personal experiences based on individually socially-constructed knowledge (Green, 1992, Krauss, 2005) and the researcher analysed participant’s responses under the same conditions. However, the researcher was aware that bias could be introduced because of the subjectivity of interpretation (Yin, 2003).

Second, given the position of the researcher, a major potential for bias existed. The researcher had a strong personal interest in the leadership development programme and had a deep understanding of the organisational and political context. The researcher recognised that having prior knowledge of these issues and his position within the organisation, could insert bias if the perceptions of study participants differed from those known by the researcher (Rampolla and Howard, 2004).

Third, the researcher’s knowledge of leadership and leadership development programmes in general, and the leadership programme that was the focus of this study, might inject bias. Given the researcher’s position in the organisation, he was familiar with effective leadership characteristics and development methods. Furthermore, the researcher had access to a variety of documents related to the programme including: the purpose and mission of the programme, the work histories and competence of participants, the design of the programme content and the various assessments and evaluations undertaken on the programme.

Having knowledge of the characteristics of effective leadership programmes could introduce bias into the study. The researcher therefore sought to avoid projecting this prior knowledge into the theory or aligning the theory with prior assumptions. In order to avoid potential bias, the researcher utilised four techniques. First, the researcher acknowledged and noted areas of potential bias. The researcher also sought to keep an open mind. Second, the researcher utilised peer examination to check for interpretations
and the use of thorough research methods. Third, the researcher confirmed the accuracy of the survey data and interview transcripts. Fourth, data triangulation was used to ensure the credibility of the study.

4.4 The Research Design

Recognising the challenges in developing a methodology for what is a social science study, this investigation employed a single, bounded, exploratory, holistic and interpretative case study design. The overall approach is a qualitative one and the case study design has both significant strengths and limitations.

In order to select an appropriate research design, the purpose of the inquiry must be examined in detail. Robson (2002) identified a tripartite classification, which is commonly used for the exploration of the purpose of research, distinguishing between exploratory, descriptive and explanatory purposes (Table 1.1). He argued that:

“A particular study may be concerned with more than one purpose, possibly all three, but often one will predominate. The purpose may also change as the study proceeds.” (p. 28).

The purpose of this research was exploratory: a study to identify the processes and outcomes of a leadership development programme. According to Schutt, (2006: 14) exploratory research has as a goal to ‘learn what is going on here’ and has as its agenda the investigation of ‘social phenomena without explicit expectations’. This was important for this research study.

4.4.1 Qualitative Research Design

A qualitative research design has specific characteristics. A qualitative study, by definition and design, assumes that there are multiple realities – that the world is not an objective thing out there but a fiction of personal interaction and perception (Merriam, 1998: 17). Perception is based on individual’s beliefs and is subjective, which makes qualitative research appropriate within the constructionist paradigm. Additional characteristics of qualitative design include an emphasis on process rather than end
product, on interpreting a phenomenon rather than measuring it, and on querying the phenomenon of study through speculation (Boyatzis, 1998, Crotty, 1998, Merriam, 1998).

Qualitative research focuses on the phenomenon in a holistic manner, which can provide greater depth of understanding (Lincoln and Guba, 1985, Merriam, 1998, Patton, 1990). Flexibility in a qualitative design is important for exploration of the phenomenon, and the design continues to evolve after data collection begins.

A qualitative research design provides a research method that accommodated this study’s theory-driven and theory emergent aspects. A qualitative research design was appropriate to extract rich descriptive data based on participants’ various realities and perceptions. A qualitative study was suitable for two additional reasons. First, a qualitative research design supported the researcher’s constructionist paradigm of inquiry. Study participants related their knowledge and experiences concerning the leadership development programme in terms of their personal perspectives or paradigms, so multiple views and voices of the study’s participants were collected and interpreted through the constructed knowledge of the researcher (Merriam, 1998).

Second, a qualitative research design accommodated both deductive and inductive reasoning. Deductive methods inform which data to collect to provide evidence of the theory.

“A major reason for the popularity and relevance of theory building from case studies is that it is one of the best (if not the best) of the bridges from rich qualitative evidence to mainstream deductive research. Its emphasis on developing constructs, measures and testable theoretical propositions makes inductive case research consistent with the emphasis on testable theory within mainstream deductive research. In fact, inductive and deductive logics are mirrors of one another, with inductive theory building from cases producing new theory from data and deductive theory testing completing the cycle by using data to test theory.” (Eisenhardt and Graebner, 2007: 17).

Inductive reasoning was applied during the data analysis phase to construct potential new theory. ‘The (new) theory is emergent in the sense that it is situated in and developed by recognising patterns of relationships among constructs within and across cases and their
underlying logical arguments' (Eisenhardt and Graebner, 2007: 25). Although this study was structured based on existing theory, the empirical data that resulted from a qualitative design best illuminated the complex processes that underpinned the leadership development programme.

4.4.2 Case Study Research Design

Case study research design provides a fitting approach when there is little control over the research subject and the focus is contemporary (Yin, 2003). This study employed a single, bounded, explanatory, holistic and interpretive case study design.

First, the case study design was of a single, bounded and particularistic phenomenon. The leadership development programme studied took place within a particular organisation. ‘If the phenomenon you are interested in studying is not intrinsically bounded, it is not a case’ (Merriam, 1998: 27). This means that boundaries exist in terms of the number of individuals to be interviewed and the amount of time available for observations. Merriam (1998: 29) considered the concept of particularistic to be synonymous with bounded if the case focuses ‘on a particular situation, event, programme or phenomenon,’ illuminating the dimensions of a problem or situation. Using this application, a bounded or particularistic case study was appropriate because ‘the case represents an extreme case or a unique case’ (Yin, 2003: 40). Through the study of a single programme, in a single organisation with multiple cohorts over a seven-year period on two continents, the potential existed to develop a greater depth of meaning and analysis.

Second, the project used an explanatory case study design (Yin, 2003). In a non-experimental study, an explanatory case design approach is useful to derive a description or explanation of the phenomenon (Merriam, 1998). An explanatory design was appropriate because the study sought answers to ‘what’ (Merriam, 1998, Yin, 2003).

Third, a holistic case study was suitable for this study because the unit of analysis was a single programme as a whole rather than multiple aspects, and the research questions focused on a single set of outcomes (Patton, 1990). When a study addresses the ‘global nature of an organisation or of a programme’ a holistic design can be used (Yin, 2003: 43).
Fourth, an interpretive case study design applied to this research (Merriam, 1998) and aligned with a constructionist paradigm of inquiry (Crotty, 1998). Through interpretation of the data, new light is shed on old ideas, or new ways of looking at a phenomenon emerge, providing rich, thick descriptions (Merriam, 1998). An interpretive lens was ideal for understanding the leadership development programme and its outcomes; the researcher was able to study the development and implementation of the programme through the operationalised theoretical framework.

The researcher had no control over the phenomenon of study and the programme of study was unique, a case study research design was suitable. A single, bounded, explanatory, holistic and interpretive case study design was appropriate for addressing the research problem and answering the research questions. The study was single and holistic and viewed the programme in its entirety instead of its component parts. The study was bounded through limitations of scope and time. Employing an interpretive lens contributed to the researcher’s understanding of the participants’ constructed knowledge and experiences, which in turn, provided rich, thick description.

4.4.3 Strengths of Case Study Research Design

Case study research designs have three strengths. First, a case study provides rich, thick descriptive data of a real-life phenomenon (Merriam, 1998). The particular leadership development programme studied is an active leadership development programme, and through the use of questionnaires, other participant data and an in-depth interview process, rich data were obtained to gain a deeper understanding of the complex phenomenon. Second, a well-planned and executed research design advances the credibility of the study. Using a single, bounded, explanatory, holistic and interpretive case study design reflected this strength. Through the combination of these dimensions, the researcher drew a more complete picture of the programme. Third, case study researchers have little control over the research subject (Merriam, 1998). This was advantageous for studying the programme because it allowed the experiences and views of the participants to emerge. Even though each participant answered the same questions (discussed later in this chapter), the responses were distinctive and provided great depth of meaning.
4.4.4 Limitations of Case Study Method Research Design

Even though a case study research design was appropriate for the study of this programme, case studies have limitations. First, researchers using single case study design may be inclined to think too abstractly or suffer from objective shift (Yin, 2003). In other words, because there is no other case by which to compare and contrast data and conclusions, the researcher may miss data or end up answering different research questions. Having limited knowledge of and practice with the research process, first-time researchers may compromise a study – not only through the process but also through the researcher’s subjectivity (Merriam, 1998). Through review by the researcher’s supervising committee, any shift in focus, abstract thinking, or improper research methods were addressed. Also, the use of three different theoretical lenses for analysis of the phenomena lessened researcher bias and abstract thinking.

Second, case study research can also be limited by the researcher’s time and money. For instance, case studies that include numerous interviews with participants from various geographic areas may require many hours to conduct and incur expenses for travel. The expenses for travel for this study were minimal because the researcher carried out most of the investigative work using on-line surveys and telephone interviews. Face-to-face interaction, when required was combined with other company meetings, minimising the need for additional travel. In addition, the time constraints of follow-up procedures were mitigated through the use of email and supplementary telephone communications.

Third, a researcher may exhibit unethical practices (Merriam, 2001). Unethical practices may include the researcher’s selective use of data to support perceived conclusions. Possible conflicts of interest exist if the researcher is conducting research for those who have direct influence over the project. In addition, the researcher may exhibit bias, which skews the findings. The issue of researcher bias was mitigated through the use of peer examination and member checks. Furthermore, the researcher’s committee reviewed the findings.

Fourth, the lack of generalisability may be interpreted by some as a limitation. This contributes to the notion that case study research designs are imprecise and subjective. Because the focus of this study was interpretive, generalisability of findings was not a
goal; the goal was to expand knowledge and provide deeper meaning. Adherence to the researcher’s theoretical perspective strengthened the entire process.

4.5 The Industrial and Organisational Context of the Programme

This section provides a holistic and detailed understanding of the context for the programme studied. It focuses on four dimensions of content: the macro and industrial context, the competitive context and the performance of the organisation.

4.5.1 The Macro and Industry Context of Leadership Development

The construction sector can be divided into two broad categories of activity: contracting and supply. Contracting and speculative development involves the building of houses, factories, offices, roads and other infrastructure. It often requires considerable capital investment in land and a high degree of risk and volatility in earnings. By contrast, the supply of building materials, where CRH operates, has tended to be somewhat more stable in the past but at the same time is highly dependent on the contracting sector as its customer base (Datamonitor, 2005). CRH participates in this sector and is involved in the manufacture and supply of materials for the construction industry:

- Primary materials: (cement, aggregates, readymixed concrete);
- Building products: sometimes further sub-divided into “heavy-side” products which are used in the earlier stages of the building process (precast concrete and blocks, bricks, glass, plasterboard and roofing products); and “light-side” products used in finishing (primarily sanitary ware and heating products);
- Merchanting / Distribution: involving the wholesale and retail distribution of products and materials to building contractors and the general public.

In terms of product end-use, the building materials industry can be broken down into new-build and repair, maintenance & improvement (RMI). The new-build category can be further categorised into residential/housing, commercial/industrial and infrastructure (roads and other public works).
Building materials is a cyclical business. The materials and products produced are largely commodities, with little proprietary technology and are often subject to intense price-based competition. Construction is an activity that enjoys rapid growth when an economy is modernising and the population is rising. By contrast, once economies attain a steady state level of economic activity and a stable population, the sector matures.

Building materials and products are, by and large, characterised by a high weight to value ratio. As a result, high transport costs can outweigh economies of scale and determine the radius of profitable activity and, therefore, of competition. In many cases, the effective operational range of a business can be one hundred km or less. In addition, markets tend to be local, regional or at most national in nature due to differences in building regulations, in business practices and in product standards. In such circumstances, it is not surprising to find a large number of small and medium sized firms, often privately-owned and with a sizeable proportion of these family-run.

Notwithstanding the traditional nature of the industry, a number of large, international building materials companies have emerged over time. Such companies typically used the base of a leading position in their local market as a springboard to expand into other regions and areas of activity.

4.5.2 Industry Positioning and Competitors

In mid-2010, as can be seen on the chart of industry peers below (fig. 4.1), CRH was positioned in the top tier of the global building materials industry. When measured by enterprise value (EU), the company was ranked 6th after St. Gobain, Lafarge, Cemex, Heidelberg and Holcim. This ranking increased to 3rd by market capitalisation due to the greater debt burden carried by the other tier 1 companies.

The second tier of the industry with enterprise values of ≤ €15 billion consists of international companies such as Wolseley, largely involved in distribution and headquartered in the UK, Italcementi which focuses on southern Europe and the Mediterranean basin as well as the 2 leading US aggregates, asphalt and readymixed concrete businesses of Vulcan and Martin Marietta. Rinker, with extensive operations in the US also formed part of this tier of the industry until it was acquired by Cemex for
over $14.7 billion in 2006. Other notable deals impacting second tier companies in recent years included the acquisition of Aggregate Industries by Holcim in 2005 and the takeover of Hanson by Heidelberg in 2006.

A third tier of companies in the €2-10 billion EV range may become acquisition targets for the tier 1 companies in the future as the sector’s performance improves unless they can create a specialist niches (geographic/product focus) which affords a competitive advantage or alternatively if they can increase their scale and move into the second tier making them more difficult to absorb.

Saint-Gobain and Lafarge and Holcim have been active long-term acquirers of companies. They have focussed on a regular flow of mid-sized deals with the occasional “large” deal every few years. They have also committed significant sums annually to capital investment for increased capacity and efficiency to support organic growth. St Gobain’s landmark deals include Meyer in 2000, BPB in early 2006 and Maxit in 2007. Redland in 1997 and Blue Circle in 2001 and Orascom in 2008 represent similar large deals for Lafarge. In mid-2010, these two companies were ranked no.1 and no.2 respectively with Holcim a very close third. These large deals at multiples of 7-10 times EBITDA have significantly weakened the balance sheets of the other first tier companies in the industry. Cemex has been particularly badly affected after completing two large deals, RMC in 2004/5 and Rinker in 2006 at the top of the market.
Industry balance sheets have been weakened by the high levels of investment and acquisition by all of the leading companies at the peak of the cycle between 2005 and 2008 and apart from CRH, no other company has sufficient resources to embark on a major acquisition programme in the 2010-2012 period.

4.5.2.1 Saint-Gobain

Saint-Gobain is the largest company in the industry with an enterprise value in March 2010 of €28 billion. (Saint-Gobain, 2010, JPMorgan, 2006, One_Source, 2010b, Woerner, 2010, Datamonitor, 2009c, Kagerer, 2010a) The company has an extensive global reach with sales in 2009 of approximately €38 billion and EBITDA of close to €4 billion. With operations in 60 countries, St. Gobain employs over 180,000 people. The group has its origins in France where it was traditionally associated with the glass business and the distribution of building materials. These two sectors now represent 40% of sales and it has diversified, mainly by acquisition into construction products, high performance materials and packaging. In 2005, St. Gobain completed its largest acquisition to date when it took over the world’s no.1 plasterboard manufacturer BPB and bought Maxit from Heidelberg Cement in 2007 for €2.09 billion, doubling the size of its industrial mortar business. The group makes 70% of its profits in Western Europe where the outlook for growth in the 2010 to 2012 period is relatively weak but underpinned by a strong innovation culture (De Chalandar, 2010).
4.5.2.2 Lafarge

Lafarge is the world’s largest cement manufacturer with control over 200 million tonnes of capacity. Global sales in 2009 amounted to €15.9 billion with an EBITDA of €3.6 billion (Lafont, 2010, Bachmann, 2010, Kagerer, 2010b, OneSource, 2010a, Datamonitor, 2009b). The company employs over 84,000 people in 79 countries and is headquartered in France. It has a global presence across 4 divisions. A key feature of Lafarge is its geographic balance between mature and developing markets and its strong positions across the heavy building materials supply chain. Its leading position in cement is complimented by a top three ranking in the global aggregates and readymixed concrete hierarchy. The company’s strategy is focused on growth in its core businesses and its CEO Bernard Lafont has articulated the need for high calibre well educated people across the business to deliver results (Rudis, 2006). Lafarge sold its underperforming roofing business in 2007 to the PAI Partners investment fund to concentrate on its core activities but the acquisition of Egyptian cement producer Orascom in 2008 for $10.2 billion has significantly increased its debt burden, limiting short and medium term growth opportunities.

4.5.2.3 Holcim

Holcim is the world’s second largest cement company. Headquartered near Zurich in Switzerland, Holcim has the broadest geographic spread in the industry through a combination of wholly owned subsidiaries and an extensive network of joint ventures and minority shareholdings. Sales in 2009 amounted to €12 billion with an EBITDA of approximately €3 billion. Despite the appointment of a new chief executive from outside the group in 2002, the founding family still retains significant influence.

Holcim employs 60,000 people in 70 countries and up to 2005, would have been considered a pure cement company (ABN-AMRO, 2006, Holcim, 2006). The acquisition of Aggregate Industries, a UK headquartered international aggregates, concrete and asphalt business for €3.3 billion, represented a noticeable change in strategic direction and provided significant positions in downstream businesses particularly in the US and UK. The company’s development focus up to then had predominantly been on cement.
Holcim has been active in emerging markets since the 1930s and has achieved a high degree of vertical integration in its more mature markets.

Holcim’s operations are well spread between the emerging markets, Europe and North America. The company’s excellent geographical diversification with revenues coming from different continents and its low dependence on its home market in Switzerland will continue to help it mitigate the cyclical nature of the global building materials industry. Developing countries accounted for 60% of EBITDA in 2009.

4.5.2.4 Heidelberg Cement

Heidelberg Cement is the World’s fourth largest building materials company and is engaged in the production and distribution of cement, lime, aggregates and a range of downstream products such as ready mixed concrete, concrete products and sand lime bricks. It operates in 50 countries worldwide, employing 53,000 people and is headquartered in Germany (ABN-AMRO, 2006, OneSource, 2010a).

The business was founded in 1873 and became a publically quoted company in 1938. Its first major international acquisition was Lehigh Cement in the US in 1977. Heidelberg purchased the Scancem Group in 1999, giving it a more balanced international footprint and sold the Finnish businesses from this acquisition to CRH. While Europe and North America accounted for nearly 65% of earnings in 2009, it has also expanded its business in developing markets, entering China in 1995, Indonesia in 2001 and Ukraine in 2002 (Lehman, 2010).

In 2007 and 2008 the company sold a number of businesses including Maxit, its central African investments and its stake in Vicat. It bought the British building materials group Hanson for £8 billion in August 2007.

With sales of €11.1 billion and EBITDA of €2.1 billion in 2009, the company’s greatest risk in the 2010-2012 period is its heavy debt burden. The controlling Merckle family sold a substantial proportion of its stake in late 2009 in a major re-financing deal with its bankers. Net debt stood at €8.4 billion or 4 times EBITDA at the end of 2009 and the
focus of the company’s management over the next few years will remain on maximising cash flow to reduce debt (Filzak, 2010).

4.5.2.5 Cemex

Cemex’s origins are in Mexico where it grew from a family owned cement business to a major international building materials company in recent years (JP Morgan, 2005). Building on its leading position in its home market under the leadership of Lorenzo Zambrano (Sudip, 2003), whose grandfather founded the company, Cemex has undergone significant international expansion. In 2000, it acquired Southdown Cement in the US for $2.8 billion giving it a no. 3 position globally and providing the cash flow to fund further growth. It undertook a significant change in its strategic direction in 2004/05 when it took over RMC for €4.7 billion. This move considerably broadened Cemex’s base from being a purely cement player giving it platforms in downstream products such as readymixed concrete and concrete products. It also has a major impact on its geographical balance which prior to the RMC acquisition was predominantly in developing markets, the largest of which was its home base: Mexico. Cemex became the world’s no.1 readymixed concrete producer and established itself as one of the world’s top 10 aggregates companies with the acquisition of RMC and Rinker.

The acquisition of Rinker, a significant second tier company in the industry with strong market positions in Australia and the US for $14.7 billion at the peak of the industry cycle in 2007 severely weakened the company’s financial position. In early 2008, Cemex sold a 10% stake in the company to the Mexican telecoms operator Axtel and disposed of its Australian business to Holcim for $2.2 billion in 2009. The home market only represented 22% of sales in 2009 but remained critical to profitability returning 41% of the group’s EBITDA. Total sales in 2009 were $14.6 billion with an EBITDA of circa $ 2.66 billion. In common with other companies in the industry Cemex announced a $900 million programme to reduce costs across their global businesses and although it has taken measures to reduce its debt by some $2.9 billion in 2009, it remains heavily indebted and has announced its intention to dispose of further significant assets in an attempt to reduce its debt.

4.5.2.6 Vulcan
Over 60% of Vulcan’s sales in 2009 were from Aggregates, making it the largest aggregates producer in the United States (JPMorgan, 2006, Vulcan, 2010, Datamonitor, 2010d, OneSource, 2010b, Data, 2010). The company operates exclusively in North America and is particularly strong in the southern states of the US. California and Florida represented 36% of sales in 2008 at the peak of the cycle. The company operates 360 aggregate production and related facilities serving 21 US states and Mexico. It also operates 40 asphalt plants and 25 readymixed concrete facilities and employs 10,000 people. Proven reserves of 10 billion tonnes are particularly valuable strategic assets and are sufficient for over 50 years at current production rates. Vulcan’s business is evenly split between highways, other public sector, private housing and private commercial with sales in 2009 of approximately $3.5 billion. Highways share of sales declined somewhat in the period 2001 to 2005 as the housing and the commercial construction sector picked up in the US, but is expected to underpin the company’s performance in the 2010 – 2012 period while federal funds continue to stimulate this sector. Vulcan Materials acquired the assets of Florida Rock in 2007, its largest ever acquisition for $4.4 billion.

4.5.2.7 Martin Marietta

85% of Martin Marietta’s sales are from Aggregates and is the second largest producer in the US. As with Vulcan, the company operates exclusively in North America with 320 quarries and related distribution facilities in 28 US states, the Bahamas and Canada. It has a strong position in relation to reserves with over 10 billion tons. The company is organised into four divisions: Mideast, Northwest, Southeast and Southwest. It operates a major water-borne aggregates business, shipping 10% of its total product volumes along the Mississippi river and from Bahamas/Canada to various terminals along the East coast of the US. Martin Marietta has a high dependence on infrastructure projects at 46% of sales in 2005, increasing to 50% in 2008. Total volumes began to decline in mid-2006 as the US housing market weakened.

4.5.2.8 Wolseley

With sales at £14.4 billion in 2009, Wolseley is a significant player in the distribution business in Europe and North America. It has maintained a focus on its distribution businesses since its divestment of non-core activities. Engineering activities were disposed of in the late 1990s and it sold its manufacturing businesses in 2001. Wolseley
has a particular emphasis on heating & plumbing distribution which is a sector targeted by CRH only in recent years. The company has concentrated almost exclusively on the mature US and European markets and is particularly strong in its UK home base and in the US. The performance of the business has been severely impacted by the downturn in the industry and it reported an operating loss of £600 million in 2009 and launched a rights issue raising almost £1 billion (Wolseley, 2009). Further declines in revenue in the first quarter of its 2009-2010 financial year were reported (Wolseley, 2009a) and the outlook for the 2010-2012 period is weak as some 40% of its business depends on the US housing market.

4.5.3 Products & Geographical Spread

Although St. Gobain, Cemex, Lafarge, Holcim, Heidelberg and CRH are categorised as the six largest companies in the world in the building materials industry, their product and geographical profiles differ considerably (Fig 4.2). St. Gobain’s five product divisions are largely concentrated in mature markets in Europe and North America and its move into plasterboard with the acquisition of BPB in early 2006 has brought its “rest of world” exposure to 10%. Cemex, with its strong home base in Mexico has moved from having a limited exposure to Europe and North America in 1998 to a globally balanced position at the end of 2005. Lafarge’s geographic balance now looks very similar to that of Cemex, having acquired a range of cement interests throughout Asia following the take-over of Blue Circle in 2003 and Orascom in 2008. Holcim’s presence across the world is roughly equally divided between the Americas, Europe and the rest of the world and it holds particularly strong positions in Eastern Europe, Central and South America and Asia. Most of the second tier companies are more specialised with Wolseley focused entirely on distribution, Vulcan and Martin Marietta on heavy materials in the United States and Wienerberger on clay products. Five of the top six players have a significant position in heavy materials and cement. Saint-Gobain is the exception with a broader diversity of products. CRH is less diversified than Saint-Gobain but has developed a considerable variety of product platforms, and is more diversified than the other four first tier players. The heavy materials sector is already well consolidated and there has been a trend to larger takeovers such as the RMC, Rinker, Hanson and Aggregate industries deals. Private Equity presence has not been a significant feature in the heavy materials sector as
it is difficult to guarantee an easy exit, in contrast to the Products & Distribution sector where competition from such players for deals has intensified in recent years.

Fig. 4.2: Geographical Balance in the Global Building Materials Industry
(Source: CRH Annual Report 2009)

CRH has remained a predominantly developed market business up to 2006 with a roughly 50:50 spread between Europe and North America. An increased focus on Central and Eastern Europe and on the developing markets of India and China in recent years has changed the balance somewhat with the Americas representing about 45% of the business, Western Europe 40% and the rest of the World 15% at the end of 2009 (CRH, 2010).

Several of the top tier industry players all have a strong presence in emerging markets which provides significant future growth potential. Holcim and Cemex have the most balanced geographic profile, with one third of their organisations in the US, Europe and emerging markets. However recent large deals such as Holcim’s acquisition of Aggregate Industries and Cemex’s acquisitions of RMC and Rinker have seen a rebalancing of their respective portfolios towards more mature markets.

In terms of product balance, St.Gobain and CRH are the most diversified with Cemex, Lafarge, Heidelberg and Holcim depending largely on their heavy materials businesses.
From 1998 to 2007, St. Gobain has significantly grown its distribution businesses and Lafarge has increased the proportion of its business in the heavy materials segment through acquisitions and the sale of its roofing business in 2007. For CRH in this period there has been an expansion of the product and distribution businesses through a combination of organic growth, expansion of existing platforms through acquisition and the creation of new platforms such as construction accessories in both Europe and North America.

Companies with an emerging market profile have been rewarded by the market and enjoyed positive coverage, specifically Holcim’s presence in India and Lafarge’s positions in China. Emerging markets have taken on significant importance in the Building Materials sector as the key to growth in the short and medium term.

4.5.4 Performance

A comparison of performance over the last 10 years reveals CRH has having the fastest growth rate in earnings before interest and tax (EBIT) and as the only one of its peers which did not suffer a drop in earnings during the particularly difficult period for business in 2002 and 2003 following the dot.com crash and the 9/11 incidents in the US.

From 2002 to 2005, Cemex and Wolseley were the best performers; Lafarge was the worst performer and consequently lost 50% of its value on the stock market. CRH achieved modest gains, recording a similar performance to Holcim and Saint-Gobain. From 2003 to 2005, Cemex was the best performer with Wolseley a close second. Again Lafarge performed worst and CRH, Holcim and Saint-Gobain all achieved a similar level of growth. From 2004 to 2005, Cemex was the outstanding performer, more than doubling indexed share price following its takeover of RMC and the market’s view of how it managed the integration process.

Fig.4.3: 10-Year Earnings growth patterns in the Global Building Materials Industry (Source: CRH Annual Report 2009)
growth due to population and economic growth but also carry significantly higher risk profiles.

4.5.5 History, Growth and Development of CRH

CRH’s origins as a Group date from 1970. In that year, Roadstone; already a leading aggregates, readymixed concrete and building products company in Ireland, launched a bid for Irish Cement. When Readymix plc., a large UK building materials group, launched a counter bid, the two Irish groups agreed to merge. The new entity was named Cement Roadstone Holdings, which was subsequently re-branded as CRH. At the time, Group revenue was IR£21 million (€26.7 million) and pre-tax profits were IR£2 million (€2.5 million), 95% of which was generated in Ireland.

In the period from the formation of the group, CRH had six CEOs, all of whom were internal appointments: Tom Roche (1970-July 1974), Jim Culliton (July 1974-January 1988), Tony Barry (January 1988-October 1994), Don Godson (October 1994-December 1999) and Liam O’Mahony (January 2000-December 2008) and Myles Lee (January 2009 to date). Although part of a clear chain of succession within a consistent policy framework, each CEO had particular style and left his own legacy on the Group. During the Roche era, the merged group was put on a sound footing, building the foundations for future success. Jim Culliton enjoyed the longest tenure and during his leadership the group advanced strongly, capitalising on a boom in Irish construction during the 1970s and embarking on acquisition-led expansion overseas. The Barry stewardship was characterised by consolidating and building on previous success and by a move into several new product areas and regions. Under Don Godson CRH continued to enjoy considerable success on the back of an increased level of acquisition activity, particularly in the US. At the same time, Don Godson led the move towards a greater articulation of strategy and a more product (as opposed to geographic) focus, establishing the basis for the organisation structure which prevails today. Liam O’Mahony’s tenure has been characterised by a further period of growth with traditional small and mid-sized deals being supplemented with an increasing number of acquisitions with price tags of over €250 million. During this period, the central business development function was significantly strengthened and concentrated on establishing a CRH presence in regions beyond its traditional reach such as India and China. This was also a period when the
organisation was prepared for the retirement of the remaining “founding fathers”, and for the next phase of growth. Myles Lee took over as CEO at the beginning of 2009 as the recession which began earlier in the US became a global phenomenon. His tenure to date has been marked by a focus on cost reduction, cash generation and preparing the organisation for recovery with a particular focus on talent management and leadership development (Lee, 2010c).

4.5.5.1 Strategy

CRH’s growth and development has been based on a clear, explicit and unambiguous strategy from its foundation. Although it has evolved somewhat over time, the Group’s strategic direction has remained consistent since CRH’s first push into overseas markets in the 1970s. The CRH strategic vision as outlined in successive annual reports is to: “be a responsible international leader in building materials, delivering superior performance and growth” (CRH, 2006b).

A key factor in achieving this is the group’s ability to generate a continuous flow of value-added acquisitions of mid-sized companies enjoying or having the potential to achieve leadership positions in their markets. This is supported by substantial post-acquisition interventions leading to improvement in performance using the products, management and resources of the group.

Strategy is implemented within a framework of balanced product, geographic and sectoral spread. It is delivered through a federally devolved structure, a healthy mix and depth of management, strong corporate values, a focus on performance measurement and prudent financial management.

Another noteworthy aspect of CRH’s activities is its product, geographic and sectoral balance, which has been deliberately nurtured and developed during its expansion since the 1970s. CRH had a broad spread of businesses across materials, building products and distribution. By end-use, CRH maintains equilibrium between new build and RMI and between residential, commercial and infrastructural activities.
Acquisitions (and their subsequent value-enhancing integration into the Group) remain the primary engine of growth and success for CRH. The Group’s acquisition programme was based on a well-honed formula, the primary elements of which are:

- Identify small and medium-sized companies, particularly those which are privately-owned and many of which are family-run.
- Assess the suitability and cultural fit of businesses prior to purchase, often involving a long courtship.
- Acquire firms which are well-run, can be added-on to one or more existing Group businesses or form the foundation for building new platforms in their regions or product areas.
- Where possible, conclude agreed deals on terms which meet the needs of sellers and CRH. (This approach served to minimise instances of hostile takeovers).
- As far as possible, retain owner-vendors and existing management in the acquired businesses.
- Offer real incentives for achievement of agreed and challenging post-acquisition and integration targets.

To implement its development strategy, CRH has 14 development teams, spread across the Group in different product areas with one at group headquarters. The entire Group management is focused to some degree on the acquisition process. There is a significant involvement of local, regional, product group and corporate management in identifying, negotiating, completing and integrating acquisitions.

In response to the global downturn in the construction industry, acquisition activity was severely curtailed from mid-2008 until the early part of 2010 and many of the business development teams were re-deployed to implement a series of operational excellence programmes across the Group. At one point in March 2002, the group had over 150 highly skilled development and technical specialists engaged on such projects in Europe, Asia and North America.
4.5.5.2 Management of Operations

CRH's management of existing operations forms the template for the integration of acquired businesses. A strongly performance-oriented approach to managing operations has been in place in the Group since its foundation. The Group sees measurement as a driver of strategy in its own right and as a contributor to margin improvement and earnings growth. There is a strong belief within CRH in trust, earned on the basis of performance and backed up by reliable measurement. This allows the individual businesses to function effectively, staying close to their customers, with the freedom to operate autonomously in a decentralised, supportive but tightly controlled organisation structure.

Strategic planning and budgeting is a formalised and deeply ingrained activity. Standard performance indicators are specified for all entities, embracing financial and operational output measures. Performance measurement is similarly formal and rigorous. As a consequence, control of operations is particularly strong in CRH. Poor performance in any part of the group can be quickly identified, enabling corrective measures to be put in place. Cross-subsidisation of underperforming operations is not considered appropriate. If a business does not measure up to required standards of performance, CRH will support local management in its efforts to turn the situation around but will ultimately sell or close the business if returns continue to be unsatisfactory.

High profile disposals are a rarity for CRH and have largely been prompted by strategic factors rather than performance issues. Examples include the sale of Keyline in the UK in 1999 and the decision not to take up an option to increase its stake in Nesher Cement in Israel from 25% to 50% in 2003. A re-evaluation of the Building Products portfolio in Europe was carried out in 2009 and led to a decision to sell the Group's insulation and daylight and ventilation businesses to provide the necessary financial capacity to grow further in core areas of activity.

The Group's reliance on performance measurement is reflected in its approach to organic growth and its commitment to the continuous improvement of existing operations. Products and processes are continually evaluated and re-engineered to yield high returns, primarily by achieving greater efficiencies and producing higher volumes where market
conditions permit. An on-going programme of development investment, incorporating new plant, capacity extensions and major plant upgrades is an integral part of the annual budget.

4.5.5.3 Management of Human Resources

Since its inception in 1970, CRH had enjoyed stability and continuity of management. When the author joined the Group, the Chairman and five serving executives directors as of 1999 (CEO, Finance Director and Managing Directors of the three product groups) had all joined CRH at or before formation and spent virtually their entire careers working for the Group. Together they had a wide variety of experience at different levels and in different areas of the Group totalling almost 200 years. With the exception of Harry Sheridan, the Finance Director, the other senior leaders all had scientific or engineering backgrounds. In most cases their technical credentials were supplemented by formal post-graduate business education. At that time, senior management was entirely Irish by nationality. At the level below senior management, however, a number of managers of either product areas or regions were drawn from various countries, reflecting the geographic expansion of CRH’s activities over the preceding 20 years.

This point in time marks the beginning of the transition at senior level. The retirement of Don Godson as CEO and the appointment of Liam O’Mahony as his successor from January 2000 provided the opportunity to divide the American business into 2 divisions and bring the first non-Irish people onto the CRH board. John Wittstock and Tom Hill took responsibility for the Products and Distribution and Materials divisions respectively and were appointed to the board one year later. The retirement of Brian Griffin from his position as MD of Europe Materials led to his replacement by Declan Doyle, who started his career in Irish Cement in 1969 and had a thorough grounding in all aspects of the European materials business. Harry Sheridan retired in 2004, paving the way for Myles Lee, a long serving member of the team in the Group’s Belgard Castle headquarters to take up the role of Finance Director.

Joe McCullough was transferred from the US, where he had successfully built up the Architectural Products Group (APG) in the Americas P&D divisions to lead an initiative in new regions as Group Development Director. Two years later, on the retirement of
Brian Hill, long time MD of the Europe P&D division and his replacement with John Wittstock, Joe McCullough returned to the US as CEO of the Products and Distribution division there. This was seen both internally and externally as a bold move – bringing an American executive across the Atlantic to run a major European division. John’s appointment led to speculation that he was the most likely successor to Liam O’Mahony as CEO. In reality he was one of 3 likely candidates but he clearly enhanced the breadth of his experience by crossing the Atlantic to take on the largest and most complex of the Group’s four divisions. Unfortunately John became ill during his stay in the Netherlands and had to return to the US for treatment. Liam Hughes, another long serving CRH executive, took over from John Wittstock in an acting capacity during his illness before the appointment of Máirtín Clarke, another Irish engineer, who had started his career in Irish Cement, moved to the Dutch Clay Products business in the 1980s and had run the Group’s South American operations in the 1990s to the position in September 2006.

Liam O’Mahony was succeeded as CEO on his retirement on 31st December 2008 by Myles Lee. His selection from a pool of four internal candidates and the selection of his successor in the Group Finance Director role resulted from a rigorous process which included psychometric testing and structured interviews supported by industrial psychologists (Golden, 2008a). It was the first time that a CEO with a finance background was appointed and paved the way for the selection of Glenn Culpepper, the Group’s first non-Irish Finance Director shortly afterwards.

In early 2010, two senior executives left the organisation. Máirtín Clarke announced his intention to resign for personal reasons in May, and in his exit interviews gave the reason as a desire to do something different as he saw no prospect of becoming CEO and did not want to spend another seven years in the same role until his retirement. Glenn Culpepper resigned a month later as his family had not adapted well to their move across the Atlantic. Both were succeeded by internal candidates, and the international diversity of the senior team was maintained with Erik Bax, a Dutch national and long-serving CRH manager taking over the responsibility for Europe P&D and Maeve Carton, an Irish chartered accountant and member of the Group Finance team becoming CRH’s first female Finance Director.
A key strength and a driver of strategy throughout CRH's history has been the quality of its people. The Group's managers are drawn from three sources: owner-entrepreneurs who joined with their companies, internally developed managers who initially joined individual operating companies, and highly qualified development professionals with, more often than not, post-graduate business qualifications. The depth and mix provided by these different backgrounds creates a unique dynamic and is a source of vitality. In addition to the requisite skills and/or business potential, aspiring CRH managers are expected to be self-starters and in particular, team players. Motivation, fit and teamwork are emphasised in the recruitment process, which though sometimes supported by psychometric tests, is largely interview based, exposing the candidates to a number of peers as well as more senior people during the process. This is seen as important to ensure that other team members feel confident that the candidate is suited to the role (and hopefully more). In addition it permits the candidate to learn more about CRH and its people before making the decision to join the organisation.

CRH's development and deployment of managers is aligned to its overall management philosophy. Graduates employed by operating companies are rotated across product areas and locations to broaden their experience base. Practical considerations make it more difficult to move people frequently as their careers develop but a number of formal and informal exchange programmes exist to ensure that high potentials achieve a balance of technical, commercial and people management exposure in their early careers. For those who join the Group through a Business Development role, there is ample opportunity to become familiar with a range of businesses and broaden perspectives on strategic issues in particular. For a great many this has ultimately led to "hands-on" experience through early operational and profit responsibility. The 14 development teams have provided a rich source of potential future line managers. Two of the last three CEOs, Don Godson and Liam O'Mahony, started their CRH careers in business development positions. Of the Group's 80,000 employees, less than 100 work in the Group's headquarters in Dublin. A further 15 to 30 people work in each of the four divisional headquarters in Europe and North America, giving CRH the leanest management structure in the industry. Promotion to senior positions has been almost entirely from within the existing management pool. The Group's expansion over the years has provided many opportunities for individual advancement and the talent pool has been augmented by the stream of high quality...
acquisitions, by home grown managers and by recruitment of junior and occasionally some more senior development professionals.

4.5.5.4 Structure

CRH has always operated a federal structure, consisting of a small central headquarters and local entities with devolved operational responsibility and decision-making. The federal structure has been a consistent feature of CRH’s organisation over time, the nature of this structure has continued to evolve as the Group has grown. Until the late 1970s, when the Group’s activities were largely confined to Ireland, CRH operated effectively as a single country entity with direct contact between senior corporate management and the managers of the various Irish product-based profit centres. This changed when the process of international expansion became established and CRH evolved into a multinational group. The structure became geographically based, with country managers in Europe and regional managers in the case of the US, having management and operational responsibility for businesses in their geographical area.

A further change took place in two stages in the 1990s to a broadly product-based structure. In 1991, Don Godson reorganised the Group’s US operations into four major product areas: materials, precast concrete, architectural products, glass. Distribution was added as a separate product area with the acquisition of Allied Building Products in 1996. Each product area was provided with dedicated development resources to provide a new stimulus for growth. In 1998, the outstanding performance of the US had demonstrated the benefits of this approach and a similar reorganisation was put in place in Europe in 1998. The new structure comprised two groups of comparable size. These were the Europe Materials division, consisting of primary materials and related products and located in Ireland, Spain and Poland, and a Europe Products and Distribution division, with operations in the Benelux, Britain, Germany, France, Portugal and Ireland. The European P&D group was organised across national boundaries into four product groups: Concrete, Clay, Building Products and Distribution. A country structure was retained within the Europe - Materials. The objectives of this product-based reorganisation were to intensify the focus for business development for greater acquisition, investment and capital project activity and to facilitate the sharing of experiences and best practices.
also created opportunities for managers to broaden their experiences across national frontiers.

This structure has served the business well and allowed the integration of new business segments such as Construction Accessories into the European Building Products Group and the establishment of an additional product group in the US following the acquisition of MMI in 2006. It has also allowed the Europe Materials Division to support the development of new cement and downstream businesses in India and China until these businesses achieve the critical mass necessary to sustain a separate Asian or Rest-of-World division.

**Fig. 4.5: CRH Group Structure**

Within CRH’s structure, the corporate centre provides the normal functional services such as accounting, treasury, technical support, human resources and investor relations. In addition to the traditional evaluation and control function, financial performance measures and resource allocation and strategic direction, the centre also provides the framework for operational behaviour by clearly articulating CRH’s vision and strategy drivers, by nurturing and developing a strong corporate culture and by its decisions in relation to the deployment and promotion of senior managers.
Despite the fact that it is geographically dispersed over 35 countries and operates across numerous product areas, CRH had a robust corporate culture. The "Federal Group" strategy driver states that, within the Group, 'people and companies share a common purpose and set of values, with dual citizenship and responsibilities as members of CRH and of their own local companies' (CRH, 2003a). This concept of dual citizenship is well established across the Group and regularly articulated in Leadership Development programmes and management meetings. There is significant variation across the Group reflecting national characteristics, differences arising from bringing acquired companies together and although no single group culture predominates, key features like performance orientation and a no-nonsense approach are widely evident.

CRH operates a number of mechanisms to re-enforce the group culture. The mantra of 'Performance and Growth' is ever-present on company literature and presentation material. CRH's vision, strategy and core values are widely disseminated throughout the organisation. A CRH Code of Conduct has been adopted by the board and distributed widely across the organisation and to newly recruited managers. This code is available in 19 languages and is published in English on the CRH website. Activities such as manager rotation, formal best practice exchange and benchmarking programmes are operational manifestations of corporate values and provide opportunities for interaction. Important vehicles for senior managers include the gathering in Dublin each May for the Group's AGM and the annual strategic management seminar at the end of January, also held in Ireland. This event provides up to 70 senior leaders at CRH with the opportunity to get to know one another better and to get together and debate strategy, based around a particular theme to which the seminar was dedicated. Topics debated during these management seminars included customer service, the acquisition process, Group IT strategy, human resources planning, and continuous improvement best practice around the core subject of the five-year strategic plan. The detailed agenda for the management seminar is developed in conjunction with the annual budgeting process to ensure maximum relevance to the business, and chairmen of planned breakout sessions and discussion groups are expected to engage with their groups well in advance of the seminar to ensure the highest level of participation and to achieve a meaningful output in the limited contact time available.
A key performance measurement tool used in CRH is Return on Net Assets (RONA) and on this basis CRH has also performed well in the last 10 years when compared to its peers. The 2004-2005 period saw some convergence in performance on this basis but CRH has remained in the lead. Greater competition for acquisitions and the need to pay higher multiples at the peak of the cycle in 2007-2008 have made it more difficult for the entire industry to maintain historical levels of RONA.
relations programme, CRH has consistently won awards for the transparency of its finances and the presentation of its financial statements (CRH, 2010b).

Another noteworthy aspect of CRH’s finances is its strong cash generation. On a per share basis, this has been on average more than 50% higher than Group EPS. A cash generative mentality permeates all operations and is central to the Group’s evaluation and control processes, for both new acquisitions and existing operations. CRH’s cash generation had been a major factor enabling it to fund its rapid and major expansion without compromising the principles of financial prudence (CRH, 2010).

4.6 The Programme Context

The programme that is the focus of this study must be understood in terms of the organisation’s HR systems, philosophy and organisation, its approach to leadership development. The programme that is the focus of this study is also detailed in this section.

4.6.1 HR Systems, Philosophy and Organisation

The Group Human Resources function was established in 1994 by the outgoing CEO Tony Barry shortly before his retirement and without the backing of his three divisional managing directors. The first holder of the position, Cliff Hilliard, had a difficult working relationship with the new CEO Don Godson and left the organisation in early 1998. The organisation culture at that time, dominated by fiercely independent and entrepreneurial business leaders, loosely connected in a federation of autonomous businesses made it very difficult to implement centrally driven initiatives (Moroney, 1999). The HR Director had a staff of one personal assistant with a limited budget and worked in an environment where ownership of talent was with the division or even the business unit despite the organisation having grown to a turnover of €6.7 billion in 18 countries employing 37,000 people. Sales reached €20 billion in 2008 but slipped back to €17.6 billion in 2009 in 35 countries due to the global recession. Employee numbers have also dropped from a peak of over 100,000 to 80,000 at the end of 2009 (CRH, 2010).
The author was recruited in early 1999 and joined the organisation in May of that year. The lack of a specific HR background, other than a two-year period as HR Director of a medium sized international business some years earlier could have presented some difficulty. This was however was balanced by the experience gained over 20 years in managing businesses in a range of people-intensive manufacturing industries in Ireland, Germany, France and the USA. This experience base facilitated communication with the business leaders in the organisation’s decentralised culture and helped gain credibility for the Group HR function in the critical early years.

Over the last decade, the central HR team has been expanded to six people and has led a number of key initiatives in talent management, leadership development, training, performance management, senior recruitment and selection, succession management and organisation development. It has also provided a range of other support services to the CEO and divisional managing directors / presidents (Golden, 2009).

The appointment of HR Directors in the four operating divisions between 2002 and 2006 with a clear functional link to Group has contributed significantly to progress and the ability to establish a comprehensive HR infrastructure and support service throughout the organisation. The responsibility of the divisional HR Directors is to act in partnership with the businesses in addressing and integrating HR activities with the Group’s key strategic themes and is outlined in detail in the Group HR Strategy (Golden and Stirling, 2003)

How HR operates in CRH is significantly influenced by the decentralised nature of the organisation (Potter, 2006). Much of the Group’s commercial success has been attributed to the strength and autonomy of entrepreneurial business managers in their markets (CRH, 2006). A comparatively lean Group Headquarters, employing less than 100 people has focused on financial reporting and analysis and Internal Audit with relatively small teams carrying out other functions such as Business Development, Investor Relations and Human Resources.

While the decentralised approach has resulted in differences between how individual divisions and business units deal with leadership and HR issues, there is a very close link between the business strategy and the HR strategy (Golden and Stirling, 2003) in each of
the four operating divisions and the Group as a whole. The alignment between the divisional HR strategies and the overall group HR strategy is considered moderate (Golden and Stirling, 2004) with US based divisions taking significantly more initiatives than their European counterparts (Golden, 2007b) and formalising their Talent Management Calendar in 2008 (Edge, 2008).

Senior line managers are strongly committed to developing leaders in their area of responsibility and understand the need to contribute to meeting the needs of the wider organisation (Mooney, 2004). They have however been somewhat slower to apply the same degree of rigour to HR processes as they do to financial and operations management. One example of this has been the introduction of a formal performance management system – Performance Plus+ in 2005 which took almost three years to penetrate to business manager level despite the full support of the CEO and Executive Committee. The consequence of this commitment based model of operation across the organisation is that significant time must be invested in aligning line managers to a strategy before attempting to implement it and that a certain amount of local variation must also be accepted.

4.6.1.1 Performance Management

A formal performance management process – ‘Performance Plus+’ was developed by the central HR team with consultancy support from Dr. Paul Mooney in 2005 with the intention of applying it to all levels of the organisation to operating company president/managing director (Golden, 2007a). Individual companies then had the option of using Performance Plus+ or an alternative system of their own within the operating company itself.

At the launch of the process, divisional Managing Directors were asked to supply a list to the CEO of people included in the process. While no formal follow-up was undertaken to review the extent of penetration of the process or its effectiveness, the phased introduction of Talent Management software – ‘Success Factors’ is providing good quality data on the status in North America. This quality of data will not be available in Europe and other parts of the World until 2012.
The inclusion of a regular 360° feedback component in the performance management system was considered as the process was being developed in 2004. While 360° feedback is used as a development tool in several parts of the organisation and in widespread use across leading global companies, it was decided not to incorporate it into the first phase roll-out of Performance Plus+, preferring to take a ‘one-step-at-a-time’ approach. It is an integral part of two Group-led Leadership Development Programmes, BLP and SMP. A modified version of this instrument was applied for the first time across the top 50 positions in the organisation in early 2008 with a plan to repeat and extend the exercise in the final quarter of 2011.

The 360° instruments used in 2008 for the top 50 leadership positions and for the Business Leadership Programme (BLP) were developed by Lane4 based on a generic model of leadership – Vision, Support, Challenge (Leonard, 2007). One useful feature of this questionnaire in addition to the quantitative rating provided is a set of qualitative data gathered by asking raters to record what the subject of the feedback should “stop”, “start” and “continue” to be a better leader. The data from 90 BLP participants has been examined and subjected to a content analysis (Harley, 2010) with a view to developing a set of leadership competencies more specific to CRH.

The performance management process is now firmly established across the organisation and is supported by training focusing on high impact coaching conversations organised by Group and Division HR and monitored through the Success Factors technology platform and reviewed by the CEO, COO and Group HRD as part of the 6-monthly Talent Management Reviews.

4.6.1.2 Leadership Development

CRH has traditionally been able to source its leadership talent from three distinct and complimentary streams:
- Grass-roots employees who have developed internally as managers and leaders and have the ambition and opportunity to grow beyond the operating unit which originally employed them
• Highly skilled and qualified professionals particularly in the fields of finance, engineering and business development – business builders with vision who prove themselves in functional roles before moving into senior management positions
• Owner-entrepreneurs who choose to remain with the organisation post-acquisition bringing a strong “can do” attitude and are willing to question the status quo

These three talent streams give CRH a unique blend of people with a healthy mix of skills and backgrounds. The organisation culture fosters a sense of individual responsibility within an open, vibrant and supportive environment to achieve ‘performance and growth’ for both the organisation and its employees (CRH, 2010). CRH is widely regarded by the investor community as having top class management and the Group has always believed that its people provide a significant competitive advantage and key to outperforming its peers in the last four decades.

The primary focus of the Group HR team and the divisional HR Directors has been to maintain a strong flow of high potential leaders at critical levels of the leadership pipeline:

• At Group Manager level: to develop a pool of leaders with the strategic and operational capability of leading the organisation as its scale and complexity increases at a rate of up to 15% per year.
• At Business manager level: to ensure the organisation has the capacity to perform and grow both organically and by integrating acquisitions in support of the Group strategy.
• At Functional Manager level: to identify and develop the future Business and Group managers while delivering operational and commercial excellence contributing to shareholder value.

While the HR Group takes responsibility for running a range of leadership development initiatives and for implementing a global talent management system, there is a clear expectation that the individual must take ultimate responsibility for their own development and that the person’s boss or sponsor must also play an integral part in the process. This is not unlike the model proposed by Beardwell and Holden (1994) but with
the individual taking ultimate responsibility, the boss or sponsor being deeply involved and the HR department in a supporting role.

4.6.1.3 Formal Leadership Development and Training

The group’s approach to formal leadership development and training is based on its decentralised structure and culture. Individual operating companies and product groups or regional groups have the responsibility of providing the necessary training for their employees and managers to meet the short and medium term needs of their particular businesses effectively. Group Human Resources focus more on future needs and the development of people with potential to take up roles in the wider organisation (Golden and Stirling, 2003, Golden and Stirling, 2004). This involves running programmes at three levels, the qualifying criteria for which are outlined in fig. 4.5. The CRH Management Development Programme (MDP) is aimed at emerging talent identified by the divisions on the basis of their performance to date and perceived potential to move up the Leadership Pipeline from their current level of individual contributor or manager of managers. The Strategic Management programme (SMP) aimed at functional managers and business managers with potential to grow and the Business Leadership Programme (BLP) is the focus of this study and is a comprehensive year-long, part-time initiative limited to 12-15 participants. The programme’s main features include assessment, tuition over four modules, opportunities for peer networking, significant coaching inputs as well as the involvement of senior management.
Fig 4.6 Selection guidelines for Group Sponsored Leadership Development programmes

<table>
<thead>
<tr>
<th>Qualifying Criteria – Guidelines</th>
<th>CRH Management Development Programme MDP</th>
<th>CRH Strategic Management Programme SMP</th>
<th>CRH Business Leadership Programme BLP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Education</td>
<td>Primary degree or equivalent.</td>
<td>Primary degree or equivalent.</td>
<td>Primary degree or equivalent.</td>
</tr>
<tr>
<td>2. Experience</td>
<td>Not less than 2 years CRH experience included in career of approx 5 years.</td>
<td>Not less than 2 years CRH experience included in career of minimum of 7 years.</td>
<td>At least three years CRH service included in not less than 10 years relevant commercial experience.</td>
</tr>
<tr>
<td>3. Likely Current Role</td>
<td>First or second managerial level role or being considered for such a role within 12 months.</td>
<td>Middle to senior management role with involvement in key business decisions.</td>
<td>Senior line or functional role – probably MD or member of the executive team in a large business unit.</td>
</tr>
<tr>
<td>4. Likely Future Potential</td>
<td>Strong potential with capability to manage expanded responsibilities within two years and/or ability to progress to next level in the organisation.</td>
<td>Strong potential with capability to move to executive team level of medium to large business with two years.</td>
<td>Ability to progress 2 levels above current role.</td>
</tr>
<tr>
<td>5. Personal Qualities</td>
<td>High energy &amp; ambition with ability to execute.</td>
<td>Commercial mindset – ability to contribute to broad business issues.</td>
<td>Very high potential.</td>
</tr>
<tr>
<td></td>
<td>Aptitude for people management.</td>
<td>Proven performer.</td>
<td>Commercially aware and skilled.</td>
</tr>
<tr>
<td>6. “Key Question for Selection”</td>
<td>Must have made valuable contribution to business in current role and be able to progress at least one further level in the organisation.</td>
<td>High performer in current role with ability to become a member of the core business leadership team of a medium-large business.</td>
<td>Fluent in at least 2 “CRH languages”.</td>
</tr>
<tr>
<td>7. Primary Focus of Programme</td>
<td>Teaches core leadership skills to emerging talent providing exposure to CRH culture and business approach.</td>
<td>Strong practical strategic bias with emphasis on CRH culture and business philosophy.</td>
<td>12 month part-time program designed to release and realize the leadership potential of our best talent.</td>
</tr>
<tr>
<td>8. Programme Format</td>
<td>Residential (3½-4½ days)</td>
<td>Residential (4½ days)</td>
<td>Non residential – part-time over 12 months.</td>
</tr>
<tr>
<td></td>
<td>Runs up to 7 times per year in winter</td>
<td>Runs twice or three times per year in March and April (Ireland)</td>
<td>Modular programme with intermediate coaching support</td>
</tr>
<tr>
<td></td>
<td>Europe Materials (Ireland)</td>
<td></td>
<td>EU P&amp;D 2002/03 extended to include EU Materials in 2004</td>
</tr>
<tr>
<td></td>
<td>Europe Products &amp; Distribution (Netherlands)</td>
<td></td>
<td>Introduced to Americas in 2007</td>
</tr>
<tr>
<td></td>
<td>Oldcastle (USA)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.6.2 Business Leadership Programme (BLP): The Focus of the Study

The BLP was first run as a pilot programme in the Europe Products and Distribution Division with 12 participants in 2002 and now has some 90 graduates from 5 European and 2 American programmes, many of whom are now in senior positions throughout the organisation.

This programme takes place in 4 modules over a 12 month period with each module addressing a key aspect of leadership for performance. This programme exposes people to a range of psychometric tests and to 360° feedback in their respective parts of the organisation. The purpose of this assessment is to increase their self-awareness and highlight areas of development which would benefit them and the organisation. During this year-long intervention, the participants are provided with coaching from both external professionals and from their immediate boss or sponsor, whose commitment is vital for the success of the programme. They also have the opportunity to interact with a mentor—a senior leader is another part of the organisation who is in a position to advise on both career and business issues.

The overriding objectives of the programme are to contribute to the development of world class leaders in the organisation who:

- Are able to create and communicate a vision
- Plan for the future and execute effectively, delivering superior results
- Stimulate and coach the members of their teams to top performance and achieving their potential
- Can adapt and apply their learning to changing markets and circumstances
- Are mentally tough
The first module of the programme is themed “developing myself as a leader” and is largely devoted to providing the participants with detailed feedback on their psychometric and behavioural assessments, providing them with a roadmap for their development and helping them complete the first draft of their personal development plans (PDP). A key component of the BLP development needs assessment for the participants is 360° feedback to assess the leadership behaviour of the individual from the point of view of the person’s boss, peers and subordinates. For the three most recent cohorts, a post-programme 360 was also conducted and the results detailed in chapter 5 confirm a consistent trend in improvement of all behaviour categories. Other evaluations carried out prior to and during the first module include MBTI or DISC, 16PF or Hogan Personality Assessments, EQi, Numerical and Abstract Reasoning, Watson Glaser Critical Thinking or Ravens. The purpose of these assessments is to identify aspects of temperament, natural preferences and behaviour. The cognitive tests aim to evaluate strategic ability through the abstract reasoning tool and problem solving ability in the numerical reasoning instrument.

Module two focuses on coaching and developing the skills of the participants and their sponsors in this area. The sponsors also complete a coaching workshop during this
module and remain for a dinner with the participants and programme staff. A key element of this module is coaching practice and feedback involving sponsors, participants and programme staff.

In the third module, participants are provided with inputs on building and leading high-performance teams, how their characteristics differentiate them in terms of performance and work in groups to develop a vision for their own teams and practise communication of this vision.

The final module is devoted to a critical examination of a real strategic issue facing the organisation and the participants research this issue over two days and present their findings and recommendations to the Group CEO and other senior managers from whom they receive feedback. Examples of issues dealt with by recent BLP cohorts include re-organisation of the Concrete Products Group in Europe and the launch of the “Oldcastle One-Source” initiative in the US. Action Learning Groups were also formed during the first module and meet periodically between modules with support from coaches to ensure the lessons learned are being applied to the participants’ teams and to deepen cooperation between individuals and their teams. A number of BLP cohorts have organised a ‘fifth module’ to maintain the momentum achieved during the programme. The Group HR Department has provided support for such initiatives but has not taken over the arrangements.

4.7 Recapitulation of the Research Questions & the Data Collection Process

The study’s research question included a main question: ‘What factors contributed to the development and outcomes of the BLP Leadership Development Programme within CRH?’ This question was answered through three sub-questions:

1. What factors supported by relevant theories contributed to the development of the BLP programme?
2. What factors supported by learning design theory explained the perceived effectiveness of the key elements of the BLP programme?
3. What factors supported by relevant theory explained the outcomes of the BLP programme?
For this study, data were collected through pre-and-post programme questionnaires, interviews and documents. Each of these methods will be described in this section.

4.7.1 Structured Questionnaires

Questionnaires are an important data source in the context of a qualitative approach (Bell and Bryman, 2007). Structured questionnaires were also appropriate in the context of triangulation of data sources. For the current study four questionnaires were used: module and workshop evaluation questionnaires, post programme evaluation questionnaires for both programme participants and their sponsors and a 360 degree feedback instrument.

There is strong justification in the literature to use structured questionnaires in this fashion (Easterby-Smith et al., 2008). These surveys performed particular data gathering functions in the context of the research. Each survey instrument was designed to gather both quantitative and qualitative data on particular dimensions of the BLP programme. The module evaluation form collected qualitative information on each module included in the programme. Reaction evaluation forms are considered a legitimate data collection method (Sadler-Smith, 2006). This questionnaire focused on the following issues: the extent to which the workshop objectives were achieved, the benefits that the participant derived from the module, the potential to apply the module content to the workplace, suggestions for the improvement or enhancement of the module ratings and explanations of the presenter’s effectiveness and overall assessment of the workshop.

The participant post programme evaluation questionnaire asked participants a series of rating and open questions about the total BLP programme. In line with best practice in respect of such questionnaires, the questionnaire asked participants to rate the impact of the programme on enhancing their leadership behaviour, how relevant the programme was to the objectives of the organisation, and to the participant’s career, the effectiveness of programme delivery and a number of open questions about the future of the programme.

The sponsor post-programme evaluation questionnaire asked sponsors to rate how the participants skills were enhanced as a result of participation on the programme. They
were also asked a number of open ended questions concerning differences that they had observed in the behaviour of participants, the impact of the BLP programme on the organisation and feedback on how the programme could be enhanced.

The 360 degree feedback questionnaire was completed both pre and post the programme. This questionnaire measured both leadership and coaching behaviours. The leadership behaviours measured were: articulating a vision, providing an appropriate role model, fostering the acceptance of group goals, high performance expectations, individualised support, intellectual stimulation and contingent reward behaviour. The four coaching behaviours measured were: building a coaching relationship, setting goals, providing feedback and asking effective questions.

Questionnaires have a number of advantages and disadvantages in the context of research. They are an effective data collection strategy where there are a large number of respondents. They can be administered in a number of ways and may result in more honest answers to open questions because they are anonymous. They do however have a number of disadvantages. They can result in a low response rate, and respondents tend to be resistant to providing detailed answers to open questions. The response rates in this study were however relatively high at 87% in the case of the programme participants and 64% for sponsors.

4.7.2 Interviews

Interviews are a well-established data gathering technique in qualitative studies (Janesick, 2007). Interviews allow thoughts and feelings to be elicited from those individuals connected with the phenomenon under study (Patton, 1990). Qualitative interviewing techniques are essentially a ‘conversation in which a researcher gently guides a conversational partner in an extended discussion... the researcher elicits depth and detail about the research topic by following up on answers given by the interviewee...’ (Rubin and Rubin, 2005: 4). This study employed a semi-structured interview technique to elicit a broad and detailed response from the HR managers closely associated with the programme on both sides of the Atlantic. Interviewing was an appropriate method for gathering data in this case study because it led to greater understanding of the research...
subject and placed the phenomenon in context (Janesick, 2004, Merriam, 1998, Rubin and Rubin, 2005, Yin, 2003). Three rationales supported the use of semi-structured interview techniques in the context of this study.

First, the semi-structured interview technique was flexible. This approach allowed the researcher greater latitude to direct and interview conversation. Although specific protocol was used, the researcher was able to follow-up with probing questions that clarified and elicited greater breadth or depth of meaning (Janesick, 2004, Merriam, 1998, Patton, 2002, Rubin and Rubin, 2005).

Second, a semi-structured interviewing technique allowed the researcher to create a partnership with an interviewee. Semi-structured interview techniques are personal and interactive (Rubin and Rubin, 2005). The interviewer guides and contributes to the interview conversation but avoids injecting personal beliefs, views, or biases into the exchange. By establishing a relationship, the researcher can instil an atmosphere of trust within which the interviewee may feel more at ease to respond openly.

Third, a semi-structured interview technique was congruent with the constructionist paradigm of the researcher: ‘... constructionists look for the specific and detailed and try to build an understanding based on those specifics’ (Rubin and Rubin, 2005: 28). This researcher wanted to have a deep understanding of each participant’s experience (Rubin and Rubin, 2005). However, constructionists must recognise their own influences, assumptions, and beliefs in order to effectively interpret and understand others and to avoid bias (Janesick, 2004, Rubin and Rubin, 2005).

Interviewing does however have weaknesses. Bias can be an issue at several junctures. If the initial interview questions are lacking in depth or specificity, a skewed picture of the event, or in this case, programme, may emerge. Another consideration is response bias of the interviewees wherein the participant injects personal views other than those directly observed and reported. Finally, researcher bias, or reflexivity, can be a problem if the interviewer takes selective notes or considers only what is desired for the case outcome (Yin, 2003). For the current study, these issues were mitigated through careful note taking during the tape-recorded interview sessions. Interview questions were thoughtfully prepared and then reviewed and practiced with colleagues prior to participant interviews.
4.7.2.1 Interview Instrument Design

The study's research questions guided the interview instrument design (Kvale, 2001, Mason, 1997, Merriam, 1998, Patton, 1990, , 2002, Rubin and Rubin, 2005). The researcher chose specific interview questions based on the three research sub-questions. Some interview participants required individualisation of the interview instrument dependent on their role in the BLP programme. The researcher used organisational tools to ensure full coverage of the interview questions: tape recordings and note taking.

Three types of interview questions were utilised during the interview sessions: main, probing and follow-up (Guba and Lincoln, 1981, Janesick, 2004, Kvale, 2001, Patton, 2002, , 1990, Rubin and Rubin, 2005, Wallen and Fraenkel, 2001). Main questions were posed to elicit basic knowledge and experiences. Because the researcher engaged participants in a conversation about the BLP programme, some interview questions were unknown prior to the interview session (Guba and Lincoln, 1981, Janesick, 2004). Probing questions were asked to extract greater depth or detail, or to clarify a point (Janesick, 2004, Kvale, 2001). Follow-up questions were constructed contemporaneously if participants appeared to require further explanation of an original question (Kvale, 2001).

Each interview participant occupied, or currently occupies, a role with regard to the BLP programme. Some participants were instrumental during the design stage but had reduced their involvement or ended direct involvement with the BLP programme at a time later. Other participants had knowledge of the BLP programme as it evolved. The role that each participant occupied with regard to the BLP programme justified adjusting the interview questions accordingly.

In order to manage the interview process, a checklist approach was used. Patton (2002) suggested an interview checklist as a practical tool to aid this process. The researcher marked each interview question as it was completed to maintain focus and ensure a smooth interview session. A pre-test of the interview instrument and coding process was conducted. A trial run of the interview instrument provided valuable experience when conducting the interview, transcribing it and coding the data.
Prior to conducting participant interview, logistical issues were considered. An invitation was sent by e-mail to each anticipated interviewee. This communication set out the scope of the study, its purpose and how the information would be used. The participants were informed of confidentiality practices and their right to withdraw from the study at any time. Participants were informed about the length of the interview process, the option of tape recording, the protection of confidentiality and the use of the interview information. Preparation for the interview was also considered important. Prior to each interview the researcher sent by email a copy of the interview questions. Before interviews began, the researcher prepared for the interview by reviewing pertinent information about the BLP programme and about each interviewee’s role in the BLP.

The conduct of each interview was professional and courteous. The interviewer sought to put the participant at ease and establish rapport with the researcher. Each participant was consulted prior to the interview to obtain permission for tape recording of the interview (Yin, 2003). If an interviewee objected to a recording device, the researcher took notes. The researcher exercised good listening skills, knowing when to talk was essential because participants needed time for reflection. Transcripts of the interviews were returned to the interviewees for their approval prior to analysis.

4.7.3 Documents and Document Analysis

Documentary sources are often integral to qualitative research (Guba and Lincoln, 1981, Mason, 1997, Witt and Kleining, 2001). Documents can provide insight and deeper meaning to the phenomenon under study. "For case studies, the most important use of documents is to corroborate and augment evidence from other sources" (Yin, 2003: 87). A rationale for using document analysis, the types of documents collected, and the organisational tools for cataloguing the document are addressed in this section.

Document collection and analysis added another source of data. For the current study, documents included materials available or prepared before research commenced (Lincoln
and Guba, 1985, Merriam, 1998). However, the inherent strengths and limitations of the documentary sources must be assessed.

There are advantages to using documents. First, documents are unchanging in nature, stable, and exact (Guba and Lincoln, 1981, Yin, 2003). They generally reflect the precise names, dates and details of events, and they may cover long span of time, many events, or many settings. Second, documents are consistent; they do not change over time and can be accessed repeatedly. Third, documents can usually be accessed for free or at low cost (Guba and Lincoln, 1981). Fourth, documents do not require any interaction between researcher and participants; therefore the research environment is undisturbed. Fifth, documents afford the researcher flexibility; they can be reviewed at any time and repeatedly.

There are limitations to using documents for research. First, documents can be biased (Yin, 2003). Bias can be introduced at several junctures: a) the author’s bias might appear when creating the document for a specific purpose and a specific audience; b) access bias might occur if all of the documents were not available to the researcher; and c) researcher bias might emerge if only selected documents were reviewed. Second, the researcher has little control over the document information. Because the document is static rather than interactive, deriving real meaning might be difficult if the originator of the document can no longer be contacted (Guba and Lincoln, 1981). Third, in general, documents are descriptive. The researcher can retrieve factual information but deeper meaning might be elusive. Fourth, documents are subject to the researcher’s interpretation. However, from a constructionist point of view, even though the facts are constructed by the document authors and the analysis is constructed by the researcher, the documents will contribute to better understanding of the phenomenon.

Authenticating the documents mitigated these limitations. Those with knowledge of the documents such as BLP programme decision makers and staff members informed the researcher of the content, meaning and use of the documents. The authenticity of the documents was enhanced because the documents originated from the BLP programme process, and thus not secondary sources (Witt and Kleining, 2001). Documents collected from interview participants who were no longer directly involved with the BLP
programme's day to day operations were authenticated based on the purpose and content of the document and also the originator's initial relationship to the BLP programme.

4.7.3.1 Types of Documents Solicited

A variety of documents were collected for this study. The documents fell into distinct categories: correspondence, report, proposals, programme information and meeting minutes.

4.7.3.2 Document registration and summary forms

Documents must be treated with the same importance as any other data collection method (Guba and Lincoln, 1981, Witt and Kleining, 2001). As with interview design, document collection and assessment requires practical organisational tools. Two organisational tools were constructed to facilitate document collection and analysis. First, a document register was created to catalogue the documents as they were collected. The document register provided a practical tool for relating the document back to the study's research question. Second, as with other reference material, a document summary was created as a quick reference synopsis. This summary contained identifying information as well as a comment on the purpose of the document, its relevance to the research questions, its key themes, findings consisted with or inconsistent with other findings and its significance to the study.

4.8 Data Preparation, Analysis and Validation

Given the three data collection strategies there was a considerable amount of data to be prepared for analysis. Data preparation involves accounting for the data, data storage, transcribing interview recordings, the inputting of the questionnaire data for analysis. The majority of these activities were undertaken by the researcher with some specialist help from statistics specialists.

An outcome of the data collection process was the large amount of data to be analysed. Different data analysis strategies were used for the different data collection methods. The
Analysis of the qualitative data involved three stages: coding, data display and conclusions. Coding and data display was achieved through coding to establish the sequencing of the BLP programme, coding based on the key ideas derived from the literature review, and the development of patterns and themes. A similar process was utilised to analyse the documents. The more quantitative data was inputted into an SPSS programme. The key statistics generated were means and standard deviations. Given the predominant qualitative focus of the study, the quantitative data was not used to test hypotheses.

The researcher utilised a number of strategies to test whether the study data was credible or trustworthy. Lincoln & Guba (1985) have argued that researchers have a number of options in terms of checking the trustworthiness of data. This study placed a strong emphasis on triangulation as a strategy to check the trustworthiness of the study and potentially enhance the generalisability of transferability of the findings.

Triangulation is one method for affirming the trustworthiness of a study and increasing its credibility by heightening the dependability and consistency of findings (Lincoln and Guba, 1985). Denzin (1989) described four methods of triangulation:

1. Data triangulation refers to gathering data through several sampling strategies such as at different times or on a variety of people.
2. Investigator triangulation refers to the use of more than one researcher in the field to gather and interpret data.
3. Theoretical triangulation occurs when alternative theories are supported through the same data.
4. Methodological triangulation consists of two types: within-method triangulation combines more than one approach from the same research tradition and between-method triangulation, which combines approaches from both qualitative and quantitative strategies.

To ensure a robust study and provide confidence in the study results, the researcher used theoretical triangulation by employing multiple theories and a model. In addition, the researcher used within-method triangulation by using more than one data gathering technique within the same research design: interview participants and documents.
The process of data triangulation began by collecting data through three sources: documents, interviews and questionnaires (Bentz and Shapiro, 1998, Creswell, 2001, Denzin, 1989, Denzin and Lincoln, 2005, Lincoln and Guba, 1985, Merriam, 1998, Patton, 1990, Yin, 2003). The types of documents collected fell primarily into two categories: informational and personal correspondence. Across these types of documents, the researcher sought words or themes that corresponded to the theoretical framework. Interview data were assessed in the same manner as documents. First, however, the researcher compared the interview dialogues to determine consistencies, similarities, and differences across the participants as well as across documents and participants.

One benefit of triangulation is to control research bias (Merriam, 1998). Although the researcher stated the biases brought to the study, triangulation was another method used to mitigate this issue. Through the use of multiple sources of data and data validating methods, the effects of subjectivity were lessened. Another benefit of triangulation is the emergence of a rich, thick description of the phenomenon.

There are limitations to triangulation as well. First, insufficient triangulation can result in poorly conducted case studies and faulty conclusions (Patton, 1990). Second, incorrect use of triangulation methods may occur such as when multiple sources of data are used, but the sources corroborate different facts. In another case, insufficient triangulation may occur when the source of evidence is analysed but only the conclusions are compared (Yin, 2003). Third, greater time and expense is incurred when data are gathered from multiple sources; the researcher must be able to incur those costs. Fourth, the converging lines of inquiry will be lost if all sources are not exhausted (Yin, 2003). A higher degree of convergence of data enhances the trustworthiness of the study. Divergent data may also emerge. The degree to which data diverge from initial expectations and assumptions about the phenomenon can impact the trustworthiness of the study. These limitations can be mitigated through a thorough search of all sources of data collection and comparing the data using the same criteria.

4.9 Summary

This chapter explored the philosophical and methodological perspectives underpinning the research and documented multi-level research strategy used to understand the factors
that influence leadership development outcomes. The chapter has presented the various issues in a sequential manner; however, it needs to be acknowledged that the process involved an intricate interplay of theory and data in shaping understanding of the issues. The research process was impacted by access to study participants and the time and resources available to undertake the research. Particular emphasis was placed on gathering data to shed light on a multi-layered conceptual framework that encompassed the system as a whole. The utility of that framework is put to the test in Chapter 5, where the study findings are presented.
CHAPTER 5
EMPIRICAL RESULTS: CAPTURING THE COMPLEXITY OF LEADERSHIP DEVELOPMENT OUTCOMES

5.1 Introduction

This chapter reports the most significant findings of the research and sheds light on the nature of leadership development outcomes and the interplay of factors that help explain those outcomes. In doing so, the chapter brings together macro level policy and strategy documentation coupled with micro level data derived from the programme participants, their sponsors and interviews with important stakeholders in the leadership development process in the study organisation. The chapter progression is framed by the key elements of the conceptual framework outlined in Chapter 3 (Figure 3.1). Thus, in addition to mapping the outcomes of leadership development found in this research, the chapter also explores the contextual and strategic context of the case organisation that provide some explanatory weight in capturing the complexity of leadership development in the organisation studied.

5.2 International Strategy of the Organisation

This section of the study findings will focus on how the strategic context of the study organisation influenced both the design of the leadership development programme and the outcomes of these development processes. Based on stakeholder interviews and analysis of company documentation, this section focuses on four dimensions of strategy relevant to the study: global business strategy, global HRM strategy, global staffing strategy and global leadership development strategy.

5.2.1 Global Business Strategy

A key plank of CRH's global business strategy is 'performance and growth'. This has been a recurring theme in the various annual reports of CRH Group since 1999. As far back as the early 1970s, the organisation acknowledged that there were limits to growth in the home market and began a strategy of internationalisation (Moriarty, 2001). CRH
acquired its first international business in the Netherlands in 1973 and expanded into the US in 1978. Since 1970 CRH has had a history of significant achievement in terms of internationalisation. In October 2010, CRH marked its 40th anniversary as a business. Myles Lee, currently CEO, describes the performance of CRH as one of an ‘outstanding, long-term record of performance and growth’. CRH has developed a balanced portfolio of businesses across the spectrum of building materials supply. In doing so, it has placed strong emphasis on the building of leadership positions in regional and national markets. The recent global downturn has presented significant challenges for the organisation. Myles Lee, CEO, stated at a presentation to the final module of the 2010 Business Leadership programme:

“We have a proven business model based on a disciplined approach to long-term value creation”.

CRH has had to make significant adjustments including variable cost reductions as volumes declined, fixed cost savings derived from administrative and management restructuring and has taken a strong proactive approach to cash generation.

The core elements of CRH strategy have remained consistent. Myles Lee described it this way:

“CRH has maintained a continuing strong belief in the benefits of our federal structure but must engage in increased (central) coordination to maximise the benefits of scale, driven by initiatives focused on operational excellence, coordinated procurement, top-line organic growth, people development and health and safety to drive returns as markets recover. However the core elements of long-term CRH strategy remain unchanged. Balance remains the key by geography, sector end-use and new build versus RMI; our build and grow approach to create clustered groups of business and a rigorous approach to development.”

The desire to achieve success in emerging markets remains an important strategic factor shaping leadership development activities. Myles Lee, CEO, has highlighted that emerging markets are likely to ‘become a more significant part of our portfolio in the coming years’. Asian markets present the CRH leadership with very different challenges despite the attraction of high growth rates. The construction sector in emerging markets is
relatively unsophisticated, pricing is poor and competitors behave in an undisciplined manner. This leads to significant market volatility. Leaders are also challenged by other factors typically found in these emerging markets, such as differing cultures, languages and remoteness.

Portfolio reviews are an important part of the global strategic landscape within CRH. These portfolio reviews have categorised businesses as: core, balance providers, development cul-de-sacs or long-term underperformers. CRH has not had a tradition of divestment. The most significant divestment took place in 1999 with the sale of the Keyline chain of builders' merchants in the UK. Current portfolio reviews focus on under-performing businesses in sectors with limited growth potential and since 2008 approximately €100 million has been generated through the sale of fringe businesses. During 2011 it is anticipated that a further €230m will be raised. These finds will be utilised to find core development activities (McGowan, 2010).

Significant structural change has resulted from these strategic reviews. Examples include the formation of larger business units or clusters to create a ‘market based end-user oriented organisation’ (van den Berg, 2010) for the European landscaping business and the merging of architectural products (APG) Precast and MMI businesses in the USA into a new Building Products Group. Bill Sandbrook CEO of the Americas P&D Division (Sandbrook, 2010) pointed out that:

"The new structure will allow us to more effectively capture market and growth opportunities across the many overlapping customer segments currently serviced independently"

The global strategy of CRH presents significant challenges for leaders to manage dynamic structural change and to use their skills in the pursuit of long-term value creation.

5.2.2 Global HRM Strategy

CRH’s global HR strategy emerged in an incremental way and was first codified as a written document in 2003 (Golden and Stirling, 2003). This strategy document articulated a vision for global HR as one:
Based on a vision to be the benchmark employer in the building materials sector and to remain closely linked with the group’s strategic business drivers”.

This strategy document identified a number of global HR themes including the strategic sourcing of talent, systematically growing talent, focusing talent on results through performance management, reward systems, organisation development and corporate social responsibly (CSR).

In 2003, CRH employed 55,000 people in 23 countries and had a payroll cost of €2 billion. This represented 22% of CRH’s cost base. CRH established a central HR function in 1994 and the first group director was appointed in 1996. He left the organisation in 1998 and was succeeded in 1999 by the author. The HR organisation was expanded with the appointment of HR Directors in Europe Products and Distribution in 2002, Americas Products and Distribution in 2003 and in 2007 in the two Materials Divisions.

A number of key components of the group’s HR strategy have been reviewed and enhanced. In 2004, the Group’s performance management system was overhauled with the help of an external consultant and launched across the organisation the following year. This review identified a number of key strengths, including:

“A highly committed management team with a real focus on financial performance and a strong commitment to the autonomy of the operating units and an increasing awareness of the need for a more structured approach to performance management” (Mooney, 2004a).

The report acknowledged that only a small number of existing performance management systems in place throughout the group met what could be considered ‘best practice’ and there was widespread reluctance to embrace a formal system of performance management. The outputs of this report were used to implement a number of initiatives, in particular the establishment of a group-wide performance management system, Performance Plus+ (CRH, 2004). This new system was launched across the group and supported by a number of training workshops in 2005 and 2006 (Golden, 2007a).

CRH adopted the Leadership Pipeline in 2007. It was first introduced to the senior management team and the CRH Board in October 2006 (Golden, 2006). A meeting was
then planned with Stephen Drotter, an author of the model at which it was agreed to initiate a project to adapt the model to the needs of CRH. This was initially launched in the USA and then in Europe. The Group’s talent management process continued to evolve in 2007 and 2008. A key component of this evolution focused on coaching and mentoring processes, critical experience planning and the introduction of a global technology platform to support succession planning and performance management. The global recession has impacted plans to introduce a co-ordinated graduate recruitment programme.

An important HR strategy focus concerns the need to ensure a highly mobile talent pool to support business development in new markets. Particular initiatives implemented included the implementation of a reward framework for international assignments, guidelines to ensure compliance during the expatriate process, the effective management of mobility related costs and the provision of tax and planning advice to expatriates (McCracken, 2008).

A major updating of the global HR strategy was undertaken in 2010. This was presented to the CRH Board in December 2010 by the Group HR Director. This revised strategy document placed major emphasis on the development of critical talent segments for key leadership positions, the development of high potentials, and the development of internationally mobile talent and further enhancements of the HR infrastructure to deliver the CRH strategic objectives. Two significant changes were made to the HR leadership team in Europe Products and Distribution and in the Americas. At group headquarters, the roles of the HR team were further realigned to strategic goals.

5.2.3 Global Staffing Strategy

CRH in its early stages of internationalisation relied heavily on its Irish management team to establish new business platforms in the USA and mainland Europe. Numerous examples of this approach to staffing can be found in the CRH. They include Brian Hill, Don Godson and Liam O’Mahony. Brian Hill transferred to the Netherlands in 1973, following the group’s first acquisition there. He led the growth of the Mainland European Business and led the Europe Products and Distribution division from its foundation in 1998 until his retirement in 2004.
Don Godson, who joined Roadstone in 1968 as Development Manager, was sent to the USA in 1978 and remained there, developing the business until he returned to Ireland in 1994 to become Group CEO. Liam O’Mahony, who succeeded Don Godson as CEO, also spent a considerable part of his career managing the USA business.

Global staffing strategy, for the first thirty years of CRH’s growth relied on a small talent pool from Ireland and a focus on the development of local talent. A particular example to illustrate this approach concerned the move by CRH to Poland in 1995. CRH seconded two managers from Irish Cement to develop the business. They completed seven year assignments there before their return to Ireland to take up more senior roles. One manager was replaced by an Irish Executive and the other by a locally recruited manager. In the intervening period, approximately 10 graduates were recruited in Poland. This group now forms the core of the senior management team in the region.

CRH acquired significant businesses in Finland and Switzerland in 2001. This was successfully completed without the need to send Irish expatriate talent to each of these businesses. Each business had a strong local management team in place. CRH has also used this approach very successfully in the USA, where owner-managers who sold their businesses to CRH remained with the group for significant periods, even where earn-out clauses in their contracts had expired.

The continued expansion internationally during the period 2005 to 2010 has resulted in significant reinforcement of CRH’s global staffing strategy. Examples include the building of the new cement kiln in Ozarow, Poland and the joint ventures in China and India. The Polish project was undertaken with extensive engineering support from the Irish operations. As the Irish business has reduced significantly since 2008, an increasing number of engineers from a variety of European countries have been deployed in major capital projects. This strategy is focused on developing the leadership potential of emerging talent across the group.

Sourcing talent to support growth from the USA has been less successful but is receiving greater focus (McCracken, 2011). John Wittstock, who had previously led the Products and Distribution Division in the Americas, moved to Europe to take over the European division. John had to return to the US for treatment for a serious illness and was unable to
achieve his potential in Europe. Glenn Culpepper with over 20 years’ experience in the Americas materials Division was appointed Group Finance Director in 2009. This represented the second transfer of a senior leader from the USA into a major European role, but his family did not settle into the new lifestyle and he left the company to return home in 2010.

In the case of joint ventures in China and India, CRH has negotiated a situation where it is entitled to two positions on the Board of the joint venture. This followed a model originally adopted for a joint venture in Portugal (O’Loghlen et al., 2004, CRH and Secil, 2005). In that case, the Operations and the Finance Directors, were seconded from Ireland. In the case of India, the availability of highly qualified English speaking professionals in the local labour market enabled CRH to recruit locally and replace expatriates within the first year. The strategy in India was moderately successful. It worked effectively in the case of the Financial Position but not in the case of Operations Position. This position is supported by a senior Irish Cement Director who spends approximately 50% of his time in India. CRH is focused on building the local talent team.

In the case of China, CRH has relied on internal leadership capability due to the non-availability of suitably qualified and experienced local leadership talent. It has focused on the development of local talent at lower leadership levels. This level of talent will be seconded to European and other USA operations in order to develop their leadership capabilities. Examples include Ranjith Rao from India who spent 18 months working in CRH’s European and US operations (Mahon, 2009) and has now returned to Hyderabad as Managing Director of the MY Home Industries joint venture.

5.2.4 Global Leadership Development Strategy

The CRH’s global leadership development strategy has become more formal in the past three years. In essence, the Group’s approach to leadership development is based on a 70:20:10 model, where 70% of a leader’s development is expected to take place through work experience, 20% through developmental relationships such as boss, coach, mentor, peers, customers, suppliers etc. and 10% through formal structured development programmes.
A central component of the CRH leadership strategy is the focus on ‘performance and growth’. The current management population within CRH is made up of three distinct groupings: ‘grass roots managers’ in legacy operations who have been given the opportunity to grow as a result of the internationalisation of the business; highly qualified professionals recruited into business development or finance functions and who have been given the opportunity to build businesses; and owner-entrepreneurs who choose to remain with the group following acquisition by CRH of their companies. Liam O’Mahony, who retired as CEO of CRH in 2008 explained this feature of the organisation (O’Mahony, 2007):

“This healthy mix and depth of skills and backgrounds has contributed to the development of a vibrant open and committed organisation, where leadership development is a priority for all managers.”

He also articulated his expectations of CRH leaders when he stated:

“They need to demonstrate good judgement, especially of people and an ability to generate trust, staying connected to their teams but without micro-managing. They must balance the use of authority with the need to motivate people and take responsibility for getting things done.”

Line managers have a central role to play in implementing the global leadership development strategy. Formal leadership development programmes were first introduced in 2000 by Group HR to support developmental activities undertaken in divisions and individual businesses. Group HR placed a strong emphasis on the need to develop the longer term needs of leaders for the Group rather than focus on the short-term needs of business lines. A strong emphasis was placed on strategy and its relationship to leadership capability. Each business selected what it considered high potentials based on criteria published by Group HR (Table 4.5).

A number of formal leadership development initiatives were introduced in 2000 and 2001 (LDPI and LDPII). These programmes targeted high potentials at earlier stages in their careers to the current Business Leadership Programme (BLP) and continue to be offered as MDP and SMP. The BLP was launched as a pilot in the European Products and Distribution Division in 2002 as the Executive Development Programme or EDP. The Business Leadership Programme has evolved since 2002 and coaching now forms a
central plank of that programme. The Group has sourced coaches through the Centre for Creative Leadership (CCL) in the US and has engaged a variety of independent coaches in Europe.

A major recasting of the Leadership Strategy was undertaken in 2010. A HR forum was organised involving Divisional HR Directors and Group HR to identify the leadership needs of both the Group and Divisions. This process resulted in the preparation of a strategy document. Extensive discussion of this document took place with the CEO and COO in September 2010 and presented to the Board in December (Golden, 2010). The group is also focused on the development of a set of CRH leadership competencies to complement and reinforce the work already undertaken in the two American divisions and the European Distribution Product Group. Group HR will undertake an assessment of the overall leadership capability for the top 50 positions in the Group in the second half of 2011 (Golden, 2011).

5.3 Contextual Factors

Three contextual factors were included in the conceptual framework that informs this study: industry characteristics, temporal conditions and strategic relationships and alliances.

5.3.1 Industry Characteristics

The organisation in which the study was conducted is located within the building materials industry. The industry is primarily concerned with the manufacture and distribution of primary materials e.g. cement, aggregates, asphalt, ready-mixed concrete, lime and magnesia), heavy-side building products (e.g. concrete blocks and paviours, clay bricks, insulation, glass and security products) and light-side buildings products (e.g. plumbing, heating, electrical and lighting products). The sectors served are new construction work (residential, industrial, commercial and public works) and repair, maintenance and improvement (RMI).
The industry within which the participants operate is a cyclical one. The majority of the markets are characterised by maturity and fragmentation. Industry cycles are considered to be longer in duration and larger in amplitude than general economic cycles. The timing of those industry cycles varies from country to country. Building materials and products are essentially commodities therefore few differences exist between suppliers. Competition is largely on the basis of price and success requires a focus on low-cost manufacturing. In the Western world, construction is considered to be a mature sector. The rate of growth in the construction sector is less than the rate of economic growth. RMI accounts for upwards of half of the total output. In contrast, the emerging markets (Asia, Eastern Europe and Latin America), construction is buoyant. However there is considerable volatility in those markets.

Barriers to entry in the industry are generally low. Materials and products within the industry are characterised by a high weight to value ratio. Transport costs significantly outweigh the economies of scale and place constraints on distribution. Markets tend to be local in nature due to differences in building regulations, product standards and construction practices. Critical success factors for the industry include personal service, local contacts, close operational control and the capacity to react to change. The industry is therefore characterised by a large number of small and medium sized firms that are frequently family owned and run.

Competitive dynamics within the industry have resulted in significant structural change. Supply side concentration has resulted in the disappearance of well-known industry names and the emergence in large, multinational building material companies such as CRH. These large MNCs have used a strong local market position as a springboard to expand into other regions and areas of activity. Product and distribution segments tend to be less concentrated than primary materials.

5.3.2 Temporal Conditions

A variety of temporal conditions have impacted on both the design and delivery of the programme. When the BLP was first piloted in 2002, the economic outlook was very favourable. At this time CRH was the only company amongst industry leaders whose
earnings remained positive through the ‘Dot-com bust’ of 2000/2001. There was a desire to develop individual businesses to a greater scale in key markets and to capitalise on the size of the company in areas such as procurement and the development of key customers such as Home Depot, Lowes, K-Mart and WallMart in the USA (McCullough, 2002)

Numerous temporal conditions manifest themselves at all stages of programme rollout. In the years 2003 to 2007 the company made a large number of acquisitions, 284 in total (O'Flynn, 2011). The preoccupation of the company was on meeting market demands and driving top and bottom line growth through acquisitions. Particularly significant transformational deals within the industry included Cemex, acquisition of Rinker for $14.7 billion and Lafarge’s merger with Erascom. CRH studied and evaluated a number of these deals; however, it decided not to proceed as they did not deliver the required returns and remained focused on smaller transactions.

The global financial crisis was a particularly challenging event that placed significant pressures on managers within CRH. A strong emphasis was placed on cost reduction and cash generation. There was a sharp reduction in acquisition activity. The external environment required that managers focused on organic growth and the implementation of an aggressive programme of cost reduction. This was driven by the Chief Operating Officer and was supported by a series of Key Performance Indicators (KPIs). By 2011, these cost reduction initiatives had yielded savings of €2.0 million (Manifold, 2010).

The global recession also led to a major focus on restructuring for CRH given that it had a broad geographical spread and strategically it is the broadest player in the building materials industry. A major restructuring was the response that was considered appropriate to deal with those conditions. More than 20,000 jobs were lost across the group. These occurred primarily in US, Ireland, Spain and a number of Western European economies (CRH, 2011). During this time a number of businesses identified in a strategic portfolio review as ‘development cul-de-sacs’ have been put on the market and are in the process of being sold (McGowan, 2011).

The need to grow in emerging economies is an important temporal condition at this time. Growth in India and China requires that managers are culturally aware, adaptable and skilled to work in an international context. It also provides significant career opportunities
for ambiguous culturally adaptable leaders. Ireland has been a traditional source of such managers; however, the scale of development in emerging markets means that this traditional source will no longer be sufficient. This requires that CRH has had to focus on developing leaders capable of functioning effectively in emerging markets throughout the organisation (Golden, 2010c).

5.3.3 Strategic Relationships and Alliances

A particularly important contextual issue influencing the leadership development programme focused on strategic relationships and alliances. These strategic relationships and alliances have increased in recent years largely due to the need to enter new markets outside the traditional bases of CRH which are in Western Europe and North America. These alliances are region or country specific in nature and have primarily involved the selection of local partners to secure market entry. Examples include the European Materials division and the Yatai Group in North Eastern China, My Home Industries in the Andhra Pradesh province of India, Secil in Portugal and Denizli in Turkey.

The European Distribution Product group have also entered into joint ventures primarily as an entry vehicle to gain a foothold in regional markets in France and Germany, where the recent buy out of the JV partner in Bauking (CRH, 2010e). This brought the CRH share of the business to 98%. It also represents an example of the Group successfully using a joint venture as a strategy to achieve ownership of a business in a key market.

Strategic alliances and joint ventures have been utilised less often in the Americas where it was a traditional strategy to have outright ownership. Strategic relationships are however increasingly used to capitalise on business opportunities. A prime example of this is the Architectural Products Group (APG) in the US. In order to gain access to large retail chains such as Lowe’s, Home Depot, K-Mart and WallMart, the product group has had to rethink its approach to meet supply agreements. These agreements involve arrangements that are similar to those found in the automotive industry, where first tier suppliers establish manufacturing facilities near a new automotive plant. Given the major expansion of retail chains in the US into new regions, Oldcastle APG secured exclusive rights to supply a specified range of paving products to new outlets. In order to meet these
requirements, CRH often had to acquire a business in the region or build a greenfield unit to ensure continuity of supply (Oldcastle and Home-Depot, 2004).

These strategic relationships and alliances have challenged leaders in a variety of ways. They have resulted in more complex and varied portfolio of activities that create both synergies and potentially conflicting objectives between individual business units and product groups. Managers therefore have to cope with significantly increased complexity and ambiguity. They are expected to possess the cognitive capacity to cope with such complexity in addition to possessing the strong operational focus traditionally associated with CRH managers.

5.4 Operational Factors

The conceptual framework that informs this research identifies three operational factors that influenced the design of the leadership programme: organisational factors, purposes of the leadership development programme and individual factors. Each of these factors will now be addressed in this section.

5.4.1 Organisational Factors

The study investigated the relevance and influence of five organisational factors: organisational culture, organisational structure, top management support, model of leadership and HRM practices.

5.4.1.1 Organisational Culture

CRH is a geographically dispersed organisation that operates across numerous product lines. However, it does have a distinct and robust corporate culture. There is a strong espousal of the culture in company documentation. The Federal Group strategy document states that within the group:

"People and companies share a common purpose and set of values, with dual citizenship and responsibilities as members of CRH and of their own local companies" (Golden and Stirling, 2003).
The concept of dual citizenship is well established across the group and is consistently articulated in a variety of forum and situations.

Participants identified a number of key dimensions of the organisation culture and its relevance to leadership development. A senior manager described it this way: "We believe in bringing about change over time. We also believe in winning employee trust and commitment. We are also a strong performance focused group. Driving behaviour drives performance. Even in difficult times, an organisation can drive performance and outperform the competition when the culture fits our business model".

A senior HR manager illustrates how the organisation’s culture supports may not yet be fully supportive of learning.

"I believe we are doing a lot to catch up in our organisation. We’re not getting feedback at all. Many of us have never had a 360s and there’s some who have never been exposed to 'how do I coach vs. tell? Because we are born out of a lot of companies that were purchased over the last 30 years or so. And they were all very small family run companies with that structure. I think for us, in our role, the impact that we’re having on performance is hard to tell for us. I just find it difficult from the BLP, what impact does it have? I think in a way, it’s going to have to evolve away from the fundamentals – how do I manage a team, the very fundamentals, I mean we’re trying to grow executives so I think we’re going to have them do something on ‘how do I manage an organisation’, ‘how do I manage innovation’ – really get to that higher critical thinking skills of an executive, the higher level of development. But again, we’re building some foundations, some people weren’t so aware – didn’t get feedback, didn’t get a performance review, and had never had formal coaching. I think the organisation is going to have to evolve to match what we are doing on BLP as we’re doing our catch up work."

CRH utilises a number of mechanisms to reinforce and sustain the group culture. The mantra ‘Performance and Growth’ is ever-present on company literature and presentation material. The core values are widely disseminated throughout the group. The CRH Code of Conduct represents an important part of the group culture. The Group also uses a
variety of strategies such as manager rotation, formal best practice exchanges and benchmarking activities designed to embed the cultural values. The way in which these mechanisms work is revealed in this observation by a senior manager who has sponsored a number of participants on the BLP:

"CRH has always had a very clear understanding of what it stands for culturally. It is performance and growth. These ideas inform everything we do. However, I must point out that we achieve our growth in an ethical and socially responsible way. This cultural imperative has also influenced the way we go about leadership development. We expect our leaders to live the culture and serve as role models for all employees".

5.4.1.2 Organisational Structure

CRH has a unique organisational structure which is described as a federal structure. It consists of a small central headquarters with four regionally focused operating divisions. The structure has a strong decentralised approach with significant individual responsibility devolved to operational managers. A participant on the BLP describes how it operates this way:

"As managers we are given clear goals but have a high degree of discretion on how we achieve them. The centre provides both clear guidelines and controls especially in the area of finance. We have autonomy but we do not have total independence. This structure works well in the majority of cases."

The corporate centre has a clearly defined role in the group. It essentially provides support services such as accounting, treasury, human resources and investor relations. In addition to the traditional control functions, resource allocation and strategic direction, the corporate centre provides the framework in which all managers work. A senior manager described the role of the corporate centre this way:

"The corporate centre performs an important and very effective role in articulating CRH's strategic vision and strategic drivers. These are extremely well known throughout the corporation. It puts a lot of effort into nurturing and developing a strong corporate culture. It continually reinforces the twin
requirements of performance and growth. Business units have to ‘earn the right to grow’.

The organisational structure is populated with competent managers who have been developed internally. They are not drawn from a single group but consist of a mix of operational managers, experienced finance and development professionals and owner entrepreneurs from acquired businesses. This provides the group with the breadth and depth of skills necessary to achieve strategic goals.

A senior executive describes the structural and management characteristics of the organisation this way:

“CRH management is characterised by experiences, stability and continuity. In 40 years it has only had 6 Chief Executives, all promoted from within the group. They invariably spend a considerable period of time gaining a deep understanding of the business and its competitive imperatives.”

5.4.1.3 Top Management Support

Top management support is considered an important requirement for the success of leadership development. Participants, sponsors and senior management had differing perceptions concerning top management support. A senior manager sponsor of the programme provided this perspective on the variability of top management support.

“The ones that are engaged – they’re naturally good coaches, they’re much more disciplined that they have one-on-ones with their delegates on a regular basis so they just add this discussion. They were already doing this work but they were already focused by using the BLP. What I think would help them to be more engaged, and we tried it the second group but we fell a little short, and that was that we have a personal development plan for the participants but the sponsors didn’t have a plan. We had them create a plan but we fell short in holding them accountable to turn it in. We showed them how to do one, we worked with them for a little bit, but did they ever finish it? Probably not. Something where they say ‘what are you going to do to provide support to this individual?’”
Another senior HR manager provided this perspective on top management support:

"Having the senior leaders involved in terms of providing visibility and sharing their view of the company. Their engagement in the process in the front end (to kick it off) and the back end (We have our senior leaders come into the programme). We have a development opportunity in our company in terms of developing direct reports and others, and the coaching component at the senior leadership level."

A number of respondents highlighted that it is only recently that CRH has begun to understand the importance of leadership development and supported it. A participant described it this way:

"We have only recently realised that leadership development is critical to our future growth. We have had some leadership development practices but they have not been successfully integrated with our business objectives. This represents a key challenge for the next five years."

Key themes emerged concerning top management commitment to leadership development and the imperative of competitiveness. The following extract from a senior manager/ sponsor captures the link between them effectively.

*We are at risk if we do not invest in leadership development. Several risks come to mind. We will be unable to support our expansion into emerging markets. We ultimately must remain competitive in the marketplace. This can be achieved if we invest in the development of our leaders.*

Another senior manager reinforced the importance of investment in leadership development.

*Leadership development is a board level agenda item. We will not grow unless we have the leadership capability necessary to succeed in this industry. It is not a luxury but a must have. It cannot take a back seat.*
5.4.1.4 Model of Leadership

What constitutes effective leadership in CRH is relatively well established. An example of such an articulation of the leadership model is contained in this statement by Liam O’Mahony.

"We expect managers to demonstrate good judgement, especially of people; to be able to generate trust and to give it in return; to stay connected with direct reports, with and micro managing; to establish and maintain networks and to balance authority with the need to motivate and particularly to take responsibility for getting things done."

Participants acknowledged that they needed to manage the twin priorities of driving the performance of the business while at the same time pursuing growth opportunities. A participant described it this way:

"Every CRH manager needs to encourage creativity, ambition and foster the appetite for success in their teams by demonstrating a strong commitment within their overall team roles. We expect managers to be open, to take ownership and responsibility and to get the best out of people."

Table 5.1 presents a summary of the key themes to emerge from the interviews on CRH’s model of leadership.

Table 5.1: Key Dimensions of CRH Leadership Model

<table>
<thead>
<tr>
<th>Theme</th>
<th>Number of Mentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drive strong performance</td>
<td>37</td>
</tr>
<tr>
<td>Balanced action with effective control</td>
<td>22</td>
</tr>
<tr>
<td>Take ownership and be self-directed</td>
<td>21</td>
</tr>
<tr>
<td>Encourage creativity and innovation</td>
<td>19</td>
</tr>
<tr>
<td>Strong personal commitment to the team</td>
<td>15</td>
</tr>
<tr>
<td>Demonstrate trust and receive trust</td>
<td>17</td>
</tr>
<tr>
<td>Network effectively and build relationships</td>
<td>14</td>
</tr>
<tr>
<td>Reinforce the corporate culture and reputation of CRH</td>
<td>14</td>
</tr>
</tbody>
</table>

Two particular extracts that illustrate these themes are those of a participant and a senior executive. One participant described it this way:
“Leadership in CRH is about building the capability to drive a business. We expect that our leaders will contribute to a positive work environment and build trust with employees and customers. I continually see my role as that of reinforcing the corporate culture.”

Another executive described the ideal leader in CRH:

“The ideal leader will demonstrate a strong commitment to the strategy and culture of the organisation. He/she will focus on building a team that is agile and engaged. The ideal leader will always be aware of the team and work through the team to achieve success.”

5.4.1.5 HRM Philosophy and Practices

CRH has a unique HR philosophy and set of practices that are aligned with the needs of the business. Participants highlighted a number of dimensions of HRM philosophy and practice. Table 5.2 summarises how participants perceived the HR philosophy and practices of the Group. Participants perceived that the dominant dimensions of CRH HRM philosophy were reflected in a decentralised approach to implementation, close alignment of HR strategies with business strategies and strong engagement by line managers in HR delivery. Participants perceived that CRH was less effective in achieving alignment of HR practices across the divisions. A senior HR Manager from the US described the challenges of achieving alignment in the context of assessment, talent management and succession management.

“I mean in some cases, this year, we picked people who are already in the role we would say that we would have others to aspire to be – doing some catch up work. Because we said, that for in order for them to be an effective sponsor they really need to understand the programme. So for some of them have just been promoted to their role in the last 12 months so it’s good for their development anyway let’s run them through the programme. We were doing some catch up there, in the future we’re doing to want people to aspire to be ‘division Presidents’ what you call Managing Directors in Europe. We are trying to get people who are aspiring to be at that level, good potential and their performance is high lets take them to
the next level. The nomination process needs to occur during the succession planning discussion.

Another extract reveals how the organisation has made progress in terms of alignment HR practices; however, there is scope for improvement.

"I think we have gotten a little better at identifying people in terms of pipeline levels. Going forward, we will also use our talent review process to nominate people for the BLP. From there, our top leaders will finalise the list so I think that process will work fine. In the past, people nominated who they wanted to come, without a process in place. Now we have our talent review process and we have a way to look at people a little bit differently and more consistently across the organisation."

Table 5.2: Participants' Perceptions of HRM Philosophy and Practices

<table>
<thead>
<tr>
<th>Dimension of HRM Philosophy and Practice</th>
<th>No. of Mentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>A decentralised approach to the implementation of HR</td>
<td>39</td>
</tr>
<tr>
<td>Close linkages between HR strategy and business strategy</td>
<td>26</td>
</tr>
<tr>
<td>Strong engagement by line managers in HR delivery</td>
<td>24</td>
</tr>
<tr>
<td>Accommodates diversity of practice across the organisation</td>
<td>20</td>
</tr>
<tr>
<td>Strong focus on professionalism of HR at group and divisional levels</td>
<td>18</td>
</tr>
<tr>
<td>Influence of divisions on HR practices is significant</td>
<td>16</td>
</tr>
<tr>
<td>Strong focus on achieving alignment of HR practices</td>
<td>12</td>
</tr>
</tbody>
</table>

Another HR Manager also acknowledged that alignment had been achieved in a number of areas:

*In terms of succession management I think we have a better quality assessment of the people, much better identification of high potential and we're giving the participants much wider exposure to senior managers as well as all those things that work to improve our quality of our succession management;*

*In terms of employee engagement, I haven't really looked at in any great detail, but certainly anyone that's been through the programme has very much been motivated by it and we've had some great groups, they're all different in terms of personalities but they seem to gel very well so that in itself is an element of engagement that although I haven't measured it or quantified it, it seems to me that we've had a positive impact on it.*
On the performance management side of it, I think as we’ve tried to be more rigorous around the organisation and put performance management systems in place, I think the participants in this programme really understand the need for this rigor a lot better than some of their peers and I think that will speed up the achievement of our objectives on the performance management side of things.

5.5 Philosophy and Purposes of Leadership Development in CRH

Stakeholders provided a number of perspectives on both the philosophy and purposes of leadership development in CRH. Table 5.3 provides a summary of the outcomes of the content analysis of replies.

Table 5.3: Stakeholder Perspectives of Philosophy of Leadership Development in CRH

<table>
<thead>
<tr>
<th>Key Theme</th>
<th>No. of Mentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong emphasis on developing leaders from within</td>
<td>46</td>
</tr>
<tr>
<td>A focus on the leader as well as the leadership process</td>
<td>39</td>
</tr>
<tr>
<td>Strong cultural immersion of the leader</td>
<td>39</td>
</tr>
<tr>
<td>Strong emphasis on performance and experience when selecting for development</td>
<td>39</td>
</tr>
<tr>
<td>Contribution to business performance</td>
<td>39</td>
</tr>
<tr>
<td>Encouragement of leaders to be mobile</td>
<td>27</td>
</tr>
<tr>
<td>Expectation of self-directed and self-managed behaviour</td>
<td>24</td>
</tr>
<tr>
<td>Individual ownership of development with strong organisational support</td>
<td>22</td>
</tr>
</tbody>
</table>

Respondents identified a multiplicity of themes around the philosophy of leadership development. The six most salient themes were a focus on leader as well as leadership development; a strong emphasis on developing leaders from within; strong cultural immersion of the leader; a focus on performance and experience when selecting leaders for development and a contribution to business performance.

Contribution to business performance emerged as a strong theme. A senior executive described it this way:

"I think it would be on two areas: that the individual is able to contribute to the business bottom line at a higher level so whether that may be to grow sales,"
whether that is to improve profit, whether that be to expand across product lines, or whatever their goals are. Really to step out of the box and raise their level of performance. The other aspect I would like to see as a measure of success would be how to develop other future successors so they build their pipeline of leaders.”

Another senior US executive highlighted the strategic dimension of leadership development:

“I would say that it’s not even. I think that over the 12 month period we spent time getting them self-aware, which is critical at the outset and that’s what’s wanted – go get them self-aware. Then my understanding, if I do this via my world, between module 1 and 2 we try and gain that commitment, that they’re going to work on what they’ve learned about themselves and then module 2 we try to get that sponsor alignment and then we have the individual focus on their coaching skills – so that’s really managing through others; An then in module 3 we have this mix of managing a team and how effective is the team. And then in module 4 we try to have it more business driven. I think we were successful, so I don’t think they’re initially linking it to the bottom line. I think they think it is nice to do, but not see how it fits to the bottom line. And I think we do a very good job of sharing with them with the business; what’s going on, so at that first module we have Myles or Albert or Mark Towe, the higher CEOs, how we’re doing as a business and how this is one of our critical business needs. Then we get into coaching and then we get into managing teams. I think sometimes we fall short of making the business connection. Only because of our folks are very transactional, tactical, and they would consider themselves strategic but they don’t look at the business in a strategic way. I think we have to build in some strategic agility for them, some way that we’re helping them increase their capacity there. And I think Europe did it the last time, we did it on the first one, we built in a case study, that’s a real business issue in module 4 and so they had to work on a real business problem but I wonder do we leave it too late, I don’t know. I watch them, the coaching they get, and the teams that some get, they don’t all buy in that it going to impact on their business. I haven’t figured out how to do it – and I mean Graham and I haven’t had that discussion, so because I know that he would probably know how to do it.”
A sponsor of the programme described the purpose of leadership development in CRH this way:

"The intent from a business need perspective is to develop performance to execute our business strategy and from an individual standpoint, it's personal and professional development. Regarding balance, we need to look at the bigger picture i.e. SMP and MDP to ensure that at every leadership level, we are addressing the mission critical competencies that people need to drive the business strategy.

The issue of selecting leaders for development emerged strongly in the findings. A senior manager located in the US described the challenge this way:

"I think we've got to do some pre-selection, so better identification of people beforehand and more discussion before we let them on the programme and I think that's already started. We should also probably look at streamlining how we do the assessments across the different continents and make sure that the tests are in someway comparable and I think the current 360 we use is too narrow and we're going to need to improve that. I know we're looking at that at the moment but I think that that's an important one. And I think that we have to agree across the world within our own organisation a CRH wide set of competencies which will then align with the strategy and the assessment process."

The organisation expects individual managers to be self-directed and proactive. The following extract represents the expectations of CRH in this regard:

"I think it does, there is a good balance between the two. We're prepared to invest in people and we expect at some stage a return in organisation performance though that is somewhat difficult to measure. The individual also has to put in a good deal of time and effort and I presume that they're looking for some form of career progression in it and if we look at the statistics that we have so far from those that have completed or nearly completed the programme, we're looking at some reasonably good indicators of progress. So I think it's a fair balance."

Participants and sponsors articulated a number of explicit and implicit purposes of leadership development of the BLP programme from their perspective. Content analysis of questionnaires revealed the following purposes:
Table 5.4: Perceptions of the Purposes of the Business Leadership Programme

<table>
<thead>
<tr>
<th>Purpose</th>
<th>No. of Mentions</th>
<th>Participants N = 77</th>
<th>Other Stakeholders N = 32</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribute to the delivery of the business strategy, communicate the vision and deliver results</td>
<td>65</td>
<td>45</td>
<td>20</td>
</tr>
<tr>
<td>Develop the coaching and feedback skills of managers</td>
<td>49</td>
<td>38</td>
<td>11</td>
</tr>
<tr>
<td>Enhance managers' abilities to critically reflect on their performance, its impact on the organisation and their mental toughness</td>
<td>42</td>
<td>28</td>
<td>14</td>
</tr>
<tr>
<td>Enhance the level of teamwork throughout the organisation</td>
<td>42</td>
<td>29</td>
<td>13</td>
</tr>
<tr>
<td>Enhance the commitment of leaders to the organisation</td>
<td>36</td>
<td>28</td>
<td>8</td>
</tr>
<tr>
<td>Enable the organisation to manage its talent</td>
<td>36</td>
<td>19</td>
<td>17</td>
</tr>
<tr>
<td>Help managers to act in creative ways, be adaptable and learn quickly</td>
<td>36</td>
<td>20</td>
<td>16</td>
</tr>
<tr>
<td>Ensure effective succession planning in the organisation</td>
<td>24</td>
<td>5</td>
<td>19</td>
</tr>
<tr>
<td>Develop leaders; corporate and ethical responsibility</td>
<td>10</td>
<td>2</td>
<td>8</td>
</tr>
</tbody>
</table>

The analysis reveals that both participants and other stakeholders perceived that the most important purposes of the BLP leadership development programme was its contribution to the delivery of the business strategy. Three additional purposes were also considered to be important: develop the coaching and feedback skills of managers; enhance the level of teamwork within the organisation; and enhance managers' abilities to critically reflect on their performance. The analysis revealed significant differences between participants and other stakeholders. Contribute to the delivery of business strategy was mentioned by approximately 60% of other stakeholders and participants. Other stakeholders placed more emphasis on the purpose of enabling the organisation to manage its talent and ensure that there is effective succession management in the organisation. Participants placed emphasis on the development of coaching and feedback skills, and enhancing the level of teamwork and the commitment of leaders throughout the organisation.
5.6 Individual Factors

The study gathered data on a number of individual characteristics or factors. Individual factors or characteristics are important in understanding leadership development outcomes. Five individual factors were investigated in this study.

5.6.1 Technical, Demographic and Work Background of Participants

Participants from a total of thirteen countries completed the BLP between 2002 and 2009. Programmes held in the US have been attended almost exclusively by Americans (92%) with the remaining 8% accounted for by Irish managers who had transferred to the US. European programmes were significantly more diverse with participants from a total of twelve countries over the five cohorts studied. The lowest number of nationalities in a single programme was four (2004) and the highest was nine (2006). The total number of participants per programme ranged from eight (2004) to 15 (2005 & 2008). While the Netherlands and Ireland sent the greatest number (22 and 15 respectively), there were also participants from Poland (5), the UK (5), Belgium (3), Switzerland (3), France (3), Finland (3), Germany (2), Denmark (2) and one each from Spain and Portugal. No participants have yet been selected from developing markets such as India and China which the Group entered for the first time in 2007 and 2008 respectively An Indian manager participated in the SMP for the first time in 2010.

A majority of participants (71.9%) worked at the Business Manager level of the leadership pipeline (Charan et al., 2001) at the time they attended the programme and a further (26.1%) at Group or Enterprise Manager level with only one person operating at functional level below Business Manager. A majority (62.9%) of participants had direct P & L responsibility and this proportion was relatively consistent with the exception of the 2008 cohort in Europe where it was only 40%. Slightly less than half of the participants studied (48.3%) were in general manager roles at the time of their BLP with the remainder (51.7%) held functional responsibilities mainly with a product group, region or division.
Only five female candidates undertook the programme over the period studied, reflecting the poor gender diversity of the organisation as a whole as well as the traditional nature of the building materials industry.

The greatest number of participants had general management (43), operations (16) or financial (15) backgrounds. In addition, business development (7) and commercial functions (6) were represented and the remaining two participants had responsibilities in HR. All programmes with the exception of 2004 BLP in Europe, where only general managers (62.5%) and operations managers (37.5%) participated, were attended by people from a broad range of functional backgrounds.

More than half of the participants (53.9%) were employed in business units with sales ranging from €150 million to €1.25 billion. Smaller businesses (<€150m sales) accounted for 31 (34.8%) of the participants with about half of these (51.6%) at the lower end of the scale in businesses with less than €15m turnover. 42.7% of the participants were employed in the European and American Materials divisions. An identical number (38) came from Products businesses and 10.1% in businesses engaged in the distribution sector and the remaining 4 people (4.5%) in headquarter functions at Group level. This compares to EBITDA contribution from these sectors in 2009 at Materials: 60%; Products: 27% and Distribution: 13% (CRH, 2010).

5.6.2 Ability of Participants

The cognitive ability measure used as part of this study was the Graduate and Managerial Assessment or GMA. This is a standardised test used to measure cognitive ability in the form of numerical and abstract reasoning and are benchmarked against the top 12.5% of the general population. Abstract reasoning scores are designed to predict strategic thinking ability and numerical reasoning assessments focus on problem solving skills. A GMA verbal reasoning test is also available but has not been used by the organisation to date. Table 5.5 presents a summary of the results.
The average percentile score achieved by participants was 70.4. This indicates that participants were in general high to very high potential group. Approximately one third of participants achieved a percentile score in the upper quartile (76th to 99th percentile).

### 5.6.3 Personality and Adaptability Characteristics

The study utilised two measures of personality - a general measure of personality and a measure of emotional intelligence. Scores for the big five personality traits were derived from the 16PF5, a comprehensive questionnaire developed over several decades by Cattell (Cattell, 1996, Cattell et al., 2008). Based on the participants’ responses to 185 multiple choice questions, sixteen primary traits and five global traits were derived. The five factors derived from the 16 factors represent personality at a broader conceptual level, whereas the sixteen traits reveal the fine details and nuances that make each person unique. Table 5.6 presents a summary of the five global traits for the participants who completed the programme.

<table>
<thead>
<tr>
<th>Trait</th>
<th>Mean Score</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anxiety</td>
<td>3.11</td>
<td>0.79</td>
</tr>
<tr>
<td>Extraversion</td>
<td>6.60</td>
<td>1.27</td>
</tr>
<tr>
<td>Tough Mindedness</td>
<td>5.64</td>
<td>0.97</td>
</tr>
<tr>
<td>Independence</td>
<td>6.84</td>
<td>1.37</td>
</tr>
<tr>
<td>Self-Control</td>
<td>5.78</td>
<td>0.78</td>
</tr>
</tbody>
</table>

The data reveals that participants were predominantly extraverted, low on anxiety and high on independence. They achieved mid-range scores on self-control and tough mindedness.
The study measured five dimensions of emotional intelligence: intrapersonal, interpersonal, stress management, adaptability and general mood. Table 5.7 provides a summary of the scores.

Table 5.7: Emotional Intelligence Scores of Participants

<table>
<thead>
<tr>
<th>Emotional Intelligence Dimension</th>
<th>Mean Score</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intrapersonal</td>
<td>103.15</td>
<td>20.05</td>
</tr>
<tr>
<td>Interpersonal</td>
<td>87.65</td>
<td>28.65</td>
</tr>
<tr>
<td>Stress Management</td>
<td>101.70</td>
<td>18.65</td>
</tr>
<tr>
<td>Adaptability</td>
<td>100.45</td>
<td>16.25</td>
</tr>
<tr>
<td>General Mood</td>
<td>100.90</td>
<td>22.75</td>
</tr>
<tr>
<td>Maximum Score: 120</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Participants scored highest on three dimensions of emotional intelligence: adaptability, intrapersonal emotional intelligence and stress management. The lowest scoring dimension was interpersonal emotional intelligence. The totality of scores reveals that participants were strong on four dimensions: intrapersonal stress management, adaptability and general mood.

5.6.4 Career Expectations and Orientation

Data was collected on four dimensions of career expectations and orientations of participants: career goal progression, career planning, networking behaviours and career satisfaction. Table 5.8 provides a summary of the key findings.

The data reveal that participants were generally goal focused in terms of their careers. They placed particular emphasis on professional growth opportunities and development over the course of their careers. They placed less emphasis on promotions and engaged in relatively little career planning. They did focus on the type of role best suited to their skills and abilities but were less likely to have a clear plan for their career ahead. In terms of networking behaviours, participants engaged in a considerable amount of networking
Table 5.8: Career Expectations and Orientations of BLP Participants

<table>
<thead>
<tr>
<th>Career Expectation and Orientation Dimension</th>
<th>Mean Score</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Career Goal Progression</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Desire to develop career to a high level of responsibility</td>
<td>3.85</td>
<td>.27</td>
</tr>
<tr>
<td>Importance of professional growth opportunities</td>
<td>4.25</td>
<td>.26</td>
</tr>
<tr>
<td>Importance of promotions</td>
<td>3.45</td>
<td>.65</td>
</tr>
<tr>
<td>Importance of development over course of career</td>
<td>4.15</td>
<td>.36</td>
</tr>
<tr>
<td><strong>Career Planning</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Focus on the type of role best suited to leader</td>
<td>3.76</td>
<td>.15</td>
</tr>
<tr>
<td>Clear plan for career ahead</td>
<td>3.25</td>
<td>.65</td>
</tr>
<tr>
<td>Clear goals concerning future job roles</td>
<td>3.65</td>
<td>.45</td>
</tr>
<tr>
<td><strong>Voluntary Behaviours</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Make contacts with people in other parts of the organisation</td>
<td>4.15</td>
<td>.35</td>
</tr>
<tr>
<td>Make contacts with senior people in organisation</td>
<td>4.25</td>
<td>.27</td>
</tr>
<tr>
<td>Make contacts with professionals outside the organisation</td>
<td>3.65</td>
<td>.19</td>
</tr>
<tr>
<td><strong>Career Satisfaction</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction with current career</td>
<td>3.95</td>
<td>.17</td>
</tr>
<tr>
<td>Satisfaction with current role</td>
<td>3.85</td>
<td>.26</td>
</tr>
<tr>
<td>Satisfaction with career progress to date</td>
<td>3.95</td>
<td>.16</td>
</tr>
</tbody>
</table>

Participants reported high levels of career satisfaction. They were generally satisfied with their current career, current role and with the level of career progression to date.

5.6.5 Leadership and Coaching Style

The leadership and coaching style of participants represents an important individual factor in the context of leadership development. Data were collected through 360 degree feedback from and on participants on both leadership and coaching styles. Leadership style focuses on the style of the leader measured along seven dimensions: articulating a vision, providing an appropriate model, fostering the acceptance of group goals, setting of
high performance expectations, individualised support, intellectual simulation and contingent reward behaviour. The coaching style dimensions focused on the approach taken by the leader to coaching direct reports. Four dimensions were captured: building a coaching relationship, the setting of goals, providing feedback and asking effective questions. Data on these dimensions were sought from both participants and others (peers, direct reports, and senior managers).

Table 5.9 summarises the scores achieved on both leadership and coaching dimensions. The data reveals significant convergence between the perceptions of participants and the average ratings provided by peers, direct reports and senior managers. The overall ratings are similar or the differences are not statistically significant for the following leadership behaviours: high performance expectations, intellectual stimulation, contingent reward behaviour, and articulating a vision. There were, however, statistically significant differences in ratings for three leadership behaviours: providing an appropriate role model, fostering the acceptance of group goals and individualised support. Participants rated themselves higher on providing an appropriate model than did others. Others rated fostering the acceptance of group goals higher than did participants. Participants rated individualised support higher than did the other raters. The data on coaching behaviours ratings revealed statistically significant differences on three behaviours; setting of goals, provision of feedback and asking effective questions. Participants rated themselves higher than did the other raters on two coaching behaviours: provision of feedback and asking effective questions. Other raters rated participants more effective on setting of goals.
Table 5.9: Leadership and Coaching Style of Participants: Self and Other Ratings

<table>
<thead>
<tr>
<th>Leadership Behaviours</th>
<th>Self</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>SD</td>
<td>Mean</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>--------</td>
<td>---------</td>
</tr>
<tr>
<td>Articulating a vision</td>
<td>3.85</td>
<td>.62</td>
</tr>
<tr>
<td>Providing an appropriate role model</td>
<td>4.12</td>
<td>.42</td>
</tr>
<tr>
<td>Fostering acceptance of group goals</td>
<td>4.00</td>
<td>.32</td>
</tr>
<tr>
<td>High performance expectations</td>
<td>3.95</td>
<td>.36</td>
</tr>
<tr>
<td>Individualised support</td>
<td>3.75</td>
<td>.36</td>
</tr>
<tr>
<td>Intellectual stimulation</td>
<td>3.85</td>
<td>.26</td>
</tr>
<tr>
<td>Contingent reward behaviour</td>
<td>3.65</td>
<td>.56</td>
</tr>
<tr>
<td>Building a coaching relationship</td>
<td>3.87</td>
<td>.28</td>
</tr>
<tr>
<td>Setting of goals</td>
<td>3.85</td>
<td>.27</td>
</tr>
<tr>
<td>Provision of feedback</td>
<td>3.91</td>
<td>.26</td>
</tr>
<tr>
<td>Asking effective questions</td>
<td>4.15</td>
<td>.28</td>
</tr>
</tbody>
</table>

5.7 Perceptions of Leadership Development Programme Design Dimensions

Analysis of the responses of participants revealed themes around which they described and evaluated the design features of the programme; perceptions of whether the programme objectives were achieved or not; perceptions of programme relevance; perceptions of the effectiveness of learning strategies; the effectiveness of the sponsor system that supported the programme and opportunities for learning transfer.

5.7.1 Perceptions of Programme Relevance

Programme relevance and in particular content relevance, represents a most basic but fundamental level at which participants evaluate the effectiveness of a programme. Figure 5.1 presents a summary of participants’ rating of the programme relevance.
The data reveals that participants for the various cohorts rated the programme to be relevant. The mean scores range from 5.11 to 6.10. Participants highlighted dimensions of content that were particularly relevant. These are presented in Table 5.10.

Table 5.10: Participant’s Perceptions of Content Relevance (Content Analysis)

<table>
<thead>
<tr>
<th>Content Dimension</th>
<th>Number of Mentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coaching skills, providing feedback and asking questions</td>
<td>26</td>
</tr>
<tr>
<td>Assessment of participants’ skills</td>
<td>24</td>
</tr>
<tr>
<td>Networking behaviours and influencing</td>
<td>20</td>
</tr>
<tr>
<td>Team development processes</td>
<td>18</td>
</tr>
<tr>
<td>Leadership concepts and processes</td>
<td>16</td>
</tr>
<tr>
<td>Understanding the organisational context</td>
<td>14</td>
</tr>
<tr>
<td>Impact of leadership behaviours on follower performance</td>
<td>12</td>
</tr>
</tbody>
</table>

The content analysis revealed that participants perceived, coaching skills, providing feedback and asking questions, assessment of their skills and networking behaviours and influencing to be the most relevant elements of the programme.
Participants and sponsors provided qualitative feedback on the effectiveness of the programme content. A participant on the 2007 programme described it this way:

"I think a good part of it has worked well; the inputs from the senior management have been particularly good. The piece where the participants undergo their assessment and self-discovery is great and when that leads to good quality development plans I think that's even better. I think what else has worked very well is the way the groups have interacted, so group cohesion, networking, things like that have all worked very well."

A senior HR interviewee reinforced these perceptions with this evaluation:

"I think the main things there are that we've got to continue the detailed module by module review and then the overall review at the end comparing US and Europe. I think learning across the Atlantic has been very useful and we've enhanced the programme quite a lot by bringing in the other views from across the Atlantic. We'll be bringing in Asian participants probably from 2011 and that again is a new opportunity to adapt and learn and so on. I think a key piece is the way we have been developing module 4 with some form of strategic initiative. We have to keep looking at that, see other ways in which we can learn even more from that and build in an action learning perspective. I think that will enhance the programme and get some real tangible benefits for the organisation and leveraging this programme down one level in the organisation with the people's teams - I think that's an important aspect."

5.7.2 Perceptions of Achievement of Programme Objectives

Both participants and other respondents were asked to indicate whether the four initial objectives specified for the programme were achieved or not. Table 5.11 provides a summary of the results. The study participants were asked to report on the extent to which the course content had facilitated the achievement of the five specified objectives. The data reveals that both participants and sponsors perceived that the five objectives specified for the programme were achieved to varying degrees; however, participants and sponsors differed in their perceptions of the extent to which they were achieved.
Table 5.11: Participants’ and other perceptions of the Achievement of Programme Objectives – Post Programme Evaluation

<table>
<thead>
<tr>
<th>Objective</th>
<th>Dimensions</th>
<th>Participants Ratings</th>
<th>Sponsor Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To develop world class leaders who are able to create and communicate a vision</td>
<td>• Create a compelling vision</td>
<td>5.48</td>
<td>5.39</td>
</tr>
<tr>
<td></td>
<td>• Effectively communicate a compelling vision</td>
<td>5.23</td>
<td>5.22</td>
</tr>
<tr>
<td></td>
<td>• Communicate a sense of purpose</td>
<td>5.44</td>
<td>5.29</td>
</tr>
<tr>
<td></td>
<td>• Role model how to meet business challenges</td>
<td>5.78</td>
<td>5.59</td>
</tr>
<tr>
<td>2. To develop world class leaders who plan for the future and execute effectively delivering superior results</td>
<td>• Develop business plans for the future</td>
<td>5.48</td>
<td>5.45</td>
</tr>
<tr>
<td></td>
<td>• Set stretching performance goals</td>
<td>5.32</td>
<td>4.91</td>
</tr>
<tr>
<td></td>
<td>• Take decisive actions to achieve goals</td>
<td>5.43</td>
<td>5.35</td>
</tr>
<tr>
<td></td>
<td>• Deliver short term results</td>
<td>5.93</td>
<td>5.03</td>
</tr>
<tr>
<td></td>
<td>• Achieve business performance</td>
<td>5.53</td>
<td>5.13</td>
</tr>
<tr>
<td>3. To develop world class leaders who stimulate and coach the members of their teams to top performance and achieve their potential</td>
<td>• Demonstrate confidence in coaching</td>
<td>5.88</td>
<td>5.48</td>
</tr>
<tr>
<td></td>
<td>• Show belief in potential of others</td>
<td>6.10</td>
<td>5.69</td>
</tr>
<tr>
<td></td>
<td>• Provide honest feedback</td>
<td>5.87</td>
<td>5.53</td>
</tr>
<tr>
<td></td>
<td>• Ask questions that prompt individuals to think</td>
<td>5.91</td>
<td>5.56</td>
</tr>
<tr>
<td></td>
<td>• Supports others through times of change</td>
<td>5.86</td>
<td>6.34</td>
</tr>
<tr>
<td>4. To develop world class leaders who can adapt and apply their learning to changing markets and circumstances</td>
<td>• Adapt leadership style to suit the situation</td>
<td>5.68</td>
<td>5.29</td>
</tr>
<tr>
<td></td>
<td>• Make appropriate decisions in face of risks</td>
<td>5.42</td>
<td>5.17</td>
</tr>
<tr>
<td></td>
<td>• Carry out role effectively</td>
<td>5.35</td>
<td>5.31</td>
</tr>
<tr>
<td></td>
<td>• Deal with changing circumstances</td>
<td>5.73</td>
<td>4.97</td>
</tr>
<tr>
<td>5. To develop world class leaders who are mentally tough</td>
<td>• Focus on work priorities under pressure</td>
<td>4.78</td>
<td>4.9</td>
</tr>
<tr>
<td></td>
<td>• Motivate the team</td>
<td>5.56</td>
<td>5.29</td>
</tr>
<tr>
<td></td>
<td>• Remain confident when challenged</td>
<td>5.35</td>
<td>5.16</td>
</tr>
<tr>
<td></td>
<td>• View being under pressure as a development opportunity</td>
<td>5.66</td>
<td>5.38</td>
</tr>
<tr>
<td></td>
<td>• Remain confident when challenged</td>
<td>5.74</td>
<td>5.52</td>
</tr>
<tr>
<td></td>
<td>• View being under pressure as a development opportunity</td>
<td>5.5</td>
<td>5.16</td>
</tr>
</tbody>
</table>

Objective 3, to develop world class leaders who stimulate and coach the members of their teams to top performance and achieve their potential was rated by both participants and sponsors to be most effectively realised. The programme contributed most significantly to
the development of particular behaviours: demonstrate confidence in coaching others, provide honest feedback to others, show belief in potential of others and ask questions that prompt individuals to think. Participants and sponsors perceived that the programme was relatively less successful in achieving the objective: to develop world class leaders who plan for the future and execute effectively and deliver superior performance. Specific behaviours reported under this objective that have scope to be developed further were: delivery of short term results and setting stretching performance goals.

5.7.3  **Perceptions of Programme Design Quality**

Participants were asked to rate the design quality of the programme. Figure 5.2 presents a summary of the ratings for the seven cohorts of the programme.

**Figure 5.2: Participants’ Perceptions of Programme Quality Design**

![Chart showing participant ratings from 2002 to 2009](chart.png)

The data reveals that participants had very positive perceptions of programme design. The mean scores ranged from 5.16 to 6.01. Content analysis of qualitative responses revealed that they valued the following dimensions of programme design:

- The quality of external and internal CRH presenters (36 mentions)
- Group activities and opportunities to share learning (28 mentions)
• Interaction with colleagues, opportunities to network and exposure to senior managers (21 mentions)
• Opportunities to role play and use case studies (14 mentions)
• Linkage of programme with the objectives of the organisation (12 mentions).

5.7.4 Perceptions of the Effectiveness of Learning Strategies

Participants provided qualitative feedback on three dimensions of the programme: the mentoring process, multi-source feedback and the group learning dimensions.

5.7.4.1 The Mentoring Component

The mentoring component was the least successful dimension of the leadership development programme with variable results. In general there were negative perceptions of this component. Content analysis of interview data revealed five particular issues:

• The linkage between participants personal development plans and the mentoring process were not always clear (28 mentions)
• Poor matching of mentor and mentees (20 mentions)
• Lack of support in the wider organisation for mentoring (14 mentions)
• Poor linkage of the mentoring process with other aspects of the programme (10 mentions)

A US-based HR Manager closely associated with the BLP described the operation of the mentoring process this way:

“I don’t feel that the mentor part of the programme has worked well. We took that out of second cycle here in the US (we’re only in our 2nd cycle) and we actually took the mentor programme out of the 2nd cycle because it just fell flat. In Europe they tried it in three or four different ways – so the mentor part I don’t think that it has worked at all but I don’t’ feel that the sponsors are engaged. And I think we’re hit or miss on the impact of people’s development plans as to whether they are robust or not.”
A senior European HR executive described the operation of the mentoring process this way:

"I think the early attempt to appoint mentors for people was very much hit and miss. We had some very good mentor/mentee relationships and we had some awful ones – so we’ve dropped that part of the programme in the meantime. What could be a lot better is the involvement of the sponsor, now I must say that’s improving significantly in more recent programmes but we want to get them involved even more."

A participant described the effectiveness of the mentoring process this way:

"For me, the mentoring component did not work particularly well. I found it difficult to meet with my mentor and to discuss development issues with him. He was not particularly open to discussing issues related to my development within the organisation."

5.7.4.2 The Multi-Source Feedback Component

Multi-source feedback was an important component of the programme. This was generally perceived in a positive way. Participants and sponsors reported a combination of both positive and negative perceptions. A content analysis of the perceptions of participants and sponsors revealed the following sets of perceptions:

**Positive Perceptions**
- Provided very accurate data on my strengths and weaknesses (24 mentions)
- It reflected a clear leadership model for the organisation (18 mentions)
- Objective and reliable source of feedback (12 mentions)

**Negative Perceptions**
- Multi-source feedback not linked to the core objectives of the programme (12 mentions)
- Lack of action planning by participants to deal with the feedback (10 mentions)
- Limited opportunities to discuss feedback with coaches and mentors (8 mentions).
Two particular extracts reveal the variety of perceptions on the value of the multi-source feedback component and the need to measure against a more specific CRH Leadership model.

"I think that the BLP and the work that we’re doing in the US has to become a more integrated approach. We’re using the Lane4 leadership model and our executives don’t even know what it is and I think we need a CRH leadership model. Right now they come to the programme and they get a Lane4 360 and our coaches give them other assessments and there’s a Lane4 leadership model but it doesn’t pertain to anything once they leave the programme. I think then it would benefit the time is right, right now. We have a brand new CEO Myles Lee and we have Albert Manifold as our COO and wouldn’t it be nice for them to articulate what our leadership model is so that it reflects our organisation?"

A participant reported a more positive view of the value of multi-source feedback:

"I found the multi-source feedback to be particularly useful. It provided me with a very accurate view of my strengths and weaknesses. It helped me to plan my development in a more systematic and structured way."

5.7.4.3 Group Participation

An important aspect of the leadership development programme was participation in group learning activities. The benefits of being part of these groups, according to participants, included gaining different perspectives on leadership practice.

"I enjoyed hearing other people talk about what their issues and problems were because there is always something you can learn."

Another participant provided this perspective on group activities:

"I think it is listening to how other managers deal with things and I don’t think I had the opportunity to do that before. I had access to colleagues and peers to talk to or just even listen to them talk about the problems they’re having and how they feel about what they do about it."
Hearing different perspectives helped participants gain clarity and identify possible actions that they could take with regard to their own goals. A participant described the operation of these group activities this way:

*I found it helpful to listen to each participant bring up their own goals and then getting everyone's input. Listening to other people and what they have learned was really helpful.*

5.7.4.4 Role of Sponsors

The role of the sponsors in the effective delivery of the programme represented a strong theme to emerge from the data. Some participants viewed the sponsorship process to be particularly effective, whereas others had concerns about the level of engagement of their sponsors. A number of themes emerged from the data and they are presented in Table 5.12.

**Table 5.12: Participants and Sponsors Perceptions of the Operation of the Sponsorship Practice**

"Having both the manager and employee engaged in the learning and development process. The manager, supervisor/sponsor need to understand and have a clear line of sight in terms of the expectation and role of the individuals who are attending. Sponsors need to understand what the programme is, their responsibility in the follow up and follow through and the employee's personal development on the job."

"I think initially what it did was it opened up the minds of the sponsors to the need for a leadership development process and they became curious about it. They were probably a bit nervous about it in the early stages and we probably underestimate the value of the programme from the sponsor perspective and we've only tapped into that more recently. In the last three programmes we've had a much greater involvement of the sponsors. We've dropped the mentor idea which was a bit confusing at times and it also had an impact on how the sponsors manage their people and given them a greater understanding of the requirements for performance management, better rigour in the meetings and so on, so I think that it's been very useful from that perspective."

"You asked me the question specifically on the sponsor, the individual and the teams but I think in terms of the programme we probably need to focus more on the co-ordination across the Atlantic and between the two divisions: materials and products and distribution. We're now into a stage where we've got 2nd generation participants, so people who were participants now acting as sponsors and that actually makes it easier because they understand the programme a lot better and I think we need also to
communicate to the potential sponsors the requirements of a participant beforehand so that we get better selection and reduce the risk of people coming through the programme and then leaving the organisation or failing in some way in their career aspirations and I think what else we need to do is continue with what we’re doing in terms of updating our inputs, evaluating the programme after every module as a whole at the end of every programme because we learn something new from every one of them. I think a particularly important aspect of that is the sponsor input, we’re going to have in the future sponsors who’ve been there twice or three times and we can’t keep giving them the same types of inputs so we’ve got to think carefully about that aspect of it.”

“I think the two areas where we can have the biggest impact would be extending it beyond the participant, getting under the skin of the sponsors, get them involved more deeply and at the same time, getting the participants to involve their teams. If we can do that then we’re really leveraging the programme about as far as it can go.”

“I think our sponsors could get more engaged in the process and we probably need to do a better job of helping them do that. We involved them this year, before the programme and during the programme. The opportunity still lies in the follow up and follow through on-going feedback with the employee’s personal development plan.”

“Before the programme this year we had a call with each one of the sponsors to let them know the objectives of the programme, what their role was going to be. Then they attended module 2 for the overview and development plan review. The follow up and follow through is the biggest opportunity on the back end. What are they doing after each module to reinforce the learning on the job?”

Participants and sponsors expressed general support for the value of the sponsors in the context of the wider programme. However, they acknowledged the need for sponsors to become more engaged with the process.

5.7.5 Opportunities to Transfer Learning

An important component of effective programme design focuses on the opportunities for transfer of learning. A content analysis of participants and sponsors perceptions reveals a number of salient features of the transfer environment. Table 5.13 presents a summary of these transfer dimensions.
Table 5.13: Participants Perceptions of the Learning Transfer Environment

<table>
<thead>
<tr>
<th>Dimension of Learning Transfer</th>
<th>Mentions by Participants</th>
<th>Mentions by Sponsors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation of participants to transfer</td>
<td>34</td>
<td>14</td>
</tr>
<tr>
<td>Opportunities to transfer</td>
<td>26</td>
<td>10</td>
</tr>
<tr>
<td>Skills to transfer learning</td>
<td>22</td>
<td>8</td>
</tr>
<tr>
<td>Support from line managers to transfer</td>
<td>18</td>
<td>16</td>
</tr>
<tr>
<td>Opportunities to share learning with peers</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>Coaching provided to facilitate transfer</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>Recognition and acknowledgment of transfer activities</td>
<td>8</td>
<td>3</td>
</tr>
</tbody>
</table>

The data reveals that the transfer environment around the leadership programme was favourable. Both participants and sponsors responses revealed that participants were both motivated and skilled to transfer learning. They also had significant opportunities to transfer. Sponsors perceived that there was support from line managers to facilitate transfer.

5.8 Participant and Sponsors Perceptions of the Outcomes of the Leadership Development Programme

Based on the responses of participants and sponsors it is possible to conceptualise outcomes at three levels of analysis: individual, team and organisational. Individual level outcomes focused on greater self-awareness, enhanced skills, enhanced leadership and coaching behaviours, enhanced performance and increased networking. Team level outcomes focused on enhanced leadership effectiveness and team dynamics. Organisational level outcomes focused on improved organisational functioning and business performance. Each of these outcomes will now be discussed.

5.8.1 Individual Level Outcomes

5.8.1.1 Increased Self-Awareness

Increased self-awareness is highlighted in the literature as an important individual level outcome. Participants reported increased self-awareness and greater insight into their
personalities, skills, abilities and areas requiring development. One participant described it this way:

"I have had a very positive leadership journey. I have learned a lot about myself, what I am good at and what I need to change. I have received feedback that I initially found difficult to accept. However, it has made me a better leader."

Participants highlighted a process of reflection around the need to have different leadership styles and strategies for different situations and with different people. This insight was described by a participant this way:

"What I had to think about most was how I should handle people issues. I have often struggled with difficult people performance issues. I find the difficult ones the hardest to deal with. I was often trying to avoid the issue but now realise that this is not an effective strategy."

Participants highlighted an important area of self-awareness related to the differences between a leader and a manager. As a result of greater confidence in his own leadership style, one participant described his self-insight this way:

"It made me aware of the challenges of working with a team and yet having to respond to different individuals. I would never have understood that leading and managing were two different ideas a year ago. It never entered my head that it was that specific."

Participants also placed value on the insights they achieved around leadership in teams. They highlighted how the programme helped in identifying the ingredients of a successful team. One participant described it this way:

"I certainly feel more confident in empowering my team. When I have different situations, whether they are positive or they involve conflict, I am spending more time thinking about what questions to ask."

Sponsors also highlighted the self-awareness outcome. Two executives described it this way:

"Self-awareness particularly around interpersonal savvy and relationships with peers and others. Their awareness has been raised in terms of the importance of gaining self-awareness and what it means in terms of developing others."
"I don't have any direct evidence but my intuition says yes. I think it's the result of the follow up 360 were better, after only 12 months. And when we asked each individual for one of their key takeaways it was really about self awareness – a lot of people talked about that, a lot of people said they had to spend time working on 'it' – whatever 'it' is. I think there are a lot of positives for engagement. They were really open: a lot of them were really brave with their teams and shared what they were working on. I think 4 of the 12 went back to their teams and shared what they learned about themselves and shared what they were going to work on. Only on the people who are attending, I mean we haven't had 7 years, we've only had 12 people go through it, of which one is no longer with the organisation, and it was the right decision. So we only have 11 people in the organisation who have been through the programme and they've only graduated a year ago. The impact on the organisation for me is too new."

5.8.1.2 Enhanced Skills

Participants reported significant improvement in their skills. These skills were directly related to the objectives of the programme. Table 5.14 summarises the main skill related outcomes from the programme.

**Table 5.14: Participants Perceptions of Skill Outcomes**

<table>
<thead>
<tr>
<th>Skill Dimension</th>
<th>Number of Mentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater skill in motivating and coaching people</td>
<td>62</td>
</tr>
<tr>
<td>Increased skill in setting goals</td>
<td>56</td>
</tr>
<tr>
<td>Enhanced listening and influencing skills</td>
<td>54</td>
</tr>
<tr>
<td>Enhanced skills in communicating a vision and strategy</td>
<td>50</td>
</tr>
<tr>
<td>Greater skill in addressing performance issues within the team</td>
<td>44</td>
</tr>
<tr>
<td>Skills in supporting team members to achieve goals</td>
<td>42</td>
</tr>
<tr>
<td>Skills in handling difficult performance issues</td>
<td>38</td>
</tr>
</tbody>
</table>

The content analysis reveals that four skill outcomes were frequently reported by participants: enhanced skill in motivating and coaching people, increased skill in setting goals; enhanced listening and influencing skills and enhanced skills in communicating a vision and strategy.
The qualitative data revealed that participants enhanced these skills in a variety of ways. The following three extracts illustrate this variety.

"I am more involved in giving a direction for the future and in guiding my team members instead of monitoring them."

"I find myself asking more questions, getting the information and thinking before I act. People management has always been a challenge for me. I am now more skilled, more considered and slower to act (in a good way)."

"I feel much more confident and skilled in addressing strategic issues for example, I was always the details individual; however, I now realise that it is important to see the big picture."

Sponsors also reported evidence of enhanced skills. The following extracts reveal how sponsors described the skill outcomes:

"One of the examples I always come to is (participant), who went through our programme in 2007 and 2008. He definitely has an ability to recognise people now while before he did not have that understanding. Positive feedback – he referred to it as 'catching people doing things right' – before they were always trying to fix things."

"Again, we've only run one programme in the US, so it's a little more difficult, but I think there is an understanding that they can work through others. I think they were telling people what to do. And liked being the subject matter expert, the person with all the information. I think they learned how they can recognise, motivate and inspire working through others to get things done."

5.8.1.3 Enhanced Networking

Participants perceived that there were significant networking and social capital benefits to be derived from the BLP. The key dimensions identified are outlined in Table 5.15. They particularly highlighted the opportunities to capitalise on networks formed over the course of the programme. Participants highlighted six dimensions of networking outcome. Participants highlighted cognitive, trust and relationship dimensions of networking. The following three extracts highlight these different dimensions of relationship building.
"I now understand that it is important to network and build relationships in the organisation. Networking brings benefits. I was slow to do it but realise that it impacts my overall performance."

"Trust was always an issue for me. I think that naturally I am slow to trust others. Trust when established is a major benefit. I have certainly built greater trust with my boss.

"I made many useful contacts. They are both located within my division and in other divisions. I found that in CRH we were very division-focused and did not always engage or network with other divisions."

A strong commitment to maintaining and developing the network built during BLP is evidenced by the comment of one of the participants of the 2005 European programme:

"Our alumni group is trying to meet once a year in order to share experiences and continue to network. We cancelled in 2009 because of the economic environment. I believe we will resume in 2010. We need the support from our management and CRH to be able to meet in the future and also bring in outside teachers to continue to learn from them"

Table 5.15: Dimensions of Networking Highlighted by Participants

<table>
<thead>
<tr>
<th>Networking Dimension</th>
<th>Number of Mentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant enhancement of trust in others</td>
<td>46</td>
</tr>
<tr>
<td>Understanding of the need to network</td>
<td>44</td>
</tr>
<tr>
<td>Established key contacts over the duration of the programme</td>
<td>39</td>
</tr>
<tr>
<td>Enhanced connections across the divisions</td>
<td>32</td>
</tr>
<tr>
<td>Improved networking relationships with team</td>
<td>30</td>
</tr>
<tr>
<td>Enhanced confidence to network and build relationships</td>
<td>28</td>
</tr>
</tbody>
</table>

5.8.1.4 Changes in Leadership and Coaching Behaviours

Through the use of multi-source feedback, it was possible to establish whether changes took place in the leadership and coaching behaviours of participants. Figure 5.3 presents the changes in the leadership behaviours of participants identified in post programme 360° feedback evaluation.
The data reveals that both participants and other raters perceived that the leadership behaviours of participants changed. The three most significantly changed leadership behaviours were: contingent reward behaviour, fostering the acceptance of group goals and articulating a vision. Other raters perceived the extent of change very similarly to participants. The following three extracts provide insight into the changes reported in Figure 5.3.

"his increased acknowledgement of individuals who are doing well has not gone unnoticed around the company and individuals feel a sense of pride when they get an 'atta boy' from (participant)."

"I think they learned how they can recognise, motivate and inspire working through others to get things done".

"He is a much more accomplished leader. He has a greater sense of presence and is much more confident in interacting with senior management and with his team."
The data analysis reveals that on all coaching behaviours, participants reported a greater degree of change than did other raters. Participants perceived that the most significant change in coaching behaviours occurred around building an effective relationship with people to enable coaching to take place; asking questions to enable self-development; encouraging people to take responsibility for both performance and development and empowering people to make decisions. Other raters identified the most significant changes in behaviour to be around empowerment, building relationships and providing opportunities for development. The following extracts reveal how participants enhanced their coaching activities:

"On-going help with coaching – this is probably the most important area for management now, particularly with a current generation of highly ambitious younger team members who in periods of strong economic development have learned to have high expectations in terms of rewards."

"I am more confident in sitting down and having open developmental discussions with my direct reports. I am much more skilled in tackling the difficult issues. I now see the value of coaching in my day to day work."

Figure 5.4 provides a summary of the changes in coaching behaviours as rated by both participants and other raters. In the case of coaching behaviours, participants perceived a significantly greater improvement in their coaching behaviours than other raters.
5.8.1.5 Enhanced Individual Performance

The study sought to ascertain to what extent the leadership development programme had enhanced the performance of participants. Participants provided perceptual evidence of performance improvement. Sponsors were also able to identify improvements in performance. The data on performance improvements presents something of a mixed message. A senior executive described the performance issue:

"I think it's hard to say. For their personal performance, I think it had an impact. I think they have very much taken to heart their development plans and worked on them as evidenced by the follow up 360. I am not a proponent for 360s being used for performance management; I think they should be used for development. But it's hard to tell because we launched in January an overall Oldcastle performance management process. So that's going on simultaneously."
Participants reported on improvement in their leadership skills, evidenced by their greater ability to improve others, motivate, coach, plan, develop the business, create a vision and support their teams in delivering results. Participants in all cohorts from 2002 to 2009 reported significant improvements in their team leadership and coaching skills.

One participant from the 2006 programme commented:

"I am more involved in giving a direction for the future and in guiding/coaching my team members instead of monitoring them."

This comment is similar to that of a participant of the 2004 programme:

"I have been able to meet the challenges of the current challenging environment and be a good leader for my team in delivering solutions to the serious questions asked of us at present."

The clearest evidence of enhanced individual performance can be found in career progression data (Golden, 2010) where 50% of BLP graduates have either been promoted from the job they held during the programme of have taken on additional responsibilities.

A US HR Director commented:

"Several graduates of the first BLP in the US have gone on to bigger and better jobs and have had an opportunity to create a new team. They have used the fundamentals of the BLP to do it and their teams are functioning right out of the box. Rather than climbing up a learning curve for a year or two, they got into it right away."

This view was echoed by the HR Directors of the two European divisions who commented:

"It certainly has helped the majority of the participants to progress in their careers and grow as leaders. I've seen many participants who have developed significantly and the BLP is the key element in that."

"If we look at potential successors for the more senior jobs in the organisation we do ask if this person has been through the BLP."

210
One of the sponsors referred to the impact of the BLP experience on one of his direct report's improved leadership effectiveness:

“In our business, the ability to let go of what you have done yourself in the past and delegate these tasks to others with the confidence that they will be completed in a skilful manner is a very powerful conversion.”

5.8.2 Team Level Outcomes

Participants and sponsors identified a number of outcomes that focused on the team. The complexity of the team outcome is highlighted in the perceptions of sponsors in particular. Some executives perceived that the team level outcome was a missed opportunity. The following two extracts reveal this missed opportunity.

“I don’t think it has been as impactful on a team level – not very impactful. I think, for us, in the US when we ran that module it was huge debate of what a team meant. And for me, and this is my bias, is I never felt that we should have been developed into managing a team. I always felt that these are our future executives, they needed to know how to manage an organisation that is made up of multiple teams.”

“It is different managing an organisation where there is an executive team than when you’re in a business and you have a business team. I felt that we missed a bit on that team piece and that the next level below them or the level they are currently at. In our 2009 programme we challenged Graham and he has brought it up a higher level so they start to understand their organisation. What we have on the programme is teaching them to lead an organisation.”

Executives highlighted that the context for team work outcomes was challenging in the overall CRH context. A senior manager described the challenge this way:

“Part of the miss is that we trying to teach them to manage a team and we’re not a highly affiliated organisation. We do not have a need to work in a team, we’re very decentralised, we pride ourselves on our autonomy so we’re trying to reach these guys to work more effectively in teams but our executives haven’t caught on that we are all on the same team, so it is really hard to help someone to be more effective at something that our executives are not on board with.”

211
Another executive level respondent used a football analogy to describe the dilemma.

"I think everyone is very focused on the team, so like the sports team, and the sports this and the sports that, this is an organisation. So for example like a football team, but we always talk about the football team, but they are the ones who own the football team, and they have the coaches, sports medicine and the psychologists. They need to know how to manage the whole team not only the team on the field. When you're looking for CEOs that are going to fill a role in our European Materials Division for example. Henry Morris, he has several executives report to him and they have business majors so we got a huge debate in the US, as to what is a team when it really should have been what is an organisation."

Respondents did acknowledge that the team dimension is an important outcome of leadership. A participant described this priority as follows:

"I think that we've got to achieve a multi-layered impact not just on the individual but we've got to encourage the individual to work with their teams and cascade this down to, cascade the process of analysing themselves, doing the personal development plans, getting some coaching so working with their teams to first of all practice the things that they are learning about on the programme and actually get their team members to do exactly the same with their direct reports and if we can achieve that, then I think we will be able to cascade this whole leadership improvement throughout the whole organisation."

Other participants perceived that the programme had in fact contributed to a team performance:

"I think the long term benefit for the members of my team will be that they will know and understand what it is like to be a member of a high functioning team."

One participant described the impact on team performance this way:

"I believe that the focus of my reports has improved and the quality of the department as a result. Helicopter-view and coaching has (in my belief) challenged people to run the extra mile."
"I have shared many areas of BLP learning with my direct reports including 360° feedback, effective goal setting, parts of my personal development plan, team development and managing change. I have shared my learning about myself and my PDP with the entire team as one of my major goals was to build a more cohesive and better communicating team."

A US HR Director noted:

"A participant went back and insulated the vision that he had established with his team and he got the idea from the BLP. I have seen remarkable improvements in that team's performance."

5.8.3 Organisational Level Outcomes

Both participants and sponsors identified a number of organisational level outcomes. Participants reported improvements in talent management as a result of a larger talent pool throughout the organisation, growth in the management potential of participants, faster development of key employees, improved retention of staff and a greater focus on the effective management of people. A senior executive described the potential issue this way:

"I think now that the programme is clearly established as a must for senior high potentials so it's been recognised as a very good programme and that it does bring some benefits albeit that we haven't been able to, so far, quantify it to any greater extent. I think it's recognised throughout the organisation that it contributes a lot to leadership development and what I must do, which you've just prompted me to do is do a check what percentage of the top 100 people in the organisation have actually completed the programme. I think that would be an interesting figure to see."

Another senior European executive also linked the leadership development programme with talent management.

"I think, in terms of succession management, we have a better quality assessment of the people, much better identification of high potential and we're giving the participants wider exposure to senior managers as well."
A senior US executive was sceptical concerning whether one could claim that the programme led to financial improvements at an organisational level.

"At an organisation level – I don’t think I could speak for that – I think in the US that it’s too early. We’re only a year away from our first programme ending – our first programme ended in Aug of 2008. So right now the organisation impact is ‘pick me!’. People want to be picked for the programme. I would think it would be very difficult to diagnose that 12 individuals went through a 12 month programme and it impacted my profit in this way. I don’t think you’re going to find a direct correlation."

A participant also emphasised the succession and leadership capability issue at organisational level.

"The whole programme revolves around building leadership capability and that’s absolutely critical to the future of the organisation and there will be specific elements of the content that will change to reflect whatever point we are at in the business cycle. Every programme is designed and monitored, looking very closely at and following very closely the business and the corporate strategy."

Both participants and sponsors raised issues as to whether the programme impacted on financial performance and productivity.

"The organisation has improved because the teams have improved. There have been individuals who have gone on to more organisational roles who have taken the elements of the BLP and implemented at organisational level."

A HR specialist described the difficulty in assessing the organisational impact:

"Well actually, I wasn’t thinking of financial targets when I made that comment – I was actually thinking more along the lines of organisational development and the efficiency of their team and the effectiveness of their team and the lie of sight has received a very sharp focus on what they were doing and now they’re got it all together. Before they were a little more disjointed and perhaps a little bit silo like, now they’re functioning much better as a co-ordinated team."

Another executive was rather critical of the performance of sponsors in supporting participants.
“Pretty much nothing has changed in terms of performance. They have to come to
events on module 2 and after that they are not seemingly engaged with
performance issues. I mean I have some that are, it’s not a blanket statement, but
the majority have not changed their behaviours or been required to change their
behaviour in any way. I’m beginning to wonder if we need to have coaching for
the sponsors and not for the participants and let coaches teach our sponsors to
coach.”

One executive identified a broader strategic outcome and the role of the leadership
programme and the requirement to be clearer about its objectives:

“I don’t think we’ve ever asked that question – I mean the overall business
objectives of CRH have never really included a leadership strategy. So the overall
business of CRH is to double in size every 5 years. I attended BLP in Europe and
helped to bring it over the US; no one every told me what the objective of the BLP
was. So a lot of that was new for me – as in who made this up? There is no
document where that was a written objective at all. And so that’s part of my
confusion I have these participants saying ‘Here’s what my objective was, did we
meet it? And they were never even told that those were the objectives. That’s
where I feel that BLP is not an integrated approach – it needs to be integrated and
consistent and it’s not right now. To me it changes with the ‘flavour of the month’
– not the content – the content has always been consistent – but it’s all this
extraneous discussion about it. I think we have to be consistent and put in writing
– what is our objectives and what competencies that we are trying to develop. So
that’s what my colleague has done, she’s done a really nice job. And for this
programme in 2009 that we’ve kicked off she mapped it to 5 competencies, but it
didn’t mean that the content followed it. I think we need to set the objectives, set
the competencies and then go in and re-evaluate the content and what needs to
stay, stays, and what needs to change, changes.”

A HR executive also highlighted the importance of the programme in helping participants
articulate a vision.

“I don’t think so, when I look at those who have come through in 2007 and 2008 –
when I look at their personal development plans, 8 out of the 12 are working on
recognition and so that lets me know that that was a big miss in our organisation.
And when I looked at the other development they were needing to have, it was coaching development and coaching. And then another piece – I think was something around the visioning – letting me understand that they were not as good at articulating it as they thought. Because when they had to practice it in front of people, it was a little different. People would have said ‘I have a vision, everybody has a vision’ but then when it came to it they could not articulate it.

Participants did however report that the leadership development programme had the potential to enhance business performance. The following extracts provide an insight into this link.

“Driving behaviour will drive performance – even in these difficult times an organisation can drive performance and out-perform their competitors which ultimately will result in enhanced profits.”

“Better management...better companies...more profit and cash flow for shareholders.”

“Profit improvement and lower risks (stability).”

“During the recent economic situation in the UK construction market, I have been able to maintain the profitability of my business which has been assisted by learning’s from the BLP.”

“CRH can and will perform even in difficult markets.

“Our team has contributed to CRH Oldcastle by achieving real price increases and margin improvements in a tough economic climate.”

“Better performance of my business. Score the highest possible PBIT / RONA during difficult economic circumstances.”

5.9 Summary

Based on the findings presented in this chapter, it is possible to derive a summary of the key features of the leadership programme along several dimensions. Key points of relevance of each dimension are summarised in Table 5.16.
<table>
<thead>
<tr>
<th>Theme</th>
<th>Dimension</th>
<th>Key Features</th>
</tr>
</thead>
</table>
| International Strategy of the Organisation| Global Business Strategy         | • CRH has a proven business model, the core elements of which remain unchanged. The organisation must engage in increased central co-ordination to exploit the benefits of scale without diminishing the entrepreneurial approach of the individual business units.  
• Structural change and portfolio reviews will continue. |
|                                           | Global HRM Strategy              | • Focus on developing critical talent segments for key leadership positions.  
• Enhanced HR infrastructure to deliver strategic objectives.  
• Emphasis on mobility and performance management. |
|                                           | Global Staffing Strategy         | • Accessing a broader talent pool to support growth in developing markets.  
• Continued reliance on internationally developed leaders. |
|                                           | Global Leadership Development Strategy | • 70/20/10 model  
• Leaders sourced from grass-roots managers, highly qualified professionals and former owner-managers.  
• Leadership development a priority for all managers. |
| Contextual Factors                        | Industry Characteristics          | • Cyclical mature markets with low barriers to entry.  
• Fragmented Industry.  
• Critical success factors include service, local contacts, operational excellence and reactivity.  
• Volatility of developing markets.  
• Intense local and global competition |
|                                           | Temporal Conditions              | • Changing economic backdrop.  
• Industry consolidation through large acquisitions.  
• Impact of financial crisis on markets and acquisition activity.  
• Re-structuring a major feature of recent years. |
|                                           | Strategic Relationships and Alliances | • Importance of joint ventures and alliances in developing markets.  
• Mixed experiences in JVs in traditional markets.  
• Development of new channels to market impact organisation and leadership requirements. |
| Organisational Factors                   | Organisation Culture             | • CRH has a distinct and robust culture with a focus on performance and growth with strong core values.  
• Culture is not yet sufficiently supportive of learning.  
• BLP contributing to cultural change.  
• Leaders are expected to serve as role models. |
|                                           | Organisational Structure         | • Unique federal structure with a high degree of business unit autonomy.  
• Lean centre provides support services, guidelines and controls.  
• Internally developed leaders predominate.  
• Key characteristics include experience, stability and continuity. |
|                                           | Top Management Support           | • Board level support is visible.  
• Involving sponsors on programme impacts their engagement.  
• Top management shows support by contributing to |
<table>
<thead>
<tr>
<th>Purpose of Leadership Development</th>
<th>Stakeholder views</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model of Leadership</td>
<td>HRM Philosophy and Practices</td>
</tr>
<tr>
<td>Operational/Individual Factors</td>
<td>Technical and Work Background of Participants</td>
</tr>
<tr>
<td>Ability of Participants</td>
<td>Personality &amp; Adaptability</td>
</tr>
<tr>
<td>Career Expectations &amp; Orientation</td>
<td>Leadership &amp; Coaching Styles</td>
</tr>
</tbody>
</table>

- the programme as presenters etc.
- Some participants felt top management support is a recent phenomenon.
- There is widespread support for investing in leadership development.
- Established leadership model based on good judgement, trust, balance of authority and motivation.
- Action/achievement orientated.
- Focus on performance and growth.
- Entrepreneurial.
- Visible commitment.
- Strong networks/relationships.
- Supporting the business strategy.
- Decentralised implementation makes alignment across group more difficult.
- Identification of talent improving.
- BLP contributes to engagement.
- Performance management is a vital component.
- Strong emphasis on internal leadership development.
- Leaders’ contribution to business performance.
- Building bench strength and leadership pipeline.
- Value of increased self-awareness.
- Developing coaching skills in participants and sponsors integral to programme.
- Leadership development reinforces strong CRH culture.
- Individual performance development
- Promoting learning agility.
- Participants from 13 countries.
- Greater diversity on European programmes.
- Majority of participants at business manager level with P+L responsibility.
- General management, operations and finance backgrounds predominated.
- Majority of participants with high GMA scores.
- High potential groups.
- High scores on Extraversion & Independence.
- Mid-range on Self-Control and Tough Mindedness.
- Low Anxiety scores.
- Emotional Intelligence scores were strong on intrapersonal, stress management, adaptability and general mood dimensions.
- Intrapersonal dimension of EI tended to be significantly lower.
- High emphasis on personal development.
- Medium levels of personal ambition and career planning.
- Highly active internal networks.
- Less developed external networks.
- High levels of career satisfaction.
- Close convergence between participant and other raters (360° feedback) on most leadership/coaching behaviours.
- Participants rated themselves higher on providing an appropriate role model, individualised support, providing feedback and asking questions.
- Others rated the participants higher on fostering the
<table>
<thead>
<tr>
<th>Leadership Development Programme Design</th>
<th>Programme Relevance</th>
<th>Acceptance of group goals and goal setting.</th>
</tr>
</thead>
</table>
|                                       | Achievement of Programme objectives | • Strong relevance scores from all groups.  
• Content analysis reveals coaching skills, assessment, networking and team development as key benefits. |
|                                       | Programme Design Quality | • Consistently high ratings for the achievement of programme objectives.  
• Participants scored achievement of all objectives higher than others.  
• Highest ratings for coaching objective, developing mental toughness and creating and articulating a vision. |
|                                       | Effectiveness of Learning Strategies | • Consistently high ratings by participants.  
• Particular references to high quality of presenters, group activities and opportunity to network with senior company managers. |
| Opportunities to Transfer Learning    | Learning Transfer Environment | • Mentoring aspect of programme criticised by participants.  
• Multisource feedback recognised as important and objective but some participants were critical of the process.  
• Participation in Group work seen as effective.  
• Role of sponsors recognised as important but engagement was variable. |
| BLP Outcomes                          | Individual Level Outcomes | • Positive environment for learning transfer.  
• Skills opportunities, motivation and line manager support perceived by participants and sponsors to exist for learning transfer. |
|                                       | Team Level Outcomes | • Participants and sponsors highlighted increased self-awareness and greater insight into their personalities, skills and abilities.  
• Understanding of leadership styles and situational leadership.  
• Differences between leading and managing.  
• Team leadership skills.  
• Improved skills, particularly related to motivation, coaching, goal setting, listening and influencing, communicating a vision and performance management.  
• Greater confidence in networking, abilities to develop trust, greater connection across the organisation and relationships with teams.  
• Confirmation through 360° feedback of improvements in leadership and coaching behaviours.  
• Strong perception of performance improvement. |
|                                       | Organisation level outcomes | • Understanding of what constitutes team and organisation not entirely clear.  
• Potential for greater impact.  
• Varied views or programme impact at a team level.  
• Contributed to improvements in talent management.  
• Growth of talent pool.  
• Development of key employees.  
• Positive impact on retention.  
• Greater focus on effective people management. |
In this chapter the data reveals the complexity of leadership development in large organisations such as CRH. This has involved affording attention to the embedded nature of leadership development and the expectations of various stakeholders. The next chapter seeks to analyse the empirical findings and in doing so illuminates and explains the conceptual framework used to structure the primary data.

- Building the organisation’s leadership capability.
- Contributed to breaking down silos in the organisation.
- Participants believed the programme can contribute positively to organisation performance.
CHAPTER 6
CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

The purpose of this chapter is to provide a summary, integration and interpretation of the results of the study. The question that the researcher was seeking to answer was: what factors contributed to the development and implementation of the leadership programme within CRH? The specific sub-questions that the thesis sought to address were:

1. What factors supported by relevant theories contributed to the development of the BLP programme?
2. What factors supported by learning design theory explained the perceived effectiveness of key design elements of the BLP programme?
3. What factors supported by relevant theory explained the outcomes of the BLP programme?

This exploratory qualitative study focused on a structured leadership development programme (BLP) delivered to middle and senior managers within CRH. During the 9 years of its operation, covered by this study, the BLP programme has effectively navigated the sometimes turbulent organisational context characterised by major structural, strategic and cultural change. The BLP programme has three broad aims: to develop the competencies of participants to advance to senior leadership positions, to support the development of managers to think about the business in a strategic way and third, to change the culture of CRH so that leaders can make a valued contribution to organisational strategic success. As of this 10th year, 123 managers have successfully completed the programme, taking with them knowledge, skills and abilities to perform leadership roles in CRH.

This chapter first of all presents a summary of the key findings of the study and links these findings to relevant literature reviewed in Chapter 2. The findings are interpreted through the lens of strategic theory, programme design theory and the empirical research on leadership outcomes. The contextual approach adopted in this research is discussed
and its relevance to understanding the outcomes of leadership development are explained. A contextual approach combined with an open systems perspective, which informed the research model presented in Chapter 3, acknowledges the heterogeneity of organisations and also exposing the limitations of normative approaches to leadership development. The research has sought to capture the complexity of leadership development in organisations.

In exploring the key findings of the research, this chapter locates the discussion by reference to three themes: context, complexity and contingency. These themes are of significance when studying leadership development in organisations. These ideas provide a framework within which to frame the key contributions of this research. Leadership development is sometimes treated as something that organisations do conditioned by a combination of external determinants and internal dynamics rather than something an organisation has. The chapter will engage with these issues at a later stage; however, the initial intention is to present the key findings with respect to the three sub-questions. The chapter will then consider the contribution of the research to our understanding of leadership development in organisations. It will then consider the implications of the findings for future research, leadership development policy and practice. The chapter will also address key limitations of the study and conclude with an over-arching summary of the research undertaken.

6.2 Key findings on Research Sub-Questions

This section seeks to analyse the findings on the three research questions and link them to key literature and theoretical perspectives. The one over-arching research question was operationalised through three research sub-questions. The researcher applied theories and research on leadership programme design and leadership development outcomes, using the BLP programme as a case study for assessing the content, design, delivery and outcomes of leadership development. The study sought to answer one key research question, namely: *What factors contributed to the development, design, implementation and outcomes of the BLP leadership programme within CRH?* To answer this question, the researcher choose five theories and a contextual model to understand the development, design, implementation and outcomes of the BLP programme. Resources based theory of the firm (RBV) and best fit (or contingency) theory provided a framework to understand
both the relevance and the outcomes of the BLP programme. These theories fit into a functionalist discourse on leadership development. Leadership theory was used to shape the content of the programme and to understand what leaders do in organisations. The study also drew on a variety of other theories to justify the relevant design and implementation of the programme. Training design theory informed the various design elements of the programme and the choice of development strategies. RBV and best fit theory provided a strong basis to understand the individual team and organisational outcomes that were derived from the programme. Table 6.1 provides a summary of the theoretical perspectives and their influences on the key features of the BLP programme.

6.2.1 Research Sub-Question 1: Need for and Development of Programme

The first sub-question was: 'What factors supported by relevant theories contributed to the need for and development of the programme? The findings indicate that several elements of the RBV and best fit theories, and external environment theory, emerged from both the internal and external factors driving the need for and development of the programme. Table 6.2 provides a summary of these elements and the evidence found in the study.

The BLP became a functioning programme in the context of significant external and internal changes. There was a strong consensus among senior and executive management of the need to develop such a programme. They recognised that the organisation was operating in a complex environment and that a strong leadership pipeline could add significantly to the strategic success of the business.

The initial idea for the programme originated with the Human Resources function. This idea was shared with the senior team who quickly recognised a gap between leadership capability and what was required to meet the long-term needs of the business. Based on the propositions of the RBV, best fit theory and external environment theory, a multiplicity of internal and external factors drove the initiative. The most salient drivers were a recognised gap between what existed at the time and what was needed, an observed need to address specific leadership problems and an acknowledged recognition that there were significant opportunities for business growth in the global marketplace.
Table 6.1: Linking Theoretical Perspectives to the Rational, Development, Design, Implementation and Outcomes of the BLP Programme

<table>
<thead>
<tr>
<th>Theoretical Perspective</th>
<th>Rationale for BLP Programme</th>
<th>Development Process</th>
<th>Design Elements</th>
<th>Implementation</th>
<th>Outcomes of BLP Programme</th>
</tr>
</thead>
</table>
| Resource Based theory of the Firm (Barney, 1991; Connor, 2002) | • Alignment of leadership resources with organisational strategy and objectives  
  • Leadership capability is a source of competitive advantage | • Clear assessment of the learning needs of the leadership population | | | • Development of leadership competencies  
  • Team capabilities and organisational outcomes |
| Best Fit or Contingency Theory (Delery & Doty, 1996) | • Leadership capability must match the prevailing environmental conditions external and internal to the organisation  
  • Strong focus on achieving alignment of leadership with CRH culture, structure and goals  
  • Leadership represented a key talent group in organisations and in CRH | | | | • Development of skills and competencies that are highly valued in the organisation |
| External Environment Theory (Daft, 2010) | • Organisations are open systems influenced by a general and specific external environment  
  • The requirements of competition mandate that leaders possess skills in managing the | | | | |
<table>
<thead>
<tr>
<th>Theory</th>
<th>External Environment</th>
<th>Leadership Development</th>
<th>Stakeholder Accountability Theory</th>
<th>Blended Learning Theory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership Theory (Bass, 1999)</td>
<td>• Emphasises the change and transformation of leaders and achievement of long term goals</td>
<td>• Assessment of leadership capabilities using cognitive, personality and multi-source assessment instruments</td>
<td>• Specifies particular leadership outcomes such as capacity to initiate change</td>
<td>•</td>
</tr>
<tr>
<td></td>
<td>• Focuses on how leaders engage with followers, develop teamwork and focuses on ethical leadership</td>
<td></td>
<td>• Selection of development strategies that maximise the potential to develop competencies</td>
<td>•</td>
</tr>
<tr>
<td>Leadership Competencies Theory (Kouzes &amp; Posner, 2003)</td>
<td>• Competencies for successful and effective leadership</td>
<td>• Design of strategies to assess current competency levels</td>
<td>• Selection of a blend of development strategies including classroom, multi-source feedback and coaching</td>
<td>•</td>
</tr>
<tr>
<td>Leadership Development Theory (Day &amp; Halpin, 2004)</td>
<td>•</td>
<td></td>
<td></td>
<td>•</td>
</tr>
<tr>
<td>Stakeholder Accountability Theory (Burke &amp; Saks, 2009)</td>
<td>•</td>
<td>• Leadership commitment of stakeholders; positive organisational change; programme link to organisational goals and structure</td>
<td>•Continued commitment of human and financial resources to sustaining the programme</td>
<td>•</td>
</tr>
<tr>
<td>Blended Learning Theory (Day &amp; Halpin, 2001; McCauley &amp; Van Vestor, 2004)</td>
<td>•</td>
<td>• Careful matching of learning methods to ensure synergy</td>
<td>• Provision of support, mentoring and coaching to participants</td>
<td>•</td>
</tr>
</tbody>
</table>
Table 6.2: Summary of Elements that Explained the Need for and Development of the Programme

<table>
<thead>
<tr>
<th>Internal</th>
<th>Emergent Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major turbulence and need for cost cutting</td>
<td>Major requirement to develop managers who are cost focused and can implement major change</td>
</tr>
<tr>
<td>Recognised gap between current leadership bench strength and what is required by organisation</td>
<td>Recognition that the leadership bench strength of the organisation and not match strategic goals and it required a leadership intervention to achieve parity</td>
</tr>
<tr>
<td>Major need for leadership mobility due to global growth of organisation</td>
<td>Increasing need for international mobility and to have leaders who are culturally aware, adaptive and resilient</td>
</tr>
<tr>
<td>Recognition that not enough investment in leadership development</td>
<td>Recognition that compared to competitors, CRH had not made sufficient investment in leadership development</td>
</tr>
<tr>
<td>Adoption of a global strategy by organisation</td>
<td>CRH global strategy of performance and growth to achieve long term value creation. Major desire to achieve success in emerging markets</td>
</tr>
<tr>
<td>Need to support the organisation’s global HRM strategy</td>
<td>Concern to be a benchmark employer in the building materials industry including the systematic development of talent</td>
</tr>
<tr>
<td>Structural changes and realignment</td>
<td>Strong commitment to a federal structure but with a concern to be flexible, adaptable and achieve a clustered group of businesses</td>
</tr>
<tr>
<td>Organisational heritage</td>
<td>Commitment of CRH senior management to leadership development. A focus on the internal development of leadership between head-office and subsidiaries was also important</td>
</tr>
<tr>
<td>The dynamics of the top team and leadership development</td>
<td>Global orientation of the CRH top team; willingness to address global opportunities and threats</td>
</tr>
<tr>
<td>External</td>
<td></td>
</tr>
<tr>
<td>Major changes in the competitive environment</td>
<td>Low barriers to entry therefore the emergence of strong multinational building materials companies</td>
</tr>
<tr>
<td>Major opportunities for global growth and expansion</td>
<td>In early 2000s significant expansion of the global economy. Strong cycles of growth and stability. Industry cycles are longer in duration</td>
</tr>
<tr>
<td>Influence of the global downturn and recession</td>
<td>Global financial crisis particularly challenging requiring a focus on organic growth and significant cost reduction initiatives</td>
</tr>
<tr>
<td>Emergence of opportunities in developing regions</td>
<td>Concern to grow in emerging markets such as China and India requiring managers who are culturally aware &amp; mobile</td>
</tr>
<tr>
<td>Emergence of strategic relationships and alliances</td>
<td>CRH pursued a number of significant strategic alliances</td>
</tr>
</tbody>
</table>

It was generally acknowledged that the intervention that would be designed would demonstrate compatibility with organisational mission and goals. One significant goal
of the BLP programme was to develop leaders who would contribute to organisational success and manage growth effectively.

Consistent with the best fit or contingency perspective, the BLP programme was particularly conscious of external organisational characteristics and that the effectiveness of the programme would be enhanced as a result. The best fit perspective highlighted the importance of the environmental, cultural and institutional context within which CRH operated. The programme had also to operate within a complex administrative heritage. This broad heritage was manifest in a number of ways including: the perceptions and commitment of top management to leadership development, the extent to which leaders were viewed as a source of competitive advantage, the history of decisions concerning leadership development and HR issues, the relationships between head office and subsidiaries and the emphasis given to the internal development of talent.

A particularly important internal factor concerned the global orientation of the top team within CRH. The evidence suggests that the top team possessed a strong global orientation and were likely to face challenges associated with both opportunities and threats and respond to them effectively. This had the impact of inculcating trust in other internal actors because they were perceived as capable of guiding the organisation through the challenges presented in the external environment. The BLP programme was viewed as an important building block to enable leaders cope with uncertainty and manage change effectively. The programme was designed to increase the capabilities and motivations of leaders to engage in behaviours that were conducive to the organisation's success. The RBV suggests that leadership development can be used to enhance the capacity of leaders to be innovative.

6.2.2 Research Sub-Question Two: Design of the Leadership Development Programme

The second sub-question sought to understand the perceived effectiveness of the design elements of the BLP programme, utilising theoretical perspectives on learning design and contributing to the organisational lifecycle of the BLP programme. The
study findings suggest that a variety of factors contributed to the design, adaptation and institutionalisation of the BLP. Table 6.3 summarises the key issues that emerged.

### Table 6.3: Design, Adaptation and Institutionalisation of BLP Programme

<table>
<thead>
<tr>
<th>Key Dimension</th>
<th>Emergent Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Design</strong></td>
<td></td>
</tr>
<tr>
<td>Clear articulation of the development needs of the population to be developed</td>
<td>Development needs were clearly articulated and agreed upon using a combination of objective and perceptual needs assessment processes</td>
</tr>
<tr>
<td>Engagement with key organisational stakeholders to understand the needs</td>
<td>Major efforts to engage with multiple stakeholders to secure accountability and gain their perceptive on the needs that the programme should address</td>
</tr>
<tr>
<td>Programme sought to address a specific need or perceived gap between what exists and what was needed</td>
<td>BLP was positioned as a proactive intervention to help leaders contribute to organisational goals and advance the careers of leaders</td>
</tr>
<tr>
<td>Implementation of formative evaluation processes</td>
<td>Implementation of formal formative assessment of participant expectations and ongoing evaluations</td>
</tr>
<tr>
<td><strong>Adaptation</strong></td>
<td></td>
</tr>
<tr>
<td>Programme continues to grow or change in response to internal and external factors</td>
<td>BLP continually responded to participants and stakeholders needs and remained at the cutting edge of best leadership development practice</td>
</tr>
<tr>
<td>Efforts to rebalance conditions, adapt to the unexpected and take advantage of new opportunities</td>
<td>As developments in leadership development and assessments have advanced, there were incorporated into the programme</td>
</tr>
<tr>
<td>Responds to the changing needs of leaders and builds capacity using creative and flexible thinking</td>
<td>Senior management and the HR community meet the participants on an ongoing basis to explore needs and respond accordingly</td>
</tr>
<tr>
<td>Balances short term and long term developmental goals</td>
<td>A strong focus on meeting leadership performance gaps as well as long term career and pipeline development goals</td>
</tr>
<tr>
<td>Systematic evaluation procedures in place</td>
<td>Continuous evaluation of both individual modules and the overall programme</td>
</tr>
<tr>
<td>Focus on ongoing assessment to recognise when change is needed and to adopt to change</td>
<td>Formal formative and summative evaluation processes in place</td>
</tr>
<tr>
<td><strong>Institutionalisation</strong></td>
<td></td>
</tr>
<tr>
<td>Established administrative policies and procedures in</td>
<td>BLP has established an organisational structure including nomination, application and selection processes to support</td>
</tr>
</tbody>
</table>
The design process was essentially evidence based and collaborative in nature. Learning design theory acknowledges leadership development initiatives require committed leadership to advance the idea and that those leaders should have the ability to commit resources over the duration of the BLP programme. A variety of factors contributed to its continuous evolution and adaptation. Those included the following: the BLP programme quickly became part of the fabric and language of the organisation; it was supported by a strong commitment of resources; it had steadfast leadership and staffing; there was a continual focus on identifying the value and benefits of the programme. These conditions were put in place from the first programme and as a result the likelihood of programme institutionalisation was increased.

Data generated as part of this study provides evidence of BLP’s adaptation processes. Assessments and evaluation were a striking feature of the programme. These evaluations suggested changes to the programme and were synthesised through
formative and summative evaluations and were informed through a continuous search to identify changing trends in leadership development. The BLP programme has continuously reflected real-life situations and innovative curriculum changes. The HR function has continued to engage in a collaborative process to ensure that the programme has remained vibrant.

The findings on the design and implementation of the programme reveal that leadership, whether consisting of one leader or more drives the programme development and design process and ensures that the programme becomes institutionalised. Although one individual may not initiate the idea for a programme, a leader guides and facilitates the development of a programme. For the purposes of analysing the contribution of effective programme leadership, the researcher used ideas proposed by Harvey & Hurwirth (2006) as this was deemed an appropriate framework with which to analyse the BLP programme. Table 6.4 presents a summary of the key learnings derived from the research. The findings reveal that when the factors that contributed to institutionalisation became visible, transparent and routine, a leadership development programme will persist. During the design stage, the programme is shaped and is ready for implementation and during continuous runs of the programme; the programme is appraised and modified. Innovations and changes made to the programme enhance its status in the organisation.
### Table 6.4: Understanding the Role of Leadership in Designing the BLP Programme

<table>
<thead>
<tr>
<th>Stage of Development</th>
<th>Definition of Characteristic</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model Element: Role of Leadership</strong> (Pre-programme)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Visionary: Sees beyond the everyday organisational processes and visualises an enhanced future</td>
<td>The leader consults with other leaders or staff members to strategize about the future direction of the programme and enlists the help of others to develop and implement new ideas</td>
<td></td>
</tr>
<tr>
<td>Flexible: Not locked in to a prescribed way of thinking or doing things</td>
<td>The leader is open to creative ways to solve problems</td>
<td></td>
</tr>
<tr>
<td>Engaging: Able to influence others to achieve goals and has strong social capital within organisation</td>
<td>When a new initiative is being considered, the leader uses personal influence to help others see the benefit of the innovation</td>
<td></td>
</tr>
<tr>
<td>Motivating: Able to instil energy and enthusiasm for the programme among internal stakeholders</td>
<td>The leader is an active cheerleader for the benefits of the programme or a new idea and infests others with the same excitement. The leader seeks to develop leadership in others</td>
<td></td>
</tr>
<tr>
<td>Collaborative: Works with stakeholders to make collective decisions or gain consensus and involves the programme participants</td>
<td>The leader works with a leadership team or other group in order to take advantage of the diversity of ideas</td>
<td></td>
</tr>
<tr>
<td>Experience/Expertise: Has held progressive leadership positions and continues to hone skills</td>
<td>The leader takes advantage of learning experiences for personal and professional development and goes out into the professional community to make presentations. The leader keeps current on changes in leadership</td>
<td></td>
</tr>
<tr>
<td>Open to New Ideas: Recognises that new ideas can come from services internal or external to the programme and is willing to entertain them</td>
<td>The leader has a system of gathering ideas from all stakeholders (e.g. 1:1 interventions, discussions at staff meetings, etc.)</td>
<td></td>
</tr>
<tr>
<td>Communication Skills: Processes in place for receiving and disseminating information</td>
<td>The leader has an established routine or chain of command for communicating (e.g. through an open-door policy, email, telephone calls, etc.)</td>
<td></td>
</tr>
<tr>
<td><strong>Model Element: Programme Design</strong> (At Start and During Programme)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develops from a perceived need for a programme which stems from a gap in what currently exists in practice and what is desired as best practice</td>
<td>A programme is developed to meet the needs of a specific population not met through other means</td>
<td></td>
</tr>
<tr>
<td>Needs to change programme to reflect needs of participants, current trends, or cutting edge information</td>
<td>Assessments guide programme changes Unexpected events prompt programme changes</td>
<td></td>
</tr>
<tr>
<td>Administrative processes: Programmes have set staffing or organisational policies and</td>
<td>Day-to-day operational policies and procedures are set The programme becomes part of the institutional fabric</td>
<td></td>
</tr>
</tbody>
</table>
6.2.3 Research Sub-Question Three: Understanding the Outcomes of the Leadership Development Programme

The third sub-question was: What factors supported by relevant theory explained the outcomes of the programme? The literature review presented in Chapter 2 conceptualised the outcomes of leadership development at three levels: individual, team and organisational. Given the emergent and exploratory nature of this study, it is not possible to identify the causal nature of relationships; however, the data does suggest factors that were important in explaining the outcomes of formal leadership programmes. Table 6.5 summarises the key findings that emerge from this study.

<table>
<thead>
<tr>
<th>Model Element: Institutionalisation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Elements of Leadership</td>
<td>The leader engages others in conversations about best practice for the programme</td>
</tr>
<tr>
<td>Elements of Programme Development</td>
<td>The leader guides the programme through adaptation and institutionalisation always cognisant of the need to assess at crucial junctures</td>
</tr>
</tbody>
</table>
Table 6.5: Understanding the Outcomes of Formal Leadership Development Programmes

<table>
<thead>
<tr>
<th>Key Dimension</th>
<th>Individual Skills Development</th>
<th>Team Development Outcomes</th>
<th>Organisational Level Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leadership Vision and Values</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Careful selection of participants</td>
<td>Participants selected on the basis of clear selection criteria and process therefore motivated to develop skills</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Well articulated organisational vision and philosophy in place</td>
<td></td>
<td></td>
<td>Organisation articulated a set of values that were lived by leaders in the organisation</td>
</tr>
<tr>
<td>Practicing leaders provide support and instruction</td>
<td></td>
<td>Use of organisational leaders as instructors facilitated interaction with leaders and ensured that learning was grounded on the reality of the team</td>
<td></td>
</tr>
<tr>
<td>Systems approach emphasising integration and support for demonstration of leadership behaviours</td>
<td></td>
<td>Increased interaction between new and existing leaders was encouraged. Enhanced the opportunities for application to the team</td>
<td></td>
</tr>
<tr>
<td><strong>Strategic Leadership Focus</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clear strategic framework drives programme content</td>
<td></td>
<td></td>
<td>Strong strategic leadership framework articulated that guided the leadership effort. Leaders worked within a clear strategic agenda</td>
</tr>
<tr>
<td>Programme content designed to elicit group discussion between levels and units</td>
<td></td>
<td>Facilitated a teamwork ethos. Led to a common understanding of teamwork values</td>
<td></td>
</tr>
<tr>
<td>Managers as sponsors and facilitators provide process assistance</td>
<td>Helped participants to engage how to develop their skills. Pushed participants to implement new ideas and fit in information gaps</td>
<td>Managers as facilitators modelled for participants effective teamwork facilitation skills</td>
<td>Resulted in a greater understanding and appreciation of the programme and its contribution across the organisation.</td>
</tr>
<tr>
<td>Learning experiences cascade across multiple levels</td>
<td></td>
<td></td>
<td>Steps taken to ensure that all levels of leadership had a consistent</td>
</tr>
<tr>
<td>Active participant feedback mechanisms</td>
<td>Use a variety of feedback mechanisms including direct interaction, follow-up interviews, surveys and multi-source feedback helped participants to monitor skill improvements</td>
<td>understanding of the organisations vision and mission</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Salient Programme Design Features</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-course preparation and assessment</td>
<td>Sending exercises and materials in advance to encourage learners to reflect on their leadership</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multiple learning methods</td>
<td>Mix of learning methods to reflect learning styles and ensure compatibility with individual learning styles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multiple sessions to reinforce learning</td>
<td>Utilised multiple modules and extended periods between each module to enable practice &amp; coaching</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leaders work to a well-defined leadership model</td>
<td></td>
<td>Helps to ensure effective organisational outcomes. Programme build around a set of tangible behaviours and competencies</td>
<td></td>
</tr>
<tr>
<td>Organisational support systems to reinforce and reward learning</td>
<td></td>
<td>Clear alignment of performance management system with leadership behaviours demonstrated on programme Support from senior management to motivate application of learning 1:1 discussions with participants to explore goals and reward opportunities</td>
<td></td>
</tr>
</tbody>
</table>
The findings presented in Table 6.5 reveal that specific components of the programme design process were important in understanding particular outcomes at individual, team and organisational levels.

The dimensions of leadership vision and values were particularly important in understanding team and organisational level outcomes. The careful selection of participants for the programme had a major influence on their motivation levels which in turn influenced individual skill development. There was a strong emphasis on selecting participants who had demonstrated significant leadership potential through their past performance and who demonstrated values and a leadership style consistent with the organisation’s culture. Selectivity in terms of selection increased the probability that participants would demonstrate values consistent with the organisation.

Two dimensions of leadership vision and values were salient in understanding team level outcomes. Practising leaders prevailing instruction and support helped to ensure that the learning remained grounded in the reality of the participants’ team. Involvement of leaders as instructors and supporters helped to convey expectations, experiences and values to programme participants. This facilitated the transmission of cultural knowledge, the values of teamwork and the exchange of knowledge and learning. It helped participants to integrate new ideas into effective team functioning.

A systems approach emphasising integration and support facilitated socialisation of leadership capabilities. A variety of organisational systems were aligned with the BLP programme such as performance metrics, succession systems, promotion processes and reward systems that maximised the possibility of team level outcomes. A well articulated organisational vision and philosophy dimension. The organisation located the programme within a strong articulated corporate vision and philosophy. This ensured that they were well understood and lived by participants.

The BLP programme had a clear strategic focus. It was envisaged that this approach would result in a leadership development programme that was more customised and tightly integrated to the organisation’s strategic agenda. The data revealed that four dimensions of this cluster were important in explaining team and organisational
outcomes and two dimensions were important in explaining individual level outcomes. The dimensions: a clear strategic framework during programme content and learning experiences cascading across multiple levels. The clear strategic framework that supported the organisation guided how the programme was organised and helped to explain organisational level outcomes. The cascading effort helped to ensure better interaction across levels. It led to a strong and focused discussion of vision, the difficulties involved in identifying and implementing change. It provided an opportunity for senior leaders to demonstrate their commitment to strategic change and to model for participants the types of behaviours valued and rewarded within the organisation.

Two particular dimensions of the strategic leadership focus were important to understanding team level outcomes: programme content designed to elicit group discussion between levels and units and managers as sponsors and facilitators provided process assistance. The programme design had a strong focus on group activities with participants coming together to share experiences, jointly construct common interpretations of learning and the development of a common understanding of the organisation’s vision for the organisation and teams. The programme incorporated multiple group sessions built around important organisational problems. The dimension, managers as sponsors and facilitators providing process assistance was important to understanding individual and team level outcomes as well as contributing somewhat to organisational level outcomes. Managers performed an important role in providing information to participants and in modelling team behaviour. Their deep involvement in the programme, particularly in module II reinforced the BLP as a contribution to the wider organisation.

The provision of participant feedback mechanisms proved important in helping participants to deal with challenges and to track progress on skill development and leadership behaviour. These active feedback processes were both formal and informal and were from a representative sample of organisational members as well as external coaches.

Five dimensions of programme design were important in explaining individual and organisational level outcomes. Three particular dimensions were important to
understanding individual level outcomes: pre-course preparation and assessment, the use of multiple learning methods and the use of multiple sessions to reinforce learning. Pre-programme assessment helped participants to understand current strengths and weaknesses and identify priority development areas. Pre-course preparation enabled participants develop clear links between daily challenges and specific aspects of programme content. The pre-work consisted of a combination of reflective and workplace application exercises, the use of multiple methods facilitated engagement with learning and develop behavioural skills that could be applied in the workplace. Participants also received personalised feedback as part of these multiple methods that helped to enhance self-awareness and in seeking out development experiences outside of the formal programme to enhance or develop particular skills. The use of multiple sessions and significant periods of extended learning helped participants to build confidence and consolidate skill development. Where there are opportunities to practice skills between sessions, this enhances learning.

Two dimensions of programme design were particularly salient in helping understand organisational level outcomes. The programme was built around a well-defined and organisationally relevant set of leadership behaviours and competencies that were derived form the strategic imperatives of the organisation. The leadership model was explained in clear tangible language. A variety of learning methods and feedback mechanisms were used to reinforce those behaviours. A number of organisational support mechanisms were used to facilitate participants contribute to the organisation. The organisation made extensive use of coaching, mentoring processes, the performance management process, feedback and challenging job assignments.

6.3 Contribution of the Research to Understanding Leadership Development

A common criticism directed at the leadership development literature is that it provides a somewhat static and sterile account of leadership development interventions. In reality in large organisations such as the one that was the focus of this study, leadership development should be understood as a continuation of formal policy and strategy and informal understandings that are held by different stakeholders. It also has an emergent quality in that there is usually a gap between what organisations intend and what is realised. The study findings reveal that the
notion of a normative leadership development model was not coherent in terms of a successful integration of policy and sets of practices. In some ways the programme came into existence in a piecemeal, emergent way. There were numerous examples in this study of actions taken that were based on needs or from learning through experience.

The decision to implement leadership development was not solely the result of major strategic concern or foresight but in reality reflected a mix of the strategic and the day-to-day. The factors that drove the emergence of the leadership development programme include pressures stemming from the institutional and environmental context in which the firm operates the organisational desire to implement a particular approach to leadership, the desire to control legateship behaviour and demands from leaders for leadership development. Table 6.6 summarises the contributions of this research study.

Having regard to the conceptual framework (figure 3.1) presented in Chapter 3, the remainder of this section will discuss three concepts that are relevant in understanding the operation of the framework in a practical context; context, contingency and complexity.
<table>
<thead>
<tr>
<th>Domain of Contribution</th>
<th>Extent of Contribution</th>
<th>What has been Supported?</th>
<th>What has been Extended / Developed?</th>
<th>What has been Advanced?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Theoretical</strong></td>
<td></td>
<td>The use of context in understanding the leadership development process</td>
<td>The use of an open systems theoretical approach to understand the determinants of leadership development in larger firms</td>
<td>Use of an integrated and contextual model that integrated contextual, international, strategic and operational forces and learning design characteristics to understand leadership development outcomes</td>
</tr>
<tr>
<td><strong>Empirical</strong></td>
<td></td>
<td>Leadership development practices in large firms are often piecemeal, informal as well as formal and they do not always demonstrate coherency</td>
<td>Demonstrates the limitations of large scale surveys of leadership practices</td>
<td>Utilisation of a model that integrated environmental, organisational and individual determinants</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Need to adopt a holistic understanding of the determinants of leadership practices</td>
<td>Focus on the individual design element of leadership development and their role in understanding outcomes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Both the formal and informal dimensions of leadership development can co-exist in organisations</td>
<td></td>
</tr>
<tr>
<td><strong>Meta-Theoretical</strong></td>
<td></td>
<td>The value of context specific research and its theoretical and empirical focus</td>
<td>The value of adopting a critical realist informed study of leadership development</td>
<td>The value of adopting an analytical perspective on leadership development</td>
</tr>
<tr>
<td><strong>Practical</strong></td>
<td></td>
<td>Leadership development programmes in terms of formality</td>
<td>General principles do not always hold in particular organisations</td>
<td>Avoid generic frameworks to large firms</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Leadership development practices are shaped by specific industry and organisational contingencies</td>
<td>Leadership development outcomes are complex and difficult to capture</td>
<td>Variations in practice across business units</td>
</tr>
</tbody>
</table>
6.3.1 The Role of Context

Leadership development research has generally been slow to understand the influence of context. This has arisen because there is a tendency to consider organisations to be closed, sealed entities that pursue rational, pre-determined goals. The open systems perspective that underpins the concept framework proposes an open systems view of organisations that seeks to capture the interplay which shape how leadership development actually operates. Edwards (2005) has highlighted the need to conduct context sensitive research simply because leadership development cannot be decoupled from its context. It might be expected that large firms will exhibit greater degrees of formality; however, this is not necessarily the case. Contextual issues that were particularly salient in explaining how leadership development was approached in the study organisation included top management views and support models of leadership development, the nature of the business strategy and the strength and nature of HRM practices. Context helps to give meaning to the existence of particular leadership development practices. Formal leadership development may have different meanings depending on the context studied.

6.3.2 The Role of Contingency

The research framework utilised to conduct this research was grounded in previous research on key determinants of leadership development. It suggests that a configuration of contingency variables that come together to explain various patterns and outcomes of leadership development. The model specifies particular linkages or relationships between those variables in particular the way in which the international strategy of the firm interacts with various contextual factors to shape a variety of HR and non-HR factors to understand the design and outcomes of formal leadership development. The research did not seek to test the strength of these relationships; it does point to particular areas of potential relationship that may be explored in future research. Leadership development outcomes were determined through a complex interplay of factors both inside and outside the organisation.
6.3.3 The Role of Complexity

The research reveals that leadership development in large organisations is complex, consisting of practices that vary in their formality. Leadership practices in organisations operate in both formal and informal ways. These represent opposite sides of the same coin. Therefore, it follows that an approach to research that denies the existence of one or the other is incomplete. It should be pointed out that informality does not suggest something that is poorly planned, ad-hoc or not sufficiently considered. Informality should instead be viewed as a dynamic set of practices that are designed to meet particular strategic needs. An understanding of the complexity of the workplace and organisations leads to an understanding of leadership development that is an ongoing process rather than a one-off intervention. The open systems conceptual framework that underpinned this study is more sensitive to organisational dynamism and accommodates more effectively the contradiction and change that characterises organisations. This suggests that it is not easy to categorise leadership development into particular categories.

6.3.4 Revising the Original Conceptual Framework

Chapter three suggested a theoretical framework that served as a roadmap to organise and understand the research findings. This initial framework was derived from an extant review of the literature. The framework conceptualised these factors into a broader picture of leadership development programme development, design, implementation and outcomes. The research findings suggested some additional issues that were not accounted for in the original framework or found in the reviewed literature. Because of the lack of completeness of the original framework, a revised conceptual framework is proposed by the researcher. Figure 6.1 presents this revised framework. Three significant changes have been made to the conceptual framework:

- The purposes of leadership development have been expanded to highlight three specific purposes that emerged strongly in this research: the development of individual leadership capacity, the development of collective leadership capability and the development of the talent pipeline. The two latter purposes
reflect organisational perspectives on leadership development, whereas the first purpose reflects individual needs or priorities.

- The model acknowledged that there is an important component of activity that occurs before the design of the leadership development programme begins. This is described in the framework as programme development and it consists of activities such as the identification of the need or gap, the proposal of the programme, the process of building support for the programme and the commitment of financial resources to the programme.

- The third component focuses on programme leadership. This dimension emerged as an important dimension of programme sustainment. Specific aspects of project leadership that emerged as important in this study included: networking with stakeholders, openness to making changes to the programme, communication of the outcomes of the programme and ensuring that the programme continually meets the needs of the organisation.
Figure 6.1: Revised Conceptual Framework to Explain Leadership Development Outcomes in Organisations

International Strategy of the Organisation
- Global Business Strategy
- Global and HRM Strategy
- Global Staffing Strategy
- Global Leadership Development Strategy

Contextual Factors
- Location Characteristics
- Industry Characteristics
- Temporal Conditions
- Strategic Relationship & Alliances

Operational Factors

Organisational Factors
- Organisational Culture
- Organisational Structure
- Top Management Support
- Model of Leadership
- HRM Practices

Purposes of Leadership Development

Individual Factors
- Ability of Participants
- Personality and Adaptability
- Psychological Contract
- Technical Competence
- Career Orientation & Aspirations

System of HR & Non-HR Factors

Leadership Development Programme Design

Outcomes

Measuring
6.4 Critique of the Study

As with any research, strengths and weaknesses in the study's design and execution need to be acknowledged. This section focuses on three areas: the study design, the data collection process and the paradigm of inquiry used to conduct the study.

6.4.1 The Study Design

The researcher is of the view that the strength of a qualitative research design benefitted this study. Quantitative research accommodates deductive and inductive thinking. They also allow the researcher to utilise in a flexible way from existing theory and contribute to the development of new theory based on emergent themes. The research was able to utilise an open systems integrated framework to understand the outcomes of a formal leadership development programme. When themes emerged during the data analysis, a raised conceptual framework was developed to better represent the phenomenon under study.

A case study design was appropriate for this study because it met three criteria: singular bounded and particularistic. In addition, the researcher had limited control over the focus of the study. The BLP programme was well established therefore the researcher investigated it without any need to manipulate the environment. Given the exploratory nature of the study, the researcher was able to gain a greater understanding of the programme through the theoretical framework and the rich descriptions provided through stakeholder interviews, the analysis of documentation and the use of a variety of questionnaire instruments.

It should be acknowledged that a weakness of the study design is that it was qualitative in nature. Because the findings are not quantified and there is no attempt to statistically investigate relationships, the study may have limited generalisability to other formal leadership development programmes. The goal of this research was to focus on deep, rich description rather than generalisability. As a result, the researcher did not take steps to mitigate this weakness.
6.4.2 Data Collection Methods

Gathering data through stakeholders and the analysis of organisational documentation was of significant benefit to realising the objectives of the study. Study participants through the interview process related their personal experiences of the BLP programme which offered the researcher insights into the development, design, implementation and outcomes of the programme. The documents collected for this study provided additional data. These documents were useful for supporting study participant data. Many of the documents contained fact-based information, so the possibility of misinterpretation was also less likely to occur. For documents that were based on narrative participant data either verified or refuted the information. The study of the BLP programme was strengthened through the use of these methods.

Stakeholder interviews have drawbacks that should be acknowledged. Stakeholders no matter how open and honest they are in responses are subject to bias. They report information based on personal experiences and memory that reflect their perceptions of what they experienced. Participants in this study were asked to report their stories and interpretations based on a set of prescribed interview questions. Study participants must interpret the questions asked and then prepare an answer based on perceived meaning. It is also acknowledged that documents can also contribute to bias. Because they are written by individuals, they are subject to interpretation based on personal perception.

6.4.3 The Paradigm of Inquiry

The study was undertaken primarily from a constructionist point of view. Therefore, the researcher benefitted from participants’ constructed knowledge. The utilisation of participants’ constructed knowledge enabled the researcher to seek high descriptions to glean deeper meaning. It made sense to understand the BLP programme through stakeholder voices.

The researcher acknowledges that a constructionist paradigm has weaknesses. Essentially, the researcher takes the stance that knowledge is constructed from
individual experiences and perceptions. As a consequence, subjectivity must be continually checked. It is important to exercise caution so that the researcher does not lead a study participant to say what is desired to know. They should let the information emerge with each layer of constructed knowledge between the researcher and study participants, the possibility of misinterpretation exists. Study participants respond based on their distinctive interpretation of the interview questions. A study of participants' perception of what is being asked is then answered in light of personal experiences with the BLP programme. The researcher analysed the constructed data through his contracted knowledge. Therefore, each layer of analysis potentially can contribute to misinterpretation. Documents are subject to the same problem because they reflect the writer's or creator's constructed knowledge and when reading the document the researcher bases his analysis on the same knowledge.

6.5 Recommendations for Further Research

The findings of this study have generated recommendations for future research. The lens of the theoretical framework supported the factors that contributed to the outcomes of the BLP programme. The emergent factors that were revealed in this study require further study. Additionally, future studies using the same theoretical framework but with other formal leadership development programmes would reinforce the usefulness of the model. It would also be useful to investigate the practicality of the conceptual framework.

6.5.1 Applying the Framework and Theories

The theoretical framework used in this study incorporated a variety of theories including resource based theory, best fit or contingency theory, external environment theory, training design theory and theories on leadership outcomes. The researcher found evidence supporting this model in addition to a number of additional themes. The new framework provides a comprehensive approach to understanding the outcomes of formal leadership development programme. The revised framework potentially has practical applications for decision makers who develop, design and
deliver leadership development programmes. Future research could expand the types of leadership programmes and organisational controls that are studied.

6.5.2 Investigating Emergent Factors

The original conceptual framework downplayed the importance of leadership of the programme itself as an important organisational factor. The dynamics of programme leadership require further investigation and how that leadership process differs at different stages in the roll out of the programme. How, for example, does the leadership task differ for newly initiated versus well established programmes? What happens if there is a change of leadership when a programme is up and running? Decision makers can better plan for changes in programme leadership when leadership change is understood in terms of the programme implementation process.

6.5.3 Sustaining Leadership Development in Organisations

The research reported in this study focused on an understanding of leadership development outcomes for a formal leadership development programme. The research is premised on the view that leadership development programmes will be needed for some time to come because they have the potential to contribute to the strategic success of organisations. Particular questions that can be asked concern how critical mass is achieved. How do established leadership development programmes keep up to date with changes in the field of leadership and development? How do leadership development programmes respond to a changing organisational and external context? These questions were beyond the scope of this study. This study focused on a successful programme; however, a study of a programme that failed would also reveal some interesting insights into the sustainment of leadership development programmes in organisations.

6.6 Implications for Practice

The issue of practice that was addressed in this study was that organisational decision makers need to understand the factors that contributed to the outcomes of formal
leadership development programmes. Without this knowledge, opportunities for designing effective programmes may be missed or implemented programmes may fail to achieve their objectives. The implications for practice are organised into four key areas: programme leadership, evaluating the impact of external factors on leadership development and assessing the value of the programme.

6.6.1 Programme Leadership

Effective programme leadership is an essential component of formal leadership development, design and delivery. An essential message that arises from this research is that effective leadership and commitment of organisational decision makers is necessary to ensure that the programme establishes a profile and becomes an essential feature of the organisation. The programme studied succeeded because of the efforts of key decision makers who believed in the value of the programme. Programme leadership is derived from an extensive network of relationships to help secure the resources and supports necessary to sustain the programme. Programme leaders need to network at the highest level in the organisation in order to create positive perceptions concerning the value of the programme. Decision makers need to design a programme that reflects the needs of the organisation and be cognisant of the latest trends in the fields of leadership and leadership development. Securing sufficient financial resources is critical to developing, implementing and sustaining formal leadership development programmes.

6.6.2 Monitoring and Evaluating the Impact of Changes in the External Environment

At the level of the organisation, it is important for leadership development practitioners to actively monitor and evaluate the impact of changes in their external environment on leadership development practices. Such monitoring and evaluation will enable the programme to be strategic in focus. Such monitoring will involve detailed examination of the contextual factors highlighted in the conceptual framework.
6.6.3 Assessing the Value of Formal Leadership Development Programmes

The perceived value of a leadership development programme is important to its sustainment in organisations. In fact, perceived value may be as important as demonstrating ROI. Programme leaders and human resource professionals need to explore different stakeholder perspectives or perceptions of value based on sponsors, senior management, faculty, support staff, participants and the HR profession. Where programme stakeholders perceive that the programme has value, they are more likely to support it. Organisational decision makers initiating a leadership development programme should have an understanding that although the programme may fill a need, that does not of itself guarantee value. Value must be understood not only through assessing the needs of participants, but also through understanding how it builds value in the organisation. Table 6.7 summarises some of the practice questions that need to be considered.

Table 6.7: Formal Leadership Development Programme Design and Implementation: Questions for Practice

<table>
<thead>
<tr>
<th>Element</th>
<th>Key Questions</th>
</tr>
</thead>
</table>
| Leadership             | - Does the programme have the support of a formal programme leader who has the ear of top management?  
                          | - Does the programme content support the organisational mission and goals?  
                          | - What processes are in place to engage on a regular basis with stakeholders?  
                          | - What processes are in place to assess and evaluate the programme?  
                          | - Are sufficient resources in place to support the programme?  
                          | - How does the programme leader network with key stakeholders?  |
| Monitoring External Factors | - What changes are taking place in thinking on leadership development?  
                          | - What changes are taking place in the organisation's external environment that will influence the content and positioning of the programme?  
                          | - How do temporal conditions influence commitment to leadership development?  |
| Value                  | - Does the leadership development programme continue to add value?  
                          | - How can the value of the programme be measured and used to further the goals of the programme?  
                          | - Are there opportunities to develop leadership skills beyond the classroom setting?  
                          | - How can programme participants be supported once they complete the programme?  
                          | - What processes can be implemented to document the value of the programme?  
                          | - How can the leadership programme remain visible to sponsors and potential participants?  |
6.7 Summary

In an editorial review, Bamberger (2008) argued the importance of bridging macro and micro levels in research and argued that 'context counts and where possible should be given theoretical consideration' (p 839). The research reported in this study that this argument has direct relevance to leadership development, supported by broad, open systems logic. This study proposed a conceptual framework to understand formal leadership development in a large building materials multinational. It sought to understand the multiplicity of factors that shape the practice of leadership development in organisations. This approach appears to be more fruitful, continually looking for universal truths about leadership development.

Methodologically the study adopted a qualitative approach. This approach proved valuable in understanding the broad range of factors that organisations need to consider when understanding leadership development outcomes. This approach proved valuable in understanding the context of leadership development, its complexity and the contingency variables relevant to explaining its shape and character. It enabled the researcher to capture the interactions between factors outside and inside the firm and how they shape formal leadership development. This type of approach points to the fact that leadership development is a heterogeneous rather than homogenous phenomenon. However, this dimension could perhaps be more fully captured through the use of longitudinal analysis.


252


CRH (2007f) Leadership Succession and Performance Management at CRH.


CRH (2010b) Website - News and Media.


DATAMONITOR (2009b) Lafarge SA Company Profile.

DATAMONITOR (2009c) Saint-Gobain Company Profile.


EDELSTEN, M. (2005) Manage Reward or Reward New Management. IN MERCER (Ed.) The Value of People.


GOLDEN, J. (2007b) The Leadership Pipeline (Internal Memo). CRH.


GROUP DEVELOPMENT (2006) CRH Strategic Plan 2006-2010. CRH.


LAFONT, B. (2010) 2009 Full Year Results. Lafarge SA.


WITT, H. & KLEINING, G. (2001) Discovery as basic methodology of qualitative and quantitative research.


WOLSELEY (2009a) Interim Management Statement


269