

TRAINING AND DEVELOPMENT OF LEADERS IN TOP U.S. COMPANIES

Refereed Presentation
Organizational Systems Research Association
Conference 2001
Cleveland, Ohio
February 22-24, 2001

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Training and Development of Leaders in Top U.S. Companies

A critical shortage of experienced managers is projected for the first part of the twenty-first century (Byham, 1999, p. 46), and effective leadership is important for the success of any organization. Crom (1997) stated that the demand for leadership and leadership training has grown.

Literature Review

Traditionally, training and development in organizations has been a part of the Human Resources function. Lombardo and Eichinger (1997) gave advice to human resource professionals on how to develop competitive-edge leaders and stated that human resources “and top management must take the lead in long-term talent development and in filling the leadership bench” (p. 143).

A benchmarking study (Fulmer & Wagner, 1999) of outstanding leadership development practices in six firms found that those responsible for leadership development had senior-level business experience and that top-level support was needed in the development process. These companies also developed their own leaders rather than recruiting them from outside the organization. Other programs have used successful top managers to develop leaders (Cohen & Tichy, 1997; Zenger, Ulrich & Smallwood, 2000)

Zenger, Ulrich, and Smallwood (2000) pointed out that organizations generally had executive support and funding for leadership development, but that there was a “huge disparity between what is being spent and the return from that investment” (p. 23). This problem could be addressed, they stated, if leadership development was done more effectively. Organizations often offer leadership training because they feel that they should be doing something to develop leaders, not because it targets any clear business objective.

When determining which employees will participate in a leadership development program, opinions vary. Most (Byham, 1999; Cohen & Tichy, 1997) advocate that leadership potential exists at all levels of the organization and that potential candidates exist in any level or department. Many organizations “incorporate a 360-degree instrument in which participants are evaluated by their peers, their direct reports, and their boss” (Romano, 1999, p. 24) and use the results to select potential candidates. Zenger, Ulrich, and Smallwood (2000) felt it was more effective to select candidates based on past performance rather than on competencies. In an interview (Alter, 1999), information technology (IT) executives felt potential leaders should be selected for their behavior, values, strategic thinking skills, communication skills, and interpersonal skills.

The contents of leadership training programs vary, as they should, from organization to organization. One IT executive (Alter, 1999) pointed out that it was important to have a leadership development program rather than a management training program. Among the recommendations of Byham (1999) were to develop competencies

based on on-the-job experiences and to provide behavioral training. Fulmer and Wagner (1999) advocated identifying leadership competencies and providing action learning.

A variety of learning methods have been used in leadership development programs. Keeling and Kallas (1996) listed the following supervisory training and management development methods and techniques: in-house seminars and workshops, mentoring, role-playing, decision simulation, in-basket training, case study, incident process, and assessment centers. Zenger, Ulrich, and Smallwood (2000) stated that the most common ones used were lectures, case studies, discussion groups, reading assignments, and simulations. Byham (1999) and Cohen and Tichy (1997) recommended mentoring. Romano (1999) recommended role-playing, and IT professionals (Alter, 1999) felt that real-life simulations were most effective as training tools.

Lawler (2000) wrote about consortium programs in which colleges or universities organized a group of companies to share costs and their experiences in developing potential leaders.

Advice on the length of a leadership development program was varied. Zenger, Ulrich and Smallwood (2000) favored “three- to five-day sessions spaced over 18 to 24 months” (p. 31) with coaching by “buddy groups” between sessions. The Federal Executive Institute (FEI), involved in government training, offered a split four-week session, where “executives spent two weeks in residence, three months back in the workplace, then return[ed] to FEI for the second two weeks of the program” (Romano, 1999, p. 25).

The evaluation of a training program is an important component. “Best-practice organizations always assess the impact of their leadership development process” (Fulmer & Wagner, 1999, p. 30). Zenger, Ulrich, Smallwood (2000) advocated measurements when training participants returned to work, including 360-degree feedback. Byham (1999) advocated the use of 360-degree surveys and tests during the training process.

Since the inception of Affirmative Action programs, organizations have been concerned with the development of women and minorities as organizational leaders. Martinez (1997) wrote about successful programs at two U.S. corporations, but stated that “leadership programs tailored specifically to women’s needs are not appropriate for every organization” (p. 87).

Research Questions

The following research questions were addressed in this study:

1. Is leadership training offered in Fortune’s 100 top companies to work for? If so, what types of programs are offered, what is the length of such programs, how often do employees receive such training, where does the responsibility for such a program lie within the organization, and what levels of employees are eligible for such programs?

2. How is need for a leadership training program determined within the organization and how are employees assessed for their leadership potential?
3. Are special leadership programs offered for minorities and women in these organizations?

Methodology

A twenty-five-question survey was developed. Eleven human resource professionals in the local area were contacted either by telephone or in person at the local meeting of the Society for Human Resource Development and asked if they would be willing to complete the questionnaire as part of the pilot study. To test various methods of completion, pilot respondents were given the option of how they wished to complete the survey. Three individuals completed the questionnaire over the telephone, three completed it using e-mail, and five completed it in paper form, returning it by fax. Based on these pilot responses, the questionnaire was modified as needed

The 1999 Fortune top 100 companies to work for were selected as the population for this study. The Web sites of these companies were searched for demographic and training information. If the name of the individual responsible for training or human resources was listed on the Web site, that person was e-mailed to ask permission to be included in the study. If no name or e-mail address was available, the company was contacted by telephone. The caller asked to speak to the person responsible for training in the organization. This person was asked if he/she would be willing to be included in the study. Those willing to participate in the study were given the option of completing the survey using one of three methods: telephone, e-mail, or fax. If demographic information was not available on the company, the person answering was also asked for this information.

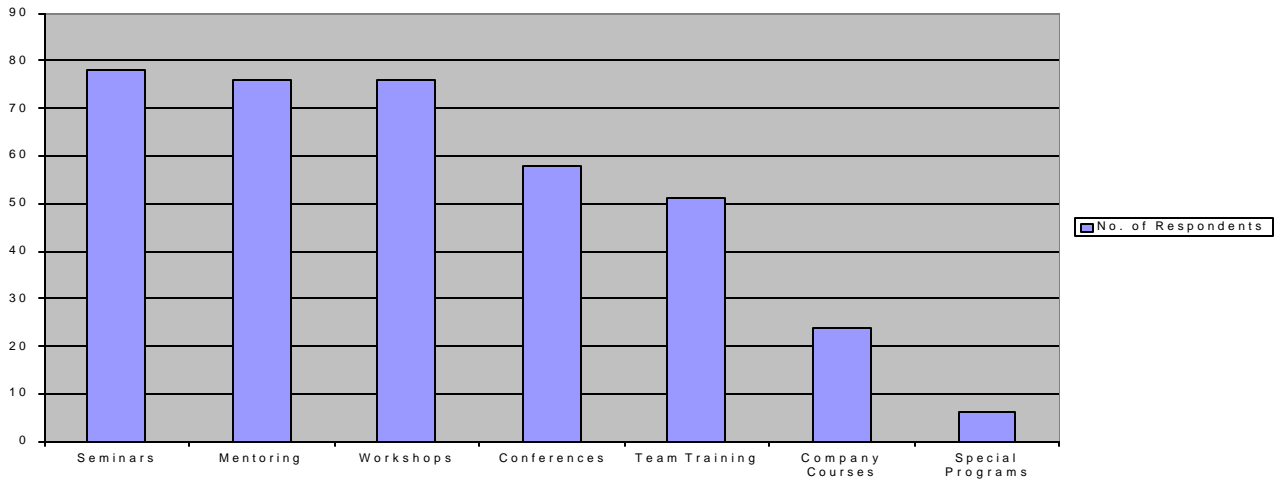
Findings

Out of one hundred potential respondents, 81 agreed to participate in the research and completed the survey: 37 completed it using e-mail, 32 in the form of a telephone interview, and 12 faxed their responses. Of the 81 companies, 31 (33.3 percent) employed over ten thousand people and 24 (29.6 percent) employed less than two thousand. Seventy-six of the respondents indicated that they provided an average of 48.5 hours of training per employee per year.

Is leadership training offered in these companies? All 81 of the responding companies indicated that leadership training was offered for their employees.

What types of leadership training programs are offered? Chart 1 shows the various types of leadership training programs offered by the responding companies. Respondents were asked to indicate all types of programs offered, with most indicating more than one type. Mentoring, seminars, and workshops were offered by nearly all of the respondents.

Chart 1: Types of Leadership Training Programs



What is the length of leadership training programs? Respondents were asked to indicate the average length of leadership-training programs offered to employees. The questionnaire gave four choices: one day, selected by 11 (14 percent) respondents; several days, selected by 25 (32 percent) respondents; one week, selected by 14 (17 percent) respondents, and other. The remaining 31 respondents (38 percent) indicated “other,” with 21 (26 percent) indicating varying lengths of from one day to two or months for leadership training.

How often do employees receive leadership training? When asked how often eligible employees received leadership training, 33 (41 percent) of the respondents indicated that employees received such training three to five times a year, 30 (37 percent) indicated twice a year, and one firm indicated once a year. The remainder of the responses indicated either “It’s an ongoing process” (14 percent) or “Depends on the need” (11 percent). Three respondents selected more than one option.

Where does the responsibility for leadership training programs lie within the organization? Those companies with training and development departments (51 companies or 63 percent) indicated that the responsibility for leadership training fell within the responsibility of that department. Forty-four (54 percent) of the respondents indicated that this training fell under the responsibility of a human resources manager and 12 (15 percent) indicated that it fell under the responsibility of a training and development manager. Twenty-four (30 percent) of the respondents indicated that their company outsourced leadership training services.

What levels of employees are eligible for leadership training programs? All of the respondents indicated that middle and upper management employees were eligible to participate in leadership training programs in their organizations. Lower-level managers

were eligible for such programs in 64 (79 percent) of the organizations, and entry-level employees were eligible in 28 (35 percent) of the organizations.

Thirty-four (42 percent) of the respondents indicated that they offered leadership training to employees in non-executive positions. Table 1 shows the types of training offered and the number of respondents who indicated that they offered each type of training for non-executive employees. Respondents, in most cases, indicated more than one type of training.

Table 1
Types of Leadership Training Offered

Type of Training	Number of Respondents
Workshops	30 (37 percent)
Seminars	27 (33 percent)
Mentoring	22 (27 percent)
Team Leadership	18 (22 percent)
Case Studies	14 (17 percent)
Classes	14 (17 percent)
Other	6 (7 percent)

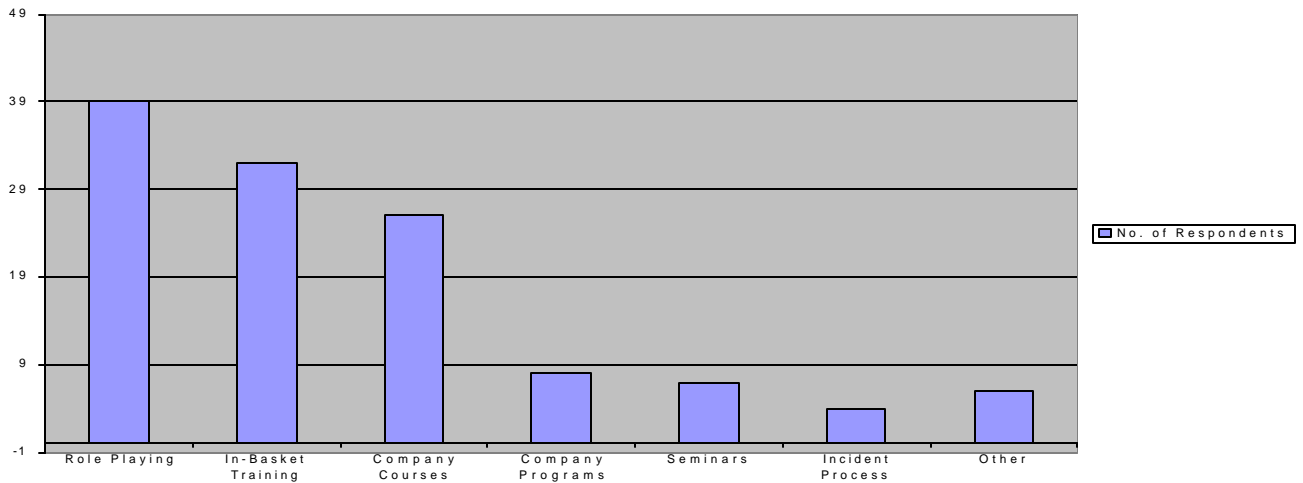
Respondents were also asked if they offered leadership training to potential supervisors, and 49 (60 percent) indicated that they did offer training to these employees. Three types of leadership training, commonly mentioned in management textbooks, were defined for the respondents:

Role Playing—potential supervisors act out their own parts or those of others under simulated conditions.

In-Basket Training—potential supervisors are given a brief description of a higher-ranking position and must make specific decisions within a specific period of time.

Incident Process—potential supervisors are given a series of incidents that occur in a mythical company with a minimum of related information supplied.

Chart 2 shows the types of leadership training offered to potential supervisors. Many respondents selected more than one type of training.



Respondents were asked if they offered leadership training to employees in executive positions. All 81 of the respondents indicated that they provided in-house seminars, conferences and workshops to these employees. Ninety-eight percent also indicated that they offered seminars, conferences, and workshops outside of the company for executives. Fifty of the respondents (62 percent) included case studies as a method of leadership training for executives. Other types of leadership training for executives included courses (28 percent) and programs (15 percent).

How is need for a leadership training program determined within the organization? Respondents were asked how their company determined needs for leadership training programs. Five percent indicated that such training was mandatory for managers. Several different methods were used, with needs assessment being indicated by 58 (72 percent) of the respondents, suggestions from management by 16 (20 percent), and performance evaluations by 11 (14 percent) of the respondents. Other methods indicated were employee orientations (10 percent), special company programs (9 percent), when changes occur (5 percent), focus groups (2 percent), career paths (2 percent), and budget availability (1 percent).

How are employees assessed for their leadership potential? Seventy respondents indicated that they assessed or evaluated employees for their leadership potential. Table 2 shows the types of assessment or evaluation used and the number of respondents using each. Several respondents indicated more than one type of assessment or evaluation.

Table 2
Types of Assessment Evaluation

Assessment/Evaluation Techniques Used	Number of Respondents
Performance and Work Appraisals	67 (83 percent)
Special Assessment Programs	15 (19 percent)
360 Degree Feedback	15 (19 percent)
Assessment Centers	7 (9 percent)
Interviews with Employees	7 (9 percent)
Team Evaluations	6 (7 percent)
Management Observations	5 (6 percent)
Results Method	5 (6 percent)
Customer Feedback	3 (4 percent)

Are special leadership programs offered for minorities? Fifty-five (68 percent) respondents indicated that between 20 and 49 percent of their workforce was minority, and two respondents indicated that minorities comprised at least 50 percent of the workforce. Only three (4 percent) of the respondents offered special leadership programs for minority employees. The three types of programs indicated were minority leadership issues seminars, leadership alliance program, and diversity conferences. These programs were offered in companies in which minorities comprised 23-38 percent of the workforce.

Are special leadership programs offered for women? Despite the fact that 34 (42 percent) of the respondents worked for companies where women comprised at least 50 of the workforce, only four indicated that special leadership programs were offered for women in their organization. These four programs were titled Executive Women Program, Women in Management, Women in Business, and Glass Ceiling Leadership Series. Only one of these programs was located in a company where the workforce was over 50 percent women.

Conclusions

Over half of the Fortune 100 best companies to work for had a training and development department, even though only 15 percent had a training and development manager. Therefore, the training and development function fell under the umbrella of the human resources department or manager in a majority of the companies.

Even though not all of the companies had training and development departments, all companies offered leadership training. Seminars, workshops, and mentoring were the most popular types of leadership training offered; in-house conferences were also offered to employees in executive positions. When leadership training was made available to employees in non-executive positions, it was most likely to be in the form of workshops, seminars, or mentoring. Potential supervisors were most likely to receive leadership training in the form of role-playing, in-basket training, or company courses. Case studies were commonly used for employees in executive positions.

The length of time devoted to leadership training varied greatly. In most of the companies, eligible employees received leadership training at least twice a year.

Leadership training was most likely to be offered to employees already in middle and upper management positions. In fact, such training was mandatory for managers. Potential supervisors were also more likely to receive leadership training.

When assessing the need for leadership training, a majority of the companies used needs assessment methods. Few used methods such as performance appraisals, possibly because most employees receiving leadership training were already in management positions.

A high percentage of the companies assessed employees for leadership potential. The most common method used was some type of performance or work appraisal. Very few used special assessment programs or centers for this purpose. Appraisal feedback from those other than management, such as 360-degree and customer feedback, were used by less than one-fifth of the companies.

Despite high populations of minorities and women in the workplaces of many of these companies, very few offered special leadership training programs for these populations.

Recommendations

Future research should continue to examine the trend of making leadership training opportunities available mainly to those already in positions of management. Why does this continue, when potential leaders may be present in non-executive or non-supervisory positions?

Assessment of employees for leadership potential should be expanded. Is there a trend toward using the input of others besides management? Would more formal assessment methods be more effective? Future studies of this type could answer these questions and determine any new trends in the areas of leadership training in organizations.

Authors of management textbooks should consider updating the types of leadership training techniques to reflect those used in the real world. The results of this study would indicate that incident process, for example, could no longer be listed in management textbooks.

Future research could determine why numbers of companies offering leadership training programs for minorities and/or women are so low, even when such populations represent large percentages of the workforce in many companies. Perhaps there are already sufficient numbers of these populations already in management positions in

companies that are desirable to work for; or perhaps, more cynically, it is no longer necessary to develop minorities and women to meet affirmative action requirements.

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