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Leadership Development Programs: Lessons Learned from Four Case Studies

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Abstract

Leadership is considered more important in industry than ever before, and today the companies' leadership development programs have been pressed to make a difference in enhanced leadership capacity and organizational performance. As CEOs, line managers and high potentials are critical stakeholders for the leadership development programs, it is important to understand their perspectives of leadership development practices. Only when HRD professionals have a clear understanding of what their internal clients are looking for, can we design and develop more effective leadership development programs.

The purpose of this study was to explore to what extent the CEOs, line managers, and high potentials perceive the leadership development programs differently than the HR/HRD professionals. This study adopted a multiple-case study design. Four companies—ABB, BenQ, Lenovo and Motorola—were studied in China. The interview data were collected from the CEOs, HR/HRD professionals, line managers and high potentials, using pre-developed interview guides. A total of 40 people participated in the interviews.

The findings of this study indicated that both CEOs and HR professionals believe HR should focus on talent development. However, some line managers and high potentials find HR plays a very limited role in this regard, and they suggest that it should be business managers' responsibility to develop people, not HR. Second, although all four groups agree that on-the-job training is the most effective approach for leadership development, the line managers and high potentials prefer to on-the-job coaching, but HR professionals tend to use job rotations. Third, all four groups point to the fact that talent development can not keep up pace with business development, and suggest this is one of the major challenges facing in leadership development in China. Implications of these findings for designing and developing effective leadership development programs are discussed also in detail.

Leadership is considered more important in industry than ever before. In order to sharpen their competitive edge, organizations have become more and more results-oriented. Leaders today are not only expected to deliver business results, but also to develop other leaders at the same time, making leadership more stressful and difficult. Under such circumstances, the companies' leadership development programs have been pressed to make a difference in enhanced leadership capacity and organizational performance. Marcus (2004) found that 65% of surveyed firms placed leadership development as one of the top five focal points for corporate strategy.

As CEOs, line managers and high potentials are critical stakeholders for the leadership development programs, it is important to understand their perspectives of leadership development practices, for example, what leadership development approaches are perceived to be most effective, and how they evaluate the current leadership development programs, etc. Only when HRD professionals have a clear understanding of what their internal clients are looking for, can we design and develop more effective leadership development programs.

The purpose of this study was to explore to what extent the CEOs, line managers, and high potentials perceive the leadership development programs differently than the HR/HRD professionals. To be specific, the research questions included, (a) as perceived by the CEOs, line managers, and high potentials, what roles should HR play, (b) which leadership development approaches are most effective, (b) what measures are appropriate to evaluate the effectiveness of leadership development programs, and (c) to what extent their perceptions of the above issues in leadership development are different from the HR and HRD professionals?

Methodology

This study adopted a multiple-case study design. Four companies—ABB, BenQ, Lenovo and Motorola—were studied in China. They were selected because, first of all, they share many things in common, for example, they are all technology-driven companies and they face the same macro environment in China, which means the same challenges. According to Eisenhardt (1989), cases with some common characteristics would help control extraneous variation. Second, each of the four companies has something unique, representing a different type of business in China. To be more specific, ABB and Motorola are both multinational firms, yet Motorola represents centralized organizations with typical American cultures, while ABB is a manufacturing company with heavily decentralized European influences. BenQ and Lenovo are both Chinese companies, but BenQ is a Taiwan-based firm and Lenovo originated in Mainland, China. Thus the four companies constitute an interesting comparison of multinational firms and local Chinese firms.

The interview data were collected from the CEOs, HR/HRD professionals, line managers and high potentials, using pre-developed interview guides. An interview guide was developed for each target group based upon the research questions. A total of 40 people participated in the interviews. In order to ensure the quality of this study, a three-way triangulation was built into the research design. First, the primary interview data were triangulated with the secondary documentary data. Second, triangulation across informants within each case was made. Third, the cross-case study design allowed the researchers to identify similar themes across the four cases.

After data collection was completed, the interview data were transcribed, cleaned and coded before the common themes were identified to answer the research questions (Miles &

Huberman, 1994). Coding was done by three coders independently. The inter-rater agreement was calculated, and the agreement index among the three coders ranged from 73% to 81% for various coded segments. In analyzing the data, the researchers first developed a case study report for each individual case. In order to add validity to the study, the draft case study report was sent to 1–2 key informants in each company for their review. The comments from the key informants were incorporated into the revised case study reports. Following the within-case analysis, a cross-case analysis was performed, and the common themes across the four cases for each research question were presented. At last, the findings of this study were compared to the previous literature before the final conclusions were drawn.

Results

HR Roles

The CEOs in this study tend to value the long-term impact of HR, and expect HR to play a leading role in talent development. For example, the CEO at BenQ said, “we see HR as the engine of the company. HR is supposed to recruit, select, develop and retain the best talents for the companies”. The HR professionals in the four companies agreed that, HR should demonstrate higher value in people development. ABB and BenQ also emphasized that HR is supposed to build a high performance workplace for the company. The HR professionals at ABB said that, they see line managers and employees as two internal client groups for HR and argued that the goal of training is to make both the employees and the employer satisfied. In comparison, their counterparts at Lenovo believe that training should meet the company’s goals and objectives, not to satisfy the individual employees.

With regard to the roles of HR in talent development, some line managers hold markedly different view from HR professionals. They pointed out that the business managers should be held responsible for the development of their people, not HR. For instance, the line managers at Lenovo and Motorola argued that, the role of HR in talent development is very limited, because HR is far away from everyday business operation. One line manager at Motorola commented, “I don’t think it is the responsibility of HR to develop people, because each business manager is supposed to take this role”.

Leadership Development Programs

The findings of this study indicated that all four companies emphasized developing people on the job. They heavily use job-related approaches, such as on-the-job coaching, job rotations, etc. For example, BenQ and Lenovo prefer to give challenging assignments to their high potentials, and have them learn by doing on the job. BenQ encourages companywide peer competition. Its well-known horse-racing philosophy has been proven to be successful. They simply motivate their high potentials by building high pressure through peer competition, and coach them on the job. After the year 2000, Motorola emphasizes more on the experience- and feedback-based training, less on classroom learning. People are encouraged to learn on the job. Another effective way that is frequently mentioned in the study is role modeling. One line manager at ABB said that, “having a good role model is probably the most important thing. If you work for a good manager, you can learn from him, pick up quickly and take on the good attributes or styles. So role modeling is important”.

All subject groups across four companies identify on the job training as the most effective way to develop leaders. This finding is in line with that of the AMA (2005), which reported that most leaders attribute their mastery of leadership to on-the-job experience. Although all four groups agree that on-the-job training is the most effective approach for leadership

development, HR professionals tend to use job rotations, but the line managers and high potentials prefer to on-the-job coaching, as one informant explained, “the feedback from the direct boss is more to the point and therefore very effective”.

In addition, all four companies in this study prefer to use internally designed leadership development programs. In terms of method of delivery, face-to-face is more preferable to on-line delivery. Hewitt Associates (2005) suggested that 90% of the Top 20 Companies reported that internal leadership training is almost always or always used. Fulmer and Goldsmith (2001) indicated that the majority of the best practice organizations favored the face-to-face method of delivery. In order to make leadership development programs more accessible to the high potentials, HR professionals in this study attempt to integrate on-line courses in designing their leadership development programs. However, they find that the line managers and high potentials have very low opinions toward on-line training programs.

In selecting program participants, Fulmer and Goldsmith (2001) indicated that the best practice companies look to the goals of their leadership development process to determine who will be selected as a participant. The findings of this study suggest that, in view of the high cost, the philosophy of BenQ and Lenovo is quite clear, “the company will not invest in you unless you truly outperform your peers”. As such, the training budget heavily leans toward A+ players in the two companies. The higher in rank, the more training people receive.

With respect to training needs assessment, the HR professionals in this study heavily rely on the leadership competency model and their knowledge about current business issues to design the leadership development programs. Most of them believe they have a pretty good understanding about frontline business. However, the line managers do not necessarily agree. In fact, some of the line managers complained they were left out of the loop in program design. Not surprisingly, most of the line managers and high potentials in this study point out that, the current leadership development programs are too general, not relevant to workplace. One of the high potential said that, “HR only thinks in terms of what they can offer, not what we actually need in everyday operation”. In comparison, Fulmer and Goldsmith (2001) indicated that all best practice organizations make sure to solicit the direct input of their key customers in designing the leadership development programs, and gathering input from key customers is an ongoing process for best practice organizations. In this regard, ABB offers an excellent example, its C-Master program has received high comments from the line managers, because “the cases discussed in class were carefully selected to reflect real world issues in the company”.

Succession plan has been identified as one of the major challenges in leadership development across the four companies. Either clearly specified or not, each company has its succession plan. However, the informants, from the CEO to HR professionals and line managers, all point to the fact that succession plan is not working well and calls for close attention. The CEO at ABB said that, his major problem is short of talents who are ready to fill in the leadership positions. There are two major reasons why succession plan does not serve its purpose well. First, the market environment is changing too fast, making it difficult to implement a pre-designed succession plan, especially for those businesses that facing a highly volatile business market. Second, the employees identified in the succession plan have a high expectation, if the company can not manage their expectation well, it may result in losing the talents.

Measuring the Effectiveness of Leadership Development Programs

In this study, all four companies used participant satisfaction as the major way to evaluate the effectiveness of their leadership development programs. Other than this, the informants reported that there was no well-structured way to track the effectiveness of training programs. As one line manager at Lenovo put it, the company rarely checks whether the program participants have applied what they learned into workplace. However, Goldsmith and Morgan (2004) argued that the companies should not just evaluate the employees' satisfaction with leadership development, but also take care to measure the effectiveness of their leadership development initiatives. Fulmer and Goldsmith (2001) suggested the use of both participant satisfaction and impact research will help provide a more balanced set of results.

A number of reasons can explain why the companies in this study do not pay enough attention to training evaluation. First, the top management team values more on the medium or long-term impact of talent development. The CEO at BenQ said, he sees talent development as a long-term investment, and he expects the training function to promote a strong learning environment in the company, encouraging people to learn and improve continuously. Neither do the line managers really expect to see immediate effect of training on business performance. One line manager at Motorola commented that, "personally I don't expect training to immediately improve their work efficiency, say 10-20%, and don't think this is the right way to evaluate the effectiveness of training. I simply want them to take this chance to better understand how the other departments work and how other colleagues think differently from us, so that they would have a wider horizon and become more willing to listen to other people". Under this circumstance, HR professionals don't receive enough pressure from their key stakeholders to perform training evaluation.

Second, some HR professionals in this study believed that, it is hard to find appropriate evaluation metrics because training serves multiple purposes, most of which are too soft to be measured quantitatively. Other HR professionals are not well-equipped with relevant knowledge and evaluation techniques. As the Training Manager at BenQ commented that, "we can easily have the program participants fill out the training evaluation forms, but find it extremely difficult to measure the behavior change after the program". Still other HR professionals training professionals suggest that, they are not sure whether it is worthwhile to do training evaluation, because they don't see it make much sense to do so. As a result, few company follows up on the effect of training, nor has a follow-up system in place to guide the program participants on how to apply what they learned from the program into workplace. One high potential said that, "my observation is that, the company rarely checks on whether training has made any impact on business performance".

When asked about what measures they believe appropriate for measuring the effectiveness of leadership development programs, the CEOs, line managers and high potentials frequently named talent readiness, i.e. whether the right candidates can be identified for leadership positions in a short time period, as one line manager in ABB put it, "how fast they can produce talents as per our specifications?". One CEO said that, "I will say HR is very successful, if they could retain most of our top performers in the company". In comparison, HR professionals prefer to take critical turnover rate and internal fill-in rate as appropriate measures. Apparently HR professionals use quite different terms from their key stakeholders. The AMA (2005) stated that a highly integrated talent management system should include such metrics as (a) number of managers promoted, (b) success of managerial moves three years later, (c) time to fill open positions, (d) number of external hires for management positions, (e) number of developmental moves, and (f) performance distribution. In addition, other metrics that may be tracked

included frequencies of leadership meetings that talk about talent, employee morale and satisfaction, attrition and headcount analysis, recruiting cost and diversity representation in the talent pool.

Conclusions

In view of the key findings of this study, it can be concluded that, the key stakeholders, including CEOs, line managers and high potentials, may have quite different views about leadership development programs from the HR professionals in terms of what roles HR should play in leadership development, and how to measure the effectiveness of leadership development programs. Thus, it is important for HR professionals to be aware of this fact, and take every effort to understand their internal clients better. Otherwise they could hardly meet the expectations of their key stakeholders, less alone satisfy them in everyday operation.

Implications

This study concludes that, as key stakeholders, the CEOs, line managers and high potentials may hold markedly different view in leadership development from HR professionals, and the findings of this study have rich implications for leadership development practitioners. Just to name a few. First of all, HRD professionals should always keep in mind that, being learning professionals in the company does not necessarily mean they should shoulder the full responsibility of developing leaders for the company. In fact, one line manager in this study commented, “I don’t think it is the responsibility of HR to develop people, because each business manager is supposed to take this role.” Therefore, every leader in the company should be held accountable in developing their subordinates. HRD professionals should involve the leaders in designing and developing leadership programs. Only when the managers are involved in this process, can they have more buy-in in the programs, and be more supportive in implementation of leadership programs.

Second, since the key stakeholders use different terms and languages in leadership development, HRD professionals should be careful when communicating with line managers and high potentials. In this regard, the C-Master program at ABB is a good example for us to follow. In this program, every effort has been made to ensure smooth communication among all related parties along each step of the way, making the program extremely successful. Furthermore, HRD professionals should know more about business issues. Otherwise they could hardly win credibility from line managers and high potentials.

Discussions

This study contributes to the literature in that, it uncovers the different views between HRD professionals and their key stakeholders in terms of what roles HR should play in leadership development, and how to measure the effectiveness of leadership development programs. As such, it helps the HRD professionals see leadership development programs through the lens of their internal clients. In addition, based upon the findings of this study, the following issues also deserve close attention by HRD professionals when designing and developing leadership development programs.

First, the study shows that, the rapid economic growth in China has both positive and negative impact on leadership development. On one hand, the companies enjoy high growth rate, which offer people great opportunities to grow with the company. Many people could

quickly get promoted to leadership positions, as the company expands its business. However, on the other hand, fast growth in business has also posed challenges to HRD professionals. As the informants in this study point out, the short-term business goals are often in conflict with long term talent development objectives. The business leaders are put under high pressure to grasp the fast-growing business opportunities in China and deliver expected business results. But leaders don't spring into the world fully formed. They need to be developed and trained. As a matter of fact, people development takes time and effort, therefore can hardly keep up with the same pace as business development, resulting in a sharp talent shortage. Therefore, the HRD professionals are challenged to develop leaders in a faster pace, and they have to more creative in coping this challenge. Furthermore, many companies frequently undergo restructure and reorganization due to changing market demand. The findings of this study indicate that, in case the organization structure and the management team change too often, people would become frustrated and depressed, making it difficult to develop people from inside. Moreover, although company restructure may offer people plenty of chance to try different things, if we don't manage it properly, there would be a high risk that we may produce many people who can do a number of different things, but an expert in none.

Second, this study reveals that timing is another critical issue to be considered in leadership program design and development. One high potential at Motorola said, "I think the timing issue is very important in training. In case the timing is wrong, training won't do any good". Therefore the HRD professionals should pay careful attention to offer the right programs at the right time.

Third, the talent pool structure is one more major issue that deserves attention in leadership development. At BenQ, the employees are very young, averaged at 26-27, with very few senior people in the company, it could take quite some time until they are ready to compete with global giant like Sony. At Lenovo, it is almost the opposite. The company's top management team is very young, and senior management is fairly stable, leaving people below them little space to grow further in the company. In either case, HRD professionals are expected to provide effective solutions to cope with the unique problem in the company.

Fourth, even though on-the-job training is widely regarded as the most effective approach in leadership development, a couple of high potentials may not agree. One high potential complained that: "training is no more than just have you do the job... What I want from the company is NOT training, but development". The missing link here is coaching. After all, on-the-job training does not mean simply have people do the job. Coaching and mentoring should also be in place to guide people through and help them grow. In this aspect, the line managers are expected to play a critical role. The informants indicate that, if the direct boss could encourage people to apply what they have learned into workplace, and timely reward the improved performance, people would be more motivated to do so.

Lastly, the HR professionals at the four companies all commented that, they are short of well-trained HRD professional. In fact, except a couple of people at Motorola, few of the training professionals in the four companies have official education background in training and development field. Most of them learn the relevant knowledge and skills on the job. Thus, in order to design and develop effective leadership development programs, more HRD professionals should be equipped with knowledge and skills in instructional design and curriculum development.

With regard to study limitations, first, as determined through the case study approach and limited resources, only one case was selected for each type of business in China. Therefore, the study's generalisability may be limited because the current design does not allow findings to be replicated within categories (Eisenhardt, 1989). Second, it was better to involve multiple investigators in the study because different members often have complementary insights that add to the richness of data. More importantly, the convergence of observations from multiple investigators enhances confidence in the findings (Eisenhardt, 1989). Third, since the study was designed to collect data around the pre-defined conceptual model developed prior to the study, this design may bias and limit findings (Eisenhardt, 1989). Fourth, since the data were collected using the case study approach and the primary evidence mainly came from interviews, the researchers assumed that the interviewees had been involved extensively in the leadership development programs in the selected organizations, and they would give honest responses to interview questions that reflect their true perceptions of the reality. Last, as the data of this study came from four companies of certain kinds in China, the findings could hardly be generalized to other Chinese companies in broader context.

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