

MANAGEMENT TRAINING AND DEVELOPMENT: A NEW ZEALAND STUDY

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ABSTRACT
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Studies have shown that management training and development (MTD) can be a strategic weapon in improving performance and in building and sustaining competitive advantage. However, recent studies suggest

that MTD is under-valued and under-used as a strategic tool by New Zealand firms as, despite a managerial skill shortage, New Zealand firms have not invested heavily in MTD. The present paper discusses a study of employer-based MTD in New Zealand that investigated managerial attitudes towards, and propensity to engage in, MTD. The study found several indicators that predict four MTD related variables (the MTD index, the percent of payroll spent on MTD, the increase in training expenditure and expected future increases in the MTD budget). The results suggest organisations that engage in MTD improve organisational effectiveness and implement their business strategy better and that MTD was seen as an important tool in gaining a competitive advantage.

Introduction

Since major economic reforms in the mid-1980s, protectionism and certainty have been removed from the New Zealand economy (Enderick & Akoorie, 1994; Bollard, 1992; Crocombe, Enright & Porter, 1991; OECD, 1991). Globalisation, increased competition, market restructuring and deregulation have changed the context within which New Zealand organisations and managers operate (Hamilton, Dakin & Loney, 1992a; Linowes & Dixon, 1992). In response, many New Zealand organisations have undergone major structural changes (Hamilton et al, 1992b; Hooley & Franko, 1990), downsizing, flattening organisational structures, reducing middle management layers, decentralising and devolving power and authority.

Given these contextual changes, New Zealand managers have taken on a wider

range of management responsibilities and assumed leadership and decision-making responsibility at an earlier career stage (Elkin, 1995). In order to cope with these new challenges, New Zealand's managers need to be broadly educated, versatile, multi-skilled, market-oriented, innovative and to have long-term strategic planning capability and leadership skills (Hooley & Franko, 1990; Hamilton et al, 1992b; Elkin, 1995).

Although they face these challenges, New Zealand managers are under-educated by international standards and their overall quality is low, compared to many overseas countries (Bollard, 1992; Crocombe et al, 1991; Hooley & Franko, 1990; Linowes & Dixon, 1992; Enderick & Akoorie, 1994). Much of New Zealand's managerial skill base is obsolete and many New Zealand managers' mindsets and competencies are not aligned to the competitive environment within which they operate. Many senior managers lack an adequate external perspective and are deficient in strategic planning and leadership skills (Hooley & Franko, 1990; Smith, 1994). Sixty five per cent of New Zealand managers have no formal management educational qualifications (Crocombe et al, 1991, p.106) and 73 per cent of New Zealand executives believe that they have not received adequate management training and development (Hooley & Franko, 1990, p.20).

Thus, despite an expansion in the management education and training industry in the last decade, there is a managerial skill shortage in New Zealand, which is particularly serious at senior and middle management levels (Hooley & Franko, 1990; Jillian, 1997). New Zealand employers have complained that the supply of managers with the right mixture of skill does not meet market demand, in either quality or quantity (Auckland Manufacturers Association, 1994, cited in Watt, 1994; Fountain, 1996). The managerial skill deficit has been further aggravated by the emigration of many experienced New Zealand managers, particularly to the United Kingdom and Australia (Crocombe et al, 1991). Indeed, the low

quality of the managerial skill base has hindered New Zealand's economic development and marketplace competitiveness (Hooley and Frank, 1990).

Management Training & Development

Management Training & Development (MTD) can be defined as a systematic effort or planned process through which managerial knowledge and skills are attained or enhanced by individuals who are already managers in an organisation (OECD, 1997; Wexley & Baldwin, 1986, cited in Alkin, 1992). MTD can be conducted by internal or external providers, and can take place on or off the job (or in a mixed-mode) to meet individual, group or organisational learning needs (OECD, 1997; Rothwell & Kazanas, 1992).

A review of the literature suggested that the theoretical development of MTD remains immature. No model or framework that explains organisations' propensity to undertake MTD has been developed. As Thomson, Mabey and Storey (1998) commented, although many empirical MTD studies have been conducted, there is a great deal of dissatisfaction with the state of MTD research. This dissatisfaction mainly revolves around the absence of a coherent model or a theoretical framework that can pull the patchy and diverse empirical studies together or that can suggest a set of causal relationships (Warr, 1993, cited in Thomson et al, 1998).

Thomson et al (1998) also remarked that past MTD research had focused on the link between MTD and various contingent factors. Most of the research has been descriptive, attempting to summarise observed patterns and exploring correlations between the various factors. Until research tests specific hypotheses, these empirical studies will remain as helpful 'maps,' rather than producing rigorous and robust MTD models (Noon, 1993, cited in Thomson et al, 1998). In this regard, the training or human resource development model suggested by Pettigrew, Sparrow & Hendry from

Warwick University, in 1988, is a good attempt (Thomson et al, 1998). The model provides a framework that attempts to integrate a range of driving and stabilising factors that impact on an organisation's training or human resource development behaviours.

The Attitude of New Zealand Organisations Towards Employer Based MTD

Previous studies have shown that, with the exception of some major corporations, New Zealand organisations are not willing to spend time or money on MTD (Rotherham, 1994). While New Zealand's business community is aware of the managerial skill 'crisis' and have acknowledged that the country is ill prepared to face the demands of an internationally competitive economy, New Zealand firms tend not to make a heavy investment in MTD (Elkin & Inkson, 1995; New ZealandEF, 1990; Jillian, 1997). Hooley & Franko (1990), for example, found that New Zealand organisations spent less than two per cent of their managerial wage bill on MTD. In short, New Zealand firms do not have a commitment to MTD and even this commitment is declining at a time when it could be argued that more investment is needed. This is especially true for small enterprises, which tend to acquire managerial skills through the external labour market, rather than from the development of their managerial skill base. While small business is an important sector in New Zealand, it is not the focus of this paper but some reference to small business will be made when the results are reported.

Even in organisations that provide MTD, it usually has a low strategic priority and is seldom integrated with business or strategic planning (McMorland, 1990). The strategic value of MTD has been under-recognised and MTD is under-utilised as a tool that can build and sustain competitive advantage.

There are a number of reasons for New Zealand organisations' low commitment to MTD, or to human resource development in general. Hamilton et al (1992b) and Hooley

& Franko (1990) contend that most New Zealand organisations have a static view of competition and a short-term mindset so they place low priority on long-term investments, like MTD and HRD. They further argue that New Zealand organisations leave MTD to others, such as the New Zealand Government or foreign multinational companies. Many New Zealand organisations prefer a quick-fix solution or short-term expedient (importing or poaching managerial expertise from outside or overseas) to a long-term investment in developing managerial resources. Training is regarded as a cost, rather than an investment with economic returns (New Zealand EF, 1990) and MTD is seen as an expendable and postponable item that can be removed from the budget in tight years (Fountain, 1996). Other commonly cited reasons for not investing in MTD included a lack of time, a lack of budget, a perception that managers are already trained and a sceptical view of MTD's effectiveness (Fountain, 1996; Jillian, 1997)

Nevertheless, recent research has shown New Zealand organisations and managers are becoming increasingly aware that an investment in managerial excellence is crucial to success and, in the end, to the nation's economic fortunes (Corbett, 1997; Guthrie & Gittus, 1995). The present paper summarises the results of recent research that examined current New Zealand attitudes towards MTD and the propensity of its firms to engage in MTD.

The Strategic Importance of MTD

Various writers have argued that management training and development activities can provide strategic leverage in improving organisational performance and in building and sustaining competitive advantage (Berry, 1990; Garavan, 1991; Hall, 1995; Hussey, 1988; McCall, 1992; Mishra, Ishak & Mishra, 1994; Schuler & MacMillan, 1984; Sveiby, 1997; Webster, 1998). Traditional sources of competitive advantage, such as technology and the control of raw materials, are losing their edge (McCall, 1989), while the managerial skill base, which includes the knowledge,

skills, competencies, flexibility, adaptability and learning capability of the management team, is being increasingly recognised as a potentially renewable resource on which sustainable competitive advantage can be built (Hall, 1995; Lado & Wilson, 1994; McCall, 1992).

MTD has moved from being a “nice, but unnecessary practice” to being a key ingredient for success. Many organisations see MTD as an essential tool for revamping competitive strategies, increasing productivity, improving quality, and revitalising their corporate culture (Hall, 1995). The added value to be derived from management training and development activities, and the penalties to be paid for failing to do so, are becoming increasingly apparent (Storey, 1990). Indeed, Bolt (1989) has suggested that MTD must become a top five corporate priority and that the every organisation will need a total development strategy for its managers.

Factors Affecting Commitment and Propensity to MTD

A wide range of factors seem to influence an organisation’s commitment and propensity to MTD, including:

1. *The Nature of Market:* Organisations operating in dynamic, competitive and rapidly expanding markets are more likely to engage in MTD, whereas those operating in static or declining markets are less likely to provide MTD (Smith, 1992; Benson, 1996; Miles & Snow, 1984).

2. *Conditions of the External Labour Market:* When the managerial skills needed are available externally and are easy and cheap to acquire, the chance of conducting MTD is reduced as it may be more cost effective to buy in the skills needed (Hendry et al, 1991).

3. *Size of Organisation:* Size (usually measured in terms of number of employees) seems to be an important factor in determining the amount and nature of training activities (Benson, 1996; Vickerstaff, 1992), including

MTD (Martin & Staines, 1994; Smith, 1992; Raghuram & Arvey, 1994; Westhead & Storey, 1996). Large organisations are more likely to provide and spend more on MTD. Small organisations often have a limited incentive to provide MTD (Vickerstaff, 1992).

The small size of the manager pool is frequently cited as a reason for not providing MTD (Benson, 1996; Smith, 1992). Marshall et al (1995, cited in Westhead & Storey, 1996) argued that MTD works best when there is an internal labour market of reasonable size as this gives management the capacity to make the necessary commitment and the organisation can absorb the outputs (managerial skills and competencies) generated by MTD. An internal management labour market does not exist in most small organisations, so MTD may not be a cost effective choice for small business trying to acquire managerial skills.

In addition, most small organisations have resource constraints, are more sensitive to environmental uncertainties and are more vulnerable to variations in economic performance than are large organisations (Martin & Staines, 1994; Westhead & Storey, 1996). Given these vulnerabilities, most small organisations adopt a short-term view and are likely to be reluctant to make long-term investments in MTD.

Small organisations that understand the contribution MTD can make to their business often lack the capacity to act (Vickerstaff, 1992). In the absence of dedicated personnel and training staff, owner-managers may not have the time or the expertise to organise or conduct MTD, nor to assess or arrange MTD courses by external providers.

4. *Downsizing:* Recent trends towards downsizing and restructuring have led to flatter and more organic structures. Cross-functional working is more common and managers are expected to be multi-skilled and flexible. Moreover, as authority is

pushed further down the hierarchy, managers assume responsibility at an earlier career stage, requiring the development of leadership and other general management skills. Not surprisingly, organisations with flat and organic structures are more likely to engage in MTD activities (Smith, 1992; Hussey, 1988; Storey, 1989).

5. Business Strategy: Business strategy can affect the way human resource is managed and developed as there is a need for a 'strategy and human resources fit' (Fombrun et al, 1984; Garavan et al, 1995; Hitt et al, 1994; Hussey, 1988; Mann & Staudenmier, 1991; Raghuram & Arvey, 1994; Sonnenfeld et al, 1988). HRM and HRD functions are seen as supports to the implementation of strategy (Fombrun et al, 1984).

Sonnenfeld et al (1988) and Raghuram & Arvey (1994) found that the four strategies identified by Miles & Snow (1984) (defender, prospector, analyser and reactor) have different job requirements, different basic human resource (HR) strategies and different training practices. A defender's basic HR strategy is to build their human resources, with an emphasis on improving their skill-base. Usually, there is little recruitment above entry level and MTD, if it exists, is formal and extensive.

A prospector's basic HR strategy is to acquire the needed skills through recruitment at all levels. The emphasis is on the identification of skills and their acquisition from the external market. The role of training is limited and MTD, when it takes place, is informal and limited.

An analyser's basic HR strategy is to allocate human resource, buying and making to get the skills needed. The strategy involves identifying key skills and human resource needs and ensuring their delivery through internal training. MTD is formal and a part of long-term strategy.

Reactors have an inconsistent strategy and usually have little control over vital resources, including managerial resources. Their HR

system focuses on retrenchment and exit-related activities (Sonnenfeld et al, 1988).

6. Job Tenure and Turnover Rate of Managers: Organisations that experience high turnover, especially of managers, are less likely to provide training and development than are organisations with a steady workforce as they perceive less value from such activities (Holzer, 1990; Whittaker, 1990).

7. Organisational Culture and the Influence of CEO: It has been argued that organisations with a learning culture encourage and support MTD and are committed to developing human resource (Smith, 1992; Schraub, 1998; Paddock 1997). The attitude of CEO towards MTD seems to be especially important in this regard.

8. Capital Intensity of Organisation: Organisations with high capital intensity are more likely to invest in human resource development, including MTD, than are organisations with low capital intensity (Cole, 1995).

These factors are not an exclusive list of factors that might affect MTD. Other factors include the life cycle stage of the organisation, the demographic backgrounds of managers, the industrial sector in which the organisation operates and the organisation's ownership structure. However, it is clear that more research is needed and the present study attempts to fill some of the gaps that have been noted.

The Present Study

Given previous research, the objectives of the present study were to investigate New Zealand organisations' attitudes towards and propensity to engage in MTD. Data were collected through a mail survey that targeted business organisations in the Auckland region. One thousand and sixty questionnaires were sent to two groups in July 1998. The first 860 were members of the Chartered Institute of Corporate Management (New Zealand) who were registered in Auckland. The second was a random sample of 200

business organisations operating in Auckland. A total of 162 questionnaires were returned, giving an initial response rate of 15 per cent. This response rate was low but was expected given the length of the questionnaire (Robson, 1993). Sixteen of the returned questionnaires were discarded as they were from respondent organisations that did not belong to the target population. One hundred and forty six responses were used in the data analysis, providing a response rate of 14 per cent.

The questionnaire was developed from prior MTD research and from preliminary interviews with MTD practitioners and was pilot tested before being used. A 5-point Likert type disagree-agree scale was used to measure respondents' attitudes towards MTD, although, in reporting some of the results, the data were collapsed into three categories ('disagree', 'neutral' and 'agree').

The Research Findings

Sample Profile

- **Size of Organisation:** Thirty seven per cent of respondents were small businesses employing fewer than 20 employees, while eighteen per cent employed more than 200 employees.

- **Business Sector:** Forty three per cent of respondents were service organisations, while twenty three per cent provided professional services, such as legal or accounting services. Fifteen per cent were from manufacturing industries.

- **Personnel Practices:** Fifty eight per cent of respondents did not have a separate personnel or human resource department. Of the forty two per cent (n=61) that did have a human resources department, eighty five per cent (n=52) had a human resource manager who reported to the CEO. In addition, sixty seven per cent (n=98) had staff dedicated to training.

- **Business Planning Practices:** The majority of respondents (84%) conducted formal business planning. Fifty-five per cent of these organisations planned one to three years ahead, while twenty-one per cent planned for less than one year.

- **Restructuring:** Sixty-five per cent of respondents had recently experienced organisational restructuring, such as downsizing.

The Provision of Formal MTD

Sixty nine per cent of respondents provided formal MTD. 'Formal off-the-job MTD'

TABLE 1 Attitudes Towards Management Training and Development

Attitude Towards MTD	Mean	Standard Deviation	Disagree	Neutral	Agree
MTD improves organisational effectiveness.	4.035*	0.711	2.07%	17.24%	80.69%
MTD facilitates the implementation of business strategy.	3.841*	0.770	4.83%	24.14%	71.03%
MTD is an important tool in gaining competitive advantage.	3.731*	0.860	8.28%	26.90%	64.83%
MTD is useful in recruiting and retaining high quality managers.	3.552*	0.857	11.72%	33.79%	54.48%
NZ organisations should put MTD as a high strategic priority.	3.644	0.877	12.33%	25.34%	62.33%

Total number of responses, n = 146, except for * where 1 missing response was recorded.

was the method such organisations used most frequently (93%), while 'sponsorship by tuition reimbursement' (77%) was also common. The least popular MTD mode was 'formal on-the-job MTD' (51%).

For those organisations that did not provide formal MTD, 32 (71%) provided informal MTD, while 13 (29%) provided neither formal, nor informal, MTD. Thirty seven of the 45 organisations that did not provide formal MTD (82%) did not plan to introduce formal MTD in the near future.

Attitudes Towards MTD

All respondents rated a series of five statements that measured their perception of the importance, effectiveness and strategic use and role of MTD. The higher the mean, the more respondents agreed with the statement. Table 1 summarises the means and percentage of distribution across the three collapsed categories [(1) disagree, (2) neutral and (3) agree].

Respondents generally had a favourable and positive attitude towards MTD. More than 80 per cent agreed that 'MTD improves organisational effectiveness' and more than 60 per cent agreed that 'New Zealand organ-

isations should place MTD as a high strategic priority.' As an MTD survey conducted by the New Zealand College of Management in 1994 found that only 9 per cent of the organisations surveyed considered MTD to be a very high strategic priority and 43 per cent placed a low priority on MTD, the present study suggests that New Zealand organisations are now more aware of the strategic importance of MTD. More New Zealand organisations recognise the contribution that MTD can make to organisational performance and competitiveness.

About 70 per cent of respondents acknowledged that 'MTD facilitates the implementation of business strategy' and 65 per cent agreed that 'MTD is an important tool in gaining competitive advantage.' More than half (54%) agreed that 'MTD is useful in recruitment and in retaining high quality managers.'

In order to find out whether the general attitude towards MTD differed significantly within the sample, an 'MTD index' was formed by adding the scores of five questions shown in Table 1. This index ranges from a minimum value of 5 to a maximum value of 25. The higher the index, the more favourable and confident was the respondent's view of MTD. Table 2 summarises

**TABLE 2 MTD Index - Different Dissection Dimensions
Results of Kruskal-Wallis Tests**

Dimensions/Criteria Along Which Sample Was Dissected into Different Sub-Groups	Mean Value of MTD Index of Different Sub-Groups			Kruskal-Wallis Test P-Value	Significant Difference? at 95% C.I.
	Yes/No - Provision of formal MTD	Yes: 19.8	No: 16.5		0.000
Company of Different Size	Large: 19.8	Medium: 18.3	Small: 18.5	0.047	✓
Company in Different Business Sector	Manufacturing: 18.3	Service: 18.9	Professional: 19	0.937	✗
Yes/No - Human Resource Management	Yes: 19.1	No: 18.6		0.248	✗
Yes/No - Formal Business Planning	Yes: 19	No: 17.5		0.041	✓
Time Frame of Business Planning	1 yr: 18	1-5 yrs: 19	>5 yrs: 19	0.139	✗
High/Low Manager Turnover Rate	High (< 10%): 18.8	Low (> 10%): 19.5		0.415	✗
Experienced Restructuring Recently?	Yes: 20	No: 16.6		0.000	✓

the results of a series of Kruskal-Wallis tests that examined differences in the MTD index along a number of dimensions.

From the Table it can be seen that, attitude towards MTD differed significantly (at the 0.05 level) among:

- (1) Organisations that provided MTD and those that did not provide MTD
- (2) Organisations of different size
- (3) Organisations with and without strategic business planning processes
- (4) Organisations that had experienced downsizing recently and those that had not.

Organisations that provided MTD, large organisations, organisations with formal

business planning and organisations that had recently experienced downsizing were significantly more positive about MTD.

The Strategic Use of MTD

The attitudes of respondents to the strategic use of MTD are shown in Table 3. Seventy per cent of the respondents in organisations that provided formal MTD agreed that New Zealand organisations should place MTD as a high strategic priority. However, when they were asked to evaluate MTD within their own organisation, only 38 per cent felt MTD enjoyed a high strategic priority. Although almost half of the respondents (49.5%) in organisations that provided formal MTD felt that MTD supported the mission, goals and objectives of their organisation, 39 per cent felt MTD was not closely integrated with the organisation's business plan-

TABLE 3 Attitudes Towards MTD - Organisations With Formal MTD

*

	Mean	Standard Deviation	Disagree	Neutral	Agree
General Perception about MTD:					
MTD improves organisational effectiveness.	4.19*	0.677	1.00%	12.00%	87.00%
MTD facilitates the implementation of business strategy.	4.02*	0.738	2.00%	20.00%	78.00%
MTD is an important tool in gaining competitive advantage.	3.95*	0.770	2.00%	26.00%	72.00%
MTD is useful in recruiting and retaining high quality managers.	3.76*	0.830	7.00%	28.00%	65.00%
NZ organisations should put MTD as a high strategic priority.	3.900	0.768	3.96%	22.77%	73.27%
MTD in your organisation:					
MTD improves the managerial effectiveness of your organisation.	3.970	0.744	4.00%	17.00%	79.00%
MTD is driven by strategic response to heightened market competition.	3.410	0.888	17.00%	35.00%	48.00%
MTD has a high strategic priority in your organisation.	3.210	0.868	20.00%	42.00%	38.00%
Your organisation has formal budgetary provision for the MTD activities.	3.584	1.125	17.82%	26.73%	55.44%
MTD and the business planning process of your organisation are integrated.	2.812	1.056	38.61%	33.66%	27.72%
MTD supports the mission, goals or objectives of your organisation.	3.416	0.982	18.81%	31.68%	49.50%
MTD helps to recruit and retain high quality managers in your organisation.	3.218	0.955	21.78%	37.62%	40.59%
<i>Number of Responses of this group = 101, except for * where 1 missing response was recorded</i>					

ning process. Almost half of the organisations that provided formal MTD had no formal written MTD policy.

It seems that, although there is an increased awareness of the potential benefits and of the strategic importance of MTD and more New Zealand organisations are providing formal MTD, MTD is still under-used as a strategic tool. Respondents value MTD but the strategic nature of MTD is still not well recognised. As Hall (1995) noted, if MTD is to add value to the operation and strategic function of an organisation, it must be consciously linked to strategy. However, few New Zealand organisations were using MTD in a proactive or strategic way.

For those respondents that provided formal MTD, more than half (55%) had formal budget provision for MTD activities. Forty two per cent of such organisations spent less than 3 per cent of the payroll on MTD, while 8 per cent spent more than 6 per cent. While 57 per cent of such respondents had increased MTD expenditure in the last financial year, 33 per cent felt their organisations were not providing enough MTD but, even so, 63 per cent did not expect the budget for MTD to increase the short term.

Predictors of MTD in New Zealand Organisations

In order to determine which (if any) of the variables included in the questionnaire influ-

TABLE 4 MTD Predictors

Stepwise multiple regression analyses^a for the MTD Index, Percent of Payroll Spent on MTD, Increase in Training Expenditure, and Future Increase in MTD Budget (N= 101^b).

Variables	Beta	t	DR ²	R ²	F	df ^c
MTD Index				.32	9.40****	4.78
Number of Employees	.36	3.88****	.13			
Recent Downsizing	.33	3.34***	.10			
Enough MTD Provided	.33	3.09***	.05			
MTD has High Strategic Priority	-.23	-2.16*	.04			
Percent of Payroll Spent on MTD				.46	16.51****	4.77
Written Policy on MTD	.30	2.90**	.29			
MTD-Business Plan Integrated	.30	2.92**	.08			
Personnel Dedicated to Training	.31	3.37***	.06			
Financial turnover	-.20	-2.19*	.03			
Increase in Training Expenditure				.25	13.47****	2.82
CEO Support	.31	2.68**	.20			
MTD has High Strategic Priority	.26	2.30*	.05			
Future Increase in MTD Budget				.16	15.24****	1.79
Written Policy on MTD	.40	3.90****	.16			

^a To save space, not all independent variables are shown.

^b The total degrees of freedom do not add to 100 (original N-1) due to listwise deletion of cases with missing data.

* p < .05; ** p < .01; *** p < .005; **** p < .001.

ence how MTD is used, a series of regression analyses were undertaken. Initially, the analysis examined whether respondents used off-the-job or on-the-job training and development or if the organisation financially sponsored managers undertaking training and development. Answers to these questions were coded as 0 for "no" and 1 for "yes" and summed to yield an 'MTD Use' score that could range from 0 to 3, with lower scores indicating a lower use of MTD and higher scores indicating greater use. Those respondents who answered "Yes" to any of these three questions (N = 101) also answered the items about attitudes toward MTD and organisational factors. The various regression analyses undertaken are summarised in Table 4.

The stepwise multiple regression for the MTD Index found four items that explained 32% of the total variance ($F(4,78) = 9.40, p < .001$). The majority of the variance ($\Delta R^2 = 0.13, p < .001$) was explained by the number of employees in the organisation, as the larger the organisation the more MTD was used. The second predictor was 'recent downsizing' ($\Delta R^2 = .10, p < .005$). Those organisations that had experienced downsizing were more likely to use MTD. The third predictor was 'the organisation provides enough MTD' ($\Delta R^2 = .05, p < .005$), while the final significant predictor was 'MTD has a high strategic priority in the organisation' ($R\Delta^2 = .04, p < .05$).

In addition, the questionnaire included some items that could be used as criterion variables as they were related to how MTD was working. Therefore, each of these items was regressed back into the analysis. Four items were found to be significant predictors ($F(4,77) = 16.51$), explaining 46% of the variance ($p < .001$). The first of these was 'the organisation has a written policy on MTD' ($\Delta R^2 = .29, p < .01$). The second was that 'MTD is integrated with the planning process' ($\Delta R^2 = .08, p < .01$), while the third predictor was whether 'the organisation had personnel dedicated to training' ($\Delta R^2 = .06, p < .005$). The fourth was the organisation's (increasing) financial turnover ($\Delta R^2 = .03, p < .05$).

The next question was whether there had been an increase in training expenditure over the last three years. Two items were able to explain 25% of the variance for this question ($F(2,82) = 13.47, p < .001$). The strongest of these was "CEO's encouragement and support for MTD" ($R^2\Delta = .20, p < .01$), followed by 'MTD has a high strategic priority in the organisation' ($\Delta R^2 = .05, p < .05$).

The last question was whether there would be an increase in the MTD Budget in the near future. Only one variable entered this equation, explaining 16% of the variance, ($F(1,79) = 15.24, p < .001$). This was whether 'the organisation has a written policy on MTD.'

Discussion

The regression analyses demonstrated that several types of factors influence the use of MTD, but that these are primarily internal (rather than external) to the organisation. Firstly, it should be remembered that the MTD Index was computed to show how dedicated an organisation was to using MTD because the minimum score indicates that it does not use any type of MTD, while a maximum score indicates that the organisation uses both types of MTD and provides financial support. The regression for the MTD Index found four predictors, which were all internal factors, namely the number of employees, a recent downsizing experience, whether managers thought enough MTD was being provided and whether MTD had a high strategic priority in the organisation. The negative value for this item may be a result of the way the index was computed because the three items that compose the MTD Index independently had positive and negative correlations with the strategic priority question. That is, provision of off-the-job training was positively and significantly correlated with strategy, while provision of tuition reimbursement was negatively (but not significantly) correlated with strategy. This may suggest that the reimbursement question was ambiguous because some companies offer sponsorship by direct payment to the trainers, rather than by reimbursement. Nonetheless, with regard to

internal and external influences, those that were direct predictors of the overall use of MTD were internal.

With regard to percentage of payroll spent on MTD, the regression found that having a written policy on MTD, a business plan that is integrated with MTD and personnel dedicated to training were positive predictors of MTD use. Interestingly, financial turnover was a negative predictor, meaning that the higher the financial turnover a company had, the less likely it was to use MTD. This may seem contrary to logic at first sight because it might be assumed that the more turnover a company has, the more it would be able and willing to spend on MTD. On the other hand, a company that has a low financial turnover may be inclined to increase its spending on MTD in an effort to upgrade its managerial skills to improve the company's financial situation.

With regard to the increase in training expenditure, the regression revealed two influences. The most powerful was whether or not the CEO encourages and supports MTD. This supports the early comment that MTD will have little chance of succeeding without the support of top management. To further support this idea, the second predictor was the strategic priority given to MTD. Here, the positive influence of having a strategic priority for MTD can be seen because the criterion variable (dependent measure) of increased training expenditure is a single measure (rather than an index of several measures), which makes the correlation more direct.

For future increases in the MTD budget, the final criterion variable tested, there was only one predictor. Having a written policy on MTD is critical to the ongoing financial support of MTD, as could be seen in the strength of this variable as a predictor of how much is spent on MTD (see above). In addition, it would seem that having a written policy is critical not only to the continued use of MTD but, more importantly, to the ongoing success of MTD.

Conclusion

Management Training and Development is a mechanism for improving an organisation's managerial talents, perspectives and capabilities. New Zealand organisations have faced increasing challenges since the economic reform and market deregulation in the mid-1980s and additional demands have been placed on New Zealand managers. How an organisation's managerial skill base is managed and used may determine its success or failure.

The objective of the present study was to investigate New Zealand organisations' general attitude towards, and propensity to engage in, MTD. The study found that New Zealand organisations are more aware of the benefits and strategic importance of MTD than they were in the past (Riordan, 1994). An increasing number of New Zealand organisations are providing MTD, with almost seven out of ten organisations in the present sample conducting or sponsoring formal MTD.

In order to determine whether attitudes towards MTD differed within the sample, an 'MTD index' was developed and it was found that attitudes toward MTD differed significantly depending on whether the organisation provided MTD or not, whether the organisation was large or small, whether the organisation undertook formal business planning and whether the organisation had experienced restructuring recently.

The regression analysis undertaken identified four areas of MTD for which predictors were found. These were:

- 1) The MTD Index was predicted by the number of employees, recent down-sizing, enough MTD provided, and MTD has a high strategic priority;
- 2) Percent of payroll spent on MTD. This category was predicted by written policy on MTD, MTD business plan is integrated, there are personnel dedicated to training and financial turnover;

- 3) Increase in training expenditure which was predicted by CEO's support, and MTD having a high strategic priority; and
- 4) Future increases in MTD Budget, which was predicted by the presence of a written policy on MTD.

These findings suggest that the variables that influence MTD in New Zealand organisations tend to be internal to the organisation.

It seems that, although many organisations provided formal MTD, few used MTD in a systematic or strategic way that was closely integrated with business planning. Only 38 per cent of the 101 respondents from organisations that had formal MTD felt that MTD enjoyed a high strategic priority in their organisation. MTD in New Zealand is, therefore, still under-used as a strategic tool in gaining and sustaining a competitive advantage. Organisations that can make a strategic move in this area may well be able to create a strong strategic position and an ongoing advantage.

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