Do we develop for the sake of development? Or what kind of training methods do leaders prefer today

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Abstract: The key to the success of any business is knowledge. This statement is more emphatic today than at any other times. In the knowledge economy of the developed world, the role of the human factor is more valuable because the members of organizations can capitalize on the advantages of synergistic effect through knowledge sharing. Synergistic effect is also manifest in the growing profits of an enterprise, and, therefore, it can also be considered as a method of enterprise development. Leaders play a key role in recognizing and encouraging opportunities to draw on knowledge sharing. In our research, primary and secondary data have been used to study outstanding opportunities of gaining and developing knowledge. Moreover, there is also a focus on the self-improvement practices relative to management skills, as well as management responses to change.

Keywords: Skills, Ability, Leader Development, Coaching, Training, Self-Education, Knowledge, SMEs, Mentoring

1. Introduction

Knowledge, as well as the personality and abilities of the leader are factors that fundamentally define the future success of economic organizations. Therefore, it is leaders who have been placed in the focus of the present inquiry as management skills directly affect the performance of a company. Besides the question whether individuals performing management functions possess the appropriate abilities, it is also important to consider whether leaders recognize the limits – if there are such – to the development of their abilities.

2. Knowledge, Leadership Skills and Abilities

Rapid scientific and technical progress not only fosters international integration but also intensifies competition between countries. As a result, the human factor and, therefore, knowledge are becoming increasingly important in the successful performance of businesses. [1]. Thus, in a turbulent environment, it is no doubt knowledge that ought to be regarded as one of the most significant sources of economic growth. Parallel to gaining knowledge, human beings acquire various skills, and, at the same time, they also learn how to transform those skills into competences in the service of meaningful purposes.

Polányi (1958) was one of the authors who greatly contributed to the definition of knowledge. By the time he reached the point where he could separate tacit and explicit knowledge, he had traveled a long distance. Tacit knowledge in Polányi's context is derived from the concept of personal knowledge, even though he occasionally uses these terms as synonyms. Personal knowledge, however, is not completely identical with tacit knowledge as the former also contains explicit knowledge. If the knowledge of one individual is to be taken account of, obstacles will be encountered primarily in the area of tacit knowledge since ‘we can know more than we can tell’. [2]

According to [3], knowledge and information are primitive terms, i.e. terms that are understood although they cannot be accurately defined and the meaning of which lies in the correct use of the concept that can only be learnt by practicing the use.

If we take the ladder of understanding (Figure 1) used in the librarian community, we can propose some definitions of data, information and knowledge. These definitions can be built bottom-up or top-down. [4]
Leaders must possess a number of skills in order to perform leadership functions efficiently. According to Hellriegel and Slocum, leadership skills may basically be grouped around four main themes [5]. Figure 2. Although the authors established these four groups over 20 years ago, they may be regarded as applicable in a contemporary context as well.

Figure 1. Hierarchy of understanding [3]

Leadership development is the comprehensive system of the training/development programs of an organization in harmony with its strategic goals. It is intended to ensure that, through training schemes, leaders will learn and, in their everyday work, use all the knowledge and models that will enable them to operate their organizational units as efficiently cooperating teams, manage organizational processes, employ the method of empowerment, as well as instill a sense of commitment in their co-workers. In this process, everything needs to be people-centered. This seemingly simple assertion cannot be emphasized well enough [8].

The development of managers and leaders is not an issue that needs to be taken care of on a yearly or quarterly basis but an on-going process to be accompanied by constant feedback [9]. Through learning, leaders not only acquire new knowledge but also expand their own perspectives and horizons, and increase their openness. When leaders develop themselves, they develop their entire organizations as well. For any change to be effected in an organization, it is indispensable that the leader also change. One possible process in this respect is shown in the figure below [10]. Figure 3.

Figure 2. The distribution of the importance of leadership skills by leadership level [5]

4. Training Methods

4.1. On-the-job Methods

The utility of on-the-job methods is considerable as they have the potential to respond to individual development needs.

4.1.1. Mentoring

A frequent form of leader development is mentoring. It is usually a well-experienced leader with an outstanding professional history who is requested to do the job. This method presupposes a confidential relationship between the
mentor and the mentee, which is a prerequisite for learning to take place [11]. Its chief characteristics include establishing the connection between the mentor and the mentee consciously, as well as ensuring that it is not only the mentee but also the mentor who will develop as a result of the process. In addition, reciprocity between participating individuals is indispensable.

As time goes by, even the leader of an organization will become a mentor, when he or she is able to transmit his or her own accomplishments to someone else. A good leader will not permit his or her achievements to dissipate [12].

4.1.2. Coaching

Coaching is defined by Zeus and Skiffington as a dialog taking place in an achievement-oriented context wherein the coach facilitates the emergence of responses that the client probably knows but has never articulated clearly [13]. Leader coaching is a special area of coaching. The main purpose of leader coaching is to help the leader surmount challenges and turn the points learned during the process into accomplishments for the organization [14].

Coaching is a tool for progress, assisting leaders in increasing their performance. Individual performance increase, however, will also cause the performance of the group and of the organization to grow [15].

In one of his works, Gordon points out that, in the view of a number of researchers, the competence most essential to leadership development is coaching itself. The fact that a particular leader employs the coaching method could be beneficial in several areas of the operation of an organization [16]:

- Performance coaching: promotes performance enhancement.
- Developmental coaching: prepares high-performing individuals for assuming responsibilities at a higher level.
- Career coaching: provides support in planning the subsequent step in one's career.
- Learning coaching: conducive to the completion of an on-going training program and the transfer of its outcome into practice.
- Building an internal coaching culture: the leader recognizes the value of coaching and utilizes it for the development of others.

Table 1 displays the most significant differences between a leader behaving as a ‘boss’ or as a ‘coach’.

<table>
<thead>
<tr>
<th>Boss</th>
<th>Coach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talks a lot</td>
<td>Listens a lot</td>
</tr>
<tr>
<td>Tells</td>
<td>Asks</td>
</tr>
<tr>
<td>Fixes</td>
<td>Prevents</td>
</tr>
<tr>
<td>Presumes</td>
<td>Explores</td>
</tr>
<tr>
<td>Seeks control</td>
<td>Seeks commitment</td>
</tr>
<tr>
<td>Orders</td>
<td>Challenges</td>
</tr>
<tr>
<td>Works on</td>
<td>Works with</td>
</tr>
<tr>
<td>Puts product first</td>
<td>Puts person first</td>
</tr>
<tr>
<td>Wants reason</td>
<td>Seeks solutions</td>
</tr>
<tr>
<td>Keeps distance</td>
<td>Makes contact</td>
</tr>
</tbody>
</table>

4.2. Off-the-Job Methods

4.2.1. Study Trips and Conferences

Participation in study trips and conferences enables leaders to become acquainted with the knowledge accumulated in other organizations.

4.2.2. Training

Besides study trips, one of the most well-known forms of off-the-job methods is training. ‘These days, there is an enormous variety of training programs in terms of both their goals and their methods. However, every one of them is invariably marked by the fact that theoretical knowledge is internalized through life-like practical tasks, while control from the trainer continually guarantees that participants will be aware of their performance and level of development.’ [18].

The objective of these training programs is to improve the abilities and skills already possessed by the participants, as well as to expand knowledge pertinent to socio- and organizational psychology. Learning is greatly aided by comments from peers and video feedback. As the implementation of the practical tasks intended to explore various abilities and skills is risk-free and takes place in a protected environment, training provides the opportunity to act out different forms of behavior without constraints. The play-like elements, as well as the ‘rule’ which allows for discussions about one's feelings, without passing judgment or attaching labels, ensure that participants will behave spontaneously and follow the behavioral patterns deeply ingrained in their minds through everyday life experiences. Drawing the lessons presents members of the group with the chance to eschew pitfalls and opt for solutions different from and more efficient than the previous ones upon encountering real-life situations and settings similar to those enacted in the simulation activities.

Some common forms of the training programs used in leadership development:

- Business situations. In a risk-free manner and through enjoyable games, participants attending this special training can acquire skills such as conceptual strategic thinking and financial planning, as well as practice corporate decision making and efficient cooperation with various departments of the company. The importance of this training type is being recognized by more and more companies as simulation activities enable fast and effective learning. They are instrumental in examining what effect particular corporate decisions may have on the system as a whole. Business simulation activities foster strategic thinking, decision planning and decision making, as well as planning-, analysis- and management-related skills.
- Situation plays: are used in the search for solutions to difficult situations at the workplace and to problematic cases. In general, it may be said that they represent a safe environment for experimenting [19]. This procedure puts a premium on feedback, task completion assessment and the perception of eligibility for the job. Analyses based on video recordings are often helpful in rendering
proposes that self-guided learning comprises five features: (1) because it helps with internalization since feedback given by deficiencies by drawing on the strengths. (4) Internalizing Compiling an extensive learning plan – compensating for the development of leadership skills is self-guided learning. He newly acquired knowledge through practice. (5) Confidential relationships.

4.3. Self-Training

‘Leaders are not born but made’ [20]. To become a leader, however, one needs to be engaged in continuous learning and self-training. A research project, conducted at Johnson & Johnson, with one of its chief questions being how leaders are made, concluded that leaders with truly outstanding abilities discover those competence developing methods which make them successful only gradually in the course of their careers [21]. This, on the other hand, requires intrinsic motivation for, should somebody begin to train themselves in response to external pressure, as soon as that force ceases to exist, motivation will subside. ‘This is precisely why motivation is such an important part of leader training’ [22]. In case a leader wishes to increase his or her emotional intelligence, he or she will need to be engaged in long-term learning and practice. At the same time, it is also vital that the leader know in what areas and in what ways he or she should change. According to Covey, this necessitates goal-oriented action, which means that, even at the outset, we are fully cognizant of where exactly we want to get. If we know in what direction we are going, it will be easier to understand where we are at the moment, as well as the fact that every single step brings us closer to the destination [23].

Boyatzis suggests that the most efficient method of the development of leadership skills is self-guided learning. He proposes that self-guided learning comprises five features: (1) Learning about our self-ideal – what we would like to be like. (2) Realistic self-image – what I am like in reality. (3) Compiling an extensive learning plan – compensating for the deficiencies by drawing on the strengths. (4) Internalizing newly acquired knowledge through practice. (5) Confidential relationships.

This last element is to be present in all the other phases because it helps with internalization since feedback given by others shows us where we are in the learning process [24].

5. Research Methodology

The present paper is intended to present the results from a primary online survey study. The research project encompassed three major themes. Firstly, the self-training habits of business leaders were examined. Secondly, the expectations of the labor market for fresh graduates of economics were addressed. Thirdly, the role of quality in the operation of enterprises was considered. This article is meant to discuss findings relative to the first of these themes. The project was conducted from March 2012 to February 2014.

The institutions were chosen by means of snowball sampling. Pollers visited the leaders/mid-level managers of the selected enterprises and requested them to participate in the survey. Pollers were also given prior training and were provided with a completion guide. Contribution from respondents was voluntary.

748 mid- and top-level managers were included in the sample. The response rate was high: 91.2% out of the institutions surveyed answered more than 90% of the questions. Upon checking the survey data, 66 questionnaires were labeled unfit for assessment as a result of inappropriate or partial completion, or completion by unsuitable respondents (i.e. non-leaders). Thus, all in all, 682 questionnaires were submitted to analysis.

Questionnaire data were coded with the help of the MS Excel 2007 Program. As part of the statistical analyses and frequency analysis were used.

The present paper has been envisioned to provide a summary of the issues related to the self-training habits of leaders relevant to the focus of the article.

The hypothesis defining the research was as follow:
H1: Leaders prefer formal channels in coping with problems around their businesses.

The distribution of enterprises included in the sample according to the number of employees was the following: Micro-enterprises constituted 80%, small enterprises 15%, medium-sized enterprises 3%, and large enterprises 2% of the sample (Figure 4.).

To interpret the findings derived from this sample, it appears inevitable to present some statistical data on Hungarian businesses.

In Hungary, categories of enterprises based on size were established in line with EU regulations. The respective criteria are shown in Table 2.

<table>
<thead>
<tr>
<th>Headcount: Annual Work Unit (AWU)</th>
<th>Annual turnover</th>
<th>Annual balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large</td>
<td>≥€ 50 million</td>
<td>≥€ 43 million</td>
</tr>
<tr>
<td>Medium-sized</td>
<td>max. ≥€ 50 million</td>
<td>max. ≥€ 43 million</td>
</tr>
<tr>
<td>Small</td>
<td>max. ≥€ 10 million</td>
<td>max. ≥€ 10 million</td>
</tr>
<tr>
<td>Micro</td>
<td>max. ≥€ 2 million</td>
<td>max. ≥€ 2 million</td>
</tr>
</tbody>
</table>

Günter Verheugen (Member of the European Commission, Responsible for Enterprise and Industry) said: ‘Micro, small and medium-sized enterprises (SMEs) are the engine of the European economy. They are an essential source of jobs, create entrepreneurial spirit and innovation in the EU and are thus crucial for fostering competitiveness and employment. The new SME definition, which entered into force on 1 January 2005, represents a major step towards an improved business environment for SMEs and aims at promoting entrepreneurship, investments and growth.’ [25]
Table 3. Changes in the number of enterprises in Hungary categorized on the basis of size. [26]

<table>
<thead>
<tr>
<th>Enterprise category</th>
<th>Large</th>
<th>Medium-sized</th>
<th>Small</th>
<th>Micro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of the enterprises</td>
<td>0.10%</td>
<td>0.70%</td>
<td>4.30%</td>
<td>94.90%</td>
</tr>
</tbody>
</table>

Source: edited by the authors

Figure 4. The distribution of respondents according to enterprise size

Compared to SBA data (Table 3.), for the study reported on in this paper, micro-enterprises were underrepresented, whereas small- and medium-sized companies were overrepresented in the sample.

Regarding ownership type, out of the respondents, 59% were from limited liability companies (Kft), 12.2% from limited partnerships (Bt), 0.1% from publicly held joint-stock companies (nyRt), and 1.9% from privately held joint-stock companies (zRt). Sole traders composed 17.3% of the sample, with the remainder coming from non-profit and other sectors. (Figure 5.)

Source: edited by the authors

Figure 5. The distribution of respondents according to ownership type

6. Results

The development of leadership competences and the expansion of the relevant specialist knowledge of all the employees seem to correlate with business efficiency. Therefore, it is highly important that both the employees and the managers organizing their work continually expand their knowledge. [27]

Based on the current research project, it may be stated that, apart from specialist knowledge, the leaders of enterprises highly prize problem solving skills, the advocacy of new initiatives, communicative skills, organizing skills, IT skills and analytical skills.

Learning as an activity may take place in formal settings (in school and on training programs), through the process of gaining experience (i.e. learning-by-doing), as well as in informal ways alike.

In addition to learning going on in formal settings, lifelong learning is becoming increasingly prevalent, in the form of specialist training programs outside the school system, not granting state-recognized certificates but absolutely indispensable for employers.

However, in the area of workforce development methods aimed at consolidating competitive advantage, there are still a number of deficiencies.

Although the majority (83%) of companies consider training to be crucial from the point of view of retaining competitive advantage, one third of them do not have such a program. As the results reveal, company leaders typically tend to read sources with brief content and favor training schemes. (Figure 6.)

Source: based on the authors’ own research

Figure 6. The frequency distribution of the training habits of leaders expressed as percentages corresponding to leader respondents (Multiple answers can be selected)

The leaders of SMEs predominantly prefer self-training (online press, videos and forums, as well as books and professional journals), a phenomenon attributed (by the
respondents) to the shortage of resources.

Besides self-training, the leaders of large companies, however, are enthusiastic about the benefits of coaching, participating in training programs, going on study trips and attending conferences (Figure 7.).

Despite the fact that, in the sample, the proportion of mentoring is still smaller than 1 per cent of the training methods employed by leaders, its weight is gradually increasing among Hungarian entrepreneurs, thanks to the mentor programs initiated by various organizations (e.g. Hungarian National Office of Innovation, Association Family Enterprises in Hungary, National Association of Startups).

These schemes mainly target young entrepreneurs.

The overwhelming majority of leaders 'take their problems home' as 78 per cent of them expect help from family members, and 43 per cent from friends.

The role of employees in discussing the problem is also considerable (51 per cent), whereas 14.4 per cent of the respondents seek assistance from consulting firms.

A smaller proportion of leaders rely on the help of coaches and mentors (Figure 6. and Figure 7.).

Risk taking is an integral part of the everyday lives of leaders. As the surveys indicate, however, the leaders of small enterprises are more open to novelties than those of medium-sized and large companies. 78 per cent of the leaders surveyed act proactively and 59 per cent are not contented with momentarily available information.

A substantial proportion of leaders (52%) usually set some developmental goals for themselves. The situation is much more favorable for large companies. 89 per cent of them consciously plan ahead with a view to the goals concerning their development, but only one third of them consider whether they are good leaders indeed.

According to the majority (72 per cent) of the leaders, they are responsible for their career-related decisions themselves. It may be speculated that this view could presuppose some motivation for self-training, but leaders do not regard leadership development as a prerequisite for career advancement.

In terms of self-training activity, for a considerable proportion (65 per cent) of the leaders, the top priority is that information should be brief and easily accessible but should not require any profound thinking or activity on the reader's part.

7. Conclusion

Based on the findings of the research project reported on in this paper, it may be asserted that the leaders of SMEs and of large companies agree that prompt access to information means competitive advantage. This way of thinking is also present in the area of their self-training-related habits.

It is precisely for his reason that there is a clearly perceptible demand for the development of easily accessible, high-quality sources with specialist content suitable for consumption in smaller units.

Such platforms could ensure that the benefits gained from knowledge- and problem-sharing are exploited. It is worth remembering that leaders possess various kinds of experience, information, knowledge, etc., which could enable a company to tackle seemingly insoluble problems (open innovation), at relatively low costs – a factor that is particularly relevant for SMEs.

Support from an experienced professional (i.e. a mentor), helping with strategic advice and networking at the outset, might represent a significant contribution to the competitive advantage of startups. With the expert assistance of a mentor, an entrepreneur mentee could more easily get from an idea to market success, and could expand his or her previous knowledge and experience with respect to company management and company development.

For the objectives described above to be met, however, a high degree of mutual trust and a sense of willingness to cooperate are essential. Furthermore, it is also necessary to motivate leaders to take an active part in the process of learning and knowledge sharing.

Our hypothesis has been partly verified. The leaders of large companies prefer formal channels in coping with problems around their businesses. However, this tendency may not be identified for the leaders of SMEs.

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References


