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**THE DEVELOPMENT OF MANAGEMENT
EDUCATION IN AUSTRALIA**

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Abstract

For centuries training has been provided for bureaucrats, religious and military personnel, but it is only in this century that any attempts have been made to provide similar education and developmental activities for managers. This paper traces the development of management education and training in Australia. It examines some of the early developments which drew on British and American experiences in this field, and gives an overview of the current situation. It also summarises the results of the various committees of inquiry and task forces set up by the Commonwealth Government to review management education.

THE DEVELOPMENT OF MANAGEMENT EDUCATION IN AUSTRALIA

1. INTRODUCTION

For centuries societies have provided training for their ruling bureaucratic, military and priestly elites, but it is only during the last hundred years that industrial and commercial organisations have even begun to approach the question of management development on anything like a systematic basis. In the early days of industrialisation the selection, training and development of managers was not seen to be a problem, for as Adam Smith (1922) pointed out, it was considered unwise to trust the management of a concern to anyone that was not a family member. It would be in line with perceived self-interest as well as conformity to prevailing social values at that time, therefore, for an entrepreneur with an expanding business to select individuals for managerial roles from among members of their immediate families. As Pollard (1968) confirms: "the practice of recruiting the management personnel from among the families of the partners was the rule rather than the exception". In more recent times, organisations and the roles of managers within them have become much more complex as the environments in which they function become increasingly turbulent and unpredictable. This paper will trace the developments that have taken place in the provision of management education and development in Australia, in three phases, viz. prior to 1965; 1965 - 1995; and the current situation. It will not, however, cover the work of TAFE and other providers offering training for frontline managers and small business management.

Australia is, of course, a continent of over seven million square kilometres; it is the 6th largest country in the world; and has a population of only 18 million, 23 per cent of whom were born overseas. The nation is important as a world supplier of many commodities such as alumina, lead, coal and mineral sands, but the relatively small population base (even if New Zealand is included to make a Trans-Tasman market of 21 million people) presents a major difficulty for some manufacturing concerns, particularly those involved in advanced technologies. Australia is also a rich country. Indeed, a recent World Bank Report (1995a) has estimated that on a per capita basis it is *the* richest country in the world, with wealth calculated to be over \$1million per capita, or twice that of the USA and some 50 per cent greater than Japan. A major reason for this outcome was the high value that the World Bank placed on natural resources (which accounted for more than 70 per cent of Australia's wealth), as the rankings achieved for the value of other forms of capital were much lower. Australia was, in fact, ranked 15th in the world for produced assets (i.e. public infrastructure, homes, business buildings and equipment) and 22nd for the value of human resources per capita.

Although it has an enormous endowment in natural resources, the nation faces a number of economic difficulties. As *The Economist* (4 November 1995) noted, inflation has risen five-fold over the past three years; the current account deficit is currently 6 per cent of GDP; the nation has faced external deficits for 28 out of the past 30 years; and net foreign debt currently stands at 40 per cent of GDP. The decline that has occurred during this century in Australia's ranking on a per capita income basis is shown by another World Bank Report (1995b). This reveals that in 1900 Australia was ranked 1st in the world. By 1950 it was rated 5th; it had dropped to 10th in 1970 and, by 1980, had fallen to 18th place. Such reductions have taken place in relative terms, of course, and it has been estimated that Australians are more than twice as wealthy in real terms at the present time than they were in 1955.

Nevertheless, what has happened during this century is that other countries - particularly those in the Asia-Pacific region - have utilised their resources more effectively and, consequently, have undergone dramatic growth. Such a situation clearly presents a major challenge to those concerned with the generation of wealth. As the President of the Business Council of Australia, Mr Ian Salmon (1995) expressed it: "Australia is in an enviable position: it has the potential to provide its citizens with the highest levels of wealth and living standards in the world. The challenge is to achieve it." The potential contribution of effective human resource management towards meeting this challenge is clearly considerable.

2. THE FIRST PHASE (UP TO 1965)

The most common route to managerial positions has been for talented individuals to join an organisation at a junior level and reach senior posts by relying on instinct and learning from their experiences. As Byrt (1989) has shown, after the First World War a number of factors led to pressures on the universities to provide some education for managers and potential managers. Such pressures included a re-assessment of the value of economic analyses in providing insight and possible solutions to the problems of currency, finance and trade protection; the demands from a growing public service that formal academic qualifications were needed for promotion; and a growing recognition amongst some employers that university education might be superior to that provided "on the job" or by completing training in a specialised field such as Accountancy or Banking. They led to the introduction of first degree programmes in Commerce at a number of universities in the 1920s. Typically, such courses had a strong emphasis on Economics and Accountancy, with the only specifically "Management" subjects being "Industrial Administration" and "Industrial Relations." The main subjects taught, therefore, were those thought likely to be useful to managers, but not "Management" as such.

Australian universities were by no means unique in adopting such an approach in the early stages of management education. Watson (1993), for example, has observed that when the American business schools were first set up at the end of the last century, they taught a range of subjects such as Accounting, Commercial Law, Banking, Finance and Economic Resources, but paid scant attention to the actual role of the manager. An alternative, which was common before the Second World War, was to become a manager after completing training in Accountancy. Members of this profession have a reputation for being particularly cautious and, whether this is deserved or otherwise, it is certainly the case that their training does not normally cover such strategic fields as marketing or human resource management - potentially important areas for anyone in a senior management position.

There was at that time, and in some circles clearly still is, a considerable mistrust of tertiary institutions and cynicism regarding the contribution that these might make to the training and development of managers. Similarly, universities are not renowned for their capacity to adjust to change and any new field tends to be regarded within such institutions with grave suspicion by the older and more established disciplines. In order to survive and prosper a new field of intellectual inquiry needs to be protected from the heavy and sometimes hobnail boots of established disciplines. It is perhaps because of this phenomenon, what Schon (1971) has termed "dynamic conservatism", that so much of the growth of management education has taken place elsewhere. Although it was not the case in the United States, most Australian (and British) developments in management education at this time took place outside the universities, with this activity being seen largely as the province of the technical colleges, independent bodies and management consultants.

During the Second World War, a number of such developments took place. One was the establishment of the Institute of Industrial Management in 1941. This body was the forerunner of the Melbourne Division of the Australian Institute of Management which became a national body in 1947. Just before the outbreak of the war, in 1938, the Melbourne Technical College (now the Royal Melbourne Institute of Technology) introduced a Certificate in Foremanship. During the war, in 1943, this became a Certificate in Management and Executive Training and, in 1948, was re-designated as a Diploma in Management. Until this time a combination of high commodity prices and high tariff barriers protected Australian organisations from many of the rigours of international competition and there was little incentive for such concerns to invest in the education and training of their managers.

It was not until the 1950s and early 1960s, however, that the pace of developments in management education increased. When the University of Sydney declined an invitation from a group of Sydney businesspeople to set up a centre of management education in 1957, this group established the Australian Administrative Staff College (now the Monash-Mount Eliza Graduate School of Business and Government) outside Melbourne. This major independent institution - which drew its pedagogical philosophy and syndicate method from (what was then) the Administrative Staff College, Henley - offered a range of residential management education programmes of up to twelve weeks' duration. During this period, residential programmes were also begun by the Australian Institute of Management and some management consultancy firms.

It was around this time, however, that adherence to the British model of management education was extended by drawing on the management education system that had developed in the United States. American management enjoyed considerable prestige after the Second World War and the major American business schools, particularly the Harvard Business School, were seen as particularly important models for the development of management education. This led to the establishment of MBA programmes at a number of Australian universities in the early 1960s. Among the forerunners were the University of Melbourne (1962); the University of Adelaide (1963); Monash University (1963); and the University of New South Wales (1963). Some of these institutions were also active in offering shorter residential programmes for experienced managers, notably the University of Melbourne which offered its first Summer School of Business Administration in 1956.

3. THE SECOND PHASE (1965 - 1995)

It became apparent during the 1970s that in order to survive in the contemporary world, Australia would have to introduce freer trade and unregulated markets. Although it continued to be heavily dependent on extractive and primary industries for overseas income, a trend was established away from rural and mineral products towards goods and services with higher value. Australians could not fail to note the dramatic growth experienced by neighbouring countries in Asia and began to realize the potential importance of these nations to the Australian economy. Such a fundamental change is perhaps exemplified by the way in which Japan replaced the United Kingdom as the most important trading nation, not only as a supplier of imports but as a market for export goods.

As it became increasingly understood that economic growth depended to a large extent on the intellectual skills of its citizens, the requirement to compete internationally focussed attention on the need in a dynamic economy for a well-educated and well-trained workforce. Such a realisation also did much to highlight the major role of higher education institutions in the development of such skills.

This was, of course, a universal phenomenon as shown by the growth that has taken place in higher education throughout the world.

Perhaps an indication that Australia as a nation does attach some importance to management education is demonstrated by the fact that the government has, since 1969, set up three committees of inquiry or task forces to look at the nation's provision in this field. The first of these was that established in 1969 under the chairmanship of Dean Richard M Cyert of Carnegie-Mellon University. The next was set up in 1980 under the chairmanship of Mr John Ralph (at that time a senior executive in CRA Ltd) and the most recent was launched in 1992, under the chairmanship of Mr David Karpin (also a senior executive with CRA Ltd).

The Cyert Committee - which was composed entirely of Americans - completed its work in one month. It recommended that there should be a substantial increase in the funding of management education from both the public sector and business. The Committee concluded that there was no department or school in Australia that enjoyed an outstanding record for teaching or research. Its principal recommendation was that a national school of excellence in the field of management should be set up at the University of New South Wales in Sydney. The Cyert Committee proposed that this institution should offer masters and doctoral programmes, together with non-award courses for both middle and senior managers.

As this new institution would only be able to provide for a small proportion of the total post-experience needs of the nation, it was suggested that emphasis should be placed on quality and distinctive contributions. The critical nature of the calibre of the academic staff was underlined and it was proposed that there should be a minimum initial staff of at least twenty-five full-time members. This staffing level, it was thought, would enable the new institution to provide for an MBA programme producing seventy graduates a year; two or three post-experience courses of eight to ten weeks duration; a PhD programme and a significant research output. After considerable delay, this recommendation of the Committee was implemented and the Australian Graduate School of Management (AGSM) at the University of New South Wales began its operations in 1977. Australians have a reputation for "cutting down tall poppies" and it may come as no surprise to learn that during its early years the AGSM was subjected to a considerable amount of criticism. Its student numbers were seen as low. The staff were perceived as being excessively oriented towards a quantitative approach. It was seen to have failed in its mission to attract a large number of outstanding MBA students - many of whom preferred to attend major American or European business schools.

The establishment of the AGSM by no means arrested the development of management education at other universities and colleges of advanced education. The Ralph Committee, for example, reported in 1982 that there were 49 management programmes leading to academic awards offered by 13 universities and 26 colleges of advanced education. Many of these institutions also provided shorter post-experience courses for experienced managers. The Report of the Ralph Committee stated explicitly that it was based on the belief that high-quality management education improved managerial effectiveness. The Ralph Committee recommended the establishment of a further national management school at the University of Melbourne as well as the setting up of a series of regional management schools. The mission of the latter would be to provide a broad spectrum of managers and potential managers with high-quality programmes in order to improve their managerial skills whilst they continued their careers. It was suggested that this be done by the provision of part-time MBA programmes, non-award courses and other management development activities. Importantly, the

Ralph Committee also recommended that all MBA programmes, other than those offered by the national and regional management schools, should be discontinued. In fact, the only recommendation that was implemented as a result of this Report was the establishment in 1984 of the second national management school at the University of Melbourne.

It was about this time that the pace of change in Australian organisations accelerated. A survey of 545 Australian companies carried out by CCH in 1989, for example, showed that in the previous two years 58 per cent had changed their mission; 62 per cent had made significant changes in their corporate goals and objectives; and 65 per cent had made major changes to their strategies. Managers in such organisations may well have had more limited time horizons than their predecessors, for as Senge (1992) pointed out, Shell has estimated that the average lifetime of the largest industrial enterprise is less than 40 years. Such dramatic changes have obvious implications for career structures, thus adding even further difficulties to the task of developing individuals for positions for major responsibility at some future date.

The most recent review of Australian management education - that of the Karpin Task Force on Leadership and Management Skills - was set up in 1992 and reported in 1995. The work of this Committee was supported by no less than 27 research projects, completed by both academic researchers and management consultants. The report highlights the importance of management in sustaining growth, increasing employment opportunities, improving productivity and increasing international competitiveness.

Research completed for the Task Force estimated that, in total, Australia had some 890,000 managers (McCloud & Siniakis, 1995), a figure which since 1979 had increased by 45 per cent from 615,000. Many of these individuals, however, were employed in very small concerns (80 per cent of Australian enterprises have four or less employees). If only those who are employed as managers in what are described as "medium to large enterprises" (i.e. those with more than 50 employees) are included, then the figure arrived at is 379,000 (Midgely, 1995). The evidence available (Department of Employment, Education and Training, 1991) indicates that the educational level of Australian managers was not as high as in some other countries. Only 20 per cent of senior managers in Australia held a first degree, for example, compared with Germany where the comparable figure was 63 per cent, and in Japan and the USA where the proportion of graduates was 85 per cent. The Karpin research (Midgely, 1995) provided slightly higher figures with 36 per cent of Australian line managers being found to have a degree, although it should be noted that smaller enterprises were not included in this survey.

The Task Force took note of the 1994 World Economic Forum's World Competitiveness Report (1995) which ranked Australia 15th out of 41 countries, placing it behind the USA (rated 1st); Singapore (rated 2nd); the Netherlands (rated 8th); New Zealand (rated 9th); and the United Kingdom (rated 14th). In particular, with regard to its assessment of "Management" (defined as: "The extent to which enterprises are managed in an innovative, profitable and responsible manner") Australian managers were ranked 18th, thus placing them behind most of the nation's trading partners e.g. Japan, the United States, Malaysia and Singapore.

The Karpin Report concluded that the best Australian managers were equal or better than those in the rest of the world, but considered that although the functional skills of Australian managers in large organisations were well developed, the majority of Australia's managers did not have either the education or skill levels of those of the nation's major trading partners. In particular, its report notes a

significant gap in areas such as entrepreneurship, global orientation, the so-called "soft" or people skills, strategic skills, management development and in teamworking. The Task Force considered that there was a need for significant improvement in the next decade if enterprises were even to meet the current standards of world best practice.

Research for the Task Force (Midgley, 1995) showed that although some medium and large enterprises were active in providing management education - some by running their own 'in-house' programmes, some by sending their managers on courses offered by professional bodies such as the Australian Institute of Management, consultants or the universities - over all industry sectors, managers spent about seven days per year (or 3 per cent) of their time on training and development activities. (This figure was arrived at by projecting the results obtained from a sample of 475 organisations.) Although it compared unfavourably with overseas best practice (Motorola was cited as an example, as this organisation has a goal that all employees - i.e. not only managers - should undergo 20 days of training each year), it was reported that the trend had been towards greater participation during the period that had elapsed since the completion of the Ralph Report. Midgley (1995) also considered that the 521,000 managers (or 58 per cent of the total) employed in very small enterprises were unlikely to have undergone any systematic management training and development.

With regard to the provision of high-level management education, research by Ashenden, Milligan and Quin (1995) for the Task Force found that the number of university management schools had grown dramatically over the past twenty years. In fact, with two exceptions (Flinders University and the University of Ballarat), all Australian universities were found to offer an MBA degree programme. Total enrolments in graduate management education had grown over the years to 16,239 in 1993. The biggest single provider, the Association of Professional Engineers, Scientists and Managers Australia (with 2,763 MBA enrolments) was outside the university system, although the degree in question was awarded by Deakin University. The "business schools" involved ranged from semi-autonomous units of major universities catering exclusively for post-graduate and post-experience students, to "shell" type structures where one person or a small group were responsible for the co-ordination of academic resources for management programmes. The research found that although in the past Australian MBA programmes typically lasted for two years and involved some 800 contact hours to complete, in many cases the time required had been reduced to around 600 contact hours for the MBA and to 240 contact hours for executive MBA programmes. The Task Force concluded that Australian management education institutions compared favourably with the "typical" Asian, North American, or European management school. They considered, however, that Australian schools needed considerable improvement in order to be equal to the best available in the world.

Altogether, the Karpin Report contained 28 recommendations to the government on how it would be possible to enhance managerial performance. Major among these was what it saw as a need to move Australia from being an "employee" culture to an "employer" culture. To achieve this aim, the Task Force recommended the establishment of a general educational programme to make young people aware of the vital role of small business and entrepreneurship. The Report also noted that figures published by the International Labour Organisation indicated that Australia had the lowest percentage of women in management in the industrialised world. It recommended that not only should the nation capitalise on the talents of women but, similarly, greater efforts should be made to harness the skills and abilities of many Australians with diverse ethnic or cultural backgrounds - particularly those from non-English speaking backgrounds. As, currently, 50 per cent of all migrants to Australia come from Asia, such skills could be particularly valuable in facilitating overseas trade.

The Karpin Task Force also recommended the setting up of one national management school. Although such an idea has some attractions, it is doubtful that, even if it were possible to develop an Australian "Harvard", such an institution would begin to meet the diversity of needs that exist. It has to be remembered that most Australian firms are small and that the nation has less than 600 organisations with more than 1,000 employees. Even the biggest Australian organisation - BHP Ltd - is ranked only 149th in *The global 1000: the world's most valuable companies* (1990). Management training needs, therefore, are likely to vary considerably and these different requirements would make it difficult, if not impossible, for any one institution to meet them.

The Task Force recommended the professional accreditation of business schools and the establishment of a new applied management research programme to be run jointly with industry. It concluded that although managers learn well and quickly through being exposed to a range of management development experiences, they still learn best at work. Finally, the report proposed the setting up of a national training programme for frontline managers and an industry-based programme to enable more Australian managers to participate in structured international study tours.

4. THE CURRENT SCENE

That all is not well with Australian management has been chronicled by Sykes (1994) who has shown that during the period of economic recession in the late 1980s and early 1990s, many Australian organisations went bankrupt. These included three major commercial television networks, the second largest newspaper group, the second largest retailer, the largest car hire firm and a major brewer. Major losses during this period included the Bond Corporation (over \$5,000 million), Adsteam (over \$2,000 million), International Brewing (over \$1,500 million) and Quintex (over \$1,200 million). Three major merchant banks survived because of actions of their holding companies and two of the four banks owned by state governments suffered major losses and underwent investigations by Royal Commissions. Sykes estimated that between 1989 and 1993, banks and financial institutions lost over \$28 billion in net bad debt writeoffs and provisions.

Although there is no guarantee that the performance of those concerned in these organisations would have been enhanced by undergoing formal training, such events have given impetus to the provision of this training. Another factor has been the demise of the traditional concept of a career within an organisation. As few people joining organisations now envisage that this will be for the remainder of their working lives, many young people now see it appropriate that they should be preparing themselves for a career which will involve them in a number of positions, working for a variety of employers, in relatively flat organisations. In such situations, credentialism as an aid to mobility becomes important.

Possibly a trend in the growing importance of this perceived need for formal qualifications can be discerned from examining the situation regarding the MBA degree in the United States. Moss Kanter (1984) has given details of a survey of 971 American chief executive officers by a leading head-hunting firm, Heidrick and Struggles. This found that although only 16 per cent of the CEOs over 50 years of age had an MBA, the comparable figure for those under 40 was 48.7 per cent. Evidence to support such a trend in Australia is provided by the Karpin Task Force research which found that although only 3 per cent of managers in organisations with 50 or more employees currently held MBA degrees, the figure for those studying for a further qualification was 9 per cent (Midgely, 1995). As performance in

managerial roles is always likely to be seen as more important than academic or professional qualifications, it is unlikely that management will ever become like the established professions of, say, law or medicine, where the appropriate degrees and professional training are mandatory. Nevertheless, although still low by international standards, the numbers of managers undergoing formal training is increasing.

The growth in the provision of management education has been considerable and a bewildering choice faces those wishing to attend a programme. Short courses, for example, are offered by professional bodies, consulting firms, independent institutes and many universities. They may be attended within Australia or overseas. Some courses may be open to all, whereas others are customised for a particular organisation or industry. Several companies run their own management development programmes and some major organisations are cooperating in a consortium in order to do this. Individuals wishing to undertake studies for an MBA degree may choose between the "traditional" two year programme or the one year executive MBA, or from a range of specialised MBA programmes such as the MBA (Technology Management) or the MBA (Human Resource Management). The mode of delivery for such short courses or award programmes may vary from distance education to a residential programme, or from a traditional classroom situation to action learning (Revans, 1971). Finally, in more recent years new credential "ladders" have appeared which allow individuals completing a graduate certificate to move to a graduate diploma, then to an MBA and, in some cases, to the DBA degree.

Despite the growth that has occurred, in many ways Australian management education does seem to be at an earlier stage of development than in Europe or North America. It is true that the AGSM has taken on much more of a national role and the Melbourne Business School has been extremely successful in developing relationships and obtaining financial support from the business community. Nevertheless, by world standards both these national schools are small and their international reputations are still being formed. That they do not seem to have the same degree of pre-eminence as the leading American and European schools is shown by research (Howson & Gaskin, 1995), which found that most graduates and businesspeople were unaware of any courses other than those offered in their own cities. The Australian scene is characterised by its diversity, therefore, whereas in Europe four or five management training institutions appear to dominate the scene and are the ones that usually appear on any shortlist when a major contract for post-experience management training is to be awarded. Similarly, it is generally recognized that the MBA programmes offered by a handful of the major European business schools are superior in a number of ways to those run by other institutions.

5. CONCLUSIONS

The role of the manager varies considerably from industry to industry, from place to place and from time to time. It is not possible, therefore, to arrive at a precise prescription of the training and developmental needs for such a role in the way that it would be in the case of the military pilot or the dental surgeon. What can be done, of course, is to provide the potential manager with opportunities to gain a body of knowledge in fields such as accounting, finance, organisational behaviour, economics, marketing, and operations research.

All these subject areas should be of use to the manager and, as has been shown, such disciplines can be studied at undergraduate, post-graduate or post-experience levels. The Ralph Committee formed the view that management education should largely be a post-graduate or post-experience process, as they considered that both experience and maturity were required in order that the student might relate the

theories and disciplines of academic study to the organisational world. Watson (1993) has pointed out that some of the subjects normally taught in business schools (e.g. Accounting; Finance; Economics; Operations Management; Organization Theory;) constitute bodies of knowledge. As these subjects have qualities similar to other undergraduate fields, they require neither experience nor maturity on the part of the student. Furthermore, it is now recognised that the cost of study at undergraduate level is usually much lower, both in direct cost as well as in the value of earnings foregone. Thus advantages may accrue from studying these disciplines earlier rather than later.

It has to be accepted that the link between the possession of such knowledge and managerial performance may be tenuous, however, as the correlation between academic attainment and career success is small (Livingston, 1971). Although economists (Schultz, 1963 & Becker, 1975) have demonstrated the relationship between education and higher earnings, their research in the field of human capital theory has also shown that the rate of return on education diminishes at the higher levels. As Cox and Cooper (1988) concluded: "There is no evidence that academic learning changes behaviour or develops practical skills such as those required in management". Possibly in much the same way that with only a limited knowledge of the internal combustion engine an individual possessing spatial ability and superior psycho-motor skills may drive a motor vehicle with great panache, some individuals that are extremely successful as managers have not completed any formal training for their roles. What we are unaware of, of course, is whether or not their performance would be enhanced if they had undergone some formal management training.

It must always be recognized that the half-life of subjects taught on management programmes may be only a few years and clearly no educational institution can be expected to be able to predict all the knowledge that individuals are likely to need at some future stage in their careers. Hopefully, the major contribution that the universities can make is not only to provide training in specific areas, but also to encourage and assist their students to acquire some high level intellectual skills such as independent thought, curiosity, the ability to think logically, the ability to learn and a facility for obtaining and disseminating information. The value of such generic skills, which are clearly likely to improve flexibility, is likely to be of considerable importance in any occupational field including, of course, management.

Those about to embark on such careers are likely to be much better prepared if they have some of the generic skills outlined above. A number of writers have also proposed that although there will be fewer managers as such in the future, there will be a much greater need for most, if not all, organisational members to exercise some managerial skills. For example, professionals are increasingly involved more in the decision-making process within their organisations and shop floor employees are similarly involved - perhaps in autonomous work groups. This implies that there is a need for all young people to receive at least some basic management training, either to prepare them for such responsibilities or to help them to understand events in their organisation when they do join the workforce.

As the Karpin Report points out, management education is not simply something which takes place on short courses or by attending MBA programmes - it is a process of continuous improvement where considerable learning can take place within the organisation. Such development can be assisted by short term placements in other positions or in other organisations, work on task forces, mentoring and coaching, special assignments and the challenge presented by close colleagues. In view of the need to

gain a global orientation, a period overseas would provide opportunities to gain insight into another culture and to develop language skills. Clearly, although the responsibility for these developmental activities should be shared by the individual concerned and her or his line boss, the facilitation of such a process is an important HRM task.

There are probably at least two major contributions that the HRM expert can make to the development of managers. One is to ensure that their senior line colleagues are reminded of the strategic importance of management development activities. The other is to ensure that their organisation has systems and practices which make it an attractive one for talented employees. Sadler (1993; 1994) has argued that today there are no shortages of capital or labour - the only remaining scarce resource is talented employees. Thus organisations which are able to attract and retain such high-calibre people will be the ones with a competitive advantage. The impression one gains of Australian organisations is that few are successful in integrating talented people. At the time of preparing this paper, for example, the newspapers are full of reports on the departure of some top managers from Australia's largest employer and the nation's largest university has been taken to the courts by one of its own professors, a distinguished bio-chemist who is a Fellow of the Royal Society. Sadler (1994) suggests that the way to achieve success in managing such talented individuals is deceptively simple: "Attract the very best people, keep them, develop them, motivate them and manage their performance". In practice, of course, it is not easy to follow such a formula, but it is difficult to think of a finer prescription for maintaining or improving organisational effectiveness and longevity!

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