RESEARCH AND PRACTICE IN HUMAN RESOURCE MANAGEMENT

Organisational Leadership: A Case Study of the Identification and Advancement of Managers in an Australian Corporation

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ABSTRACT

Most middle sized and large corporations in Australia invest considerable sums of money in the provision of leadership identification and development programmes for their management staff. The question is: do these kinds of programmes really play an important role in determining who rises to the top in terms of corporate management? This study, which draws on interviews with 62 managers employed by a major financial institution in Australia, sought to obtain an understanding of how, within one quite large corporation, managers are identified and promoted. The accounts of the interviewees provide a rich basis for reflecting critically on the formulaic human resource management approaches to leadership development adopted across a great many corporations.

INTRODUCTION

Leadership is indispensable to the corporate sector, where individuals with the ability to "...influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members." (House 2004:15) are highly valued and, in most cases, financially well rewarded. Not surprisingly, therefore, it is a topic about which much has been written and a great many theories have been espoused. It is also a topic that is central to the professional interests of human resource managers, who traditionally have been expected to be proactive in identifying and developing potential leaders within their organisations. The literature on human resource management is, as a consequence, rich in the number and variety of propositions advanced regarding ways in which individuals who aspire to leadership positions can be assisted to realise their ambitions (see, for example, special issues of the Harvard Business Review in February 2007, and of the Journal of Human Resources in April 2007).

This study sought to contribute to the human resource management literature by advancing a view, that in fact, the ways in which leaders in corporate settings are identified and developed is primarily affected by processes that have little or nothing to do with human resource management (HRM). This view is at odds with a prevailing perspective in the relevant literature whereby considerable importance is attached to formulaic HRM approaches, such as succession management, in the identification and development of corporate leaders.

The study examined the experiences of 62 managers employed by a major financial institution in Australia. Of interest were the individual stories of these managers about how they became leaders in their corporate field. Their accounts provide a rich basis for reflecting critically on conventional wisdoms about how leaders become leaders in corporate Australia.

Site and Informants

The site institution was a large multinational financial institution that is listed on the Australian stock exchange. It has a large workforce based mainly in Australia, but also overseas. This study concerned managers in its technology function. There are well over 100 managers in this area, some of whom are junior (annual incomes of up to and about $100,000 p.a.), most of whom are middle level (annual incomes of between $100,000 and $200,000 p.a.), and some of whom are senior (annual incomes well in excess of $200,000 p.a.). These managers are in most cases long term employees. The large majority of them are university educated and in the 40 to 50 year age bracket. More than three quarters of them are male. They are strongly committed to their own career development. In this regard, they are provided with a comprehensive range of support by the corporation's HRM function. This support includes an ongoing management development programme, a long established succession planning programme, a performance appraisal system, and a range of mechanisms to enable managers to identify their personal styles and aptitudes as leaders.

A total of 62 of these managers were interviewed for the present study. Although no sampling procedure was followed, the managers interviewed were, in fact, fully representative of the management in the technology function of the site institution. They included junior, middle and senior managers, and 80 per cent of them were male. All had at least five other managers, or senior non management staff, reporting directly to them. At the time of the interviews all were participating in an in house training programme delivered by the HRM facilitators for the purposes of assisting managers with the maintenance and further development of their leadership skills. The programme focused especially on skills such as providing feedback, setting goals and understanding individual leadership styles. The researcher, who was not a participant in this programme, was given permission by the programme leader to conduct interviews with as many of the participants as possible.

Procedure

Interviews were conducted in an informal and conversational tone. Because they were at the time participating in an in house management development programme, the managers interviewed were in a reflective frame of mind about the nature of their own leadership abilities, styles and aspirations, and they were most willing to participate in an individual interview that related to this broad topic. On average, each interview was of one hour in duration. Participation in the interviews was voluntary. As part of the training programme being undertaken, each of the interviewees had received the results of a 360 degree performance review tool called the Leadership Styles Inventory. At the end of each interview, the interviewees routinely shared details of their results on this Inventory. This information threw more light on their individual and preferred leadership styles.

Following each interview, the researcher documented fully the information provided. During this process, key quotes noted during the interviews were recorded and placed in context with the flow of interaction in the interview. Though ideally the interviews would have been tape recorded and then transcribed, the level of personal disclosure in the interviews was such that most, if not all, of the interviewees would have been reluctant to have their private views about themselves and their career aspirations tape-recorded.

The interviewees were assured of confidentiality in the management of all information collected and were advised that any reporting of their views would be done in a way that preserved their anonymity. They indicated informed consent by participating freely in the interview process. In this regard, it might be noted that only about one half of all the managers attending the training programme elected to be interviewed. Many others would have obliged, but were unable to do so because of time constraints.

Measures

The interviews were conducted individually with the 62 managers to find out about their experiences of becoming a leader. Six questions provided a framework for the interviews. These questions concerned the origins and duration of their aspirations to be a leader, any key 'stepping stones' on the path to their current leadership positions (including any role played by corporate leadership and other training programmes, sponsors and any other forms of support), their sense of self preparedness to pursue further leadership responsibilities, the availability of a personal sponsor or of a sponsor for their leadership aspirations, and their immediate objectives in preparing themselves for the next stage of their career. In addition, details were recorded about their age, country of origin, gender, management level, qualifications, employment history, salary and starting date with their current employer.

Analysis

The investigative strategy employed was qualitative in nature. It was, in fact, 'discovery oriented', and no attempt was made to manipulate the research setting or to place prior constraints on the outcomes of the research (Patton 1990). Its purpose was to document the usual ways in which senior corporate managers are advanced to corporate leadership positions. In this regard, it most closely corresponded with an ethnographic approach, that is, with uncovering the "...culture of this group of people." (Patton 1990: 67). It was assumed that there would be a tacit understanding shared by corporate managers about the ways in which individuals were advanced to senior corporate positions of leadership, and that allowing the interviewees to tell their individual stories would elucidate this understanding.

In light of the research focus, a first step in the analysis was to conduct a comprehensive content analysis of the interview notes, coding those parts of them that related to the process of becoming a corporate leader. A further content analysis of these parts of the notes was then undertaken for the purposes of identifying variations in the ways in which the informants had described the process of becoming a corporate leader. It was at this stage that themes in the interview data began to emerge clearly. A third content analysis of the interview notes was then conducted, this time for the purposes of examining more intensively the themes that had been identified. It was during this phase of the data analysis that deeper insights were identified, including some concerning processes that are so embedded in the culture of the organisation that many interviewees had simply taken them for granted. Themes in the data were then refined and reformulated, and a matrix showing the correspondence between each of the themes and the incidence and nature of relevant comments in the interview notes was developed.

Validity and Reliability

The methodology of qualitative research poses important research challenges. Because the researcher becomes an instrument in the research by recording and interpreting the interview data, the potential for subjectivity is great, which then raises questions concerning the reliability of the data and validity of the conclusions. These considerations, when translated into the language of qualitative research, relate to the credibility, confirmability, dependability and transferability of the data reported (Lincoln & Guba 1985). For this investigation, the principal means of achieving credibility were: persistent observation and prolonged engagement in the field, as illustrated by the fact that interviews were conducted at length and at a leisurely pace, and by the fact that so many interviews were conducted with informants from the group of managers in question; triangulation, as illustrated by the fact that claims made by interviewees were progressively checked with other interviewees; and member checking, as indicated by the fact that each interview was concluded by providing a verbal summary of the interview content for confirmation by the interviewee. The principal means of achieving confirmability and dependability was by having a competent and disinterested external auditor review all interpretations of the comments reported from the interview notes to ensure that these comments were being interpreted in a way that was contextually accurate. The principal means of achieving transferability was through the collection of rich descriptive data, that is, data that could be reported in sufficient contextual depth to enable others to assess the goodness of fit of the insights obtained with their setting.

Ideally, two further procedures would have enhanced the trustworthiness of the data. First, it would have been ideal that a written transcript of the interviews was developed for checking by the interviewees themselves. As indicated earlier, personal sensitivities about content of the interviews meant that it was inadvisable to produce a written transcript. Second, it would have been highly desirable to triangulate the collection of data more systematically by, for example, collecting questionnaire data as well as interview data, or by conducting focus group interviews in addition to individual interviews. In the circumstances, though, these measures were not able to be implemented because of personal sensitivities and a lack of time.

RESULTS

Many themes emerged from the data. Only the two dominant themes are reported here, and both were surprising. Neither fitted neatly with expectations that the process of rising to a significant leadership position in a major public company was the product of the orderly implementation of a human resource management strategy. The first significant theme concerned the ways in which the informants obtained appointments to managerial positions. T he second concerned the often pivotal role played by significant others as unofficial sponsors in the process of career advancement to senior corporate leadership levels.

A striking feature of the management culture of the site institution was the importance of the role played by social networks in determining career advancement as a manger. It is remarkable, for example, that only eight of the 62 managers interviewed reported that they had undergone any kind of formal interview process before being appointed to their current positions. For nearly all of those interviewed, the usual mechanism for obtaining a senior appointment was simply a 'tap on the shoulder.' That is, an informal approach from a more senior manager within the company to accept a position that had become available. This phenomenon was so pervasive that nearly every

manager interviewed knew what being 'tapped on the shoulder' meant. It was an expression that was widely used and understood by all. In one case, the 'tap on the shoulder' had come from a senior manager to whom the manager concerned had previously reported in another part of the business. In another case, the 'tap on the shoulder' took the form of a 'walk around the block', during which time the manager concerned was invited to take up a more senior management position. In yet another case, a junior manager, who enjoyed the confidence of a more senior manager, was appointed in a caretaker capacity to a relatively senior position that had been difficult to fill. No formal appraisal of the person's strengths or suitability for the position was ever undertaken. The junior manager was eventually successful in obtaining permanent appointment to the senior management position.

A corollary of this situation is that the business HRM strategy appeared to be irrelevant in terms of the processes of identifying, developing and appointing managers. Indeed, hardly any of the interviewees made any reference to the role played by human resource management in terms of their career advancement at the financial institution concerned. It was clear, for example, from a great many of the comments made that the formal processes of staff appraisal, management succession planning and management development planning, all of which featured prominently as part of the official human resource management strategy, counted for little when compared with the importance of the role played by the 'tap on the shoulder' in determining advancement to more senior levels of leadership. Only one informant ever referred to a formal succession planning programme to facilitate leadership appointments, which is surprising in view of the fact that succession planning was reported in official documentation as being an important element in the institution's HRM strategy. Furthermore, few of the managers interviewed could recall any role played by formal assessment and interviews by the employer. Indeed, one quite senior manager reported that: "I was sent here to have an interview with senior management only after I had been already been told I had the job."

A significant proportion, possibly even as many as one half, of the interviewees expressed a view, however, that the 'tap on the shoulder' culture for managerial advancement at the financial institution concerned was far from transparent. A middle level manager reported, for example, that: "I was tapped on the shoulder and moved to a new role. I had zero development for leading people, no idea about managing people." He was, in fact, extremely surprised that he had been offered a promotion to a more senior position. Another reported that he felt his 'tap on the shoulder' had simply been the product of good luck. He reported jokingly that he had been "in the wrong place at the wrong time". Having secured his first advancement, however, he had subsequently been successful in obtaining further promotions on the basis of his demonstrated leadership skills. Another manager who attributed his success to luck reported that: "I zig and I zag without conscious intent. I did not do anything towards it . . . no considered intent. I fell on my feet." These comments indicate that, for many managers, the criteria for advancement to more senior positions were far from clear. They knew how the promotions process worked, but they did not always know on what basis individual managers were singled out for promotion. This situation made some managers anxious: "This is prevalent. This tapping on the shoulder . . . this is the way the business is. But it makes people edgy." Another, who also conveyed some anxiety, said: "When the business got restructured I got a really senior role. Why me? I don't know." Another said: "I got the role because I had strong technical skills . . . I think."

A further distinctive aspect of the culture was that, once 'tapped on the shoulder', it was not appropriate to reject the offer of a promotion. For a small but significant proportion of interviewees, this situation had resulted in them being placed in positions of responsibility for which they had not felt ready, or which they had not sought enthusiastically. One senior manager spoke with some sadness when reporting that: "When offered the role I could not really say no. It was more money and higher status. I do not enjoy managing people at all. I just felt I could not decline the opportunity." This theme, concerning unwanted or premature promotion, was surprisingly prevalent, though it was not expressed by a majority of those interviewed.

When reflecting on why they had, in fact, been promoted, hardly any of the managers referred to their people-management skills as being important. Technical skills, especially IT skills, were far more likely to be cited as being an important consideration underpinning their success.

It was a small minority of interviewees who attributed their success to their own personal leadership aspirations and abilities. One of these managers described himself as a natural leader, stating "Understandably and naturally, when the role became available, I took it over. I got myself to be the understudy. The team I went to naturally gravitated towards me." Another, who had recently been appointed to a minor leadership role, stated confidently: "My ideas are always better than my peers, since an early age. So when the team leader role came up it naturally fell to me." A very senior manager stated that: "I always wanted to be a leader. At school I was the team captain. Then the head prefect." This person described how he had been very focused on securing each of his promotions. When reflecting on one particular promotion, he reported that: "I asked my manager for the role and he gave it me." This kind of personal assertiveness in pursuing promotion to more senior managerial roles was not, however, widely reported across the managers interviewed. For a large majority, the more usual approach was to fit in with the existing social networks and to wait until they received the all-important 'tap on the shoulder'.

The second striking feature of the management culture of the site institution concerned the importance of the role played by internal sponsors as a means of gaining advancement to more senior leadership levels. Of the 62 managers interviewed, only three said that they did not have a sponsor at any stage of their career. Even these

three, however, could identify someone more senior who had assisted them in developing their career.

The financial institution employing the interviewees had introduced a formal mentoring scheme some years earlier. Most believed, however, that it had not worked successfully, and not one of the managers interviewed had remained in contact with the mentor officially allocated to them. Sponsors and mentoring appeared to be effective only when it was based upon a mutual friendship, and when it was informal in nature. The friendship had to maintained, and most interviewees reported that they had to work hard to maintain a relationship with their sponsors. One very experienced middle manager reported, for example, that: "It is so important to network with someone that matters to you."

There was clearly a symbiosis between the processes of sponsoring and being 'tapped on the shoulder'. The managers interviewed spoke openly and at length about the interplay between these practices. Sponsors were openly referred to as such, and it was them who 'gave' the managers they sponsored considerable promotional opportunities. One manager reported, for example, that: "I had many promotions when xxx was on the senior team. He was my sponsor. However, since he has left, I have not had one promotion. I need to find another senior manager to look out for me." Another stated that: "Since my sponsor left the business I have not had a promotion. I now don't know how people get new jobs around here." Another said that: "I have had exposure to sponsors and three or four of them have influenced my career. I have not applied for a job in my life." Another long term employee said that: "All those years ago a smart supervisor looked after me." In the large majority of cases, career success was, in fact, attributed to the critical role played by a particular sponsor. Some managers, of course, may have had many sponsors, having cast 'a wide net'. Others may have had only one with whom they maintained a contact.

DISCUSSION

The insights obtained from the interviews are interesting at a number of levels. First, the experiences reported present a remarkable testament to the importance of networking as a means of determining advancement to corporate leadership positions. Indeed, the processes documented are almost entirely consistent with explanations advanced by Taylor (2006) concerning the ways in which executives in the United States use networks to secure promotions. Taylor's fundamental assertion is that people get jobs and promotions by the relationships they develop. Having effective contacts with the right people at the right time is said to be an important basis for career success. What is interesting, then, is where this leaves the HRM function. Across most of the corporate world, espoused HRM strategies prescribe official processes and channels for obtaining career advancement within the business concerned. These strategies have been developed in most cases as if alternative informal processes and channels for career advancement were non-existent. Certainly, the impact of the existence of these official processes and channels is to declare all alternative processes and channels to be unofficial, even illegitimate. Yet the importance of networking as a means of achieving carer advancement may be so great that the espoused HRM strategies are widely ignored, and may even be regarded as being irrelevant. Over two thirds of the managers interviewed for the present investigation reported, for example, that they already knew they had been given a lift up the career ladder well before the HRM function became involved. The process of formalising their promotions through involvement by HRM staff then became an exercise in bureaucratic compliance, rather than one that was meaningful in terms of ensuring that the right person had found the right job.

Second, and more broadly, the results call into question the value of much that is asserted in the HRM literature about 'best practice' in the identification, development and selection of corporate leaders. Of special interest in this regard is the practice of succession planning, that is, the implementation of a systematic process whereby senior management within an organisation identifies and develops selected members of staff so that they are ready to assume future leadership responsibilities within the organisation. This practice is strongly recommended by no less a body than the influential Corporate Leadership Council in the United States (see, for example, CLC 2003), though the Council has also consistently observed that adherence to succession planning principles by corporations in the United States is generally sloppy (CLC 1997, 2003). It may be, however, that the environment within which corporate leaders emerge has changed so much that the pipeline succession charts and in house leadership programmes that have been the hallmarks of the orderly implementation of succession planning are nor longer relevant. Senior executives are now better educated and more mobile than in the past. They are no longer tied to one employer for their professional career. The results of the present investigation indicated clearly, for example, that the networks to which managers belong are industry wide, rather than corporate based, and that the 'tap on the shoulder' may well be for somebody from outside a particular business, and, therefore, who has never been part of the in house executive identification and development processes. Further, it was of interest that the managers attending the in house leadership development programme at the time when they were interviewed for the present investigation appeared generally to see the programme more as an opportunity to network than as an important career stepping stone.

Third, the two dominant themes from the interviews raise interesting questions that relate to the nature of group behaviour. It is argued that groups will do anything to maintain themselves, and that the decision to promote a person to a leadership role may often have more to do with the group maintaining itself than with actual corporate leadership capability (Surowiecki 2004). Hence the 'tapping on the shoulder' practice and the practice of

sponsoring may, in fact, be elements in a more pervasive phenomenon whereby groups preserve themselves, maintain the status quo, and lock out potentially disruptive external influences, such as those that might derive from a more objective implementation of official corporate policy by the HRM function. Surowiecki (2004) asserts that the choice of leader is critical to group maintenance, and that the need to appoint as the leader the person who will hold the group together is of far greater importance to the group than is the need to appoint as the leader a person who will be the most effective in driving corporate strategies. Suroweicki (2004) also points to a tendency for managers who are anxious to maintain their jobs to mimic one another. Though this proposition was not explicitly examined in the present investigation, a great many of the comments made in interviews tended to give credibility to a view that the processes of 'tapping on the shoulder' was critically important to maintaining shared values and harmony for the team. It is interesting in this regard that there was a 'sameness' about the demographic background of the managers who were interviewed – they tended mostly to be white Anglo Saxon males with a university degree. Perhaps, more importantly, few questioned the prevailing pattern for career advancement in their company, and only a few of those who were interviewed consciously saw their own career success as being a product of individual achievement as opposed to group conformity.

Finally, it is of interest to reflect on the implications of the interview results for the notion introduced earlier that the probability of an individual assuming a leadership position in a corporate setting is primarily affected by the individual's range of abilities and strength of motivation. While there was nothing reported that contradicts this general proposition, the results do add some additional dimensions of understanding. There can be no doubt that technical ability played an important part in terms of which managers were 'tapped on the shoulder' for career advancement. Above and beyond technical ability, however, at least in terms of its influence on the prospects for career advancement, was the ability to be well connected, to have a sponsor who worked at a more senior level of management, and to maintain a close involvement with relevant group networks. The extent of correspondence between technical ability and this more general cue consciousness about the importance of being 'connected' was not explored in the present investigation, but it is a topic that should perhaps be examined more in future. Also of interest was that, while motivation was clearly a driving force underpinning the quest for career advancement, it was a need to affiliate, rather than a need for social power, that appeared to be far more prevalent across the group of managers who were interviewed. Indeed, only a few of the interviewees said anything to suggest that the attraction of being in charge was important to them. For most, the incentives that appeared to be valued were those associated with being 'recognised' by being selected out by a more senior manager for promotion.

CONCLUSION

This study reports insights into the culture of management in the technical arm of a major Australian financial institution. The focus has been the ways in which leaders in corporate settings are identified and developed. As is evident from the results, the processes whereby managers secure career advancement appear to have little or nothing to do with HRM approaches to leadership identification and management, and a great deal to do with networks, patronage and group loyalty. In particular, the practices of 'tapping on the shoulder' and of sponsoring have been elucidated as being extremely important within corporate culture concerning the emergence of leaders, even though for the most part these processes are tacit in nature and are not part of the espoused HRM strategy.

The study draws on one set of data only. Though these data are rich, in terms of the number of managers interviewed and the quality of the data elicited, the themes identified from the results will now need to be further explored in other settings. One methodological conclusion from the data is, however, inescapable: it is not until managers are encouraged to talk about the various dimensions of their work culture that there is an indepth understanding of what is really going on in terms of the structures and processes that support the emergence of corporate leaders.

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