

The Value of Management Qualifications

The perspective of UK employers and managers

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Introduction

This report assesses the value of management qualifications, from the perspective of both UK employers and individual managers.

Drawing on a review of the existing literature and a major survey of 2,229 Institute members, the research examines the value of a number of particular types of qualifications across a range of dimensions. These include the career and financial benefits to the individual and the reported gains for the employer in terms of improved productivity, reputation and ability to attract staff.

The report also seeks to identify some of the barriers to gaining qualifications and offers recommendations to improve their value, by ensuring greater portability and enhancing the transfer of learning to the workplace.

Methodology

This report presents the findings of a UK-wide online survey of Chartered Management Institute members, which was carried out in April 2007. A total of 2,229 responses were received from the 20,000 Institute members invited to participate, giving a response rate of 11 per cent. Respondents were from across the UK's devolved administrations, regions and different industry sectors. A profile of respondents is provided in Appendix A. The report also incorporates the findings of a review of the literature on management qualifications.

Defining management qualifications

The market in management qualifications is well-developed with a number of types and levels offered by different providers. The chart given in Appendix B on page 21 offers an explanation of the nine-level National Qualifications Framework, the Framework for Higher Education Qualifications and the 12-level Scottish Credit and Qualifications, and gives some typical qualifications that may be found at each level.

The different types of management and leadership qualifications within the UK include academic (Foundation degrees, Bachelor degrees, Masters, Doctorates etc), professional (Certificates, Diplomas etc) and vocational (S/NVQs and VRQs). There is some overlap between the classes; for example, courses leading to professional or vocational qualifications can be delivered by academic institutions. Also many professional qualifications combine both academic elements, such as theoretical analysis, with vocational aspects, such as workplace relevance.

Management qualifications may be delivered through a variety of methods, be it in the workplace, through home study or on-line, via a further or higher education institution or through a private training provider. This research does not seek to assess the value of different methods of learning or course delivery. Rather, it focuses on the value of qualifications for both the individual manager and the employer in terms of their impact on workplace outcomes.

Executive Summary: Key findings

The national picture

- Managers are significantly under-qualified compared to other professional occupations: 41 per cent of managers hold below a Level 2 qualification. Just 38.5 per cent of managers and senior officials are qualified at level 4 and above, compared to 80.9 per cent of those in other professional occupations.
- It is estimated that the proportion of managers with management-related qualifications will not get much above 20 per cent in the longer term at the current rate of achievement.
- The literature review revealed that there is a growing body of evidence showing the impact of not only management skills but management qualifications on productivity.
- Managers who are qualified are more likely to invest in qualifications across their workforce. Management qualifications have a significant multiplier effect in terms of driving up the level of skills.

UK employers' perspective

- For all types of management qualifications a clear majority of employers agreed that productivity gains, staff attraction rates and professional reputation are improved.
- In terms of driving improvements in productivity, employers most value the MBA (74 per cent) and Diploma (70 per cent). Nearly two-thirds of employers also valued S/NVQs and other professional qualifications as drivers of productivity.
- In terms of professional reputation and the ability to recruit staff, academic qualifications were rated more highly than vocational qualifications. Three quarters of employers view the Diploma as a benefit to their employer brand and reputation.
- Eighty-one per cent of managers disagree that offering qualifications causes a high turnover among qualified staff.

The managers' perspective

- The three key perceived benefits of management qualifications from an individual managers' perspective are:
 - Portable – I can take it with me (95 per cent)
 - Improves chances of employment (85 per cent)
 - Provides evidence of abilities (84 per cent)
- From the perspective of individual managers, professional diplomas and MBAs are approximately equally rated in terms of their impact on managers' ability to deliver results. Academic qualifications score more highly than vocational qualifications in terms of their perceived impact on earning potential (see section 3.2).
- Many managers valued the learning and skills development offered by qualifications. 84 per cent of managers agreed that taking a management qualification had increased their self-awareness.
- The primary barriers to take-up of management qualifications are their impact on managers' families (56 per cent) and other interests (53 per cent). Forty per cent agree that the financial costs are too high.

The future of qualifications

- The majority of managers (74 per cent) believe that management qualifications will become more important over the next five years and from an employer perspective, 64 per cent see qualifications rising in importance.
- Individual managers view the main drivers to be the need for evidence of transferable skills to move across sectors (76 per cent) and their concern for professional development (65 per cent).
- There appears to be a high level of demand for cross-sector generic management qualifications, with “portability” being the most valued quality (95 per cent agreement).
- There is also a clear call for greater consolidation and an end to the proliferation of qualifications: 65 per cent of managers agree that there are too many different types of qualification and 51 per cent believe the levels are confusing.

Recommendations

Individual managers

- Managers should seek to maintain their employability by developing a range of transferable skills and providing evidence of their ability to deliver.
- Managers need to take responsibility for seeking relevant qualifications so that they can offer evidence of their learning and impact in the workplace.
- Individuals should explore the full range of benefits that a management qualification can offer: from personal career advantages in terms of greater employability and financial rewards to improving their ability to apply practical management skills and tools, and boosting their business knowledge, self-awareness and confidence.
- Managers should consider how qualifications can help to build trust and support within their teams and enable them to better develop others.

Employers

- Employers should recognise how management qualifications can offer clear benefits in terms of productivity gains, staff attraction rates and improved professional reputation.
- The greatest productivity gains are achieved where employers are actively supporting learners to ensure the practical application of learning in the workplace. Employers should seek to work with providers to ensure relevant learning and qualifications which can offer tangible benefits.
- Employers with non-accredited in-house learning and development activities should consider the added value that qualifications can offer in terms of employee motivation, the ability to attract staff and the organisation's professional reputation.

Providers of qualifications and Government stakeholders

- The new Qualifications and Credit Framework that is currently being tested will have a significant impact on the structure and language of vocational qualifications in England, Wales and Northern Ireland. The MSC and professional bodies will play an important role in ensuring that employers and learners have a shared understanding of the relative value of full qualifications and individual units.
- Qualifications must be credible and inspire confidence in managers and their organisations. Most managers and employers will rely on the quality assurance provided by recognised awarding bodies with a strong market reputation. To maintain market credibility, it will be important that the new structures do not result in the proliferation of qualifications.
- Many professional management qualifications already play a significant role in bridging some of the distinctions between vocational and academic routes. The new frameworks should offer an opportunity to enhance the transferability of learning between vocational routes and higher education.

1. The national picture

1.1 The UK skills challenge: the Leitch Review of Skills

There is a widespread consensus that the UK's future prosperity will rely on improving the skills of its people. In 2004, the Government commissioned Lord Leitch to undertake an independent review of the UK's long term skills needs. Its final report was published in December 2005, and the Government's implementation plan, *World Class Skills*, was published in July 2007. It states that "In the 21st century, our future prosperity will depend on building a Britain where people are given the opportunity and encouragement to develop their skills and abilities to the maximum".

It describes "economically valuable qualifications" as "a route to achieving better jobs, career progression and higher incomes" as well as "higher productivity... greater competitiveness and profitability" for employers. The report acknowledges that "Leadership and management skills have a vital role to play in increasing productivity and prosperity across the economy. They help employers to shape and maximise the impact of their investment in skills."

1.2 The growing demand for skilled managers

The management population has grown substantially over past decades and is expected to continue growing. The management population grew from 3.6m in 1994 to 4.6m in 2004 – it is expected to reach 4.9m by 2009 and 5.2m by 2014. "Working Futures 2004-2014: National Report" (R. Wilson, K. Homenidou and A. Dickerson, 2006).

1.3 Low levels of qualification

Managers remain significantly under-qualified compared to other professional occupations. The Interim report of the Leitch Review of Skills (Dec. 2005), highlighted that "41 per cent of managers hold below a Level 2 qualification". Furthermore, Labour Force Survey data (March-May 2002) indicates that just 38.5 per cent of managers and senior officials are qualified at NVQ level 4 or above, compared to 80.9 per cent of those in professional occupations.

Significantly, such broad figures relate to overall levels of educational attainment – not to specific management qualifications. Indeed, the final report of the Council for Excellence in Management and Leadership (CEML), published in 2001, concluded that on a "rough estimate ... the proportion of managers with management related qualifications will not get much above 20 per cent in the longer term".

1.4 Management qualifications as a driver for up-skilling employees

The literature suggests that there are links between the extent to which managers are qualified and the wider qualification levels in the organisation. "Managerial Qualifications and Organisational Performance" (Bosworth, Davies and Wilson, DfES, 2002), found that better qualified managers are associated with a better qualified workforce.

2. UK employers' perspective

2.1 Evidence of the links between management qualifications and productivity

There is a growing body of evidence in the literature showing the impact of management skills on employers' productivity and performance. However, to date, the majority of the research focuses on either management skills as opposed to qualifications, or the generic benefits of qualifications.

A number of studies have investigated the likely benefits to employers of increasing the uptake of training and qualifications. Dearden et al (2000) found that "a 1 percentage point increase in the training rate would add approximately £8 billion to national output (assuming proportionality between training and productivity). This is equivalent to £200 per worker and £2 billion on the bottom line of UK companies."

One study looking at productivity differences across manufacturing companies found that staff in the most productive companies had an extra level of qualification compared to the lower performing companies (Haskel and Hawkes, 2003). A productivity gap of 8 per cent was calculated between the top and bottom 10 per cent of companies.

The final report of the Leitch Review of Skills noted that good management improves business performance. It highlighted employer concern with current skills levels, stating that "over one half of CBI employers cite improving management and leadership skills as the most significant factor contributing to competitiveness".

Other research has focused on innovation – a powerful aspect of productivity and one of the five key drivers in the Government's productivity framework. There is some evidence that highly qualified managers are more innovative. One study found that highly qualified managers are more likely to adopt strategies introducing new, higher quality products and improving the quality of existing products, while less qualified managers are more likely to seek to increase the efficiency of production of existing products and services. ("Managerial Qualifications and Organisational Performance" – Bosworth, Davies and Wilson, DfES, 2002).

2.2 Employers' views: the benefits of management qualifications

The survey conducted by the Institute for this report investigated employers' perceptions of three identified benefits of specific management qualifications.

It is significant that for all management qualifications listed the majority of employers agree that productivity gains, staff attraction rates and professional reputation are improved.

	Improved productivity	Ability to attract staff	Professional reputation
	Agreement %		
Masters degree (e.g. MBA, MSc etc)	74	82	92
Diploma	70	68	74
Bachelor degree (e.g. BA or BSc)	63	75	84
Other professional management qualification	60	62	66
S/NVQ	59	58	57
Doctorate	56	68	87
Certificate	54	52	59
Foundation degree	52	58	63
VRQ	54	51	51

Table 1: Benefits of specific management qualifications for employers

2.3 Reported links between improved productivity and management qualifications

The paucity of evidence on the links between productivity in the workplace and particular management qualifications is a key motivator for this report. This survey provides an indication of self-reported productivity gains, but is not able to provide a hard measure of either the productivity gains for employers or the higher earnings potential for individuals.

The most sophisticated economic modelling carried out into the value of qualifications is “The Returns to Academic and Vocational Qualifications in Britain” (Dearden, McIntosh, Myck and Vignoles, 2000). This study concluded that “when consideration is given to the time required to obtain the various qualifications, the returns per year of study for vocational qualifications move closer on average to those accruing to academic qualifications.”

As this survey’s findings show the three most valued qualifications, in terms of driving improvements in productivity, are a mix of academic and professional qualifications: the MBA, Diploma and Bachelor degree. This result is echoed by a similarly high score in terms of their impact on individual managers’ ability to deliver results (page 14).

Weetabix: using qualifications to assess links between management and performance

Weetabix is undergoing considerable change as a venture capitalist invests resources to develop the business. A range of new products has been developed to exploit their market position. In particular, Weetabix is investing in the management development of a new breed of managers able to deal with the changes to ensure market leadership and competitiveness. The company has aligned its training programme so that candidates can gain either the Chartered Management Institute’s Certificate or Diploma in Management, through a range of assessed activities all related to improving performance. The company wants all to gain through the programme. Initially, there is a pilot programme of 16 candidates, but this will increase over the next year as the programme is embedded. Key objectives for this investment include remaining competitive and improving efficiency, leading to increased profitability.

2.4 Market credibility of qualifications

Where academic qualifications score particularly highly is in terms of image and reputation in the marketplace, rather than on delivery of performance. Indeed, the MBA has been the subject of criticism in some of the management literature precisely because of its failure to focus on the practical requirements of management and an overemphasis on theory. For instance, Henry Mintzberg argues that “conventional MBA classrooms over-emphasise the science of management while ignoring its art and denigrating its craft”.

Despite the perceived effectiveness of vocational qualifications in delivering productivity gains, they are still held in lower esteem relative to academic qualifications in terms of professional reputation and ability to attract staff. This result will be affected by the different levels of qualification, although looking at academic qualifications both a Masters and Bachelor degree score more favourably than a Doctorate.

Many employers are increasingly using qualifications as a form of quality assurance. For instance, it is common for management consultants to demonstrate their employees’ credentials by providing clients with CVs.

One senior manager working in the charity/not-for-profit sector also highlighted the importance of qualifications to customers, saying: *“Customers will want to know they are dealing with a qualified and professional organisation.”*

Benefiting from management qualifications: employer examples

KPMG offer its employees the chance to apply for a place on an Executive MBA qualification, in partnership with the University of Edinburgh. Ruth Stokes, Director of Recruitment and Resourcing at KPMG, highlighted the benefits that her organisation see in supporting employees to study:

“Sponsorship includes payment of fees and time off to study. The organisation values this management qualification because of the broader perspective it gives employees and how it challenges thinking; then these skills are transferred back to the workplace. Self development is at the heart of our culture whatever the particular background, skill or ambition and this helps to underpin our diversity.”

The Royal Institution of Chartered Surveyors (RICS) uses management qualifications during the recruitment process. Simon Bowen, Global Education Development Manager at RICS, said: “From an employer perspective, RICS recognises and values management qualifications as a useful measure of assuring quality within the recruitment process. In addition, colleagues are encouraged to establish learning objectives, through which appropriate management qualifications may be identified. Sponsorship usually covers fees, study leave and opportunities within their roles to transfer the learning. Whilst a range of learning methodologies are encouraged, certificated learning is preferred. After all, we are a professional body that demands a commitment to life-long learning from our members. Therefore it is important that we also demonstrate a commitment to lifelong learning. The benefits of this approach are compelling.”

Twenty-one managers from **Serco Group plc** – one of the world's leading service companies – achieved the Level 4 Introductory Diploma in Management. Garry Regan, manager of Serco Civil Government's Academy, said "The Academy believes that the Chartered Management Institute qualification structure ties in with the aspirations of its operating culture."

The **British Transport Police** put a group of managers through the Level 3 Certificate and Level 5 Diploma in Management. Head of the BTP, Chief Constable Ian Johnston said: "I want ambitious and energetic people in the organisation and people who will instil that quality in others."



British Transport Police personnel at a recent awards ceremony.

3. The managers' perspective

3.1 Personal benefits offered by management qualifications

The survey investigated what managers regard as the general advantages of management qualifications. Respondents were asked to indicate agreement with a range of possible benefits, on a five-point scale ranging from 'strongly agree' to 'strongly disagree'.

Advantages	Agreement %
Portable – I can take it with me	95
Improves chances of employment	85
Provides evidence of my abilities	84
Gives opportunity to refocus / relaunch career	70
Improves promotion prospects	69
Offers higher earnings potential	55
Gains respect of colleagues	53

Table 2: General benefits of management qualifications for individual managers

Managers were asked for their personal perspective on specific management qualifications regarding three identified benefits to the individual. The majority reported that all the management qualifications listed offered greater employability, higher earnings potential and improvements in the ability to deliver results.

	Ability to deliver results	Greater employability	Higher earnings potential
	Agreement %		
Masters degree (e.g. MBA, MSc etc)	77	93	91
Diploma	72	85	57
Other professional management qualification	62	70	54
Bachelor degree (e.g. BA or BSc)	60	89	79
S/NVQ	57	60	39
Certificate	59	69	34
Doctorate	58	67	72
Foundation degree	53	69	52
VRQ	50	53	33

Table 3: Benefits of specific management qualifications for individual managers

3.2 Financial rewards

There is growing evidence of the economic rewards for individuals – in terms of both financial benefits and improved prospects – that result from higher levels of qualifications. For instance, McIntosh (2006) used data from the 1996-2002 Labour Force Survey to investigate the returns on both vocational and academic qualifications. For both male and females achieving 5 or more GCSEs at grade C or above, 2 or more A levels and a degree, accrues an economic return of around 70 per cent higher than those without the qualifications.

Vocational qualifications show the highest return for graduate level qualifications (2006:237) in areas such as accountancy and law, raising wages between 39 and

51 per cent. However, vocational qualifications below graduate level – with the exceptions of teaching and nursing qualifications – do not provide as high a return as the equivalent academic qualifications (2006:238). Indeed, there is some evidence of a negative return to individuals from low level vocational qualifications. This is largely explained by the fact that it is based on a comparison with individuals with no qualifications and, secondly, that individuals who acquire low level qualifications are likely to have low earning power – hence the correlation is negative (McIntosh, S. 2006:238).

Comparable analysis of the financial returns for professional qualifications which can offer the benefits of both academic rigour and workplace relevance has not been carried out.

In the survey, managers were asked to rate the extent to which they generally agreed with the various benefits offered by management qualifications. Most highly rated was the impact of qualifications on employment chances (85 per cent) and promotion prospects (69 per cent). Fifty-five percent agreed that their qualifications offered higher earnings potential, with over one third responding they neither agreed or disagreed, and eight per cent disagreeing.

In terms of specific qualifications' impact upon earnings potential, academic qualifications were ranked most highly: MBA (91 per cent); Bachelor's degree (79 per cent); and Doctorate (72 per cent). It is likely that this reflects their higher market reputation.

3.3 Greater employability

One of the widely recognised benefits for individuals of gaining additional qualifications is the impact on employability. A total of 85 per cent of respondents agreed that management qualifications improve chances of employment.

The top-ranked benefit of management qualifications for managers is their portability. This emphasises the importance of broad-based management knowledge which is applicable in a variety of contexts, as managers move roles within companies or between roles in different organisations or sectors during the course of their careers.

This is also an important challenge to the current national policy direction towards more sector-specific qualifications through the Sector Skills Councils.

The survey also examined the impact of specific levels of qualifications upon employability. Again, the MBA was top-ranked (72 per cent agree); with the Diploma second (68 per cent) and Bachelor's degree third (65 per cent).

One manager working in the business service sector pointed out that: "Qualifications are evidence that managers are capable of taking on board new knowledge and are therefore proven to be adaptable."

**3.4 Qualifications:
a route to
developing practical
management skills**

Managers highly rate the impact of undertaking management qualifications on their ability to develop their management skills and knowledge and to apply practical management tools. High numbers also point to the role of management qualifications in improving their self-awareness and interpersonal skills.

Management qualifications have helped me to...	Agreement %
Apply practical management tools	86
Improve business knowledge	85
Gain more self-awareness	84
Take a strategic view	81
Develop leadership skills	79
Deal with interpersonal issues	66

Table 4: Practical benefits of management qualifications

Benefiting from management qualifications: individuals

Craig Murie is a director at Morris & Spottiswood, the property support business. He participated in a programme at Durham Business School, undertaking a Level 5 Diploma in Management and Level 7 Executive Diploma in Management. "The benefits of the programme are already being realised across the business, with the knowledge gained being used to drive strategy and facilitate improvements in financial management."

Katrina Crawford, Senior Curriculum Leader at Warwickshire College, took a Level 5 Diploma in Management. "I have reaped the benefits of greater self awareness and reviewed my communication with colleagues and the methods I used to develop trust and support. Specific skills and knowledge transferred to my current role and team are related to managing performance, setting SMART objectives and as a team devising a work plan for the area that acknowledges college priorities, and to disseminate re-negotiated work plans to minimise problems. I have taken on a National Lead in the UK Skills Challenge Child Care Competition and I believe the Diploma gave me the transferable organisational skills, confidence and correct management tools to undertake this role".

3.5 The intrinsic rewards of management qualifications

Besides the direct benefits of management qualifications in terms of employment and career prospects or financial reward, as outlined above, there are other wider benefits associated with taking a new qualification.

Reward theory, assessing the different motivations that drive individuals to learn, points to rewards that go beyond the immediately obvious ones. These may include:

- Achievement motivation – for which the reward is success
- Anxiety – for which the reward is avoidance of failure
- Approval motivation – for which the reward is the approval of others, whether or not this takes the form of tangible recognition
- Curiosity – for which the reward is to explore the environment and be exposed to new stimuli
- Acquisitiveness – for which the reward is something tangible such as money or additional benefits (Hackett 2003:13).

The survey results show that 84 per cent of respondents agreed that taking a management qualification had increased self-awareness. This was backed up by a number of respondents' comments. One middle manager in a public sector organisation commented that taking a management qualification "makes you aware of your strengths and weaknesses".

Improving confidence

A number of respondents paid testament to a range of wider benefits. One middle manager working in health and social care described the improvements to their working life that resulted from their management qualification. "I enjoyed my work much more because I felt I had developed a better theoretical underpinning of the task of management and it gave me more confidence that I was doing things right... It improved my quality of life."

Indeed, improved confidence was highlighted by a number of managers. One local government manager felt that taking a management qualification had improved their confidence, "notably by identifying current skills and making the most of them."

Developing new networks: learning from others

The benefits of the learning process were also highlighted. One director of a small business services company said: "there is something to be said about the process you go through to gain qualifications - who you meet on your courses and teaching your courses - and your interactions with them during and after the courses. It gives you access to a wide body of people and a chance to develop strong relationships that can benefit you both socially and professionally."

Team Silverstone combines classic classroom learning with practical track activities. The development programme is run by Management Learning and Development Ltd in partnership with Silverstone Circuits. The modules taken as part of the Team Silverstone programme can provide the foundation for an Introductory Certificate or Introductory Diploma in Management accredited by the Chartered Management Institute. This is being facilitated through Institute approved centre SMALE Consulting Ltd.



3.6 Ability to deliver results: specific qualifications

The survey also investigated the benefits offered by different types of management qualifications in terms of ability to deliver results.

The chart illustrates striking differences between perceptions about management qualifications. For instance, diplomas and MBAs are approximately equally rated by individuals in terms of their impact on ability to deliver results. However, they are scored very differently in terms of their impact on earning potential, as illustrated below.

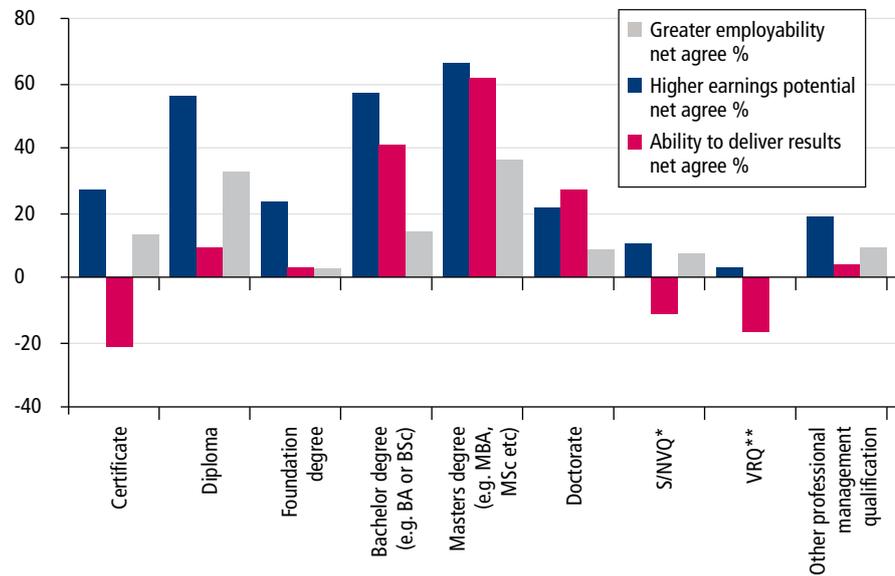


Chart 1: Net agreement on the benefits for individual managers of qualifications

3.7 Direct outcomes of achieving a management qualification

Managers were asked whether gaining a new management qualification had led to specific changes in their careers. Twenty-four per cent had been promoted; 23 per cent had received a salary increase; 22 per cent got a new job elsewhere; and 23 per cent changed career. These answers were not mutually exclusive, so many managers reported more than one of these outcomes as the result of their management qualification.

Comments from respondents highlighted that a promotion or salary increase would not necessarily be expected as a direct result of achieving a new qualification. Rather, those would be the result of improved performance enabled by the learning of the qualification. This is consistent with the finding (above) that improving promotion prospects is less highly rated as a benefit of management qualifications than their impact on ability to do the job.

Value of accredited management qualifications offered by employers

Marston's PLC, the brewer, runs its own in-house training scheme, delivering Level 2 Certificate in Team Leadership, Level 3 Certificate in Management and Level 5 Diploma in Management programmes. Gavin Barrett, maintenance manager for Marston's tenanted estate of over 1900 pubs, completed the Diploma. He says: "There's no doubt that you have to make sacrifices, but the skills you gain do compensate. This has given me the framework I needed to progress and the confidence in my own ideas and decisions."

4. The future of management qualifications

4.1 The growing importance of management qualifications

A clear majority of both individual managers (74 per cent) and employers (64 per cent) believe that management qualifications will become more important over the next five years.

There are relatively small differences between different sizes of employers. The view that management qualifications will become more important is held by 61 per cent of small, 65 per cent of medium, and 67 per cent of large employers.

A wider range of opinion exists between different sectors. In many sectors a clear majority feel that management qualifications will be increasingly important to employers – but in some sectors it falls to as low as 50 per cent, as in the wholesale and retail sectors.

Sector	More important %	Sector	More important %
Health and social care	79	Manufacturing and production	60
Education	74	Utilities	59
Local government	74	Defence	59
Justice & police/security	64	Consultancy	58
IT	64	Financial services	57
Construction	63	Engineering	55
Transport and logistics	62	Business and legal services	53
Central government	61	Hospitality, catering, leisure and tourism	53
Creative, media and advertising	61	Wholesale and retail	50

Table 5: Agreement that the importance of management qualifications will rise over the next five years – by sector

4.2 Drivers of growing importance

The main drivers are perceived to be the need for evidence of transferable skills to move across sectors; employer demand for qualifications and a focus on professional development.

	Managers % (Base: 1659)	Employers % (Base: 1433)
Managers will need evidence of transferable skills to move across sectors	76	54
Managers will be more concerned about professional development	65	36
Managers will need more broadly based business knowledge	59	51
Employers will demand more qualifications	45	61
Management will be viewed as a profession	43	36
More international competition for management jobs	36	31
Industry regulations will require qualifications as a "licence to practice"	27	31

Table 6: Factors driving the growing importance of management qualifications

Notably, evidence of transferable skills across sectors still ranks highly for employers, who may have an interest in recruiting from outside their sector. It is reinforced by the high ranking given to the need for broadly-based business knowledge in both the individual managers' and the employers' perspectives. This is an important point for future qualification development and suggests that further development of sector-specific qualifications should not come at the price of transferability.

4.3 Licence to practice

A 'licence to practice' is a much-debated potential lever to drive demand for management qualifications in specific sectors where there is support from the majority of employers. This was seen as a key driver for management qualifications by just under a third of employers and was the least valued driver among individual managers.

The survey reveals some differences between sectors on the potential impact of licence to practice arrangements. The impact of licences in driving future demand was rated more highly by those in the IT, utilities and the health and social care sectors. This may reflect the current extent of regulation in these industries and the development of the debate around skills in those sectors. For example there is already an E-skills passport and licence to practice is required for social work, through the General Social Care Council.

Sector	%	Sector	%
Health and social care	40	Construction	31
Utilities	40	Creative, media and advertising	29
IT	40	Business and legal services	29
Defence	38	Manufacturing and production	28
Transport and logistics	36	Engineering	28
Financial services	33	Central government	27
Wholesale and retail	32	Consultancy	27
Education	31	Local government	25
Justice & police/security	31	Hospitality, catering, leisure and tourism	20

Table 7: Agreement that licence to practice will be a key driver of management qualifications over the next five years – by sector

The lowest expectations regarding the impact of a licence to practice were among managers in the hospitality, catering, leisure and tourism sector, which has a particularly low level of management qualifications. The low level of demand for a skills license among central and local government managers probably reflects the well-established career paths and structures in those organisations.

4.4 Barriers to the uptake of management qualifications

The survey investigated the perceived barriers to the further uptake of qualifications and criticisms of existing qualifications. One of the clearest difficulties is the complexity of the qualifications system. Sixty-five per cent agreed that there are too many types of qualifications, with 51 per cent also agreeing that the different levels are confusing. This lends strength to calls for rationalisation and simplification of the qualifications framework.

However, the most widely felt drawbacks are the impact of study upon managers' time. Managers most strongly agree that taking qualifications diverts energy from family (56 per cent) and other interests (53 per cent), with 28 per cent also concerned that they can divert energy from the job.

	Agree %	Disagree %
Diverts energy from family	75	25
Diverts energy from other interests	72	28
Too many different types	65	35
Cost is too high	65	35
Levels are confusing	51	49
Diverts energy from job	40	60
Content is too theoretical	38	62
Lack of focus on personal development	35	65
Level is not high enough/stretching	34	64
Content is not relevant to job	28	72
Level is too low	24	76
Content is out-of-date	22	78
Course is too long	19	81
Causes high turnover of qualified staff	19	81
Registration process is difficult	11	89

Table 8: Thinking generally about your experience of management qualifications, how far do you agree with the following statements about their disadvantages?

The availability of financial support for management qualifications is clearly also an issue, with 65 per cent agreeing that the costs are too high. Looking at who should be responsible for funding qualifications, a majority of managers would use personal savings (45 per cent), with a similar number seeking full funding from their employer (43 per cent). Many would seek matched funding, with 39 per cent looking for part-funding from their employer and 17 per cent seeking some levels of Government funding.

However, the responses also offer a strong endorsement for current management qualifications. High numbers disagree with the suggestions that courses are too theoretical, not stretching enough, or not relevant to the job.

Less than one in five per cent feel that take-up of management qualifications causes a high turnover among qualified staff – a common argument against employer investment in qualifications.

5. Developing qualifications to meet future needs

5.1 Qualifications and credit frameworks

In response to consultations and employer feedback suggesting that the National Qualifications Framework was too inflexible to address the skills needs of employers, the regulatory authorities for England, Wales and Northern Ireland (QCA, DELLS and CCEA) are in the process of developing a jointly-regulated Qualifications and Credit Framework (QCF). Tests and trials of the new framework started in September 2006 and will run through to July 2008, when a final evaluation report will be published for Ministers.

The proposed QCF is unit-based and supported by a system of credit accumulation and transfer. The emerging frameworks are being designed to offer learners more choice and flexibility, so that they can choose to complete units or whole qualifications. All achievements will be recorded on an electronic learner achievement record (LAR) to help show how credits can contribute to different routes of achievement.

The survey showed that knowledge of the new framework is not widespread among the management community: 24 per cent were totally unaware and only 13 per cent claimed to have a good understanding.

The Scottish Credit and Qualifications Framework (SCQF) was launched in 2001 having been developed to meet the needs of Scotland's learners. It was created by bringing together all Scottish mainstream qualifications into a single unified framework. There are 12 levels within the SCQF and it uses two measures to describe qualifications and learning programmes: level and credit.

As the new QCF is developed for national vocational qualifications it will be important that clear links across the various frameworks are developed. Employers and individuals will need to be able to understand the comparative value of qualifications across national boundaries.

It will be particularly important for professional disciplines such as management that links and progression routes are developed between the QCF and the Framework for Higher Education Qualifications (FHEQ). Many professional management qualifications already play a significant role in bridging some of the distinctions between vocational and academic routes, and the new frameworks should offer an opportunity to enhance the transferability of learning across the frameworks.

5.2 Sector Qualifications Strategy for Management and Leadership

The Management Standards Centre has been working with the Skills for Business Network to develop the Management and Leadership Learning and Qualifications Strategy (M&LLQS). Management and leadership are not vertical sectors of the economy and are not therefore covered by a Sector Skills Council. As the M&LLQS is cross-sector, the population of its employers covers management and leadership in large companies and SMEs across all sectors including public, private and voluntary sectors.

A Sector Qualifications Strategy (SQS) is designed to provide a UK-wide vision or "blueprint" for the design, development and implementation of qualifications and/or other learning provision in each sector, which is underpinned by robust evidence of sector need and capable of supporting workforce development in years to come

In March 2007, the Management Standards Centre, further to an extensive consultation programme, published the vision and principles for the M&LLQS. This is provided in Appendix C. These principles were further endorsed by the findings of this survey. At least three quarters of the 2,229 respondents were in agreement with every statement.

5.3 Portability

The principle of portability is an important one for the future development of management qualifications. As highlighted above (p. 10), it is the most widely agreed advantage. In addition, there were separate questions on the principles that should guide the development of future management qualifications. The principle that 'learning and qualifications should be portable' received 95 per cent agreement.

This is a challenge to the trend towards more sector-specific qualifications, being developed through the Sector Skills Councils (SSCs). SSCs must ensure that qualifications address the core professional skills of management, as outlined in the National Occupational Standards on Management and Leadership, and ensure recognition of transferable management skills through the Qualifications and Credit Framework.

5.4 Transfer of learning to the workplace

The high ratings given to improvements in productivity and the ability to deliver results indicates that for the clear majority of management qualifications there is recognised transfer of learning across to the workplace.

The literature highlights the importance of the transfer of learning from the classroom to the workplace. While course design and the learner's motivations are important, so too is the role of the employer in ensuring a sufficient level of supervisory support and the right work climate or culture (Tannenbaum and Yukl 1992; Holton et al 1997; Baumgartel et al. 1984).

One survey respondent emphasised the need to match qualifications to the appropriate level: "Qualifications need to be matched with relevant experience and visa versa. Neither is reliable without the other!"

Another added: "The application of the learning is a skill in its own right. There needs to be a support programme of coaching and mentoring."

5.5 Providing quality assurance

Quality assurance is an important part of ensuring that qualifications are recognised and valued across the labour market. Ninety seven per cent of managers agree that qualifications must be credible and inspire confidence in managers and their organisations.

Looking at quality assurance issues, 90 per cent of respondents would expect the Chartered Management Institute to maintain high quality standards for their management qualifications. There was also widespread acknowledgement of the roles of the Qualifications and Curriculum Authority, the Quality Assurance Agency for Higher Education and the Management Standards Centre in maintaining quality standards.

However, only 23 per cent would look to the Sector Skills Councils (SSCs) to maintain quality standards for management qualifications, which questions the Government's proposal that SSCs should be responsible for approving qualifications, as outlined in the response to the Leitch Review of Skills.

5.6 Consolidation of qualifications

The findings of the survey confirm that there is a significant challenge to those working on skills policy to ensure that the Government's commitment to offer more choice and flexibility in terms of the range of qualifications is not met at the expense of the need to ensure clarity and better understanding of the relative value of qualifications. While 96 per cent of respondents agreed that qualifications should be accessible and easily understood by managers and their organisations, some 65 per cent felt that there are "too many different types". Echoing this, 51 per cent agreed that the "levels are confusing".

These findings emphasise that the challenge ahead is to support the development of more qualified managers – rather than simply the development of more management qualifications.

Appendix A: Profile of respondents

	%		%
Status of organisation		Sector	
Public sector	32	Business, legal & accounting services	5
Private limited company	28	Central government	4
Public limited company	17	Construction	3
Charity/not for profit	11	Consultancy	12
Owner managed/sole trader	7	Creative, media & advertising	2
Partnership	3	Defence	5
No reply	2	Education	11
		Engineering	4
		Financial services	5
		Health and social care	9
		Hospitality/catering/leisure/tourism	2
		IT	4
		Local government	9
		Manufacturing and production	7
		Police & justice/security	3
		Transport/logistics	3
		Retail/wholesale	2
		Utilities	4
		Other	4
		No reply	2
Annual UK turnover		Organisation size	
Up to £1m	20	None (sole trader)	7
£1m-£10m	13	1-25	17
£11m-£100m	18	26-50	8
£101m-£500m	13	51-100	5
Over £500m	23	101-250	7
No reply	13	251-1,000	12
		1,001-5,000	15
		5,001-10,000	7
		Over 10,000	19
		No reply	4
Managerial Level		Region	
Director	25	East of England	7
Senior manager	30	London	13
Middle manager	32	East Midlands	5
Junior manager	10	West Midlands	10
No reply	3	South East	17
		South West	10
		North East	4
		North West	9
		Yorkshire & the Humber	6
		Northern Ireland	2
		Scotland	6
		Wales	4
		Other	5
		No reply	2
Gender			
Male	71		
Female	29		

Appendix B: Qualifications frameworks

The table below indicates the nine levels of the National Qualifications Framework (NQF) and the types of qualifications that are available at each level. Equivalent higher education qualifications are outlined in the second column. The NQF applies to England, Wales and Northern Ireland – in Scotland, the Scottish Credit and Qualifications Framework (SCQF) applies. Its levels are not directly equivalent to NQF levels but the third column gives an approximate indication. Examples of the qualifications awarded by the Chartered Management Institute are indicated in the fourth column.

National Qualifications Framework (England, Wales & Northern Ireland)	England, Wales & Northern Ireland framework for higher education qualifications: FHEQ	Scottish Credit and Qualifications Framework	Chartered Management Institute Qualifications
LEVEL 8	LEVEL D	Level 12	NQF LEVEL 8
Technical/specialist qualifications	Doctoral degree	Doctorates	
LEVEL 7	LEVEL M	Level 11	NQF LEVEL 7
Level 7 Diploma, Level 7 Fellowship, Level 7 Advanced Professional Certificate	Masters degrees, postgraduate diplomas, postgraduate certificates	Masters, SVQ 5	Executive Diploma in Strategic Management (SCQF 11); Executive Diploma in Management (SCQF 11); Introductory Executive Diploma in Management (SCQF 10)
LEVEL 6	LEVEL H	Level 10	NQF LEVEL 6
Level 6 Certificate, Level 6 Diploma	Bachelors degrees with honours, Graduate certificates and diplomas	Honours degree, Graduate Diploma/Certificate	Diploma in Public Service Leadership (SCQF 9)
LEVEL 5	LEVEL I	Level 9	NQF LEVEL 5
NVQ 5, Level 5 Certificate, Level 5 Diploma, Higher National Diploma	Ordinary bachelors degree, Foundation degrees, diplomas of higher education and other higher diplomas	Ordinary degree, graduate diploma/certificate	Diploma in Management (SCQF 9)
LEVEL 4	LEVEL C	Level 8	NQF LEVEL 4
NVQ 4, Level 4 Certificate, Level 4 Diploma	Certificates of Higher Education	Higher National Diploma, Diploma in Higher Education, SVQ 4	Introductory Diploma in Management (SCQF 8)
LEVEL 3		Level 7	NQF LEVEL 3
NVQ 3, A Levels, Level 3 Certificate, Level 3 Diploma		Advanced Higher, Higher National Certificate, Certificate of Higher Education	Certificate in Management (SCQF 7); Introductory Certificate in Management (SCQF 6)
LEVEL 2		Level 6	NQF LEVEL
NVQ 2, Level 2 Certificate, Level 2 Diploma, GCSEs grade A*-C		Higher, SVQ 3	Certificate in Team Leading; Introductory Certificate in Team Leading
LEVEL 1		Level 5	
NVQ 1, Level 1 Certificate, GCSEs grade D-G		Intermediate 2, Credit Standard Grade, SVQ 2	
ENTRY LEVEL		Level 4	
Entry level certificates (NQF)		Intermediate 1, General Standard Grade, SVQ 1	
		Access Levels 1, 2, 3	

Our Vision

Managers and leaders seize relevant and attractive opportunities to develop their knowledge, skills and performance to national and international standards and have their achievements recognised through qualifications of real value.

Principles

These principles will need to be observed by the different interest groups – employers, managers, providers of learning and qualifications, professional and employer representative bodies, intermediaries, Sector Skills Councils and Government organisations at all levels – in order for the vision to become a reality by 2020.

1. Managers and leaders continuously develop their knowledge, skills and performance as part of their professional and contractual commitments

Professional codes, employment conditions and supply-chain agreements should encourage and require owners and managers in all organisations, regardless of size or sector, to update their knowledge and develop their skills continuously to improve their performance.

2. Organisations and their managers accurately pinpoint their learning and development priorities

Guidance and easy-to-use tools should be provided to enable organisations to identify knowledge and skills gaps and prioritise learning needs for their managers.

3. Learning and qualifications deliver real benefits for managers and their organisations

Employers and managers should take the lead in designing relevant learning and qualifications that deliver measurable improvements in performance in line with the organisation's strategy and the manager's career aspirations.

4. Learning and qualifications are based on National Occupational Standards as the common currency

Learning and qualifications should clearly show how they contribute to the development of competent performance as specified in the National Occupational Standards (NOS) and/or to developing the knowledge and skills required for competent performance. This applies equally to programmes delivered in-house and to externally-facilitated learning.

5. Learning can be accessed when learners require it in bite-sized chunks which offer credits towards meaningful qualifications

Using NOS as building blocks, learning should be readily available in digestible packages which deliver immediate benefits and which can be accredited as part of qualifications relevant to the individual's role and/or career aspirations.

6. Extended learning programmes develop the knowledge and skills of unqualified and aspirant managers and those wishing to progress their careers

Individuals aspiring to become managers and those without formal preparation should be able to access programmes providing broad-based foundations for leadership and management roles. Experienced managers should be able to find programmes to help them reflect on their experience and take their management knowledge and skills to a new level.

7. Learning and qualifications are delivered in diverse formats which meet managers' learning needs and styles

The range of learning and qualifications should cover the full management and leadership curriculum as defined by NOS and be offered in a variety of modes of learning and accreditation – formal, non-formal and informal – that fit in with managers' work, physical capabilities, personal preferences and lifestyles.

8. Learning and qualifications are portable and support managers' career progression

Learning and qualifications should support the transfer of knowledge, skills and competence from one situation to another, helping managers to progress both vertically (promotion) and horizontally (change of job or redeployment).

9. Learning and qualifications are accessible and easily understood by employers, managers and leaders

Delivered by different types of providers (academic institutions, professional bodies, awarding bodies and independent providers) and through a wide range of methods, learning and qualifications should be presented in ways which are easily understood and which clearly describe the relationships between different types and levels of learning and qualifications. The use of NOS as the common currency will help this.

10. Learning and qualifications are credible and inspire confidence in employers, managers and leaders

Learning and qualifications should include formal quality assurance systems and user feedback mechanisms to ensure that the learning and qualifications on offer are fit for purpose.

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Management Standards Centre

The Management Standards Centre (MSC) is the UK Government recognised standards setting body for management and leadership. Following a publicly funded project, managed by MSC, to develop a new set of National Occupational Standards (NOS) for management and leadership, the new standards were approved and launched in May 2004. The standards describe the level of performance expected in employment for a range of management and leadership functions/activities.

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