

City firms ditch pricey MBAs

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MBA's AXED AS CITY FIRMS REVIEW LEADERS' SKILLS

Financial services firms are ditching pricey MBAs for a home-grown approach to nurturing their top performers, according to a new report, *The Leadership Challenge*, from business psychologists, OPP Ltd. With board members denying the need for self-development however, City executives are at blows over skills progression, although most now admit interpersonal skills are as important as experience and expertise. Change (M&As etc) presents the greatest challenge for City leaders, with many believing that most flaws appear at this time.

The research consisted of in-depth interviews with 100 senior front office executives and HR directors from financial service firms in the UK and Europe. The research aimed to identify key leadership issues the sector is facing.

The report reveals that organisations are turning their backs on traditional MBAs and business programmes, opting instead to develop their staff through coaching and mentoring.

Firms believe the benefits of business schools are outweighed by their cost.

34% prefer to develop leaders through tailored executive coaching, now the most popular method of leadership development.

30% of organisations also use mentoring to develop leadership and professional skills. This is now a popular choice for younger staff who are assigned more experienced colleagues to nurture their development.

Firms agree on the benefits of developing their own leaders and prefer to do so rather than recruiting externally. However, board executives and managers disagree about the importance of ongoing development and training at senior level.

Some senior and board-level executives reject the need for further development or additional skills.

Senior staff believe their years of experience are the best form of learning and regard some leadership programmes as less successful than expected.

However, 31% of front office staff disagree and think senior management and the board would benefit from ongoing development.

Firms are recognising the value of people skills among leaders and the importance of personal qualities alongside experience and expertise.

The ability to motivate, communicate, inspire, empathise and create trust among colleagues are regarded by HR as critical leadership skills.

Front office respondents rate expertise, strategic vision and communication as the most important skills.

Senior staff are starting to recognise the limitations of appointing leaders based on experience and qualifications alone.

Nathan Hobbs, head of the Leadership Effectiveness Consultancy Team at OPP, comments:

“As the research findings show, leadership development is most effective when it takes place within the business. The best leadership development programmes incorporate work-based challenges, coaching and mentoring, alongside more traditional training and development. They are also closely aligned to business challenges and goals, as well as individual development needs.”

Free copies of the report, The Leadership Challenge, are available from OPP on 01865 404666.

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Notes to editors

A case study is available.

This research was conducted on behalf of OPP Ltd by Remark, who conducted in-depth telephone interviews with 100 UK-based and European senior managers in financial services firms. The research consisted of qualitative and quantitative questions and was conducted during May 2004.

OPP Ltd, leaders in applied business psychology since 1985. It provides a comprehensive range of solutions, supported by a portfolio of world-renowned psychometric instruments. OPP has a client list comprising FTSE 100 and Euro 300 companies, including AstraZeneca, BUPA, Egg, Pizza Hut and AIB Bank.