Editorial

In this second volume of the London School of Business and Management’s Working Paper Series (LSBM WPS), a selection of papers coalesce around a range of research initiatives drawn from the LSBM community – from discussions on topics such as professional body engagement in curriculum design, a case study on an accounting firm written by a former MBA student, an exploration of servant leadership in the South African context, a discussion on the general misunderstanding of the meaning of reputation risk, and finally an exploration of management practices linked to the sports management literature.

In the first paper, Usha Mistry argues that “a brilliant first class degree may not be enough to secure an employment position and at the London School of Business and Management we recognise the importance of developing an all-round graduate who has competencies in both technical skills and employability skills.” This paper explores employability skills gained by LSBM Accounting and Financial Management students through free student membership of a leading Professional Statutory Regulatory Body, The Chartered Institute of Management Accountants (CIMA).

Elena Lukova, in the second paper, investigates the problem of recruiting new employees that a German company confronts in the market of accountancy and tax consultancy (ATC). In compliance with a resource-based view concept, scarcity of workforce may be viewed as one of the factors constraining the business growth and sustainability. By using a single case study design, the author analyses recruitment methods for three categories of potential employees, namely a trainee, a graduate and an experienced specialist. The study confirms prior researches that recruiting a trainee is a long-term investment, however it challenges earlier studies that internship can be considered a cost-saving of future recruitment costs.

In the third paper Simon Taylor, explores the notion of servant leadership as an increasingly recognised effective approach to leadership, with some proponents arguing that leaders need to serve something beyond themselves. Modern Servant Leadership theory owes its origins to Greenleaf (1977) who proposed a new leadership paradigm in contrast to the ‘leader’ centred focus, which has tended to adopt a command-and-control approach. He uses a grounded theory approach, investigating the development of a philosophy and practice of leadership amongst young adults who had attended Hilton College, a private, boys-only boarding school in KwaZulu-Natal, South Africa, where they had been exposed to a Servant Leadership development programme.

Arif Zaman, in the fourth paper, provides some fresh insights on reputational risk, highlighting key drivers and dimensions of both reputation and risk. He argues that reputational risk is also too often used in far too narrow a context to refer to corporate social responsibility, and while community perceptions of corporate impact are important, reputational risk needs to be understood as an outcome of relationships with key stakeholders including customers, investors and employees.

In the fifth and final paper, Nnamdi Madichie, explores the exploits of Leonid Slutski - CSKA Moscow manager and Manager of the Russian National Football Team. The study is expedient in the light of the ongoing European Cup or Euro 2016, where the Club versus Country management practices are unveiled and linked to the sports management literature. The study is based on a general review of managerial exploits and football team performance at both the club and country levels. Overall the study provides a pioneering effort in exploring and celebrating management practices of football managers who are described as “unsung heroes.”

Overall, this Working Papers Series would be the main conduit of the activities of the Centre for Research & Enterprise at the London School of Business and Management, and would be mapped with the research & Scholarship strategy which is currently in its final stages of development with a view to encouraging participation from all aforementioned stakeholder groups.

Nnamdi O. Madichie
Series Editor, April 2017
Embedding employability skills in the BA (Hons) Accounting and Financial Management via use of PSRB services

Usha Mistry

A brilliant first class degree may not be enough to secure an employment position and at the London School of Business and Management we recognise the importance of developing an all-round graduate who has competencies in both technical skills and employability skills. This paper explores employability skills gained by the London School of Business and Management (LSBM) BA (Hons) Accounting and Financial Management students through free student membership of a leading Professional Statutory Regulatory Body: The Chartered Institute of Management Accountants. The project aim is to encourage LSBM accounting degree students to enhance their employability skills by making full usage of a broad range of services offered by the CIMA student membership. The project will evaluate usage through an analysis student’s opinions through questionnaires and a series of focus groups of first and second year students of these services. External research strongly suggests skills development should be a crucial and integral part of providing accounting education.

Keywords: accounting education, personal development planning embedding employability, employability support model, PACE, CIMA student membership

Introduction

Debate about skills and their dearth in the employment market has been active for decades with global political, economic, social, technical, environmental and legal changes. A first-class degree may no longer be enough to secure an employment position. At the London School of Business and Management we recognise the importance of developing an all-round graduate who has competencies in both technical and employability skills; in short a graduate who is truly prepared to meet the demands of a constantly competitive changing global labour market.

Our newly validated degree in BA (Hons) Accounting and Financial Management with embedded personal development plan puts students in a strong position for their future career development and building employability skills. Our employability support model PACE, supports, encourages and motivates students to gain maximum benefit from what is on offer through shared responsibility between students, Professional bodies, Academic staff, Careers advisers, and Employers. This paper explores the awareness of employability skills gained by the London School of Business and Management, BA (Hons) Accounting and Financial Management students through free student membership of a leading Professional Statutory Regulatory Body: The Chartered Institute of Management Accountants. The paper addresses the following questions:

- What services are offered by CIMA student membership?
- What services did the students access?
- What did students gain from access to services in terms of their awareness of employment skills development?
- What recommendations were made by students to improve CIMA student membership services?

The project evaluates usage of CIMA student membership services through an analysis of student’s opinions via questionnaires and focus group meetings with first and second year accounting degree students. External research ((Association of Graduate Recruiters, 2016, CIMA 2015, Global Risk Forum 2014, HEFCE 2011), highlights the importance of awareness of employability skills and career
planning to enable students to shape their skills base before they even graduate i.e. enable our students to stand out from the crowd in the employment market.

With the widening participation of higher education and rapid increase in graduate numbers since the early 1990s, concerns about graduate employability skills have become widely voiced. A brilliant first degree may not be enough to secure an employment position and at the London School of Business and Management we recognise the importance of developing the soft skills, personal skills, transferrable skills, behaviours and competencies that are crucial employability attributes. Recent research (CIMA 2015, Global Risk Forum 2014, HEFCE 2011) all indicate that employers want graduates who not only have sound technical knowledge, but also well-developed employability skills.

The CIMA (2015) Mind the Skills Gap report (based on a Europe-wide survey of 1,700 finance professionals) revealed that an alarming proportion of graduates that financial managers hire are inadequately prepared for work. They possess inadequate technical knowledge and soft skills, lack professionalism, and lack basic numeracy and literacy.

Global Risks forum 2014 with a ten-year outlook published by the World Economic Forum called current graduates as the, ‘Generation Lost’:

In advanced economies, large number of graduates from expensive and outmoded educational systems – graduating with high debts and mismatched skills – points to a need to adapt and integrate professional and academic education.

(Global Risks Forum 2014)

For some time now the government has recognised the importance of the employability agenda within degree study:

Embedding employability into the core of higher education will continue to be a key priority of Government, universities and colleges, and employers. This will bring significant private and public benefit, demonstrating higher education’s broader role in contributing to economic growth as well as its vital role in social and cultural development.

(HEFCE 2011)

LSBM is dedicated to improving the employability of students to ensure they can compete and succeed in today’s competitive and constantly shifting knowledge-based economy Goal 2 of Our Corporate Plan 2015-2018 is to ensure that we:

Provide our students with a transformational and high quality educational experience within an academic community which promotes learning and personal development, and within which they will develop into independent and critical learners, achieve their full potential and make valuable contributions to society

Our Employability Strategy is designed to contribute to the achievement of this corporate goal. Working within the framework of our Student Success Strategy, and in dialogue with the Teaching, Learning and Assessment Strategy, and the Research Strategy, the Employability Strategy brings together and enhances activity in a range of areas relevant to graduate employability.

Definitions of employability skills abound, with many being overly-complex; for the purposes of this paper, the UK Commission for Employment and Skills (UKCES) succinct definition of employability skills will be adopted: ‘the skills almost everyone needs to do almost any job’.

**Employability skills embedded in the BA (Hons) Accounting and Financial Management**

Taking the above reports into consideration, alongside the latest QAA 2016 Accounting Subject Benchmark Statements, in April 2016, the London School of Business and Management successfully validated its degree in BA (Hons) Accounting and Financial Management.
Employers’ requirements, students, and professional statutory accounting bodies were placed at the heart of the development and design of the degree. At the validation of the degree, a representation from both the Chartered Institute of Management Accountants and an undergraduate accounting student were made, alongside external and internal panel members. Latest research from various sources on employers’ needs was incorporated into the development of the degree. The inputs received from all key stakeholders enabled the following positive actions to be embedded into the newly validated degree to ensure development of employability skills:

a) Personal development planning (PDP)

Employability is enhanced through personal development plan. Academics work closely with students, professional accounting bodies and with our careers’ advisers to ensure development of employability skills is embedded in our teaching, learning and assessment. PDP is embedded into the degree at each level within the modules:

- At Level 4: Semester 1 in Financial Accounting and Semester 2 in Management Accounting
- At Level 5: Semester 1 in Computer Application in Accounting and Semester 2 in Taxation
- At Level 6: In Accounting Research Project, this runs throughout both semesters.

Our PDP will aid students to:

- identify and achieve their career goals, and to develop skills making them competitive for better jobs.
- improve their key transferable skills competence, which will enable students to reach their full academic potential and a better degree classification.
- provide a focus to enable students to fully engage with higher education experience and leave LSBM with much more than a degree.
- develop students into a reflective and strategic learner and practitioner, a skill which will assist students throughout their personal life and career.

We encourage our students to keep a record on a PDP template to evidence their employability skills for future job application. In addition, students are encouraged to carry out a SWOT analysis of their personal strengths, weaknesses, opportunities and threats so that they can focus on their strengths, find ways of reducing their weaknesses, make the most of the opportunities available to develop themselves, and be aware of their threats i.e. a graduate filled labour market.

b) Extramural lectures

LSBM’s location in the centre of London’s university district provides a stimulating context for student learning. Our extramural lecture series offers students access to talks and presentations by accomplished professional bodies, industry speakers, CEOs and academics from other places of learning and from fields beyond students’ own particular subject area.

By attending these extramural lectures, students will discover how their own studies can relate to the wider world and how their learning can be enhanced by exposure to the ideas of others. We lined up exciting guest speakers ranging from a high flying senior barrister sharing his experiences on murder cases to the Chartered bodies i.e. Chartered Institute of Legal Executives, Chartered Institute of Personnel Development, Chartered Management Institute, Chartered Institute of Management Accountant (CIMA), Association of Chartered and Certified Accountant (ACCA), Chartered Institute of Marketing, and the Institute of Directors, Institute of Risk Management, a Commonwealth Enterprise and Investment CEO talking about entrepreneurial life and export opportunities. Lord Bilimoria, chairman of Cobra Beer also came in to share his experiences as a self-made millionaire entrepreneur and one of the world’s leading charities, OXFAM, shared their wisdom with us. All our guest speakers shared their experience within their profession and employability skills students are expected to have.

Students are also encouraged to visit public lectures at neighbouring institutions as well as events arranged by CIMA and ACCA. In the past it has been noted that guest speakers can inspire students into areas that they have never considered before.
c) Internship module
Students can elect to take the Level 6 Internship Placement module which is an integral part of our undergraduate degree. This module creates a framework to help students gain the type of skills and experience which will require students to undertake accounting/business work in a contemporary organisation, whether in the UK or abroad. Students will gain a beneficial experience of carrying out practical activities in a workplace.

Learning that supports the placement experience includes carrying out work-based activities and reflecting on the benefits of the activities to the business and to the student. Students are supervised in the workplace as well as by LSBM.

We encourage and motivate our students to gain work experience skills during the degree and to start exploring what’s on offer at an early stage at Level 4 of the degree so that students can make the most of their time from the outset. Work experience also gives an opportunity at an early stage for students to explore what may or may not be the right career path.

d) SAGE/Excel applications
These two software packages are crucial to accounting employment and their use is central to one of the modules on the course. The module focuses on the theory and application of financial and management accounting in a computerised environment, and enables students to develop relevant skills required for the industry. In addition, students gain an understanding of how various sources of financial data are collected, processed and analysed to satisfy the needs of users both internal and external.

e) Workshops
Central to the teaching and learning strategy of LSBM’s validated degrees is a delivery mode developed around lecture, seminar and workshop sessions. Workshops are designed so students develop skills other than just acquiring knowledge i.e. they give students an opportunity to apply knowledge. They require students to be active participants working interactively, thinking, doing, processing and creating.

Examples of workshop activities include, case studies, application of Excel, Sage, inviting leading accounting bodies to workshops to speak to our accounting students on the profession, as well as inviting our career and employment service to provide further advice on job opportunities, acquiring employability skills and application for employment.

f) Student membership to CIMA and ACCA
The Accounting and Financial Management degree includes free student membership to CIMA and ACCA throughout their studies; this ensures students are connected, from outset, to a leading professional accounting body. It enables them to get a head start in awareness and building employability skills in order to put them in a strong position for their future career. Students are connected globally to develop themselves. CIMA membership is a stepping stone to show prospective employers that our students are committed to undertaking to developing their career. They can add their membership details on their CV, LinkedIn profile, and job applications.

g) Reflective Practice
At each level, the degree integrates reflective practice with feedback from students themselves, staff, peers, and employers (for the internship module). The ability to practice conscious thinking about events and developing insight into them is of use both at home and work in terms of increasing self-awareness, better understanding of others, creative thinking skills and encouragement of active engagement in the tasks to address typical questions employers ask such as ‘Identify a situation you encountered in your work or personal life that you believe could have been dealt with more effectively.’

h) Professional Statutory Regulatory Bodies (PSRB) Accreditation
The newly validated degree was granted maximum possible exemptions from leading accounting bodies. This ensures that we have complied with the PSRBs of the accounting profession. Currently the accounting degree gives exemptions to first nine ACCA papers, and CIMA Certificate in Business Accounting plus CIMA operational level modules.
i) Centre for Academic Support and Enhancement

Employers will ask students to give examples of what specific skills, in addition to technical skills, they gained from their time in higher education. All accounting employment requires excellent written skills, use of professional language, numerical skills, research skills, problem solving, analytical skills, presentation skills, report writing and IT skills.

LSBM’s Centre for Academic Support and Enhancement (CASE) provides all LSBM students with free support, guidance and tuition in all areas of academic skills and English language. The service is aimed to improve academic performance, regardless of existing level: good students who want to be excellent ones are catered for equally as struggling students who want to achieve a pass level result.

j) Volunteering

Volunteering enables students to gain excellent professional experience and can boost students career options by enhancing their team-working, networking, communication and organisation skills. We proactively encourage our students to give whatever time they may have to aid others. At LSBM, we arranged leading charities such as the RNIB and OXFAM to address all our students on benefits of internship and volunteering. Oxfam offers placements ranging from HR, marketing, IT, accounting and digital media and offers students a chance to work on specific projects.

k) Other Activities

Students are encouraged to take on other roles to develop their skills which will aid their working life such as teamwork, communication, organisational skills by taking on the role of Student Academic Representatives, representatives on the Academic Board, Equality Diversity and Inclusion Team, Peer Assisted Learning, Student President, Peer Advisors, or by setting up student societies.

The remainder of this paper addresses the following questions:

1. What services are offered by CIMA student membership?
2. What services did the students access?
3. What did students gain from access to services in terms of their employment skills development?
4. What recommendations were made by students to improve CIMA student membership services?

In order to address these questions, first a brief literature review on employability skills is presented, followed by research methods and findings. Finally, conclusions are drawn.

Literature Review

Higher education gives students inspiration and opportunities to develop their skills and knowledge. Dearing Report 1997 highlights importance of higher education to the national economy. Dearing Report 1997 linked employability to the acquisition of skills for life. The four key skills identified in their report for successful graduates were:

- communication skills
- numeracy
- the use of information technology
- learning how to learn

Bennet 2002 sample of 1,000 job advertisements (of which 30% related to general management 27% in marketing, 24% in finance and 19% in HRM) revealed the following skills to be of importance for graduate jobs:

Bennet 2002 Job advertisements for finance positions were significantly more likely to insist on numerical and IT skills, and to require a minimum of a 2.1 degree.
Table 1 Skill requirements specified in a sample of 1,000 job advertisements.

<table>
<thead>
<tr>
<th>Skill</th>
<th>Number of ads in which mentioned</th>
<th>Skill</th>
<th>Number of ads in which mentioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
<td>420</td>
<td>Self-confidence</td>
<td>220</td>
</tr>
<tr>
<td>IT</td>
<td>320</td>
<td>Numerical</td>
<td>210</td>
</tr>
<tr>
<td>Organisation</td>
<td>280</td>
<td>Initiative</td>
<td>190</td>
</tr>
<tr>
<td>Teamworking</td>
<td>270</td>
<td>Presentation</td>
<td>150</td>
</tr>
<tr>
<td>Interpersonal</td>
<td>240</td>
<td>Foreign language</td>
<td>100</td>
</tr>
<tr>
<td>Motivation</td>
<td>230</td>
<td>Leadership</td>
<td>80</td>
</tr>
<tr>
<td>Analytical</td>
<td>220</td>
<td>Adaptability</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: Bennett, Roger (2002) Employers' Demands for Personal Transferable Skills in Graduates:

Employability has been defined by Yorke (2006) as:

\[
a \text{set of achievements- skills, understandings and personal attributes- that makes graduates more likely to gain employment and be successful in their chosen occupations, which benefit themselves, the workforce, the community and the economy.}
\]

Yorke 2006 definition seems to refer to graduates’ achievements and graduate jobs, but not the actual acquisition of a graduate job.

There have been a number models and varying definitions of employability skills over the last 20 years, ranging from Knight and Yorke 2003 USEM (Understanding, Skills, Efficacy beliefs, Metacognition) framework model of embedding employability into curriculum to Watts 2003 DOTS Employability Model (Decision Learning, Opportunities awareness, Transition learning, Self-awareness) Pool and Sewell’s Career EDGE 2007 model (Career, Experience, Degree, Generic skills, Emotional Intelligence) to CBI and Universities UK 2009 model in which the focus was on enterprise education.

CBI/NUS Working towards your future report (CBI 2011) identified the following as the attributes labour market participants should possess to ensure that they are effective in the workplace:

- Self-management
- Team working
- Business and customer awareness
- Problem solving
- Communication
- Application of numeracy
- Application of information technology.

The CBI/NUS report states that underpinning all these attributes is positive attitude.

The CBI/NUS report was aimed at encouraging students to take ownership of their employability skills development from outset in higher education as per LSBM and PACE model which gives practical guidance on how students can develop these skills ranging from PSRB student membership, internship placement, voluntary work, societies etc.

The latest CBI future survey (2016) identified that businesses look first and foremost for graduates with the right attitudes and aptitudes to enable them to be effective in the workplace: nearly nine in ten employers (87%) rank these in their top considerations, far above factors such as the university attended (13%).

The Association of Graduate Recruiters, AGR 2016 states that (see Figure 1): ‘Graduate vacancies go unfilled every year – even in the past recession – because of supply and demand issues in the graduate labour market, the below table 2 highlights the outcome of their survey and mismatch of skills. Career and location preferences mean some roles are unattractive to students and students themselves can lack work based skills, knowledge and attributes. Research highlighted that accounting and financial management was the 11th most popular career area yet has the highest number of graduate opportunities amongst AGR employers representing nearly a quarter of all positions.'
Skills such as presentation and team working are easily developed on the course, and other skills such as commercial awareness can be gained partly through case studies, annual reports, PSRB student membership, news as well as internship. Most skills listed below obviously will develop from life and work experience over time.

The Business Dictionary (2015) defined Employability skills as:

A group of essential abilities that involve the development of a knowledge base, expertise level and mind-set that is increasingly necessary for success in the modern workplace. Employability skills are typically considered essential qualifications for many job positions and hence have become necessary for an individual’s employment success at just about any level within a business environment.

This definition reflects the latest QAA Accounting Subject Benchmark statement (2016) which states both hard/technical and soft skills are essential in the work place which are currently embedded into our newly validated degree.

Figure 1 Associate of Graduate Recruiters Skills and Attributes 2016

Source: Association of Graduate Recruiters (AGR) response to 2015 Higher Education Green Paper consultation

The Chartered Global Management Accountants (CGMA) 2014 report, Addressing the Employability Crisis, Reconnecting Education, Skills and Jobs states that:

‘There are mismatches between supply and demand in the labour market. While there is an oversupply of people with low-level skills, there is a shortage of those with advanced, high-level skills. There are also disconnects in the widely accepted logic that education provides skills and skills enhance employability.’

CIMA developed its competency framework using practical and collaborative approaches which lead to the development of their latest 2015 syllabus which aims to meet the needs of employers. CIMA’s collaborative approach entailed:

- Face to face interviews with 67 organisations from Malaysia, South Africa, the UK and US
- Round table discussions with 13 countries from Asia, Europe, Africa and North and South America,
- An online survey with 3000 CIMA members and students

CIMA’s syllabus focuses on the three-pillar structure of Enterprise, Performance and Financial. The CIMA syllabus not only tests students’ knowledge of each subject, but also their ability to combine matter from different subject areas and their competence in applying their learning in business.
situations. The CIMA competency framework (Figure 2) comprises four knowledge areas, all of which are underpinned by ethics, integrity and professionalism. The framework outlined in the below figure aims to support crucial employability skills.

- Technical skills covering financial accounting and reporting, cost accounting and management, planning and control, management reporting and analysis, corporate finance, risk management and internal control, taxation and accounting information systems.
- Business skills covering strategy, analysis of market and macro-economic environments, process management, business relations, project management and awareness of the regulatory environment.
- People skills covering the ability to influence, negotiation skills, decision-making, collaborative working and communication.
- Leadership skills covering team building, coaching and mentoring, driving performance, change management, and the ability to motivate and inspire.

![Figure 2 CIMA competency framework](source: CIMA Certificate in Business Accounting 2017 Syllabus)

In 2017, CIMA will implement their new syllabus, The Certificate in Business Accounting, which will continue the development of skills and competencies and unlocking talent. The emphasis of the Certificate in Business Accounting is on professionalism, information and decision making, as well as the need for increased ethical awareness and corporate governance. Our validated accounting degree took into account the CIMA syllabus 2015 and gives exemptions to both the Certificate in Business Accounting and the operational level exams.

In 2016, the World Economic Forum stated one-third of skills (35%) that are considered important in today’s workforce will have changed by 2020. They have listed the below skills comparison of 2015 and 2020 (Figure 3).

Analysis of the above reveals whilst creativity has jumped from bottom ten to top three skills due to new technologies, listening skills by 2020 are not considered to be in the top ten skills and Emotional intelligence will become one of the top skills needed by all.

It is evident from the above literature that there are several definitions of employability, and employability skills vary and are not restricted to one size fits all. It is also evident that employability skills are a continuous development and growth throughout life—lifelong skills ever changing skills requirements running alongside fast changing new technology.
It is also evident that most employers desire graduates who have developed soft skills namely communication, interpersonal and teamwork abilities as well as technical skills. This PACE model recognises importance of extra-curricular achievements of our students in contribution to graduate employability.

**Research Method**

As part of its employability provision, the London School of Business and Management provides free CIMA student membership to all its newly validated BA (Hons) Accounting and Financial Management degree students throughout the duration of their studies. The research conducted explored the take up and students’ perceptions of the CIMA services students accessed.

The research approach used was quantitative in terms of the extent to which students accessed the services and qualitative in terms of recording the students’ evaluations of the CIMA student membership services.

Creswell (2013) defines qualitative research as research that:

> begins with assumptions and the use of interpretive/theoretical frameworks that inform the study of research problems addressing the meaning individuals or groups ascribe to a social or human problem. To study this problem, qualitative researchers use an emerging qualitative approach to inquiry, the collection of data in a natural setting sensitive to the people and places under study, and data analysis that is both inductive and deductive and establishes patterns or themes. The final written report or presentation includes the voices of participants, the reflexivity of the researcher, a complex description and interpretation of the problem and its contributions to the literature or a call for change.

In order to capture a range of opinions, all the students from both Year 1 and 2 were given access to CIMA student membership upon joining the degree. At the start of the academic year, students were given a copy of the questionnaire outlined (see Appendix 1), and were asked to explore and report back on how the services had been of use to their development during their studies in Semester 1 (October to December 2016). In order to ensure full usage of services, two focus groups were held to discuss access, what was available and their experiences of services used and how they benefited them now and how they will benefit them later in their course. In order to motivate the students, they were asked to complete the questionnaire as part of their formative assessment. The questionnaires were marked pass or fail depending upon students’ usage of the services and what they evidenced they had gained in terms of their future employability skills development.

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**Figure 3 Top ten skills comparisons**

<table>
<thead>
<tr>
<th>Skills</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Complex Problem Solving</td>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
<td>Coordinating with Others</td>
<td>2.</td>
</tr>
<tr>
<td>5.</td>
<td>Emotional Intelligence</td>
<td>5.</td>
</tr>
<tr>
<td>7.</td>
<td>Service Orientation</td>
<td>7.</td>
</tr>
<tr>
<td>10.</td>
<td>Creativity</td>
<td>10.</td>
</tr>
</tbody>
</table>

Source: Future of Jobs Report, World Economic Forum
Model Development – PACE

In order to bring together all the above opportunities for students to access and develop their skills, we have developed an employability support model, PACE, which is embedded in our accounting degree. PACE encourages and motivates students to make the most of what is on offer through shared responsibility with students, Professional bodies, Academic staff, Careers service, and Employers.

Students and their personal development planning are at the heart of the model. The model (Figure 4) demonstrates the personal, academic, professional and career interactions that will help students to ‘stand out in the graduate crowd’. Students are required to keep a template record of their strength, weakness, opportunities and threat as well as their future development plans and reflection.

To support the students in maintaining and developing PACE, careers advisers come and talk to our students in module workshops at the beginning and end of each semester to motivate them and make them aware of services and opportunities available to them. In addition, Professional Statutory Regulatory Bodies, CIMA and ACCA carry out events both at LSBM as well external offsite events for all students. PSRB student membership – see later provide numerous support ranging from jobs, blogs, discussion forum, webinars and student email support.

Employment engagement comes from our guest speakers as well as the internship module which requires partnership engagement between employers, academics and careers advisers. A list of internship, placement and graduate vacancies are communicated by PSRB, careers, academic to our students. Academics work in partnership with PSRBs, Careers advisers, employers and students to support students in their academic, personal and career developments.

Figure 4 Employability Skills Support Model – PACE

PACE model highlights the importance of a close shared partnership network and the need to ensure that students have sufficient time to plan ahead and develop their skills at their own PACE! The PACE model is a simple one which can be understood by all concerned e.g. academics, students, career advisers and demonstrates how LSBM supports students in gaining employability skills to diverse students bodies including mature students who may be going through a career change as well as those students starting out in their career. As well as the above outline of how employability skills are supported and developed, the main project aim is to encourage LSBM accounting degree students to make full use of a broad range of services offered by the CIMA student membership, to enhance their employability skills.
Findings

A total of 20 students filled in the questionnaire from which 14 completed questionnaires were from Level 4 students out of potential 23 students on the course, representing a 61% completion rate. There were 6 completed questionnaires from Level 5 students out of potential 8 students on the course, representing a 75% completion rate. The research findings are highlighted in the sections that follow:

**What services are offered by CIMA student membership?**

The services offered by CIMA student membership are presented in Table 2.

Table 2 CIMA Services

<table>
<thead>
<tr>
<th>Services</th>
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<tbody>
<tr>
<td>CIMA in house event. This is where CIMA recruitment managers came to LSBM to present and discuss about benefits of having a professional qualification</td>
</tr>
<tr>
<td>CIMA Student Pack</td>
</tr>
<tr>
<td>Usage of CIMA Student status to CV/applications</td>
</tr>
<tr>
<td>Ethics tools and content</td>
</tr>
<tr>
<td>Student and Member Event Network</td>
</tr>
<tr>
<td>CIMA My Jobs</td>
</tr>
<tr>
<td>The CIMA Difference</td>
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<tr>
<td>e-Magazines e.g. FM</td>
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<tr>
<td>Thought Leadership</td>
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<tr>
<td>CIMA Graduate Club which entails:</td>
</tr>
<tr>
<td>1. Webinars</td>
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<tr>
<td>2. Case studies</td>
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<tr>
<td>3. Career articles and blogs</td>
</tr>
<tr>
<td>4. Student discussion forum</td>
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<tr>
<td>5. Job postings</td>
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<tr>
<td>6. General CIMA information</td>
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<tr>
<td>CGMA Resources</td>
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<td>CIMA Salary calculator</td>
</tr>
<tr>
<td>Studying CIMA alongside your degree</td>
</tr>
<tr>
<td>CIMA Connect</td>
</tr>
<tr>
<td>Travel and lifestyle benefits</td>
</tr>
</tbody>
</table>

**What services did the students access?**

The London School of Business and Management pay for all Accounting undergraduate degree students CIMA membership for the three-year duration. Figure 5 shows the CIMA services accessed by LSBM student from October – December 2016.

The analysis of the above results reveals that the following services were widely used by students (see Table 3).

**What did students gain from access to services in terms of their employment skills development?**

a) Blogs

CIMA blogs cover study and careers advice, accountancy resources and industry updates. The latest blogs to 16th December 2016 covered topics such as:

- Make 2017 your best year yet
- Good time management
- 4 tactics to create an attention-grabbing presentation
- 7 reasons why your job applications keep failing
How to network: a comprehensive guide for students
Commercial awareness: what it means and why it matters
What are employers looking for?
Where can a career in management accountancy take you?
How to apply to work for Sky
Secure your future in style with Matalan and CIMA
Top tips on how to beat study stress

Figure 5: CIMA services accessed

<table>
<thead>
<tr>
<th>CIMA Services</th>
<th>% students</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIMA has a house event.</td>
<td>100%</td>
</tr>
<tr>
<td>CIMA Student Pack.</td>
<td>85%</td>
</tr>
<tr>
<td>Usage of CIMA Student status to CV/job applications</td>
<td>80%</td>
</tr>
<tr>
<td>Ethics tools and content</td>
<td>70%</td>
</tr>
<tr>
<td>Student and Member Event Network</td>
<td>65%</td>
</tr>
<tr>
<td>CIMA My Job</td>
<td>55%</td>
</tr>
<tr>
<td>The CIMA Difference</td>
<td>50%</td>
</tr>
<tr>
<td>e-Magazines at FM</td>
<td>50%</td>
</tr>
<tr>
<td>Thought Leadership</td>
<td></td>
</tr>
<tr>
<td>- CIMA Graduate Club which contains</td>
<td></td>
</tr>
<tr>
<td>- CIMA Connect</td>
<td></td>
</tr>
<tr>
<td>- Travel and lifestyle benefits</td>
<td></td>
</tr>
<tr>
<td>6 Webinars</td>
<td></td>
</tr>
<tr>
<td>6 Case studies</td>
<td></td>
</tr>
<tr>
<td>6 Career articles and blogs</td>
<td></td>
</tr>
<tr>
<td>6 Student discussion forum</td>
<td></td>
</tr>
<tr>
<td>6 Job postings</td>
<td></td>
</tr>
<tr>
<td>6 General CIMA information</td>
<td></td>
</tr>
<tr>
<td>- CGMA Resources</td>
<td></td>
</tr>
<tr>
<td>- CIMA Salary calculator</td>
<td></td>
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<tr>
<td>- Studying CIMA alongside your degree</td>
<td></td>
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<tr>
<td>- CIMA Connect</td>
<td></td>
</tr>
<tr>
<td>5% students</td>
<td></td>
</tr>
<tr>
<td>5 Usage of CGMA resources</td>
<td></td>
</tr>
<tr>
<td>5 Access to CGMA resources</td>
<td></td>
</tr>
</tbody>
</table>

Table 3 CIMA Services Used

<table>
<thead>
<tr>
<th>% students</th>
<th>CIMA Services Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>Attended the LSBM CIMA event which took place on the 24th October 2016, were given</td>
</tr>
<tr>
<td></td>
<td>the CIMA student pack which contained information about how students can become</td>
</tr>
<tr>
<td></td>
<td>from a graduate to Chartered Global Management Accountant (CGMA) and accessed</td>
</tr>
<tr>
<td></td>
<td>CIMA Graduate Club.</td>
</tr>
<tr>
<td>85%</td>
<td>Interested in the job postings, CIMA general information, career articles and blogs,</td>
</tr>
<tr>
<td></td>
<td>student discussion forum and webinars.</td>
</tr>
<tr>
<td>80%</td>
<td>Used CIMA status on to CV/job application, CIMA My Job and studying CIMA alongside</td>
</tr>
<tr>
<td></td>
<td>your degree service.</td>
</tr>
<tr>
<td>70%</td>
<td>Accessed Thought leadership and case studies.</td>
</tr>
<tr>
<td>65%</td>
<td>Accessed Ethic tools and content, Student and Member Event Network and CIMA connect.</td>
</tr>
<tr>
<td>55%</td>
<td>Found FM e-magazine and CIMA salary calculator to be of interest</td>
</tr>
<tr>
<td>50%</td>
<td>Accessed at CGMA resources.</td>
</tr>
</tbody>
</table>
The below student responses were taken from the questionnaires:

‘I have found the blog very useful at this time of my degree, as part of my assessment I have to give a 10-minute presentation to the class and I was not sure how I would be able to keep the whole class intrigued and interested, so I looked on the blogs and on one of them it gives you advice on how to give an attention-grabbing presentation.’

‘...one phrase which really stood out for me was ‘Failing to plan, is planning to fail’, it’s saying people have to manage their time correctly on doing something more productive such as reading a material from a book rather than on social media.’ [Student No.1]

‘...useful areas were… improve the quality of CV, what mistakes can be avoided and time managing, balance between social life and work.’ [Student No.11]

‘... reasons why job applications are failing and how to change that, how to apply for a job, how to beat the stress during studying and some exam tips.’ ‘I learned how to write good motivational letter. One of the most important things to impress the interviewers is to be familiar with the company where we apply for a job to.’ [Student No.18]

‘I’m not a major fan of blogs; however, I’ve turned a new leaf after the exceptional content available in the grad club. Time management is a key skill to success. Managing time has always been a major hurdle for me. It’s a problem I deal with till this very day. Ensuring I can balance work and social life is key, to ensure I am always working efficiently. Alongside this the tactics shared to grab attention during a presentation was an extremely interesting read.’ [Student No.19]

‘I can take peoples personal experience and apply the key elements they’ve learnt so I’m able to improve myself in key areas I lack.’ ‘The services have also improved my time management… organisation skills, communication skills, teamwork and leadership is important to be able to move forward and take control of situations when in a dilemma.’ [Student No.20]

The above responses highlight awareness of what LSBM students have learnt from accessing CIMA membership in order to plan for their future employability skills. Students have learnt about the importance of time management, balancing work and social life, organisational skills, teamwork and leadership, stress management, writing a motivational letter, preparing an effective CV, reading up on the background of a company for a job interview, and presentation skills.

b) Discussion forum

The CIMA discussion forum gives students an opportunity to meet and talk to other CIMA students, CIMA members and engage with employers. A typical discussion ranges from a student enquiring about an application of internship, jobs, practice online assessments, gap year, good finance leader traits, standing out from the crowd, LinkedIn to CV tips,

The below student responses were taken from the questionnaires:

‘The student discussion forum I found particularly useful as well as people ask all sorts of questions which all get answered, so I read about other people’s comments and learn from their mistakes or problems so I will know what to do when it happens to me.’

[Student No. 1]

‘made me realise that there are many other people who are in the same boat as me outside of university.’ [Student No. 2]
Every discussion that take place are very useful, because you can interact with people, to hear opinions and is a very easy way to inform yourself about different subjects that you did not think about, but will be applicable later on.’ [Student No. 2]

‘Give me the opportunity to learn from experienced people. CIMA website I found out the importance of feedback, and how much can help me in the future.’

‘Reading the articles and the posts on the forums by my student fellows helped me understand the importance of a rounded learning plan with research, keeping up to date with news and be involved in the academic development.’ [Student No. 11]

Several students also opine that the, ‘Student discussion forum and case studies are great sources to learn from others experience.’

LSBM students are made aware of areas they have yet to experience and think of which will aid them in their future career life. Feedback and interaction with other members is important to them.

c) CIMA Job Posting and My Jobs

This area gives students an opportunity to get career advice, browse recruiters, upload a CV and search for internships, placements and graduate opportunities. Below are examples of the latest vacancies posted:

- Defence Equipment & Support (Ministry of Defence)
- Debenhams Finance Graduate Scheme 2017
- British Airways Graduate Scheme 2017
- Nestlé Finance Programme – Internship
- Schroders Accounting and Finance Graduate and Internship schemes

The below student responses were taken from the questionnaires:

‘Another service that I found particularly useful was the internships and grad schemes, I looked through some of the jobs and the descriptions and it told me what type of expertise they expect me to have so therefore it made me aware of them, so in future my plan is to try and gain all sorts of skills so I can have the full set and I can be the best that I can be as well as pushing my limitations.’ [Student No. 1]

‘...gain awareness of the big range of jobs and roles in businesses. These include; Accounts Payable Clerk, Treasury Assistant and Financial Controller. I am also more aware of what skills and qualifications employers are generally looking for in an ideal employee. For example, businesses look for candidates who have previous experience. Having looked at the internships most employers want candidates to have at least a 2:1 degree.’ [Student No. 2]

‘I have uploaded my CV. Also, on my CV I have added that I am a CIMA member.’

‘Some ideal employability skills that are looked for are good analytical skills, communication skills and flexibility. In an Accounts Payable Clerk role, you need to also be able to build a strong relationship with your suppliers. Another common quality which employers are looking for are team work and to be commercially minded.’

‘CIMA gives me an insight how people can share and work together. Another employability skill acquired from CIMA is problem solving.’ [Student No. 3]

‘In the CIMA event they explained us information about the most desirable skills that the employers are looking for.’ [Student No. 5]
‘To be a good accountant you need some necessary skills like: excellent communication skills, good all-around IT skills, an analytical and logical approach to problem solving, ability to work on your own initiative. Also, you need motivation and ambitions.’ [Student No. 7]

‘I am reading a lot about bookkeeping because I’ve learnt that this is the first step into the accountancy profession. With a bit of luck, I will get a volunteer job as a bookkeeper for a few months and then I could find a paid job for the summer.’ ‘...decided to start and do 1 day/week of volunteering just to get a little bit of experience.’ [Student No. 10]

‘CIMA member makes my CV to be more valuable.’ [Student No. 11]

‘...allows me to compare, to reconsider, to improve my employability skills.’ [Student No. 14]

‘After I finish my degree with LSBM, I will continue with CIMA Award/ Membership of the Chartered Institute of Management Accounts and the CGMA designation. Management accounting is at the heart of high quality decision making because is bringing the most relevant information to create and preserve value. Value being trust, analysis, relevance, influence and ethics, these noble principles are at the core of what CIMA is using and providing. I like the ethics inside CIMA organization and I like to think that will be a place for me because I share the same values and I believe in them.’

‘I learned to work hard and to keep up and move up on the career ladder and I learned to make improvements. I understand that now I am in a construction phase, now I construct my future and all the skills and teaching provided by CIMA and LSBM are enormous valuables. ‘CIMA qualification will give me the possibility to work abroad.’

‘CIMA emails are always a pleasure to read and to receive the latest news.’ [Student No. 16]

‘Great internship jobs in international companies, which I am planning to apply.’ [Student No. 17]

‘My favourite service is FM app, I find all articles very interesting and helpful to develop myself (i.e. ‘8 ways to...refine your risk strategy’- which covers the areas from identifying the most important risks, creation risk strategy, develop the process, Brexit and currency risk.’ [Student No. 18]

‘The Careers Hub is the best section on the entire website. It provides internships, grad schemes, networking events, CIMA job board and Employer profiles which are all practical things I can take advantage of.’ The careers hub has given me significant commercial awareness as I can stay up to date with job posting which is what I am currently in the process of doing – applying for internships. [Student No. 19]

‘I have used the Job Postings area to view the jobs available, it gives me an overview on the skills and grades (UCAS Points and Degree Requirement) needed to compete with other applications as well as allowing me to observe the type of work that is undergone in a CIMA approved role. This is something I need during my studies, to be able to compare and view jobs in such a way where I can make a decision on what I want to undergo whilst studying so I can prepare for when I graduate.’ [Student No. 20]

Students have been made aware of the employability skills required from internship to graduate job postings to fully qualified accountant. The skills they have identified are: communication, listening, team work, time management, problem solving, commercial awareness, planning and organisation, technical skills, analytical skills, flexibility, all-around IT skills, logic, ability to work on your own initiative,
motivation, lifelong learning, previous experience, focused and ambition. One student used their initiative to start reading about book keeping.

Students are now more aware of the big range of jobs and roles in businesses that are available to them. They are now more inclined to plan ahead e.g. post CV on CIMA website, include CIMA membership details, decide to start volunteering for experience, apply for internships, explore options, attend future events and network. Additionally, students have realised the importance of gaining at least an upper-class honour.

d) Webinar

CIMA hosts useful webinars, some of which are posted in their video library. Topics include areas such as:
- How to write a high impact CV
- How to present yourself professionally on social media
- Excel tips to increase efficiency.

The below student responses were taken from the questionnaires:

‘I signed up for: Exam Success, Finance is Changing and Difficult People. Unfortunately, I could not attend Exam Success but I did receive the PowerPoint by email later. This is very helpful as I had the chance to read through it and refer to it when I need to. I did attend Finance is Changing and Difficult People. From the Difficult People webinar, I did receive the recording which I can listen to again.’ [Student No. 2]

‘Great educational videos - how to write the perfect CV in order to impress the employers from bigger companies and have a chance for great career, very good videos how to prepare for presentations.’ The videos, about how to improve presentation skills I found them very helpful, because this is one of my goals, which I have to achieve – to improve my presentations skills.’ [Student No. 17]

‘I have improved my EXCEL and SAGE skills which are very key requirements to get a job as an accountant.’ [Student No. 18]

‘The ‘how to present yourself professionally on social media and use it to your advantage’ webinar was very insightful video.’ [Student No. 19]

Students found both technical skills webinars on Excel and Sage useful for their studies and for practical application. Students also found useful webinars on CV and Presentation on social media to be of use for their future job application.

e) Student and Member Event Network

The events can be attended by both students and CIMA members and offer opportunities to develop both professionally and personally via networking with key stakeholders across a wide range of industries. Examples of events include:
- Management Accountant to Finance Director
- Making Change Happen
- How to network effectively

The below student responses were taken from the questionnaires:
‘Student and Member Event Network could help me to connect with global and local communities of likeminded peers and give me opportunities to find a better job.’ [Student No. 7]

‘CIMA offers an amazing opportunity for a future career in accounting. I attended the meeting in Plaza Victoria on Tuesday 29 November and I was impressed by the quality and the professionalism of the people involved and the presentation.’ [Student No. 16]

‘I am using this service to check if, there is CIMA event or webinar around my area in order to improve my skills.’ [Student No. 17]

‘Your network is your net worth. Having the opportunity to practice my communicational skills allows me to articulate my passion for finance to potential employers or even business partners at these events. The networking section is very easy to use with simple filter options.’ [Student No. 19]

Students are now more aware of networking opportunities outside LSBM. They have taken to attend an event or plan ahead to attend future events to develop themselves personally and professionally.

f) Case Studies

The Case Studies area gives an account of CIMA student and members’ stories of the industry they work in. They range from managing directors to chief executives to chairs sharing their experiences.

The below student responses were taken from the questionnaires:

‘Case studies about people are saying how CIMA has helped them a great deal in giving them valuable advice and experience in their respected fields and that CIMA has taken them to places where they thought they would never get, teaching them important employability skills, so by reading their profiles, it makes me think it would be silly to waste this opportunity to work with CIMA and using their materials as well, as I also want to make it to the top and I believe I’m at the right place to do it.’ [Student No. 1]

‘...gave me more of an insight of different perspectives to going into different part of accounting.’ [Student No. 2]

‘...lot of useful information for peoples’ experience and how they start their career through CIMA and how CIMA membership is helping them.’ [Student No. 17]

Reading about people’s experiences in employment gives students an insight into how they can plan their own career.

g) Ethics and tools of CIMA

CIMA is committed to setting and upholding the highest ethical and professional standards in order to maintain public confidence in management accounting. Their resources in this area include ethic’s case studies, exercises, training, an ethic’s e-tool, ethic’s checklist, webcasts, reading, and anti-bribery guidance. The below student responses were taken from the questionnaires

‘Ethics and tools of CIMA taught me the main ethic principles of being an accountant is that you have to be completely honest as well as being completely unbiased and it taught me the importance of integrity.’ [Student No. 1]

‘...is helping me with one of my modules which is ‘Accountants in Organisation’ as we were looking at what ethical guidelines an Accountant must abide by.’ [Student No. 2]
‘Ethics in accounting profession plays a key role, when we have to prepare reports. I like the support, which CIMA gives including over the phone, where we can ask for help.’ ‘I am also reading the e-magazine to be up to date with the latest financial and accounting news.’ [Student No. 17]

Skills such as honesty, integrity, unbiased have been picked up by the students. This knowledge will support their upcoming assignment in this area.

**What recommendations were made by students to improve CIMA student membership services**

The below student responses were taken from the questionnaires:

‘I have found the services from CIMA really useful and I believe it will take me really far in the future to become the profession I want to be.’ [Student No. 1]

‘work experience/voluntary placements available where you could gain experience.’ [Student No. 2]

‘There is only one thing which need to be improved- FM App, it is a bit slow and very often stuck.’ [Student No. 18]

Apart from the three students who made the above comments, there were no solid recommendations made by students in order to improve CIMA student membership services. This was maybe due to the fact that students only had three months to explore the services.

One student wanted voluntary placements to be posted in order to gain work experience maybe due to competition of paid work placement. Another student wanted the FM App to be more efficient.

**Conclusion**

An increasing number of UK employers are worried that they will not be able recruit enough high-skilled employees, according to the CBI 2016 annual survey. The survey of 500 employers found 69% were concerned about not being able to find enough highly-skilled staff, compared with 55% last year. Likewise, Association of Graduate Recruiters, AGR 2016 research highlighted that students themselves lack work based skills, knowledge and attributes.

The newly validated Accounting and Financial Management degree, with its practical application of SAGE/Excel, internationalisation of the curriculum, embedded PDP, volunteering, societies, internship, academic support, career support and free student membership to CIMA is designed to aid students with opportunities to build their employability skills as well as their subject specific knowledge. PACE model recognises that offering a wide range of experience outside the academic syllabus is highly regarded by employers as extra-curricular achievements will positively contribute to graduate employability.

This research is highlights importance of PSRB student membership. All the students valued the free CIMA student membership and attended the CIMA in house events, received CIMA student packs and joined the CIMA graduate club members.

The four main equally accessed CIMA student membership services by students at 85% were:

- Job posting which enabled them to be made aware of the employability skills required for intern student to graduate jobs to being a fully qualified accountant. A few students even uploaded their CV for potential employers.
- Blogs on time management, guidance on presentation and why job applications were failing were considered most useful.
- Discuss forum gave LSBM students an opportunity to learn from other people’s queries.
• Webinars, students found both technical skills webinars on Excel and Sage useful for their studies and for practical application. Students also found webinars on CV and Presentation on social media to be of use for their future job application.

The Oxford dictionary defines feedforward as ‘the modification or control of a process using its anticipated results or effects.’ The feedback from CIMA bloggers, discussion forum, job posting has become LSBM students feedforward i.e. it has aided students to be aware, take stock, and plan ahead (PACE) in gaining employability skills and not leave development until graduation which is of utmost importance to students, higher education providers and employers. The PACE model attempts to aid student’s inclusivity and takes a positive step to improving retention, NSS and DLHE as students are placed at the heart of their personal development plan. The PACE model is a simple one which can be understood by all concerned e.g. academics, students, career advisers and demonstrates how LSBM supports students in gaining employability skills to diverse students’ bodies including mature students who may be going through a career change as well as those students starting out in their career.

We recognise the limitation of the survey in terms of sample size; the study only looked at Level 4 and 5 accounting degree students’ views and focused only on services offered by CIMA and their employability development in the accounting profession. We do though believe that the results will assist skills development and links to PSRB on our other courses – BA (Hons) Business and Management and LLB which currently gives up to level 6 CILEx exemptions.

References


Choosing Recruitment Strategies: A Case Study of a German SME

Elena Lukova

This study aims at investigating the problem of recruiting new employees that a German company confronts in the market of accountancy and tax consultancy (ATC). In compliance with a resource-based view concept, scarcity of workforce may be viewed as one of the factors constraining the business growth and sustainability. By using a single case study design, the author analyses recruitment methods for three categories of potential employees – trainee, graduate, and experienced specialist. The study confirms prior research that recruiting a trainee is a long-term investment. However, it challenges earlier studies that internship can be considered a cost-saving of future recruitment costs (Muhlemann, et al., 2015). Furthermore, the research suggests that the choice of a recruitment strategy positively correlates to a benefit/cost ratio. In line with the research findings, improvement of the company image in the external labour market and a combination of short- and long-term recruitment strategies can be recommended rather than focusing on solving short-term issues as now being practiced by the company in question. However, a further longitudinal research of the proposed combination would be required to empirically test its effectiveness.

Keywords – trainee recruitment, internship, recruitment strategy

About the author – Elena Lukova is an MBA graduate from the London School of Business Management/ University of Northampton. She is a Certified Management Accountant (CMA), and an expert in finance and accounting of Russian and international business accounting systems. Elena has over 10 years of hands-on working experience at global Engineering, E&P and EPC companies and is keen on broadening expertise in management areas.

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Introduction

Volatile economic conditions and fast-paced business environment challenge sustainability of many companies all over the world. When a resource-based view (RBV) concept is applied, human capital may be considered one of the most valuable and strategic assets of companies for creating, retaining and extending their competitive position (Armstrong, 2010; Kaufman, 2010). This makes many company leaders be highly interested in recruiting the best talents to create and sustain business (Kim, et al., 2012; Madichie & Nyakang’o, 2016).

This research is based on a single company case study in a German context. A company of equal partners (CEP) successfully provides services in the ATC sector. CEP’s respectable reputation in the market constantly attracts new customers. This encourages the business sustainability; however, the business growth has been challenged by the lack of human resources. Twenty highly skilled specialists feel increasing pressure by providing the same level of quality to the growing number of customers due to no inflow of skilled workforce which may lead to the deterioration of the company’s performance, image and competitive advantage.

Indeed, recruitment strategies and the process itself are the prerogative of the two CEP partners as no human resource specialist is on board. Despite the use of three recruitment methods in the past few years, the managers still face the low inflow of the workforce. The managers have been seeking for
already skilled workforce through referrals being considered the most effective recruitment method, whereas newspaper and company’s website advertisements do not meet their expectations.

This observation confirms prior research findings in this area claiming that unlike managers of big companies, managers of small and medium-sized enterprises (SMEs) mostly work on overcoming shortages of highly professional specialists on a short-term basis rather than developing a strategic human research management (SHRM) approach for achieving competitive advantage from long-term perspectives (Windolf, 1986). This approach is contrary to what research says about their big company counterparts. Therefore, this study pursues to investigate effective recruitment and selection strategies of SMEs sustainable business practices. Thus, the choice of strategies based on human capital, core competences and critical contact theories has been reviewed from the RBV perspective of meeting both short- and long-term performance and payback goals of the company (Breaugh, 2013; Muhlemann, et al., 2015; Wehner, et al., 2012; Wehner, et al., 2015).

However, the main objective of the study is to find the weaknesses in the current recruitment approach of the CEP managers and offer some recommendations on the combination of effective recruitment methods suitable to the case company that may assist in overcoming its growth’ constrains, and ensure the maintenance of its competitive advantage through investment in the human capital.

Following this introductory section, the literature review is undertaken in section two, outlining recruitment strategies based on the resource-based view (RBV) concept, highlights their possible implications on business performance and leads to the conceptual frameworks’ identification. It is then followed by the process design justification and analytical discussion of the prime data findings. Finally, some recommendations are drawn based on the analysis of the findings.

**Literature Review**

A substantial body of literature is devoted to the concept of competitive advantage (Bharadwaj, et al., 1993; Lado, et al., 1992; Porter, 2008) that frames business strategies letting companies to sustain in the market. Being in the same economic environment, some companies outperform their competitors by using their unique capabilities and resources as supported by the RBV concept (Armstrong, 2010; Madichie, et al., 2013). Applying the logic of RBV to ATC companies, human capital becomes an obvious valuable resource of competitive advantage (Wilden, et al., 2010) through employment of skills, knowledge, competencies and experience, whereas technologies seem to play a supportive role in services provision. Thus, having the right people in the company becomes a strategic goal for ATC businesses.

Despite a thorough research conducted, no consensus on general recruitment theory has been discovered, rather a number of theories discussing various recruitment methods (Breaugh, 2008). Likewise, no unique recruitment strategy can be considered the best since all companies and business environments are different, therefore different strategies are used (Armstrong, 2010). Some of them are outlined below (for a summary see table 1). According to the human capital theory, which is one of the most discoursed by scholars, companies should invest in people who are essential for business success (Bellmann, et al., 2014; Breaugh, 2013; O’Meara & Petzall, 2013; Armstrong, 2010). Although both Bellmann et al. (2010) and Muhlemann et al. (2015) propose apprenticeship, the former argues that this strategy suits best when a qualification in a relevant area is required, whereas the latter claims the demographic factors (such as decline in school-leavers and population ageing) as a prime reason for the choice of recruiting apprentices. However, both research groups (Bellmann, et al., 2014; Muhlemann, et al., 2015) argue that apprenticeship is a long-term investment aiming at satisfaction of the company’s future demand for skilled workforce. Therefore, it may be assumed that training may counterbalance future recruitment costs of skilled specialists.

Another method of a long-term human capital investment proposed by scholars is internship that requires initial vocational education and training (Zhao & Liden, 2011) that usually takes at least 3 years in a “dual” system of Germany. Given that an employer assigns a supervisory mentor to a trainee, internship may also result in a long-term investment due to incurred mentor’s costs and no quick economic return produced by an intern (Zhao & Liden, 2011). Therefore, it may be assumed that
apprenticeship and internship can hardly satisfy a dynamic business environment, rather highly qualified employees would be of great demand.

Table 1: Summary of Theories based on RBV and Recruitment Strategies

<table>
<thead>
<tr>
<th>Theory</th>
<th>Author</th>
<th>Strategy</th>
<th>Investment Type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>O'Meara &amp; Petzal (2013)</td>
<td>Resource maximization through attracting new, retaining and developing employed staff</td>
<td>Long- and short-term investment</td>
</tr>
<tr>
<td></td>
<td>Breaugh, (2008, 2013)</td>
<td>Employee referrals; College campus recruitment; Employer’s website; Job boards &amp; other websites; Recruiters / Recruiting agencies; Job fairs; Newspaper advertisements</td>
<td>Long-, medium- and short-term investment</td>
</tr>
<tr>
<td>Impression Management</td>
<td>Zhao &amp; Liden (2011)</td>
<td>Internship</td>
<td>Long-term investment</td>
</tr>
</tbody>
</table>

Source: compiled by author

On the other hand, scholars argue that employers’ decision on training an intern or apprentice is also influenced by the risk that a trainee may leave the company after the training is completed (Zhao & Liden, 2011). Thus, the investment in human resources may result in a loss. Hence, it can be preliminary proposed that there is a negative correlation of ATC companies’ intern and apprentice training with cost-savings on future recruitment to meet impending demand in skilled workforce.

Like Zottoli & Wanous (2000), Breaugh (2008) found employee referral strategy as the most effective for hiring, retaining and performance quality purposes compared to other researched recruiting methods: college campus recruiting, employer’s website posting, social media and recruiters. Scholars identified that both skilled and unskilled employees hired via referrals are better informed on the vacancy, better prepared to fit into an employee-company relationship, and therefore may have a longer tenure (Zottoli & Wanous, 2000). Furthermore, it may be assumed that the referrals strategy is one of the most cost-effective if a skilled employee is hired as no advertisement fees or long interviews may be required.

The theories of core competences and a critical contact lead in explaining the strategy of outsourcing a part of or the whole process of recruitment and selection. Indeed, it is acknowledged that 80% of European companies use outsourcing strategy (Wehner, et al., 2012). Researchers (Wehner, et al., 2015) argue that outsourcing recruitment activities may facilitate the costs’ optimization for the company and allow it to concentrate on its core business. On the other hand, the empirical evidence collected for a critical contact theory suggests that applicants may withdraw from the recruitment due to having a sense of not being valued during the process that is not held by an employer itself, or due to lack of opportunity to demonstrate their talents to an employer directly (Wehner, et al., 2012). Consequently, a disappointed reaction of potential applicants may negatively influence employer’s attractiveness (Wehner, et al., 2012) and the loss of future potential talents.
However, SHRM theorists suggest that employment of appropriate strategies, grounded on the assessment of benefit/cost dependence, can facilitate the selection and employment of the right people who can bring additional value to the company, improve continuing performance and facilitate the competitive advantage (Ananthram, et al., 2013; Zhao & Liden, 2011). Thus, the second proposition is that benefit/cost ratio positively correlates with the choice of a recruitment strategy.

**Research Method/ Approach**

For the successful execution of the case study research, an adoption of a combination of methodological approaches seemed to be appropriate. A qualitative analysis of generated data was implemented for better understanding of the problem and identifying the issues restricting the business growth (Saunders, et al., 2012). An inductive approach was used in attempt to develop a theoretical framework resulting from the highlighted findings. Consequently, an element of deductive approach was used to test preliminary propositions against the evidence provided by existing researches and new data collected (Saunders & Lewis, 2012). Finally, data was revised and analysed to propose possible problem solutions.

The research conducted for the paper is based on a cross-sectional case study chosen through the personal networking. It aims at:

a. Identifying recruiting strategies used by the German company of equal partners (CEP) working in the accounting and tax consultancy sector.

b. Analysing the most effective strategies identified in the academic literature in terms of their application to SMEs in the ATC sector.

c. Estimating and comparing recruitment of a trainee, new graduate and experienced employee from the perspective of short- and long-term investment in human resources.

d. Generating recommendations for the implementation of a successful strategy.

First, in order to decide on a wide-ranging theory to be studied, a comprehensive literature review was carried out. Being considered as an important source for a case study, semi-structured interviews with CEP managers complemented the literature review (Yin, 2009) in order to identify the origin of the problem in question, situation with the resources, current hiring behaviour in the company and formulation of the theoretical framework for subsequent study (Saunders & Lewis, 2012; Saunders, et al., 2012).

One face-to-face interview and two via internet were conducted. Following the recommendations of Kvale (1996) and Rowley (2012), the process of interviews was checked for the compliance to an effective interview's criteria:

- participants were familiar with the focus and purpose of the interview;
- questions were clear but not too vague, and structured in the order facilitating the smooth flow of the dialogue;
- respondents were listened actively and with sensitivity, as well as they were let to finish their answers with no time pressure;
- ethical issues such as receipt of consent and guarantee of confidentiality were followed;
- some re-wording was used to clarify or expand some comments;
- the interviewer controlled the development of the interview to obtain the relevant information.

Moreover, a preliminary pilot survey with one colleague for the purpose of testing if questions make sense was conducted as suggested by scholars (Kvale, 1996; Rowley, 2012). Consequently, some changes to questions were made based on pilot results. The duration of interviews remained between 45 and 60 minutes, and comprised twenty questions about challenges with regards to the company's further growth, recruitment strategies used and their outcomes, as well as qualities and qualifications of desirable new employees. Interviews were carried out in the national languages of the respondents. To ensure keeping the same meaning of questions to all respondents, the interview questions and transcriptions were translated and back-translated with paid attention to lexical, idiomatic and experiential meanings, as well as to grammar and syntax as recommended by scholars (Saunders, et al., 2012). Notes taken during the interviews were further coded and manually analysed as neither the number of interviews, nor the differences in replies to questions were excessive.
Samples of interview questions regarding recruiting methods used are as follows: Has a recruiting management policy been formulated for your company? What kind of strategies have been considered for the recruitment in your occupational area? Which method provided the better outcome, and why do you think it happened?

Samples of interview questions relating to recruitment costs are as following: What kind of personal characteristics, knowledge and expertise are required for further development of your company? How much of net annual profit is the company ready to invest in training and induction of a new employee? What would be the reasons of your company for recruiting a graduate or training an apprentice?

The primary data collected in semi-structured interviews was used for further development of preliminary propositions to be verified and tested against secondary data on recruitment strategies and types of applicants to be targeted for hiring. Statistical data from previous studies conducted in European countries including Germany was manually extracted into Excel spreadsheets and grouped by research areas: the most successful recruiting strategies, requirements to applicants, and making a decision of ‘buy or make’ an employee (Bellmann, et al., 2014).

Given that some earlier researchers performed cross-cultural analysis, data for Germany only was taken from a variety of sources. It was further compared with the preliminary propositions resulted from semi-structured interviews in order to minimize a possible interference of cultural differences in recruiting process. Likewise, the evidence provided by researches conducted in countries other than Europe was also excluded from the analysis. Assuming the scarcity of data on recruiting process by SMEs working in financial industry and in ATC sector in particular, the secondary data was used for generalisation purposes with caution due to possible differences in industry specific requirements.

Likewise, following the scholars’ recommendations, generalisation of secondary data relating to large organisations was taken with care (van der Heijden, et al., Sept. 2010) by assuming that there may be significant differences in requirements to applicants such as a narrower specialisation in topics to be covered and availability of resources compared to small businesses. Thus, data for SMEs of size group 10-49 employees was used whenever possible. Another limitation taken into consideration during the analysis of statistical data from secondary resources is some inconsistency in factors influencing the effectiveness of recruitment and a variety in objectives of studies chosen by previous researchers of recruitment strategies as also noticed by other scholars (Zottoli & Wanous, 2000).

In order to check if the same strategies work in accountancy and tax consultancy sector, the prevalent factors identified by other researches were tested with a total of fifteen managers and employees working in ATC sector in Germany via prepared brief questionnaires consisting of 5 closed questions of list and ranking types. Like questions in semi-structured interviews, brief questionnaires were translated and back-translated to avoid any misinterpretation of questions' meaning. The questionnaires were delivered to participants via internet following their preliminary verbal consent. Finally, the questionnaires’ analysis was performed in conjunction with the theories and suppositions in academic literature in an attempt to explain ATC-sector-specific findings, develop a list of best recruiting practices and propose the ways of implementation of a recruiting strategy to maintain and expand competitive advantage of a SME working in a local accounting and tax consultancy market in Germany.

Discussion of Findings

Given that the major constraint preventing the CEP from expansion of its competitive advantage in the market is the lack of workforce in the company, internal recruiting methods have been excluded from consideration as a possible solution. Therefore, 3 categories of potential applicants for open vacancies have been agreed for discussion with managers:

- **Trainee (or intern)** – a school-leaver who requires a vocational education and training (VET) that represents the existing ‘dual’ educational system in Germany;
- **Graduate (or apprentice)** - a person with professional education, but without professional working experience;
- **Experienced employee (or skilled)** – a person with vocational education and working experience of at least 5 years. According to the majority of respondents, this period is sufficient to earn work experience to feel confident in profession.
The analysis of semi-structured interviews with CEP managers revealed that despite the policy of investing in the company’s human capital, it relates more to continuous internal and external training of existing personnel rather than coaching an intern or a graduate. This can be explained by significant costs anticipated for recruiting and training of non-experienced employees compared to skilled ones before the first return on investment (ROI) in the human capital can be expected. According to primary data, the payback period for investment in a trainee is at least 5 years. During the first year, costs amount to 90,000 – 95,000 Euro with their reduction by about 14% and 22% in year 2 and 3 respectively compared to the previous year’s expenditures. Although the ROI can be expected during the third year of VET of a trainee, the full productivity and ROI can be reached a few years after completion of VET which is supported by prior researches (Muehlemann & Pfeifer, 2016). The study has also identified that investment costs and payback period are significantly lower and shorter for apprentices and skilled employees compared to trainees: one to two years for a graduate, and six to eight months for an experienced employee (both include time for induction).

Thus, these findings confirm internship and apprenticeship being long-term investments, however they contradict previous studies claiming that costs fluctuate between 600 and 4,000 Euro (Muhlemann, et al., 2015). Rather, this can be explained by variances in the components included in recruiting and training costs by different scholars that may depend on the country and timeframe of the research (Muehlemann & Pfeifer, 2016).

Given that the number of school-leavers declines in Germany (Muhlemann, et al., 2015), some respondents-employers consider a combination of a number of recruiting methods to be used to hire an intern or apprentice: referrals, contacting educational institutions, non-employer’s websites and newspaper advertisements. Consequently, hiring young employees will lead to a demographic diversity in the company, to the transfer of specialized skills from older workforce, and therefore to creating the basis for business sustainability (Madichie & Nyakang'o, 2016).

Moreover, Figure 1 below provides the evidence of the non-balanced demographics in the CEP which confirms the prior researches in the German context (Muhlemann, et al., 2015). Therefore, it may be concluded that the company’s demographic issues may challenge its sustainability due to 40% of experienced employees will retire in the short-term period, and there are no sufficient young employees to replace them.

![Figure 1: German CEP Demographics](image)

<table>
<thead>
<tr>
<th>Age Band</th>
<th>20-25</th>
<th>26-35</th>
<th>36-45</th>
<th>46-55</th>
<th>56-65</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of employees</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>9</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>% to Total</td>
<td>0.0%</td>
<td>0.0%</td>
<td>15.0%</td>
<td>45.0%</td>
<td>40.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Likewise, the statistics data confirms the scarcity of skilled workforce in ATC sector that, on the one hand, may be explained by the economic growth in Germany, requiring skilled workforce, which brought the overall unemployment rate to its lowest level of 4.7% in the last decade (OECD, 2016). On the other hand, scholars argue that the shortage of skilled workforce may be explained by demographic changes - aging population (Muhlemann, et al., 2015), and therefore, increase in retirements. Hence, these findings may assert the increased competition for highly skilled employees. This is consistent with the International Federation of Accountants’ report revealing that 40% of SMEs in West European countries recognize the challenge of “attracting new and retaining existing staff” (IFAC, 2016, p.6).

The semi-structured interviews’ results presented the following facts: the recruitment process is time consuming, the choice of recruiting methods correlates with the urgency of the demand for labour force and the budget available for the process. Given that the company does not have an HR department, managers have to run the recruitment process themselves which leads to the loss of earning profit from their core business activities. Moreover, given that CEP needs to prevent the new-coming customers’ loss, managers use mainly the strategies that lead to hiring experienced employees for closing the gap in workforce scarcity as soon as possible, namely: (1) referrals through personal networks, (2) local newspapers and (3) company’s website advertisements. The methods are ranked by the level of their preference by CEP managers from the effectiveness’ perspective.
This information was further tested against quantitative research data received from other sources. Figure 2 below reflects the effectiveness of recruiting methods from the point of view of the case study respondents other than CEP management. Primary data confirms both the view of CEP managers and prior researches (Breaugh, 2008) that referrals from friends, employees or from previous work experience have the highest effectiveness. Moreover, according to respondents, referrals seem to be less expensive than advertisements in media or recruiters.

![Figure 2: Effectiveness of Recruiting Methods](image)

**Sources:** Case study questionnaires, Zottoli & Wanous, 2000; Breaugh, 2013

It is noteworthy that advertisements in newspapers and social media have been combined in one category due to lack of quantitative data on social media prior year 2000, whereas web-based recruitment has significantly increased in the past decade (Allen, et al., 2007), and therefore should not be neglected.

The case study revealed that SMEs’ managers prefer newspaper job postings considering that their websites are less visible to potential employees, with little or no work experience in particular, who usually search for well-known big companies. This opinion is consistent to scholars’ findings suggesting to complement company website vacancy advertisements by cost-effective non-employers’ web-based job boards ads, and stressing the importance of providing more realistic information on ‘employee-job fit’ to control the applicants’ inflow, which may influence the company’s image according to the brand equity theory (Allen, et al., 2007; Breaugh, 2013).

A strategy based on employing a third-party agency for a recruiting process was named by respondents as one of the most expensive which is in line with CEP managers’ saying:

*Even though the recruitment process is outsourced, we have to spend our time on screening the potential applicants offered by a recruiting agency. We have to pay for the agency’s services plus spend our time on screening and in-person interviews instead of doing our tax consultancy job.*

However, scholars argue that third-party recruiters may save management’s time if the agencies get detailed instructions on required applicants, thus allowing managers to concentrate on their core businesses, and thereby counterbalancing the overall costs (Wehner, et al., 2012; Wehner, et al., 2015) which may amount to 4,000 – 6,000 Euro according to previous researches. Given that CEP managers do not cooperate with recruiting agencies, the evaluation of third-party recruiters’ costs for the purpose of this study became impossible and previous researches’ findings have been taken into consideration.

The analysis of primary data on recruitment costs including training and induction periods for a trainee, graduate and experienced employee have preliminary resulted in 230,000, 70,000 and 27,000 Euro respectively. Therefore, it may be concluded that internship costs negatively correlate with cost-savings on future skilled workforce recruitment. Nevertheless, apprenticeship may compete with recruitment of experienced employees in terms of cost-effectiveness assuming that an apprentice commits to the employer after training completion (Bellmann, et al., 2014; Brunello & Medio, 2001), as long work-life
going forward may result in future recruitment cost savings. Thus, the first preliminary proposition seems to be partially confirmed.

Based on the case study results, it may be argued that the internship is the costliest recruiting method with the longest payback period, whereas hiring an experienced employee is ten times cheaper with the shortest payback period compared to internship. Therefore, it may be concluded that the second preliminary proposition is supported by empirical evidence of the study and previous researches (Bellmann, et al., 2014). This is also confirmed by questionnaire’s results whereby responding managers stressed their intention to get a higher ROI within a shorter period of time via hiring an experienced employee.

Interestingly, like scholars’ findings (Davis, et al., 2014; Humburg & van der Velden, 2015), CEP managers’ intentions to hire experienced employees rather than trainees match the respondents’employees’ opinion that employers value the ‘level of qualification’ (44.4%), ‘work experience’ (33.3%) and ‘willingness for continuous training and professional growth’ (22.2%), and therefore the latter work hard to meet employer’s expectations in order to be hired. Consequently, it may be suggested that the company’s message on open vacancies is not attractive or clear for potential applicants.

Conclusions and Implications

This study’s main purpose was to investigate the recruitment and selection policies of a German SME in the ATC sector. The study was conducted in conjunction with key resource persons in the company, with a view to developing business sustainability strategies that would enable the company to survive the current turbulent business environment in that context. This study also aspires to generate recommendations on possible ways of solving the problem of scarcity of workforce to support the business activities’ growth and quality.

An extensive research in academic literature has provided an insight of ongoing debates about factors and strategies impacting the competitive advantage of different businesses. The findings of the literature review suggest the lack of consensus on which recruiting theory is the best to fit business interests. However, the following has emerged from previous studies:

- Following the resource-based view theorists, human capital appears to be the core value of expertise-oriented businesses like an accountancy and tax consultancy that requires specific qualifications in relevant areas (Bellmann, et al., 2014).
- The demographic changes due to ageing German population negatively influences the entry of young professionals in the market by toughening the competition for labour force, and therefore making companies search for the best methods of attracting new employees (Muhlemann, et al., 2015).
- Although internship and apprenticeship are costly and long-term recruitment strategies that are not very efficient in and responsive to economic booms, they nevertheless may secure company’s future demand for skilled workforce (Zhao & Liden, 2011).
- According to the theories of core competences and critical contact, outsourced recruitment and selection process may, on the one hand, help to optimize the company’s costs, but on the other hand, it may weaken the company’s image among potential employees for not having an opportunity to demonstrate their talents directly to an employer (Wehner, et al., 2015; Wehner, et al., 2012).
- Some scholars advocate an effectiveness of the referral strategy for its affordability, completeness and reliability of information provided by referrals that make applicants be better prepared for an employee-employer fit, and committed to a better performance (Breaugh, 2008; Zottoli & Wanous, 2000).
- Despite an overwhelming use of internet by businesses, SMEs’ websites may be less visible compared to big companies, and therefore may attract less applicants to their job postings. However, SMEs may trigger potential employees’ application inflow if customized ‘employee-job fit’ details are posted on non-employer websites (Allen, et al., 2007; Breaugh, 2013).

The case study revealed that due to some economic growth, there is a need in timely and high quality ATC services such as the German CEP provides in the local market. However, the business growth is
challenged by scarcity of human capital. Due to no internal human resources are available for overcoming this problem, three categories of potential employees have been discussed in respect to short-, medium- and long-term company’s goals.

Firstly, trainee’s expensiveness and the longest payback period as well as the risk of them leaving the company after the VET is completed, withhold managers from considering internship in the CEP. However, some researches revealed that trainees are more committed to stay with the company that trained them (Bellmann, et al., 2014). It may be suggested to a company to mitigate this risk by including a clause of continue working in the company for at least 5 years after completing the training.

Secondly, an apprentice seems to be a medium-term investment considering the payback period factor, and thus a less risky and less expensive variant compared to a trainee. Like a trainee, a graduate may be rather young and having long years of work to go which meets company’s future demands in skilled workforce. However, the company requires more efforts to recruit graduates and diversify recruiting methods due to increased competition for young employees deriving from the demographic changes (Muhlemann, et al., 2015).

Lastly, skilled employees seem to be the most desirable by case study mangers as they meet their short-term goals of providing qualified services to their new customers immediately without losing company’s image in the market. However, given the ageing population factors, experienced employees get retired sooner than trainees or graduates (Muhlemann, et al., 2015). Therefore, like with graduates, the company faces an intense competition for qualified ATC workforce and should improve company’s image via more motivated referrals and realistic information on job openings to attract potential employees.

Figure 3: Recommended Recruiting Methods

- **Contact colleges / universities**
  - May meet long-term performance goals with medium payback period
  - Part-time skilled employees can be hired to coach apprentices

- **Use web-based job boards**
  - May meet short-, medium- and long-term performance and payback goals
  - A combination of trainees, graduates and skilled will improve the balance of skills turnover

- **Engage a recruiting agency**
  - May meet short- and medium-term performance goals and short payback period
  - Detailed instructions on desired employee will free the management’s time for core business activities

- **Contact job centres**
  - May meet medium- and short-term performance goals and paybacks
  - Unemployed graduates and experienced employees can be found

- **Revise motivational policy of the company**
  - May meet short-term performance and payback goals
  - Mostly experienced can be hired rather than graduates or trainees
  - Some remuneration may motivate existing staff to refer the company to potential employees

The case study data allows to assume that improving company’s image in the labour market facilitates the retaining of the existing personnel who may further refer it to the labour market. Furthermore, in order to attract new employees to maintain sustainability, a company should meet their expectations and signal its benefits through job opening details. Although both respondents-employees and the German CEP value work experience, organisational environment and willingness of the professional growth, this may not be entirely visible in the labour market based on continuous problem of workforce shortage.
Before providing the recommendations, some limitations that the case study encountered need to be named. First, despite being common for 40% of SMEs in the ATC sector of Western Europe (IFAC, 2016), the problem of scarcity of ATC labour force is not widely researched resulting in a limited data available, and thus potentially impacting the accuracy of assumptions. Secondly, the case study findings may be nation- or occupation-specific. Thus, they may not be common to other jurisdictions or industrial sectors due to existing differences in educational systems, cultural values and economic conditions. Last, although semi-structured interview questions and questionnaires were translated to German and then back-translated to English, there is still a risk of an inconsistency of meanings that might have influenced the respondents’ answers.

On the basis of the case study results, it is advisable to revise the approach to the employer’s image expansion in the labour market, given that signalling message of the attractiveness of CEP in their website does not seem sufficient to attract potential employees. The company should include more details of job and company climate descriptions, and possibly re-word the benefits a new employee may profit from when joining the CEP.

Given the research findings fully and/or partially confirm preliminary proposition on positive correlation of internship and apprenticeship with cost-savings on future recruitment, as well as that the benefit/cost ratio positively correlates with the choice of a recruitment strategy, it can be recommended to combine short- and long-term investments in human capital rather than pursue the hiring of experienced employees by using a small variety of recruitment methods. Combining the existing strategies with the following ones may be advised for management’s consideration:

In conclusion, the case study attempted to get insights of recruitment strategies and to offer some combinations of methods to facilitate business sustainability in the context of the human capital factor. However, future researches may add the empirical evidence on the level of success of the offered combinations, as well as possible correlations with cultural differences, and management’s skills and expertise as there is a continuous need in recruiting workforce to maintain competitive advantage (Kaufman, 2010; Muehlemann & Pfeifer, 2016).

**References**


Development of a philosophy and practice of Servant Leadership through service opportunity

Simon Taylor

Servant Leadership is increasingly being promoted as an effective approach to leadership, with some proponents arguing that leaders need to serve something beyond themselves. Modern Servant Leadership theory owes its origins to Greenleaf (1977) who proposed a new leadership paradigm in contrast to the ‘leader’ centred focus, which has tended to adopt a command-and-control approach. However, there is relatively little known about how to develop Servant Leadership. A grounded theory study was conducted, investigating the development of a philosophy and practice of leadership amongst young adults who had attended Hilton College, a private, boys-only boarding school in KwaZulu-Natal, South Africa, where they had been exposed to a Servant Leadership development programme. The Strauss and Corbin (1990) version of the grounded theory method was followed to collect incidents during 36 interviews with students, teachers, housemasters, the headmaster and the Hiltonian Society Board members. The findings indicated that years after leaving the school, the boys still adhered to a Servant Leadership approach. A key factor shaping the development and ongoing practice of Servant Leadership was having been provided with the opportunity to serve others while at school, and seeking out service opportunities thereafter, during their tertiary education and working life. Exercising service shaped the development of a philosophy and practice of Servant Leadership, shaping an attitude of service, characterised by a concern for others and a readiness to serve. Service behaviour was evident in a responsiveness to the needs of others, and genuineness. The implications for the practice of leadership development are discussed and recommendations made for further research.

Keywords: Servant Leadership, leadership development, service, grounded theory, community engagement.

Introduction

A review of scholarly research in leadership by Gardner, Lowe, Moss, Mahoney, and Cogliser (2010) reveals that the moral components of leadership have become more prominent, with Servant Leadership contributing significantly to the moral aspect of leadership. As such, Servant Leadership is an emerging leadership theory or philosophy that has gained prominence in the field of leadership research (Avolio, et al, 2009, p.423).

However, it appears as if there is no agreed theory or conceptual framework in the literature for leader development (Avolio and Hannah, 2008) and more specifically on how to develop Servant Leadership. Whilst the significance of formal leadership development programmes is noted, a considerable gap exists between the eagerness and need for formal leadership development amongst individuals and the resources available to meet these needs in developing countries (Altman, Rego and Harrison, 2010, p.222).

In this regard, Altman et al., (2010) emphasize that, within the context of the developing world, interventions to develop leaders could create significant social and economic benefits, including a positive impact on the leadership performance of individuals (Avolio, et al., 2009). Considering the aforementioned, and given the context of transformational challenges in South Africa, the need for effective leadership development is evident (April and April, 2007; Denton and Vloeberghs, 2003; Finestone and Snyman, 2005).

Since there is limited research on the process of personal leadership development (Mc Dermott, Kidney and Flood, 2011) and considering that most studies in leadership development focus their efforts on programmes of less than one day (Avolio and Chan, 2008) with limited understanding on the process of leadership development (Murphy and Johnson, 2011), there is a need for more research to
understand the long-term process of leadership development (Day and Sin, 2011, p.545). Furthermore, most studies on leadership development focus on managers and executives in later life, ignoring development in youth and adolescence (Murphy and Johnson, 2011).

Given the prominence of Servant Leadership and the need to understand the longer-term process of leadership development amongst young adults, the question could be posed as to how Servant Leadership could be developed? In this paper a grounded theory study was conducted to understand how a philosophy and practice of leadership develop amongst young adults who had attended Hilton College, a private, boys-only boarding school in KwaZulu-Natal, South Africa, where they had been exposed to a Servant Leadership development programme.

Hilton College’s location is the Midlands of KwaZulu-Natal, South Africa. For more than a century, Hilton College had embraced a traditional prefect system, with a few selected senior students appointed to leadership positions (Nicholson, 2008). The limitations of the prefect system indicated that it was divisive and exclusive, offering leadership experiences only to a select few (Nicholson, 2008). In 2000, a Servant Leadership development programme was introduced, in response to societal changes and the need for a leadership development programme that would enable all students to develop their own leadership potential (Nicholson, 2008). Hilton College’s understanding of leadership developed beyond the single leader perspective, to include all senior students in sharing the responsibility of leading the school and setting the tone of Servant Leadership (Nicholson, 2008).

Consequently, the purpose of this paper is to report some of the insights gained from the research on the development of a philosophy and practice of Servant Leadership, focusing particularly on the role of service. Consistent with grounded theory’s approach to the literature (Strauss and Corbin, 1990), an overview of Servant Leadership and leadership development are presented next, as an introduction to the literature that initially guided the investigation. The literature on service is discussed within the discussion section, as its significance to the study only emerged during the analysis of the data, and as such served to illuminate the findings (Fouche and Delport, 2002; Strauss and Corbin, 1990).

**Servant Leadership**

Servant Leadership is increasingly being promoted as an effective approach to leadership, with some proponents arguing that leaders need to serve something beyond themselves. Modern Servant Leadership theory owes its origins to Greenleaf (1977) who proposed a new leadership paradigm in contrast to the ‘leader’ centred focus, which has tended to adopt a command-and-control approach. Laub (2004, p.8) defines Servant Leadership as “an understanding and practice of leadership that places the good of those led over the self-interest of the leader…. and the sharing of power and status for the common good…”. Birkenmeier, Carson and Carson, (2003, p.375) declare that, “servant leaders transcend personal self-interest and aspire to fulfil the physical, spiritual and emotional needs of others”.

The term “servant” originated from the Greek verb *diakonein*, which means “to serve”, and several authors recognise service as a key characteristic of Servant Leadership. According to Spencer (2007, p.2), the word “servant” implies an approach to leadership that supports the moral and ethical empowerment of others, which is an important ingredient of becoming a servant leader. Crippen (2005) stated that, the implications of Greenleaf’s conceptualisation of Servant Leadership is that “leadership without service is less substantial, more ego-driven and selfish, instead of being community centred, altruistic and empathetic”. Servant Leadership is therefore not a model of leadership that is self-serving, manipulative, short-sighted or power-oriented, but is motivated by the underlying principles of service (Northouse, 2007).

**Leadership Development**

Day and Antonakis (2012, p.108) claim that the literature on leadership development is a “collection of disparate best practices”. There is no agreed theory or conceptual framework in the literature for leader development (Avolio and Hannah, 2008) and relatively little is known about how to develop leadership in general or Servant Leadership in particular. What is becoming more evident is that leadership development needs to be recognised as a long-term process and not as an event.
According to van Velsor, McCauley and Ruderman (2010) leadership development is on-going and part of the overall development of an individual. Consequently, leaders may have developmental experiences well before reaching management positions (Murphy and Johnson, 2011).

Not only is leadership development to be viewed as a process, but in addition, both the efficiency and ethical dimensions of leadership development need attention (Kellerman, 2012). Popper and Mayselless (2007) argue that leadership development needs to shape not only a capacity to lead but also the motivation to lead. The motivation to lead can be understood in terms of Howell’s (2003) distinction between personalised and socialised leadership or respectively, exercising negative leadership for self-gain versus exercising leadership to contribute to moral and social causes. Quatro, Waldman and Galvin (2007) state, the moral and social development of leadership involves developing deeply held values and standards such as integrity, justice and maintaining societal good.

Research Method/ Approach

A grounded theory study was conducted, investigating the development of a philosophy and practice of leadership amongst young adults who had attended Hilton College, a private, boys-only boarding school in KwaZulu-Natal, South Africa, where they had been exposed to a Servant Leadership development programme. The investigation also probed the development of their leadership after leaving Hilton College, considering their leadership development at university and in the workplace.

The grounded theory method followed the conventions of Strauss and Corbin (1990) and relied upon a collection of incidents collated during interviews with students, teachers, housemasters, the headmaster and the Hiltonian Society Board members. In total thirty-six interviews were conducted over a period of four years in South Africa, the United Kingdom and Kenya.

In keeping with the grounded theory procedure (Strauss and Corbin, 1990), open, axial and theoretical coding was conducted. It was during this analysis that the role of service in leadership development became apparent. That is, in developing the category of “leadership philosophy” the coding of data revealed events related to service and serving that shaped service intent. It was further reported that the core of Servant Leadership, as identified by the respondents, was service, and that engaging in community service projects was seen to be instrumental to the development of leadership. The focus of this paper is therefore to report on this aspect of the larger study.

Findings

The Leadership Programme at Hilton College

At school, all the boys participated in the leadership development programme. The programme included classroom-based activities, structured leadership experiences, feedback and mentoring. In Grade 10, each student was required to do twenty-five hours of community service projects per term. The opportunity to experience and practice leadership culminated in Grade 12 with each student being assigned a leadership portfolio. These leadership portfolios included community service projects and different duties in the boarding house. The participants were involved with community service in underprivileged communities in a range of areas including education, health and financial support. Considering the need for transformation in South African society, the purpose of this community service was for the participants to work with others in various communities to solve, or contribute to resolving social issues, and thereby to create a more just and equal society. The Headmaster of the School reported that through serving the community, both moral values and leadership skills were developed (Nicholson, 2008).

One example of a typical leadership experience that involved community service was the Easter Fun Day Community Service Project that one of the hostels, Churchill House, hosted every year for the “Valley community”. The “Valley community” was comprised of the families of support staff who worked for Hilton College and the farm workers who work on the estate. This was a project that involved the whole House in contributing time and talents to a worthwhile cause, in which under-privileged children were given a fun day with jumping castles, fun activities, football matches and clowns. Easter eggs collected from the Hilton College community were also distributed to the children.
Service at University

The findings indicated that years after leaving the school, the boys still adhered to a servant leadership approach and had maintained their involvement in community service. In some environments, such as Rhodes University, this was increasingly being encouraged. The Dean of Students at Rhodes University explained that in the wake of South Africa’s first democratic elections in 1994, the spotlight had fallen increasingly on the role of service in South African universities, as an overarching strategy in the transformation of universities to function as genuinely civic, socially and morally engaged institutions, and that the development of the whole person was encouraged through the concept of service. The White Paper on the Transformation of Higher Education (Department of Education, 1997) which sets out the vision for universities also refers to community service as an integral and core part of higher education in South Africa.

Despite this growing emphasis on service at university, community engagement is still in an emergent state. Respondents therefore indicated that rather than meeting a university requirement, personal initiative was needed to serve other people. As illustrated in Table 1, many of the respondents became involved in community service projects at university that were like the type of service that they had been providing at Hilton College. The goal of service was a humanitarian concern for the improvement of people’s lives, specifically fellow students and disadvantaged communities. The goal of leadership, from the students’ perspective, was the betterment of people within a context of care and community wellbeing. Therefore, as students, in the respondents’ minds, service was equated with leadership. It seemed that servant leadership had been internalised as a preferred approach to leadership, and by implication, that the beginning of leadership was to serve others.

Table 1: Comparison of community service projects between school and university

<table>
<thead>
<tr>
<th>Hilton College</th>
<th>University</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charity fundraiser for outreach project.</td>
<td>Fund raising in support of church missionaries in Zambia.</td>
</tr>
<tr>
<td>Mentor of junior students.</td>
<td>Started several projects in Malawi and Lesotho involving environmental protection during university vacations.</td>
</tr>
<tr>
<td>Head of boarding house.</td>
<td></td>
</tr>
<tr>
<td>Started school garden projects in disadvantaged schools in the Midlands.</td>
<td></td>
</tr>
<tr>
<td>First aid for sports matches.</td>
<td>First aid for sports matches.</td>
</tr>
<tr>
<td>Charity fund raiser for outreach project.</td>
<td>Tutor in sociology, class representative and tutor for students struggling to adapt to university.</td>
</tr>
<tr>
<td>Mentor of junior students.</td>
<td></td>
</tr>
<tr>
<td>Head of society.</td>
<td>Class representative.</td>
</tr>
<tr>
<td>Charity fundraiser for outreach project.</td>
<td></td>
</tr>
<tr>
<td>Computer teaching with The Vula programme.</td>
<td>Teaching sport to township kids i.e. cricket and fund raising for equipment.</td>
</tr>
<tr>
<td>First aid for sports matches.</td>
<td>Street children project, teaching computer skills.</td>
</tr>
<tr>
<td>Charity fundraising for garden projects.</td>
<td>Development of an AIDS awareness poster for the SRC.</td>
</tr>
<tr>
<td>Development of an AIDS awareness poster for the SRC.</td>
<td>Placing a vegetable garden at hall of residence and donating them to township residents to reduce malnutrition.</td>
</tr>
<tr>
<td>By donating meals not eaten in the residence dining room, he ran a campaign to raise awareness of poverty in townships.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researchers’ own construction

Service after university

Many respondents reported that there was little formal opportunity provided by employers to serve the community during working hours. The concept of service after graduating from university had two dimensions. Firstly, they had developed a general disposition towards others of being approachable and helpful. The dimension of working with others in different roles within the College and at university
had developed the participants’ ability to work with others and to gain self-confidence. Involvement in service projects gave participants further experience in leading very complex and demanding activities, such as working with street children who were a challenge in terms of the social issues they faced. Other participants found that their involvement in service projects had given them a greater understanding of how to work with different people of different ages, gender, religions and languages. The ability to help others with personal issues or just to being a friend when needed was further developed, since the participants had become more empathetic and compassionate.

The second dimension was engaging in community service. The opportunity for service typically took place outside of the organisation. For example, one respondent started a farming project with the local community, to address the malevolent problem of malnourishment among the women and children, through better farming practices that were applied to growing food. Another started a project to develop low cost houses with a design that he had developed at university. In another case, the respondent worked as a coffee merchant and, outside of work, volunteered with a Swiss organisation to co-ordinate local coffee growers who were residing in rural communities in Africa. The purpose of this project was to encourage the coffee growers to switch to organic growing methods as opposed to existing farming methods that made use of synthetic fertilizers and herbicides. A certain percentage of the sales revenue from the organic coffee was used to uplift these rural communities. Respondents noted that service projects are more complex and difficult to manage while they were also working full time, and therefore demanded greater commitment, initiative and creativity.

Leadership Philosophy and Practice

A component of the leadership philosophy that respondents typically articulated was an attitude of service. This underpinned their motive to lead. Individuals typically saw their role in the community as “serving first”. This is closely linked to a high degree of concern for others and readiness to serve. Since individuals see their role as serving, they tend to be compassionate and spontaneous in serving others. They were responsive to the needs of others and sincere.

Discussion

In this study, it was noted that a key factor shaping the development and on-going practice of servant leadership was having had the opportunity to serve others while at school, and then seeking out service opportunities thereafter, both during tertiary education and working life. After school, most of the respondents continued to seek out opportunities to serve others, even when the institution did not actively provide such opportunities or actively encourage community service. Furthermore, exercising service as part of the leadership programme at Hilton College had already shaped the development of a philosophy and practice of servant leadership that was characterised by an attitude of service, evident in a concern for others and a readiness to serve. Corresponding service behaviour displayed was a responsiveness to the needs of others, and sincerity.

A key element that characterised the leadership philosophy and practice of the respondents was service. They also believed that the start of leadership was service. This is also one of the defining characteristics of servant leadership (Hale and Fields, 2007; van Dierendonck, 2011), which was the leadership approach that underpinned the Hilton College leadership development programme. Ebener and O’Connell (2010) and Parris and Peachey (2012) highlight the relationship between Servant Leadership and service.

Parris and Peachey (2012) suggest that Servant Leadership enhances volunteer motivation and Ebener and O’Connell (2010) suggest that the presence of servant leaders and acts of service foster the development of Servant Leadership in followers. According to Rennaker (2005), Greenleaf (1977) noted that reproducing service learning in followers is the true test of Servant Leadership. Servant Leadership focuses on how leadership can be used to build a more caring and just society, and it is not who you are but what you do (Nye, 2008, p.19). Jaworski (1996, p.59) believes that:

“Greenleaf takes a fundamental stand and sets forth a framework through which we can understand the underlying dynamics of leadership. The essence of leadership … is the desire to serve one another and to serve something beyond ourselves, a higher purpose”.

"Greenleaf takes a fundamental stand and sets forth a framework through which we can understand the underlying dynamics of leadership. The essence of leadership … is the desire to serve one another and to serve something beyond ourselves, a higher purpose".
Furthermore, it was apparent in this research that being provided with the opportunity to serve while at the College was critical to the development of Servant Leadership. In the light of concerns about leadership programmes having the potential to develop the wrong kind of leadership, it is not surprising that service, or community oriented elements are increasingly being incorporated into leadership development initiatives (Brown, 2007; Gibson and Pason, 2003; Karim, 2003; Morrison, 2003; Pless, Maak and Stahl, 2011). Service is emphasised by several authors in the literature (Ehrhart, 2004; Hale and Fields, 2007; Patterson, 2003). Dannhauser (2007, p.133) describes service as “attending to someone’s needs, by helping and sharing”. Closely related to the concept of service is the idea of concern for others. Barbuto and Wheeler (2006, p.300), identified altruistic calling (concern for others) as “a leader’s desire to make a difference in the lives of others”.

It is also evident in this study that being given the opportunity to serve others while still at school had a substantial impact on the formation of the respondents’ leadership practice and philosophy. Eyler and Giles (1999, p.44) suggest that service projects have a significant impact on developing the capacity to lead and Yip, Liu and Nadel (2006) believe that service provides an excellent context for youth leadership development. Yip et al. (2006:12) claim that, “leadership through service is a means by which young people can develop identities and be connected to immediate concerns”. They maintain that developing the capacity to act through service, and assuming responsibility for addressing society’s problems are distinguishing elements of the development process. Greenleaf (2002, p.203) strongly suggests that “institutions of higher learning prepare students to serve…. by carrying out responsible roles in society and that they have the desire to grow and learn”.

Research by Stewart (2012) concluded that community service amongst groups with disabilities resulted in an increase in altruistic calling which in turn leads to an increase in civic engagement, knowledge and awareness of societal issues. Altruistic calling is described as, “a leader’s desire to make a difference in the lives of others” (Barbuto and Wheeler, 2006, p.300). Secondly it led to participants being more caring and respectful towards the groups they served. Finally, Stewart (2012) also noted that volunteer service with persons having disabilities challenged the students own comfort zones and helped to dissolve stereotypes. Astin and Sax (1998, p.255) found that students’ academic development, civic responsibility and life skills were enhanced by them participation in volunteer service during their undergraduate years.

Conclusion

This research has discovered that providing young men in their formative years with the opportunity to lead and to serve as part of the Hilton College leadership development programme inculcated a Servant Leadership philosophy and practice that endured for many years and in less supportive environments. The findings of this research have implications for the development of Servant Leadership. Firstly, development requires a holistic approach to the design of a leadership programme. The programme should integrate components such as classroom learning, leadership experiences, feedback and reflection, and of course, opportunities for service. It should also be noted that leadership development should not be seen as an event, but rather as a process that will take time.

Within the higher education environment in South Africa, the current emphasis on community engagement also needs to be viewed as an opportunity for leadership development. The White Paper on the Transformation of Higher Education (Department of Education, 1997) set out the vision for universities and referred to community service as an integral and core part of higher education in South Africa. The documents further states that, “one of the goals of higher education is to promote and develop social responsibility and awareness amongst students through community service programmes” (Department of Education, 1997). At present community service forms the basis for developing social transformation in higher education in South Africa and this should be extended to include developing leadership through service.

This research was based on an investigation of a successful leadership development intervention within one institution. Further research is required of programmes in other settings to see if the inclusion of a service component has a similar impact on the shaping of leadership, or not. In addition, further research is needed to understand at the individual level, what the cognitive, learning and other process are that are shaping the formation of a leadership philosophy and practice.
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Reputational risk – today’s imperative

Arif Zaman

Recent years have seen an increased attention by a range of stakeholders including regulators, investors, customers and employees on both reputation and risk. Major headlines about massive data breaches, large-scale product recalls, mysterious plane crashes, and aggressive government investigations have raised concerns about corporate reputation and brand damage. In the "Panama Papers", the biggest leak in history, 370 journalists from 70 different countries worked in an unprecedented scale of cooperation of investigative journalism in conditions of tight secrecy for six months, highlighting the new norm of collaboration amongst usually fiercely competitive organisations in the pursuit of greater transparency and accountability. These recent events have prompted another consider the subject of reputation risk and its management. This exploratory paper provides some fresh insights on reputational risk, highlighting key drivers and dimensions of both reputation and risk. Some managerial, practical/ policy, and research implications are also provided.

Keywords – Reputational risk, crisis management, viewpoint

Introduction

To understand the importance of reputational risk, we first need to consider the two concepts of reputation and risk, and how they are related. Recent years have seen an increased attention by a range of stakeholders including regulators, investors, customers and employees on both reputation and risk. In tandem with this there has been a fresh focus on reputational risk which clearly relates to both reputation and risk but has a specific set of drivers and dimensions.

Increasing numbers of mentions of reputational risk on the Internet, the establishment of Reputation Research Centres following the lead of Henley Business School, conferences, publications and references by opinion leaders, and the interest of large and niche management consultants have all contributed to this rise in interest.

In the last decade, there have also been advances in thinking and awareness in key areas that influence and impact reputational risk, such as behavioural finance, governance, trust, social psychology, consumer behaviour, the psychological contract with employees, diversity, and community development in both established and emerging market contexts.

The risk challenges addressed by reputational risk are unique for several reasons. Reputational risk relates to tangible and intangible dimensions in terms of both its origins and effects. Moreover, much of the current material on reputation still tends to concentrate primarily on 'reputation management'. Too often this is completely synonymous with two areas that have negative connotations, and a reputational downside being more about value destruction rather than value creation – i.e. ‘crisis management’ and ‘loss prevention’. Reputational upside means that reputation risk can also be seen in terms of opportunities to be seized and value to be created. Innovative companies view risk through the lens of opportunity rather than just internal controls and compliance, i.e. they see risk as both upside and downside, as an opportunity platform, as well as a safety net. Implicit in this is moving from a reactive to a more proactive approach to risk management. In fact, the biggest reputational risk that a company may face is to deny that it has one.

Current approaches to reputation are neither ‘strategic’ nor ‘integrated’. Often there is a superficial and weak understanding of either reputation or risk (and often both). There are two reasons for this, one

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obvious, the other less so. The use of both terms by so many people across functions and disciplines, and the way in which the meaning of language changes over time.²

The consequences of the September 11 attacks in the US in 2001, the disruption to conventional weather patterns from climate change across all continents (highlighting the political/safety aspects of risk) and a wave of high-profile scandals including in finance, sport, amongst car manufacturers and oil companies and – in the UK at least but also beyond – by politicians, charities, media and the police have all served to highlight the fragility of reputation when trust is lost and show how events can give lead to new twists on familiar words. Since 2014 a long list of well-known companies has seen their reputations tarnished by unexpected incidents – product recalls, data breaches, offensive language on apparel and in customer communication, fraud investigations, money laundering charges, inappropriate remarks or behaviour by company executives and supply chain disruptions.

Major headlines about massive data breaches, large-scale product recalls, mysterious plane crashes, and aggressive government investigations have raised concerns about corporate reputation and brand damage. In the “Panama Papers”, the biggest leak in history, 370 journalists from 70 different countries worked in an unprecedented scale of cooperation of investigative journalism in conditions of tight secrecy for six months, highlighting the new norm of collaboration amongst usually fiercely competitive organizations in the pursuit of greater transparency and accountability.

Without a general and consensual agreement, as to what constitutes reputational risk, its key drivers and dimensions would be even harder to pinpoint and these are bound to have dire implications in the management of organisations as well as the attendant policy implications of these. Consequently, this exploratory paper provides some fresh insights on reputational risk, highlighting key drivers and dimensions of both reputation and risk. Some managerial, practical/policy, and research implications are also provided.

Literature Review

Reputational risk is also too often used in far too narrow a context to refer to corporate social responsibility, and while community perceptions of corporate impact are important, reputational risk needs to be understood as an outcome of relationships with key stakeholders including customers, investors and employees. Reputation risk is diminished when corporate culture and strategy are closely aligned, but it is heightened when they are divergent (Dowling, 2006).

The decline of loyalty in organizations may be the irreversible consequence of globalization, the growth of market-based economies, and the dynamics of creative destruction and innovation. However, what happens when trust is lost and reputational risk is crystallized? For reputational risk, trust is the degree of confidence you have that another party can be relied on to fulfill commitments, be fair, be transparent, and not take advantage of your vulnerability (Hurley, 2011).

The unique challenge of reputational risk is also evident in the development of what has been termed as ‘place branding’ in applying to cities. This was well illustrated by Delhi’s disastrous Commonwealth Games in 2010 (Comptroller and Auditor General of India, 2011) which probably put back its aspirations to host the Olympics by at least a couple of decades. This contrasts with Glasgow in 2014 (Glasgow Commonwealth Games Post-Games Report, 2014), watched by 1.5 billion people worldwide, which reinvigorated the Commonwealth and not just the brands of the Commonwealth Games or of Glasgow.

All of this is made more challenging given the increasing recognition that context matters. For children that remember seeing two aircraft deliberately piloted into the World Trade Centre, or whose lives growing up were influenced by the heightened security awareness post 7/7 in London 2005, the Mumbai Taj Hotel attacks in 2007 or the Westgate Shopping Centre attacks in 2013 in Nairobi, their lived reality is different from all previous generations for which current data sets are simply significantly inadequate. To this can be added the loss of trust in so many leading corporate brands and institutions since the Global Financial Crisis of 2007–08 and the accelerating impact of technology, which was well

put by PM Modi of India when he visited the HQ of Facebook in 2015 when he said ‘We used to have elections every five years and now we can have them every five minutes’ (Yahoo, 2015).

However, two recent research reports provide some early indicators. A 2014 report from RBC (meaning?) in an ethnically diverse Canada highlights a dramatic shift in attitudes, behaviours and beliefs as teens get older. Youth aged 18 to 21 are less happy, less optimistic, less excited about their future, and less likely to say their life has meaning and that they can achieve anything they want. The frequency of negative feelings increases among the 18 to 21-year-old cohort who are more likely to feel stressed, worried and frustrated (RBC, 2014).

A 2015 report from Standard Life Investments suggests that young adults use shared knowledge to become better consumers who demand more from companies and who are making purchasing decisions in a different way. They buy less because of old-style brand values and are more likely to choose products or services from firms that have values or ethics they sympathize with. Seismic political shifts since 2014 in diverse locations including India, Canada, Guyana and Nigeria where young populations, technology and heightened stakeholder expectations all influenced electoral outcomes show what reputational risk amongst concerned citizens can achieve.

All this needs to be set against the backdrop of a changed and changing context for risk management as it applies to reputational risk. Key here is a 2012 Harvard Business Review report on how companies are doing in risk management (Harvard Business Review Global Survey, 2012). This highlighted that risk management needs to have a clear ‘owner’ to be effective; risk management and corporate goals must be integrated; companies must manage risk proactively; companies must look deeper and wider to determine what their most serious risks will be in the long run; and companies must break down silos and managerial bottlenecks (Tett, 2015). This has helped to focus on areas such as the ‘3 As’ of risk – risk appetite, risk attitude and risk aptitude –as well as the core areas of governance risk which are building blocks of addressing reputational risk in the 21st century (Alam, 2012).

What is reputational risk management?

Generic risk management is the identification, assessment, and prioritization of risks (defined in ISO 31000 as the effect of uncertainty on objectives) followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities (see Hubbard, 2009).

Reputational risk differs from ‘generic’ risk management in three key respects:

1. It affects individuals, organizations, business areas, cities and countries.
2. It relates to emotions (feelings), thoughts (attitudes) and actions (behaviours).
3. History, including recent history, matters and can still shape perception.

Reputational risk needs to be understood as arising out of a tension between what affects key stakeholders (the drivers of business relationships) and what matters to key stakeholders (what they want). It is manifested through the relationship of risk with business and value drivers. If stakeholder interests are effectively navigated and managed, this can lead to companies crossing the trust threshold where reputational risk becomes reputational opportunity.

Three things determine the extent to which a company is exposed to reputational risk. The first is whether its reputation exceeds its true character. The second is how much external beliefs and expectations change, which can widen or (less likely) narrow this gap. The third is the quality of internal coordination, which also can affect the gap (Eccles et al., 2007).

Effectively managing reputational risk begins with recognizing that reputation is about perception. A company’s overall reputation is a function of its reputation among its various stakeholders (investors, customers, suppliers, employees, regulators, politicians, non-governmental organizations, the communities in which the firm operates) in specific categories (product quality, corporate governance,
employee relations, customer service, intellectual capital, financial performance, handling of environmental and social issues). A strong positive reputation among stakeholders across multiple categories will result in a strong positive reputation for the company overall.

When the reputation of a company is more positive than its underlying reality, this gap poses a substantial risk. Eventually, the failure of a firm to live up to its reputation will be revealed, and that reputation will decline until it more closely matches the reality. To bridge reputation-reality gaps, a company must either improve its ability to meet expectations or reduce expectations by promising less. The problem is often that managers may resort to short-term manipulations.

The changing beliefs and expectations of stakeholders are another major determinant of reputational risk. When expectations are shifting and the company’s character stays the same, the reputation reality gap widens and risks increase. Sometimes norms evolve over time, as did the now widespread expectation in most developed countries that companies should pollute minimally (if at all). A change in the behaviour or policies of a leading company can cause stakeholders’ expectations to shift quite rapidly, which can imperil the reputations of firms that adhere to old standards.

Another major source of reputational risk is poor coordination of the decisions made by different business units and functions. If one group creates expectations that another group fails to meet, the company’s reputation can suffer. Poor internal coordination also inhibits a company’s ability to identify changing beliefs and expectations. In virtually all well-run organizations, individual functional groups not only have their fingers on the pulses of various stakeholders but are also actively trying to manage their expectations. Such functional groups include the following:

- Investor Relations (with varying degrees of input from the CFO and the CEO) attempts to ascertain and influence the expectations of analysts and investors;
- Marketing surveys customers;
- Advertising buys ads that shape expectations;
- HR surveys employees;
- Corporate Communications monitors the media and conveys the company’s messages;
- Corporate Social Responsibility engages with NGOs;
- Corporate Affairs monitors new and pending laws and regulations.

These actions are important to understanding and managing reputational risks including their source and interdependence. However, more often than not, these groups do a patchy or poor job of sharing information or coordination their plans. Coordination is often poor because the CEO has not assigned this responsibility to a specific person.

**What is risk in this context?**

Most companies do an inadequate job of managing their reputations in general and the risks to their reputations in particular. They tend to focus their energies on handling the threats to their reputations that have already surfaced. This is not risk management; it is crisis management – a reactive approach whose purpose is to limit the damage (Eccles, Newquist and Schatz, 2007). Too often reputational risk is confused with crisis management. More accurately, reputational risk management enables successful crisis management.

Crisis management is about short-term execution, a lack of clarity as to how the issues will affect the company’s reputation, a lack of control over the issue, and is driven by the media. Reputational risk management is about long-term planning, anticipating what will hurt the company's reputation the most, identifying which reputation attributes should be addressed to mitigate the issue, and the ability to manage the issue.

It is more helpful to see reputational risk as an overlap with reputation management but with its distinct aspects being more about start-of-the-pipe than end-of-the-pipe solutions, as shown in the Figure 1. On one level, reputational risk equates to the risk of reputational failure. A reputation risk which crystallizes is a (negative) event that will impact stakeholders’ perception of the company. The objective of
developing a reputational risk strategy is to provide an organization with the capability to prevent the risks from crystallizing.

Reputational risk is most relevant, in a commercial context, when it potentially impairs current or prospective earnings arising from the non-delivery of the ‘promise’. Even where there is no direct financial impact (e.g. in a public sector or not-for-profit organization), the crystallization of reputational risk increases the transaction costs of doing business, because of the time, energy and cost involved in restoring trust and confidence among stakeholders.

Figure 1: Reputational risk and reputation management

![Diagram of reputational risk and reputation management]

Source: Developed by Author

It can be defined as the comparison that key stakeholders make between how a company or its employees are expected to behave and how they actually behave. The key point here is that it can be positive as well as negative, and that practical measures and action strategies aim at performance management as well as perception management. Its sources lie in trust and key stakeholder relationships. Reputational risk needs to be understood above all else in relation to an organization’s key stakeholders (customers/consumers, employees and shareholders).

Customers/ consumers

If companies focus excessively on satisfaction, they run the risk of not understanding why customers feel drawn to return or the emotional meaning of the service experience to them. Moreover, if customer service staff rely on customers to report when they have experienced negative emotional reactions, service providers run the risk of missing subtle emotional communications that may not be expressed verbally.

There are several common misconceptions about customers as stakeholders:

- ‘Customer satisfaction influences business performance’—this only tells part of the story. Market-perceived relative quality is correlated with profitability. The term ‘market’ encompasses more than just customers; it includes all potential sources of revenue—customers, competitors’ customers and nonusers. ‘Perceived’ means quality as defined and judged by the customer, not by marketing planners or consultants. ‘Relative’ means quality as compared to the competition, a key differential in the firm’s ability to attract and keep customers. ‘Quality’ in this context means exceeding customer expectations.
‘Customer satisfaction means doing whatever it takes to keep customers happy regardless of the cost’—the ability to establish, maintain and build customer relationships depends on the perceived value of the offering. Moreover, customer budgets that are overshot in the first quarter do not provide the means to deliver customer value in the final quarter.

‘Customer satisfaction leads to customer loyalty’—customer loyalty is best understood as a pattern of behaviour. It is the likelihood of staying with the main (i.e. most often used) service provider rather than switching to a realistic alternative.

The primary drivers of loyalty in commoditized sectors are often expressed in comments like, ‘I tend to use the same shop/ bank/ airline/ computer manufacturer without really thinking about it’ or, ‘I can’t be bothered spending time choosing between what different companies offer’. This does not build reputation. Drivers like ‘I tend to stick with products/ services I know and trust’ minimizes the reputational risk and builds reputation.

Secondary drivers may relate to convenience and choice where customers find it difficult to know the differences between what companies offer.

Consumers are also becoming more aware and active on a wide range of environmental, social and ethical issues. Concerns about the ethical working practices of businesses are having a significant effect on purchasing decisions around the world and the company’s ethical approach must be in step with those of its valued customers. This is no substitute for a company being clear what it stands for and reputational risks can grow when gaps develop unchecked between how a company behaves in the minds of its customers and how it is expected to behave.

**Employees**

There is a close link between internal and external reputation. This reflects the relationship between organizational and corporate identity that has been referred to earlier. Employees’ images of the reputation of the company represents an intangible asset for the company which needs to be nurtured if performance is to be maximized. This is the ‘employer brand equity’ in the minds of its employees, just as the awareness of, attitudes and behaviours towards a product brand such as Shell is the brand equity of Shell.

Employees’ perceptions of the organization build up over a sustained period. Even so, business history’s value as a tool for management development is often overlooked. It can be an extremely useful resource in a world where the labour market is becoming more flexible and many companies turn over their entire workforce in a regular cycle.

Moreover, corporate history can help us to learn from past successes and failures and avoid re-inventing the wheel. Organizational memory and corporate amnesia matter to companies and affect employee perceptions and behaviour.

Internal reputational risks increase when a focus on talent leads to a mindset which devises policies around individuals at the expense of teams and organizational systems. The ‘war for talent’ is to some extent a distraction from companies’ real task of devising cultures and management styles that fully maximize human and intellectual capital, not just the skills and knowledge of an elite cadre.

**Shareholders**

Reputational risk in financial markets is driven in large part by market sentiment. There is, however, seldom any analysis of what market sentiment is, even less how it operates. Essentially market sentiment is a way of describing the central mood that drives individual share prices, sectors and the equity market. It is an emotional reaction to a piece of corporate or other stock market-related news. It can affect individual companies and sectors (for example, airlines after 9/11) and can continue for
weeks or even months. Sentiment is a residual—the element in a share price that cannot be explained by reference to the fundamentals.

The best way to view market sentiment is as a pair of spectacles that enable the market to view any announcement as always bad news or always good news. Thus, a company with a positive backing, a good feeling to it, a positive response, and a positive branding image within the City, can come out with the same news item as a company with a weak corporate branding. Handling it well against handling it badly can see a share price increase 10 per cent instead of falling 30 per cent. What this means is the market either views one item of news as the glass being half full or as being half empty. An example would be current market conditions where, due to economic and geopolitical uncertainty, the market views everything as a glass half empty because it has bad news about the economy and the whole of the market. This can increase reputational risk for a particular company or sector.

This is made worse where there is the slightest doubt about a company’s credibility, honesty, or the opacity of its accounts (such as with Tesco and Shell in recent years), and where even minor items hidden away can trigger more negative feeling towards a company or sector. This may relate to subsidiaries, franchises, finance leases—anything that will affect the company’s reputation when people look at that side. If confidence is shaken, rumours will go round the City rapidly and people will not take the risk of buying after a profits warning, even if the stock is cheap. The value of the company will then sink further and further and eventually may even disappear or be taken over. Thus, market sentiment is important to manage to give each company a cushion against the fact that there will be unexpected bad news somewhere along the line.

A positive sentiment can often be viewed if the sector or company is perceived as well run—when analysts do not have doubts about it or questions about the honesty of the management. The attitude in the City is: ‘So what if they’ve had a profits warning, I’ll buy after the profits warning’ and so it is the life jacket that enables the company to come up again and survive. This can increase reputational opportunity.

If everyone in the market knows the consensus estimate—the one the companies have helped develop and fully expect to beat, if only marginally—they also know that the quarterly earnings report will offer little or no valuable information unless it is negative. The focus then turns to estimating how much the company’s estimate will exceed the consensus estimate. This process is accelerated by the Internet, which has led to a proliferation of gossip and news easily available to everybody. The impacts of reputational risk can be financial, political, economic or social. The best responses are to anchor these in corporate governance, not marketing/PR.

How can reputational risk be managed?

Too often reputational risk does not receive the priority and attention it needs by organizations as a distinct area of focus and is subsumed amongst other risks at best or ignored at worst. If there is any reporting undertaken, again it is not about questions or doubts about the honesty of the management. The focus then turns to estimating how much the company’s estimate will exceed the consensus estimate. This process is accelerated by the Internet, which has led to a proliferation of gossip and news easily available to everybody. The impacts of reputational risk can be financial, political, economic or social. The best responses are to anchor these in corporate governance, not marketing/PR.

There are three key areas where reputational risk can be managed. First, it is important to make reputational risk management a top organizational priority. This involves chair and board buy-in as well as CEO and top executive support. It includes a dedicated resource—both personnel and financial—and the establishment and development of a cross-functional reputational risk team.

Second, there is a need to develop a structured system for reputational risk evaluation/reporting. An easy-to-use reporting tool should be developed (providing description, prioritization, evaluation) and

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this should be incorporated into existing planning and response work. Aggregate output should be used to focus risk planning/management meetings.

Third, and crucially, key reputational risks must be proactively managed. This requires understanding the changing global, regional and national context and mapping key risks, focusing on arrows and boxes or linkages and effects. Action plans should be developed around key risks and there must be top management sign-off on key risk and action plans. The risk register – which seldom mentions reputational risk explicitly – should be strengthened and reviewed and there should be a focus on net rather than gross risk. The company must actively work both in terms of its corporate reality and reputation to mitigate risks.

As corporate reporting requirements increase on drivers and dynamics of reputational risk, it is also necessary to perfect the disclosure strategy. Eccles et al. (2007) recommend a five-step process:

1. Assess your company’s reputation among key stakeholders (such as investors and customers) in specific categories (such as financial performance and product quality).
2. Evaluate the firm’s actual performance on those categories.
3. Close gaps by enhancing performance in weak categories or managing expectations by promising less.
4. Monitor changes in stakeholder expectations (for instance ask if some previously acceptable business practices have fallen out of favour with specific stakeholders).
5. Put one person in charge of managing reputational risk.

**How can Boards approach reputational risk management?**

Boards should ensure that they have structures to provide them with reliable information about reputation and risks to it. Traditional ‘bottom-up’ risk management approaches often fail to expose important risks to reputation. Poorly designed structures can have major blind spots.

A reputational risk map is a useful, sometimes critically important, tool. However, reputational risk should not be considered in isolation but as part of enterprise-wide risk management.

Investors see reputation as an important component of value. Boards should consider reporting more explicitly on reputational matters. This requires them to answer several questions in deciding their approach to managing risks to their company’s reputation, including:

1. How efficiently does the commonly-used specific risk-centric approach to risk analysis capture and give suitable prominence to reputational risks?
2. Would another approach, for example centred on reputational risk, be a useful complementary tool in identifying reputational risks more comprehensively?
3. Regarding reputational risks but not ignoring other risks, what are the advantages and disadvantages of current hierarchical structures used within companies to identify, analyse and report on risks? Do they have potential consequences not intended by boards? And might other arrangements be better?
4. At board level, what is the appropriate level of non-executive directors’ (NEDs) oversight of and involvement in dealing with reputational risks, and how might this best be structured? In particular, when might a risk committee be appropriate and how might the relationships between executives, NEDs, risk managers and internal auditors best be structured?
Conclusions and future trends

The pattern and profile of reputational risk will continue to grow in the short to medium term. The persistence and proliferation of examples where trust has been stretched to breaking point due to corporate misbehaviour in a range of sectors and contexts is leading to a sharper focus on reputational risk in corporate governance where it is now anchored (previously it was left to operational areas, typically limited to an extension of crisis management or confined to part of the organisation’s corporate social responsibility). This is manifested in board composition, more detail on structures and stress testing, as well as on risk communication and reporting.

Emerging markets provide an area where the nature and dynamics of reputational risk will require better understanding, and local knowledge will be crucial. In this respect the presence of local staff at senior levels is one way in which reputational risk is now being mitigated, especially as changes in emerging and frontier markets can take place at a much faster and more uncertain pace. The increasing interest by policy makers, as well as businesses both new and established in alternative financing arrangements such as microfinance (CSFI, 2014), crowdfunding (Miller, 2014), and Islamic Finance (Mirakhor and Askari, 2008) will provide a spotlight on reputational risk (including technology and cyber risk) in these largely undocumented areas.

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A Celebration of unsung Heroes in Football – A Spotlight on Russia’s Leonid Slutski

Nnamdi O. Madichie

This study explores the exploits of Leonid Slutski - CSKA Moscow manager and Manager of the Russian National Football Team. The study is expedient in the light of the European Cup or Euro 2016, where the Club versus Country management practices are unveiled and linked to the sports management literature. The study is based on a general review of managerial exploits and football team performance at both the club and country levels. Primarily the study is based on personal observations and a review of the secondary data sources. The study highlights the impact of football managers/coaches on team performance (Tranckle and Cushion, 2006; Madichie, 2009; Hughes et al., 2010; Kroning, 2010; Haskins, 2013; Turnbull, 2013; Rynne and Mallett, 2012, 2014) drawing upon case illustrations from “unsung heroes” which, by definition, include little celebrated managers such as Ronald Koeman (Southampton Football Club UK), Claudio Ranieri/ Nigel Pearson (Leicester Football Club, UK); and Christopher Patrick - aka “Chris” Coleman (former coach of Fulham, Coventry and now the Welsh National Football Team) to support the contention of the “unresolved question” of managerial sacks and team performance. The study is the first to explore managerial resilience from the Baltic context. It also provides a pioneering effort in exploring and celebrating management practices of football managers who are described as “unsung heroes” – with implications drawn from the exploits of Sir Alex Ferguson at Manchester United.

Keywords – Talent Management, Football club versus country, CSKA Moscow, Leonid Slutski

Introduction

Founded as Obshestvo Lyubiteley Lyzhnogo Sporta – Amateur Society of Skiing Sports (OLLS), CSKA Moscow has gone through five other name changes before settling for CSKA (Central Sports Club of the Army) Moscow in 1960. The club plays its home matches at the 18,630-capacity Arena Khimki and has been a major force in Russia for many decades having finished fourth in their debut Soviet Top League season in 1936. The club had also won the USSR Cup in 1945 and followed that up with league success a year later in 1946. Amongst its other achievements, CSKA Moscow was the first of five Soviet Top League titles in six years, winning the League and Cup double in 1948 and 1951 respectively. The club also claimed the championship again in 1970, earning them a first appearance as a Russian side in the European competition.

Although CSKA Moscow won the Soviet Top League in 1991, the team has struggled since the collapse of the USSR (Soviet Union) – it was not until 2003, under Valeri Gazzaev, that they finally won the Russian Premier-Liga. The club has claimed two more titles since, adding to five Russian Cups, but arguably their greatest achievement came in the UEFA Cup in 2005. CSKA Moscow became the first side from Russia to win a European title as they came from behind to beat Sporting Clube de Portugal 3-1 in the final in Lisbon.

Such success can be attributed to the management of the team and hence the need to explore the leadership traits of the man at the helm in the recent team success – Leonid Viktorovich Slutski – a Russian professional football coach and a former player (albeit with a short playing career) who took over the reins at CSKA Moscow on 26 October 2009. This study explores the “role of managerial attributions in shaping an understanding of talent management and the effectiveness of talent management systems within the emerging market context” (notably Russia). This is considered in the light of the article on mid-season change of 4 games before and 4 games after the manager’s sack. This study draws inspiration from Bruinshoofd and Ter Weel's (2003) 'Manager to go?' – as a theoretical backdrop for PFC Central Sport Club of the Army aka CSKA Moscow under the leadership of Leonid Slutski since 2009 to date.

A review of the literature is undertaken at two levels – first a review of talent management based on the whether it is in its infancy or adolescence (Thunnissen, Boselie and Fruytier, 2013a); the relevance of context (Thunnissen, Boselie and Fruytier 2013b); a rethink of the giftedness and talent in sport
Second, a review of team performance in sports – from the three-season comparison of match performances among elite youth rugby league players (Waldron et al., 2014), to understanding the work and learning of high performance coaches (Rynne and Mallett, 2012); coaches’ learning and sustainability in high performance sport (Rynne and Mallett, 2014); environmental contexts and culture change in a professional sports teams (Rynne, 2013); short-term versus long-term impact of football managers (Hughes et al., 2010); an econometric evaluation of the firing of a coach on team performance (Koning, 2000); and more importantly seven reasons for CSKA’s regeneration (Rogovitski, 2013).

Talent Management: A Conceptualisation

The literature on Talent Management (Al Ariss, Cascio, and Paauwe, 2014; Gallardo-Gallardo, Dries, and González-Cruz, 2013; Thunnissen, Boselie, Fruytier, 2013a; Garavan, Carbery and Rock, 2012; Lewis and Heckman, 2006) have highlighted the importance of the concept within organisations. While Lewis and Heckman (2006) undertook a critical review of the literature on talent management, Garavan, Carbery and Rock (2012) called for a mapping of talent development to fit the scope and architecture of organisations. Such mapping seems consistent with movement towards a pluralistic approach and the relevance of context (Thunnissen, Boselie, Fruytier, 2013b). It is in the light of this search for context that this study seeks to explore a sport organisation, CSKA Moscow, with a view to deriving a veritable approach to understanding how to grapple with the complexities within organisations (see Jacobson, 2010; Norman, 2014). Before delving into talent management in sport, however, it is only appropriate to get some clarification as to what the concept means in a general context (see Table 1 for an exploration of studies on this subject).

According to Schon and Ian (2009) “the global war for talent” has gathered momentum in the last decade, having witnessed global changes that intensified the competition in pooling talent internationally and thereby challenging aspects of organisational development. Similarly, Chambers et al. (1998; cited in Schon and Ian, 2009) proclaim that “better talent is worth fighting for” and McKinsey (2008) claimed that next 20 years would be very smart and demanding where technically literate and intellectually equipped people will be placed in driving seat of the subject matter. Citing McKinsey (2008), Khan, Ayub and Baloch (2013: 31) define talent as “the sum of a person’s abilities – his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive.” This definition also includes an individual’s ability to learn and grow. The global war for talent is also narrated by Richard et al. (2011) in their white paper for Development Dimensions International (DDI), which defined talent as a “mission critical process” that ensures organisations have the quantity and quality of people in place to meet their current and future business priorities (see also Michaels, Handfield and Axelrod, 2001).

Furthermore, the process covers all key aspects of an employee’s “life cycle,” selection, development, succession and performance management (see Richard et al., 2011). As these authors argue, there is a strong plea for better talent and better business performance where they revealed that high score in human capital posted higher stock market returns and better safety records (Richard et al., 2011).

Similarly, Khan, Ayub and Baloch (2013: 34) pointed out that “talent management is not a democracy,” claiming that the concept was based on the contention that companies had to focus on their potential talent, rather than behaving neutrally for all employees. According to them, “potential employee, if deployed accordingly and rewarded in sophisticated way then in result he or she would be adding remarkably in the value creation of organization” (Khan, Ayub and Baloch, 2013). Indeed, these authors specifically contended that:

Organisations must focus on the classification between talents; it should hunt the talent, carve their potentials, and use their potential appropriately on the basis of strong commitments and long term affiliation (Khan et al. 2013: 35)

With the passage of time, however, organizations must invest in it and provide all possible opportunities in the shape of trainings and developments and last but not the least, engage them in stretched assignments with justified compensations. Such practices definitely enhance the performance of
professionals and their readiness will definitely be sharpened. In his review of Davies and Davies book on talent Management in Education, Madichie (2015) opined that “the key emphasis here is on leadership and this is outlined in the “stages of leadership development” as illustrated in five key stages encompassing (i) trust, (ii) empowerment, (iii) collaboration, (iv) alignment, and (v) transformation…”

Table 1. Theoretical Framework (papers by year)

<table>
<thead>
<tr>
<th>Paper/ Year</th>
<th>Title</th>
<th>Publication</th>
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<tbody>
<tr>
<td>Tansley (2011)</td>
<td>What do we mean by the term &quot;talent&quot; in talent management?</td>
<td>Industrial and commercial training, 43(5), 266-274.</td>
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Citing previous research (Yeung, 2006; Ruppe, 2006; Dunn, 2006; Chugh and Bhatnagar, 2006; Lewis and Heckman, 2006; Lewis, 2005; Branham, 2005; Bennett and Bell, 2004), Beechler and Woodward (2009: 640) also argued that “trends for talent management, talent wars, talent raids and talent shortage, talent metrics retention and concerns for talent strategy are expressed in the literature, across various countries [including] China, India, and across Asia.” These authors (see Beechler and Woodward, 2009: 641) also pointed out that “various aspects of talent management are recruitment, selection, on-boarding, mentoring, performance management, career development, leadership development, replacement planning, career planning, recognition and reward.” According to them, “competition and the lack of availability of highly talented and skilled employees make finding and retaining talented employee’s major priorities for organizations.”
Table 1. Interpreting Haskin

<table>
<thead>
<tr>
<th>Verbatim</th>
<th>Reference</th>
<th>Key Message</th>
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<tbody>
<tr>
<td>“We can learn a lot about management from watching kids in action …”</td>
<td>Shellenbarger (1999).</td>
<td>Observe</td>
</tr>
<tr>
<td>“Stories [help us understand] one thing in terms of another [as we] apply a story from one domain to another”</td>
<td>Gargiulo (2002: 34, 100).</td>
<td>Stories or narratives</td>
</tr>
<tr>
<td>“…the merits of far-ranging non-business to business analogies in order to shine light on less visible, perhaps slightly contrarian, business principles.”</td>
<td>von Ghyczy (2003)</td>
<td>Extrapolation, transferability</td>
</tr>
<tr>
<td>Soccer is a “fitting metaphor […] for describing what business and leadership look like”</td>
<td>Jenkins (2005:19); Madichie (2009).</td>
<td>Fitting metaphor</td>
</tr>
<tr>
<td>“[…] everyone wants to discuss something new and sexy -- [we must not, however] leave the basics behind”</td>
<td>Whitehead, (2011:15).</td>
<td>Sticking to the basics</td>
</tr>
<tr>
<td>In a world where many make management “more complicated than it needs to be” …business leaders who execute best “know how to simplify things…”</td>
<td>Nottage (2004: 26)</td>
<td>Simplicity</td>
</tr>
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<td></td>
<td>Bossidy and Charan (2002: 70)</td>
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In order to attract and retain the best talent anywhere in the world, an organization must have a strong and positive employer brand (Brewster et al., 2005). Talent has become the key differentiator for human capital management and for leveraging competitive advantage. Further, Pfeffer and Sutton (2006) reflect that the typical HRM/talent mindset, which looks at performance results as an opportunity for an “assessment” of ability, leads to lower performance and unhappy staff who do not fulfil their potential and thus would reflect low talent engagement – an area which needs a special research focus (see Fombrum, 2006). Silvanto and Ryan (2014 : 102) also recently argued that “the global migration and movement of talent plays an important role in the economic growth and competitiveness of many nations.”

**Talent management in sports**

In their paper “Manager to go?” Bruinshoofd and Ter Weel (2003) examine whether the forced resignation of managers of Dutch football teams leads to an improvement in the results and reached the conclusion that “conclude from this that sacking a manager seems to be neither effective nor efficient in terms of improving team performance” (see p. 233). These authors set out to investigate a particular, and arguable unique “experiment” by investigating hiring and firing policies of Dutch football teams in order to observe whether it was justified that managers were set aside due to poor (short-run) performance (see Bruinshoofd and Ter Weel, 2003: 234). According to them, “during the period 1988–2000, there have been 125 turnovers in the highest Dutch football league for a diversity of reasons. Taking into consideration that there are 18 teams in the Dutch football league this means that each team had on average seven managers in this period.”

Khanna and Poulsen (1995) investigate such cases for firms, which are in financial trouble. These firms appear to sack managers, who cannot be fully blamed for poor performance. As Bruinshoofd and Ter Weel (2003: 235) pointed out:

> The intriguing ‘experiment’ [in their study, was that the] ‘treatment’ group consists of managers, who have been forced to resign because of disappointing results; the ‘control’ group consists of managers, whose position we define as ‘sackable’, but who have remained in control.

Indeed, these are situations in which the performance dynamics are comparable to those after which managers have been forced to resign due to poor performance. Consequently, the authors suggest that “sacking a manager after poor performance does not lead to an improvement in team performance.” According to Bruinshoofd and Ter Weel, 2003: 245) “an unresolved question is why managers are sacked if it does not materially improve performance. For football our results suggest that it is not his experience (stay at the team) or the ability to deal with performance dips.” As far as the measurement of performance goes Bruinshoofd and Ter Weel (2003: 236) argue that in “the league tables, team performance is measured by the number of points obtained during an entire season. During a season, this variable is strictly non-decreasing (excluding extraordinary penalties by the football association).
Measured in total number of points earned, performance can increase or stagnate, but never decrease. In illustrating the pre-sack dip, we prefer a performance measure that can decrease when performance stagnates. In addition, the “shock effect” implies that we are looking at a period of time shorter than a full season of football, or accumulation of results to date.

Koning (2000) went beyond the “short-run analysis” by taking into consideration a longer time horizon, comparing performance in all games (during the season) prior to resignation with performance in all games (during the season) after resignation. He concludes that performance did not, by default, increase due to forced resignations orchestrated by the board or top management. As he points out, the board of a football team is inclined towards a much shorter time horizon – sometimes as short as the immediate effect in the first game after resignation (see Koning, 2000). Indeed, Koning (2000) observed that only 3 out of 10 (or 30 percent) of successors to a sacked manager had won their first game, whereas 3 or more (about another 30 percent) only managed a draw. This also suggests that there is no conclusive evidence of an immediate ‘shock effect’ after sacking a manager. In the case of voluntary resignation, 4 out of 10 (about 40 percent) successors managed to win the first game and 2 (or 20 percent) managed a draw. These percentages have implications for performance expectations vis-à-vis actual results following managers’ sack. As Bruinshoofd and Ter Weel (2003: 238) point out:

“...in terms of performance we observe three distinct features prior to forced resignation: performance is not extremely good to begin with; it declines sharply over a four-game period; and, it ends up at a low level. We apply these criteria to all teams and all seasons to identify those instances in which a four-game period exhibits these three characteristics.”

These four pre- and post-succession are illustrative gauges for performance related sacks. As Bruinshoofd and Ter Weel, 2003: 245) put it:

It turns out that would the manager have been allowed to stay, he would have done slightly better than his successor in improving performance. This is an important result for two additional reasons. First, it seems to become clear there is no such thing as a ‘shock effect’ [...] the sacking of a manager seems to be a costly way of signalling there might be something wrong with the team [...] the manager is often assigned as the scapegoat when performance is temporarily poor [...] Secondly, in large companies, CEOs are often blamed for poor performance.

The aforementioned ‘scapegoatism’ is related to the leadership versus managerial qualities of those at the helm of organisations both within and outside of sports organisations.

Case Illustrations
In a bid to situate the exploits of the silent managers such as Slutski, illustrations are drawn from other silent and/ or salient managers that have been able to demonstrate some talent management skills such as the likes of Ronald Koeman of Southampton, recently sacked José Mourinho of Chelsea, and the troubled Luis Van Gaal of Manchester United (all at the time of conducting the study – Mourinho has since replaced Van Gaal at Manchester United).

Ronald Koeman
In a recent article Lea (2015) opined that “for the second year running, Southampton lost key players in the summer, but rather than panic, they simply kept faith with the philosophy that had already served them so well.” He went on to add that the departure of key talents from the club, had robbed “the south-coast club of three talented stars approaching the primes of their careers." A year earlier, Southampton lost even more first-team players: Rickie Lambert, Dejan Lovren, Adam Lallana, Calum Chambers and Luke Shaw all moved on to pastures new. Mauricio Pochettino, the manager, also left, for Tottenham, leading many to predict Southampton would face a relegation battle. That they were never threatened by relegation, and actually spent much of the campaign challenging for a UEFA Champions League spot, is testament to the fine work done by Pochettino’s successor, Ronald Koeman, and the long-term planning, direction and infrastructure in place behind the scenes. Southampton have long given the impression that they are routinely thinking two steps ahead. Potential replacements for players likely to leave are earmarked months before bids are submitted, with the continent also scoured for managers who might fit the bill should the position at Southampton suddenly become vacant. There is a thriving
analytics department that seeks out the marginal gains that are seen to be of critical importance in modern sport, with another group of staff dedicated to recruitment. Southampton’s academy, meanwhile, is arguably the best in England, with Gareth Bale, Theo Walcott, Alex Oxlade-Chamberlain, Lallana and Shaw among its most notable alumni.

Les Reed, the executive director of football, is responsible for ensuring the operation runs smoothly and that Southampton’s work in different areas is coherent and coordinated. It has been described as “an eminently sensible way of running a Premier League club in the modern era, where the average tenure of managers decreases almost year on year. The set-up is sacrosanct at Southampton, with incoming individuals forced to fit into a pre-existing structure” (see Lea, 2015). Such a system prevents an over-reliance on a single figure, and means that when coaches or players move on the established way of working does not follow them through the exit door. One illustrative lesson may be learned from Southampton, where, as Lea (2015) opined:

Continuity is paramount. The approach has brought a great deal of success in recent years: it is easy to forget that Southampton were competing in League One, England’s third tier, as recently as 2011. After a difficult start to the current campaign, Koeman’s side have been excellent of late, losing just one of 10 top-flight games since mid-August.

Arguably one of their best performances came in their Boxing Day 4-0 (which could have easily been 6-0) drubbing of Arsenal (in second position in the leagues after 18 out of 38 games for the 2015/2016 season). Indeed, the terrific run of Southampton under Koeman, has ensured that they are now in twelfth place, ahead of embattled champions Chelsea (see Lea, 2015). Whether, or not, an unlikely place in the Champions League is achieved, the likes of Shane Long, Sadio Mane, Virgil van Dijk, and Victor Wanyama amongst others, are sure to attract attention from elsewhere next summer. Koeman, too, has won plenty of admirers and could be a target for a major European side in need of a manager ahead of the 2016/17 campaign. His current employers will not panic if he decides to move on; that is simply not how they work. As another push for European football gathers pace, Southampton continue to act as a shining example for similar-sized clubs to emulate (Lea, 2015).

José Mourinho “The Special One”

Described as the underdog who became an over-dog, José Mourinho, son of a Portuguese goalkeeper who never made it himself as a player and got his break as an unknown thanks to Sir Bobby Robson, the former England manager. In charge at Sporting Lisbon in the mid-1990s, Robson took a shine to “this young, good-looking ex-schoolteacher who spoke very good English” and took him under his wing, first in Portugal and then at Barcelona. In Catalonia, Mourinho’s supreme facility with languages led to a translator’s post, then a coaching role and finally the offer of a managerial job in Portugal. Twelve years on, he hasn’t stopped running since. In happier times, Mourinho went nine years without losing a single home game. Arguably Mourinho can be incredibly self-centred but his trophy count is a good indication why, in Luís Lourenço’s biography, there is a foreword by Manuel Sérgio, the professor when a young Mourinho was taking a sports science degree, acclaiming him as “a coach of the stature that Maradona and Pelé were as players”. Mourinho, at his best, collects silver in the way other people collect stamps (Taylor, 2015a). He is a trophy machine and it would be absurd to think he will not be offered a quick return to the sport.

As Ronay (2015) points out, Mourinho’s methods were progressive. In the four-square world of English football his minor tactical shifts – the rejigging of the midfield, the sole striker – were effective. But it was his uniquely “unignorable” presence that led the way. At Old Trafford in his first season he stood in the tunnel and shook every Manchester United player’s hand as they ran out, congratulating these slightly bemused-looking senior pros on the basic achievement of getting to play in his presence. Chelsea won 2-1. Banned from the touchline against Bayern Munich, he allegedly hid himself in a laundry basket and was wheeled into the dressing room to give his team talk.

José Mourinho’s first departure from Chelsea, after a falling-out with Abramovich, left him unscarred. He went on to glorious success with Internazionale in Milan. But already a kind of built-in managerial obsolescence was starting to show. Thrilling, magnetic, relentlessly challenging personalities can also be rather draining. At every club, Mourinho has seemed to suffer what has been called “third season syndrome” a kind of scorched earth effect. His behaviour has been disturbing at times. At Madrid, he was caught on film poking a Barcelona coach in the eye during a side-line scuffle. Feuds with fellow
managers, opponents and now even his own players have become increasingly personal and poisonous.

Ronay (2015) also highlights that, “After Chelsea sacked the obstreperous Portuguese, English football has to say goodbye to the sport’s most glorious hyperbolic figure, again.” Indeed, the recent description of José Mourinho is rather instructive. As Taylor (2015a) recently reported, the “story of Mourinho’s career [as] a succession of brief and sometimes wild flings without ever settling into a long-term relationship. Yes, the sex can be amazing at first – but the split is not always amicable.” Ronay (2015) pointed out that while “most managers get 10 years at the very top. Mourinho has had 12.” For a man who is essentially a self-made phenomenon, powered by brains and chutzpah, by always being the smartest and most provocative guy in the room, it has been a draining and indeed diminishing run of success.

According to him, Mourinho won the Champions League with Porto in 2004 and was headhunted by Roman Abramovich, Chelsea’s ambitious, financially incontinent new owner. A lolling, purring, supremely confident figure, he famously announced at his first Chelsea press conference that summer that he was “special” (see Ronay, 2015). And so, he was, the first really modern celebrity-superstar manager, who found in England a very receptive new home. Mourinho’s response to the challenge of managing empowered superstar players was to look and dress and speak like their much cooler, cleverer richer older brother. He sought the spotlight, in part as a way of drawing attention from his players, in part simply because he liked it. In his first season in England he was voted GQ’s Man of the Year and the sixth sexiest man alive by a panel chaired by Elton John and Claudia Schiffer.\footnote{According to Ronay (2015) “Portuguese Man of Phhhwoaaaaaaaar” was the Daily Mirror headline above a 2005 profile of this “ruggedly handsome, intelligent, rich suave sophisticated ... dark and brooding enigma.” Before long, Mourinho was pictured kicking a ball around gravely with Shimon Perez in an – apparently doomed – attempt to summon peace in the Middle East. Despite his sack, however, offers will come, perhaps from the Football Association should England need a new manager after the summer’s European Championships. Mourinho is unlikely to accept such a low-throttle option, even if currently his own status is hard to gauge, a superstar entity that is either in a process of terminal decline or periodic retrenchment. Meanwhile his recent replacement and former sacked compatriot at the same Chelsea, The Dutch coach Guus Hiddink is back at the helm of affairs in what has become the musical chairs attributed to the Club.}

According to Taylor (2015)\footnote{http://www.theguardian.com/football/blog/2015/dec/17/jose-mourinho-great-manager-flaws-chelsea-sacked}, perhaps the saddest part, now José Mourinho has been sent to the guillotine, is that everything has unraveled so quickly that it will not be hugely popular to say in his defence that he still belongs to the small and exclusive band of managers whose achievements give him authentic greatness.\footnote{According to Ronay (2015) “Portuguese Man of Phhhwoaaaaaaaar” was the Daily Mirror headline above a 2005 profile of this “ruggedly handsome, intelligent, rich suave sophisticated ... dark and brooding enigma.” Before long, Mourinho was pictured kicking a ball around gravely with Shimon Perez in an – apparently doomed – attempt to summon peace in the Middle East. Despite his sack, however, offers will come, perhaps from the Football Association should England need a new manager after the summer’s European Championships. Mourinho is unlikely to accept such a low-throttle option, even if currently his own status is hard to gauge, a superstar entity that is either in a process of terminal decline or periodic retrenchment. Meanwhile his recent replacement and former sacked compatriot at the same Chelsea, The Dutch coach Guus Hiddink is back at the helm of affairs in what has become the musical chairs attributed to the Club.} Mourinho has learned the hard way that managers, like players, have spells of good and bad form and, ultimately, it has cost him his job. Yet we should still recognise what we are dealing with here. Without greatness, there is no fall, no tragedy. How else can we categorise a manager who has won eight league championships in four different countries, the European Cup with two clubs, the UEFA Cup, the FA Cup, three League Cups, the Spanish Cup, the Italian Cup and so many manager of the year awards it is difficult to keep track. Taylor (2015a) sums up thus:

All that can really be said for certain is this was supposed to be the season when Mourinho showed he was capable of creating a dynasty at Chelsea. Sir Alex Ferguson lasted 26 years at Manchester United. Arsène Wenger is approaching two decades in the job at Arsenal. Mourinho? He took offence to the suggestion everything tended to unravel in the third season but, once again, we are at the same stage, with the same questions and suspicions. It happened at Chelsea in his first stint, it divided Real Madrid into a state of civil war, and it partly explained why United took a long, hard look when they needed someone to replace Ferguson, then turned the other way.

This is the story of Mourinho’s career: a succession of brief and sometimes wild flings without ever settling into a long-term relationship [...] It is the one challenge that has always beyond him and, at this stage, the overwhelming conclusion is that will probably always be the case.

According to Taylor (2015b), Manchester United will want assurances from José Mourinho that he understands the club’s traditions and is willing to fall into line if they decide that the former Chelsea
manager should take over from Louis van Gaal. While the club are giving serious consideration to moving out the Dutchman after three damaging defeats in a row, there is still concern at the highest level of Old Trafford about Mourinho’s managerial style and specifically the elements of his work that led them to decide against employing him when Sir Alex Ferguson retired in 2013 (Taylor, 2015b). Manchester United were acutely aware of Mourinho’s strengths but also mindful about the amount of conflict he tends to generate, as well as his reluctance to promote younger players. Ferguson regularly attracted controversy and had a fractious relationship with the Football Association but the feeling at Old Trafford is that Mourinho goes even further with his own outbursts and, in the worst moments, brought Chelsea into disrepute, leading to a one-match stadium ban earlier in the 2015/2016 season.

Leonid Viktorovich Slutski

“It is true. I got the injury at 19 when I was climbing a tree looking for a neighbor’s cat. I ended up as a hero in my village because I saved the cat. Unfortunately, I also fell out of the tree and injured my knee.”

Compared to other football coaches such as Sir Alex Ferguson and José Mourinho (recently sacked Chelsea manager), there isn’t much to say about Leonid Viktorovich Slutski apart from the fact that he was born 4 May 1971 in Volgograd; is a Russian professional football coach and a former player (albeit with a short playing career as captured in the above quote), and currently coaches CSKA Moscow – a job he has held since 2004.

The above is against the backdrop of a short professional career, which spans Krylia Sovetov in order to replace Juande Ramos (from Spain) at the CSKA helm. In December 2009, under Slutski, CSKA reached the knock-out stage of the Champions League for the first time in the club’s history, before being knocked out by José Mourinho’s Inter Milan in the quarter-finals. Two years later the achievement was repeated, when CSKA defeated Inter Milan at the San Siro in the last game of the group stage. It was also under the guidance of Slutski, CSKA Moscow reached the UEFA Champions League quarter-finals for the first time in 2010, and have lifted the domestic cup twice.

Towards the 2012/13 season Slutski strengthened the team defense and re-organized the attack, which helped the team set a record of 15 games without conceding, and to win all the games where the team scored first, resulting in a championship. Overall, in terms of achievements, CSKA Moscow won the Russian Premier League in 2012/2013; the Russian Cup in 2010/2011 and 2012/2013; as well as the Russian Super Cup in 2012/2013.

Discussions

Talent management in sport has grown over the last decade with the constantly revolving chairs in the recruitment and retention of players and coaches in a range of sports from Rugby, through hockey to football. In the case of the UK, while Arsenal Football club has been renowned for grooming players for loans, transfers and outright sale to other clubs notably Manchester City, Chelsea football club has been a notable example in the turnover of managers. For the purpose of this study, however, unlike the recruitment and retention and/or talent management of players, the focus has been on managers and their talent management skills. These skills may be attributed to management and/or leadership skills of the profiled managers from Ronald Koeman at Southampton through Jose Mourinho at Chelsea to Leonid Slutski at CSKA Moscow – an outlier to the English League.

Talking about management vis-à-vis leadership skills, Haskin’s study highlighted some key leadership traits in football such as patience, dexterity, improvisation, defiance and/or risk-taking, opportunity recognition especially of unoccupied spaces, as well as having a clear strategy (see Table 2). Starting

6 Meanwhile Man United are deliberating about how long Van Gaal should be given after a sequence of three wins out of the last 13 games has caused the club to fall to sixth place in the Premier League table – a position that would mean Europa League football next season – and nine points off the top.

7 Equally, we are entitled to ask serious questions of him now his second spell at Chelsea has gone the same way as the first, and it is legitimate to wonder whether all the various bees in his bonnet had started to buzz so out of control he simply could not handle it when his team lost their way.

8 Leonid Slutski, CSKA Moscow coach (On the bizarre end to his playing career).

http://www.sports.ru/football/148961733.html
with the ‘patience’ element, he argues that unlike other games delineated by a prescribed length of time, the football clock has two unique aspects. First, it really never stops. It does not stop after goals, or when the ball goes out of bounds, or even when a player appears injured. Thus, players cannot, and do not run at full speed for the entire game. Rather, the game has a flow that is at times at full speed, but most of the game exhibits a deliberate, patient pace.

Table 2. Haskin’s 11-pointer

<table>
<thead>
<tr>
<th>Lessons</th>
<th>Scenarios</th>
</tr>
</thead>
<tbody>
<tr>
<td># 1. Be deliberate, be patient</td>
<td>Unlike other games delineated by a prescribed length of time, I learned early on that the soccer clock has two unique aspects. First, it really never stops. It does not stop after goals, or when the ball goes out of bounds, or even when a player appears injured. Thus, players cannot and do not run at full speed for the entire game. Rather, the game has a flow that is at times at full speed, but most of the game exhibits a deliberate, patient pace.</td>
</tr>
<tr>
<td># 2. Develop perseverance, determination, and grit</td>
<td>The first four opponents were not any taller, faster, stronger, or more skilled than my son and his teammates. All four, however, won. Each game was close until the second half. The opponents were in better condition and they were able to play with just as much intensity, bursts of acceleration, and crispness at the end of the game as they had at the beginning.</td>
</tr>
<tr>
<td># 3. Acquire a unique dexterity and ambidextrousness</td>
<td>Most American children learn through basketball, baseball, and American-style football to dribble, pass, catch, shoot, and hold onto a ball with their hands. Unfortunately, as soccer captures their heart, it is not unusual to see most six-year olds, as a soccer ball arcs toward them, reach out and catch it or knock it away with their hands – it is instinctive. The best players were the ones who transitioned the quickest to dribbling, passing, catching, shooting, and controlling a soccer ball with their feet.</td>
</tr>
<tr>
<td># 4. Be prepared to redirect</td>
<td>Soccer was once described as a game of “legs and lungs.” This is more true if “and head” is added. No other youth sport uses a player's head to so great an extent. Sure, there are the physical aspects – winning balls in the air, deflecting shots, and thwarting an opponent's attack all with a timely header. With few time outs for coaching, and with teammates in constant motion, players must think for themselves, in real time. The best teams knew when to push up, when to switch the field, when to overlap, or when to attack.</td>
</tr>
<tr>
<td># 5. Dare to improvise</td>
<td>Chris knew when to let an incoming pass continue through his legs. Greg and Michael always seemed to seize the right moment for a give and go. And, Daniel knew when to juggle the ball for just a split second to gain control and then send it to the right wing where Steven had a step on his defender. None of these moments were scripted. None were in a play book. None were in response to a coach’s side-line call. Players simply had a feel for how best to respond to unfolding circumstances, perceiving a promising moment for using their creative skills.</td>
</tr>
<tr>
<td># 6. Discover the unoccupied spaces</td>
<td>The space occupied by 22 young soccer players and one soccer ball is less than one percent of a soccer field’s physical area. There is lots of open space that offensive players must scan to exploit and that defenders must protect. As best as I can tell, Wal-Mart, and its imitators, do not limit themselves to the retail landscape they will use...all open spaces, and many ineffectively occupied spaces, appear to be in their sights.</td>
</tr>
<tr>
<td># 7. Turn defense into offense</td>
<td>Sometimes the best offensive weapon on the team was Jake, our stout defenseman. He could blunt an opponent’s up-field thrust and start an offensive fast break. Jake knew when to lead his defender teammates to midfield where they could receive drop-back passes to switch the field or intercept the opponent’s attempts to clear the ball. There were many games when our defenders were critical to the team’s offense.</td>
</tr>
</tbody>
</table>
# 8. Define the rules often and clearly
William arched a long, down-field pass to a sprinting midfielder who took a powerful shot that whistled past the goal keeper’s ear. It was an exciting moment. Alas, the side judge waved his flag. No matter how spectacular, no matter the score, no matter how precise the pass, the goal was negated by the midfielder being off side. The rule is simple and there is nothing to be gained by breaking it. In practice, the kids were taught the rule … reminded of the rule … and instructed to play by the rule. There are not many rules in soccer that constrain play – the off-side rule, however, is one of them.

# 9. Do not let others, or an historical mindset, define you
The state quarterfinal game was played on a field outlined across adjacent baseball fields. The edges of the goal keeper’s box were barely two steps from the side-lines and the midfield circle nearly touched the top of the 18-yard line. Our team had played on fields earlier in the season that had an uphill and a downhill end; some that were much larger than their home field; some that were mostly dirt; some that were smooth while others were not; and some whose chalk lines were hard to see. Youth soccer fields seemed to come in all sizes and conditions. The pre-game walkabouts were critical to develop a physical context for the game. They had to relinquish the home-field context etched in their minds.

# 10. Be defiant to a point – some dissent is healthy
It is important to be clear – there is no room for knowingly breaking laws or being disrespectful of people in (or out of) authority. And, yet, those two fundamentals leave room for politely, and in an informed manner, taking on the role of a “devil’s advocate”, declaring dissenting views, and even sometimes being disobedient. There is nothing wrong with offering a warning to one’s leaders or colleagues – e.g., the business should move slower, study a scenario more, re-consider this, or refrain from doing that. Most managers prefer having to consider ways to assuage an employee who asks probing, provocative, poignant questions rather than repeatedly trying to motivate an unengaged one.

# 11. Where are the women?
The score was tied with our cross-town rival. In the second half, our team’s offensive probes had come to naught. Suddenly, our midfielder faked a dribble to the left causing the defender to lean right. Maggie quickly moved in the opposite direction, speeding past the defender with a breakaway. At the top of the box, she shot the ball towards the upper right corner of the net. Goal! We won! Maggie was the heroine! Maggie moved on – she did not try out for the team the next year. No one seemed to know why. Maybe it was simply the age of the kids, the difference in neighbourhoods, priorities, friends, or other interests arising.

The implications of this are clear – longevity, long-term strategy and dexterity are of the essence. No manager better exhibits this trait than Sir Alex Ferguson and his reign at Manchester United (see Elberse, 2013). When it comes to the second element, dexterity, Haskin pointed out that “the best players were the ones who transitioned the quickest to dribbling, passing, catching, shooting, and controlling a ball with their feet. This is closely related to improvisation, which was expressed in terms of “daring to improvise,” and described by Haskin as “the headiness the best players possessed.”

According to him (see Haskins, 2013: 926):
Lance was great with heel passes at just the right moment. Chris knew when to let an incoming pass continue through his legs. Greg and Michael always seemed to seize the right moment for a give and go […]. None of these moments were scripted. None were in a play book. None were in response to a coach’s side-line call. Players simply had a feel for how best to respond to unfolding circumstances, perceiving a promising moment for using their creative skills.

Defiance has more to do with risk-taking whether it is in terms of receiving a booking, being sent off (in the case of players) or perhaps getting sacked by the management (in the case of coaches). As Haskins (2013: 931) points out:

It was a hard slide tackle, just short of connecting with the ball. Mitch got a yellow card. David went high for a header, inadvertently elbowing his opponent. He got a yellow card. Jason had been tugged on all game long – he said something unkind to the referee. He got a yellow card. Roger could not stop – he knocked the opponents’ goalie off his feet. He got a red card and was ejected. David went up hard for a header, elbowing his opponent … again! He got a second yellow card which immediately turned into a red card. He and Roger were now on the bench for the remainder of the game.
and the next. For the rest of this game, the team played with two fewer players than the opponent. We lost.

Finally, it is appropriate to have a clear strategy, be it plan A or plan B in case the script on the field of play changes (as it more often than not, does). Haskin highlights this in terms of “define the rules often and clearly,” where he explained that (Haskin: 2013: 929):

No matter how spectacular, no matter how the score, no matter how precise the pass, the goal was negated by the midfielder being off side. The rule is simple and there is nothing to be gained by breaking it. In practice, the kids were taught the rule ... reminded of the rule ... and instructed to play by the rule. There are not many rules in soccer that constrain play – the off-side rule, however, is one of them.

Similarly, the label he proposes, “do not let others, or an historical mindset, define you,” has implications beyond having to embark upon “pre-game walkabouts [...] critical to develop a physical context for the game” and having to “relinquish the home-field context etched in their minds.” We have seen how complacency at Chelsea led to the sack, for the second time, of a true trophy winning manager, Jose Mourinho. This could be interpreted as taking every game as seriously as the past or next. The bottom-line in this context is determination, resilience and consistency – some of these themes are recurrent in both Rogovitski’s (2013) assessment of CSKA Moscow as well as in Elberse’s (2013) assessment of Sir Alex Ferguson’s Formula for Manchester United.

In highlighting the morale of the story from Haskin’s study, some key points that sum up the leadership traits include having a clear strategy especially in the traits that have also been identified in entrepreneurship discourse – i.e. risk-taking (consistency of selection; Vágner Love’s return), opportunity recognition (transfer market savvy; failure of opponents), dexterity (beating the bottom half; Elimination from Europe), and patience (patience with the coach). Starting with the entrepreneurial (or perhaps intrapreneurial) trait of “risk-taking,” Rogovitski clearly highlighted that “the backbone of the team (CSKA Moscow) has remained constant for many years, with the defense, especially, undergoing minimal changes over recent campaigns” (consistency of selection) – see Table 3.

The ability of CSKA Moscow to retain the likes of Akinfeev, Honda and Dzagoev meant there was no major reshuffling – and that trio’s consistency was key to title glory. Furthermore, resigning an ex-player or “ex-Army man” (Vágner Love’s return), which is normally considered in risk even if not uncommon in football, did contribute to the team’s success as he “demonstrated what a top player he is [...] Scoring five times after the mid-season break” (see Rogovitski, 2013).

Secondly, where opportunity recognition is concerned, CSKA Moscow comfortably got the most out of the transfer market in terms of quality-to-price ratio (transfer market savvy). As Rogovitski (2013) put it:

Signings like Brazilian right-back Mário Fernandes and Sweden duo Rasmus Elm and Pontus Wembloom did not just add strength-in-depth; they became integral players, with the latter particularly impressing throughout the campaign. All arrived with sensible price tags and made far greater impacts than some of the big-money buys elsewhere in the Premier-Liga.

Another opportunity recognition element is the ability to capitalize on the failure of opponents “…this year the ‘Army Men’ did not falter and took full advantage when Zenit lost crucial ground with away draws against FC Kuban Krasnodar and FC Rostov.” This trait is like “dexterity” and/ or improvisation, which translate into having “no room for complacency” – another recipe for success. As we are told in the particular case of CSKA Moscow, “the championship was not won in games against direct rivals [but through the] ability to put away weaker opponents (i.e. beating the bottom half) without mercy.”

We are also told how the painful elimination (i.e. elimination from Europe) of CSKA Moscow from the UEFA Europa League play-offs proved a blessing in disguise, as Slutski’s men refocused and fought successfully (see Tables 4 and 5).
Table 3. Rogovitski 7-pointer

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer market savvy</td>
<td>CSKA got the most out of the transfer market in terms of quality-to-price ratio. Signings like Brazilian right-back Mário Fernandes and Swede duo Rasmus Elm and Pontus Wernbloom became integral players having arrived with sensible price tags than elsewhere in the Premier-Liga.</td>
</tr>
<tr>
<td>Consistency of selection</td>
<td>The backbone of the team has remained constant for many years, with the defense, especially, undergoing minimal changes over recent campaigns. Their ability to keep the likes of goalkeeper Igor Akinfeev and playmakers Keisuke Honda and Alan Dzagoev meant there was no major reshuffling – and the trio’s consistency was key to title glory.</td>
</tr>
<tr>
<td>Failure of opponents</td>
<td>CSKA were seven points ahead of Zenit at one stage but only managed a third-place finish. Lessons learned? CSKA did not falter and took full advantage when Zenit lost away against FC Kuban Krasnodar and FC Rostov.</td>
</tr>
<tr>
<td>beating the bottom half</td>
<td>The championship was not won in games against direct rivals – for instance, CSKA took just a point from matches against Zenit – but thanks to an ability to put away weaker opponents ‘without mercy.’</td>
</tr>
<tr>
<td>Vágner Love’s return</td>
<td>Many doubted the wisdom of re-signing the tempestuous Brazilian, but the 28-year-old forward demonstrated his worth by scoring 5 times after the mid-season break – supplementing an attack that already boasts the likes of Ahmed Musa and Seydou Doumbia.</td>
</tr>
<tr>
<td>Elimination from Europe</td>
<td>Without the biggest squad, CSKA’s painful August departure from the UEFA Europa League play-offs proved a blessing in disguise. With just domestic matters to concentrate on, Slutski’s men refocused and fought successfully on two fronts.</td>
</tr>
<tr>
<td>Patience with the coach</td>
<td>As Slutski admitted after CSKA’s loss to Swedish side AIK in the Europa League play-offs, “I have asked to leave several times already.” However, his resignation was refused and he went on to prove his worth. According to official CSKA sources, “Slutski is a clever person, he learns from his and others’ mistakes. CSKA were close to winning the title last year but the team were not good enough in the end. Now everything’s worked out.”</td>
</tr>
</tbody>
</table>

Table 4. CSKA Moscow Ten-year European record

<table>
<thead>
<tr>
<th>Year/Season</th>
<th>Record</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/2015</td>
<td>Group stage</td>
</tr>
<tr>
<td>2013/2014</td>
<td>Group stage</td>
</tr>
<tr>
<td>2012/2013</td>
<td>UEFA Europa League play-offs</td>
</tr>
<tr>
<td>2011/2012</td>
<td>Round of 16</td>
</tr>
<tr>
<td>2010/2011</td>
<td>UEFA Europa League round of 16</td>
</tr>
<tr>
<td>2009/2010</td>
<td>Quarter-finals</td>
</tr>
<tr>
<td>2008/2009</td>
<td>UEFA Cup round of 16</td>
</tr>
<tr>
<td>2007/2008</td>
<td>Group stage</td>
</tr>
<tr>
<td>2006/2007</td>
<td>UEFA Cup round of 32</td>
</tr>
<tr>
<td>2005/2006</td>
<td>UEFA Cup group stage</td>
</tr>
</tbody>
</table>

Note: UEFA Champions League unless indicated otherwise
Source: UEFA. Retrieved from:
http://www.uefa.com/uefachampionsleague.season=2016/clubs/club=54266/profile/index.html#

A final identifiable trait was the gesture made by Slutski offering to step down (patience with the coach) is a humble gesture especially if personal targets are not achieved within time frames. For example, Slutski's gesture, “I have asked to leave several times already,” even though declined, seemed to pay off in the end – “debunking earlier criticism that he didn’t have what it takes to win a championship.”

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Table 5. Leonid Slutski’s Match Log 2015

<table>
<thead>
<tr>
<th>Date</th>
<th>Competition</th>
<th>Phase</th>
<th>Team A</th>
<th>Score</th>
<th>Team B</th>
</tr>
</thead>
<tbody>
<tr>
<td>28.07.2015</td>
<td>UEFA Champions League</td>
<td>Third qualifying round</td>
<td>CSKA Moskva</td>
<td>2-2</td>
<td>Sparta Praha</td>
</tr>
<tr>
<td>05.08.2015</td>
<td>UEFA Champions League</td>
<td>Third qualifying round</td>
<td>Sparta Praha</td>
<td>2-3</td>
<td>CSKA Moskva</td>
</tr>
<tr>
<td>18.08.2015</td>
<td>UEFA Champions League</td>
<td>Play-offs</td>
<td>Sporting CP</td>
<td>2-1</td>
<td>CSKA Moskva</td>
</tr>
<tr>
<td>26.08.2015</td>
<td>UEFA Champions League</td>
<td>Play-offs</td>
<td>CSKA Moskva</td>
<td>3-1</td>
<td>Sporting CP</td>
</tr>
<tr>
<td>05.09.2015</td>
<td>UEFA EURO</td>
<td>Qualifying round</td>
<td>Russia</td>
<td>1-0</td>
<td>Sweden</td>
</tr>
<tr>
<td>08.09.2015</td>
<td>UEFA EURO</td>
<td>Qualifying round</td>
<td>Liechtenstein</td>
<td>0-7</td>
<td>Russia</td>
</tr>
<tr>
<td>15.09.2015</td>
<td>UEFA Champions League</td>
<td>Group stage</td>
<td>Wolfsburg</td>
<td>1-0</td>
<td>CSKA Moskva</td>
</tr>
<tr>
<td>30.09.2015</td>
<td>UEFA Champions League</td>
<td>Group stage</td>
<td>CSKA Moskva</td>
<td>3-2</td>
<td>PSV</td>
</tr>
<tr>
<td>09.10.2015</td>
<td>UEFA EURO</td>
<td>Qualifying round</td>
<td>Moldova</td>
<td>1-2</td>
<td>Russia</td>
</tr>
<tr>
<td>12.10.2015</td>
<td>UEFA EURO</td>
<td>Qualifying round</td>
<td>Russia</td>
<td>2-0</td>
<td>Montenegro</td>
</tr>
<tr>
<td>21.10.2015</td>
<td>UEFA Champions League</td>
<td>Group stage</td>
<td>CSKA Moskva</td>
<td>1-1</td>
<td>Man. United11</td>
</tr>
<tr>
<td>03.11.2015</td>
<td>UEFA Champions League</td>
<td>Group stage</td>
<td>Man. United</td>
<td>1-0</td>
<td>CSKA Moskva</td>
</tr>
</tbody>
</table>


Figure 1a. UEFA 2015 Group Standings (A-C)12

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While Manchester United only managed a 1-0 win in November 2015 (see Henson, 2015), another high-flying English side, Manchester City, lost 1-2 exactly a year earlier despite having only a 37 percent possession of the game (see McNulty, 2014). Post-match transcripts read: “CSKA’s victory was the first by a Russian side away to English opposition since Spartak Moscow’s win over Ray Harford’s Blackburn Rovers in September 1995.” Russian sides have lost six and drawn eight of their subsequent visits before tonight.

Wayne Rooney’s late header secured Manchester United victory over CSKA Moscow and top spot in Champions’ League Group B at a nervy Old Trafford. Only an excellent David de Gea save and Chris Smalling’s last-ditch block had prevented Seydou Doumbia putting the visitors ahead a minute earlier.

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12 Wayne Rooney’s late header secured Manchester United victory over CSKA Moscow and top spot in Champions’ League Group B at a nervy Old Trafford. Only an excellent David de Gea save and Chris Smalling’s last-ditch block had prevented Seydou Doumbia putting the visitors ahead a minute earlier.
Conclusions and Implications

The choice of the case was based, not just due to the feat of CSKA Moscow as current champions of the Russian League, but also because it took the club seven long years to achieve that glory. Further insight was also gleaned from Rogovitski (2013) who highlighted “seven reasons for CSKA’s regeneration” from grass to grace. Unlike the ruthlessness of Roman Abramovich (my opinion, based on my observation of how often the Russian oligarch and owner of Chelsea Football Club in the English Premier League has sacked coaches), the management of CSKA Moscow have been a bit patient with Slutski. This goes to show that a leader deserves a second chance, following his leadership traits including risk-taking. Indeed, according to CSKA Moscow adviser Valeri Nepomnyaschi (see Rogovitski, 2013):

Slutski is a clever person, he learns from his and others’ mistakes. CSKA were close to winning the title last year but the team was not good enough in the end. Now everything’s worked out.

Indeed, by extending the discourse to an under researched culture – Russia – this study has a myriad of managerial implications. From the musical chairs that have come to characterize Chelsea football Club under the ownership of Russian Billionaire Abramovich, and the U-turn to his usual brutishness, has recently re-signed ‘the special one,’ José Mourinho to the delight of fans (Ashton, 2013):

The owner is starting over, breaking off from his summer holiday to be at Stamford Bridge to show some solidarity at the start of the season. Abramovich, Mourinho and the fans are back together again, one big happy family after six miserable years apart. He has responded to their wishes by bringing Mourinho back to Stamford Bridge. It has been just over 10 years since Abramovich bought the club from Ken Bates and turned them into the one of the biggest forces in European football overnight. They have won three Premier League titles and four FA Cups in that time (the same as Arsenal under Arsene Wenger’s entire 17 years at the club).

This gesture or course of action is consistent with the themes identified in the success of CSKA Moscow – notably Vágner Love’s return; and Patience with the coach (in this case, Mourinho, ‘The Special One’ who was central to the resurgent Chelsea in the team’s glory days) and now José Mourinho having
been sacked yet again by Chelsea, but nonetheless deemed suitable to take up the reins at Manchester United.

**References**


McNulty, P. (2014) Manchester City’s Champions League campaign reached crisis point as they were beaten by CSKA Moscow on a desperate night at Etihad Stadium. BBC Sport, 5 November. Retrieved from: http://www.bbc.co.uk/sport/0/football/29362950


