FACTFILE:
GCE PROFESSIONAL BUSINESS SERVICES

UNIT A2 2: LEADERSHIP AND MANAGEMENT

Learning Outcomes

Student should be able to:

Demonstrate understanding of the similarities and differences between leadership and management.

- analyse the principle;e of management using Fayols Functions of Management and Mintzbergs managerial roles.

Leadership

There has been much research (Bolden, 2004) into leadership in business but there remains no clear agreement on what constitutes leadership. However, we will focus on leadership at the top of an organisation, that is, the chief executive officer (CEO) and senior executives. We must also note that aspects of leadership activity can occur at any level and within any function in an organisation.

If elements of different leadership definitions (as illustrated in Figure 1) are combined we see it entails the following elements:

Figure 1. Leadership role

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- creating a vision and mission mapping out the direction the organisation needs to travel;
- confirming future goals, objectives, plans and activities to be completed;
- emphasising the valuable roles and contributions employees can make; and
- communicating a vision to employees to motivate and inspire them to raise performance.

For example, Alan Mulally (Ford, p.7), CEO at Ford motor company (2006 to 2014), outlined his vision which consisted of… "One team, one plan, one goal – one Ford." One Ford was based upon utilising economies of scale and best practice by acting as one team across the globe and designing a plan that addressed the requirements of the business. The goal was to produce value for Ford's global stakeholders. Mulally confirmed that work had been undertaken to help executive team members meet their full potential through team building activities (weekly meetings) and the creation of an atmosphere of trust. The plan involved: restructuring the business and modifying the model mix, speeding-up the creation of customer focussed products, securing finance and strengthening their balance sheet, and being more oriented toward working with all of their partners. One goal entailed producing products that were sought after by customers which would result in company growth and the generation of profits.

Management

Management (Bateman and Snell, 2004) entails securing and deploying resources (human, financial, and physical) to effectively and efficiently achieve business goals (organisational, team, and individual). A manager utilises their deployed resources by engaging in a number of management functions (Rogovsky and Tolentino, 2010). These functions include: leading; planning; organising; deploying employees; controlling; and communicating.

Figure 2. Management role and functions

Figure 2. illustrates the roles and functions (plan, organise, control, coordinate) of a manager in a business context. The manager can also be regarded as the leader of a business department (marketing, production, information technology, human resources) whose role is to confirm the goals, objectives, and work that needs to be completed over a specified timeframe. The specific roles of a manger will be influenced by: the type of business (manufacturing, retail, consulting, transportation) they are employed in; the location (country, region) of their business; their business position (marketing, production, human resources); and external business factors (legislation, wage rates, taxation, inflation, labour supply, and competitors).

The manager produces a plan which maps out what needs to happen and when; organises work activities where employees (staff) have specific goals, roles, and times to complete work; controls and influences work flows and monitors performance by using management information systems. They must also communicate with employees, confirm and clarify what work needs to be completed, and receive and provide feedback to employees and other stakeholders (senior management, customers, and suppliers) on the progress of scheduled work. An effective manager does the right things to achieve business goals. An efficient manager achieves business goals through minimal waste of resources.

Similarities and differences between leadership and management

Similarities
Leadership and Management both involve:

- operating in a position of authority, responsibility and accountability;
- assessing the needs and resource requirements for their area of responsibility;
- communicating a view of what needs to happen within their area of responsibility;
- setting goals and objectives for their area of responsibility;
- developing and implement plans;
- allocating resources to achieve their plan;
- communicating with employees;
- motivating employees;
- dealing with stakeholders;
- monitoring and reviewing performance against objectives; and
- taking action to address variances in performance.

Differences
Leadership and Management differ in the following ways:

- Leaders (CEOs and Senior Executives) are positioned at the top of organisations. Managers are placed lower in an organisation. Higher placed personnel have more authority, responsibility and accountability. Leaders have greater authority, responsibility and accountability than managers.
- Leaders undertake a wide-ranging and in-depth external and internal analysis of their organisation's environment. Managers may also undertake an analysis of their function's (marketing, production, human resources) needs but the scope of a Manager's analysis will be much narrower than the wide-ranging approach of a leader.
- Leaders communicate regularly to all employees in the organisation. A manager usually restricts their communication to employees within their function and a limited number of internal and external stakeholders.
- Leaders set goals and objectives that affect the entire organisation. A manager sets goals and objectives that are usually limited to their function.
- Leaders design and implement plans which cover the whole organisation. A manager would implement a part of the leader's plan.
- The scale of resources used by a leader to complete an organisation's activities is much larger than the resources used by a manager.
- Leaders can influence the performance of the organisation's employees by communicating a vision which shows employees how they can contribute to the success of the business in the future. The leader's vision may stimulate an emotional response from employees which can motivate employees to improve their performance. The leader can also set a reward and remuneration strategy that rewards employee performance. However, managers also have to work within the constraints (reward systems and budgets) imposed by leaders and consequently are often limited to motivating people through their style of management and the reward and remuneration system linked to their area.
- Leaders can interact with internal and external stakeholders including: political leaders, CEOs of other organisations, shareholders and community leaders. For example, in 2008 Alan Mulally testified before the United States Congress supporting government loans for General Motors and Chrysler even though

Ford did not need this loan. While managers may also meet with internal and external stakeholders their contact is usually limited to the function they manage within the organisation e.g. a human resource manager may meet with a vendor who supplies e-learning training packages to develop a blended learning programme for employees.

- Leaders monitor and review the performance (quality of service / product, costs incurred and income generated) of the entire organisation whereas managers are restricted to monitoring and reviewing the performance of their function e.g. Alan Mulally held weekly half day meetings with Ford corporate executives across the world to find out how his global business was performing. On the other hand, managers may meet with employees within their function on a weekly basis to review performance.

Fayol's 14 principles of management

Henri Fayol, in 1916, published his 14 principles of management which can serve as guides to management thinking, theorising, experimentation, research and practice. Fayol believed that his principles could be adapted to suit the changing needs of an organisation. The remainder of this section explains Fayol's 14 principles of management and outlines how his principles may be affected by the developments in management thinking and the changes in the business environment.

(1) Division of work

Work activities can be broken-down into smaller activities and allocated to specific workers. The division of work allows the business to determine the skills and competency levels of each employee. The business can then combine human and technological capital to effectively and efficiently meet its output objectives.

The inference linked to the division of work is that specialisation of activities could occur and that this work would be undertaken by specialists. The division of work is also represented by the different functions (marketing, finance, human resources, operations) in an organisation's structure.

Organisations and employees operating in rapidly changing and turbulent environments need to be adaptable to: change; the acquisition of new skills; adoption of new work practices. Research indicates that employees prefer variety of activities in their work which reduces boredom and demotivation. Routine activities within certain jobs are being replaced by technological innovations such as artificial intelligence.

(2) Authority and responsibility

Power is conferred to employees which gives them a degree of control over their work, and, possibly, over other employees and stakeholders. Stating what represents responsible behaviour may safeguard against unacceptable abuse of power through authority.

Research indicates that giving more authority and responsibility to employees may result in employees being more engaged with their work and result in improved performance.

(3) Discipline

Discipline preserves order within an organisation. Organisations mark out the behaviours and performance expected from employees through control mechanisms such as: contracts; agreements; and policies.

Systems and processes are put in place to monitor and counter unacceptable behaviours. A culture may also be developed that underpins the expected values, attitudes, behaviours and beliefs communicated by the organisation.

(4) Unity of command

The employees should receive instructions from one leader / manager; if not, conflicting messaging may confuse employees and order within the organisation may be undermined.

Organisations may create work arrangements that can pose problems for employees and managers regarding unity of command. For example, employees who work in teams or on projects may have a team / project manager and report to their normal job manager. This type of arrangement may cause conflict for the employee as they may be unsure as to which manager's objectives should be given a higher priority.

(5) Unity of direction
There should be collective understanding, agreement and commitment on the goals and objectives and plans that need to be achieved.

A number of organisations now produce and communicate a vision as to where they will be in the future.

(6) Subordination of individual interests to the general interest

The achievement of the organisation's goals and objectives should be paramount and ahead of employee expectations and demands.

In many organisations the focus is on shared goals, rewards and development between the organisation and its stakeholders (employees, customers, suppliers).

(7) Remuneration
Employees are rewarded for their work.
Various types of performance-based reward systems have been introduced by organisations to incentivise employees to raise their level of performance.

(8) Centralisation
Power resides at the centre or top of the organisation, and decisions and resources are released to other parts of the organisation.

The degree of centralisation (or de-centralisation) will be dependent on the nature of the organisation's business and its business model. For example, a multi-store retail organisation may favour centralisation as this allows warehousing and distribution to be managed efficiently.

(9) Scalar chain (line of authority)
The scalar chain is usually reflected in the organisation's structure where most authority (power) resides at the top of the organisation in the form of the CEO.

Changes in technology, particularly artificial intelligence, are causing organisation to have fewer levels within their structure. This may allow the organisation to make decisions in less time and respond more quickly to environmental changes. A flatter structure may have implications for employees as their job roles and career opportunities may be affected.

(10) Order
Resources (financial and physical) must be in the right place and at the right time. Social order entails the right person for the job which infers that recruitment and selection is important.

Coordination of resources and staff may be managed through planning and management information systems (lean production and just-in-time).

(11) Equity
Organisations have developed values which state how employees and stakeholders should be treated (respect, dignity, honesty and integrity). They also have policies that promote equality of opportunity and treatment.

(12) Stability of tenure of personnel
It costs time and money to recruit and train employees. If employees leave, this disrupts work activities and recruitment and selection must begin again.

Organisations are focussed on employee well-being, learning and development programmes, flexible working, and reward packages to retain employees.

(13) Initiative
New ideas are conceived and implemented by managers.

Organisation may create a culture of learning and development where ideas can be generated by employees in any part of the organisation.

(14) Esprit de corps
Loyalty and unity is shared among employees and other stakeholders.

Organisational restructuring (downsizing) can affect employees who are retained by the organisation. Services are outsourced by organisations to replace the work previously undertaken by employees who may no longer be employed in an organisation.

Fayol's 5 functions of management

Fayol stated that if his 14 principles are to be effectively employed then managers must plan, organise, command, coordinate and control activities to implement his 14 principles.

1. Planning involves an assessment of past performance and external and internal influences; a forecast of future business needs; a layout of actions to be taken to meet business objectives.
2. Organising entails confirming the lines of authority and responsibility and providing resources (human, financial, physical, time) structures, systems, and policies to meet business objectives.
3. Co-ordinating maps out the timing and sequencing of activities.
4. Commanding is where leaders / managers put the plan into effect.
5. Controlling involves the monitoring of activities and making adjustments to address any variances within the agreed plan.

Mintzberg's 10 managerial roles

Mintzberg published his 10 manager's roles in 1973. He grouped roles under these three headings: Interpersonal roles; Informational roles; Decision roles.
Table 1. Mintzberg's 10 managerial roles lists the roles with descriptors.

Role	**Descriptor**
Interpersonal role	
Figurehead	The manager, with legal authority, has to undertake a number of duties. These duties entail: officiate at events; greeting visitors; signing documents.
Leader	The leader interacts with their subordinates and try to motivate them.
Liaison	The manager interacts with people inside (horizontal and vertical) and outside the organisation. The manager devotes time to developing networks and provides information and favours.
Informational role	
Monitor	The manager is at the centre of the movement of non-routine information. The manager is an information generalist and receives internal and external information.
Disseminator	The manager sends factual information and value information (stakeholders' preferences are integrated and translated into organisational messages) to subordinates.
Spokesman	The manager sends information to external stakeholders. The manager may represent their organisation by serving on external bodies.
Decision roles	
Entrepreneur	The manager initiates and implements voluntary (decided by the manager) change (new product, restructuring) into the organisation.
Disturbance handler	The manager is required to address problems that have arisen that affect the organisation.

Resource allocator	The manager uses his authority to maintain control over the allocation of resources (who gets how much and what they do).
Negotiator	The manager negotiates with customers, suppliers, employees and other stakeholders.

Learning outcomes:

Analyse the principles of management using Fayol's functions of management.

The employment of a business context is an enriched method to analyse the principles of management. A business context enables the analyser to gauge how the principles relate to the activities of the organisation. Fayol's functions of management can then be applied to gain a clearer understanding of the management issues relating to the principles being analysed.

The scenario relating to Punjot Ltd. contains a reference to Fayol's division of work principle. Fayol' functions of management is applied to analyse this principle and the results of the analysis are listed under Punjot Limited.

Scenario - Punjot Ltd.

Punjot Ltd. is a manufacturing company with production facilities in Belfast, Manchester, and Glasgow. The company produces chocolate confectioneries and ice cream products. The demand for its products, to a large extent, is cyclical as chocolate demand increases at Christmas and Easter and ice cream sales vary depending on the summer weather.

The Chief Executive Officer (CEO) Wendy Briceland has been concerned about how recruitment difficulties have resulted in shortages of skilled employees during peak periods of production. After a review of the division of work on the production line, a more flexible employee skills mix was developed. Multi-skilled permanent production staff were trained to complete all production line activities whereas narrow-skilled temporary production staff were to be trained to perform a few production tasks. The result was that it was now much easier to recruit narrow-skilled temporary during peak periods.

Task

Using Fayol's functions of management analyse the management aspects regarding the division of work at Punjot Ltd. regarding peak production periods. The analysis of the Principles of Management using the functions of management may include:

- **Planning**
  Punjot Ltd. can plan to forecast the demand for future output of chocolate and ice cream and assess how many multi-skilled staff and narrow-skilled staff are needed to complete production orders. The plan divides up the work among sites with the appropriate balance between human and technological capital. The plan clarifies how many narrow skilled staff need to be recruited, where they are required, when recruitment needs to start to ensure that they are available when needed. The plan will also note the training that needs to be provided to new recruits.

- **Organising**
  The division of work will entail the recruited narrow-skilled employee being allocated to a position within the organisation structure and on the production line. The job role of the narrow-skilled employee will be clarified by providing them with clear lines of authority and responsibility.

- **Co-ordinating**
  The diverse job roles and different types of work undertaken by narrow-skilled employees can be coordinated through agreed work schedules, the sequencing of job related activities and deadlines.

- **Commanding**
  The effective and efficient use of the division of labour within the business plan can be put into action through commanding actions. These command actions may include direct communication (verbal,

written) to the employee which confirm start / finish times and output and quality levels in relation to their work. The communications may come from a line manager or colleagues within a team.

- **Controlling**
  The quality, quantity, and timeliness of work produced by each employee can be controlled by management information systems (MIS). MIS allow employees' work to be monitored and variances in performance to be addressed. MIS may include: appraisals; performance reviews; analysis of employee output schedules; performance / production metrics; stakeholder surveys (suppliers, colleagues, customers); and absence rates.

References

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