

Pearson BTEC Level 4 Higher Nationals in Business (RQF)

Unit: 4

Assignment 1: Information Pack

Learning Outcomes 1 & 2

Management and Operations



INTRODUCTION

The aim of this unit is to help students understand the difference between the function of a manager and the role of a leader. Students will consider the characteristics, behaviours and traits which support effective management and leadership. In addition, this unit will introduce the concept of operations as both a function and a process which all organisations must adopt to conduct business. Students will be introduced to contemporary and historical theories and concepts which will support their learning for this unit.

On successful completion of this unit students will have developed sufficient knowledge and understanding of how management and operations make a positive, efficient and effective contribution to an organisation at a junior level. This could be in the role of a team leader or managing a specific aspect of an operation function and/or process.

The knowledge, understanding and skill sets gained in this unit will help students to choose their own preferred areas of specialism in future studies and in their professional career.

This information pack is designed to give you the information and guidance that you will need to complete your assignments for this unit. In particular this information pack will look at the first 2 learning outcomes which make up assignment 1, these being.

1. *Difference between the role of a leader and the function of a manager.*
2. *Apply the role of a leader and the function of a manager in given contexts*

3.

GUIDANCE

This document is prepared to break the unit material down into bite size chunks. You will see the learning outcomes above treated in their own sections. Therein you will encounter the following structures.

Purpose

Explains *why* you need to study the current section of material. Quite often learners are put off by material which does not initially seem to be relevant to a topic or profession. Once you understand the importance of new learning or theory you will embrace the concepts more readily.

Theory

Conveys new material to you in a straightforward fashion. To support the treatments in this section you are strongly advised to follow the given hyperlinks, which may be useful documents or applications on the web.

Example

The examples/worked examples are presented in a knowledge-building order. Make sure you follow them all through. If you are feeling confident then you might like to treat an example as a question, in which case cover it up and have a go yourself. Many of the examples given resemble assignment questions which will come your way, so follow them through diligently.

Question

Questions should not be avoided if you are determined to learn. Please do take the time to tackle each of the given questions, in the order in which they are presented. The order is important, as further knowledge and confidence is built upon previous knowledge and confidence. As an Online Learner it is important that the answers to questions are immediately available to you. Contact your Unit Tutor if you need help.

Challenge

You can really cement your new knowledge by undertaking the challenges. A challenge could be to download software and perform an exercise. An alternative challenge might involve a practical activity or other form of research.

Video

Videos on the web can be very useful supplements to your distance learning efforts. Wherever an online video(s) will help you then it will be hyperlinked at the appropriate point.

Contents

INTRODUCTION	2
GUIDANCE	3
LO1 Differentiate between the role of a leader and the function of a manager	6
Management Theory.....	6
Scientific Management	6
Frederick W. Taylor	6
Frank and Lillian Gilbreth’s motion study	8
Classical Organisational Theory	9
Henry Fayol	9
Max Weber’s idealized bureaucracy.....	10
Behavioural Theory	12
Elton Mayo (Human Relations Theory).....	12
Systems Approach Theory.....	15
Theories X and Y.....	18
Theory X	18
Modern Management.....	21
Quantitative or Mathematical Approach.....	21
Situational or Contingency Theory (Leadership Theories).....	22
Fred Fielder’s Contingency Model	22
Personality.....	25
Definition of a Leader.....	25
Functions of Management.....	25
Theories of Leadership Traits.....	31
“Great Man” Theory.....	31
Trait Theories	32
Contingency Theories.....	32
Transactional Vs Transformational Leadership.....	35
John Adair’s Action-Centred Leadership Model	39
LO 2 Apply the role of a leader and the function of a manager in given contexts.....	42
How situations affect the role of a leader and the function of a manager	42

Situational leadership42
Management by Objectives49

Sample

LO1 Differentiate between the role of a leader and the function of a manager

Management Theory

Management could be described as the art, or science, of achieving goals through people. Since managers also supervise, management can be interpreted to mean literally “looking over” – i.e., making sure people do what they are supposed to do. Managers are, therefore, expected to ensure greater productivity or, using the current jargon, ‘continuous improvement’.

More broadly, management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims (Koontz and Weihrich 1990, p. 4). In its expanded form, this basic definition means several things. First, as managers, people carry out the managerial functions of planning, organizing, staffing, leading, and controlling. Second, management applies to any kind of organisation. Third, management applies to managers at all organisational levels. Fourth, the aim of all managers is the same – to create surplus. Finally, managing is concerned with productivity – this implies effectiveness and efficiency.

Thus, management refers to the development of bureaucracy that derives its importance from the need for strategic planning, co-ordination, directing and controlling of large and complex decision-making process. Essentially, therefore, management entails the acquisition of managerial competence, and effectiveness in the following key areas: problem solving, administration, human resource management, and organisational leadership.

By this notion it could be said that Management Theory is essentially a collection of ideas which set forth general rules on how to manage a business or organisation. Management theory addresses how managers and supervisors relate to their organisations in the knowledge of its goals, the implementation of effective means to get the goals accomplished and how to motivate employees to perform to the highest standard.

There are a number of recognised management theories in practice today, some more commonly used by organisations than others but each with their own purpose or style. This information pack will look at both the seminal theories and also the contemporary theories that are around today (Seminal being the theories that are considered to be landmarks and revolutionary and the contemporary theories being those that are used today in the ever-changing business environment). Some of these management theories include.

Scientific Management

Frederick W. Taylor

People have been managing work for hundreds of years, and we can trace formal management ideas to the 1700s. But the most significant developments in management theory emerged in the 20th century. We owe much of our understanding of managerial practices to the many theorists of this period, who tried to understand how best to conduct business.

One of the earliest of these theorists was Frederick Winslow Taylor. He started the Scientific Management movement, and he and his associates were the first people to study the work process scientifically. They studied how work was performed, and they looked at how this affected worker productivity. Taylor's philosophy focused on the belief that making people work as hard as they could was not as efficient as optimizing the way the work was done.

In 1909, Taylor published "The Principles of Scientific Management." In this, he proposed that by optimizing and simplifying jobs, productivity would increase. He also advanced the idea that workers and managers needed to cooperate with one another. This was very different from the way work was typically done in businesses beforehand. A factory manager at that time had very little contact with the workers, and he left them on their own to produce the necessary product. There was no standardization, and a worker's main motivation was often continued employment, so there was no incentive to work as quickly or as efficiently as possible.

Taylor believed that all workers were motivated by money, so he promoted the idea of "a fair day's pay for a fair day's work." In other words, if a worker didn't achieve enough in a day, he didn't deserve to be paid as much as another worker who was highly productive.

With a background in mechanical engineering, Taylor was very interested in efficiency. While advancing his career at a U.S. steel manufacturer, he designed workplace experiments to determine optimal performance levels. In one, he experimented with shovel design until he had a design that would allow workers to shovel for several hours straight. With bricklayers, he experimented with the various motions required and developed an efficient way to lay bricks. And he applied the scientific method to study the optimal way to do any type of workplace task. As such, he found that by calculating the time needed for the various elements of a task, he could develop the "best" way to complete that task.

These "time and motion" studies also led Taylor to conclude that certain people could work more efficiently than others. These were the people whom managers should seek to hire where possible. Therefore, selecting the right people for the job was another important part of workplace efficiency. Taking what he learned from these workplace experiments, Taylor developed four principles of scientific management. These principles are also known simply as "Taylorism".

Four Principles of Scientific Management

Taylor's four principles are as follows:

1. Replace working by "rule of thumb," or simple habit and common sense, and instead use the scientific method to study work and determine the most efficient way to perform specific tasks.
2. Rather than simply assign workers to just any job, match workers to their jobs based on capability and motivation, and train them to work at maximum efficiency.
3. Monitor worker performance and provide instructions and supervision to ensure that they're using the most efficient ways of working.
4. Allocate the work between managers and workers so that the managers spend their time planning and training, allowing the workers to perform their tasks efficiently.

Critiques of Taylorism

Taylor's Scientific Management Theory promotes the idea that there is "one right way" to do something. As such, it is at odds with current approaches such as MBO (Management By Objectives), Continuous Improvement initiatives, BPR (Business Process Reengineering), and other tools like them. These promote individual responsibility and seek to push decision making through all levels of the organisation.

Frank and Lillian Gilbreth's motion study

Frank and Lillian Gilbreth valued efficiency by identifying and replicating one best way to complete a task.

Husband and wife Frank and Lillian Gilbreth believed in regulation and consistency in the workplace. Rather than encouraging a company of many working parts, they valued efficiency above all else. The couple believed that there is one best way to get any job done, and the specific process should, when identified, be replicated through the manufacturing process, eliminating individual steps and producing the most efficient results.

Frank stated, "The greatest misunderstandings occur as to the aims of scientific management. Its fundamental aim is the elimination of waste, the attainment of worthwhile desired results with the least necessary amount of time and effort."

The couple placed high value on efficiency when managing an organisation. Their management theory outlined three main points:

1. Reduce the number of motions in a task.

Frank and Lillian coined the term "therbligs," or elemental motions required for tasks in the workplace. They used these 18 units to analyse how tasks were completed – searching for an object with eyes or hands, grasping an object with hands, assembling and disassembling two parts, etc. From there, they'd figure out which motions were necessary, then eliminate any unnecessary motions to increase efficiency.

2. Focus on the incremental study of motions and time.

As engineers, Frank and Lillian closely studied motion and time to calculate the most efficient way to complete a given task. Taking the scientific approach, they measured time and motion to 1/2000 of a second to understand what works best. Their insight was unlike that of most other theorists, as they channelled physical science rather than psychology.

3. Increase efficiency to increase profit and worker satisfaction.

Your main goal as a leader should be increasing efficiency in each individual employee, and in the organisation as a whole. Not only will this method save time, it will also afford you a higher profit and happier workers.

Frederick Taylor's theory can be further explained in the below videos which demonstrates his theory in practice in the workplace.

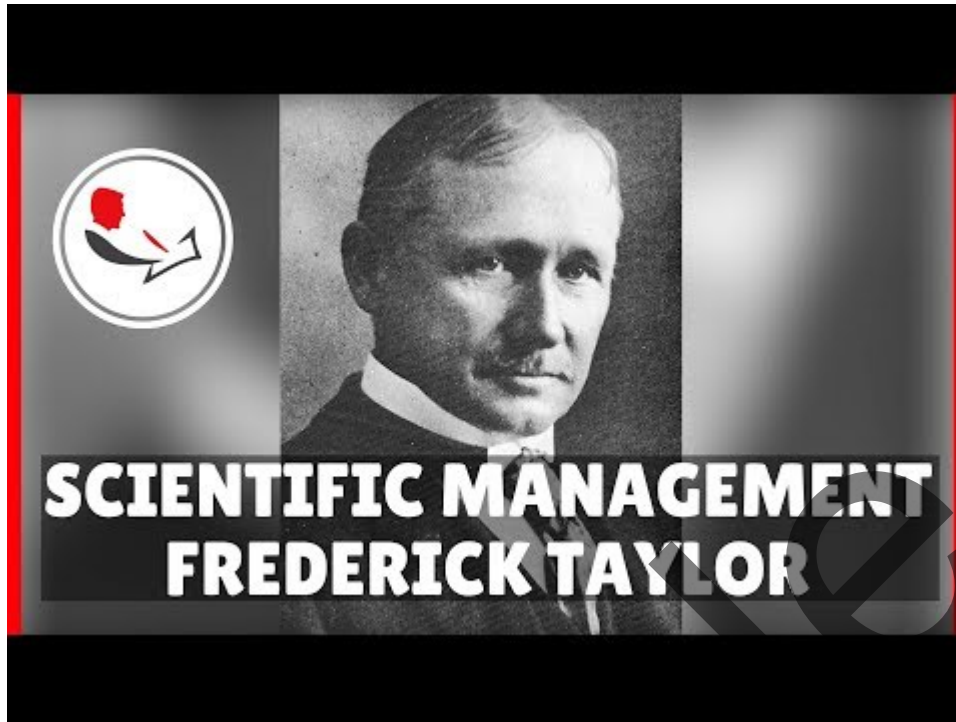


Figure 1 Scientific Management in Practice

Classical Organisational Theory

Henry Fayol

Henri Fayol identified 5 functions of management, which he labelled: planning, organizing, commanding, coordinating and controlling. Henri Fayol theorized that these functions were universal, and that every manager performed these functions in their daily work.

Planning

Managers must plan for future conditions, develop strategic objectives and secure the achievement of future goals. Therefore, managers must evaluate future contingencies affecting the organisation, and shape the future operational and strategic landscape of the company.

Organizing

Managers must organize the workforce in an efficient manner and structure and align the activities of the organisation. Managers must also train and recruit the right people for the job, and always secure a sufficiently skilled and educated workforce.

Commanding

Managers must supervise subordinates in their daily work and inspire them to achieve company goals. Likewise, it is the responsibility of managers to communicate company goals and policies to subordinates. The commanding of subordinates should always be consistent with company policies, and every manager should treat subordinates in line with the standards of the company.

Coordinating

Managers must harmonize the procedures and activities performed by the company, meaning that every activity of each organisational unit should complement and enrich the work of another.

Controlling

Managers must control that company activities are in line with general company policies and objectives. It is also the responsibility of the manager to observe and report deviations from plans and objectives, and to make initiatives to correct potential deviations.

The five functions theory of Henri Fayol is a very normative and functional view on management, and the theory might not fully convey the managerial complexities faced by managers in their daily work. As such, Henry Fayol's five functions focus very little on informal relationships between managers and subordinates, and do not touch very much upon how to develop and maintain a motivated workforce.

The 5 functions put forward by Henri Fayol may therefore not completely represent the total complexity faced by managers, and the normative approach may be too rigid to illustrate which functions managers need to perform in modern contemporary companies and organisations. However, the 5 functions presented by Henri Fayol give a structured overview of several tasks needed to be performed by all managers, which gives managers an initial overview of which main functions they should be focusing on in their daily work.

Other theorist such as Frederick Herzberg and Elton Mayo focused more of their attention to trying to explain how people are motivated, and on which motivational factors can secure a satisfied and motivated workforce.

Max Weber's idealized bureaucracy

Bureaucracy definition: *"Bureaucracy is an organisational structure that is characterised by many rules, standardised processes, procedures and requirements, number of desks, meticulous division of labour and responsibility, clear hierarchies and professional, almost impersonal interactions between employees"*.

According to the bureaucratic theory of Max Weber, such a structure was indispensable in large organisations in structurally performing all tasks by a great number of employees. In addition, in a bureaucratic organisation, selection and promotion only occur on the basis of technical qualifications.

Max Weber defined 6 specific characteristics of bureaucratic management.

1. Task specialisation

Tasks are divided into simple, routine categories on the basis of competencies and functional specialisations. Every employee is responsible for what he/she does best and knows exactly what is expected of him/her. By dividing work on the basis of specialisation, the organisation directly benefits. Each department has specific powers. As a result, there is a delineation of tasks and managers can approach their employees more easily when they do not stick to their tasks. Every employee knows exactly what is expected of him/ her and what his/ her powers are within the organisation. Every employee has a specific place within the organisation and

is expected to solely focus on his/ her area of expertise. Going beyond your responsibilities and taking on tasks of colleagues is not permitted within a bureaucracy.

2. Hierarchical of authority

Managers are organised into hierarchical layers, where each layer of management is responsible for its staff and overall performance. In bureaucratic organisational structures, there are many hierarchical positions. This is essentially the trademark and foundation of a bureaucracy. The hierarchy of authority is a system in which different positions are related in order of precedence and in which the highest rung on the ladder has the greatest power. The bottom layers of bureaucratic organisational structures are always subject to supervision and control of higher layers. This hierarchy reflects lines of bureaucratic communication and the degree of delegation and clearly lays out how powers and responsibilities are divided.

3. Formal selection

All employees are selected on the basis of technical skills and competences, which have been acquired through training, education and experience. One of the basic principles is that employees are paid for their services and that level of their salary is dependent on their position. Their contract terms are determined by organisational rules and requirements and the employee has no ownership interest in the company.

4. Rules and requirements

Formal rules and requirements are required to ensure uniformity, so that employees know exactly what is expected of them. In this sense, the rules and requirements can be considered predictable. All administrative processes are defined in the official rules. By enforcing strict rules, the organisation can more easily achieve uniformity and all employee efforts can be better coordinated. The rules and requirements are more or less stable and always formalised in so-called official reports. Should new rules and requirements be introduced, then senior management or directors are responsible for this.

5. Impersonal

Regulations and clear requirements create distant and impersonal relationships between employees, with the additional advantage of preventing nepotism or involvement from outsiders or politics. These impersonal relationships are a prominent feature of bureaucracies. Interpersonal relationships are solely characterised by a system of public law and rules and requirements. Official views are free from any personal involvement, emotions and feelings. Decisions are solely made on the basis of rational factors, rather than personal factors.

6. Career orientation

Employees of a bureaucratic organisation are selected on the basis of their expertise. This helps in the deployment of the right people in the right positions and thereby optimally utilising human capital. In a bureaucracy, it is possible to build a career on the basis of experience and expertise. As a result, it offers lifetime employment. The right division of labour within a bureaucratic organisation also allows employees to specialise themselves further, so that they may become experts in their own field and significantly improve their performance.

Advantages and disadvantages of the Bureaucratic Theory