



# Business A level

## Course plan

This plan shows the structure of the course and gives an outline of the contents. Sections 1–6 cover the requirements of the AS and Part 1 of the A level; Sections 7–10 cover Part 2 of the A level. You need to do Sections 1–10 to prepare for the A level.

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## Sample of the A Level Business Course from Section 2

### Topic 1

# Management, leadership and decision making

## Introduction



This first topic introduces you to the role of managers within an organisation and what they do on a day-to-day basis. You will also look at different management styles and how these can influence the performance of employees.

You will probably need 5 hours to complete this topic.

## Objectives

When you have completed this topic you should be able to:

- explain what managers do
- evaluate different types of management and leadership styles
- explain why managers need to use different styles of leadership and management in different situations.

# Defining management and leadership

The term **management** is usually applied to the organisation's work whereas the term **leadership** more often relates to the activity of motivating and inspiring individuals or work teams.

The biggest difference between managers and leaders is the way they motivate the people who work for them, and this sets the pattern for most other aspects of what they do.

Many people are both managers and leaders. They have a management job to do, but know that to gain people's loyalty and trust they have to model good leadership, particularly when the work to be done is challenging or difficult.

## Managers

Managers have a position of authority that is given to them by their organisation. The people that work for them act on their instructions. The style of management is transactional, i.e. the manager tells the **subordinate** what to do and the subordinate does it to gain a reward, e.g. their salary.

Managers are paid to get things done, often within tight constraints of time and money. Managers are likely to be risk-averse and will avoid conflict wherever possible. Tasks such as monitoring budgets and checking quality are examples of management tasks.

## Leaders

Leaders may not necessarily have subordinates. There can be situations and business structures where someone will lead a team in a project or task but will not 'line manage' the team members. Many organisational leaders will have subordinates as they will also be a manager.

A leader may have a charismatic personality that makes it easier to attract followers who will be willing to follow them into potentially demanding or threatening situations. Others may have a quiet leadership style giving credit to others and taking blame where necessary, creating loyalty in their followers as a result. Taking an interest in staff development and motivating people to develop their skills and work hard would be examples of leadership skills.

## What managers do

As a business grows it will need to recruit new people into different roles. This means that the business will have to be structured accordingly. Most organisations have a hierarchy, which means that managers are used to oversee the work of staff within their team (or department). An effective manager will have four key areas to their role:

- Analyse information, such as staff absence and team performance to help them set objectives.
- Lead the team, using leadership skills to support and motivate the team through the process of meeting their objectives.
- Make decisions, such as delegating tasks to team members.
- Review activities, including making sure that the team are on task to achieve the set objectives.

The primary role of the manager is to make sure that objectives of their team or department are met. A manager cannot expect their subordinates to do a good job unless they have set very clear **SMART** objectives for them.

Before **objectives** can be set the manager will need to go through a stage of analysis so that they fully understand what needs to be done. This analysis will include:

- the current position of their organisation in the market they operate within
- any targets the team or department have been asked to meet within a given period
- what processes and procedures might need to be implemented to help the team achieve set targets
- what resources will be needed against what resources are available
- any budget considerations that might affect the operational efficiency of the team

Having completed the analysis, the manager will then make decisions about what objectives need to be set and how they will be achieved. Decisions need to be made at several levels of the business and good decisions will determine how successful the business is.

Look at this video for an explanation of decision making at strategic and operational levels of business.



<http://www.bbc.co.uk/education/clips/z2c97ty> (levels of decision

making) Available to enrolled students.

As discussed earlier, an effective manager will also use leadership skills to support and motivate the team through the process of meeting their objectives.

At regular intervals a manager will review how the team is performing against the objectives and make decisions about what changes and developments might be needed to keep the team on track. The regular review process is a very important element of the manager's role. Without it the manager won't be able to identify what's working well and what needs to be changed or developed.

These stages are at the core of Peter Drucker's view of what managers should do in order to ensure they meet their objectives. His main message is that effective management is more about leading people to do the right things in the right way to achieve results rather than following rigid processes.

"Management is doing things right; leadership is doing the right things."

Peter Drucker

## Activity 1

(Allow 25 minutes)

Watch the following video clip which explains the different levels of management within organisations and the differences between leaders and managers. Then answer the questions below.

<https://www.youtube.com/watch?v=NgkQYRqxKTs>



- 1 What is a manager?
- 2 Outline one area that managers are responsible for.
- 3 How does the video define the informational role?
- 4 What is the main difference between management and leadership?

Compare your answers with the following;

- 1 Someone who is in charge of part of an organisation or sub group within it.
- 2 One area is recruiting new staff.
- 3 Monitor, disseminator, spokesperson.

- 4 Managers meet the objectives that are set and monitor achievement of goals. Leadership is about challenging the way things works and inspiring people to work differently.

Much of Drucker's model is underpinned by the earlier work of Henri Fayol. Fayol categorised six areas of focus for management:

- forecast
- plan
- organise
- command
- coordinate
- control.

Mintzberg later used Fayol's list to try and define how much time managers spent in each area of activity.

Read through Chapter 5 for more information about what managers do relating to Fayol and Mintzberg's theory

## Self check

(Allow 20 minutes)

Explain in your own words the differences between management and leadership. Consider what the impact would be for a manager who leads but doesn't manage and a manager who manages but doesn't lead. What are the strengths in having a manager who combines management skills with leadership skills?

You will find feedback to self checks at the end of the section.

## Management and leadership styles

Leadership is a crucial aspect of any business because good leadership helps to provide stability and the achievement of successful business outcomes.

A business with poor leadership may grow more slowly and lose direction and be less able to compete in the market it works within. Poor leadership is known to affect motivation, reduce productivity,

reduce sales, increase costs and lead to high levels of absence in employees.

There are several different models of leadership and management and it's helpful to have an understanding of the different styles each model promotes.

## Kurt Lewin

There are three recognisable approaches to leadership which were defined by Kurt Lewin in 1939. These approaches define different types of leadership style and still apply today.

**Autocratic** – the leader takes decisions without consulting others. This can work well in some situations, for example, in an emergency where there is no time or need for input from the team. If you work in the armed forces and are working in a dangerous place you are likely to be told what to do rather than consulted. This is an example of an autocratic style. In business situations many people don't like being told what to do over a long period of time so overuse of this style can lead to conflict and discontentment.

**Democratic** – the leader involves the team in decision-making to determine what needs to be done and how it should be done. The leader or manager will often have the final say but they will get more support if they involve their team in the decision-making process. This makes staff feel valued and that their input is important. However, this can be a time-consuming process, especially if the manager consults the staff every time a decision has to be made.

**Laissez-faire** – the leader or manager is very 'hands off'. They delegate authority to the team or individual to make their own decisions. This can work well where team members are highly qualified and experienced in their field but leads to lack of progress and disagreements in a less skilled team.

The experiments Kurt Lewin carried out showed that a leader's behaviour affected team performance and the best leaders could move between the styles and choose the right one for the situation.

## McGregor's X and Y theory

The X and Y theory of management was created in 1960 by Douglas McGregor. It's a simple theory which places a manager's attitude and beliefs into one of two categories, either X or Y.

**The X manager** – believes that all workers are inherently lazy and will do as little work as they can get away with. They take the view

that workers need to be directed and controlled. They believe that the majority of people don't want to take responsibility and have little interest in their self-development. The X manager has a highly 'authoritarian' style.

**The Y manager** – believes that workers will do a good job where there is an element of trust and partnership with their managers. They take the view that most workers want to engage with and enjoy their work. As a result workers will be self-controlling and self-directing without needing to be watched all the time. The Y manager has a highly 'participative' style.

## Activity 2

(Allow 10 minutes)

Imagine you work for an X style manager. This manager watches the clock to make sure you only take exactly the number of minutes you're allowed in a break. They constantly check that you've completed tasks you are asked to do.

How might you feel about this manager? What might be your response if you were asked to work late one evening for which you wouldn't be paid?

What approach would a Y manager take in this situation?

Compare your ideas with the following:

It is likely that in this situation you would be unhappy working for this manager. If you are being 'clock-watched' for every minute of your time for breaks then it's likely that you will be very rigid about leaving work at the exact time you're paid for.

A Y manager would trust you not to abuse the length of time given for breaks but will be relaxed about it, trusting that if you take a slightly longer break than usual you will still get the work done. In this more trusting relationship you would be far more likely to be willing to help them out by working late if needed.

## The Blake Mouton grid

The Blake Mouton grid is a tool used to analyse different styles of leadership. Using the grid can help you identify a manager's focus on an issue. The grid is based on two behaviours:

- The first looks at concern for people.

- The second looks at concern for results.

The model considers a manager's level of focus on getting a task done against the level of concern for the people who work for them. The idea is to achieve a balance between the two. Where the main focus is on completing the task with little regard for the people performing the task, productivity will decrease as people become demotivated.

Where a leader's main focus is on the welfare of the people, the rate of productivity in getting the job done will also decrease.

Where there is an equal balance of concern for both the task and the people, productivity will increase.

Blake and Mouton identify five leadership styles:

- The **impoverished** manager has a low concern for both people and production. The manager does the minimum needed to maintain suitable quality and levels of output
- The **authority-compliance** manager has high concern for production and low concern for people. Efficiency is created by arranging conditions of work that minimise human factors
- The **country-club** manager has low concern for production but high concern for people. Satisfying relationship needs is enough to create a comfortable working atmosphere and work tempo.
- The **team** manager has high concern for production and high concern for people. By focusing on organisational needs the manager aims to gain commitment so that people work to a common purpose
- The **middle-of-the-road** manager has moderate concern for production and moderate concern for people. The manager's aim is to balance the need for output with the need to maintain people's morale.

The various different styles may all be useful, but must be selected to suit the particular situation. For example, country-club managers can spend nearly all their time looking after their team members if they are confident that those team members are doing good work. In contrast, impoverished managers may decide that the best approach to a successful existing team is to let them continue as they were, though monitoring performance and people carefully to identify when the manager needs to intervene.

Incidentally, you'll notice that we have used both 'leadership' and 'manager' in the above description. It's interesting that Blake and Mouton originally placed their styles on a management grid but in later writings called it a Leadership Grid.



Managers can use the grid to identify their own leadership style.

Read section 6.3 in Chapter 6 in the textbook to see an example of the Blake Mouton grid.

### Activity 3

(Allow 20 minutes)

Think of a number of different situations where you were the leader. This could be at a sports club or a school or work activity.

Place yourself on the Blake Mouton grid according to where you believe you fit for each of these different situations.

Then identify the skills you need to sit within the team leadership position (assuming you are not already there).

You might like to draw up a plan of how you will achieve these skills

There is no set answer to this activity as it will depend on your own self- assessment against the grid. However, you might like to discuss your findings with someone you know – and see if they agree with you.

## The Tannenbaum and Schmidt continuum

Tannenbaum and Schmidt produced a continuum to look at different levels of management interaction.

They looked at the balance between the use of authority by the leader and the extent to which the 'subordinate' was allowed to make, or be involved in, the decision-making process.

If you think of the continuum as a horizontal line (see Figure 2.1 below), leaders who operate at the left of the continuum are commonly referred to as autocratic leaders. These leaders tend to keep total power in their control, viewing their subordinates as being incapable of original or constructive thought. They could be considered, for want of a better word, a dictator.

Those that work in the centre area of the continuum are often referred to as democratic leaders. These leaders tend to coordinate the work of the team.

Those that operate at the right of the continuum are the laissez-faire leaders. They allow everyone to make their own decisions and do things their way.

Tannenbaum and Schmidt identified four aspects of leadership and three forces that a leader must consider when choosing a suitable style:

- **Tells** – the manager identifies problems, plans action and tells the team members what to do.
- **Sells** – the manager plans action but works to persuade team members that the action is suitable.
- **Consults** – the manager identifies a problem, asks the team for suggestions and makes a decision.
- **Joins** – the manager identifies a problem, sets limits on possible actions, and then asks the team (with the manager as member) to make a decision.

The forces that must be considered come under three headings:

- **Forces in the manager** – these will depend on factors such as the manager’s personality, attitudes, past experiences, confidence in team members, and position in the organisation. A major effect will be the manager’s approach in relation to Theories X, Y and Z.
- **Forces in the team members** - these will also depend on the team members’ personality, experiences and so on. Specific factors might include willingness to follow instructions, tolerance for ambiguity and association with organisational goals.
- **Forces in the situation** - these forces will include the type of organisation, the organisational culture, the nature of the problem, time pressures and the team’s past experiences.

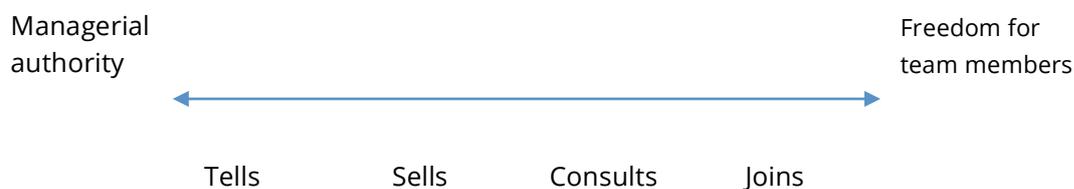


Figure 2.1 A continuum of leadership styles to suit various situations



Read Section 6.4 in Chapter 6 of the textbook for further explanation of the Tannenbaum Schmidt continuum.

## Activity 4

(Allow 20 minutes)

Complete Question 8 in Chapter 6's revision questions on the Tannenbaum and Schmidt continuum.

You can check your answer against the answers to this question which you will find on the Dynamic Learning website.

## Self check 2

(Allow 20 minutes)

Give examples of situations needing a specific leadership style. Include one of each for autocratic, democratic and laissez-faire. You could also identify an example where the use of the Tannenbaum Schmidt continuum would be appropriate.

You will find feedback to self checks at the end of Section 2.

## Summary

In this topic you have looked at what a manager typically does and how the roles of a manager and a leader differ. You have considered the different leadership styles a manager can adopt and the stages a manager goes through in making sure that organisational and team objectives are set and met efficiently.

## References

Leaders vs Managers, online video published by Eve A, uploaded 5 Mar 2014, accessed 9 Aug 2015,  
<https://www.youtube.com/watch?v=wVTTBXIAGvI>

Episode 142: Mintzberg's Managerial Roles, online video published by Alanis Business Academy, uploaded 11 Nov 2013, accessed 9 Aug 2015, <https://www.youtube.com/watch?v=NgkQYRqxKTs>

## Key terms

**Management:** the process of controlling things or people

**Leadership:** the ability to lead and influence an individual or group

**Subordinate:** someone working for and accountable to a manager

**Objective:** a clearly defined target or goal to be achieved

**SMART:** Specific, Measureable, Achievable, Realistic, Timebound

**Leadership styles:** the characteristics of a leader

**Autocratic style:** the style of a manager who controls workers

**Democratic style:** the style of a manager who allows employees to be involved in decision-making

**Laissez-faire:** the style of a manager who allows employees to make their own decisions with very little control



## What next?

We hope this sample has helped you to decide whether this course is right for you.

If you have any further questions, please do not hesitate to contact us using the details below.

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## Contact us

There are many ways to get in touch if you have any more questions.

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