Unit 6: Principles of Management

Delivery guidance

This unit will introduce learners to the main functions of leadership and management, and the skills required by those in positions of responsibility within an organisation to effectively carry out their duties. Learners need to be aware of how management practices have been influenced by the work of management theorists and writers. Hence, reference is made in the specification to the works of such writers as Kotter, Handy and Hofstede. It is important to note that these theories should not be considered from a purely academic perspective, since the main focus of the unit is the *application* of these theories in an organisational context.

You and your learners should be aware that the set assignment will not require learners to describe the features of a particular management theory or to present a critique of any management theory. An understanding of the features of the classical school of management and the scientific school of management is therefore not required in this unit. Instead, the theories should be used by your learners as tools which can be applied in different management contexts.

Although this unit is focused on the principles of management, there is much scope for the learners to engage in practical activities. These could involve researching the management styles practised in particular organisations, as well as making presentations and engaging in role-play exercises. In terms of the latter, the communications skills of your learners could be enhanced by their participation in an exercise which requires them to present a specific aspect of management change to a team of staff – for example, the introduction of a new attendance monitoring system. Other learners could play the part of team members, some of whom would voice their opposition to the proposed changes.

Some of your learners may have part-time jobs in local businesses and organisations. It is useful to use their experience of the world of work to comment on the features and characteristics of leadership and management within their own work placements, and then link these to the different styles of leadership and management. Similarly, learners could be asked about their own 'ideal' management style which would motivate them in their job role, and the characteristics of a management style which would not be motivational. The learners' work placements could also stimulate discussion regarding the concept of organisational culture and the features of different types of organisational culture.

Learners must accept that the management of team members and the workforce in general is not about the managers being 'nice' or 'kind'. Learners should be introduced to management situations which require managers to make difficult decisions and communicate those decisions to their staff, many of whom may object to changes in their working practices or, worse still, be upset and angry about the loss of their jobs. In such circumstances, learners should be able to call upon the work of management theorists and writers, for example Kotter's eight-step change programme, to give them a 'guide' as to how such changes can be managed and implemented.

Another approach you could take which can exemplify to your learners the challenges faced by a manager is to ask them to prioritise what they look for in a 'good job'. Some learners may prioritise financial and others non-financial aspects. You could then lead a class discussion looking at how these differing priorities between individuals can pose a challenge for a manager seeking to introduce change or motivate their staff.

Approaching the unit

You can use a range of delivery methods in this unit, such as:

- discussions – class and small group discussions on management issues and the style of management best suited to addressing a range of issues

- individual or group presentations

- case studies requiring learners to explore and identify the key management challenges which need to be addressed in specific scenarios

- video clips showing examples of the types of leadership and management styles exhibited in different business situations.

Group work is an acceptable form of delivery, but you must ensure that each learner produces their own evidence, containing sufficient detail for assessment.

You can involve local employers in the delivery of this unit by inviting them as:

- guest speakers

- members of the audience for learner presentations, where they can give feedback

- providers of work experience for learners, and of business materials as a basis for case studies and exemplars.

Delivering the learning aims

Learning aim A gives learners the theoretical background to the study of management principles. It covers management theories, concepts and some of the key terms which will be explored over the duration of the course. It is important for learners to understand the different approaches to management style and the features of each of the different management theories. Learners need to understand that, over the course of time, business experts have put forward definitions and theories of management. No one 'ideal' theory of management is proposed within the unit and your learners may determine that the manager's role may embrace aspects from a range of different management theories and behaviours. It could be argued, for example, that many managers adopt different ways to get employees to do their jobs (situational leadership) and doubtless there are many managers who consider that their role is to inspire and motivate others to work hard (transformational leadership). Others still will recognise that employees have to be rewarded in some way or other in order to work (transactional leadership).

Learning aim A takes as one of its central themes the functions of management as laid down by Fayol (1916), namely: "To manage is to forecast and plan, to organise, to command, to coordinate and to control". You should take this as your starting point when your learners begin to explore the functions of management, i.e. what do managers do? From the work they have covered in other units, your learners may be familiar with the main functional areas within a business – marketing, finance, sales, human resources and production. You could take each of these functional areas and ask your learners to suggest how the functions of management identified by Fayol could be applied by managers working in different functional areas.

For example, a finance manager will be required to *forecast* business performance in terms of the profits generated from its business activities. The finance manager would also be responsible for *forecasting* cash inflows and outflows. A budget would need to be *planned* and the finance team would need to be *organised* to perform specialist financial functions,

2

including the recording of financial transactions and setting up a petty cash system. People working within the business would be *commanded* to follow the business's financial procedures when ordering goods, and the procurement process would need to be *coordinated* and *controlled* in order to ensure supplies are available to the other main functional areas.

If you use the finance function as an example, your learners could then complete a similar exercise using one of the other functional areas. The class could share their ideas to obtain a complete picture of how the main management functions are applied on a day-to-day basis within a business.

You are advised to return to these management functions each time the learners complete a case study. This would help to ensure learners refer to each of these functions when making their management decisions and presenting their recommendations for their set assignment.

It is important in this learning aim that learners are made aware of the difference in the functions of a manager and a leader, and that both roles require specific skill sets. A manager's role is likely to be more hands-on and operational, whereas the leadership role has less of an operational focus. Leaders tend to be more concerned with creating a vision for the business and communicating this to the workforce. Indeed, there are countless examples of business leaders whose technical skill sets have little or nothing in common with the organisations they lead. Your learners could explore this theme by researching the characteristics of leaders in some of the well-known large corporations.

Learners need to develop an understanding of business culture and how it differs from organisation to organisation. Your learners will have their own understanding and experience of culture from their own backgrounds. Ask learners to describe the differences in the schools and colleges they have attended and they are likely to come up with statements such as: 'the teachers are strict/friendly'; 'the school was only concerned with the high achievers and examination results'; 'the bad behaviour of students was not subject to sanctions/was ignored'; 'teachers were really helpful and supportive'.

All of these statements are examples of a prevailing culture and you can use them to introduce the notion of culture in a business context, and the factors which influence such a culture. In respect of the set assignment, your learners may have to take into account the culture of the organisation which forms the basis of the case study, since the culture will influence all business decisions and functions, and how the business is managed.

In learning aim B, the focus is clearly upon the performance of the business, and the influence of management and management decisions on achieving organisational goals. From the work covered in other units in the programme, learners should be aware that performance is not only measured by financial indicators – profits, return on capital employed, sales and the like – but can also be measured by non-financial indicators such as customer satisfaction, workforce motivation, labour turnover and so on.

Your learners need to understand that management decisions taken to influence non-financial performance indicators can sometimes have a huge impact on financial performance. For example, decisions may be made to ensure the efficiency of procurement practices to obtain efficiencies in the cost of spare parts. The case studies you prepare for learning aim B should therefore enable your learners to differentiate between those decisions which are focused upon financial performance and those which are more concerned with non-financial performance. This will be important when you prepare your learners for the set assignment because you need to ensure that they are able to put forward recommendations which, although at first sight may not directly impact on financial performance, will contribute towards an organisation's vision, mission and objectives.

For learning aim C, it would be useful for learners to have access to computers and appropriate presentation software. This would enable them to produce a proposal using accepted business conventions.

The unit does not lay down any specific layout for business reports, but it is suggested that the following conventions be included:

- a title

- an introduction highlighting the purpose of the report

- an executive summary comprising the decision which will be presented for discussion and an overarching rationale for the decision reached

- a series of numbered sections which present the management decisions, the associated analysis and the management challenges

- a set of conclusions and recommendations.

This unit is closely linked to *Unit 7: Business Decision Making*; in both units the learners are required to make management decisions and present recommendations to key stakeholder groups in their set assignments. These decisions will be based on a given scenario and will require the learners to analyse data and information. They will need to make management decisions and recommendations which will improve the performance of the business, thereby making a positive contribution to the business's strategic objectives.

Although the unit does not recommend any specific approach in respect of the decision-making process, your learners may find the following approach useful to consider when making a management decision:

1. Gather information

2. Analyse the situation

3. Develop a set of possible options

4. Evaluate the different alternatives available

5. Select the preferred option

As with all business decisions, the decisions your learners recommend will involve an evaluation of different options and alternatives. It may be that there is no one 'correct' response but your learners must understand how to prepare a logical, consistent rationale which supports their management decision(s). Equally, all management decisions involve risks and challenges – indeed, some may result in unintended consequences. These should also be considered by your learners so that appropriate management action can be taken further down the line.

From these decision-making skills, we can distil three key elements which form the basis of the approach that should be taken by the learners when reading through the material presented in the set assignment:

- Analyse – Learners will be required to interpret and identify relationships in a specific business scenario presented in the Pearson Set Assignment Brief and identify the key areas which will require management intervention.

- Assess – Learners may be required to weigh up the positive and negative aspects of a situation and give their conclusions in the form of management decisions, and how these decisions could be communicated to specific stakeholder groups.

4

- Evaluate – Learners will be required to come to a reasoned judgement from their assessment of a set of possible alternatives, drawn from their analysis of the material presented in the set assignment.

Assessment model

Learning aim	Key content areas	Recommended assessment approach
A Explore management and leadership principles, concepts, key terms, functions and theories	**A1** Definitions of management and leadership **A2** Functions of management and leadership **A3** Business culture	Research and report on management and leadership issues and styles in a business organisation, and a report on change management strategies to improve business performance.
B Examine management and leadership styles and skills and their impact on organisational performance	**B1** Management and leadership styles **B2** Management and leadership skills	
C Prepare proposals for business improvement to meet the needs of stakeholders in given business contexts	**C1** Managing change **C2** Change recommendations	

Assessment guidance

This unit is internally assessed using a Pearson set assignment. The assignment is set by Pearson and marked by tutors. Learners may need to research their local environment to collect data to support their response. If this is the case, they are permitted to take notes and bring them back to the centre. Research time may be accounted for in the time requirement for the assignment.

Learners must work independently and must not be given guidance or feedback on the completion of this preparatory work. The set assessment must be completed under supervised conditions. The advised supervised assessment period is seven hours.

Two set assignments for this unit are available each year and are valid for one year only. Tutors are not permitted to create their own assessments for this unit.

Learning aims A and B will be assessed through a critical appraisal which shows in-depth understanding of management and leadership concepts. Learning aim C will be assessed through a critique of the success of different strategies used for business improvement.

Learners may be expected to analyse a specific business context and recommend a management approach which will result in business improvement. Learners will be required to consider alternative management approaches to achieving a business's strategic objectives or addressing a specific issue relating to a business's performance.

Learners may be required to analyse both quantitative and qualitative data to propose a management approach. They will present their work in a formal written report and may wish to complement this with an accompanying set of presentation slides and speaker notes, using presentational software.

Getting started

This gives you a starting place for one way of delivering the unit, based around the recommended assessment approach in the specification.

Unit 6: Principles of Management

Introduction

Begin by introducing the unit to learners through a group discussion exploring the role of management in an organisation with which they may be familiar. This can be followed by outlining the learning aims of the unit.

Learning aim A: Explore management and leadership principles, concepts, key terms, functions and theories

- Start by looking at the ways in which management functions are carried out in different departments of an organisation. These could then be linked to Fayol's management functions: planning, organising, controlling, coordinating, forecasting.

- Managers frequently delegate tasks so you might look at good practice in the delegation process. What can be delegated? What cannot be delegated? You might also consider looking at the distinction between management responsibility and management accountability in an organisational context.

- You should introduce the different management theories with reference to specific contexts. For example, you could start by asking the learners how they would like to be managed when they enter the world of work, or you might be able to use the work experience of your learners to identify how management theory is applied in a practical business context.

- Use case studies and business scenarios so that your learners can identify different types of approaches to management.

- You could prepare a presentation on the different management theories and lead a class discussion where learners are required to make a case for their preferred management theory. Extend learning by asking learners to explore some of the issues relating to each management theory covered in this learning aim. For example, do your learners think that financial rewards are the main motivating factor in the workplace, or are there other more subtle ways of enhancing workforce performance?

- Learners should explore the differences between leadership and management with reference to specific business scenarios. For example, they could consider a case involving a business merger or a situation in which the business is required to take action to address poor business performance. Learners could explore the different roles played by a business leader – 'selling the vision and the mission' – and the business manager – coordinating the implementation of recovery plans and motivating staff teams.

- Identifying the different roles played by leaders and managers will help learners to identify the skill sets required in each role. Some of these skills will be common to both but your learners will need to distinguish some of the more technical, operational elements required in the management function.

- References to organisation charts and job roles are another useful way that learners can understand the role of the manager and, with it, the levels within the management hierarchy. Learners could then distinguish between supervisory roles, management roles and executive/leadership roles.

- The concept of business culture could be introduced with reference to the learners' own experiences, either in their educational institutions or in their workplace. This would provide the introduction to a teacher presentation on the different theories of business culture.

- Learners could explore the features of different business cultures in different contexts and draw conclusions about the influence of business culture on organisational performance.

- Lead a class discussion on the type of business culture favoured by individual learners in respect of their entry into the world of work, and how different business cultures may impact on their own approach to their work role.

- You could extend learning by asking learners to explore the factors that influence business culture, and research different organisations to identify practical examples of how a business culture is created. Large technology companies, for example, are recognised for the creative ways in which they try to develop and promote innovation and intrapreneurship within their workforce.

Learning aim B: Examine management and leadership styles and skills and their impact on organisational performance

- Learning aim B recognises four types of leadership and management styles. You might find it useful when preparing your lessons for this learning aim to familiarise yourself with the work of Likert and his 'Michigan studies'. Likert theorised about high–producing and low-producing managers, and believed that high-producing managers tended to build their success on interlocking and tightly knit groups of employees, whose cooperation had been obtained through attention to a range of motivational factors.

- Introduce the four leadership styles (autocratic, democratic or participative, paternalistic, laissez-faire) and encourage learners to engage in a class discussion outlining the advantages and disadvantages of each one.

- Working in small groups, learners could complete a case study dealing with a management issue in the workplace, and prepare a presentation on how they would deal with the situation. The management issue should comprise the different aspects of the working environment covered in the specification. For example, a business may decide that, following poor customer feedback on service delivery, new procedures and policies need to be introduced to improve the quality of customer service. This would result in the restructuring of staff work groups, leading to conflict within the teams. Managers would be required to implement the changes, build potential within the new teams and give constructive feedback to employees.

- Each group could then present their management strategy to address the issues highlighted in the case study. Extend learning by asking learners to cross-reference different aspects of their strategy to relevant management theories.

Learning aim C: Prepare proposals for business improvement to meet the needs of stakeholders in given business contexts

- You should be creative in your approach to learning aim C. You could start with a formal presentation on the work of change management theorists such as Kotter and Lewin, and then introduce your learners to a number of case studies where business organisations have sought to change their working practices to meet the challenges which have arisen in the wider operating business environment.

- You could extend learning by asking learners to prepare SWOT and PEST analyses to identify the influences on specific businesses and specific sectors in the economy.

- Learners should be aware of the main internal and external stakeholders from the work they

8

have covered in other units on the programme. In preparing your learners for the set assignment, you should make sure they are aware of the contrasting needs and interests of specific stakeholder groups. For example, both workers and shareholders have a common interest in the continuing success of a business, but this common interest may come into conflict if dividends increase at the expense of wages or vice versa.

- You could present case studies to your learners in which they are required to take management decisions which seek to resolve these conflicts of interest, in order to promote continuous improvements in business performance.

- You could prepare a presentation on proposals which identifies to your learners the conventions and formats of business reports. Learners should also be given time to practise writing reports and hone their presentational skills.

- In the set assignment, learners can choose to prepare presentational slides and associated speaker notes. Should this be the case, they should be reminded that their slides should comprise a maximum of 5 or 6 bullet points per slide, and that graphics and animations should not detract from the message being presented.

Details of links to other relevant units/qualifications

This unit links to Pearson BTEC International L3 Qualifications in Business and in Enterprise and Entrepreneurship:

- Unit 1: Exploring Business

- Unit 7: Business Decision Making

- Unit 8: Human Resources

Resources

In addition to the resources listed below, publishers are likely to produce Pearson-endorsed textbooks that support this unit of the BTEC International Level 3 Qualifications in Business. Check the Pearson website (http://qualifications.pearson.com/endorsed-resources) for more information as titles achieve endorsement.

Textbooks

- Phillips, J, Richards, C and Smith, J – *Pearson BTEC National Business Student Book 2*, (Pearson, 2016) ISBN 9781292126258.
  Includes a chapter on principles of management.

- Jakubowski, S, Sutherland, J and Sutherland, D – *Revise BTEC National Business Revision Guide* (Pearson, 2016) ISBN 9781292150123.
  Includes a chapter on principles of management.

Websites

- Mindtools has a useful website that can be found by searching online for 'mindtools'. Search for 'Kotter's 8-step change programme'.)

- BusinessBalls has a helpful website that can be found by searching online for 'Businessballs'. It has a good section on ethical leadership and decision making.

- Cliffs Notes have a useful website. Search the website for 'functions of management'.

- Search online for 'business case studies' for a series of real-life business cases studies covering a variety of management-related issues.

- Toyota is an interesting company to look at in terms of principles of management. Search online for 'Toyota global' to find out more about their organisation and structure.

- Change Management Coach has a useful website that can be found by searching online for 'Change Management Coach'. Search the website for 'Lewin's change management model'.

Videos

- The Two Teachers channel on YouTube has a video presentation on management and leadership.

10

Pearson is not responsible for the content of any external internet sites. It is essential for tutors to preview each website before using it in class so as to ensure that the URL is still accurate, relevant and appropriate. We suggest that tutors bookmark useful websites and consider enabling students to access them through the school/college intranet.