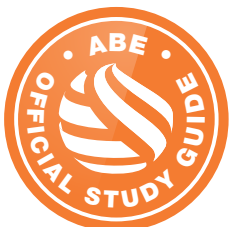


Your road to success

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**LEVEL 5  
MANAGING AGILE  
ORGANISATIONS  
AND PEOPLE**



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# Contents

<b>Using your study guide</b>	iv
<b>Chapter 1 The Changing Nature of Organisations</b>	<b>2</b>
1.1 The changing nature of organisations and its impact on management practice	3
1.2 The impact of the internal environment on management practice	19
1.3 The evolving role and contribution of managers in light of the changing external environment	28
1.4 Compare and contrast a range of management approaches in order to assess their suitability for specific contexts	32
<b>Chapter 2 Contemporary Management Practices</b>	<b>42</b>
2.1 Organisational agility and its contribution to sustainable organisational success	43
2.2 Analyse contemporary management practices in the context of changing organisational forms and structures	49
2.3 Assess the impact of contemporary management practices techniques on organisational behaviour and management practice	56
<b>Chapter 3 Introduction to People and Performance</b>	<b>64</b>
3.1 The people performance link and its contribution	65
3.2 Effective human resource planning	71
3.3 The impact of communication and interpersonal relations on performance	84
3.4 Motivating for high performance	91
<b>Chapter 4 Personal Development as a Manager</b>	<b>100</b>
4.1 The role of continual professional development (CPD) in achieving personal and organisational objectives	101
4.2 Recommend a plan for personal development based on an analysis of needs	107
4.3 Justify approaches to meet personal development needs	111
4.4 Evaluating the impact of CPD	114
<b>Glossary</b>	<b>121</b>

# Using your study guide

Welcome to the study guide for **Level 5 Managing Agile Organisations and People**, designed to support those completing an ABE Level 5 Diploma.

Below is an overview of the elements of learning and related key capabilities (taken from the published syllabus).

Element of learning	Key capabilities developed
Element 1: The changing nature of organisations	<ul style="list-style-type: none"> <li>• Ability to conduct an analysis of both the internal and external environmental context</li> <li>• Ability to present reasoned arguments in favour of adopting specific strategies</li> </ul> <p><i>Analysis, judgement, commercial awareness</i></p>
Element 2: Modern management practice and principles	<ul style="list-style-type: none"> <li>• Ability to present arguments in favour of changing practices</li> <li>• Ability to draft a clear statement of values at team level</li> </ul> <p><i>Analysis, judgement, communication, values, managing teams</i></p>
Element 3: The people performance link	<ul style="list-style-type: none"> <li>• Appreciation of the need for communication and good working relationships</li> <li>• Ability to select appropriate methods and media when communicating</li> <li>• Ability to work within internal and regulatory practices when selecting, developing and evaluating staff</li> <li>• Ability to facilitate staff development and performance</li> </ul> <p><i>Communication, team work, performance management, developing team members, people management</i></p>
Element 4: Personal development as a manager	<ul style="list-style-type: none"> <li>• Ability to take personal responsibility for ongoing personal development as a manager</li> <li>• Ability to reflect on current practice, skills, and behaviours, and the impact of these in the workplace</li> <li>• Ability to develop a justified and meaningful personal development plan (PDP)</li> <li>• Ability to reflect on learning</li> </ul> <p><i>Personal responsibility, people management, reflection, self-development, planning</i></p>

This study guide follows the order of the syllabus, which is the basis for your studies. Each chapter starts by listing the syllabus learning outcome covered and the assessment criteria.

## L5 descriptor

Knowledge descriptor (the holder...)	Skills descriptor (the holder can...)
<ul style="list-style-type: none"><li>• Has practical, theoretical or technical knowledge and understanding of a subject or field of work to address problems that are well defined but complex and non-routine.</li><li>• Can analyse, interpret and evaluate relevant information and ideas.</li><li>• Is aware of the nature of approximate scope of the area of study or work.</li><li>• Has an informed awareness of different perspectives or approaches within the area of study or work.</li></ul>	<ul style="list-style-type: none"><li>• Identify, adapt and use appropriate cognitive and practical skills to inform actions and address problems that are complex and non-routine while normally fairly well-defined.</li><li>• Review the effectiveness and appropriateness of methods, actions and results.</li></ul>

Contained within the chapters of the study guide are a number of features which we hope will enhance your studies:



**'Over to you'**: activities for you to complete, using the space provided.



**Case studies**: realistic business scenarios to reinforce and test your understanding of what you have read.



**'Revision on the go'**: use your phone camera to capture these key pieces of learning, then save them on your phone to use as revision notes.



**'Need to know'**: key pieces of information that are highlighted in the text.



**Examples**: illustrating points made in the text to show how it works in practice.

**Tables, graphs and charts**: to bring data to life.

**Reading list**: identifying resources for further study, including Emerald articles (which will be available in your online student resources).

**Source/quotation** information to cast further light on the subject from industry sources.

**Highlighted words** throughout and **glossary terms** at the end of the book.

### Note

Website addresses current as of June 2017.

# Chapter 1

## The Changing Nature of Organisations

### Introduction

In this chapter we consider how the wider external environment impacts upon **management** practice. We explore the nature and form of organisations including the impact of **structure**, **culture**, **values** and **vision**. Views on the role and contribution of management are explored considering how approaches have evolved.

### Learning outcome

- 1 Analyse the impact of the internal context and external trends on management practice and approach

### Assessment criteria

- 1 Analyse the impact of the internal context and external trends on management practice and approach
  - 1.1 Assess the changing nature of organisations and assess the impact this has on management practice
  - 1.2 Analyse the impact of vision, values, culture and structure on both the organisation and on management practice
  - 1.3 Demonstrate how the role of a manager has evolved in light of the changing external environment in order to assess the contribution management makes
  - 1.4 Compare and contrast a range of management approaches in order to assess their suitability for specific contexts

# Level 5 Managing Agile Organisations and People

## 1.1 The changing nature of organisations and its impact on management practice

### Assessing the external environment

Traditionally, approaches to business planning involve centralised teams cascading detailed plans for achieving future business goals to relevant parts of the organisation. The rapidly changing environment requires a more **agile** response. This need to respond more flexibly has been supported by:

- 1 Porter, who placed emphasis on the organisation's ability to understand their competitive environment (1980) and to build strategy around gaining **competitive advantage** (1985);
- 2 Hamel and Prahalad (1994), who focused on the role of management in creating an organisation that was flexible and able to respond quickly to changes in the external operating environment;
- 3 Mintzberg (1994), who was critical of approaches that involved a dependence on numbers and analysis, and emphasised a focus on understanding and developing relationships and ideas in a way that allowed for greater creativity and use of intuition.

#### Factors influencing changing approaches to strategic management

The external environment is always changing and, therefore, an organisation's place within that environment is influenced by this change.

Responding to these external influences successfully requires the creation of a responsive internal organisational context.

Managers contribute by recognising and dealing with the impact of change and supporting a responsive culture.



#### OVER TO YOU

##### Activity 1: The need for foresight

**Working with a study partner, if possible, identify examples where scanning and analysing the external environment have or would have been of benefit to an organisation.**



## What is the business context?

An organisation's operating environment is influenced by three main components:

- 1 Organisational specific elements including culture, structure, vision and **mission**. These elements are explored in Section 1.2.
- 2 Country or national environmental factors. Each country has its own:
  - institutional environment (including both the economic and political-legal institutions). Influencing factors here come in the degree of economic development in a country, beliefs regarding approaches to economic management of a country (e.g. free market vs command economies) and the influence of regulation and legislation;
  - physical infrastructure (e.g. roads, airports, telephones);
  - socio-cultural forces, comprising of a country's demographics (e.g. average age, life expectancy, levels of education) and cultural characteristics (explored in Section 1.2).
- 3 Global factors may directly influence an organisation (e.g. specific industry competition, or developments in technology or science) or indirectly via influence on the national context (e.g. global agreements on the environment) or on cultural expectations (e.g. the influence of global brands).

## Influence and impact of globalisation

**Globalisation** is defined as:

“the process by which businesses or other organisations develop international influence or start operating on an international scale.”

Oxford Dictionaries

### ! NEED TO KNOW

#### The global context vs globalisation

Globalisation is where a business expands its operations to operate in various locations. The global context refers to the broader business environment and the demands in different countries.





Key drivers of its rapid growth include: technology, **cultural homogenisation**, economies of scale, deregulation of trade and competition.

### Technology

Technological developments are considered to have both enabled and facilitated globalisation.

- Transportation developments, including large commercial aircraft and containerisation, have transformed the ability to move products and raw materials.
- Increased ability to communicate and disseminate information has led to physical locations becoming less important, facilitating the global reach of organisations. For some organisations, this provides opportunities to reduce costs and introduce new forms of service or products (e.g. online shopping, **outsourcing** of call centres, etc.).
- Application of technology to many processes has enabled the automation of production, changing the face of manufacturing in many sectors.
- Increased **digitalisation** enables greater monitoring and analytical consideration of information as well as changing the manner in which records are stored and accessed.

### Cultural homogenisation

Technology has driven the development of global brands. Advertising and sponsorship via global events such as the Olympics means that big brands and the cultural ideals that accompany them become recognised around the world, while online media such as Twitter and YouTube facilitate ideas 'going viral'.

### Economies of scale

As location becomes less important, manufacturing becomes more cost effective when conducted in a location where labour is considered cheap (e.g. the concentration of manufacturing in China). Technology drives efficiency, enabling certain manufacturers to dominate the market.

### Deregulation of trade

The evolution of global trade drives a constant need for trade regulation to be reviewed. Deregulation has been driven by the World Trade Organisation (WTO) reducing costs and restrictions to cross-border trade and supporting the development of global organisations.

### Competition

Competition drives the evolution of globalisation. If one organisation within an industry becomes global, it gains a competitive advantage, which others within the industry will attempt to imitate. Responses may include the development of new products and services or a focus on cost reduction.

### *How does this affect organisations?*

Globalisation affects some organisations more than others. Some organisations sell goods across the whole world which can be manufactured using technology and skills available in many parts of the world. Other organisations (whose purpose is to serve a specific geographical location, e.g. public sector organisations) are less directly influenced by globalisation; however, these are indirectly influenced via government response to world economic and environmental pressures and trends.

 OVER TO YOU

**Activity 2: How does globalisation impact on management practice in your organisation?**

**How has globalisation impacted on the work of a manager in your organisation (or an organisation with which you are familiar)? Include examples to illustrate and support the points you make.**

## Tools and techniques for environmental analysis

Organisations exist in a complex, dynamic, constantly changing, competitive environment which impacts the way they do business. It is important to understand this environment and to respond appropriately. In this section we explore a range of tools and techniques which are used to help analyse the external environment that can be used by managers to help them take the appropriate action for the business.

 NEED TO KNOW

**Why compete?**

Within a free market economy, commercial organisations must compete to be successful. The market will increase and decline depending on overall trends in supply and demand, and within this market, businesses must compete for market share.



## Porter's competitive analysis model

The phrase "competitive advantage" is most closely associated with Porter and his concept of generic competitive strategies adopted by an organisation and the five forces analysis of competitive advantage.

### *Porter's generic competitive strategies*

Porter (1980) defined three competitive strategies adopted by organisations (shown in Figure 1). These strategies underpin all other decisions made in an organisation and impact on approaches taken to compete in the marketplace.

- 1 An organisation committed to cost leadership will look to reduce costs.
- 2 An organisation with a differentiation strategy may invest in research and design activities to ensure its products remain unique and ahead of others within the marketplace.
- 3 An organisation with a focus strategy may look to consider how else it can add value to its customers or focus on just part of a market.

Understanding the approach to achieve competitive advantage ensures that the decisions which are made fit with the overall strategy and that activities contribute effectively to the organisation's success.

### Generic competitive strategies

#### Cost leadership

This strategy focuses on leading on low prices. This revolves around activity which reduces resource and operational costs, and passing some savings on to customers. Services or products are likely to be basic (no frills) and profit margins low. Profits come through sales volume.

#### Differentiation

This strategy aims to promote the uniqueness of the product or service. This may be achieved through innovative design or a focus on quality.

#### Focus

The focus strategy can be either cost or differentiation orientated, often within a niche market.

Source: Adapted from Porter (1980)

**Figure 1:** Generic competitive strategies



### OVER TO YOU

#### Activity 3: The impact of competitive strategies on management practice

**Think about products you have bought in the last week or so and/or services you have accessed. Can you identify the generic strategy used by the companies who produced the products/provided the services? How did this impact on the level of service provided?**

**Compare your thoughts with a study partner, if possible. How does the adopted generic strategy impact on management practice?**

### Porter's five forces analysis

Porter's five forces analysis assumes that there are five important forces that determine competitive power in a business situation. This analysis allows organisations to:

- gain insights into relationships and dynamics within an industry;

- establish the best possible competitive position;
- make relevant strategic decisions (e.g. whether to enter or withdraw from a market).

**! NEED TO KNOW**

**Porter's five forces**



Source: Adapted from Porter (1985)

**Figure 2:** Porter's five forces



The following table summarises each of the five forces.

Force	Key question	Example
New entrants	How easy is it for someone to enter into this market?	Barriers to entry such as a need for licensing or the high costs of bringing a product to market (e.g. in the pharmaceutical industry) would deter.
Substitutes	How easily can a product or service be substituted?	Providers of a service may be very similar and the cost of changing between these very small.
Buyer's bargaining power	To what extent can buyers bargain?	A large national or multinational chain can buy in volume, achieving a lower cost per unit than a smaller, independent retailer.
Supplier's bargaining power	How much power do suppliers have?	Very few suppliers in a marketplace can influence price and choice.

Force	Key question	Example
Existing competitors	How competitive is this market?	Rivalry between existing competitors may lead to pricing and promotion activity or, where there are few competitors, to agreements on pricing.

Source: Adapted from Porter (1985)

**Table 1:** Five forces analysis



**CASE STUDY**

**Competitive advantage at Apple Inc.**

Apple was founded in 1976 to develop and sell personal computers. By 2015 it had become the world’s largest technology company in terms of both revenue and total assets and the second largest phone manufacturer in the world, employing around 115,000 full-time employees and having a physical retail presence in over 17 countries and a digital presence across the globe in a highly competitive market.



Apple products have a strong brand image and attract a fierce brand loyalty. Innovation and customer service are considered critical activities which add to the **value chain**. Apple does not discount its products; their products are rarely placed on sale and are priced at the higher end of the market.

Whilst there is a high level of suppliers of the various components in Apple products, to maintain competitive advantage Apple has designed its own chips for use inside its products and has provided equipment to its manufacturers which can only be used for the production of Apple products.

**OVER TO YOU**

**Activity 4: A competitive analysis of Apple Inc.**

**Working with a study partner, if possible, undertake a five forces analysis of Apple Inc. as far as possible, given your knowledge of the business and the market in which it operates.**



## OVER TO YOU

### Activity 5: A competitive analysis of an organisation of your choice

Using Porter's five forces analysis undertake an analysis of competitive advantage for an organisation you are familiar with. Imagine you are an employee and summarise your key findings and the implications of these in a short memo to your senior manager.

### PESTLE analysis

A **PESTLE** (Political, Economic, Social, Technological, Legal and Environmental) analysis identifies and analyses the potential impacts of the wider external context on the organisations.



## NEED TO KNOW

### PESTLE

The following table summarises the key questions to be addressed through a PESTLE analysis. The third column uses the McDonald's corporation as an example to illustrate the PESTLE analysis.

<b>Political</b>	How do or may governmental actions and policies impact on the organisations?	McDonald's operates in over 100 countries, and therefore is affected variably in each country. Some countries are placing pressure on fast food retailers to change their products in light health concerns, including obesity.
------------------	--	---

<b>Economic</b>	What is happening in the wider national economy (i.e. is it strong, stable, in decline)?	Potential import tariffs impact on decisions regarding importing or locally sourcing raw materials.
<b>Social</b>	How is society changing?	The way that lifestyles are evolving has led to changing tastes, and an increased recognition of healthy eating provides opportunities for new product ranges.
<b>Technological</b>	What technological developments are/will impact the business/sector?	Technology influences opportunities for such things as internet advertising, mobile ordering, demands for Wi-Fi in restaurants, and possible automation of parts of the production process.
<b>Legal</b>	How does current or proposed legislation impact?	The impact of legislation varies depending on the country, for example, the business would be affected by the introduction of new minimum wage levels in the US and UK.
<b>Environmental</b>	What are the key issues in terms of the environment?	Concerns over use of polystyrene packaging led to the introduction of paper packaging.

**Table 2:** PESTLE analysis



### SWOT analysis

The most popular tool for assessing the internal context of an organisation and considering how well equipped the organisation is to deal with external factors is the **SWOT** analysis. SWOT stands for: Strengths, Weaknesses, Opportunities and Threats. This analysis helps identify areas for further action (where the actions still have to be defined by the user) either to further build competitive advantage or to overcome identified or potential weaknesses. This is helpful in matching goals and capacities to the operating environment.

<b>SWOT</b>	
<b>Strengths (internal)</b>	<b>Weaknesses (internal)</b>
What does the organisation already have which will help it to cope with these new challenges?  For example: experienced and capable staff, the latest technology, high market share.	How is the organisation hampered in its ability to deal with these new challenges?  For example: a high staff turn-over, a lack of supporting infrastructure.
<b>Opportunities (external)</b>	<b>Threats (external)</b>
What opportunities do external factors present for the organisation?  For example: opportunities to introduce new products or services or to use existing capacities in a different manner.	How may external factors pose a threat to current or future organisational success?  For example: increasing competition or regulation in an industry.

**Table 3:** SWOT analysis



 OVER TO YOU

**Activity 6: Undertaking a PESTLE and SWOT analysis**

**Draft a PESTLE and SWOT analysis for an organisation with which you are familiar.**

### *The balanced scorecard*

Kaplan and Norton's (1993) balanced scorecard is used to help align activities to organisational vision and strategy. This considers performance across four key critical measures:

- 1 **Financial** – how shareholders perceive the organisation
- 2 **Customer** – how customers perceive the organisation
- 3 **Internal Business Processes** – does the organisation excel in internal operations and procedures?
- 4 **Learning and Growth** – how well does the organisation innovate, improve and create value?

 OVER TO YOU

**Activity 7: The balanced scorecard**

**Research the balanced scorecard. What would be the implications for management practice if it were adopted by an organisation? What advice would you offer to managers looking to adopt a balanced scorecard?**

**You may find it useful to read the following article before commencing this activity: "Design principles for the development of the balanced scorecard" by Zehra Keser Ozmantar and Tokay Gedikoglu (2016). (This article will be available in your online student resources.)**





## Defining the organisation

### Organisation theory

Organisation theory classifies the approaches and structures used by an organisation to organise and maximise its efficiency, solve issues which arise and meet stakeholder expectations. Each of the three approaches (modernist, symbolic and postmodernist) provides perspectives and interpretations on the organisation’s relationship with its external environment and the behaviour of its managers.

Positivist/modernist	Symbolic interpretivist	Postmodernist
<p>Focuses on what is real; concrete facts.</p> <p>Knowledge is generated through observation and facts.</p> <p>Concerned with efficiency and how to maximise productivity (e.g. considers that production can be maximised through the application of specific techniques, and by dividing labour into co-ordinated rational subunits).</p> <p>Preference is given to current, accepted practices with relationships based upon hierarchy, reflecting a preference for control and order.</p>	<p>Deals with different views and the individuals’ reality of what the organisation is.</p> <p>Seeks to understand the perspective of those working within the organisation.</p> <p>Actions of workers reflect understanding of and interaction with the environment, and a socially constructed, agreed meaning and interpretation of events, rituals and experiences (e.g. a statement of values may have many valid interpretations, with no one interpretation being right or wrong).</p> <p>Relationships centre on the community rather than a hierarchy.</p>	<p>Organisations and management are not characterised by order and unity but by uncertainty, complexity and contradiction, reflecting the changing nature of today’s business environment.</p> <p>Knowledge and reality is provisional and evolving.</p> <p>Knowledge is power.</p>

Source: Adapted from Farnham (2010)

**Table 4:** Organisational theory



 OVER TO YOU

**Activity 8: The influence of organisation theory**

**How would an organisation respond to the threat of a new competitor entering the marketplace from the modernist, symbolic interpretivist and postmodernist perspectives?**

### Strategic alliances

**Strategic alliances** are partnerships between two or more companies who work together to realise mutually beneficial ambitions. Alliances have grown in popularity in recent years, and are seen as an effective way of competing globally. Companies share resources, information, capabilities and risks in a medium- to long-term joint working arrangement. Alliances can take many forms, including cross licensing of information, product sharing, joint research and development or marketing of each other's products across their own distribution channels.

Contractor and Lorange (1998) identify six main objectives for alliances:

- 1 Reduction of risk
- 2 Achievement of economies of scale
- 3 Technology exchange
- 4 Countering competition
- 5 Overcoming government trade or investment barriers
- 6 Linking complimentary contributions of partners in a value chain.

 OVER TO YOU

**Activity 9: Benefits and objectives of a strategic alliance**

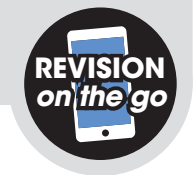
**In 2011, Facebook and Skype entered into a strategic alliance. Undertake research to identify the reasons behind this alliance and the beneficial outcomes for both parties.**

## Types of alliance

Alliances between competing firms	Alliances between non-competing firms
<p>Shared supply alliances (examples can be found in the automotive or electronics industries).</p> <p>Alliances to counter competition (e.g. the European alliance Airbus enables a strong market position and economies of scale).</p> <p>Complementary alliances (e.g. between a manufacturer and distributor).</p>	<p>International expansion – alliances to enable extension of business activities into a new geographical area (e.g. until the late 1990s, Western firms seeking to invest in China could only do so through a joint venture with a local firm). A joint venture is defined as an arrangement in which two or more firms create a new organisation to help achieve specific purposes.</p> <p>Vertical partnerships between organisations in the value chain (e.g. Coca-Cola and McDonald’s).</p> <p>Diversification or cross-industry agreements enable an organisation to expand outside its industry of origin.</p>

Source: Adapted from Dussauge and Garrette (1999)

**Table 5:** Types of alliance



### OVER TO YOU

#### Activity 10: Strategic alliance in practice

**If you are not familiar with a specific strategic alliance, search for one on the internet. What forms of strategic alliances are in place and how does this impact on those working in the organisation?**



## OVER TO YOU

**Activity 11: Strategic Alliances – factors involved in success or failure**

Read the article by Dean Elmuti, Yunus Kathawala, (2001) "An overview of strategic alliances", *Management Decision*, Vol. 39 Issue: 3, pp. 205–218. (This article will be available in your online resources.)

A force field analysis captures aspects which help or hinder. Using a force field analysis, summarise the reasons/practices which may lead to an alliance being a success or failure.

In the event that a new strategic alliance is to be introduced in your organisation, how would your own practices, as a manager, need to change and why?

## Outsourcing

Outsourcing refers to the process of contracting out activities that need to be undertaken on a regular basis to a third party. The term is also used to refer to activities which were once performed internally and are now performed by external agencies. Outsourcing to suppliers outside the host nation is usually referred to as offshoring.



## OVER TO YOU

**Activity 12: What is or could be outsourced and why?**

Which aspects of an organisation could be outsourced? Why? What are the advantages for the business?

The areas of business outsourced by an organisation can vary widely. Common activities may include aspects of human resource management such as payroll, accounting or customer support. Outsourcing provides cost savings and allows an organisation to focus its attention on the core business.

There are, however, issues to be aware of. A loss of control is often reported, along with customer, quality and response issues. Performance levels may not match expectation, benefits may not be fully realised and there may subsequently be customer service issues.



## OVER TO YOU

### Activity 13: Outsourcing in practice

**Undertake self-directed research into either a successful or unsuccessful outsourced arrangement.**

- **Prepare a short (3–5 minute) presentation on your chosen example.**
- **Highlight the purposes of the arrangement.**
- **Explain what happened and why.**
- **Conclude by explaining what lessons could be learnt from a management practice viewpoint.**

## Organisational responses and their impact on management practice and approach

There is a greater public accountability in how organisations conduct their business. Public scrutiny of decisions made by organisations influences the external perception of the organisation. In response, organisations have placed a greater emphasis in their **ethical decision-making** and corporate social responsibility.

### *Ethics and ethical decision-making*

**Ethics** is about what is believed to be fair and responsible behaviour. For some organisations, acting in an ethical manner can lead to business success through increased reputation; conversely,

for some acting unethically also provides competitive advantage (e.g. some companies outsource production to take advantage of lower costs and a more lenient business regulation climate). There are four main approaches to ethical decision-making:

- 1 Utilitarian – an approach based on the premise of acting to produce the greatest good
- 2 Moral rights – actions should respect the moral rights of everyone
- 3 Universal – actions should be applied to all
- 4 Justice – individuals should be treated the same, while avoiding unfairness and discrimination.

### Corporate social responsibility

As trust and reputation has grown in importance, there has been an increased adoption of **corporate social responsibility** (CSR). This refers to a wide range of initiatives which are carried out in order to take responsibility for an organisation's effect on society and the environment. Initiatives fall into four main groups:



## OVER TO YOU

### Activity 14: CSR in action

Working with your study partner if you have one, identify practices for each of the four types of initiative shown in Figure 3. How do these impact on the roles and responsibilities of managers?



## OVER TO YOU

**Activity 15: How Gap manages responsibility**

Read the article "How Gap manage responsibility: Fashion retailer's response to global obligations", which was published in *Strategic Direction* (2014). (This article will be available in your online resources.)

The article outlines how international clothing retailer Gap has responded to the challenge of globalisation. What does social responsibility mean to Gap? Does their approach help overcome criticisms made of global organisations? What would be the implications on management practice of such an approach?

## 1.2 The impact of the internal environment on management practice

The internal context is defined by strategy (including vision and mission statements), structures and processes adopted by the organisation. It is driven by **leadership** and management styles, and influenced by internal culture. The nature of this internal context, in turn, determines how successful the organisation is in dealing with its external environment.

### Vision, mission and values

The first step in the strategic planning process is to determine the vision and mission of the organisation. Alongside these, consideration should be given to the values an organisation finds important.

Table 6, below, summarises the purposes and contribution of each of these factors.

Vision	Mission	Values
Purpose: communicates the long-term goals and aspirations of the organisation	Purpose: sets out the overall primary purpose and objectives; explains why an organisation exists	Purpose: communicates what is believed to be important about how people in the organisation behave or act
Contribution: provides a picture of what is to be achieved, and can be used to monitor and review progress	Contribution: short and clear statements which help define tactical objectives and give focus to the goal of the organisation	Contribution: defines and communicates desired behaviour within the organisation

**Table 6:** Vision, mission and values



The article “Mission, purpose and ambition; redefining the mission statement” by Khalifa (2012) shown in your reading list provides a useful summary.

## ! NEED TO KNOW

Organisations use mission and vision statements and/or a set of shared organisational values to define and communicate their purpose and ethos as an organisation. These play an important role in representing the brand – both externally and internally. Such statements convey a sense of purpose which, when expressed clearly and communicated effectively, can be motivating.



To illustrate these in practice, consider how ABE has defined its mission and vision in the case study below.

## 📄 CASE STUDY

### Example of mission and vision at ABE

Our mission:

To make a difference in the world as the global leader in high-quality, accessible learning journeys which lead to internationally-recognised credentials in business and entrepreneurship-enabling people everywhere to realise their potential.



Our vision:

- to be the international first-choice awarding organisation in the arena of business and entrepreneurship;
- to be the pioneering provider of curriculum solutions which help bridge the global skills gap;
- to lead the market in customer experience and value-for-money, and to have that commitment at the heart of everything we do;



- to be passionate about making our educational programmes accessible, by working with strategic partners all over the world;
- to deliver the highest quality experience in all that we do;
- to ensure that ABE credentials are innovative and recognised by universities and employers;
- to be focused on responding to the evolving needs of our learners, members and centres;
- to always act with integrity, openness and respect for others.



## OVER TO YOU

### Activity 16: Maximising effectiveness of mission and vision

**Read the article “Mission, purpose and ambition: redefining the mission statement” by Khalifa (2012), Journal of strategy and management, Vol. 5 Issue: 3, pp. 236–251. (This article will be available in your online resources.)**

**The article provides some useful ideas on how the impact and effectiveness of these documents can be maximised. Locate a copy of an organisation’s mission, vision and values statement for an organisation you are familiar with. In light of Khalifa’s ideas, consider how these documents can be made more effective.**

## Developing and cascading statements of vision, mission and values

Processes to develop vision, mission and values statements may be rational and include consideration of internal and external analyses, or they may develop more creatively as a result of discussion and the expression of aspirations. In many organisations, vision and mission are defined by senior management (sometimes with the **involvement** of key stakeholders). These then lead to the formation of plans at a strategic and operational level and may also cascade through to individual objectives. Methods used to communicate these include the publication of plans and organisation wide communication and briefing mechanisms.

The development of a values statement involves defining what matters to an organisation and is considered important by its members. This requires consideration at a senior level and the involvement of key stakeholders. Increasingly there is a trend to involve employees in these discussions to help define of what the various values mean. Wider inclusion and involvement ensures that an organisation's values are relevant all employees.

## Challenges of working with a values framework

Organisational values need to be embedded into all management practices with managers actively leading and displaying these. Everyone must have a common, agreed understanding of the values. A failure to act on, or acceptance of, behaviour which does not fit with the agreed values will undermine the benefits which can follow.

For managers, this can be challenging as there may be times when it is prudent to ignore behaviour or to take an easier course of action. It also places managers' behaviours clearly into the spotlight.



### OVER TO YOU

#### Activity 17: Communicating values

**Your organisation has developed a values framework designed to underpin its vision of providing first class customer service. How would you communicate this to your team? How would you ensure standards are maintained and/or deal any issues that arise?**

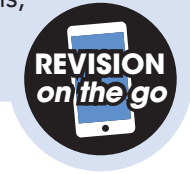
## The impact of organisational culture

Organisational **culture** is often defined as "the way things work around here". Many organisations do similar things, but no two organisations do things in exactly the same way, and no two organisations feel the same. As a manager, you need to understand and work within this culture. You may be required to reinforce positive aspects of that culture, or support initiatives aiming to influence change regarding any of its negative aspects.

**! NEED TO KNOW**

**Culture**

Schein (1980) defines culture as the pattern of basic assumptions that a group learns, or which is taught to new members as the correct way to perceive, feel and think in relation to situations they encounter.



According to Schein, internal culture is not only on the surface of an organisation but also lies beneath. Schein differentiates between three levels of culture; they are:

- 1 Level 1: Artefacts – the visible features of an organisation which reflect its culture. This comprises objects, narratives and activities.
- 2 Level 2: Espoused beliefs and values – often invisible features that encompass the norms, beliefs and values referred to when discussing internal issues. These may be manifested in the mission statement and statements of values.
- 3 Level 3: Basic underlying assumptions – the deepest level and arguably the most important, including assumptions which shape beliefs and views within the organisation.

**✎ OVER TO YOU**

**Activity 18: Defining organisational culture**

**Assess your organisation’s culture using Schein’s three levels of culture. Draft a short presentation on your findings setting out how these impact on management approach.**

*Models of culture*

Handy (1999) defined four basic types of organisational culture, which are set out in Table 7 below.

<b>Organisational culture</b>	
<b>Power culture</b>	<b>Role culture</b>
Often illustrated as a spider’s web, power is held in the centre, often residing with the organisation’s founder. People in this type of organisation tend to surround themselves with people like them who can basically be allowed to get on with things. Typically found in small, entrepreneurial organisations.	The structure here is a conventional bureaucracy. Communication is passed up and down and then across at the top of the organisation. It is very procedural with clear rules about roles, authority, communication, etc.

Task culture	Person culture
<p>Job or project with an emphasis on getting the job done. Power often lies at the intersection points. A collective form with communication flowing in many directions. The strength of this type of organisation is its collective nature.</p>	<p>This type of culture has no discernible structure and the organisation merely provides an environment where people pursue their own interest, linking up with others where there is a need to harness different skills or pursue common goals. Handy called this a "galaxy of stars".</p>

**Table 7:** Handy's four types of organisational culture



## OVER TO YOU

### Activity 19: Organisational culture

**Working with a study partner, if possible, identify examples of organisations for each of the four culture types. How would an individual manager's communication skills change in each of these?**

### *Cooke's cultural classifications*

Cooke's classification of culture reflects the impact of behaviours within an organisation. This identified three general types of cultures:

- 1 Constructive** – individuals are encouraged to communicate and work together.
- 2 Passive/defensive** – individuals interact with others in a manner which protects their own position.
- 3 Aggressive/defensive** – individuals take a more forceful approach in order to protect their own position.

## Hofstede's (1980) cultural dimensions

This framework describes differences and value perspectives between national cultures.

- Power distance – the degree of inequality between people which is considered normal.
- Individualism vs collectivism – the extent to which people feel they should take care of themselves or be cared for.
- Masculinity vs femininity – preference for achievement, assertiveness, and rewards vs a preference for feelings and people.
- Uncertainty avoidance – the degree to which people prefer structured or unstructured situations.
- Long-term vs short-term orientation – long-term values are oriented towards the future whereas short-term values are oriented towards the past and present and include respect for tradition and social obligations.



### OVER TO YOU

#### Activity 20: The influence of culture

**You have been appointed as a manager working in the regional HQ of a large multi-national organisation. You manage a diverse team, which includes local national employees and a number of expatriate workers. Using Hofstede's cultural dimensions, consider how you may need to adapt your management approach to suit different team members.**

## Cultural change and the role of the manager

Line managers play an important role in changing and reinforcing culture. Johnson and Scholes's (1992) culture web is a framework which helps identify aspects of an organisation which can support or hinder culture change. The elements of the framework are:

- **Organisational and power structures**; if strengthened or adjusted, will their contribution be greater?
- **Stories**, signalling what is expected or believed to be important. Stories should support and positively represent the new culture.
- **Rituals and routines**, including day to day behaviours. Management must act as role models, enacting desired behaviours to enforce change.
- **Symbols**, or visual representations of the organisation ensure that everything is congruent with the desired culture.
- **Control systems**, including ensuring support and training is given, or providing an effective infrastructure.
- **Power structures**, recognising the role of management in influencing what is done.

## Structure

An effective structure enables an organisation to react and respond to the wider external environment. Structure is influenced by a number of factors including the nature of work, the size of the organisation and the management philosophy. For example, leadership of public sector organisations comes from within the government, and this means front line staff are separated from where decisions are made, and therefore the structures and management reporting are heavily hierarchical and bureaucratic. Often, small and medium-sized enterprises (SMEs) have a more informal structure with more visibility and access to senior management.

Burns and Stalker (1961) highlighted two key differences in structure. For organisations operating in a dynamic and uncertain environment, there is often an **organic structure**; for those in more stable environments, the structure tends to be **mechanistic**. The characteristics of these are summarised in Table 8 below.

Mechanistic structures	Organic structures
Low differentiation of tasks as each sub task is predictable and easy to control.	High differentiation of tasks – tasks change, often leading to specialists who can respond quickly.
Low integration of departments and functional areas as departments are not dependent on each other.	Rapid communication and information sharing is needed, therefore departments need to be closely integrated.
Centralised decision-making at the top of the organisation.	Decentralised decision-making – in a fast moving and uncertain environment, decision-making is more complex and involves staff at many different levels who are empowered to make decisions.
Tasks tend to be standardised and formalised.	When tasks change rapidly, adjustments must be made as required.

Source: Burns and Stalker (1961)

**Table 8:** Burns and Stalker's types of structure



Other forms of structure include:

- **Bureaucratic** – hierarchical; places emphasis on procedures and auditing. Often found in large public sector functions.
- **Geographic, territorial/divisionalised** – based on location, products or markets. Appropriate for organisations spread over a wide geographic area (e.g. retail) and typically found in large corporations or multinational businesses.
- **Strategic business units** – autonomous divisions of a larger organisation which offer a specific product or service. May not just operate within their own organisation but also externally competing for outside business.

More recent and contemporary forms include:

- **Matrix** – a cross functional structure often used to support short- or medium-term projects. Staff may report to more than one manager.

- **Networked** – a less formal version of a matrix organisation which aims to build up networks and connections. Reduced reliance on hierarchical leadership leads to increased communication across the organisation.
- **Virtual** – an organisation which is formed of a number of alliances of separate entities, with members geographically diverse, often working “virtually” (including remotely).
- **Postmodern** – a network of self-managing teams promoting accountability and flexibility.



## OVER TO YOU

### Activity 21: The challenges of working in a contemporary organisation

Read the article “Ogbonna, E. and Harris, L.C. (2003) Innovative organisational structures and performance. A case study of structural transformational to ‘groovy community centers’”. *Journal of Organisational Change Management*, Vol. 16 Issue: 5, pp. 512–533. (This article will be available in your online resources.)

What would be the challenges of working as a manager in an organisation which has a contemporary organisational form?

## The increasing need for flexibility

In a rapidly changing business world, organisations need to be able to adapt and respond to the wider environment. The following processes assist with this.

- **Organisational design** – the process by which an appropriate structure and culture are determined. Good organisational design ensures structures are aligned to needs and facilitates the achievement of goals.
- **Downsizing** – refers to the permanent reduction in the number of employees, in effect removing unnecessary costs and head count.
- **Restructuring** – is the act of changing the structure of an organisation. Over time smaller restructures may be required to ensure that the structure remains relevant and to maximise the impact of the organisation’s capability. Larger restructures may be made in response to issues and challenges affecting the whole organisation.
- **Intrapreneurship** – employees are encouraged to adopt a start-up mentality, being creative and taking risks to solve issues. This approach has been found to drive culture change within organisations.

## The rise of multi- and transnational organisations (MNOs/TNOs)

A consequence of globalisation is the growth in size and power of multi- and transnational organisations (MNOs/TNOs). MNOs are defined as being based in a home country but operating

internationally, whereas a TNO does not consider any one country to be its national home. TNOs are generally able to be more responsive to the local markets they operate in. Perlmutter's (1969) model of transnational management, shown below in Table 9, summarises the different operating patterns found in such organisations.

Ethnocentric	Polycentric	Regiocentric	Geocentric
Centralised strategy where international operations are secondary.  Centred on domestic markets with key decisions made, and key roles filled, by staff within the home country.	Role of home country reduced, with each country relatively independent.  Local standards applied to local markets.  Key positions taken by local managers.	Main decisions made at a regional level and applied regionally.	Universal standards, with a global vision and collaborative approach.

Source: Adapted from Perlmutter (1969)

**Table 9:** Perlmutter's model of transnational management



## 1.3 The evolving role and contribution of managers in light of the changing external environment

Management thinking and practice has evolved significantly over the last century. Greater understanding and insights into both individual and organisational behaviour, the changing nature of the competitive business environment, the influence of diverse viewpoints as a result of globalisation and changing generational expectations all play a role here. In this section we explore some of the different approaches to management and their influence on business practices.

Theory	Era	Key elements
Early management theory (Fayol)	1900s–1930s	<p>Planning – the process should be planned, with work divided into specialisms.</p> <p>Organising – all required resources should be provided.</p> <p>Commanding – authority and responsibility are interrelated; managers should encourage and direct staff ensuring equity of treatment.</p> <p>Coordinating – everyone should pull together for the greater good.</p> <p>Controlling – unity of command and direction.</p>



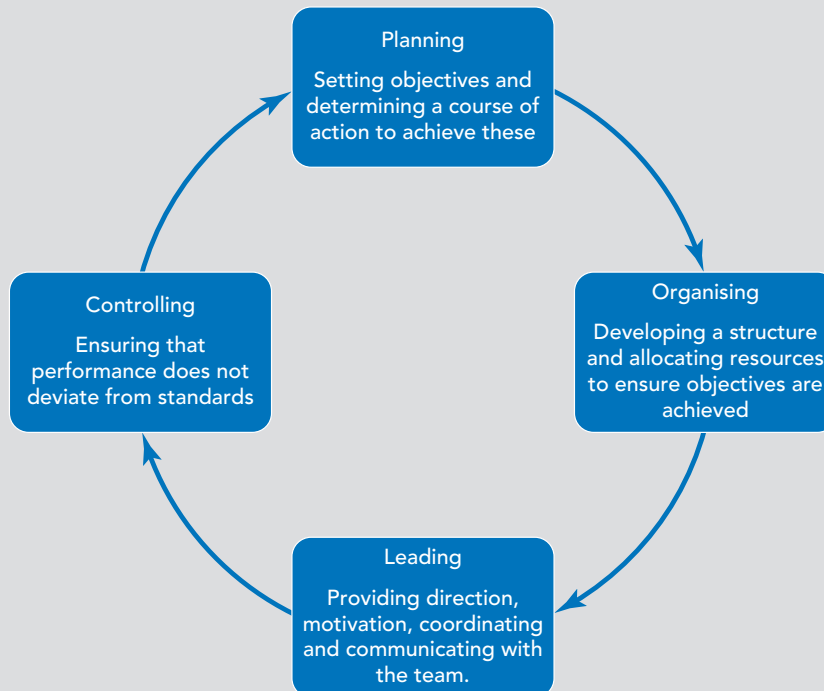
Theory	Era	Key elements
Scientific management (Taylor)	1900s–1950s	<p>Consideration of how work is performed and how this affects worker productivity; highlights importance of optimising the process.</p> <p>Workers should be matched to roles based on capability and trained to perform these.</p> <p>Importance of specifying, monitoring and measuring performance.</p> <p>Belief that financial rewards motivate.</p>
Bureaucratic management (Weber)	1930s–1950s	<p>Division of labour into specialisms.</p> <p>Clear organisational hierarchy with defined levels of authority and control.</p> <p>Standardised operating procedures (rules and regulations).</p> <p><b>Selection</b> and promotion of staff based on qualification.</p>

**Table 10:** Evolution of management



The POLC (planning, organising, leading and controlling) framework describes the four major aspects of a manager’s work.

**The P-O-L-C framework**



**Figure 4:** The POLC framework



 OVER TO YOU

## Activity 22: POLC

Consider the POLC framework in relation to a familiar work situation

If you have had a managerial role, consider the question in relation to your own experience.

If you have not held a managerial role you may wish to consider your own manager's role.

How has the emphasis placed on each of these POLC functions changed over recent years?

## Contemporary views on management practice

Some of the criticisms levelled at classical theories lacked an appreciation of the social context and needs of workers. The contemporary views summarised in Table 11 below developed in response to these criticisms.

Human relations	Organisations prosper if workers are treated fairly. This view is influenced by behavioural science and understanding the needs of the worker.
Systems theory	Organisations should be considered from a wider perspective, recognising interrelationships between different parts of the organisation and encouraging these.
Contingency theories	There is no one best way of managing or leading. The situation should be taken into account with the style adopted dependent on the situation. The life cycle model of leadership is explored further in Section 1.4.

**Table 11:** Views on management



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## Managing strategically

Strategic management means:

“*Making decisions and implementing strategies that develop and maintain competitive advantage, recognis[ing] the impact of dynamic external factors and capitalis[ing] on organisational resources and capabilities.*”

“*Taking the longer term focus results in high organisational performance and requires managers to examine and adapt to business environment changes.*”

*Thomas G. Marx (2015)*

Strategic management focuses on setting goals and plans for the organisation and ensuring that resources are provided and controlled to ensure plans are achieved. This requires understanding the external environment and considering how future changes and trends will impact on the organisation. Forecasting and planning are key to gaining a competitive advantage.



### OVER TO YOU

#### Activity 23: Strategic management

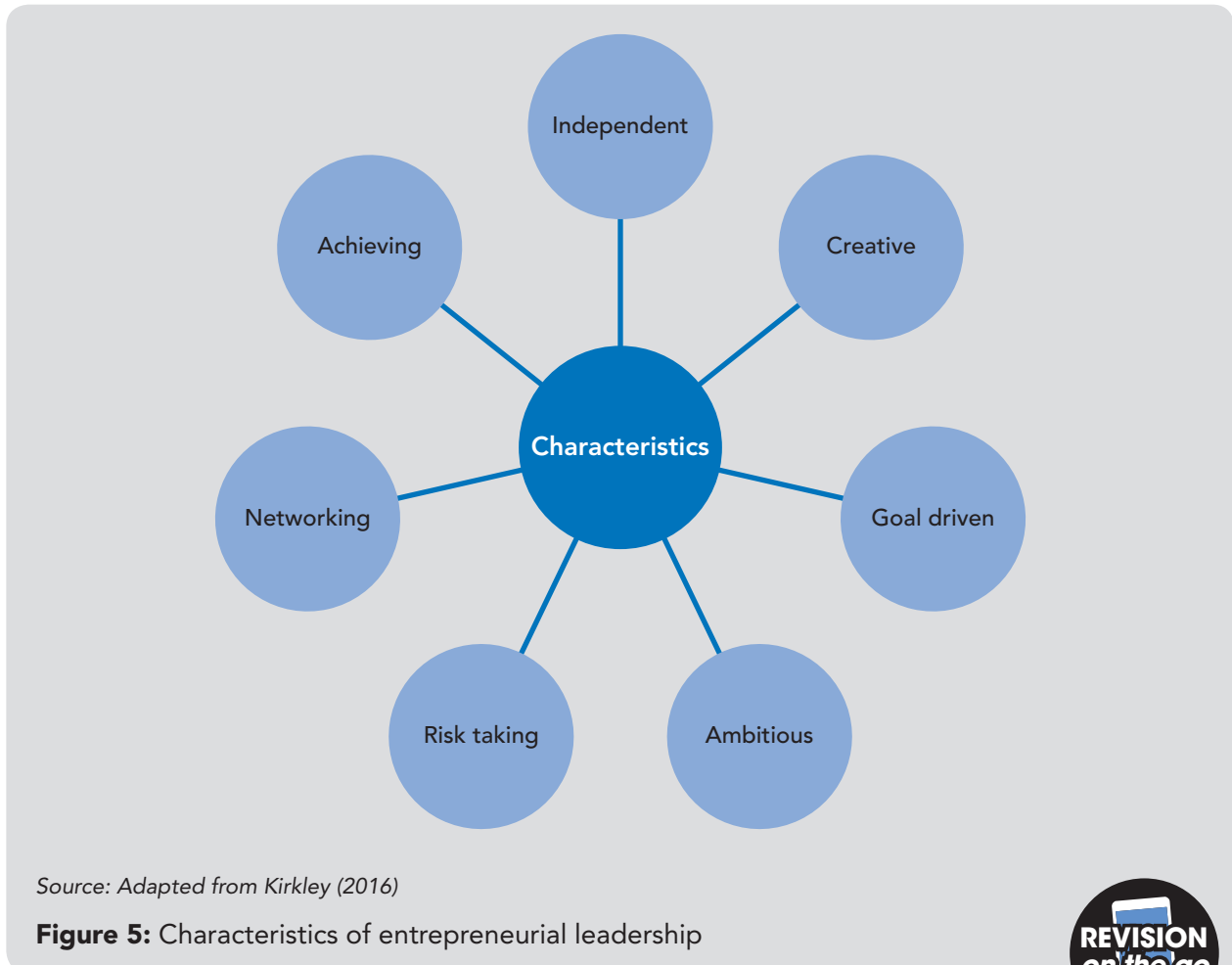
**Marx (2015) claims that “it is as essential to align leadership with the organisation’s strategy as it is to align with structure”. Read his article and then consider how business strategy in your organisation impacts on leadership.**

**Thomas G. Marx, (2015) “The impact of business strategy on leadership”, Journal of Strategy and Management, Vol. 8 Issue: 2, pp. 110–126. (This article will be available in your online resources.)**

## Entrepreneurial management

An entrepreneur is the driving force behind a business. Their personal characteristics will be a fundamental factor in the business's success or failure.

Characteristics associated with entrepreneurs were identified by Kirkley (2016), and are shown in Figure 5.



Adopting these behaviours contributes to an organisation's ability to respond to environmental pressures.

## 1.4 Compare and contrast a range of management approaches in order to assess their suitability for specific contexts

### Differences between management and leadership

The differences between **leadership** and **management** have been subject to debate over the last 50 years. One useful definition of the distinction between leadership and management is that

“managers do things right, while leaders do the right thing.”

Peter Drucker


Some definitions of management and leadership are shown below.

! NEED TO KNOW

**Management vs Leadership**

**Management:** The process of achieving organisational effectiveness within a changing environment by balancing efficiency, effectiveness and equity, obtaining the most from limited resources, and working with and through other people. (Drucker, 1973)


**Leadership:** The process of influencing others to understand and agree about what needs to be done and how it can be done effectively, and the process of facilitating individual and collective efforts to accomplish the shared objectives. (Yuki, 1981)



Zaleznik (1992) argued that a scientific management approach only looked at part of the picture and ignored inspiration, vision and drive of organisations. In other words, management is about the **hard skills**, concentrating on processes and systems, whilst leadership involves the application of **soft skills**, revolving around people issues and leadership. Kotter (1990) summarised the differences, as shown in Table 12.

	Leadership functions	Management functions
<b>Creating an agenda</b>	Establishes direction	Plans and budgets
<b>Developing people</b>	Aligning people	Organising and staffing
<b>Execution</b>	Motivating and inspiring	Controlling, problem solving
<b>Outcomes</b>	Positive and sometimes dramatic change	Consistency, order, predictability

**Table 12:** Comparing management and leadership<sup>1</sup>



Bennis (1989) similarly identified that the manager is concerned with tasks and their completion while the leader is concerned with people and **engagement**. He highlighted that the manager focuses on the status quo, processes and systems whereas leaders look to challenge, originate action and develop people. There will be times within your role when you have to manage people and times when you have to lead people, however there are some fundamental differences.

<sup>1</sup> Adapted from Krotter, JP. (2008) Exhibit 1.1 Comparing Management and Leadership in a Force for Change: How leadership differs from Management, p. 6. Simon and Schuster.

## CASE STUDY

### Leadership or management?

Read this case study in preparation for Activity 24 which will follow:

You are very excited to have just achieved your career goal of being appointed as a manager in the company you have been with for the last 10 years. Tomorrow is your first day in the position and you are reflecting on the approach you will take towards managing your team, many of whom you have worked with previously.



The first manager you worked for was quiet and not very approachable, but always appeared to have a good handle on situations and would take time to gather the facts. The needs of others outside of the department were placed first. This approach did, however, lead to complaints amongst the team that their needs were not stood up for.

For the last five years you have worked for a very different manager who was always very supportive, would take issues in their stride and used their forceful personality to ensure that what they wanted to be done was always carried out. On occasion you felt that a quick and pragmatic decision was taken and that no amount of persuasion would lead to a different decision, whatever the circumstances. This has led to some difficulties with other departments who see your department as inflexible, and you have also noticed that others tended to copy this same "let's just do it" approach. As a result, the frequency of team discussions and consideration of situations has significantly reduced.

You are aware that the changing external market is challenging the organisation, and the CEO has stated on multiple occasions that everyone must pull together if the company is to survive. Your first challenge is to rebuild trust and relationships with other internal departments.

## OVER TO YOU

### Activity 24: Leadership or management?

**Working with a study partner, if possible, consider whether a leadership or management approach would work best in response to the previous case study scenario. Give your reasons.**



## OVER TO YOU

**Activity 25: Manager or leader?**

If you are currently working, decide whether your organisation has managers or leaders, or a combination of both. (If you're not working, discuss this question with a friend who is in work, about their organisation.)

Does this accurately reflect the leadership/management distinction? What is needed to meet both current and future needs?

## Traditional leadership styles

A good leader needs to be adaptable in order to deal with many situations. Therefore, it's important that you are able to recognise the characteristics of different leadership styles and when it is appropriate to use them. There is no single "best" style. Different styles are more or less effective in different situations and in order to be an effective leader you will need to use a range of styles.

Lewin (1939) undertook work on differing styles of leadership, identifying the styles shown in Table 13.



## NEED TO KNOW

**Lewin's Leadership Styles**

**Coercive:** The *do it the way I tell you to* manager whose primary objective is immediate task accomplishment. Gives negative feedback.

**Authoritative:** The *firm but fair* manager who solicits input but provides direction and vision. Gives balanced feedback.

**Affiliative:** The *people first, task second* manager for whom the creation of co-operation and commitment are key objectives. Gives inconsistent or exclusively positive feedback unrelated to performance.

**Democratic:** The *participative* manager who fosters consensus decision-making and idea generation. Gives feedback for adequate performance rather than clearly differentiating levels.

**Pacesetting:** The *do it yourself* manager who sets high standards for task accomplishment but gives little direction. Gives no feedback.

**Coaching:** The *developmental* manager who works with employees allowing them to learn from their mistakes. Gives feedback on performance for performance improvement.

Source: Adapted from Lewin (1939)

**Table 13:** Lewin's leadership styles



## OVER TO YOU

### Activity 26: Lewin's styles

Working with a study partner, if possible, complete the table below with examples of the key characteristics of each style and your ideas on how these could be improved.

Leadership style	Key characteristics	How can this style be improved?
Coercive		
Authoritative		
Affiliative		
Democratic		
Pacesetting		
Coaching		

## Emerging leadership styles

We have already seen how the changing wider environment poses both challenges and opportunities. Advances in technology, globalisation and social changes mean that leadership approaches and styles have evolved. At the heart of each of these approaches is a focus on:

“*motivating others by transforming their individual self-interest into the goals of the group and by trying to make people feel part of the organisation.*”

Rosener



Emerging styles include:

- **Transformational leadership**, “where leaders and their followers raise one another to higher levels of morality and **motivation**” (Bass, 1978) and focus on change, renewing and reinventing organisations.
- **Inspirational leadership**, “creating and communicating vision, having a passion and dynamism that drives the leader and engages with enthusiasm and efforts of the led” (Adair, 2003).
- **Authentic leadership**, which holds that “no one can be authentic by trying to imitate someone else. [...] People trust you when you are genuine and authentic not a replica of someone else” (George, 2003).
- **Charismatic leadership**, which is “able to inspire and enthuse their subordinates through their articulation of an organisational vision” (House, 1977).
- **Servant leadership**, “is servant first. It begins with the natural feeling that one wants to serve, to serve first” (Greenleaf, 2002).



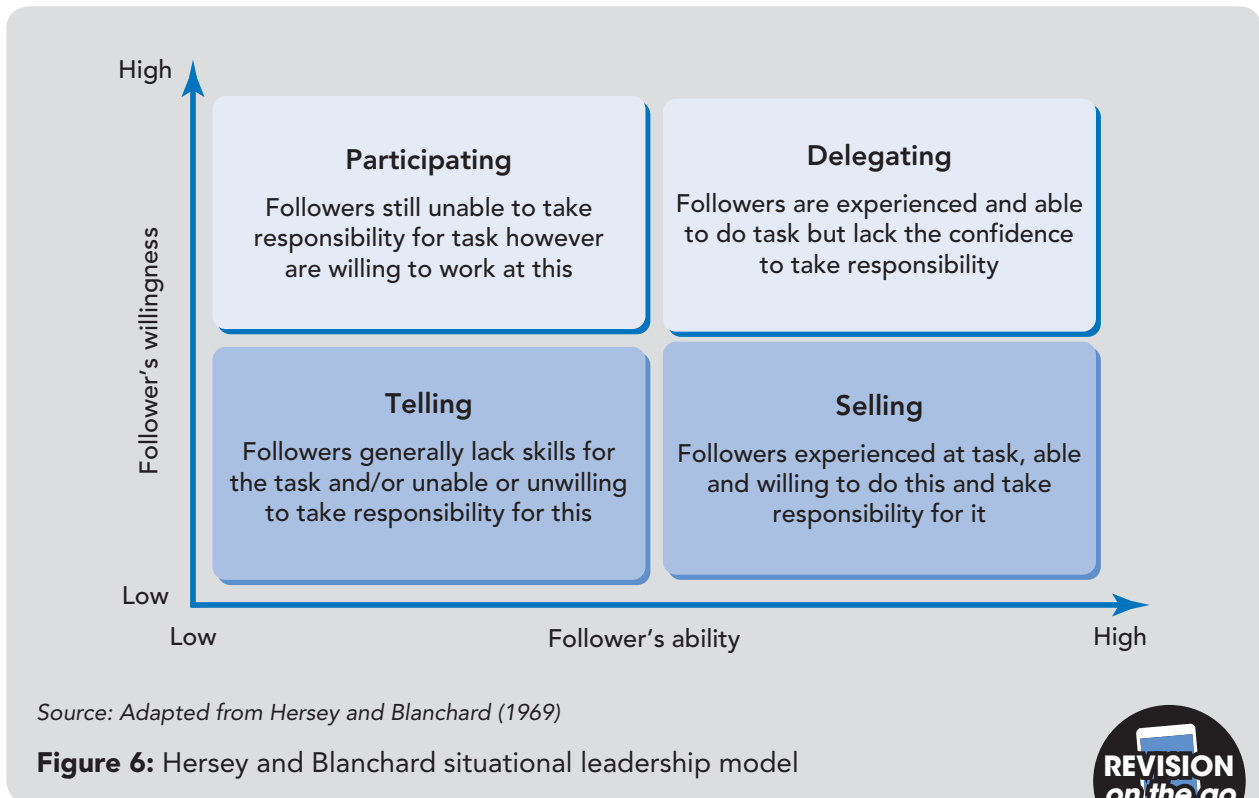
## OVER TO YOU

### Activity 27: Emerging leadership styles

Develop a simple advertising poster which outlines the key features of one of the above leadership styles.

## Hersey and Blanchard life cycle model of leadership

Hersey and Blanchard (1969) considered that there is no one “best” style of leadership. Effective leaders combine and adapt their behaviours and style to the situation and the needs of the followers, with effectiveness being judged by achievement. The model considers a follower’s maturity, willingness and ability to complete the task and can be applied to both groups and/or individuals. Figure 6 below illustrates how this results in one of four leadership types.



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### OVER TO YOU

#### Activity 28: Using situational leadership

Recall the case study explored earlier – ‘Leadership or management?’ You have now been in post for three months. During this time you have built good relationships with both your team and other departments and have been pleased with the results your department is now achieving. During a conversation with a fellow manager you are asked for some advice on how he should handle the introduction of a new automated stock control system as he feels he has a number of very different “teams” in his department. A history of failed IT initiatives needs to also be taken into account.

Using the outlines below and Hersey and Blanchard’s lifecycle model, work with a study partner, if possible, to recommend an approach for each of the following teams.

- 1 This team has been working together for a number of years, and are generally very experienced. As a team they have voiced concerns over current processes and made many suggestions. The manager believes this team will embrace the change and, if past experience is a guide, will work to overcome any issues.

- 2 This team comprises of a number of long standing and older workers who generally have managed to resist or avoid using any form of IT. In initial discussions, this team has voiced a concern that this change is the beginning of many technological changes which will ultimately see their jobs automated, and have actively looked to suggest reasons for keeping the current processes in place.**
- 3 This team comprises a number of recently hired staff and, as a result, experience levels are low. The manager regularly gets told that the team over-promise (they are very keen and enthusiastic and wish to prove themselves) but under-deliver as they do not understand processes within the company and never look at the bigger picture. The manager is concerned that their lack of wider experience and knowledge will lead to errors.**
- 4 This team have some experience of the new system and took part in an initial pilot last month. Their response was lukewarm and the manager has overheard them commenting to others that "as with all new processes, they eventually get replaced".**



Situational leadership suggests that the most effective leaders successfully combine different leadership behaviours and styles to suit their current circumstances. A good leader will be able to adopt any or all of the relevant styles to achieve their objectives.

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## Summary

Throughout this chapter we have seen how the external environment has led to a number of changes in both the way that organisations operate and are structured. This in turn has had a significant impact on management practice as organisations seek to develop and maintain their competitive advantage.

# Chapter 2

# Contemporary Management Practices

## Introduction

The complexity and fast pace of change places a premium on the ability of organisations to respond quickly and effectively. **Organisational agility** is no longer something to be desired but an essential component of business success. In this chapter you will develop an understanding for the reasons behind this, explore the features and characteristics of an agile organisation and consider the contribution this makes. A range of modern management approaches are examined in order to understand their impact on both managers and their staff.

## Learning outcome

- 2 Evaluate the applicability of contemporary management practices in both a specific and wider organisational setting

## Assessment criteria

- 2 Evaluate the applicability of contemporary management practices in both a specific and wider organisational setting
  - 2.1 Analyse the concept of organisational agility and its contribution to sustainable organisational success
  - 2.2 Analyse contemporary management practices in the context of changing organisational forms and structures
  - 2.3 Assess the impact of contemporary management practices and techniques on organisational behaviour and management practice

# Level 5 Managing Agile Organisations and People

## 2.1 Organisational agility and its contribution to sustainable organisational success

### Forms of agility

Let's start by listing the four key dimensions of agile working:

#### ! NEED TO KNOW

##### Key dimensions of agile working

**Time** – when do people work?

**Location** – where do people work?

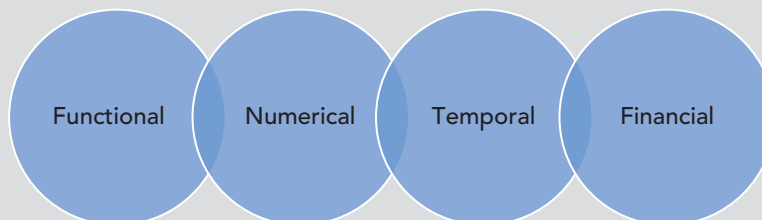
**Role** – what do people do?

**Source** – who carries out work?



The ever-evolving market and competitive pressures have led to a need to develop an agile and flexible workforce. One method of achieving this is to consider how the workforce can be organised in a responsive and flexible manner.

Atkinson (1984) identified four key forms of flexibility:



Source: Adapted from Atkinson (1984)

**Figure 1:** Forms of flexibility



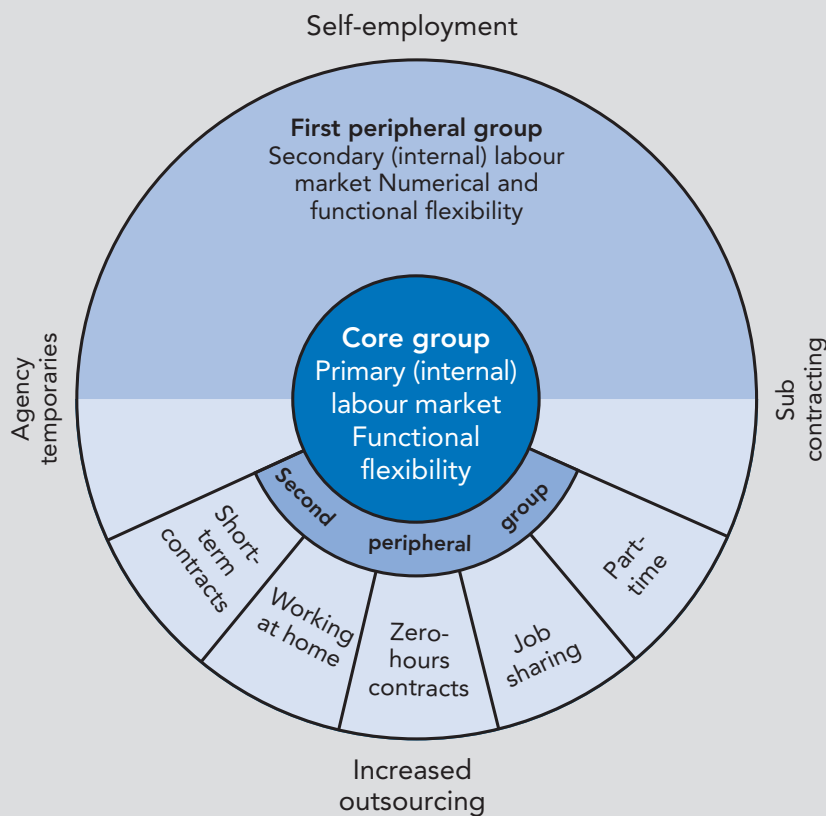
**Functional flexibility** allows employees to be deployed across roles within an organisation. Sometimes referred to as multi-skilling, this requires investment in training and to provide the opportunity to deploy skills and gain experience. Typically found in stable environments where there is a good relationship between the organisation and its employees.

**Numerical flexibility** refers to an organisation's ability to increase or decrease its workforce at short-notice, as required, for example, by employing temporary staff or through the use of fixed-term contracts. Atkinson's flexible firm model shown below includes both "core" workers and "peripheral" workers.

**Temporal flexibility** allows working hours to be adjusted as needed to meet peaks and troughs in demand; for example, this can be implemented via the use of overtime, annualised hours or part-time seasonal employees.

**Financial flexibility** supports other forms of flexibility and protects profitability. It may refer both to flexibility to adjust labour costs and pay according to changing market conditions or to make temporary adjustments. For example, an organisation faced with a severe cash flow deficit may cut hours or adjust salaries to reflect performance on individual, group or organisational levels.

### Atkinson's flexible firm model (1984)



**Figure 2:** Atkinson's flexible firm model





## CASE STUDY

### The need for increased flexibility

A few months ago you were appointed as the general manager in a large, privately owned hotel in the centre of major city. Until a few years ago this was the biggest hotel in the area; however, in recent years, the hotel has struggled to maintain its position both in terms of reputation and in terms of its profitability. A number of new hotels have opened in the last two years, each of which belongs to either a large national or international chain. Some of the longer serving staff chose to leave the hotel and seek work elsewhere. Service levels have slipped, leading to an increase in customer complaints and falling bookings. At present, the hotel's staff are all employed on full-time permanent contracts.



In response to these issues you have proposed making some changes to the hotel's current employment structure.

## OVER TO YOU

### Activity 1: Could increased flexibility be the answer?

**Which forms of flexibility could work well for the hotel outlined in the case study above? What are the benefits for the organisation, individual employees and the customers?**

## Forms of resilience

**“A resilient organisation effectively aligns its strategy, operations, management systems, governance structure and decision support capabilities so that it can uncover and adjust to continually changing risks, endure disruptions to its primary earnings drivers, and create advantages.”**

*Starr et al (2007)*

**Resilience** is recognised as being an important factor in today's working environment. Often defined as the capability to respond rapidly to unforeseen situations, at an organisational level it refers to how well an organisation can face its challenges and adapt to changing needs. This includes not only the individuals within the organisation, but also the processes and culture those individuals work with on a daily basis.

Resilience needs to be considered at a number of levels including:

**Strategic:** looking ahead for threats and mitigating these, identifying and taking action to pursue opportunities. Hollnagel (2010) highlights how "resilience requires monitoring and response capabilities, learning abilities and anticipation". Links with business continuity decisions and planning which takes into account identified or foreseen risks and threats highlighting the importance of planning at a strategic level.

**Portfolio:** resilient organisations are able to move resources (financial and human) between areas in response to changing needs.

**Operational:** Allen et al (2006) describe resilience as "not just for recovery from mishaps, but as a proactive, structured and integrated exploration of capabilities ... to resist and prevail against unforeseen events". At an operational level this includes ensuring that opportunities are identified and acted upon.

**Individual:** A workforce which is ready and able to cope with change, trained and sufficiently motivated will manage disruptions and obstacles in a positive manner.

Hollnagel (2010) developed the resilience analysis grid which measures resilience by focusing on four aspects:

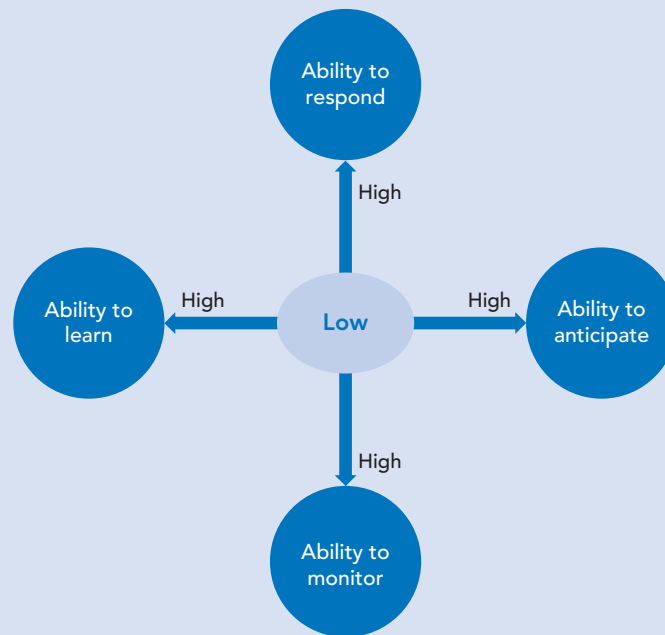
- the ability to respond;
- the ability to monitor;
- the ability to anticipate;
- the ability to learn.



## OVER TO YOU

### Activity 2: An assessment of resilience in your workplace

**Plot your own levels of resilience, those of your team and your organisation on Figure 3. Reflect on what this means for you as an individual employee and in your capacity as a manager.**



Source: Adapted from Hollnagel (2010)

**Figure 3:** Resilience analysis grid



Factors which influence personal resilience include:

- 1 Personality/individual characteristics, e.g. perseverance, emotional management and awareness, optimism, perspective, sense of humour, belief in own capabilities;
- 2 Environmental factors, e.g. the degree of wider support available to a person.

### Features and characteristics of organisational agility and resilience

Nold and Michel's (2016) performance triangle frames the requirements for an agile organisation. This can be seen on p. 345 of the article: Herbert Nold Lukas Michel, (2016), "The performance triangle: a model for corporate agility ", Leadership & Organization Development Journal, Vol. 37 Issue: 3, pp. 341–356. (This article will be available in your online student resources.)

Key features and characteristics of an agile and resilient organisation include:

**Success:** The top of the pyramid. This reflects the ultimate purpose of an organisation. Successful organisations make performance and their achievements visible.

**Culture:** A resilient culture is built on principles of organisational **empowerment**, purpose, trust and accountability. Organisations demonstrating high resilience and agility have a strong sense of trust and a culture of accountability.

**Leadership:** Resilience begins with effective leaders setting priorities, allocating resources and making commitments to establish resilience throughout.

**Systems:** Systems enable open and effective communication and knowledge sharing.

**People:** Staff who are properly selected, motivated, equipped and led will overcome almost any obstacle or disruption.

The result of each of these is a culture of collaboration, a sense of purpose and trusting relationships.



## OVER TO YOU

**Activity 3: Leadership and resilience**

**Reflect on the quotation on p. 45. How do you need to develop as a manager to help promote greater levels of resilience and flexibility?**

## Application of forms of agility in differing contexts

Organisational agility can be viewed as an essential differentiator in an increasingly competitive business environment. Both organisational and wider environmental contexts impact how an organisation responds to and manages the need for change. In research conducted by the Economist Intelligence Unit (2009), over 30% of organisations reported internal barriers as adversely impacting efforts to become more agile with the main barriers being slow decision-making, conflicting goals and properties, risk-adverse cultures and silo-based decision-making.



## OVER TO YOU

**Activity 4: Being agile in different contexts**

**Working in small groups, prepare a presentation which illustrates how different forms of agility have been used to respond to challenges in your own organisations. How did the context impact on both the challenge and response adopted? What advice would you give to managers seeking to replicate these practices?**



In your response you may have identified that both sector and size impact on the need for agility and the forms this take.

### Sector

Public sector organisations are mainly bureaucratic, with defined procedures and roles. This hinders agility, as does a mind-set of a “job for life” which may exist in some places. Communicating the need to change and adapt becomes more complex. Approaches taken to develop agile workforces include empowering staff to make decisions, the use of Lean techniques to remove layers of bureaucracy and developing a questioning mind-set to challenge existing working practices. Many public sector bodies also look to ensure the workforce is representative of the diverse population it serves.

Private sector organisations generally have greater freedom to adjust and respond to needs. Individuals with an agile and flexible attitude are valued, as is the need to ensure that strategy is emergent rather than rational. A rational and prescribed approach to strategy development has meant that some high profile organisations have failed to adapt or been too slow to adjust (e.g. Kodak, Netflix). A focus is placed on recruiting and retaining employees with appropriate skills and attitudes.

Leadership and developing a clear vision of strategic direction is key in the third sector and enables everyone to contribute and adapt at a local level to meet local needs within an overall framework.

### Size

Smaller organisations are often considered to be more agile. In micro-organisations, staff will typically perform many different roles and will work flexibly as required. As organisations grow, staff take on more defined roles (or are recruited to these and given defined responsibilities). This becomes more pronounced once organisations have a national presence which, in turn, hinders the ability to respond. Here, many organisations look for consistency of approach which may not meet local needs. For multinational organisations, developing a global mind-set and an ability to adapt solutions to local needs features among approaches taken.

## 2.2 Analyse contemporary management practices in the context of changing organisational forms and structures

Previously we explored the concepts of flexibility and resilience and how these can be achieved through different organisational forms. We will now consider the contribution of a number of contemporary practices, focusing on improving efficiency whilst delivering outstanding service.

## Agile working

“ Agile working is about bringing people, processes, connectivity and technology, time and place together to find the most appropriate and effective way of working to carry out a particular task. It is working within guidelines (of the task) but without boundaries (of how you achieve it). ”

[www.agile.org.uk](http://www.agile.org.uk)

**Agile working** focuses on performance and outcomes. Employees are given freedom to choose where, when and how they work within overall constraints. The resulting motivational impact leads to greater levels of response and flexibility, which in turn increase production and performance.

Organisational culture and belief are the main barriers encountered when introducing agile working. An agile working environment requires trust, effective and open communication, knowledge management and sharing. This needs to be shown at all levels of the organisation, with senior leaders modelling this behaviour.

## Results Only Working Environment

**Results Only Working Environment (ROWE)** is a concept developed by Thompson and Ressler wherein employees are paid for results (output) rather than the number of hours worked. The focus on results frees managers from the more administrative details they often deal with.

In both agile working and ROWE, the focus is on giving accountability to individuals, empowering and enabling them to use their skills in the best interest of the organisation.

## Lean Sigma

**Lean Sigma** are recognised continuous improvement approaches used to reduce process waste, and to drive improved process consistency and simplification. This improves customer experience. Table 1 summarises possible impacts of not addressing these issues.

Financial	Customer
Increased cost of complaints handling	Reduced customer satisfaction
Increased rework costs	Damage to reputation
Effectiveness	People
Increased cost of complaints handling	Reduced customer satisfaction
Increased rework costs	Damage to reputation
Lost productivity	Employee satisfaction
Reduced process capacity	Poor morale

**Table 1:** The impact of not addressing customer experience issues



Lean helps gain control over processes with Six Sigma helping to improve capability.

## CASE STUDY

### Apparel Inc.

Apparel Inc. manufactures clothes for a number of Western retailers. Growing demand from consumers for cheaper products and an increasing variety of goods, delivered with ever reducing lead times, has placed significant pressure on the organisation. A number of high profile media stories have highlighted poor working conditions and compared the factories being used to modern day sweatshops, where quality is compromised to achieve high quantities and reduce costs. Increasingly challenging production targets lead to exceptionally long working hours, with workers asked to work extra hours with no overtime pay if expectations are not met. Pay is claimed to be barely enough to cover workers' living costs. Health and safety is frequently ignored as high numbers of employees are crammed into factories and workers make do with outdated equipment.



In attempts to reduce the cost of production, cheaper raw materials are being used and employees are no longer trained to use equipment or produce high quality goods. The number of customer complaints has increased with now at least one major customer looking to move their business elsewhere.

## OVER TO YOU

### Activity 5: Lean Sigma – could this work for Apparel Inc.?

**The case study above outlines issues being faced at Apparel Inc. Can you identify any further impacts of not addressing these issues?**

The key principles underpinning Lean are to:

- 1 Specify value of each specific product or service
- 2 Identify the **value stream** for each product or service
- 3 Make value flow without interruption
- 4 Let the customer pull value from their supplier
- 5 Pursue perfection

The value stream includes all activities involved in the supply of a product or service to the ultimate customer. Mapping these activities, including both value and non-value adding processes, identifies improvement areas. Value adding activities are those which transform, shape and convert information and materials to meet customer requirements or are necessary activities to enable another to take place. Non-value adding activities are those which take time, resources or space and do not add value to the customer.



## OVER TO YOU

### Activity 6: Mapping the value stream

**Consider your own organisation (or one you are familiar with). Identify the value and non-value adding activities.**

## Just in Time (JIT)

The **Just in Time (JIT)** concept originated from a Japanese production philosophy, made popular at Toyota which saw stock as inefficient. Its central aim is to increase responsiveness to customers (either internal or external), by providing them with just what is needed, in the right quantities and at the right time. Understanding of customer needs increases and flexibility is improved to meet changing demands. Shorter lead times, less handling of goods and reduced stock levels also improve quality control and cash flow.



 OVER TO YOU

**Activity 7: JIT in practice**

**How could the JIT philosophy be of benefit to Apparel Inc.? What challenges would be faced and how would you suggest these are overcome?**

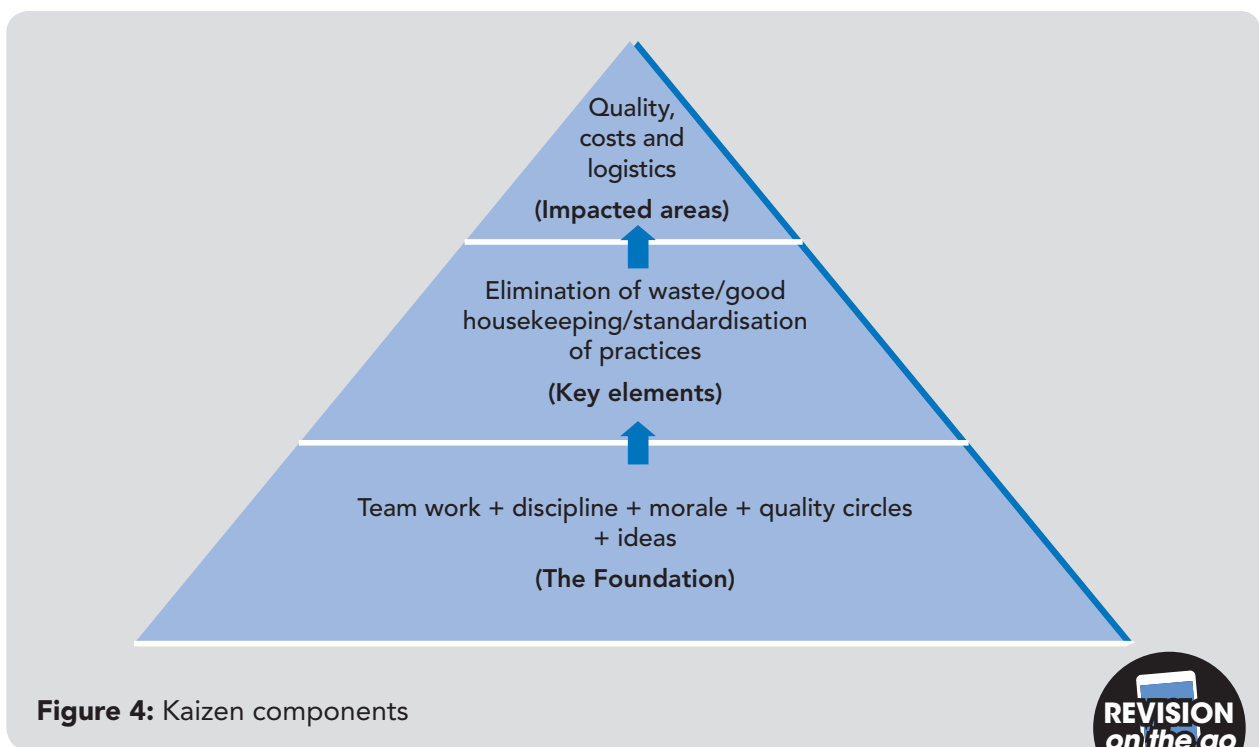
Kaizen

“Continuous improvement means not only creating a lean system that contributes to cost reduction, but also learning from mistakes and pursuing innovation.”

Aoki (2008)

**Kaizen** means to *change* (kai) and to *become good* (zen).

Figure 4 highlights the component elements of the Kaizen philosophy and the importance of the five key foundations. Managers play an important role in developing and facilitating these with their staff. This then supports continuous incremental improvements leading to the elimination of waste and inefficiency, good housekeeping and the standardisation of practices.



**Figure 4:** Kaizen components



Aoki's (2008) study of the transfer of Kaizen practices to China's manufacturing operations identified three sets of managerial capabilities which facilitate the Kaizen aim of continual learning and improvement. They are:

#### Type A capabilities

- Team-based suggestion schemes are actively used.
- Workers are encouraged to improve work processes and equipment.
- Team leaders play a major role in improving work processes and equipment.

#### Type B capabilities

- Discussions regarding improvements occur across functions/organisation.
- **Employee development** includes opportunities to experience different roles.

#### Type C capabilities

- Management actively visit the shop floor to check work processes every day under the lead of the managing director.

Source: Adapted from Katsuki Aoki (2008)

**Table 2:** Aoki's (2008) study of the transfer of Kaizen practices to China's manufacturing operations



## OVER TO YOU

### Activity 8: Changing management practice at Apparel Inc.

Choose one of the practices outlined above and prepare a short two minute pitch to the senior management team at Apparel Inc. in support of this. Your pitch should set out the benefits and how you see this working in practice.

### Total quality management (TQM)

**Total quality management (TQM)** describes an approach in which all members of an organisation work together to improve processes, products, services and the culture in which they work. TQM is based on eight key elements covering three key aspects as shown in Table 3.

<b>Planning</b>	<ol style="list-style-type: none"> <li>1 Strategic and systematic with employees embedded in planning.</li> <li>2 Attention given to both vertical and horizontal integration of activities.</li> </ol>
<b>Management approaches</b>	<ol style="list-style-type: none"> <li>3 Employee involvement to achieve common goals.</li> <li>4 Effective communication maintains morale and motivates employees.</li> <li>5 Fact-based decision-making.</li> <li>6 Continual improvement seen as a driver of competitiveness and effectively meeting expectations.</li> </ol>
<b>Focus</b>	<ol style="list-style-type: none"> <li>7 Customer focussed as the customer determines level of quality required.</li> <li>8 Processes must be defined to monitor performance and tackle unexpected variations.</li> </ol>

**Table 3:** Eight key elements of total quality management



**OVER TO YOU**

**Activity 9: Summarising contemporary practices**

Using the table provided, summarise the uses, benefits and implications for management practice of the each of the practices shown:

Practice	When to use	Benefits	Implications for management approach and practice
Lean			
JIT			
TQM			
Kaizen			

## Supply and value chain management

The **supply chain** refers to stages that transform a raw material into a finished product or service and deliver this to the final customer/user. Supply chain management is the process of planning and controlling supply chain operations in order to minimise unnecessary costs and ensure customer satisfaction by providing what is required.

The value chain refers to the broader range of activities which focus on creating or adding value to the product or service. Porter (1985) highlighted how these activities contribute to competitive advantage. These can be divided into:

Primary activities	Secondary activities
<p><b>Inbound logistics</b> – includes relationships with suppliers and activities required to receive, store and disseminate inputs.</p> <p><b>Operations</b> – activities required to transform inputs into products and services.</p> <p><b>Outbound logistics</b> – collecting, storing and distributing the output.</p> <p><b>Marketing and sales</b></p> <p><b>Service</b> – activities required to keep the product or service working effectively after it is sold and delivered.</p>	<p><b>Procurement</b></p> <p><b>Human resource management</b></p> <p><b>Technological development</b></p> <p><b>Infrastructure</b> – functions such as legal, finance, planning, public affairs, quality assurance and general management.</p>

Source: Adapted from Porter (1980)

**Table 4:** Primary and secondary activities



## 2.3 Assess the impact of contemporary management practices and techniques on organisational behaviour and management practice

### Managing the agile workforce, environment and culture

#### Empowerment

Earlier we considered how workers can contribute to resilience and flexibility. Empowerment is about giving autonomy and authority to employees. It is based on a belief that workers' abilities are often under-used, and that employees can and will make a greater contribution if empowered to do so. An environment where employees are encouraged to take ownership of issues and to participate in problem solving and decision-making helps foster an agile and flexible culture.

Organisationally, empowerment builds stronger relationships, increases levels of **discretionary effort**, leading to improvements in efficiency and performance. Empowerment also helps reduce the need for managers to deal with day to day operational issues and allows the full range of skills, experiences and knowledge to be drawn on.

 OVER TO YOU

**Activity 10: Delegating and developing power**

Read the article by Pech, R.J. (2009), *Delegating and devolving power: a case study of engaged employees*, *Journal of Business Strategy*, Vol. 30 Issue: 1, pp. 27–32. (This article will be available in your online resources.)

How was trust and control built at Seaworks, the organisation featured in this article?

Using this to help guide your thinking, what would be the risks and benefits of adopting the same approach in your workplace? How might other managers react if this was suggested?

## Smart working

**Smart working** refers to ways in which autonomy and self-control can be developed in organisations. Smart working encourages managers to question how work can be reorganised to improve performance. Through a proactive, questioning approach insights are generated into changes which are happening and how best the manager can respond. Some of its key features include management by results, flexibility over time and place for work and embracing change.

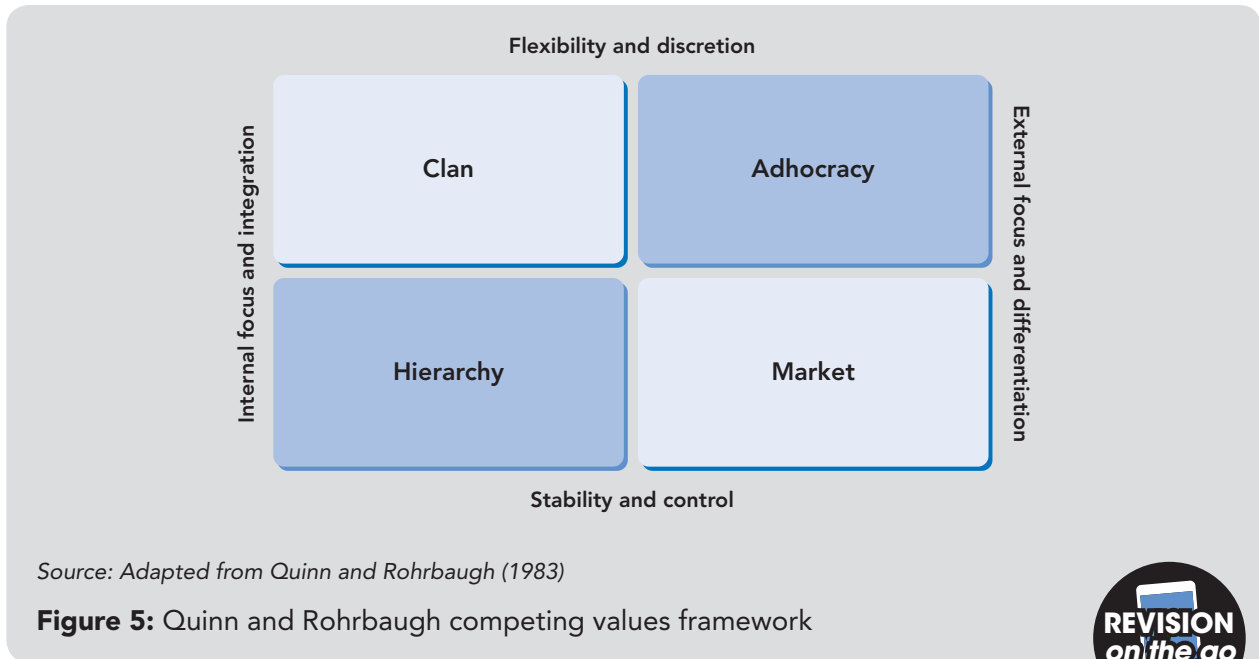
## Responding to the challenges

### *Competing values framework (Quinn and Rohrbaugh, 1983)*

This framework helps assess and understand issues faced by organisations looking to maximise their effectiveness. In the framework, three dimensions are considered:

- Internal vs external organisational focus
- Flexibility vs stability of organisation
- Process (means) vs goals (ends) orientation

This results in one of four models of organisational effectiveness as shown below in Figure 5.



The **hierarchy** has a traditional approach to structure and control that flows from a strict chain of command with respect for position and power and well-defined policies, processes and procedures (akin to Weber's bureaucracy).

A **market organisation** also seeks control but is outward looking, and is particularly driven by results with consideration of the value of each transaction.

A **clan organisation** has less focus on structure and control and a greater concern for flexibility. Rather than strict rules and procedures, people are driven through vision, shared goals, outputs and outcomes.

The **adhocracy** responds well to rapidly changing business environments. A greater independence and flexibility allows an adhocracy to rapidly form teams to face new challenges.



## OVER TO YOU

### Activity 11: Competing values

Where would you position your organisation on the competing values framework?

“An agile leader can cope with being uncomfortable. An agile leader can cope with not knowing the detail. An agile leader can quickly get to grips with complex issues and ask the right questions.

An agile leader does not feel the need to cover their lack of knowledge by bluffing but in answer to a detailed question will defer to the relevant team member.

An agile leader can apply values and experience to a range of apparently totally different services or areas of business.

An agile leader is someone whose credibility is not based on professional knowledge or status but leadership and transferable managerial skills.”

McPherson (2016)



## OVER TO YOU

### Activity 12: Being an agile leader

Read the article by McPherson, B. (2016), “Agile, adaptive leaders”, Human Resource Management International Digest, Vol. 24 Issue: 2, pp. 1–3. (This article will be available in your online resources.)

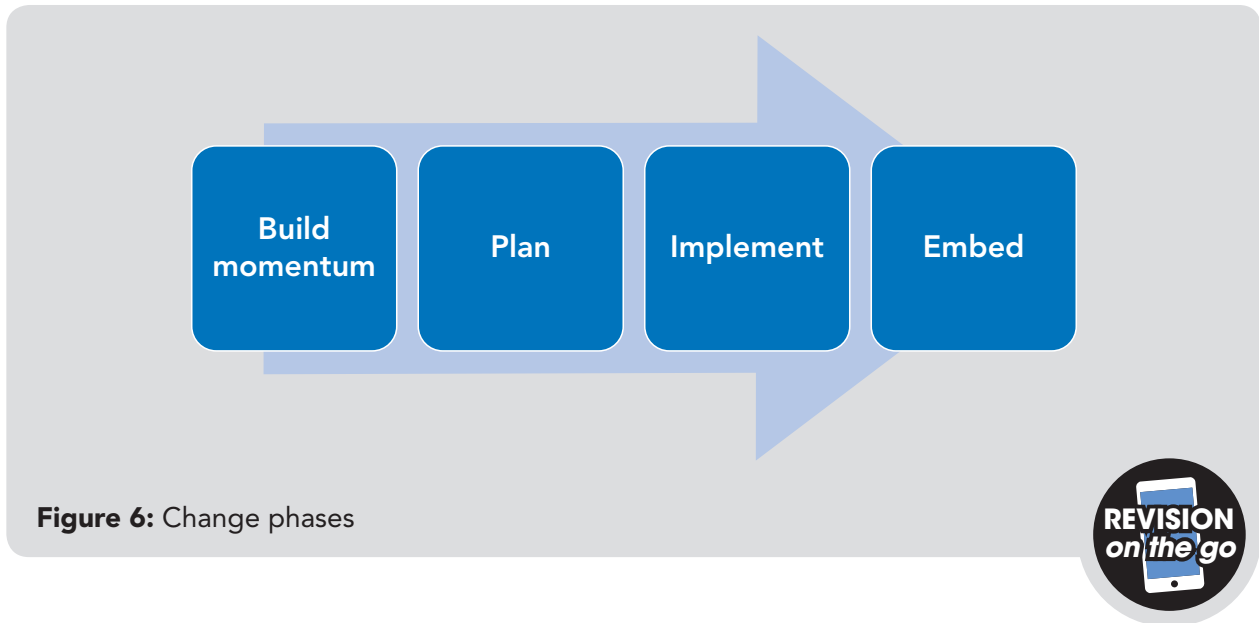
The article outlines the four features of agile leadership mentioned in the previous quotation. Reflect on these in relation to your own practice (or practices within your organisation). How agile a leader are you? What do you need to change? What barriers would you face and why?

## Leading and supporting change

Managers have an important role to play in ensuring smooth, and effective change. Whilst the forms of change, including the reasons for, nature of and speed of change differ, there are core principles which apply when leading and supporting change.

Models of effective change management provide managers with the tools and templates to plan and implement change, ensuring employees are carried along in support rather than in opposition. All models stress the importance of a compelling case being made by those leading change if staff are to co-operate fully, allowing organisations to maximise the benefits.

Generally, there are four key phases of change to consider, as shown in Figure 6:



### OVER TO YOU

#### Activity 13: Models of change

**Undertake research into a recognised model of change (e.g. Lewin, Kotter, Beer, etc.). What insights are provided by the model into each of the change phases? What lessons can you learn for your own practice?**

Supporting and leading others through change requires:

- a clear vision or understanding of the need for change and desired end result;



- confidence to adapt and review plans as required;
- clear communication to ensure everyone is kept informed and understand the end goal.

Abrell, Vogel and Rowell (2014) offer the following advice to managers regarding how to support individuals during change, including the need to:

- be sensitive to individual needs, respecting each person as an individual;
- ensure that you have a strong individual relationship with each staff member;
- lead by example, being a positive role model.

## CASE STUDY

### Change at Food and Co.

Food and Co. are a chain of grocery stores which operates in your local area. Each store operates independently and prides itself on stocking local produce in response to their own customer preferences. Stores have control over their own pricing and are open from 7 a.m. to 7 p.m. Monday to Saturday. Many stores are staffed by extended families who work flexibly.



The business has recently come under pressure from a major national retailer who has taken the aggressive strategy of opening a store in every town. Economies of scale mean that a greater range of goods are carried and prices are lower. These stores also open seven days a week from 6 a.m. to 11 p.m.

In response, the managing director of Food and Co. announces a series of changes including centralised and standard ordering, an end to local pricing and longer opening hours. These will require all staff to share weekend and evening working. The changes are being implemented in two weeks' time.

## OVER TO YOU

### Activity 14: Change at Food and Co.

**Consider the four phases of change (build momentum, plan, implement, embed). What are the risks of the approach being taken by the managing director at Food and Co.? How might staff respond?**

**Based on your research into change methods, develop a plan to show how this change could be implemented, addressing the issues you have identified.**

## READING LIST

- Abrell-Vogel, C. and Rowold J., (2014), "Leaders' commitment to change and their effectiveness in change – a multilevel investigation", *Journal of Organizational Change Management*, Vol. 27 Issue: 6, pp. 900–921. (This article will be available in your online student resources.)
- Aoki, K. (2008), 'Transferring Japanese kaizen activities to overseas plants in China', *International Journal of Operations & Production Management*, Vol. 28 Issue: 6, pp. 518–539. (This article will be available in your online student resources.)
- Glenn, M. (2009) Organisational agility: How business can survive and thrive in turbulent times <https://www.emc.com/collateral/leadership/organisational-agility-230309.pdf>
- McPherson, B. (2016), "Agile, adaptive leaders", *Human Resource Management International Digest*, Vol. 24 Issue: 2, pp. 1–3. (This article will be available in your online student resources.)

- Nold, H., Michel, L. (2016) "The performance triangle: a model for corporate agility", *Leadership & Organization Development Journal*, Vol. 37 Issue: 3, pp. 341–356. (This article will be available in your online student resources.)
- Pech, R.J. (2009), "Delegating and devolving power: a case study of engaged employees", *Journal of Business Strategy*, Vol. 30 Issue: 1, pp. 27–32. (This article will be available in your online student resources.)

## Summary

In this chapter we have considered how the wider external context has led to a number of changes in both approach and working practices. Ongoing uncertainty and volatility, coupled with the impact of technology and globalisation which disrupt conventional practices, require managers to respond more flexibly to meet the needs of the situations in which they find themselves.

# Chapter 3

## Introduction to People and Performance

### Introduction

For most organisations the biggest expense is staffing. People define an organisation, make it unique and are a source of competitive advantage. The **VUCA environment** poses challenges; how do we ensure that an organisation has the right staff, with the right skills, in the right place and at the right time? How do we maintain employee engagement and **commitment** in order to remain competitive and maximise the contribution of all? In this chapter we explore the link between people and performance and consider different methods through which we can foster and maintain an engaged and high performing workforce.

### Learning outcome

**3 Assess the links between effective people management and organisational achievement**

### Assessment criteria

**3 Assess the links between effective people management and organisational achievement**

- 3.1 Demonstrate the people performance link and the contribution this makes to an agile organisation
- 3.2 Evaluate the importance of, and key principles underpinning, effective selection, evaluation and development of employees
- 3.3 Assess how communication and interpersonal relations impact on organisational performance
- 3.4 Discuss methods of motivating others for high performance

# Level 5 Managing Agile Organisations and People

## 3.1 The people performance link and its contribution

In this section, we will consider the influence that people have over performance. Start your thinking by completing the activity below.

### OVER TO YOU

#### Activity 1: Do people influence performance?

Consider the following assertions:

**"In some shape or form [...] policies have an effect on [...] practices and these in turn influence staff attitudes and behaviours which will, in turn again, impact on service offerings and customer perceptions of value" (Storey, 2009).**

**"The distinctive feature [...] is its assumption that improved performance is achieved through people in an organisation" (Guest 1997).**

**How far do you agree with these statements?**

Both of the quotations in Activity 1 indicate that “good” people management practices enhance performance. Evidence of this link has been examined through:

### The Gallup studies

“A highly engaged workforce means the difference between a company that outperforms its competitor and one that fails to grow.”

[www.gallup.com](http://www.gallup.com)

Research by Gallup focussed on examining the link between employee engagement and performance. Their research in 2012 found that organisations with engaged workforces outperform their peers by:

- 10% on customer ratings;
- 22% in profitability;
- 21% in productivity;
- Significantly lower **staff turnover**, **absenteeism**, fewer safety incidents and quality defects.<sup>2</sup>

#### ! NEED TO KNOW

##### The impact of engagement

Engaged employees will be involved in and enthusiastic about their work.

Those who are not engaged may be satisfied but are less likely to put in discretionary effort.



### The Black Box studies – Purcell et al (2003)

The Black Box Phenomenon refers to processes occurring between the people management actions undertaken by an organisation and the outcomes which follow. Purcell et al (2003) examined the black box in order to explain both how and why people management impacts on performance. The research reinforced the importance of a clear mission and values and how this supports employee commitment. A key finding of the research was that having the right policies and practices in place is not enough and these need to be brought to life, proactively and consistently by line managers on a day to day basis.

#### Purcell's black box

Purcell et al's research (2003) led to development of the AMO model, which argues that in order for people to perform better, they must:

- 1 have the ability and necessary knowledge and skills, including how to work with other people (A);
- 2 be motivated to work and want to do it well (M);
- 3 be given the opportunity to deploy their skills both in the job and more broadly contributing to work group and organisational success (O).



<sup>2</sup> Susan, S. (2013), “How employee Engagement Drives Growth”, Retrieved from: <http://www.gallup.com/businessjournal/163130/employee-engagement-drives-growth.aspx> [Accessed on: 7 April 2017]



## OVER TO YOU

**Activity 2: Unlocking the black box in your organisation**

**How could your organisation (or an organisation you are familiar with) make better use of the AMO model to help its staff perform more effectively?**

Both Purcell et al (2003) and Pfeffer (1998) suggested that certain practices complement and reinforce each other when brought together. These then have a positive effect on performance levels and elicit a positive response from employees (in terms of **job satisfaction**, motivation or **organisational commitment**) leading to discretionary effort. These include:

Purcell et al (2003)	Pfeffer (1998)
<ul style="list-style-type: none"> <li>• Career development</li> <li>• Training opportunities</li> <li>• Job design</li> <li>• Involvement and commitment</li> <li>• Appraisal processes</li> <li>• Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>• Self-managed teams/team working</li> <li>• High compensation contingent on performance</li> <li>• Selective hiring and sophisticated selection</li> <li>• Employee involvement (EI), information sharing and worker voice</li> <li>• Extensive training, learning and development</li> <li>• Reduction of status differences/harmonisation</li> <li>• Employment security and internal labour markets</li> </ul>

Source: Adapted from Purcell et al (2003) and Pfeffer (1998)

**Table 1:** Bundles of practice



Implications for management<sup>3</sup>
 CASE STUDY

## i-Level

i-Level is a global digital media agency that specialises in the online media market using email, internet and mobile marketing strategies. Amongst its clients are organisations as diverse as the low-cost budget airline EasyJet, Coca-Cola, BT and VSO.

Success can be partially attributed to high performance practices.

A set of five core values are used to communicate values, guide customer service and communicate to customers and staff. These values include:

- Work re-design is used to remove hierarchy, encourage participation, creativity, communication and collaborative team work.
- 360 degree appraisals encourage transparent performance assessment and support the organisational values.
- **Recruitment** is on the basis of personal attributes necessary to acquire new customers including a passion for success.
- Personal recognition and team-based competition are used to support creativity and innovation.<sup>3</sup>


 OVER TO YOU

**Activity 3: The benefits of adopting high performance working practices**

**Develop a short example to illustrate the benefits of adopting a high performance working approach. In developing this consider using one of the models covered in this section (e.g. Pfeffer or AMO) to help structure your assessment and thoughts.**

<sup>3</sup> Sung, J. and Ashton, D. "High Performance work Practices: linking strategy and skills to performance outcomes", Retrieved from: <http://www2.cipd.co.uk/NR/rdonlyres/0364EF28-96FA-4188-91D4-6B6BC42E716F/0/dtihpwprac.pdf> [Accessed on: 7 June 2017]



## Engagement as a driver of performance

McLeod and Clarke (2008) considered employee engagement and its benefits for organisations and individual employees. Their research found many examples where employee engagement led to increased profitability and output.



### OVER TO YOU

#### Activity 4: The business case for engagement

**Explore the business case for engagement and its contribution to organisational success. Produce a short information leaflet for trainee line managers setting out the benefits and drivers of engagement.**

*“ Leadership behaviors (supports team, performs effectively, and displays integrity) are positively associated with followers’ engagement, with leadership behaviors focused on supporting and developing the team being the strongest unique predictor of engagement among followers. ”*

*Xu and Thomas (2011)*

From the research undertaken by Clarke and McCleod (2008,) four key enablers of engagement were identified:

#### **Engaging managers**

Focus on people, empower and coach them to achieve

#### **Employee voice**

Employees are seen as part of the solution, are listened to and invited to contribute

#### **Strategic narrative**

Leaders clearly set out a vision for the organisation

#### **Integrity**

Everyone does as they say and their actions demonstrate the desired values

*Source: Adapted from Clarke and McCleod (2008)*

**Table 2:** Clarke and McCleod’s four key enablers of engagement



## OVER TO YOU

### Activity 5: Engagement in your workplace

**If you are in employment, interview a manager in your workplace to discover their thoughts on how employee engagement can be developed. If you're not in employment, discuss with a study partner, if possible.**

## Resource-based view of the organisation (Barney 1991)

The resource-based view (RBV) provides another insight into the link between people and performance. This model is based upon the belief that the people within an organisation are key to superior performance. Knowing what resources are available and building a strategy based on this information will increase organisational success.

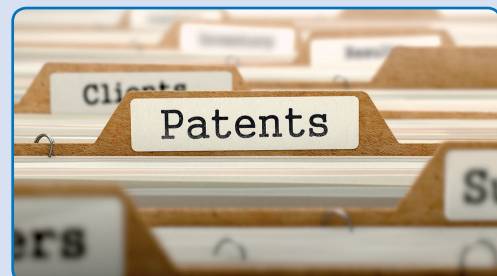
According to Barney (1991), sustained competitive advantage requires four attributes to be met.

- 1 It must be valuable in the sense that it exploits opportunities or neutralises threats.
- 2 It must be rare amongst a firm's current and potential competition.
- 3 It must be "imperfectly imitable" (i.e. not easily capable of being imitated).
- 4 There cannot be strategically equivalent substitutes for this resource that are valuable.

## CASE STUDY

### Examples of the RBV driving strategy

- 1 In 2000, the UK Ministry of Defence sold its weapons research establishment, which has now metamorphosed into the privately-owned military research company QinetiQ, which in 2009 had assets of £267 million. The value of the company, should it be sold on the stock market today, would be much greater than this because of the value of its "knowledge" (i.e. its patents, current research and human resources).
- 2 A technology firm successfully served its domestic education market. Cutbacks in spending severely impacted the organisation's sales and revenue income. The organisation identified that they had a unique product that no other competitor had that could be developed into a new product line using their own technology: educational apps. These were then used to brand the original product to international markets, and to sell the game to the domestic market, both opening new opportunities.



 OVER TO YOU**Activity 6: Exploring the RBV**

Read the article by Jim Andersén, (2010) "Resource-based competitiveness: managerial implications of the resource-based view", *Strategic Direction*, Vol. 26 Issue: 5, pp. 3–5. (This article will be available in your online resources.)

How do the two case studies outlined on the previous page demonstrate the following key points following key points from the article?

- Diversify based on what you can do (i.e. your capabilities) and not on the markets you are currently serving.
- Focus on how you can create value together with your customers, based on your resources and not on what you can offer to your customers in terms of a set of products.

## 3.2 Effective human resource planning

### Human resource planning (HRP)

“The process for ensuring the human resource requirements of an organisation are identified and plans made for satisfying these requirements.”

*Bulla and Scott (1994, cited in Armstrong 2006)*

Human resource planning (HRP) is an integral part of people management and provides the context for most other “people” related activities. Together, these activities enable an organisation to achieve its strategic objectives.



## OVER TO YOU

**Activity 7: Benefits of HR planning****What are the drivers and benefits of human resource planning?**

There are two recognised approaches to HRP:

- 1 The hard or **rational approach**, based primarily on metrics and analysis to ensure the correct number of staff are available when needed. This works best in the short- to medium-term.
- 2 A **soft** approach, taking a more diagnostic view, which considers factors influencing the organisation, including culture and the need for change over the medium- to long-term.

## Employee resourcing

Employee resourcing refers to activities which ensure a supply of suitable staff to an organisation, including:

- Recruitment: steps taken to advertise a vacancy and attract a pool of candidates.
- Selection: identifying the right person for the role from those who have applied.

The recruitment and selection process has nine stages:

- 1 Decide on the duties of the vacant post (This document is called a job description).
- 2 Decide on the knowledge, skills and experience required for a person to do this role (This document is called a person specification).
- 3 Advertise the post.
- 4 Sift applications to produce a shortlist (a number of potential people who have the required skills, knowledge and experience).
- 5 Notify applicants not shortlisted.
- 6 Interviews and selection tests (such as a skills test) for shortlisted candidates.
- 7 Obtain references.
- 8 Offer employment to the successful candidate and issue contract.
- 9 Notify unsuccessful candidates.

Before undertaking any recruitment and selection processes, you need to be aware of the legal framework within which you operate and your own organisational policies, and understand how these impact on options and activities.

 OVER TO YOU

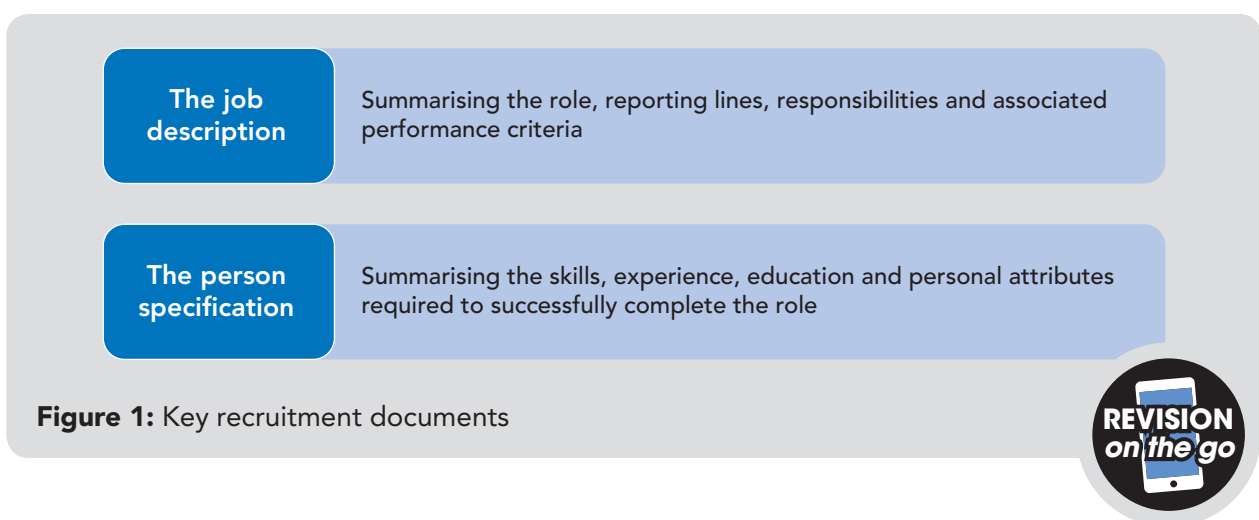
**Activity 8: The impact of legislation and organisational policy on employee resourcing**

How does employment legislation and your own organisational policy impact on resourcing activities? Why do you think these restrictions and stipulations are in place? Compare your findings with those of a study partner, if possible.

## Recruitment

Good recruitment practice ensures the role to be filled and the needs of the organisation are considered. As business environments become increasingly unpredictable, organisations need to consider not just current but future needs. Two key activities in recruitment are:

1 **Job analysis:** concerned with defining the role to be filled and forming the basis of:



2 **Attracting and managing the recruitment campaign:** aiming to attract a wide pool of applicants, enabling the best choices to be made. A range of methods may be used to advertise the vacancy, with social media being an increasingly popular tool.

## Selection

Selection activities should be tailored to the role being filled and should consider only the ability to do the job and contribute to the organisation as set out in the recruitment documentation. Selection involves two main processes: **shortlisting** and assessing applicants.

**Shortlisting** involves reducing the wider pool of applicants to a manageable number to take forward to interview or other assessment process. Objectivity and fairness are important here. A useful practice is to draw up a criteria checklist against which to consider each applicant.

**Applicant assessment** can be done through a range of different methods, including interviews, assessment centres and selection testing. Different methods vary in their reliability as a predictor of performance in the job and in their ease and expense to the recruiting organisation. It is important to ensure that the methods used are appropriate to the role and identify the best people for the jobs concerned.

### CASE STUDY

#### Recruitment at Credit Suisse

The article on Credit Suisse (2005) shown in your reading list provides a useful case study on an approach to recruitment.

“Credit Suisse pioneers structured recruiting: Employee selection process based on latest scientific and practical research”, Human Resource Management International Digest, Vol. 13 Issue: 5, pp. 5–7. (This article will be available in your online resources.)



### OVER TO YOU

#### Activity 9: Recruitment at Credit Suisse

**Summarise how Credit Suisse has developed its recruitment and selection process to “ensure that candidates: have qualifications that match the function for which they are applying; possess the ability to think and act in a way that is focused on performance and results; and are committed to the organisation’s goals”.**

Interviews are one of the most popular selection methods. When interviewing:

- ensure that your questions comply with legislation and best practice;
- ensure that you are fair and that you treat all candidates equally, regardless of age, race, disability or gender;
- recognise that bias can creep in and influence our decision-making.

## CASE STUDY

### Selection day

Yesterday you were part of a panel interviewing for a number of new customer service employees. During and following the interview you notice that:

Candidate 1 was rated highly and both of your colleagues highlighted that he spoke at length in a confident manner. Your view is there was little of substance in what was said and he failed to answer the questions directly.



Comments were made about how well dressed and good looking Candidate 2 was. This is in contrast to Candidate 3 who was scruffy and described as “very plain”. You noticed that Candidate 2 was never pushed on her answers, whereas Candidate 3 was asked a number of tricky follow up questions.

Candidate 4 was known to the other two interviewers who commented in the interview that it was good to see him and it would be great to have someone who has studied at ABC (the same college at which your two colleagues studied).

## OVER TO YOU

### Activity 10: Selection day

**How might the observations and comments in the case study above impact on the selection process? As an interviewer, what actions can you take to avoid any bias that could damage the interview process?**

## Onboarding

**Onboarding** is the process of integrating a new employee into an organisation provides an opportunity to welcome the individual, help them settle in and ensure they have the skills and knowledge they need.

An effective process ensures the following occur:

- Job requirements are explained, team members and other key contacts are introduced and initial job training completed.
- There is an organisation orientation process, including key information regarding plans, processes, values and familiarisation with products and services.
- Administrative requirements are completed (e.g. explanation of key terms and conditions, completion of any paperwork, health and safety overview, etc.).



### OVER TO YOU

#### Activity 11: Do we need to induct?

**You have been invited to take part in a debate on the benefits of induction. Prepare to take part in this debate by researching arguments made in Snell (2006) or Antonacopoulou and Güttel (2010).**

**Alice Snell, (2006) "Researching onboarding best practice: Using research to connect onboarding processes with employee satisfaction", *Strategic HR Review*, Vol. 5 Issue: 6, pp. 32–35. (This article will be available in your online resources.)**

**Elena P. Antonacopoulou, Wolfgang H. Güttel, (2010) "Staff induction practices and organizational socialization: A review and extension of the debate", *Society and Business Review*, Vol. 5 Issue: 1, pp. 22–47. (This article will be available in your online resources.)**

## The performance management process

**“Performance management is a continuous process of managing the performances of people to get desired results.”**

*Sahoo and Mishra (2012)*



 OVER TO YOU

### Activity 12: Defining performance management

Consider the following definitions of performance management. How do these help inform your understanding of what performance management is and how it contributes to organisational achievement?

**“To make the good better, share understanding about what is to be achieved, develop capacity of people to achieve it, and provide support and guidance people need to deliver high performance and achieve their full potential to the benefit of themselves and the organisation” (Armstrong and Baron, 2006).**

**“Directing and supporting employees to work as effectively and efficiently as possible in line with the needs of the organisation” (Waters, 1995).**

There are two main approaches to **performance management**:

- 1 **Reward driven approaches** concentrate on ascertaining a standard level of performance, then rewarding for performances at or above that standard.
- 2 **Development driven approaches** focus on considering needs and identifying gaps in skills that require action in the form of training or development.

Management has a key role to play in improving individual and organisational performance. For a line manager this may involve:

- providing direction, guidance, training and resources as required;
- setting and reviewing targets and standards;
- motivating both in the short- and long-term;
- identifying and resolving problems.

### Performance review

**Performance review** is an ongoing process which provides feedback to employees about their performance, helping to identify strengths and weaknesses and considering development actions to help meet any identified gaps. Reviews should be based on how an individual has performed in their job and address the extent to which objectives have been achieved. Personal feelings, whether positive or negative, play no role here. Feedback should be balanced, both positive and negative, clear, specific and supported by facts and examples.

## Day to day performance management

Whilst formal appraisal may take place only once or twice a year, it is essential that regular feedback is given to individuals about their performance. In order for feedback to be effective it must be given at appropriate times, such as immediately after good performance or before the repetition of a task which could be done more effectively.

A range of methods, both formal and informal, can be used, including:

Formal methods of performance review	Informal methods
Organisational appraisal processes	Observation
Team meetings	Impromptu chats over a coffee or lunch, whilst visiting an employee's workspace
Monitoring of KPIs and other key targets	As situations arise (e.g. following a situation or feedback received from an external source)
	Regular discussions

**Table 3:** Formal and informal methods of performance review



### OVER TO YOU

#### Activity 13: Benefits of performance appraisal

**Suggest three benefits to both the organisation and individual of regular performance appraisal.**

 OVER TO YOU

**Activity 14: Key elements of a performance review process**

**Working with a study partner if possible, identify the key elements required for an effective performance review process and meeting. Identify good practice before, during and after a performance review meeting.**

### Managing poor performance

Generally poor performance occurs due to:

- a lack of awareness of rules, procedures or standards;
- being unable to or choosing not to comply with the rule or norm.

To deal effectively with poor performance it is important to do the following:

- Understand the reasons behind the performance gap. What are the causes of this?
- Directly address the performance gap as soon as possible, in private and supported with clear examples. Listen to the employee's views and reasons and discuss these. Agree on solutions and actions.
- Follow up and monitor. Ensure that any promises you make are followed through. Provide appropriate time to allow improvements to be made before following up with the individual. Throughout this period monitor and offer support as required.

 OVER TO YOU

**Activity 15: Managing a poor performer**

**You have a new team member who has been with you for about six months. At first, the team member appeared to be on top of their work and would voice many useful ideas. As the months have progressed you feel they have become complacent and have not taken any of the ideas through to fruition. "Just enough" appears to be their motto, with work being completed at the last minute and quite sloppily.**

**Read the advice given by Sahoo and Mishra (2012) in their article, "Performance management benefits organizations and their employees", Human Resource Management International Digest, Vol. 20 Issue: 6, pp. 3–5. (This article will be available in your online resources.)**

**How would you advise this issue is dealt with?**



## Managing the high performer

A “**high performer**” is defined as someone who is a key contributor, demonstrates high performance and has the potential and desire to further contribute to the organisation (either sideways or promotion). High performers can make a long-term difference to an organisation, but are often overlooked and not actively managed because they are doing such a good job.

McClelland’s motivation theory (discussed in Section 3.4) highlights that these employees are often driven by a need for achievement and recognition and therefore need support and encouragement.

### CASE STUDY

#### Protecting the high performer

You have a particularly ambitious member of staff working for you. He is extremely hard working and will often put in extra hours or take work home without being asked and is forever coming to you with ideas. You have encouraged this proactivity and made a point of praising this in the last performance review. This, however, seemed to lead to a doubling of efforts to the extent that you are now worried about burnout and the possibility that working relationships with others may be impacted as a result of an apparent desire to improve everything.



You feel the need to raise this; however, this leads to anger and an emotional outburst from the staff member, who says that he can’t understand why he is being told to stop working hard. If his efforts aren’t appreciated, he may as well go and work elsewhere. At every opportunity since, your employee has told you they feel unfairly treated and judged.



## OVER TO YOU

**Activity 16: Protecting the high performer**

Read Agarwal (2014). Using this to guide your thinking, how would you deal with the situation described in the case study above? Promila Agarwal, (2014) "Make performance-management systems work for your company: Seven steps to successful outcomes", Human Resource Management International Digest, Vol. 22 Issue: 4, pp. 33–35, doi: 10.1108/HRMID-07-2014-0086 Permanent link to this document: <http://dx.doi.org/10.1108/HRMID-07-2014-0086> [Accessed on: 7 June 2017]

## Employee development

Employee development is one tool used by organisations to improve organisational performance. Developing skills, knowledge and providing opportunities for development all support human resource planning.

Line managers are increasingly responsible for identifying and ensuring development needs are met. These needs may arise:

- following recruitment and selection into the organisation or promotion;
- as part of the appraisal process.



## OVER TO YOU

**Activity 17: The benefits of employee development**

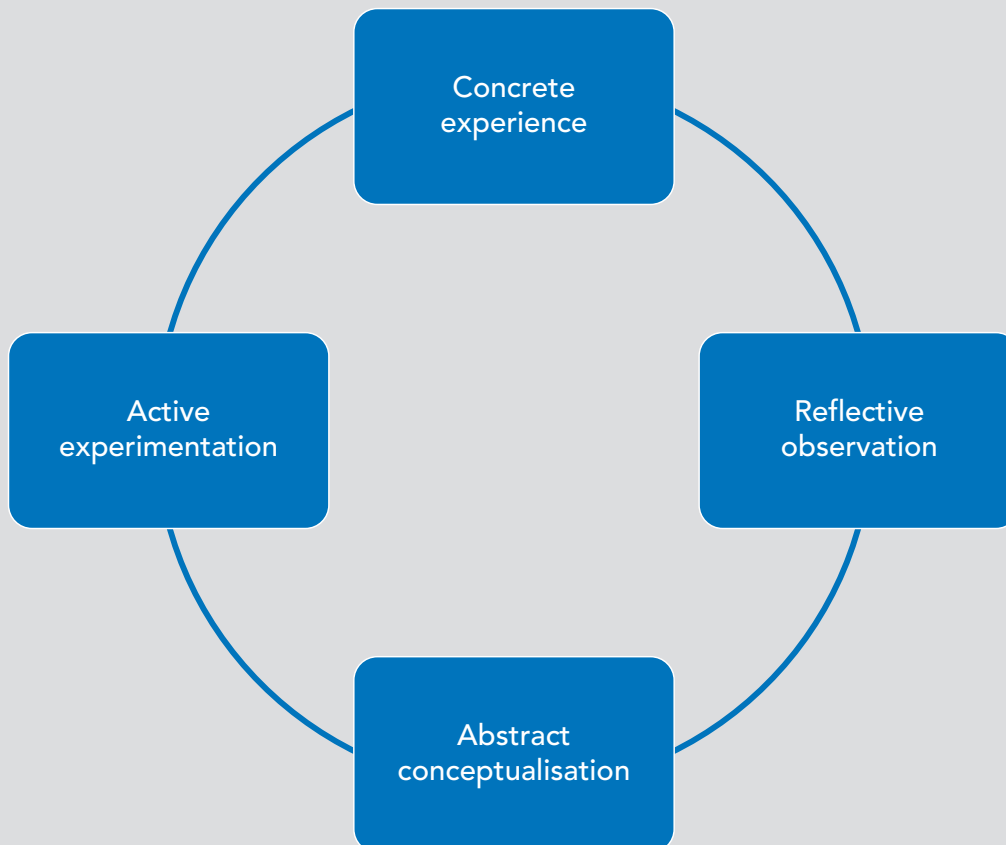
Working in small groups, if possible, discuss your own experiences of employee development. How has this helped you as individuals, your teams and your organisations?

## How individuals learn

Managers need to move teams through these stages which requires motivation, opportunities for practice, feedback and consolidation of experience. Kolb's learning cycle is widely used as a model to show the stages involved in effective learning.

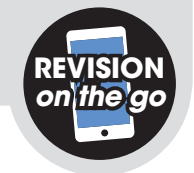
### Kolb's learning cycle

Kolb's (1984) experiential learning cycle provides a useful framework on which to build our understanding of personal development. Kolb's model of a four stage cycle of learning (as set out in Figure 2 below) is the most widely used model of learning. An underpinning principle of this model is that we learn through doing and from our experiences.



Source: Adapted from Kolb's work

**Figure 2:** Kolb's learning cycle



## Identifying staff development needs

Staff development needs can be identified by both formal and informal assessment of skills, attitudes and knowledge, and of current or anticipated gaps. Learning and development needs can be considered at three levels:

- 1 **For the organisation as a whole** – to understand the amount and types of learning needed to ensure that all employees have the right capabilities to deliver the organisation's strategy.
- 2 **For a specific department, project or area of work** – new projects and opportunities require new ways of working or reorganisation, restructuring also necessitates changes in roles.

**3 For individuals** – linking their own personal learning and development needs to those of the business.

Performance reviews can be used positively as learning events with individuals encouraged to think about the ways in which they want to develop, resulting in a **personal development plan**.

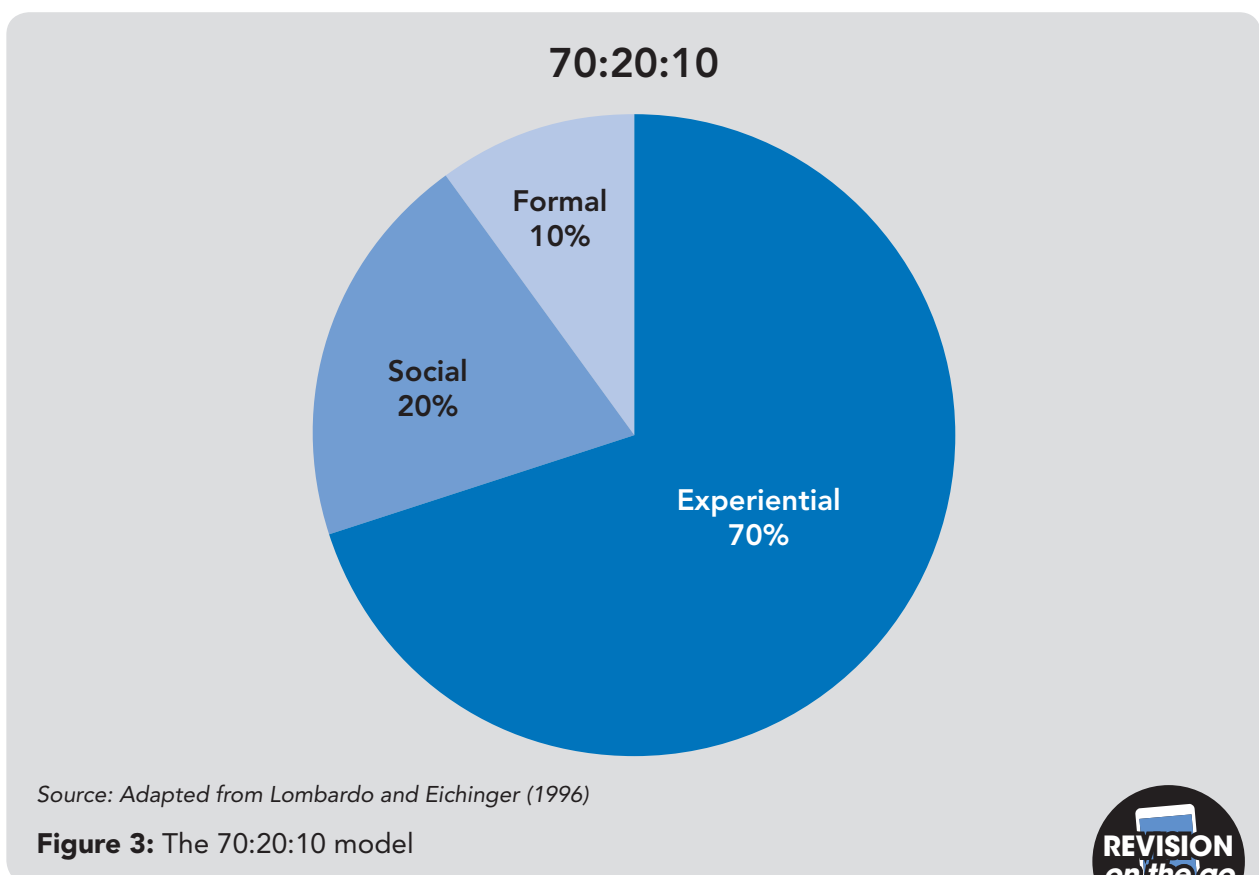
### Meeting development needs

There are many different ways to meet development needs. A common misconception is that development is about “training” rather than “learning”. A useful approach to consider the fuller range of options is to group these into four main categories:

- 1 Learning through work-based activities, including coaching.
- 2 Attendance at courses, seminars and conferences.
- 3 Self-directed and informal learning.
- 4 Personal activities outside work.

### The 70:20:10 model

The 70:20:10 model (Lombardo and Eichinger 1996) highlights that we learn through a variety of opportunities.



**Experiential learning** is the biggest of these categories demonstrating the importance of learning on the job, developing related skills and learning through real life issues.

**Social learning** includes learning from others via coaching, mentoring or discussion with peers. From a manager's viewpoint providing opportunities for this and offering timely feedback support this.

Traditional **formal learning** is the smallest element of this model and reflects the need to consider how learning will be applied and the need to be given the opportunity to learn from mistakes.



## OVER TO YOU

### Activity 18: Meeting development needs using the 70:20:10 model

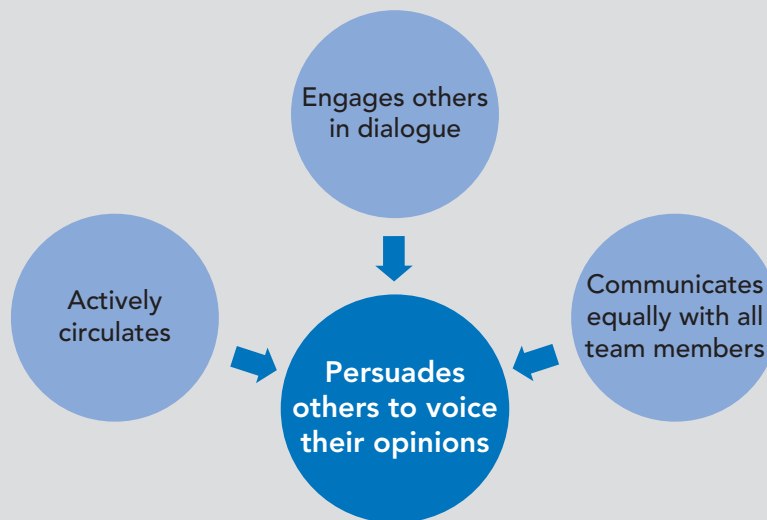
Consider your own workplace learning over recent years, if applicable. Does the 70:20:10 model fit with your own experience?

## 3.3 The impact of communication and interpersonal relations on performance

With an increasingly multi-cultural working environment and a rise in global business opportunities, the ability to communicate with people from diverse ethnic and cultural backgrounds is an important skill for managers to acquire.

The models of management and leadership considered previously have encompassed effective communication and excellent interpersonal skills. This was also highlighted within the four enablers of engagement. Pentland (2012) argued that successful communication contributes to a team's achievement and highlighted the characteristics of an effective communicator shown in Figure 4. In this section we will explore the role of these characteristics and consider how these skills can be best deployed.





**Figure 4:** Characteristics of an effective communicator



## Principles of effective communication

Effective communication is not just about what we say. We communicate using our senses, irrespective of the chosen method of communication and this is often reflected in the language used when communicating. Patterns in our language are representative of our view of the world which in turn influences how we are perceived and whether it is likely that trust and rapport will develop between parties.

Effective communication involves consideration of:

- 1 the source of communication;
- 2 the method used to encode this;
- 3 the channel employed;
- 4 the manner in which we decode the message;
- 5 how this communication is received.

### A model of organisational communication

Take a look at the Shannon and Weaver model of communication (figure drawn on p. 93) in Dawn Kelly's article, (2000), "Using vision to improve organisational communication", *Leadership & Organization Development Journal*, Vol. 21 Issue: 2, pp. 92–101. (This article will be available in your online resources.)

This article by Kelly (2000) provides a useful overview of this model (available in your online student resources).





## OVER TO YOU

**Activity 19: Communicating a change in working practice**

Imagine you work as a senior manager for a technology company that is falling behind its competitors in developing new products. You want to tell your staff about a new research department that's being set up to help resolve this issue. You believe that this department will be key to the company's future success but it will be expensive to set up and will take responsibility away from another department.

Working with a study partner if possible, identify how you would communicate this change to the staff. What processes could be used to enable the receiver to interpret the message in the way you intend. How could the message be misinterpreted? How do these insights help you ensure your communication is effective?

## Communication channels

Maintaining good communication channels with key stakeholders is vital in creating an environment of trust and respect and to facilitate achievement. The manager plays a key role in communicating and explaining requirements and changes, ensuring understanding and responding to questions and feedback. As a manager you need to maintain both internal and external communication channels, using a variety of informal and formal means.

Formal communication refers to official communication which tends to follow predefined processes. Communication is often structured and reliable, although formality may lead to delays and possible distortion as information is passed between different parts or levels of an organisation. Formal communication is often written whereas informal methods tend to rely on verbal transfer of information and can be more ad hoc. Informal communication, which is sometimes referred to as the grapevine, can flow in many directions quickly, though it may not always be reliable.

## CASE STUDY

### Communication at the Health Board

In a recent staff survey conducted at the local Health Board, communication was criticised. Staff reported a lack of understanding about the strategic direction, stated that senior managers were not visible and even when seen would only talk or discuss issues with other departmental managers behind closed doors. Important messages are communicated via the staff notice boards or through orchestrated site meetings which never allow enough time for questions and discussion. Staff are aware that the Health Board has a number of issues it needs to face and have some ideas to change practice; however, they are unable to voice these. Even when these are discussed with the line manager, the answer is always “I’ll need to take that to...” but nothing more is ever heard. As a result, gossip and rumour is rife.



## OVER TO YOU

### Activity 20: Opening up the communication at the Health Board

**Imagine that you have been invited to interview for a departmental manager’s position at the Health Board. You have been asked to provide a short presentation outlining the approach you would take to open up communication. The presentation should include reasons for and benefits of a range of informal and formal communication methods you would introduce to improve the current situation. What would you include in this? To help with this activity you may find it useful to read the article “How managerial interactions affect employees’ work output in Ghanaian organizations” by Abugre (2012), African Journal of Economic and Management Studies, Vol. 3 Issue: 2, pp. 204–226. (This article will be available in your online resources.)**

## Barriers to effective communication

Communication barriers are features which can distort to prevent effective communication within an organisation. Typical barriers include:

Language	E.g. technical terms of use of jargon.
Excessive communication	Too much information overloads individuals, slowing down decision-making and causing confusion.
Relationships and status	A negative organisational climate or poor relationships between staff at different levels may lead to secrecy and/or filtering of information communicated.
Individual barriers	Our perceptions of what should be communicated; preferences in how much or how often we communicate.

**Table 4:** Barriers to effective communication



### OVER TO YOU

#### Activity 21: Barriers to effective communication

**Using Kelly (2000) as an initial source, and reflecting on your own experiences, identify the barriers to effective communication. In developing your list consider both interpersonal and organisational barriers.**

**Discuss with your study partners, as appropriate, how these barriers can be overcome.**

**Dawn Kelly, (2000) "Using vision to improve organisational communication" Leadership & Organization Development Journal, Vol. 21 Issue: 2, pp. 92–101. (This article will be available in your online resources.)**

One consequence of globalisation is an increasingly diverse workplace and customer base. Apart from obvious language barriers, a number of other factors challenge cross cultural communication, including:

- behavioural differences and understanding of what is acceptable;
- stereotypes and assumptions;
- values and emotional reactions.

## CASE STUDY

### The culture communication challenge

Multinational organisations increasingly make use of social media platforms such as Yammer. These break down geographical boundaries and hierarchical siloes and enable a culture of communicativeness and transparency. There are still some organisations that resist this and, under the impression that social collaboration is time-wasting, decide not to have a presence on social media platforms and block their access on corporate systems. In our increasingly mobile world, technology will be the basis of work communications, whether the organisation “allows” it or not. Pandora’s Box is open – people will use social media on personal mobiles when faced with a ban – so effective leaders will incorporate as much of that communication within the structure of the company as they can and use it to build their leadership profile within new, flatter organisational structures (Hopp, 2016).



## OVER TO YOU

### Activity 22: Social media

**Consider the applicability and use of social media as a communication tool. What are the issues with its use and how could these be minimised? Work with a study partner if possible.**

## Building and maintaining trust and respect

Organisations that thrive are those where the company culture promotes mutual trust and respect between colleagues. Behaviours which encourage trust and respect include:

- 1 Integrity – are you always honest in your dealings with others?
- 2 Credibility – can you be trusted to have the knowledge to back up your honesty? Is what you are saying or proposing credible?
- 3 Accountability – are you always willing to take responsibility for your actions?
- 4 Reliability – can you be depended on to deliver what you have promised?
- 5 Transparency – are you always clear about what you say and are your professional workings always simple to understand?
- 6 Courtesy – do you always have the manners to listen to others?

### Howard Jackson's respect model



Source: Adapted from Pech (2013)

**Figure 5:** The Howard Jackson respect model



## The impact of power on working relationships

Raven and French (1959, revised 1965) described the sources and bases of power as shown in Table 5. By understanding these different forms of power, managers can learn to use the positive forms to full effect, while avoiding the negative power bases that managers can instinctively rely on.

### Positional power

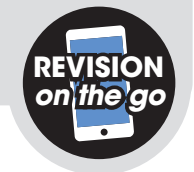
Legitimate	Comes from the belief that a person has the formal right to make demands, and to expect others to be compliant and obedient.
Reward	Results from one person's ability to compensate another for compliance.
Coercive	The belief that a person can punish others for noncompliance.
Informational	A person's ability to control the information that others need to accomplish something.

### Personal power

Expert	Based on a person's high levels of skill and knowledge.
Referent	The result of a person's perceived attractiveness, worthiness and right to others' respect.

Source: Adapted from Raven and French (1959)

**Table 5:** The sources and bases of power



## OVER TO YOU

### Activity 23: Sources of power

**Working with a study partner, if possible – select a successful business leader in your home country. How have they used the different sources of power to achieve success?**

## 3.4 Motivating for high performance

Employees with positive attitudes at work are likely to put in extra effort and identify with an organisation, its goals and values. Key attitudes associated with such behaviours include motivation, commitment, engagement and involvement. Managers need to understand the nature of these attitudes and how they can get the best out of their employees.

 OVER TO YOU

**Activity 24: What are your motivators at work?**

**Make a note of what motivates or demotivates you at work. Why do you think that is?**

## Defining motivation

**Motivation** concerns the factors which push and pull us to behave in certain ways and is used to reflect the amount of effort or drive an individual puts into an activity. Whilst there is no clear consensus on what motivation is, it is an important driver of performance. It is widely held that motivated employees generate high levels of performance and de-motivated employees are likely to underperform.

## Sources of motivation

There are two key sources of motivation:

**Intrinsic** – factors which relate to valued outcomes or benefits and come from within, e.g. feelings of self-esteem, respect, achievement and recognition. Intrinsic factors have a significant impact on motivation and satisfaction.

**Extrinsic** – tangible and relate to valued outcomes which are external and provided by others, e.g. pay, promotion, careers, pensions, healthcare, etc. Extrinsic factors are important in attracting and retaining people and preventing job dissatisfaction.

 OVER TO YOU

**Activity 25: The factors which influence motivation**

**Read Carolyn Wiley's article (1997), "What motivates employees according to over 40 years of motivation surveys", International Journal of Manpower, Vol. 18 Issue: 3, pp. 263–280. (This article will be available in your online resources.)**

**This article explores the factors impacting on individual motivation at work. (Note: this article also provides a good summary of the different motivational theories). Wiley's key findings are summarised in the table on pp. 268 of the article.**

**Look back at your own motivators. What similarities do you note between your own personal motivators and those found by Wiley?**

**Her work could be considered dated. Discuss with a study partner, if possible, how the findings may differ today? What factors would have influenced these changes?**





## The influence of personal values and beliefs on approaches to work

### *Motivational theories*

Early theories of motivation studied why people initiate behaviour and effort and the processes which determine the amount of effort, direction and sustainability. The influence of Taylor and Mayo was considered in Section 1.3.

#### ! NEED TO KNOW

**Content theories** focus on what motivates by considering individual needs whilst **process theories** focus on how individuals are motivated.



**Content theories.** The key content theories are shown below:

<p><b>Maslow's hierarchy of needs</b></p> <p>People have an ascending hierarchy of needs and that unfilled needs dominate motivation and behaviour.</p>	<p><b>Alderfer's ERG</b></p> <p>Existence: pay and working conditions are important here.</p> <p>Relatedness: relationships with peers, supervisor, work colleagues.</p> <p>Growth: development of potential, respect, self-esteem.</p>
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**Herzberg's two factor theory**

Factors lead to extreme satisfaction (motivators) or dissatisfaction (hygiene factors).

**McClelland's achievement needs theory**

Individuals have three basic needs – achievement, power and affiliation.

**Table 6:** Content theories

**REVISION**  
*on the go*

**Process theories** concentrate on how people are motivated and consider the psychological processes involved in motivation. The key process theories include:

**Expectancy theory** (e.g. Vroom, 1964) examines how people are motivated by their expectations about outcomes at work and draws relationships between:

- The expectations people have of their own capabilities;
- The effort they are prepared to put in;
- The actual or perceived rewards.

**Equity theory** (Adams, 1965) is based on perceptions of fairness. It argues that people seek what they perceive to be just and equitable in return for their efforts and are motivated to act in situations of perceived unfairness.

## CASE STUDY

### Fair reward

Last year, Solutions for All, a software developer, introduced a reward scheme to encourage employees to contribute innovative ideas and go the extra mile for the organisation. Ideas which lead to savings, more effective working processes or the introduction of new products and service lines will receive a cash bonus. Managers are also able to draw on a small sum of money to reward extra effort with gifts.



In a recent team meeting a number of concerns are voiced:

One member of the team claims that her ideas are being taken by others who then get the reward. She claims she has voiced several suggestions in discussion during breaks but has twice now found others have taken the ideas and claimed they were their own. She feels that the system is not fair.

A few weeks ago you treated some of your team to lunch in recognition of extra effort. Two other team members claim that they should have been included and ask why their similar efforts have gone unnoticed.

The manager leading the team meeting dismisses these grumbles saying that the overall success of the organisation matters more than individual rewards.



## OVER TO YOU

**Activity 26: Fair reward**

**Which aspects of motivational theory could be used to explain the desired and actual outcomes in this case study?**

### *The importance of effective job design and enrichment*

**Hackman and Oldham's (1976) Job Characteristics model** considers that the task itself is an important element in motivating employees and that these can be designed to increase motivation.

Take a look at the article by Pooja Garg and Renu Rastogi, (2006) "New model of job design: motivating employees' performance", *Journal of Management Development*, Vol. 25 Issue: 6, pp. 572–587. Study the figure on p. 576 of the article that looks at core job characteristics, critical psychological states and outcomes. (This document will be available in your online student resources.)

**Goal setting theory** (Locke and Latham, 2002) is based on the idea that a person's goals or intentions determine their behaviour. The combination of goal difficulty and individual commitment to the achievement of a goal will determine the level of effort an individual is prepared to exert. Goal setting stresses that:

- goals must be specific and challenging;
- goals need to be capable to objective measurement so that performance can be evaluated;
- goals need to be attainable and time bound;
- prompt and clear feedback is required to know how someone is performing.



## OVER TO YOU

**Activity 27: A practical impact of goal setting theory**

**How has goal setting theory impacted on performance management and on personnel development planning?**

## Empowerment

Employee empowerment refers to measures designed to increase levels of autonomy and self-determination enabling individuals to make decisions about their work in confidence and without immediate and constant supervision. Benefits of empowerment include greater job satisfaction and motivation, reduced supervisory requirements and increases in innovation and creativity.

### CASE STUDY

#### Increasing customer service

Consolidated Call Centre provides offshore call handling for many global companies. This includes dealing with routine customer enquiries, complaints and technical queries. Over the last 10 years, Consolidated Call Centre has expanded dramatically both the scope and size of its operation. However, alongside growth has come a significant rise in complaints about service levels. A significant number of staff are dissatisfied with their work and staff turnover has risen sharply as a result. At least one major customer has already relocated its work back to its home nation and others are also thought to be considering this step.



### OVER TO YOU

#### Activity 28: Increasing customer service

**Read the article by Pooja Garg and Renu Rostofi (2006), "New model of job design: motivating employees' performance", *Journal of Management Development*, Vol. 25 Issue: 6, pp. 572–587. (This article will be available in your online resources.)**

**Drawing on their suggestions and your own thoughts, how could a programme of empowerment provide a possible response for Consolidated Call Centre? What barriers and issues might be faced?**

## Engagement, commitment and involvement

Motivation is not the only way managers can influence employee behaviour and performance. Involvement, commitment and engagement can all be used proactively as tools to help achieve higher levels of performance.

**Engagement:** “being positively present during the performance of work by willingly contributing intellectual effort, experiencing positive emotions and meaningful connections to others” (CIPD). Engagement has three main dimensions; intellectual, affective and social engagement with its main driver being a sense of feeling valued for the contribution made. Research has shown that engaged employees are likely to put more effort into their job and have high levels of commitment.

**Commitment:** “A psychological attachment and the resulting loyalty of an employee to an organisation” (Kanter, 1968). Research suggests that committed employees feel a strong identity with their organisation, agree with its goals and values and are likely to remain with the organisation. This translates into a willingness to exhibit positive behaviours and work hard for the organisation.

**Involvement:** Works from the principle that those who undertake the work, know the requirements and the processes best of all are therefore best placed to make suggestions as to how the work should and could be carried out. Increases ownership and participation, helping to retain employees.

### CASE STUDY

#### Mining for Success

Mining for Success is a multi-site, heavily unionised operation in the mining industry. Traditional and hierarchical in structure and operation, there has been a history of poor employee relations and low productivity. Changes are met with resistance. A recent employee survey has indicated a low level of employee morale and general levels of dissatisfaction.



### OVER TO YOU

#### Activity 29: Involvement and commitment at Mining for Success

**Using the above case study, develop a short explanation of the importance of involvement and commitment and how these can be fostered.**

 OVER TO YOU

**Activity 30: Building a high commitment organisation**

Read the article by Lee Whittington and Timothy J. Galpin (2010), "The engagement factor: building a high-commitment organization in a low-commitment world", *Journal of Business Strategy*, Vol. 31 Issue: 5, pp. 14–24. (This article will be available in your online resources.)

Do you agree with the principles set out in Table 7 below?

**Summary of key engagement principles**

Key engagement principle 1	Employee engagement will be positively impacted when the organisation has an integrated HR value chain.
Key engagement principle 2	When managers engage in a full-range of leader behaviors that incorporate contingent reward and transformational behaviors, employee engagement will be positively impacted.
Key engagement principle 3	The level of employee engagement will increase when employees work in jobs that are enriched by providing variety, significance, and task identity.
Key engagement principle 4	When employees are working to achieve challenging and specific performance goals, their level of engagement will increase.
Key engagement principle 5	Engaged employees are high performers.
Key engagement principle 6	Engaged employees go beyond the minimum requirements specified in job descriptions and performance evaluations. They are outstanding organisational citizens who engage in a wide variety of extra-role performance behaviors.
Key engagement principle 7	When employees have a high level of trust in their leader the amount of engagement increases.

**READING LIST**

- Abugre, J. B. (2012) "How managerial interactions affect employees' work output in Ghanaian organizations", *African Journal of Economic and Management Studies*, Vol. 3 Issue: 2, pp. 204–226. (This article will be available in your online student resources.)
- Agarwal, P. (2014) "Make performance-management systems work for your company: Seven steps to successful outcomes", *Human Resource Management International Digest*, Vol. 22 Issue: 4, pp. 33–35. (This article will be available in your online student resources.)
- Antonacopoulou, E. P., Güttel, W. H. (2010) "Staff induction practices and organizational socialization: A review and extension of the debate", *Society and Business Review*, Vol. 5 Issue: 1, pp. 22–47. (This article will be available in your online student resources.)

- Andersén, J. (2010) "Resource-based competitiveness: managerial implications of the resource-based view", *Strategic Direction*, Vol. 26 Issue: 5, pp. 3–5. (This article will be available in your online student resources.)
- Garg, P., Rastogi, R. (2006) "New model of job design: motivating employee" performance", *Journal of Management Development*, Vol. 25 Issue: 6, pp. 572–587. (This article will be available in your online student resources.)
- Hopp, A. (2016) "Human capital – creating leadership and engagement through better communications", *Strategic HR Review*, Vol. 15 Issue: 1 (This article will be available in your online student resources.)
- Kamukama, N. (2013) "Intellectual capital: company's invisible source of competitive advantage", *Competitiveness Review: An International Business Journal*, Vol. 23 Issue: 3, pp. 260–283. (This article will be available in your online student resources.)
- Kelly, D. (2000) "Using vision to improve organisational communication", *Leadership & Organization Development Journal*, Vol. 21 Issue: 2, pp. 92–101. (This article will be available in your online student resources.)
- Sahoo, C.K., Mishra, S. (2012) "Performance management benefits organizations and their employees", *Human Resource Management International Digest*, Vol. 20 Issue: 6, pp. 3–5. (This article will be available in your online student resources.)
- Snell, A. (2006) "Researching onboarding best practice: Using research to connect onboarding processes with employee satisfaction", *Strategic HR Review*, Vol. 5 Issue: 6, pp. 32–35. (This article will be available in your online student resources.)
- Whittington, L., Galpin, T. J. (2010) "The engagement factor: building a high-commitment organization in a low-commitment world", *Journal of Business Strategy*, Vol. 31 Issue: 5, pp. 14–24. (This article will be available in your online student resources.)
- Wiley, C. (1997) "What motivates employees according to over 40 years of motivation surveys", *International Journal of Manpower*, Vol. 18 Issue: 3, pp. 263–280. (This article will be available in your online student resources.)
- Xu, J., Thomas, H. C. (2011), "How can leaders achieve high employee engagement?" *Leadership & Organization Development Journal*, Vol. 32 Issue: 4, pp. 399–416. (This article will be available in your online student resources.)
- (2005) "Crédit Suisse pioneers structured recruiting: Employee selection process based on latest scientific and practical research", *Human Resource Management International Digest*, Vol. 13 Issue: 5, pp. 5–7. (This article will be available in your online student resources.)

## Summary

In this chapter we have considered the link between people and performance and the vital contribution that staff play.

# Chapter 4

## Personal Development as a Manager

### Introduction

The skills we deploy at work today, may not be those needed tomorrow. Our attention now turns to how **continual professional development** (CPD) contributes to personal growth and in turn benefits organisations. We consider both the process and practice of personal development, exploring tools and processes of personal development.

### Learning outcome

- 4 **Assess personal capability to manage agile organisations and people and develop a justified personal development plan as a result**

### Assessment criteria

- 4 **Assess personal capability to manage agile organisations and people and develop a justified personal development plan as a result**
  - 4.1 Assess the role of continual professional development (CPD) in achieving personal and organisational objectives
  - 4.2 Recommend a plan for personal development based on an analysis of needs
  - 4.3 Justify approaches to meet personal development needs
  - 4.4 Evaluate the impact of CPD at both an individual, professional and organisational level



# Level 5 Managing Agile Organisations and People

## 4.1 The role of continual professional development (CPD) in achieving personal and organisational objectives

### Continual professional development (CPD)

Just as working environments are constantly changing and adapting, we also need to continually develop and refine our own approaches and skills. Continual Professional Development (CPD) describes the activities through which abilities are developed to allow us to remain effective, and increasingly capable.

There are a variety of different definitions of CPD some of which are set out below:

<p>“Maintaining, improving and broadening relevant knowledge and skills in your subject specialisms so that it has a positive impact on others and your organisation. It is the critical reflection on learning experiences and activities that improve practices and demonstrate continuing development.”</p>	<p>Adapted from Guidelines for Continuing Professional Development. August 2009. Institute for Learning (IfL)</p>
<p>“Any professional development activities engaged in which enhance knowledge and skills and enable the participant to consider their attitudes and approaches with a view to improve the quality of their work.”</p>	<p>Bolam (1993)</p>
<p>“As well as promoting personal professional development, CPD aims to maintain and develop competencies (knowledge, skills and attitudes) of the individual doctor, essential for meeting the changing needs of patients and the health care delivery system, responding to the new challenges ... and meeting the evolving requirements of licensing bodies and society.”</p>	<p>Adapted from the World Health Organisation, 2003 (<a href="http://www.who.int/workforcealliance/knowledge/toolkit/46.pdf?ua=1">http://www.who.int/workforcealliance/knowledge/toolkit/46.pdf?ua=1</a>)</p>

**Table 1:** Definitions of CPD



**OVER TO YOU****Activity 1: Defining CPD**

**Consider the three definitions of CPD in Table 1. Which definition has the most resonance for you? Why?**

**How do these definitions help develop your understanding of CPD?**

These definitions help to highlight the key principles and features of effective personal development.

- Professional development is a continuous practice based on a cycle of activities.
- Responsibility and ownership for professional development lies with the individual and they are responsible for driving the process. This is contrast to employee development which is initiated by an organisation.
- There is a focus on outcomes, results and impact, at individual, team and organisational level rather than on time spent and activities completed.
- Reflection and evaluation play an important part in this.
- Development is a personalised process encompassing a range of activities. There is no one size fits all, set process to follow. At its heart professional development is about identifying personal needs, setting objectives and then taking action to ensure these are achieved.

**OVER TO YOU****Activity 2: Pause for thought**

**Should CPD be just for managers or should it apply to everyone? (Note: this will be debated in your class sessions, as applicable).**

CPD in practice

 OVER TO YOU

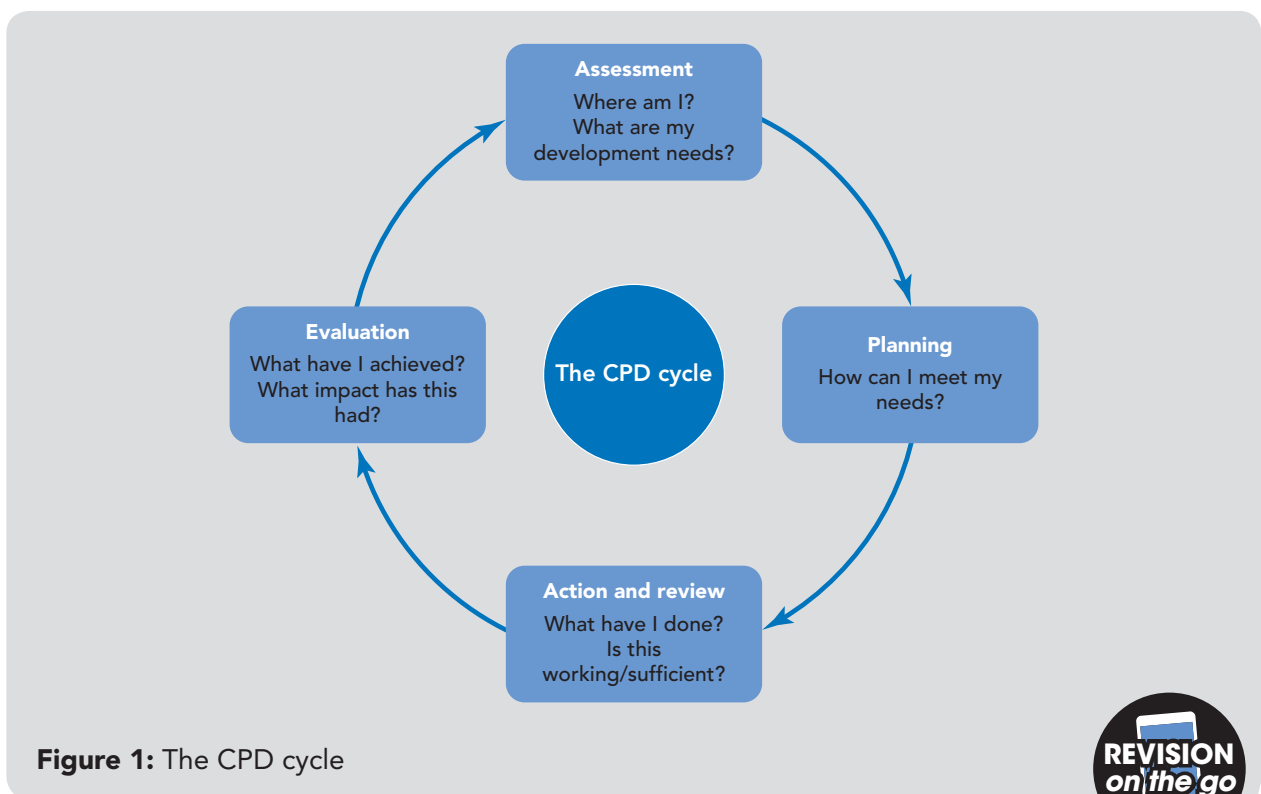
**Activity 3: How did you become so proficient?**

**Identify a skill that you possess. How have you become so proficient in it?**

**For example, you may consider yourself to be a skilled sportsperson or home baker. It is likely that these skills were developed through teaching, practice and experience.**

Professional development is not a fixed process. There are, however, a number of principles and processes which can be followed to achieve more effective outcomes. These are embodied within the **CPD cycle** and offer a systematic approach to help develop and implement a personal development plan (PDP). The cycle allows individuals to:

- 1 analyse current position, strengths and development needs;
- 2 plan to meet needs, ensuring these are expressed in a focussed and directed manner;
- 3 monitor and review, drawing out achievements and allowing the plan to be adapted as a continually evolving document.



**Figure 1:** The CPD cycle



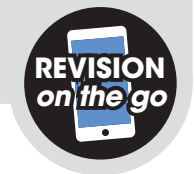
The CPD cycle builds upon Kolb's experiential learning model (1984) which was discussed in Section 3.2.

Each of the stages are outlined below, together with an example illustrating this process in practice.

<b>Stage 1 Experience</b>	Every day we encounter new situations providing endless opportunities for us to develop and learn.	At work you were suddenly asked to cover for your manager and to lead a team briefing. You found it difficult to answer the many questions which were raised and this led to moans and grumbles as the team went back to work.
<b>Stage 2 Reflection</b>	Reflection involves reviewing and thinking about our experiences, considering inconsistencies between our experience and understanding.	Although you had taken time out to prepare, you had not anticipated the questions which might be asked.
<b>Stage 3 Conceptualisation</b>	Reflection leads to the development of new ideas and approaches for next time.	You discuss with your manager and peers the steps they take to prepare for team briefings.
<b>Stage 4 Planning</b>	Testing out ideas in practice.	You prepare for the next briefing by anticipating questions.

Source: Adapted from Kolb (1984)

**Table 2:** CPD cycle



### The influence of *learning styles*

How we prefer to learn influences not just our choice of activity but also our enjoyment of the learning activity. Some people prefer to learn alone, others as part of a group. Some like to reflect and understand, others like to jump straight in and learn through experience. Honey and Mumford (1986) categorised these preferences into four learning styles: activist, theorist, pragmatist and reflector.

<b>Activists:</b> Learn by doing. Happy to jump straight in, open minded to new experiences. Will act first then consider the consequences.	<b>Theorists:</b> Need to understand first. Need models, concepts and facts in order to learn.
<b>Pragmatists:</b> Need to be able to see how to put learning into practice. Keen to try out ideas, liking to get on with things.	<b>Reflectors:</b> Learn by observation and thinking about what has happened. May hold back and watch from the side whilst considering possible options and implications. Takes time to reach conclusions.

Source: Adapted from Honey and Mumford (1986)

**Table 3:** Learning styles



 OVER TO YOU

**Activity 4: The impact of learning styles**


**What is your preferred learning style? How does this impact on the choices you may make? Can you see the links between the four learning styles, Kolb’s experiential learning cycle and the CPD cycle? Make your notes here.**

Contribution and benefits of CPD

The benefits of CPD can be considered from both individual and organisational perspectives. These are summarised in Table 4.

Individual benefits	Organisational benefits
<ul style="list-style-type: none"> <li>• Builds confidence, credibility and capability as a professional.</li> <li>• Helps achieve career goals by focusing training and development.</li> <li>• Increases production and efficiency through reflection and identification of gaps in knowledge, skills and experience.</li> <li>• Facilitates acceptance and resilience to change by constantly updating skills.</li> </ul>	<ul style="list-style-type: none"> <li>• Provides a framework through which development needs can be achieved, helping business objectives to be met.</li> <li>• Encourages and promotes staff development and contributes to morale and motivation, in turn enhances staff retention.</li> <li>• Adds value to the organisation as staff apply their learning to their work.</li> <li>• Increases organisational capability and flexibility.</li> </ul>

**Table 4:** Benefits of CPD



Perhaps this provides explanation for the importance placed by many professional bodies and organisations on CPD?

CPD – a joint responsibility?

The definitions of CPD explored earlier place responsibility for CPD on the individual. The CPD cycle also highlights the importance of individual ownership and participation. Multiple

stakeholders also have an interest in CPD, both at an organisational and wider professional level. A commitment to CPD is often a requirement of membership of professional bodies. From an organisational viewpoint, effective CPD which is aligned to business goals and priorities helps future proof the organisation.

The following article by Cossham and Fields (2007) explores the respective responsibilities in greater depth, "Balancing individuals' expectations and organisational requirements for continuing professional development", *Library Review*, Vol. 56 Issue: 7, pp. 573–584. (This article will be available in your online resources.)

## Differences between personal work and personal development goals

The difference between personal work and personal development can be summarised as:

Personal professional development	Work related personal development
Involves maintaining or developing skills, knowledge and understanding in relation to your own area of professional expertise or interest.	Involves developing yourself within your current role in order to contribute to overall achievement of organisational objectives.
Helps ensure you are abreast of the latest trends and ready for possible career moves.	Often arises as a result of objectives set at an organisational level.

**Table 5:** Differences between personal work and personal development goals



### OVER TO YOU

#### Activity 5: Benefits of CPD for Town Bank

**Town Bank employs around 60 staff in a range of functions. Traditionally, the bank has served its local population, opening six days a week and has prided itself on face to face contact and knowing its customers.**

**Technological developments have reduced the need for customers to come to the bank with many now using mobile banking and payment. Staff are increasingly finding that its traditional customers visit less but when they do are asking to be shown how to use mobile and online banking tools. Many of your staff feel threatened by this.**

**How do you think CPD would benefit both the organisation and individual employees at Town Bank?**

## CPD as a driver of organisational growth and sustainable success

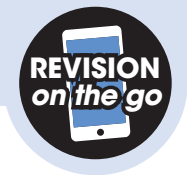
CPD provides employees with a means to stay relevant and up to date as well as to develop ideas on possible changing practice. Both help **organisational resilience** and growth.

# 4.2 Recommend a plan for personal development based on an analysis of needs

## Stage one: Self-assessment and analysis

! **NEED TO KNOW**

The core questions to be answered here are *where am I* and *where do I want to get to?*



Self-assessment and analysis provides perspective for your planning. The answers to the core questions allow you to identify a suitable course of action for your professional development.

When reflecting on these questions you should consider:

- 1 Your own feelings on your current performance – where do you feel confident, where do you feel you need to develop?
- 2 Any feedback you have received on your performance, either formally (e.g. through appraisal) or informally (e.g. through conversations or feedback from colleagues or team members).
- 3 Changes happening in your workplace or field. How well prepared are you to cope with these? Is your role likely to change and what does that require of you?
- 4 Your career aspirations.

To understand your current position or assess yourself, there are a number of sources of information and tools which are helpful, including:

Sources of information	
Organisational vision statements, business plans and external environment analyses	Provide detail on the direction of your own organisation and indicate how as a manager you may need to adapt and develop.
Professional standards	Professional bodies often have established frameworks of professional standards describing behavioural expectations / setting out the skills and knowledge associated with competent managers in that field. These can be used for self-assessment as well as sources of ideas on possible development areas.

Sources of information	
Competency frameworks	<p>Internal competency frameworks set out the expectations associated with different roles. These can be used as the basis of self-assessment.</p> <p>This article provides a useful overview of how these can be used to assist with personal development: (2016) "How to enhance strategic thinking: The role of competency models", Human Resource Management International Digest, Vol. 24 Issue: 7, pp. 38–40. (This article will be available in your online resources.)</p>
Job descriptions/person specifications	Provide a useful source of information when considering a career move and indicate potential development needs.
Tools and techniques for self-assessment	
Personal SWOT analysis	SWOT analysis provides a visual way to assess personal skills and abilities, identify areas of weakness, explore opportunities that may be opening up and identify actual and potential threats to career advancement.

**Table 6:** Informing your PDP



**OVER TO YOU**

**Activity 6: Assessing your own needs**

**Undertake a personal SWOT analysis reflecting on your own personal managerial capabilities in light of your learning throughout this unit. How ready and able are you to respond to external and internal challenges?**



## The Personal Development Plan (PDP)

A personal development plan (PDP) ensures that all needs are considered, objectives are set, activities to meet these identified and focused and taking place in a logical order, and so outcomes can be monitored and measured (against objectives). At a later stage the plan can be used as a snapshot of learning and included in a portfolio of evidence.

### Stage 2: Planning to meet development needs

“If you don't know where you are going, how will you know when you get there?”

*Lewis Carroll, Alice in Wonderland (1865)*

An outcome from the initial assessment phase is the identification of clear goals relating to our aspirations, purpose and vision; for example, a goal to obtain the position of regional manager.

#### ! NEED TO KNOW

The planning phase enables the goal to be taken forward through the development of clear focussed development objectives. Objectives are the battle plan, the stepping stones or manageable milestones on the path towards the achievement of the goal.



A useful approach to developing effective objectives is the SMART acronym.

- 1 Specific – be clear and precise about what is required.
- 2 Measurable – how will you measure successful completion of the goal?
- 3 Achievable – whilst objectives should be designed to stretch, they also need to be achievable in the time and resources available.
- 4 Realistic – is the goal possible to achieve?
- 5 Timebound – set clear timescales to achieve the outcomes.

Your plan should be seen as a guide to follow, not a strict plan you have to stick to. Focus on the outcomes you would like to achieve, rather than the time spent on activities or a detailed plan of every activity you plan to undertake.

Note: whilst the planning stage can be started at any point throughout the year, you may find it useful to align it with your annual development or performance review.

#### 📄 CASE STUDY

##### A first draft PDP

Following the launch of the revised performance review scheme, staff at Town Bank are encouraged to identify their own personal and professional development needs and to draft objectives for review at their individual meetings. The banking hall supervisor drafts the following PDP (note: at this stage he has simply shown his development objectives and given thought to the outcomes):



Development aim/ Objective	Specific actions to be taken	Resources and support needed	Outcomes (success criteria)	Target dates
Develop self-awareness			Fewer complaints from customers about my brusque style	
Develop relationships with other departments			Able to carry out duties in other departments if needed	
Delegate more			Reduce the number of hours I find myself working	
Learn how to present the use of the mobile banking app			I can answer questions and am seen as a local expert	
Achieve membership of the national banking institute			Membership achieved	

**Table 7:** Draft PDP



## OVER TO YOU

### Activity 7: Reviewing goals and outcomes

You have been asked by the Town Bank banking supervisor for feedback on his first draft PDP, as shown in the case study above. You spot that at this stage he has simply shown his objectives and what he would consider to be successful outcomes. What advice would you give to help him to develop this further?

## 4.3 Justify approaches to meet personal development needs

### Taking forward CPD

The next stage in the PDP process is to identify the activities which will be undertaken to support achievement of the goals identified. This detailed planning will include details of:


- 1 WHAT (activities);
- 2 HOW (they will be carried out);
- 3 WHAT (resources are required);
- 4 WHEN (will the activities be undertaken).

The definitions of CPD considered at the start of this chapter highlighted the personal nature of CPD. A variety of activities can be used to help meet development needs. It is generally considered that there are five main sources of development activities; these are shown in Table 8.

<b>Work-based learning</b>	Professional development that takes place within the work environment in your current role. Examples include shadowing, mentoring and participation in projects.
<b>Professional activity</b>	Includes participating in the activities of professional bodies/ trades associations to develop knowledge and skills.
<b>Education/formal</b>	Activities which lead to academic or professional qualifications or attending external courses and conferences.
<b>Self-directed learning</b>	Taking the initiative to source material to help direct and meet own development (e.g. books, internet research, etc.).
<b>Other opportunities outside the scope of your employment</b>	Activities which help develop transferable skills and experiences (e.g. coaching a sports team, volunteering with a local charity, acting in an official capacity in an external organisation).

**Table 8:** Sources of development activity



 **OVER TO YOU**

**Activity 8: Your CPD experience**

**Reflect on any CPD you have undertaken in the last two years. Can you identify examples for each of the categories in the table below?**

Work-based learning	
Professional activities	
Education/formal	
Self-directed learning	
Other opportunities outside the scope of work role	

 OVER TO YOU

**Activity 9: Suggesting activities to the banking supervisor at Town Bank**

**What activities would you suggest to the banking supervisor at Town Bank to help meet his goals?**

Making a business case

 OVER TO YOU

**Activity 10: Gaining support for your CPD**

**In Activity 6: Assessing your own needs, you identified areas for your own development. Draft an introduction to a business case, setting out the reasons for engaging in CPD and the benefits to you, as an individual manager, and for the organisation. Note: the introduction should be kept to an outline of benefits. You may wish to include examples.**

In your draft introduction you may have referred to the links between CPD and improved productivity and capacity, which contributes to organisational success. Whilst some CPD needs may be met through everyday activities and have a limited need for additional resources and support, other aspects of your development may require support in the form of:

- Time – away from your day to day role
- Costs – of attending external events
- Support – from your manager or others in the workplace

Having considered your development needs and begun to determine how these can best be met, the next step is to develop a persuasive argument for implementing your plan.



## OVER TO YOU

### Activity 11: Developing a business case

**What would persuade your manager to invest in your development? How would you structure a business case to him/her and what would you include in this?**

Your business case should include as much detail as possible to enable your manager to form a reasoned view on your request. One useful framework is PASS, which stands for:

- Problem/issue/opportunity
- Analysis of the current situation
- Solution to the problem/issue/opportunity
- Successful outcomes

### *Measuring the return on investment*

In expressing the outcomes of your development, consideration should be given to both tangible and intangible outcomes. You may be able, for example, to measure the value in terms of the financial or performance measures for example considering increased productivity, influence, performance, quality, or increased capacity and capability.



## NEED TO KNOW

**Return on investment (ROI)** is a tool which can be used to help express this and can be summarised as:

$$\frac{\text{Net benefits of professional development (in \$)}}{\text{Cost of the professional development}} \times 100$$



Intangible benefits may include increased levels of confidence and engagement with the role.

Whatever the anticipated benefits in your business case, you should:

- be clear about the outcomes and changes you are seeking to achieve;
- consider how you will apply and transfer your learning;
- take the time to plan and review to ensure that your learning remains on track.

## 4.4 Evaluating the impact of CPD

In this section, we will initially consider the final stages of the CPD cycle, review and evaluation, it before considering the barriers to CPD and how these can be overcome.

### Action and review

Day (1995) claims that “where development is poorly conceptualised [...] and makes little effort to relate learning experiences to workplace, the evidence is, they make little impact”. Regular review and monitoring helps ensure development remains on track. This provides an opportunity to take into consideration events and issues which have happened and to make small adjustments as needed. As mentioned previously, achieving your overall goal is more important than sticking rigidly to your initial plan. Changes in the workplace may impact on the priorities you have allocated to your development or mean that a need is no longer relevant. An opportunity may present itself to tackle an objective in a different manner.

Many people find it helpful to have someone who can offer support and guidance. A mentor, for example, can often provide input and help to monitor progress. As a line manager, this responsibility will often fall to you.

Embedding learning requires repetition, so creating opportunities where you can apply and test out learning will help ensure the benefits are long lasting. This might mean starting a new project at work, volunteering to engage in new challenges outside your comfort zone or continually seeking feedback from those you work with.

You’ll also find that there will be aspects of your learning that aren’t quite ready to be put into action or applied to your work. It’s important to note that learning happens incrementally and so there will be things that will likely need to be revisited in your next iteration of the CPD cycle.

### The role of reflective practice

To maximise the personal learning obtained through CPD we need to think about what we are doing and why.

#### ! NEED TO KNOW

The reflective process is what turns experiences into meaningful learning and involves looking back on a situation, pondering over it, learning from it and then using the new knowledge to help improve performance in future similar situations.



Reflection encourages us to become aware of the thoughts (intellectual) and feelings (affective) which relate to a particular learning experience or area of our practice. Through reflection “in” and “on” practice, we can:

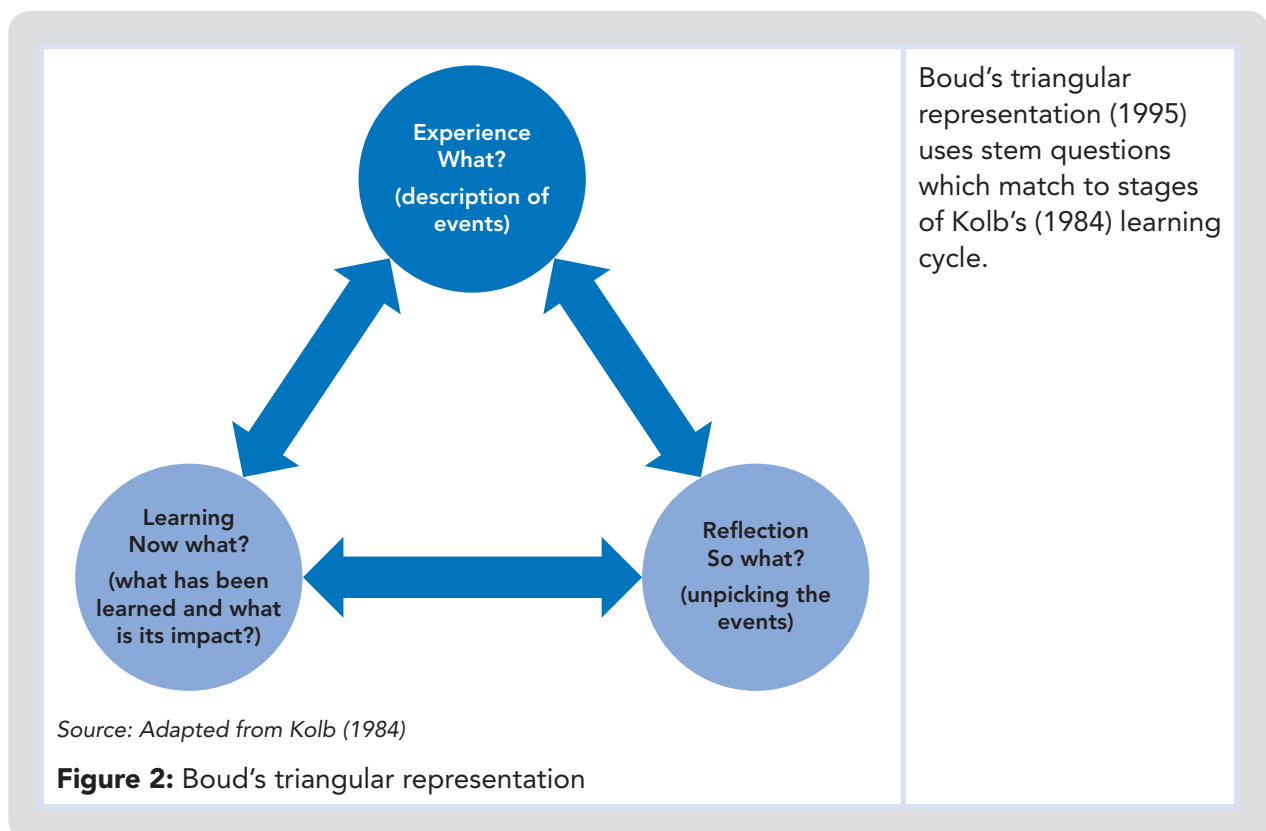
- Focus thoughts on experiences. Our working environments provide many learning experiences every day. Reflective practice can make sense of these experiences and transform them into insights and practical strategies for personal growth and organisational impact.
- Gain greater understanding of professional practice.
- Increase self-awareness of our abilities and the knowledge and skills we are developing. Regular reflection develops resilience, creativity and problem solving skills.
- Identify strengths and areas for personal development.

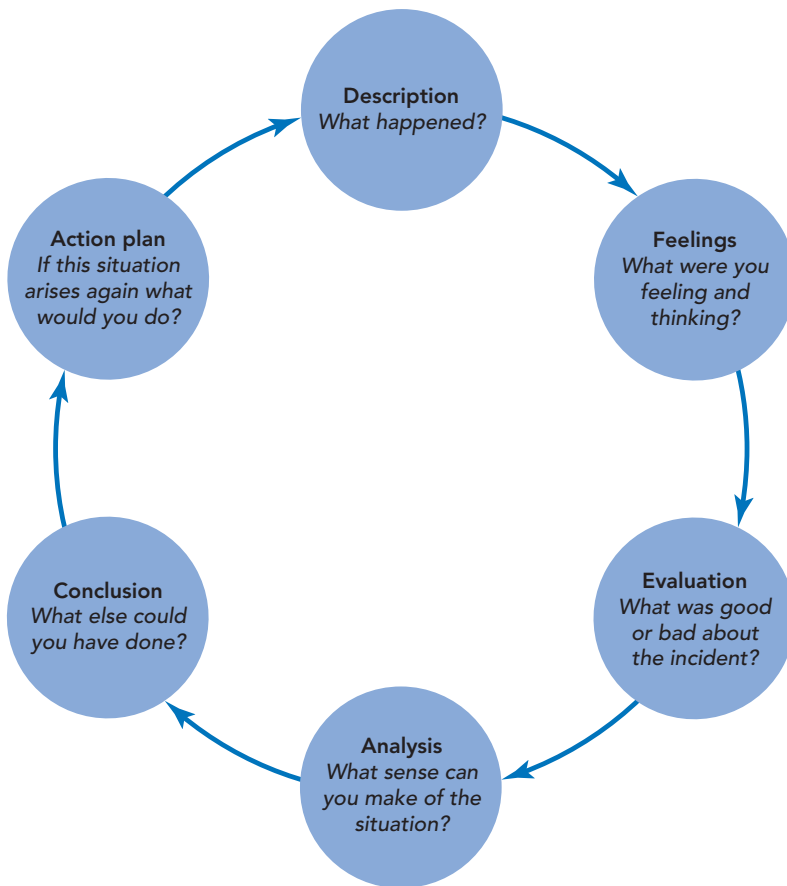
The process of reflection involves deconstructing experience in order to externalise our thoughts, be honest with our feelings, analyse our patterns of behaviour, become aware of our values, question our assumptions and challenge our perceptions.

A number of frameworks and models have been developed which encourage a structured process and guide the act of reflection. Using a model of reflection provides a structure through which you can explore your deeper learning. Common features in most reflective models include:

- 1 Retrospection: thinking back on events;
- 2 Self-evaluation: attending to feelings;
- 3 Reorientation: re-evaluating experiences.

Some of the most frequently used models and frameworks are shown in Table 9.

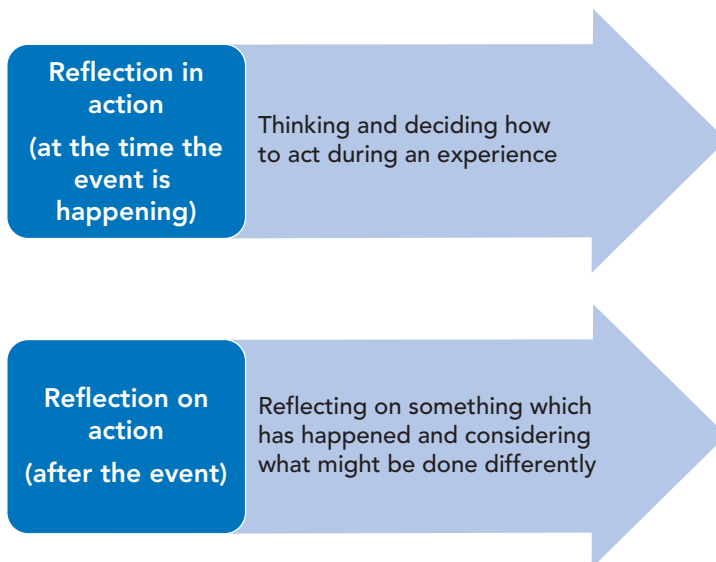




Gibbs (1988) developed his reflective cycle based upon each stage of Kolb’s experiential cycle. The cycle provides a structured analysis of a situation using prompt questions at each stage. This acknowledges that personal feelings influence a situation.

Source: Adapted from Gibbs, G (1988)

**Figure 3:** Gibb’s reflective cycle



Schön (1991) highlighted that there are two types of reflection, one occurs during an event and the other after. With the passing of time we can objectively revisit situations and draw out broader lessons.

Source: Adapted from Schön (1991)

**Figure 4:** Schön’s types of reflection

**Table 9:** Models of reflection





Note: Kolb’s (1984) learning cycle, explored at the start of this chapter, can also be adapted and used as an approach to reflection.

 OVER TO YOU

**Activity 12: Reflecting on learning**

Take one piece of personal development you have undertaken within the last six months and write a short paragraph reflecting on this experience. Use one of the models outlined previously to help structure your writing.

*Evaluate*

 NEED TO KNOW

The final stage of the CPD cycle, evaluation, focuses on the results and outputs from your activities and seeks to answer two main questions:

How have you or will you apply this learning at work?

What lessons will you take from this experience to help with the next CPD cycle?



This stage provides a more holistic consideration of the CPD cycle than reflection which focuses on specific interventions and incidents. Looking back critically at both the process you have followed and outcomes will enable you to refine your approaches (both to CPD and your own work) for the future. It provides an opportunity to assess progress made and to identify achievements, but also to finalise lessons learnt.

Kirkpatrick’s (1959) model for evaluating the effectiveness of learning can be applied here to help structure your evaluation:

**Level 1: Reaction**

How do you feel about the development you have undertaken? What worked or did not for you and why? What was enjoyable and relevant to your current situation?

### Level 2: Learning

What have you learnt? Look broader than just at the intended knowledge or skills which you set out to acquire and also consider the process and what worked for you. How effective was your approach?

### Level 3: Behaviour

How have you applied the learning in your work? What are you doing differently? How did you overcome challenges and issues you encountered?

### Level 4: Results

What was the impact of this learning to my organisation? Consider both measurable aspects, such as cost or efficiency savings, new customers, issues resolved, etc., and immeasurable factors, e.g. feelings of increased confidence.

When evaluating your personal development it's also important to focus on what has not gone so well. Not all plans will be seen through to completion. You may not have had the opportunity to apply your learning in practice. Reflecting on the barriers and issues you have encountered will improve your capacity to plan for the future.



## OVER TO YOU

### Activity 13: Updating your business case

**Review your draft business case. Update this in light of your reflection to include a specific example of CPD and your learning from this.**

## Barriers and challenges to personal development

Our starting definitions of CPD highlighted how this has both a broad scope and very personal nature. It is therefore not surprising that Friedman and Phillips (2001) found there to be a wide variation in levels of participation in CPD and described this a "confused and contested" process. Time, cost and access to suitable opportunities are cited as being some of the most frequent barriers to CPD, closely followed by a lack of organisational support and belonging to a culture which limits or constrains individual choices as seen in the extract above.



## OVER TO YOU

**Activity 14: Barriers to CPD**

**What are the barriers to CPD at both an organisational and personal level? How could these be reduced?**



## OVER TO YOU

**Activity 15: The PB philosophy**

**As a final reflection on personal development as a manager, read the article Lofthouse, S. (2016), *Developing individuals, developing business*, Human Resource Management International Digest, Vol. 24. Issue: 3, pp. 1–3. (This article will be available in your online student resources.)**

**Do you agree with her statement, *“All we can ask is that everyone strives to be the very best they can be in every way”*?**

## READING LIST

- Lofthouse, S. (2016), *Developing individuals, developing business*, Human Resource Management International Digest, Vol. 24. Issue: 3, pp. 1–3. (This article will be available in your online student resources.)
- Rana, G., Goel, A. K. (2015), “Stars of the future give Bhushan Power and Steel the edge Systematic program for identifying and developing the talent of tomorrow”, Human Resource Management International Digest, Vol. 23 Issue: 1, pp. 15–17. (This article will be available in your online student resources.)
- Broadhurst, J. (2012), “Employee development is a great business opportunity. Investment in people is the key to company growth”, Human Resource Management International Digest, Vol. 20 Issue: 6, pp. 27–30. (This article will be available in your online student resources.)
- Friedman, A., Phillips, M., M (2001), *Leaping the CPD hurdle: a study of the barriers and drivers to participation in Continuing Professional Development Paper presented to the British Educational Research Association Annual Conference, University of Leeds*, pp. 13–15 Retrieved from: <http://www.leeds.ac.uk/educol/documents/00001892.htm> [Accessed on 14 March 2017]
- (2016), “How to enhance strategic thinking: The role of competency models”, Human Resource Management International Digest, Vol. 24 Issue: 7, pp. 38–40. (This article will be available in your online student resources.)
- Cossham, A., Fields, A. (2007), “Balancing individuals’ expectations and organisational requirements for continuing professional development”, *Library Review*, Vol. 56 Issue: 7, pp. 573–584 (This article will be available in your online student resources.)

## Summary

There is a need to build transferable skills among professional managers.

Skill-building and continuing professional development increase an individual’s employability and help to develop their career.

Organisations benefit from growing talent from within.

## Glossary

**Absenteeism** Regularly staying away from work without good reason.

**Agile** Capable of rapidly changing or adapting to market changes.

**Agile working** Bringing people, processes, connectivity and technology, time and place together to find the most appropriate and effective way of working to carry out a particular task.

**Agility** Changing or adapting to conditions.

**Continual professional development (CPD)** The process of identifying, planning and taking action on personal development needs.

**Commitment** A feeling of responsibility towards an organisation's values, vision and mission.

**Competitive advantage** The ability of a firm to win consistently in the long-term in a competitive situation.

**Corporate social responsibility (CSR)** Actions taken to deliver economic, social and environmental benefits for all stakeholders.

**Culture** A set of assumptions, values and beliefs that members of a group exhibit and which affect their behaviour.

**Cultural homogenisation** A reduction in cultural diversity through the popularisation and diffusion of a wide range of cultural symbols as a result of globalisation.

**Digitalisation** Integrating digital technologies.

**Discretionary effort** Effort over and above the required and expected.

**Employee development** Broader than training and concerned with the enhancement of knowledge, skills and abilities.

**Empowerment** Measures designed to increase levels of autonomy and self-determination enabling individuals to make

decisions about their work in confidence and without immediate and constant supervision.

**Engagement** Being absorbed by or enthusiastic towards one's work.

**Ethics** Moral principles governing behaviour or actions.

**Ethical decision-making** An approach or process which helps people make decisions in situations where there is no right or wrong.

**Experiential learning** Learning from experience.

**Extrinsic motivation** Behaviour driven by external rewards such as pay, motivation.

**Globalisation** The flow of trade and knowledge across country borders.

**Hard skills** Skills associated with processes and systems, planning and controlling, etc.

**High performance working** Practices aimed at promoting high performance.

**Intrapreneurship** Internal employees using entrepreneurial skills and thinking to seek out initiatives which are of financial benefit to an organisation.

**Intrinsic motivation** Behaviour driven by own values and beliefs.

**Involvement** Ways in which employees can fully participate in their work.

**Job analysis** Determining the scope and depth of jobs and the requisite skills, abilities and knowledge that people need to perform their jobs successfully.

**Job satisfaction** Feeling contented with work.

**Just in Time (JIT)** An inventory management and control system which aims to reduce waste throughout the production and delivery of a product or service.

**Kaizen** To change and become good.

**Lean Sigma** A methodology that relies on a collaborative team effort to improve performance by systematically removing waste and reducing variation.

**Leadership** The action of leading people or groups of people in an organisation.

**Learning styles** A personal preference for a specific way of learning.

**Management** Dealing with, controlling or managing people or processes.

**Mechanistic structure** A structured and rationally developed structure.

**Mission** The fundamental purpose of an organisation.

**Motivation** The factors which push and pull us to behave in certain ways; it is used to reflect the amount of effort or drive an individual puts into an activity.

**Onboarding** The process of integrating an employee into an organisation.

**Organisational agility** The capability of a company to rapidly change or adapt in response to changes in the market.

**Organisational commitment** Feeling emotionally attached to the workplace.

**Organic structure** A flexible and evolving structure.

**Organisational resilience** Ability to anticipate, prepare for and respond to sudden changes and challenges.

**Outsourcing** The practice of contracting out a significant activity within the organisation to an independent party.

**Performance management** A process providing clarity and feedback on goals and standards of work.

**Performance review** Discussion about performance and steps to take to continually develop this.

**Personal development plan (PDP)** A plan outlining development objectives and how these will be taken forward.

**PESTLE** Acronym for: Political, Economic, Social, Technological, Legal and Environmental.

**Recruitment** The process of attracting a number of candidates to express interest in a vacancy.

**Reflective practice** Thinking critically about specific incidents and examining what happened, how it happened and why.

**Resilience** The capability to respond rapidly to unforeseen change and situations.

**Return on Investment (ROI)** The benefit (profit) to an investor from a previously made investment of some resource.

**Results Only Working Environment (ROWE)** Employees are paid for results (output) rather than the number of hours they have worked.

**Selection** The process of making a decision on a candidate's application leading to a job offer.

**Shortlisting** Reducing the wider pool of applicants by identifying those who meet a specified criteria.

**Smart working** An approach to flexible working.

**Soft skills** Skills associated with leadership and people management.

**Staff turnover** The number or percentage of workers who leave an organisation and are replaced by new employees.

**Strategic alliance** Co-operative arrangements between firms in which they agree to share resources to achieve mutual goals.

**Structure** A system which defines responsibilities, communication lines and authority within an organisation.

**Supply chain** A network between a company and its suppliers to produce and distribute a specific product.

**SWOT** Acronym for: Strengths, Weaknesses, Opportunities and Threats.

**Total quality management (TQM)**

A system of management where every employee must be committed to maintaining high standards of work in every aspect of a company's operations.

**Values** Defined principles or standard of behaviour considered important to an organisation.

**Value chain** The chain of activities which directly produce or support the delivery of value to customers.

**Value stream** Activities involved in the supply of a product or service to the ultimate customer.

**Vision** An aspirational statement of mid- to long-term achievements providing direction.