

# The importance of effective management



## Curriculum Topics

- Leadership
- Management
- Management styles
- Developing skills

## Introduction

Managers are the biggest occupational group in the UK – and over 800,000 new jobs will be created in management between 2010 and 2017. However, only one in five managers in the UK is professionally qualified. Research has shown that poor leadership may affect levels of employee motivation, reduce productivity or even impact on a business' reputation. Direct results might include a failure to reach sales targets, increased costs or high levels of absence or sickness.

Managers play a pivotal role in getting things done by motivating, inspiring and leading others at work. Employees who feel valued in the workplace tend to be more committed to their work. This results in higher levels of performance, reduced absenteeism and more competitive businesses.

The Chartered Management Institute (CMI) is the only chartered professional body in the UK dedicated to **management** and **leadership**. CMI has over 86,000 individual members and 450 corporate clients. Its core purpose is the promotion of the highest levels of management and leadership skills within both individuals and organisations. It meets this objective by providing a qualification framework and a full range of qualifications based on the National Occupational Standards for management and

leadership which it founded. These provide **benchmarks** for measuring personal and corporate management performance.

CMI is not just an awarding body and provider of qualifications and training. The value of its membership for both individuals and organisations stems from the wide range of practical support and advice it offers managers and leaders at every stage of their careers. It also works with employers to help them develop and accredit their own in-house programmes to build leadership skills and attract and retain top talent.

CMI is the only organisation that offers the Chartered Manager Award. To receive this top award, a manager must demonstrate a range of essential management skills. However, this is only one way of showing effective management skills. CMI provides a wide range of routes for existing and potential managers to develop their skills and gain professional qualifications. Anyone can join CMI and use its support and resources throughout his or her career to upskill and gain professional qualifications, for example, an NVQ level 2 in Team Leading. CMI students then have the opportunity to work towards the Certificate and Diploma in Management and Leadership.

This case study looks at the theoretical basis behind CMI's highly-regarded practices and shows how CMI ensures its members have the practical skills to make an impact in business.

**Management:** Organising human and physical resources to achieve business aims and objectives.

**Leadership:** The act of establishing direction, purpose and the necessary capabilities among a group of people.

**Benchmarks:** Indexes, standards or points of reference in measuring or judging a quality or value.

## Leadership and management

According to the theorist Henri Fayol, the key functions of managers are to:

- make forecasts and plans
- organise work
- command the people under them by giving instructions
- co-ordinate the resources (money, people, time) for which they are responsible
- control activities and people by measuring and correcting them to enable performance to fit the plans.

Each level of management requires appropriate skills and abilities:

- Senior managers - set strategies and objectives - lead and inspire others
- Middle managers - lead their teams to deliver the specified objectives
- Junior managers - manage tasks and learn to lead others.

Leadership is the art or process of influencing people to perform assigned tasks willingly, efficiently and effectively. Enabling people to feel they have a say in how they do something results in higher levels of job satisfaction and productivity. By effectively planning and controlling the people and processes for which they are responsible, managers provide a positive and professional environment. This can generate similar attitudes in their teams. This **engagement** of employees is a powerful **asset** in growing a business. However, research carried out by the UK government indicates that employee engagement is low in many UK workplaces. As many as one in five employees in UK establishments are disengaged. This can lead to absenteeism and failure to complete tasks or achieve targets.

CMI recognises that leadership and management skills are not exclusive of each other. Leadership is particularly important in senior management positions within an organisation. To become an effective manager, an individual should show qualities and **competencies** in six key areas. These cover both leadership and management skills and are the basis for the award of Chartered Manager:

1. Leading people – providing purpose and inspiring trust
2. Managing change – encouraging creativity and driving change
3. Meeting customer needs – improving products and services to increase customer satisfaction

4. Managing information and knowledge – developing knowledge and communication to aid decision making
5. Managing activities and resources – on time, to budget and meeting quality required
6. Self management – using influence and persuasion, achieving personal goals.

CMI believes strongly that all managers should be equipped and prepared to manage as well as to take on leadership roles. Knowing how to lead and motivate employees is a crucial part of this. CMI supports managers in developing practical skills through a wide range of activities including online learning, events and Continuous Professional Development. A recent study (2010) showed that if organisations increased investment in practices that lead to employee engagement (such as personal development) by just 10%, this could increase profits by £1,500 per employee per year. For example, in a company that employed 1,200 people, profits might increase by around £1.8 million.

## People-focused management

The concept of Theory X and Theory Y managers was first developed by Douglas McGregor. He was able to show that Theory Y managers are better able to create employee engagement.

Theory X managers believe employees	Theory Y managers believe employees
<ul style="list-style-type: none"> <li>• need to be controlled</li> <li>• don't like work</li> <li>• need to be pushed to be more productive</li> <li>• need incentive schemes</li> <li>• have to be directed to do things that they don't enjoy</li> </ul>	<ul style="list-style-type: none"> <li>• want to be involved</li> <li>• can think for themselves and make decisions</li> <li>• share ownership of tasks</li> <li>• will find work more rewarding if given responsibility and a variety of tasks</li> <li>• have good ideas</li> <li>• can engage in some level of self-management</li> </ul>

In a recent survey, CMI asked employees what type of manager they responded to best. The top two results showed employees preferred a Theory Y approach:

A real people person – someone who communicates with you and understands your needs	<b>65%</b>
A strong leader – someone who can show you where the organisation is headed	<b>18%</b>

**Engagement:** Employees feeling involved in the workplace and in decision making so that they want to do their work well and on time.

**Asset:** Anything yielding value for a business over a given length of time. Assets in a firm's accounts have a money value and may be fixed (eg buildings, machinery) or current (eg stock, debtors).

**Competencies:** The ability of an individual or a firm to perform a particular type of task to a given standard.

Research carried out by CMI also showed that over half of the managers surveyed felt that there is a short supply of management skills in two key areas:

1. inspiring people and leading them through change
2. innovation in business growth and development.

CMI provides practical support to managers to help them develop the skills to inspire their teams and generate creative thinking. For example, Justin Skinner has a PhD in Mathematics and Statistics. On taking up a high level management post at London-based insurance firm QBE, he developed his management skills by gaining a Diploma in Management Studies. He says, *'I wanted to be a good manager and was aware that my competence as a manager and my management style would have a big impact on my team and my colleagues'*.

Through studying management techniques and principles, he recognised the importance of his relationship with his employees. Justin has become a more competent manager by trusting his team more and being open to their ideas. His company benefited as these changes made the team feel valued and raised levels of engagement. Justin continued his development by becoming a CMI member and in 2007 became a Chartered Manager. *'I think that I have become a better manager...my team is now outperforming similar teams in other organisations.'*



## Management styles

Justin wanted to improve his **management style**. A survey carried out by CMI showed that managers frequently use unsuitable or inappropriate styles for the task at hand. When asked, 'What is the dominant type of management style in your organisation?', the most common replies were 'authoritarian' or **autocratic** (21%) and **bureaucratic** (16%). Far fewer of those surveyed identified positive features of management such as 'innovative' (7%), 'trusting' (9%), and 'empowering' (7%). Studies of managers at work have identified a number of distinct management styles and where these are appropriate.

Managers need to learn to adapt their style to ensure employees will respond. Organisations with trained managers benefit from having a consistent and professional approach across the business.

Management style	Features	Impact
Autocratic	<ul style="list-style-type: none"> <li>• Likes to retain control</li> <li>• Likes to tell those working under them what to do</li> <li>• No consultation</li> <li>• Subordinates are expected to obey instructions</li> </ul>	<ul style="list-style-type: none"> <li>• Helps complete urgent tasks that need doing quickly or where there is an element of risk about the work</li> <li>• May lead to lack of creativity or resistance if employees have no input</li> </ul>
Paternalistic	<ul style="list-style-type: none"> <li>• As with Autocratic, likes to take much of the responsibility for decision making but with a caring attitude for employees</li> </ul>	<ul style="list-style-type: none"> <li>• Employees may feel valued but frustrated because there is little scope for decision making</li> </ul>
Democratic	<ul style="list-style-type: none"> <li>• Encourages participation by employees</li> <li>• Shares information with team members</li> <li>• Provides opportunities for the team to influence decision making</li> </ul>	<ul style="list-style-type: none"> <li>• Gains team commitment, particularly when changes need to be made</li> <li>• Makes decision making slower but employees are more likely to buy into/support the decisions</li> </ul>
Laissez-faire	<ul style="list-style-type: none"> <li>• Little or no direction from the managers</li> <li>• Subordinates are free to make decisions</li> </ul>	<ul style="list-style-type: none"> <li>• Useful for highly skilled, trained, expert teams</li> <li>• May lead to chaos without centralised control</li> <li>• Regular feedback and communication is required for this approach to work</li> </ul>

**Management style:** Broad approaches to management typically characterised by the way authority is wielded and the extent to which decisions are delegated.

**Autocratic:** Where a leader makes a decision alone and conveys it to staff without allowing dispute or discussion.

**Bureaucratic:** A rule-bound approach, in which there are set procedures and little room for personal initiative.



## Developing management skills

To remain competitive in the world economy, UK businesses need to develop a new generation of outstanding managers capable of leading people. CMI's programmes help people develop management skills in a variety of ways. This might be through formal or informal training such as on-the-job training, e-learning or mentoring, or through continuous professional development, for example, social networking and management conferences or events. Membership of CMI provides access to all these routes and underpins a manager's development.

CMI also works with businesses of different types and from different industries to find the solutions that will meet their specific requirements. A business may need its managers to focus on how well they communicate, improve how they inspire trust in others or build relationships with those around them. Individuals and business-sponsored managers have equal access to the wide range of resources, information and guidance CMI provides for those following its programmes. This knowledge resource includes online research, case studies, e-learning content, tutorials, assessments, podcasts and a range of problem-solving tools to help managers find the right information when they need it.

The establishment of a professional standard – the Chartered Manager status – has helped improve management skills across the UK. In 2010, the one thousandth individual to achieve this status was Martin Mackie who works for AMEC Power and Process (Europe). Martin believes that *'the award has made me aware of the skills that I possess and how I am able to implement them. Gaining Chartered Manager status will hopefully help me to progress my career'*.

Having CMI-accredited managers helps a business to attract and retain talented people and inspires more public confidence in the quality of products and services provided. This was shown at the Royal Free Hampstead NHS Trust where all managers engaged in a range of CMI courses. Surveys show that satisfaction amongst patients increased as a result of the training programme and the Trust earned a 5-star rating for excellence – the highest that can be awarded.

## Conclusion

Currently only one in five managers in the UK is professionally qualified. Demand for strong management and leadership skills is growing within businesses. There are around 4.8 million managers in the UK economy. However, the proportion of these with management-related qualifications is unlikely to rise by more than 20% over the next few years. An increasing number of employees are also required to take up management responsibilities in specialist technical areas. The result is that the estimated number of new managers needed each year is around 114,000.

Management and leadership skills are needed in every industry and every walk of life. It is essential therefore for new managers to be provided with opportunities to learn how to manage and lead people. CMI's qualification framework and the Chartered Manager Award help to enhance the status of the profession and provide a career route for management development.



1. Set out a table showing the benefits of well trained and qualified managers to:
  - i. the UK economy
  - ii. businesses
  - iii. individual employees.
2. What is the relationship between management and leadership? Why do effective managers also need to have leadership skills?
3. What type of management style would you use:
  - a) with a team of employees who are keen to introduce changes in working practice and who enjoy working together?
  - b) when carrying out work that needs to be carried out very quickly and involves a number of potentially dangerous hazards?
 Justify your choices in each case.
4. How effective do you think the status of Chartered Manager is in improving management training? Why is it important to have an organisation like the CMI supporting managers?