

Managing and leading | a comparison



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Introduction

In this era of globalization for today's workplace, people always like to say that "A manager may be a leader; a manager may not be a leader, but a leader may emerge who is not a manager." So what it means of this phrase? It means that a leader and a manager could be different. (David, 2000) For example, an outstanding leader may have superior management skills, but not all managers could possess true leadership skills. In short, it is possible for the role of manager and leader not to be connected at all. This phrase is important to prove that having both talented managers and dedicated leaders make the business success. (Brian, 2008) Why? Let's see the difference between managers and leaders as following.

Definition of Manager

By definition, a manager is an individual who is given a position and the power within an organization. (Wikipedia, 2011) In normal circumstance, he is normally promoted or has been recruited because of proven business competence or academic skills. For example, an ACCA (Association of Chartered Certified Accountants) holder is qualified to be an Accounting Manager in an organization because he has the accounting knowledge and make good use of it and apply in his job.

Definition of Leader

A leader is an individual who guides his followers toward a common goal, showing his way by example, and creating an environment which can make his team members feel actively involved in the entire process. (Wikipedia, 2011) A leader may not be the boss of the team but, instead, the person is

committed to carry out the mission of the venture. For example, the leader of the Democratic Party could be the head, principal, commander, captain or figurehead. (Brian, 2008)

The team members or such followers follow leaders because they are influenced by the leader's personality, and share belief in the leader's visions, goals and values. (Wikipedia, 2011) They follow what they want not they have to. Leaders gain personal power through credibility. For example, the current Prime Minister of Malaysia, Najib Tun Razak is a great leader who was chosen by people through election develops so many vision and mission so that our country is improving. (Wikipedia, 2011)

Difference between Manager and Leader

Not essentially all managers are leaders, and of course, not all the leaders are managers. They can be differentiated as the term below.

Difference in the Term of Planning

First of all, the difference between managers and leader can be seen in the term off their planning. (David, 2000)

Manager plans a short-range view

In organization, managers are more concerned with executing the day-to-day operation of a company. (David, 2000) For example, an Operation Manager plans the amount of how many products to be produced per day, how many of resources (raw material) to be used and how many man power that going to use. He needs to plan these everyday or once a week as the production line is unpredictable.

Leader plans a long-range perspective

However, leader thinks long term for organization. A good leader will develop and discuss the vision for the company. (David, 2000) For example, a health care company's CEO predicts the future market and develops a vision for his company product for long term profit.

Difference in the Kind of Working Environment

Besides that, managers and leaders can be differentiated in the kind of working environment. Some work alone, some prefer work as a team. (Tutor2u, 2011)The details are as following.

Manager works independent

Nowadays, most of the organizations have different departments such Accounting Department, Marketing Departments and so on due to specialization. Sometimes, the manager less communicates or cannot communicate well with his subordinates because normally managers like to work independently. (Tutor2u, 2011) For example, an Accounting Manager all the time stays in the room to do budgeting and forecasting and less communicate with his subordinates.

Leader works in teamwork

Leader is different. Leader always monitor how employees work within a team environment. He is being able to collaborate with others both top management and subordinates. A good leader always welcomes other people's ideas, creates an environment where people feel free to share their opinions. (Tutor2u, 2011)For example, a college principal conducts a meeting for brainstorming about the Orientation Night event.

Difference in the Way that they carry out their work

Moreover, the difference between managers and leader can be seen in the way that how they carry out their works task too. (Brian, 2008)

Manager maintains previous activity

Different department managers do their different type of work. For example, Financial Manager in charge of capital planning while Production Manager in charge of production. The range of their work is actually not wide but narrow, this is because what they need to do is maintain and to make sure that their work task is completely carried out. (Brian, 2008)

Leader develops New Activity

Leaders, unlike manager, he is always develops new method of operation or activity for organization. Leader develops new idea to improve the organization in the term of productivity and profitability. (e. how, 2011) A leader need to be creative and confident to carry out mission and vision for the company to ensure that organization is able to compete with others. (Brian, 2008)

Difference in the way treat their employees

Managers and leaders treat their employees in different way. They are shown as below.

Manager gives order to the employees

In an organization, manager consider as one of the top management in company. Normally managers will give out the order like daily work task to his subordinates to make sure that their subordinates have something to do.

And of course, those subordinates have to follow managers' instruction.

(Tutor2u, 2011)

Leader communicates and motivates employees

However, leaders are different. Leaders always like to inspire others to do their best work, and they think it is an essential leadership skill. For example, a good leader is willing to train, develop and motivate those under their purviews. (Tutor2u, 2011)

Way to Become Manager or Leader or both

From the discussion above, the definition, characteristic and work task of managers and leaders are totally different. Therefore, people must identify the differences first and then see which position that they are going to be.

(e. how, 2011)

To be a Manager but not a Leader

To be a manager but not a leader, a manager need to focus on getting things done efficiently, especially for his job requirement. However, this does not mean that managers have an assembly line mentality. (John. H, 2003) If one is managing educated knowledge workers, such as doctors in a medical clinic, he or she has to be empowering and supportive. Managers might not be able to tell the employees how to do their jobs anyway, but he or she can hold them accountable for the cost-effective delivery of services. (e. how, 2011) For example, any decisions that the manager makes, such as say to expand the organization or purchase new equipment, are managerial decisions to help the organization to earn profit to the maximum.

To be a Leader but not a Manager

To be a leader but not a manager, one must showing leadership such as promoting a new direction, challenging the status quo and influencing people to think differently. (John. H, 2003)As we known, leadership not only means taking charge of a group but also helping it to reach a goal. (Brian, 2008) For instance, sometimes, the front-line knowledge workers help their boss to adopt new ideas, they are actually showing leadership to top management, even through they do not have any managerial authority. All employees can show their leadership skill in this way. (Brian, 2008) In short, anyone could be a leader if he has the potency to do develop new ideas and able to lead a team of people.

To be Both a Manager and Leader

To be both manager and leader, the effective way is that person show leadership in two ways. (David, 2000) For example, managers use their powers of persuasion, influence people who report to them to take actions they would not otherwise take. They communicate with their colleagues but not giving an order. (John. H, 2003)

Furthermore, the second way that manager can be leader is by making decisions that move the organization in new directions. This is because leadership can be shown by anyone with a good idea to promote. (David, 2000)

Conclusion

From the discussion above, it can be concluded that managers and leaders have different ways of getting things done. That is not to say that one is better than the other, but there are slightly different. (e. how, 2011)

In the term of definition, managers are the person who is high position and have subordinates. They get their things done because they are in charge. They have the authority to order people what to do and have them do it. On the other hand, leader treats the employees like friends, he has followers. They make things done because they want people want to do them. (e. how, 2011)

Besides that, leaders make the followers understand their situation and environment. When things go wrong, or are unclear, they are able to explain in patient and involve them in teamwork. On the other hand, managers do not need understanding, what they need is compliance. (David, 2000)

Although there is not much to differentiate a good manager and a good leader, but there are some point of view that one should consider in the future. (John. H, 2003)

Managers can become leaders, and leaders can become managers. Normally, management could be learnt, but leadership is more related to inherent quality. For example, a good leader could be like a motivator and a listener. While a good manager might be a good planner, strategist and delegator. (Tutor2u, 2011)

People say that: “ Nothing will happen without management and nothing new happens without leadership”. Therefore, management skill and leadership skill are same important in this business environment. (John. H, 2003)A successful business person of course will be both manager and leader. Remember, the key of success of any business is depends on having both capable managers and dedicated leaders.

(1644 words)

Question 2:

Identify two very different organizations that compete on a cost leadership strategy and explain how they do this, i. e. find out what they do that enables them to keep their prices low.

Answer for Question 2:

Introduction

For past ten years, in the organization context, operation management took place at the bottom line of management hierarchy. (Charles. C, 2005) But today, firm are leveraging on their operation to create competitive advantage against their competitors. For example, Honda Motors manages to compete on a global scale with high end technology of mass produced cars that are competitively price.

Today, competitive Advantage is an important term to act as the extra edge that a firm has over their industry peers. This is because the capability of a form in managing their operation can be transform into their competitive

advantage if there can identify and tap into this intangible resources. (David, 2000)

Therefore, there is a strategy that used by business man to create a low operation cost in the firm. This strategy is primarily to gain advantages over the competitors by reducing the operation cost below than other organization which in the same industry. People call this strategy as “ Cost Leadership Strategy”. (Tutor2u, 2011)

Definition of Cost Leadership Strategy

By definition, Cost Leadership Strategy is based on the concept that the firm or organization can produce and market a good quality product or service at a lower cost than their competitors. (Wikipedia, 2011) These low costs would be translated to profit margins that are higher than the industry average. With this strategy, the objective is to become the lowest-cost producer in the industry.

The following are the organizations which are selected in this discussion to show that both of them are using cost leadership strategy to carry out their business and they are able to keep their price low.

Tesco Organization

Tesco is an international grocery and general merchandising retailer which is headquartered in Cheshunt, United Kingdom. (Wikipedia, 2011)

Tesco launched its first store in Malaysia in May 2002 for the opening of its first hypermarket in Puchong, Selangor. Today, Tesco operates 36 stores and Tesco Extra stores in Malaysia. (Wikipedia, 2011)

Tesco Malaysia offers a wide range of product, such as household products, electronic goods, food, clothes and even create own branded items.

Currently, Tesco partnered with a local company, Sime Darby Berhad, and it also cooperate with Malaysia wholesaler, Makro to form Tesco Extra to provide products for local retailers. (Wikipedia, 2011)

Carrefour Organization

Carrefour is a first retailer in Europe and it is the second-largest retailer in the world. (Wikipedia, 2011)

In Malaysia, Carrefour operates 25 stores. It is a leading hypermarket chain which selling a variety range of household grocery products such as audio-visual appliances, fresh food, garments and shoes, electrical goods and of course have its own branded products. (Wikipedia, 2011)

Way of Organizations to compete on a Cost Leadership Strategy

Most of the organization would identify the “ Porter’s Five Forces” as one of the cost leadership strategies so that the organization would impact on its organization’s behaviour in this competitive market. (David, 2000) Both Tesco and Carrefour Malaysia are identifying the “ Porter’s Five Forces” theory to ensure that they are able to compete with their competitors in the same industry.

Porter’s Five Forces

Porter’s Five Forces gives organizations the necessary insights to allow them to formulate the appropriate strategies to be successful in their market. (Wikipedia, 2011)

The “ Porter’s Five Forces” include the threat of entry, the threat of substitutes, the power of buyers, the power of suppliers, and Competitive rivalry, which shown in Diagram 1. (Tony, 2003)

Diagram 1: Porter’s Five Forces

The threat of new entrants

The new entrants to an industry can raise the level of competition among the firm or organization which in the same industry. This is because the attractiveness would be reduced if there are too much similar products in the market. However, the threat of new entrants largely depends on the barriers to entry. (David, 2000) The barriers include economies of scale, which is make good use of the benefit associated with bulk purchasing. Beside that, there is a high or low cost entry where the organizations consider how much per product cost for the latest technology. (Charles. C, 2005) Moreover, government action and differentiation about the copyright are also the key barriers of the threat of entry. (Tony, 2003)

For example, Tesco always concerns the market for certain goods, but the new supermarket may not be able to find such cheap and dependable suppliers. Furthermore, Tesco makes good use of economies of scale. It will save a lot for bulk buying goods from suppliers. However, a small and new supermarket chain can only buy a relatively small volume of goods, at greater expense.

Besides that, Carrefour invests many into technology in the term of the threat of entry. For instance, Carrefour production line uses the latest

machine to produce its own product so that the productivity will be increased and it will save a lot of labour cost.

The threat of substitutes

Substitute products not only can reduce industry attractiveness but also profitability due to the limited price levels. (Charles. C, 2005) The threat of substitute products depends on customers' willingness to substitute, general substitution, and the switching cost to substitute. (Tutor2u, 2011)

For instance, Tesco Penang has competition with Sunshine Penang which can provide substitutes of goods to the market. The strong competition makes the prices of groceries down in both hypermarkets.

Besides that, Carrefour noticed that the threat of substitutes like clothing is high. Therefore, it always has promotion on these clothes so that Customers is attracted by discounted prices. Hence, Carrefour is a threat to the specialty shops.

The power of buyers

Buyers are the people or organizations which create demand in an industry. (Tutor2u, 2011)

The power of buyers is high when there is a field, or large player in a market especially in large grocery chains. Sometimes, there are a small farming business is supplying the large grocery chains. (Tony, 2003)

For example, if buyers found out that the food items are too expensive in Tesco, they will move to others to buy the same item in cheap price.

Therefore, Tesco Malaysia always alert to the competitors' market price setting so that the market is disciplined.

While for Carrefour, it understands that where products have a slight differentiation or more standardized, the buyers are easily switch from one brand to another. Therefore, to make customers are attracted towards the low prices, Carrefour offer the “online coupons” on the internet, so that customers can use the coupons and get discount on some own brand items.

The power of suppliers

Suppliers are the person or organizations that supply raw materials and other products into the industry. (David, 2000)

The cost that used on suppliers to buy such raw materials or any components to make products usually impact on a company's profitability. (Charles. C, 2005) The power of suppliers is high where the brand is popular such as KFC, MC Donald and so on.

For instance, suppliers can request that retailers pay a certain price for their goods. If retailers do not pay the price, they will not get the goods to sell. So, be the two largest supermarkets in Malaysia, Tesco and Carrefour have a great advantage over the small shopkeeper which is they can negotiate the price to the supplier. If the costs are too high, both of them can switch from one supplier to another. Some supplier in tend to do the large business with hypermarkets, they are willing to offer a low price to the retailer. As a result, the Tesco and Carrefour Malaysia are able to sell the products in low price.(e. how, 2011)

The degree of rivalry between existing competitors

The intensity of rivalry between competitors in an industry depends on the structure of competition. (Tutor2u, 2011) The rivalry is more intense where there are many but small competitors; while rivalry is less when an industry has a clear market leader. Besides that, the switching costs also one of the points to identify the degree of rivalry. The rivalry is reduced where buyers have high switching costs. (Tony, 2003)

For example, Tesco and Carrefour Malaysia faces intense competition from their direct competitors, include Sunshine, Jusco, and Giant. They are competing with each other over price, products and promotions intermittently. When they are intensified the market rivalry, it is threatening Tesco's market leadership position.

Conclusion

Because of the attractiveness of the cost leadership strategy, competitors may successfully imitate the low-cost leader's value chain configuration. (Charles. C, 2005)

From the discussion above, the low cost leadership strategy is challenged to increase value to customers. Sometimes, organization may keep the price low or adding product features without raising prices. (Tutor2u, 2011) However, if prices are reduced too low, the organization or the company is difficult to earn satisfactory margins and customers may refuse to accept any price increases especially if the world is having inflation and this may cause many problems in country. (David, 2000)

To determine the competitive advantage, any organization must seek to understand the nature of its competitive environment in order to achieve its objectives by using some suitable strategies. (Tony, 2003) Therefore, it is important for an organization to understand the nature of the Porter's five forces. Once the study and the analysis is done, it will be make the organization in a stronger position to protect itself against any threats and influence the forces with its strategy. (Charles. C, 2005) Of course, the situation is fluid, so the nature and power of these forces are not always same, it may always changed according the business environment.

In short, the Porter's Five Forces are essentially important for organizations to build a long-term business plan by using some business strategies. (Tony, 2003) Remember, the Porter's Five Forces Analysis includes the part of identifying the sources of competition, the advantages and the strength of the competition existing, and tactical recommendations for any organizations so that they are not only able to keep their price low but also have other strategies to used to ensure them able to compete with their competitor.

(1618 words)