

Mpo – a firm can only function well

Business, Decision Making



MPO Outcome 3 Assessment 1. Henry Fayol was a French mining engineer and management theorist. He is well known for his 14 principles of management and 5 functions of management.

These principles of management serve as a guideline for decision-making and management actions. Fayol's 5 functions of management are: Planning - this is looking ahead, creating a plan of action is the most difficult of the five tasks therefore it requires an active participation of the entire organisation. Planning is demonstrated in J. O. C as in the 5 years prior to her redundancy, Suzy used her holiday time to achieve qualifications and spent 6 months gaining valuable work experience before starting the business. Organising - a firm can only function well if it is well-organised. Managers must train and recruit the right people for the job, and always secure a suitably skilled workforce.

This is shown by Suzy as she allocated tasks/roles to appropriate employees e. g. Hafiz - Chocolate Production, Leon - Chocolate Development. She also made sure there were sufficient raw materials and had good relationships with two main suppliers. Commanding - management should give clear commands to its workforce so it can produce the desired output, clear cut instructions also keep the employees motivated.

Suzy did this in J. O. C by giving clear work instructions and motivating employees by involving them in chocolate tasting and naming. Coordinating - when all activities are harmonized, the organisation will function better, eg in J. O. C Suzy ensures there is clear communication, regular meetings with employees and job reviews. Controlling - by verifying whether everything is

going according to plan, the organization knows exactly whether the activities are carried out in line with the plan. In J.

O. C. Suzy measures company's performance by regular meetings in order to meet the objectives. 2. Two ways that organisations can measure managerial effectiveness are communication and leadership. A manager with effective communication presents new ideas effectively and gains the support of others, they also encourage and recognise the contribution of others. Leadership empowers employees by delegating authority to lowest level possible and demonstrates initiative, persistence and courage in meeting organisational goals. Qualitative methods of measuring if Suzy is doing a good job may include measuring employee satisfaction by conducting interviews or surveys and looking at the number of grievances or attendance levels.

Some quantitative ways could be controlling the costs of inputs by implementing budgets and comparing budgets at the end of every month to see what is actually spent. Wastage levels could be measured by recording how much wastage there is every month. 3.

An appropriate behavioural theory of leadership is McGregor's X and Y theory. Theory X's assumptions are that people are lazy, unmotivated and don't like to work, it also assumes that workers lack ambition, dislike responsibility and prefer to be led. They also have to be controlled, forced and threatened to deliver work. Managers who believe that employees are like Theory X tend to use an autocratic style of management, such as Charlie Large from CG Chocolates. He demonstrates his belief in Theory X as he would coerce staff

to make an effort by threatening staff with dismissal or actually sacking them if they made a mistake. He also believes that people must have external incentives - eg he gave bonuses every quarter to those he thought were worthy and invited selected members of staff to play golf with him.

Whereas Theory Y assumes that staff want to work and are self-motivated to complete their tasks, want independence and seek responsibility and want to use their creativity. Theory Y is a more laid back, participative style of management. It is shown that Suzy from J. O. C adopts the Theory Y outlook as she puts her trust in her staff and gives them responsibilities such as naming the chocolates and blindtasting them, which also would also allow the staff to release their creativity. 4. A contingency theory of leadership is Hersey and Blanchard's situational theory. To Hersey and Blanchard, their leadership styles stem from four basic behaviours, designated with a letter-number combination: S-1 Telling - Leader decides on course of action and announces it, high task, low relationship.

S-2 Selling Leader decides on course of action and sells it, high task, high relationship. S-3 Participating - Leader involves followers in the decision-making process, high relationship, low task. S-4 Delegating Leader allows followers to decide/implement, low relationship, low task. I would say that Charlie Large from CG Chocolates adopts the 'telling' style as he is very stubborn and sees himself as 'an expert in all areas', he simply tells each member what to do, and how he would like them to do it, if they do not abide by his rules they will be threatened with dismissal or actually sacked.

Whereas Suzy sides more towards the participating/delegating stage - eg she let employees have a say in the decision-making process when they were allowed to name and taste the chocolates. She also delegated jobs, such as putting Leon in charge of chocolate development and the Newcastle operation and Hafiz was put in charge of chocolate production and the Stirling factory. 5. Theories of leadership could be used to improve the way Suzy leads the staff as good leaders are made not born.

The best leaders are continually working and studying to improve their leadership skills. The theories help you understand and interpret behaviour of the leader and also the followers. eg J. O. C may want to use Tannenbaum and Schmidt's continuum theory has simple scales that a leader can use to give a "thumb in the wind" assessment of what leadership style to use. It's also important to have an understanding of these theories as what you do in one leadership situation will not always work in another situation, eg for Hersey and Blanchard's theory - at the beginning/development stage of J. O. C Suzy may have had to use the 'telling' method as she wouldn't know whether or not to trust the subordinates' decision making yet.