

## Unit 337

## Principles of leadership and management

<b>UAN:</b>	<b>F/506/2596</b>
<b>Level:</b>	3
<b>Credit value:</b>	8
<b>GLH:</b>	50
<b>Relationship to NOS:</b>	Management & Leadership (2012) National Occupational Standards: <ul style="list-style-type: none"><li>• CFAM&amp;LDD6 Lead meetings to achieve objectives</li></ul>
<b>Assessment requirements specified by a sector or regulatory body:</b>	This unit is endorsed by Skills CFA Assessment Strategy Competence units (S/NVQ)
<b>Aim:</b>	This unit aims to develop knowledge and understanding regarding leadership and management and introduces learners to the associated key principles. Upon completion of this unit, learners will have an understanding of the principles of effective decision making, leadership styles and models and performance management. Learners will also have an understanding of the role, functions and processes of management.

<b>Learning outcome</b>
The learner will: 1. Understand the principles of effective decision making
<b>Assessment criteria</b>
The learner can: 1.1 explain the importance of defining the objectives, scope and success criteria of the decisions to be taken 1.2 Assess the importance of analysing the potential impact of decision making 1.3 Explain the importance of obtaining sufficient valid information to enable effective decision making 1.4 Explain the importance of aligning decisions with business objectives, values and policies 1.5 Explain how to validate information used in the decision making process 1.6 Explain how to address issues that hamper the achievement of targets and quality standards

## Assessment Guidance

**1.1** The first stage in any decision making process is to set a clear and precise definition of your objective or goal when making a decision. Most decisions involve solving a problem so you need to know your success criteria or, in other words, how you will know or measure if the problem is solved.

You should identify a situation where a decision is required, probably as the solution to a problem, and prepare a definition including your objective, scope and success criteria. (You might want to look at A.C1.6 and chose a situation where a business target or quality standard is not being achieved).

**1.2** All decisions you make will have an impact. The decision could affect you and others and involve changes that may not be liked. The decision could have time and cost implications. There are risks involved in any decision. There may also be consequences if a decision is not made. Using the definition for AC1.1 as an example, explain the potential impact of the decision to be made.

**1.3** Decisions involve understanding the context of the decision, for example the possible causes of a problem, and identifying two or more optional courses of action. If there was only one option no decision would be necessary. This involves gathering sufficient valid information. The more complex the decision and the greater its potential impact the more important this becomes. Using your definition from AC1.1 decide how you would set about gathering information. There may also be some tools or techniques you think you could use.

**1.4** Any decisions made in a business context will need to be aligned with the requirements of the business This may mean that some options, although valid, would not be acceptable. For example, options involving expenditure when budgets are tight. You need to explain any organisational constraints that could affect a decision and the suitability of the possible options. You could continue to use your example from above to illustrate your explanation.

**1.5** All options for will have advantages and disadvantages in terms of achieving your objectives. Making the best decision involves analysing the options and selecting the option that, based on information, is likely to be the most effective. There are techniques that can be used to help in this analysis. Explain how you will use this process to make a judgement that is valid and based on fact rather than opinion.

**1.6** Addressing situations where targets or quality standards are not being met will involve following a problem solving / decision making process. In a situation such as this you are likely to involve team members and other stakeholders in the process. There are a number of tools and techniques that can be used to aid the process.

The process to be followed is:

- recognise and define the problem and objective
- research causes and identify options

- make a decision by comparing and contrasting the options and their consequences
- plan and implement the option(s)
- evaluate the results

Explain how you could use this process to solve a problem and explain the techniques that could be used. Basing this on an actual situation would be a good way to provide examples for your explanation.

### **Learning outcome**

The learner will:

2. Understand leadership styles and models

### **Assessment criteria**

The learner can:

- 2.1 Explain the difference in the influence on managers and leaders on their teams
- 2.2 Evaluate the suitability and impact of different leadership styles in different contexts
- 2.3 Analyse theories and models of motivation and their application in the workplace

### **Assessment Guidance**

**2.1** Managers and leaders can be compared in a number of ways based on their role and characteristics. Although leaders are not necessarily managers it is generally accepted that managers should possess leadership skills. Outline the main differences between leaders and managers and use this comparison to explain how they influence others.

**2.2** Leadership refers to the ability to influence and motivate others to act in particular ways in order to achieve specific goals. Situational leadership models show that different leadership styles are required for different individuals, teams and situations. Describe a recognised model of situational leadership and how the different styles are applied. Use examples to illustrate your description and to explain how the model works in different contexts.

**2.3** Individuals and teams are influenced by different motivational needs which they seek to satisfy. There are a number of theories and models that explain how this happens and how this can be used to increase levels of motivation in the workplace. You need to choose different motivation models, and describe their key features and likely effectiveness in differing workplace situations

**Learning outcome**

The learner will:

3. Understand the role, functions and processes of management

**Assessment criteria**

The learner can:

- 3.1 Analyse a manager's responsibilities for planning, coordinating and controlling work
- 3.2 Explain how managers ensure that team objectives are met
- 3.3 Explain how a manager's role contributes to the achievement of an organisation's vision, mission and objectives
- 3.4 Analyse theories and models of management
- 3.5 Explain how the application of management theories guide a manager's action
- 3.6 Explain the operational constraints imposed by budgets

**Assessment Guidance**

**3.1** Take each of these three main functions of management:

- planning
- co-ordinating
- controlling

Using examples, describe the key features of each of these functions and how they contribute to achieving team and organisational objectives.

**3.2** A simple model to show how managers ensure that team objectives are met consist of these steps:

- communicate work objectives and plans for achieving objectives
- provide support and guidance
- monitor and evaluate progress
- recognise achievement

Take each of these steps and explain, with examples, some of the activities likely to be involved.

**3.3** Managers achieve the organisation's vision, mission and objectives through planning, organising, staffing, directing and controlling. They design systems and they set and follow policies and procedures. This also includes setting performance standards and performance measures and monitoring achievement.

Chose at least two of these roles - excluding those already covered in AC.3.1 and explain how each would contribute to the achievement of the organisation's vision, mission and objectives

**3.4** The overarching purpose of management is to achieve the organisation's vision mission and objectives. To do this they need to bring together the organisation's resources, including people, effectively and efficiently. There are a number of models or theories

that have been developed over the years that assist managers in deciding the best way to achieve this.

Many of these theories and models relate to the style of management used and the extent to which the manager controls all work activity or allows greater freedom of choice and action by employees. This can be seen as spectrum from the autocratic highly controlling manager to the laissez-faire manager who delegates extensively. Choose one of the theories that look at this spectrum of control, describe the model and how it can be applied. Look at the advantages and disadvantages of the model.

Chose two different theories or models of management and describe their key features. Identify the strengths and weaknesses of each.

**3.5** Understanding what managers do and the ways it can be done means that you can assess and reflect on the effectiveness of your own management skills and behaviours in order to make improvements in the way you manage. You need to explain this. One way to illustrate your answer would be to assess yourself against a recognised management model and identify areas for improvement.

**3.6** Most organisations have making a profit as a key objective and none can operate for any length of time at a loss. The way that this is achieved is through careful financial planning designed to control the use of resources. Explain what a budget is and how it is used to control activities within the business. Illustrate this explanation by referring to the use of a budget for a specific business function.

### **Learning outcome**

The learner will:

4. Understand performance measurement

### **Assessment criteria**

The learner can:

- 4.1 Explain the relationship between business objectives and performance measure
- 4.2 Explain the features of a performance measurement system
- 4.3 Explain how to set key performance indicators (KPIs)
- 4.4 Explain the tools, processes and timetable for monitoring and reporting on business performance
- 4.5 Explain the use of management accounts and management information systems in performance management
- 4.6 Explain the distinction between outcomes and outputs

## Assessment Guidance

**4.1** The use of objectives as a way to manage the organisation requires a system whereby those objectives are converted into standards of performance. Performance metrics can then be set based on those standards and these can be used to compare the desired standard with the actual achievement. Gaps can be identified and corrective measures taken.

Explain the meaning of each of these terms with examples:

- business objectives
- performance standards
- performance metrics
- continuous improvement

**4.2** Using the terms described in AC4.1, explain how they can be linked to form a performance measurement system. Also include in your explanation how the data from a performance measurement system can be used.

**4.3** KPIs represent the performance standards defined by the organisation. Explain the term KPI. Illustrate your explanation with examples explaining their relevance to business objectives.

**4.4** Business performance management involves the collection and reporting of large volumes of information from a wide range of sources such as financial and non- financial process results, customer results, employee results and societal results. Software systems are frequently used to support this. One approach to managing this process is the use of the balanced scorecard.

Describe a simple balanced scorecard model for use in planning, monitoring and reporting on business performance and explain how it would be used.

**4.5** Management information systems are designed to assist managers in managing more effectively and efficiently through making informed business decisions.

Management accounting systems are one type of information system that provides specific financial and accounting information.

Briefly describe some information that would be provided by a management accounting system. Also describe some information that would be provided by another – non- financial – management information system. Explain how this information could be used by a manager to assist decision making.

**4.6** 'Output' is the actual tangible product or service resulting from a business process. 'Outcome' represents the results, effects, or changes that come from the outputs. Explain the difference by giving two examples of measurable outputs from a process. Then explain what might be the 'outcomes' of those outputs highlighting the differences.