

Front cover

PLEASE NOTE: this is an example answer and your own response should include your personal experience and ideas

Please include the following:

Unit 501 – Principles of Management and Leadership in an Organisational Context

Your full name as given when at point of registration with CMI

Your CMI registration number

Total word-count (excluding, Statement of Context, Contents Page, Headings, Diagrams, Charts and Graphs, Information contained within references and Bibliographies)

Unit 501 – Principles of Management and Leadership in an Organisational Context.

Date:

Name:

CMI Registration Number:

Word Count (excluding, Statement of Context, Contents Page, Headings, Diagrams, Charts and Graphs, Information contained within references and Bibliographies):

Unit 501 – Principles of Management and Leadership in an Organisational Context.

Statement of context:

Please provide us with a brief insight into your role within the organisation, and your responsibilities as a manager. No more than 200 words required.

I am a marketing manager in Company X, which is owned by Mother Ship Family of Companies. I manage a small team, and have some control over budget, and day to day decision making. Significant decisions need to be made by my line manager, The Marketing Director, but my confidence and autonomy is growing. I am undertaking this qualification to validate my leadership and management experience.

Unit 501 – Principles of Management and Leadership in an Organisational Context.

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Task 3

You are required to write a report entitled 'The factors which impact on an organisation's internal environment'.

To complete this report you are required to:

- i. Examine how the legal status of an organisation impacts on the way it is governed (AC1.1)
- ii. Examine how different organisational structures impact on management roles (AC1.3)
- iii. Analyse the purpose of an organisation's mission and vision statements (AC1.2)
- i.v Discuss the impact of organisational values and ethics on management decision making (AC1.4) Approx 1400 words

i. Examine how the legal status of an organisation impacts on the way it is governed

To determine the impact of the status on governance, we must look at the benefits & restrictions in practice, using a live company example & real life scenario. For this scenario we will look at Company X LTD, which has a legal status of *private limited company*.

A private limited company can be defined as "A type of privately held small business entity. This type of business entity limits owner liability to their shares, limits the number of shareholders to 50, and restricts shareholders from publicly trading shares."¹

Within a limited company, the structure will tend to have owners who are private shareholders - in the case of Company X, they would be the Mother Ship family who are owners of the company. Within private limited companies there will usually be a board of directors who are responsible for running the company. For example, the next level down within Company X is the CEO, with an Executive management team in direct report, creating a layered hierarchical structure.

This structure creates a very profit driven focus from within the company, as the CEO & board of directors are tasked with driving as much profit as possible for the shareholders

As a manager within Company X, I have an assigned departmental budget which allows me to carry out activities and work in relation to my overall company objective. However, there are several budgetary **policies** and **procedures** that need to be adhered to in order to release budget of certain financial levels. This involves a tiered sign off process, which can go as far as the Executive Management Team depending on the level of budgetary request.

The positives of this governance would be the control that can be applied. Meaning that it would be extremely rare for overspends or investments that go against the company's strategy. This enables the EXEC MANAGEMENT TEAM to maximise profits, ensuring they are delivering a profitable business with dividends to the shareholders.

It could be argued that this layered level of governance and multiple sign offs, makes it almost impossible to be reactive and first to market, simply due to the time it may take to release budget and implement plans.

A great example of this at Company X would be investment into the new company website due to be launched next year. The original request for the website budget was put in place in 2017, due to the existing website needing a complete upgrade.

Due to the lengthy sign off process, the time it has taken for the spend to be signed off, the company may have lost out in sales which could have had an adverse effect on profits, which if avoided, could have delivered an even stronger financial performance.

To summarise, whilst a private limited company can often be wrapped up in process & red tape, it is generally in place for the long term stability of the company. It means every investment has to be proven with a business case, providing all the ROI to ensure why they should support the spend.

A sole trader or partnership may be able to operate quicker & more reactively but are often exposed to bigger external risks of the marketplace.

ii. Examine how different organisational structures impact on management roles

Organisational structures can be defined as “a hierarchy within an organization. It identifies each job, its function and where it reports to within the organization. This structure is developed to establish how an organization operates”² Essentially how a business is set up to achieve its goals.

Within Company X the structure can be defined as connected autonomy, with units working almost as separate companies but connected by a central hub of resource from which the different functions can draw from, all working towards a common goal (GO LIKE HELL 2021)

This structure enables management to effectively run the teams as they wish, almost as independent subsidiaries.

As a manager working as part of this overall structure can have disadvantages, as well as certain merits. The Marketing team are part of the central resource from which people draw from. Being part of this central resource means that we effectively have multiple types of stakeholders, all with differing requirements. This means that when we produce a piece of work, we often have to make multiple iterations in a bid to meet all needs. This can lead to inefficiencies in managing resource & budget as we try to keep all parties happy.

However in a positive light, the autonomy does give you empowerment to make managerial decisions you feel are best for your team and although you have to consider other stakeholders, it's rare they will interfere or dictate the final outcome.

iii. Analyse the purpose of an organisation's mission and vision statements

Whilst both are important to a company, vision & mission statement are two separate things: "A Mission Statement defines the company's business, its objectives and its approach to reach those objectives. A Vision Statement describes the desired future position of the company" ³

For example, at Company X the vision is to become a £billion turnover company, whilst we deliver the mission statement through GO LIKE HELL 2021 – a five year strategic operational plan with objectives & deliverables based around 'Growth Efficiency & Teamwork.

The purpose of an organisations mission & vision statement is effectively to align colleagues behind the main goal or purpose the company wants to achieve. It can provide clarity, unity and a clear understanding of what the company is trying to achieve. This then gives employees direction, clarification and knowledge on how they can play a part in helping the company achieve its goals.

Companies who do not have a mission statement can often create unrest and division, as different colleagues will ultimately be working to different (or their own perceived) instructions, without understanding what part they play in the overall picture.

It can lead to siloed working, which causes inefficiencies, uncertainty and a lack of clarity.

It is even more vital for a company like Company X to have a unified mission & vision, given the widespread geography of its employees and the autonomy in which different departments run their teams. Having GO LIKE HELL 2021 enables all teams work towards one common goal for the business.

iv. Discuss the impact of organisational values and ethics on management decision making

When looking at the impact of ethics & values on management decision making we must understand what ethics & values actually mean in a business context

"Organisations often have a set of values or principles which reflect the way they do business or to which they aspire to observe in carrying out their business" ⁴

We can also gain further understanding by looking at what type of ethical values a company may have.

"The most common ethical values found in corporate literature include: integrity, fairness, honesty, trustworthiness, respect, openness" ⁵

It's imperative that companies have clear ethics & values. "Values are the heartbeat of an organisation and must instruct everything it does and every decision it makes. And by taking a values-led approach, what the business stands for is being constantly reaffirmed" ⁶

Within Company X the values are: Integrity / Innovation / Teamwork / Commitment
These values give clear guidance when making management decisions as they will need to align by the values.

For example, if any colleague is acting out of line, without integrity, it enables the acting line manager to be able to make decisions based around discipline in line with the values.

An example of this could be intervening with a team dispute when a colleague is acting without integrity.

Or another example would be that of innovation. As this is a key Company X value, new ideas, new ways of working are encouraged by management and supported by decisions to back up new innovative plans. In comparison you may get companies who are happier to work with what they know and wouldn't accept ideas to diversify processes, products or procedures.

References

- ¹ <http://www.businessdictionary.com/definition/private-limited-company.html>
- ² <https://smallbusiness.chron.com/meaning-organizational-structure-3803.html>
- ³ <https://www.bain.com/insights/management-tools-mission-and-vision-statements>
- ⁴ <https://www.ibe.org.uk/ethical-values-and-codes/102/52>
- ⁵ <https://www.ibe.org.uk/ethical-values-and-codes/102/52>
- ⁶ <https://realbusiness.co.uk/values-are-key-to-business-success/>