What makes a business a success? Is it the product? Is strong leadership and management more important?

Why study management and leadership?
Think about the last time you went to the cinema. It might have been Vue, or maybe Cineworld. Why do these two big chains feel different from one another? According to Professor Andy Neely, a key factor may be the management styles of these two apparently similar chains.

Professor Neely is chief executive of the Cambridge Service Alliance, a university and industry collaboration which shares management knowledge across industries. He says that the different styles of management and leadership adopted by rival businesses can explain a lot about how they operate and how successful they become.

Neely explains that management and leadership are closely related, but are not the same thing. “Leadership is more inspirational than management, while management is more about doing the things you need to do correctly, like budgets and procedures. Leadership can be found at any level in an organisation.”

Ken Peattie, Professor of Marketing and Strategy at Cardiff Business School, adds that management is not a static subject. For example, businesses now need to know how to relate to their customers in the era of social media, and this is an issue on where research can shed light.

He says: “However good the products and technologies of a business are, it’s likely to fail if the management isn’t right, in terms of the way it deals with its customers, how it treats its workforce, and how it manages vital resources like money and information.

A lot of the key challenges we face are management challenges. Ensuring that the banks don’t go bust again, managing our river catchments to reduce flood risk, or keeping the NHS running in the face of an aging population, are all about finding new and better ways to lead and to manage.”

What does the research tell us?
Neely says that some big questions in management relate to “the changing nature of the world of work,” such as the rise of India and China, or the business effects of climate change.

Another new concern for Peattie’s research is human rights. “Businesses are growing more aware of human rights, both in their own human resources thinking and in the way they deal with outside organisations.” Climate change is also of increasing interest. Businesses need to know how their customers are responding to global environmental change, which affects how they think about the companies they deal with.

How do we do research on management?
Business leadership can be looked at through a variety of lenses. Some management research is carried out by business specialists, often based in business schools, in areas such as marketing,
finance and strategy. But it also involves other types of social scientist, such as sociologists, economists and psychologists.

Neely says that one hot issue is measuring the performance of an organisation. “The main criteria have always been financial,” he points out, “but most management decisions are not taken on financial grounds. They might involve other considerations such as customer relations. Once we realise that financial and non-financial considerations are both important, we can look for the right measure of success for a particular organisation.” He has a strong interest in the way large volumes of data can be used to improve management decisions. “This approach spans maths, IT and business organisation,” he explains, “so it shows the richness of current management research.”

Some management research uses questionnaires to get detailed information on a specific issue from a range of businesses. But other projects involve detailed case studies of a small number of businesses, allowing a more subtle grasp to be obtained of how they think and work. In an extreme case, says Peattie, an individual researcher is “embedded” in a business to see it from the inside for a long period and produce detailed, granular findings about it.

**How does this research change things?**

Peattie worked on a three-year ESRC funded project with South Wales Fire and Rescue Service to transfer ideas on promoting behaviour change from commercial marketing, and use them to persuade young people in the South Wales Valleys not to set deliberate grass fires. ‘Project Bernie’ (http://www.bernie.uk.com/) used a research-based approach to understand why people got involved in fire-setting, and to design an intervention programme to encourage them not to.

Another project involved studying the systems used by a major car company to reclaim old engines to recycle or remanufacture. This was hard to do because the engines weren’t designed with remanufacturing or recycling in mind. The research identified simple changes that could improve the system and reduce costs, such as designing engines so that they could be stacked for storage, or maximising the common parts used in different engine models to reduce the spare parts inventory needed to rework old engines.

Neely says he has been looking at how businesses develop and change their systems. “For instance, nobody ever asks why people are hired and appraised the way they are,” he says. “We are now looking at how these systems arise and how they change.”

**Helping small firms get big**

Professor Stephen Roper adds that people who manage small businesses tend to be independent types who may not want advice on how to run things. But there is now definite evidence that business advice from external sources does help small companies to succeed. He says: “This finding about the value of coaching and mentoring for small firms has driven government policy, and changed the way we help these companies to grow and develop. It’s easy for small business owners to say they know how to run their company. But it’s harder
for them to appreciate that there are things they don’t know that would also be valuable to them.”

Key terms
Here are some words and expressions you might need to know whilst investigating management and leadership.

- **Ethics**: all the things a business needs to think about that involve decisions about right and wrong.

- **Finance**: there is more to finance than money. In business, it involves issues such as the right mix of shares and borrowing on the balance sheet, and the return that the shareholders will receive on their capital.

- **HR**: Human Resources, the people employed in a business or organisation.

- **Marketing**: the activity of choosing how a business wants to look to the outside world and making sure this image is presented consistently to the audiences it wishes to reach.

- **Operations**: everything that a business needs to do to get its daily activity completed.

- **Positioning**: the decisions an organisation makes about its place in the corporate ecosphere. Asda and Sainsbury are both supermarkets - walk around them both to see that they have taken positioning decisions that lead them to feel very different to the customer.

- **Strategy**: the overall shape and direction of an organisation - usually decided by the top-level management.

- **Supply chain**: the stages involved in getting a business the inputs it needs for its activities. This could be fuel for a power station or ballpoint pens for a stationer.

- **Sustainability**: as well as thinking about how “green” a business is, business sustainability involves issues such as:
  - the stability of its customers and suppliers
  - the strength of its balance sheet
  - its profitability
  - its innovation capacity
  - its management team and their capacities.