

CIPS Level 6 – Professional Diploma in Procurement and Supply

Strategic Ethical Leadership [L6M1]

Sample answer guide

(Q1)

Question 1

Analyse the roles of a manager and of a leader giving an explanation of the importance of this differentiation in organisations.

[25 marks]

LO: 1

AC: 1.1

Planning your answer

Command Words

It is important in any constructive response question to understand the Command word used in the question as they tell you exactly what the assessor wants you to do. In this question the assessor will want you to clearly '**Analyse** the roles of a manager and of a leader, giving an explanation of the importance of this differentiation in organisations'

The primary command word in this question is **Analyse** "Examine a topic together with thoughts and judgements about it by dividing the topic into its separate parts and looking at each part in detail"

Answering the question

A good approach to answering this question would be to begin by offering a definition of management in terms of a traditional perspective of the role, based on the activities of planning, organising directing and controlling.

A comprehensive definition is offered by Mullins:

'Management is the process through which efforts of members of an organisation are co-ordinated, directed and guided towards the achievement of organisational goals: the clarification of objectives, planning, organising, directing and controlling other people's work.'

Mullins then offers a simplified definition of leadership:

'Leadership is a relationship through one person who influences the behaviour or actions of other people.'

Drucker says 'Management is doing things right; leadership is doing the right things'

And then following on from the introduction perhaps have a sub-heading followed by commentary differentiating the roles, e.g.

Roles of a Manager and a Leader:

This approach helps to ensure that you understand the question, recognise the command word and provide analysis on the importance of the perceived differentiation of the roles of managers and leaders in organisations.

The following is suggested answer content rather than a model answer and typical responses to this nature of question may include but is not limited to:

Various commentators have distinguished between the two roles.

Kotter, for example, suggests that management involves the following activities:

- Planning and budgeting: target setting, establishing procedures and processes for reaching targets and allocating the resources necessary to meet the plans
- Organising and staffing: designing the task structure, hiring people, allocating tasks and establishing rewards and incentives
- Controlling and problem-solving: monitoring results against plan, identifying problems, evaluating options and implementing decisions
- Leadership on the other hand requires a different set of activities:
- Creating a sense of direction: finding a vision for something new out of the dissatisfaction with the status quo
- Communicating the vision: meeting the needs of other people, giving the vision credibility
- Energising, inspiring and motivating: stimulating others to translate the vision into achievement

Other commentators' views of the differences between the activities of managers and leaders might be referred to by answers as follows:

Yukl suggests that while management is defined by a formal role and position in the organisation hierarchy, leaders are given their roles by perceptions and choice of others. Management is an authority relationship whereas leadership is an influencing relationship. Managers have subordinates - leaders have followers.

Zaleznik suggests that while managers are primarily concerned with order and maintaining the status quo, focusing on impersonality, diplomacy and decision-making processes in the organisation, leaders are more concerned with introducing new ideas and approaches, focusing on personal engagement, excitement, vision and empathy for people.

Boddy distinguishes between the roles as follows:

Most commentators view an 'effective manager' as someone who 'gets things done' to ensure order and continuity. They maintain the steady state – keeping established systems in good shape and making incremental improvements. People use the term 'effective leader' to denote someone who brings innovation, moves an activity out of trouble into success, makes a worthwhile difference. They see opportunities to do new things, take the initiative to raise the issue and do something about it.

Whereas some commentators have highlighted the differences between the roles, others argue that these differences are becoming less useful in contemporary practice.

Whetten and Cameron (2002) argue that the distinction between managers and leaders is no longer useful. They argue that managers cannot be successful without being good leaders and leaders cannot be successful without being good managers.

Mullins also argues that leadership is part of effective management. An essential part of the process of management is co-ordinating the activities of people and guiding their efforts towards the goals and objectives of the organisation. This involves leadership through influencing and building relationships.

Kotter argues that organisations need both – a measure of order and control (supported by management) in the process of change (supported by leadership).

The trend in the current literature is to emphasise that leadership can be exercised by any individual, not just managers or designated team leaders. However, in practice, there is much more emphasis on leadership in senior management roles.

Other valid approaches and answers will be accepted.

(Q2) – E-Energy

There have been significant changes in the energy sector in recent years, and the chief executive at E-Energy believes that only those organisations who adapt and transform will survive. He is keen to capitalise on the opportunities these changes present. Matthew Sanchez has taken over as the new supply director for E-Energy and replaces Ross Trapani. Ross was also renowned for managing the supply chain function in a very autocratic way and had built up a reputation as a hard negotiator with a focus on profitability and the bottom line. Suppliers would often say that their association with E-Energy created opportunities to work with other utility companies, as there was ‘no profit in working for E-Energy’. While Ross’s ‘no nonsense’ approach was to the liking of his colleagues in the finance department and the previous chief executive, a new approach to leading the function has been recognised as being long overdue by some other stakeholders.

Matthew Sanchez is keen to create a different culture, not only in his department, but also throughout the organisation and with E-Energy’s suppliers. He wants his department to develop expertise in adding value for internal and external customers. This would be achieved by not simply concentrating on low prices. New measures of performance are to be aligned with stakeholders’ needs. These would concentrate on aspects of quality, delivery and safety, as well as other measures required in order to achieve sustainable and responsible procurement from a diverse supply chain. Matthew recognises that he will need to be capable of convincing all stakeholders of the change in the approach and direction of the supply chain function.

In addition, Matthew wants the supply chain function to utilise new technology to provide services to its stakeholders. The supply chain function needs to be promoted internally through an intranet site and to be linked to key suppliers using extranets. Matthew also believes that it will be critical to introduce formal procurement processes, objectives and measures.

Question Two

Suggest and justify appropriate influencing styles or tactics that could be used to achieve the desired results.

[25marks]

LO: 2
AC: 2.1

Planning your answer

Command Words

It is important in any constructive response question to understand the Command word used in the question as they tell you exactly what the assessor wants you to do. In this question the assessor will want you to clearly **Suggest** and **justify** appropriate influencing styles or tactics that could be used to achieve the desired results.

There are two main Command words in this question.

Suggest “This means that there may be more than one answer. You must give the most appropriate answer or answers”

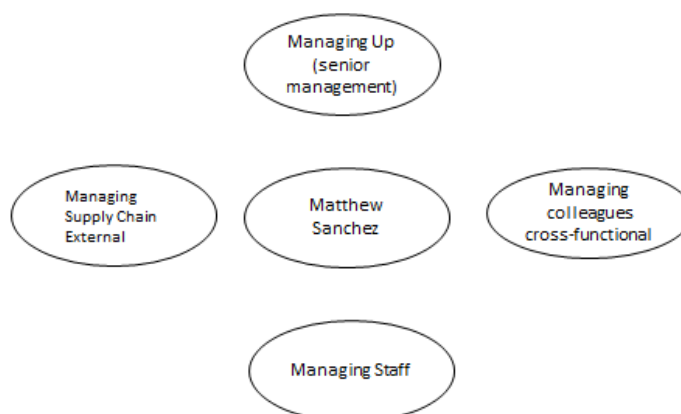
Justify “Show good reasons for decisions or conclusions, perhaps by referring to other texts or evidence within a case study”

Answering the question

A good approach to answering this question would be to begin by introducing the four direction model and framework adapted from Boddy and Buchanan (1992) that suggests that Matthew will have to influence a multitude of stakeholders in four different directions to include Upward to manage senior staff, Downwards to manage staff and across to the East, managing colleagues cross-functionally and West to include managing the supply chain. In managing in these four different directions he will need to employ different influencing styles and tactics to try and progress the level of ambitious changes cultural, organisational and technological he believes is required.

Then perhaps have a short sub-heading- Influencing styles and tactics that Matthew can employ to achieve desired results - relating these to each area of the model and justifying why they apply.

The following is suggested answer content rather than a model answer and may include, but is not limited to: Candidates need to suggest and justify appropriate influencing tactics that Matthew could use to achieve the desired results for each of the four directions of influence outlined below



Upwards

Managing upwards – for Matthew this will involve managing the expectations of the senior management of the organisation, directors etc. Appropriate influencing tactics such as:

1. Rational persuasion – using logical arguments and evidence;
2. Coalition – seeking the help of others in joint influencing; Ingratiation or personal appeal – appealing to ideals, values and aspirations
3. Inspirational appeal and personal appeal could also be relevant.

It is likely that use of pressure as a tactic would be least effective. Matthew needs to influence upwards gaining commitment to his plans and it is unlikely that he could use legitimate power.

Across Externally

Managing horizontally across (externally) – this will involve Matthew managing his external relationships. These will include suppliers and other external stakeholders. Matthew will need to engage positively with these external stakeholders to achieve their commitment in a period of change for the organisation. Suppliers are dubious about the benefits of contracting with E-Energy. As Matthew has no direct management control he would need to use tactics such as appeal, rational persuasion, rapport building and so on.

Across Internally

Managing horizontally across (internally) – this will involve Matthew engaging with other internal functions within the organisation. These will include colleagues within the procurement and supply area and other departmental functions and heads. From the case study there are specific issues highlighted with the management and engagement of the supply chain function which are seen as problematic. The key issue for lateral influence is that, like upward influence, it may not be supported by legitimate positional power. Matthew may have expert power in these situations, but additional influencing tactics may be required if the expert power is not recognised or valued by others (as may well be the case).

Appropriate influencing tactics such as:

- Personal appeal and ingratiation – reflects the balance of power between the two parties — and investment in networking and relationship-building
- Rational persuasion and consultation – capitalises on the potential for expert power, and fosters trust, information-sharing, co-operation and integration, involves discussion and engagement with stakeholders
- Exchange – offering reciprocal favours used the equality of power and interdependency gives particular value to the concept of reciprocity in this case. The parties may be able to trade relatively equal benefits or favours, to mutual advantage — and without one party gaining a hold over the other
- Legitimizing – establishing the validity of objectives based on authority, rules or contract terms

For both of the 'acrosses' candidates might also make reference to Cialdini and methods of persuasion. It is expected many candidates will make use of Yukl and Falbe influencing tactics to answer this question but other styles or tactics should be accepted. Thus could include styles associated with 'push' and 'pull' or integrative/distributive negotiation styles and associated tactics

Down

This is the most common form of management and tactics could range from the use of any of the French and Raven power matrix, to escalation and relevant use of any Yukl methods with a reference to the case. As a

manager, Cialdini (liking, ingratiating and so on) could be relevant. Matthew is trying to manage in a different way from his predecessor Ross. Ross was very much a "no nonsense" type of manager whereas Matthew is keen to create a different culture of inclusion looking at quality delivery and safety. For this change, Matthew will require the buy in of his staff not merely compliance so any of the pull influencing tactics may be effective. However, in a period of change, such as in the case, the management style of 'tell' could be appropriate and Matthew (maybe as a last resort) could use pressure.

Candidates are expected to suggest and justify appropriate approaches to influencing for each of the four dimensions of the model. The important factor for the candidates is to justify any method chosen and demonstrate why it is appropriate for use in that dimension.

Other valid approaches and answers will be accepted.

(Q3) – Hillmans

Richard Baker is the CPO (Chief Procurement Officer) at Hillmans, a leading soft drinks company based in the UK. Over the last three years he has transformed the procurement function from a tactical team into a leading business-integrated function. This required a number of leadership skills, behaviours and techniques to be utilised. Richard also attributes his success to recognising the importance of managing stakeholders.

To develop the expertise of his procurement team, Richard has also reorganised the procurement activities into categories of spend which meant some buyers had to change the procurement contracts they worked on. In the early stages this had an impact on negotiations as buyers developed new relationships with the suppliers they are now responsible for.

| Category | Spend | Negotiation considerations |
|--------------------------|------------------------|---|
| Flavouring ingredients | Annual spend \$250,000 | Purchased from flavour house specialists, low spend compared to their other customers |
| Commodity ingredients | Annual spend \$200,000 | Only 2 suppliers of sugar in UK, expensive to import |
| Preservative ingredients | Annual spend \$150,000 | Includes chemicals, usually procured through UK agents |
| Packaging | Annual spend \$350,000 | Wide range of local suppliers, easy to switch supply. |

Question Three

The changes in roles and responsibilities and organisational processes at Hillmans may lead to increased conflict, particularly with negotiations.

Discuss strategies and approaches for resolving conflict that Hillmans may apply.

[25 marks]

LO: 3

AC: 3.4

Planning your answer

Command Words

It is important in any constructive response question to understand the Command word used in the question as they tell you exactly what the assessor wants you to do. In this question the assessor will want you to clearly 'Discuss strategies and approaches for resolving conflict that Hillmans may apply'

The Command word in this question is **Discuss**, meaning to "Consider something by writing about it from different points of view. Compare with, Argue or evaluate"

Answering the question

A good approach to answering this question would be to have a short introductory paragraph distinguishing conflict resolution from conflict management. Conflict resolution is an approach to resolving a conflict between two parties and to find an accord through negotiation whereas conflict management also involves the prevention of conflict in the first place. Conflict resolution through negotiation can benefit all parties involved. Often, each side will get more by participating in negotiations than they would by walking away, and it can be an opportunity for both parties to gain benefits that might otherwise be out of reach.

Following on from this short introduction perhaps have a short sub-heading - Strategies and approaches that Hillmans could apply for resolving conflict include:

Recognising the question is for 25 marks we could identify and discuss five of these in some breadth and depth to help accrue good marks.

This approach helps to ensure that you understand the question, recognise the command word and discuss strategies and approaches for resolving conflict that Hillmans may apply.

The following is suggested answer content rather than a model answer and can include but is not limited to:

There are various approaches to conflict resolution that answers might include in a discussion:

Robbins provides the following possible strategies for conflict resolution:

- Problem solving: the parties are brought together to find a solution to a particular issue
- Superordinate goals: the parties are encouraged to see the bigger picture and identify shared goals that override their difference
- Expansion of resources: resources are freed and mobilised to help both parties' needs, eliminating the need for competition
- Avoidance: one or both parties withdraws from the conflict or conceals the incompatibility
- Smoothing: one or both parties plays down the differences and 'papers over the cracks'
- Compromise, bargaining, negotiating and conciliating, so that each party makes some concessions in order to make some gains
- Authoritative command: an arbitrator with authority over both parties makes a decisive judgement
- Altering the human variable: effort is made to change the attitudes, beliefs and perceptions underlying the conflict

- Altering the structural variable: effort is made to re-organise work relationships in order to minimise the potential for conflict

Mullins also summarises a range of strategies for conflict resolution to include:-

- Clarification of goals and objectives, role definitions and performance standards, in order to avoid conflict based on misunderstandings
- Resource distribution: increasing the share of resources. mobilising new resources, or allocating resources in such a way as to maximise perceived fairness and utility
- The use of non-monetary rewards, where financial resources are limited
- Just and equitable human resource management policies and procedures, fair rewards, positive employee relations, etc.
- Development of interpersonal/group process skills

Answers may also refer to the work of Thomas and Kilmann in terms of conflict handling.

Thomas and Kilmann suggest five conflict handling styles –

- Avoiding – one party withdraws from the conflict – may be appropriate if the issue is trivial but otherwise can harbour long-term frustration and resentment
- Forcing/Competing – one party imposes their solution – may be appropriate if winning is vital but is not conducive to collaboration and trust
- Accommodating – one party concedes the issue without a fight. This avoids upsetting the other party, but the other party may take advantage of the situation
- Compromising – bargaining and trading concessions that leads to an agreement. The solution is more expedient than effective and may leave both parties dissatisfied.
- Collaborating – the parties work together to find an outcome that meets the clearly stated needs of both parties as far as possible, a problem-solving or win-win approach.

In terms of achieving a win-win outcome, answers might refer to the work of Cornelius and Friere. They suggest three ways in which a conflict or disagreement can be resolved.

- Win-lose where one party gains at the expense of the other
- Lose-lose where neither party obtains what they want and compromise can lead to resentment
- Win-win where both parties get as close as possible to what they really want. Whether or not the outcome is actually possible, the attempt to pursue it generates more options, more creative problem solving, more open communication and enhanced co-operation, as well as preserving working relationships.

Cornelius and Friere outline a win-win approach as:-

- Ascertain why each party needs what they say they want. Getting to the other party's fears and needs in the situation facilitates meaningful problem-solving. It also encourages communication, supports other people's values and separates the problem from the personalities involved.
- Find out where the differences dovetail. Diverging needs may seem like the cause of conflict but, they also offer potential for problem-solving as the different needs may not be mutually exclusive, but may dovetail at some point
- Design new options, where everyone gets more of what they need. Techniques include brainstorming, breaking the problem down into manageable chunks and devising suggestions and concessions which are easy or low-cost for both parties, and can be traded. The aim is mutual gain
- Co-operate - treat the other person as a partner – not as an opponent

Other valid responses will be accepted.

(Q4)

Question 4

Appraise the advantages for organisations of developing and implementing an Ethical Practices and Standards policy throughout its global supply chain.

[25 marks]

LO: 4

AC: 4.1

Planning your answer

Command Words

It is important in any constructive response question to understand the Command word used in the question as they tell you exactly what the assessor wants you to do. In this question the assessor will want you to clearly '**Appraise** the advantages for organisations of developing and implementing an Ethical Practices and Standards policy throughout its global supply chain.'

The Command word in this question is **Appraise** "Evaluate, judge or assess something, giving views based on strengths and weaknesses of a given situation"

Answering the question

A good approach to answering this question would be to have a short introductory paragraph recognising that ethical practices and standards embody principles that promote corporate social responsibility, transparent behaviours, fairness and trust. Purchasing and supply management professionals are increasingly required to demonstrate that their supply chains take ethical and social responsibility issues seriously. However we also need to acknowledge the difficult challenges faced by procurement regarding ethics and behaviours in global supply chains that stretch across different cultures and laws and in different countries.

Following on from this short introduction perhaps have a short sub-heading: Advantages for organisations of developing and implementing an ethics practices and standards policy include:

Recognising the question is for 25 marks we could identify and appraise five of these in some breadth and depth to help accrue good marks.

This approach helps to ensure that you understand the question, recognise the command word and to appraise the advantages for organisations of developing and implementing an Ethical Practices and Standards policy throughout its global supply chain.

The following is suggested answer content rather than a model answer and can include but is not limited to:

- Provides a central guide and reference for employees in supporting day-to-day decision making. A well written policy clarifies organisation's mission, values and principles, linking them with standards of professional conduct.
- Promotes the adoption and improvement of supplier ethical policies and practices globally. May help to increase supplier diversity, educate suppliers and encourage first tier suppliers to use small to medium size enterprises as sub-contractors.
- Can improve Brand Reputation. It is a public statement that the organisation is committed to high standards.
- Can help avoid Reputational Damage. Organisations can suffer reputational damage if they are found to be sourcing from suppliers which use exploitative labour.
- Can help avoid financial risk in terms of fines and non-compliance. Buyers have legal obligations to ensure that they take measures to prevent illegal conduct such as fraud, corruption, bribery and modern slavery and other human rights abuses from entering their supply chains.
- Supplier countries and communities can reap economic and social benefits through ethical sourcing relationships. A track record of sustainable and ethical procurement activity can encourage investment and improve employee morale.

Provide examples where possible. Nestle, Apple (Foxconn) are huge global companies who have both been affected reputationally in regard to exploitative labour and child labour. There are many examples to draw from. Apple responded to poor labour practices by Foxconn (a major supplier to Apple) by putting their own monitoring and management personnel into Foxconn factories.

Other valid responses will be accepted.