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Contemporary Management Approaches BMSP4002

Assessment 1

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Introduction

This document is focused on the makeup and activities of Next plc- more specifically, its organisational function. The aforementioned term covers a broad range of concepts and so the following will be explored in detail pertaining to Next plc:

- Organisational context
- Approaches to organisation and management
- Work and motivation
- Perception and communication

Organisational context

The following paragraph will give one a quick introduction to the type and scope of the operational activities conducted by Next plc.

Next plc is a well-established retailer across Britain and abroad, supplying clothing, footwear and home products from a variety of brands directly to consumers. Founded in 1864, the company started out as a manufacturer of the three components of a gentleman's three-piece suit. (Honeyman, n.d.)

In the modern era, it has grown massively to become one of the UK's leading suppliers of apparel, occupying 6.6% of the share of the market for apparel in 2018. This statistic places Next plc in a near-frontrunner position in the market, trailing only one percentage point behind the leader, M&S. (Sabanoglu, 2020)

Next plc has a market capitalisation of £10.55bn at the time of writing; (Google Finance, 2021) this figure represents the total market value of the company calculated based on the current market price of its shares multiplied by the total number of outstanding shares. (Seth, 2020)

To give additional context in regards to the scope of Next plc's operations, its website shows that its operations extend to over 130 countries, including Hong Kong, Kazakhstan, Angola, Russia and Australia as notable examples among many others. (Next, 2017) Furthermore, the company is reported to employ approximately 44,000 staff across all of these markets (Next, 2020a)

Because the company is headquartered in Enderby, England, it would be reasonable to assume that much of its senior management would be located there given the benefits of centralising leadership into one location. (Next, 2007)

It is important to have an understanding of the organisational behaviour of a company on which one is preparing a study of organisational function. Two companies are rarely exactly alike in behaviour, and even rarer across different industries. Companies that operate in different ways will perhaps benefit from different organisational makeup to most efficiently tend to their operations; such an example would be looking at Next versus Nike. It would be correct to state that both operate in the same market- both supply apparel and footwear- however the similarities end thereafter. Nike produces its apparel in-house in over 40 countries, unlike Next, which sources its apparel from external suppliers. (Harris, 2019) (Next, n.d.) This would call for a different style of organisation for Nike to be able to cater to its larger scale and diversity of operations.

As part of organisational context, organisational metaphors are able to be used to draw comparison between a business entity and a 'way of life', with eight different metaphors identified by Gareth Morgan in his book, *Images of Organization: Executive edition* (1998). Because Next plc is a public listed company with operations in over 130 countries, a hierarchy of sorts would be needed for operatives in each country to be held accountable to senior managers and hence for such scope of operations to be sustainable. This would place Next plc in the 'Political system' category of metaphor, represented by its hierarchy of ranks. This can be seen if one views Next plc's corporate governance page (2011) in which its committees are stated to be each led by directors and those with relevant financial experience; having no less than three committees would require the presence of a form of hierarchy to maintain order.

Approaches to organisation and management

There are a few key approaches to organisation and management which will be briefly covered in the following paragraphs.

The first approach is classical management theory, comprising the work of three management theorists; Weber, a proponent of bureaucracy, in which organisations should resemble an extension of the government and legal system, while authority is tied to the official position one holds; Taylor, a proponent of scientific management, which applied time and motion studies to the workplace by standardising each individual step to find the best way to complete it; and Fayol, who took a mid-level approach compared to the previous two by advocating for administrative science, in which managers should engage in certain activities: planning, organisation, commanding, coordinating and controlling. (Organizational Communication Channel, 2017)

A different take on organisation and management is the Human Relations approach, focusing on the employee as an individual; this makes use of the Hawthorne effect, in which employees feeling important increases output. This approach also involves working in teams, clear upward communication and dynamic leadership through communication, mentorship and direction. (Study.com, 2013)

The last approach is the contingency approach which advocates for dynamic leadership, stating that there is no one best way to lead. This theory dictates that the best way to organise depends on the nature of the environment surrounding the organisation. It is also stated that organisations are open systems that need careful management to satisfy internal needs and adapt to environmental circumstances. (Audiopedia, 2014)

Locus Assignments, a tutoring and research body, came to the following conclusions about Next plc; it follows a centralised decision-making process, meaning that decision-making is limited to senior management; a tall and narrow span of control exists, and a bureaucratic structure with an autocratic leadership style is followed. Furthermore, the company uses a reward and punishment system on the basis of employee performance. This confirms that the company uses a bureaucratic approach to management, playing into the organisational metaphor of a 'Political system' from the previous section. The company makes use of the Human Resources approach by making its employees self-dependent, assisting in the identification of psychological needs of its employees to help them attain their long-term goals. Lastly, Next uses the contingency approach to identify factors which may improve growth as this approach allows the company to identify its technological needs and allocate resources to meet these accordingly. (Locus Assignments, 2017)

Regarding the contingency approach to management, Fern Fort University conducted a PESTEL analysis of Next to identify factors which may influence its environment. Although many of the points raised are important, only a few will be mentioned for the sake of brevity. These include wage legislation and antitrust laws under political, types of economic system in countries of operation and costs of labour across markets under economic, education level within the industry and skill level of the population under social, recent technological developments by competitors and the rate of technological diffusion under technology, climate change and attitudes towards sustainable energy under environmental, and consumer protection laws and data protection of online customers under legal. This showcases the complexity of Next's environment, highlighting the need for an effective contingency approach. (Fern Fort University, 2017)

Work motivation and satisfaction

A few theories on work motivation exist, each with varying implications for the process of motivating.

Mazlow's hierarchy of needs was devised by Abraham Maslow, with five stages of needs that must be fulfilled from the bottom up for an employee to reach maximum potential: physiological needs, safety and security, love and belongingness, self esteem and self-actualisation, at which point one's highest potential is reached. (Klindt, 2013)

McGregor's theory X and theory Y splits workers into two groups; a theory X worker only works in return for security, needs direction and control and prefers result-based enticement; a theory Y worker is internally motivated to work towards ambitions, advocates for a non-results based motivation system and values input from everyone. A theory X worker is better suited to piece-work and a theory Y worker to creative industries. (Arro, 2016)

Herzberg's hygiene theory states that people are motivated by two sets of factors; motivators and hygiene factors. Motivators influence workers to work harder by giving them responsibility, interesting work and opportunity for growth. Hygiene factors come with the job and represent basic physiological needs, able to demotivate workers if not present but unable to motivate workers by themselves. (ProjectEpic, 2015)

Elton Mayo's Social Human Relations approach focuses on the individual, analysing what causes their achievement. Mayo advocated for work teams, clear upward communication and superior leadership through mentoring and encouragement. (Study.com, 2013) This was put into use during the Hawthorne electric plant studies, leading to the discovery that it was the feeling of importance that led workers to overperform. (matamores1, 2013)

Two Next plc corporate responsibility documents highlight the approaches that the company is taking in regards to work motivation. An excerpt from one document reads as follows:

Our priorities are to work to provide an environment where our employees are:

- Supported and respected
- Treated fairly and taken care of
- Listened to
- Motivated to achieve their full potential

(Next, 2015)

It is shown that elements of Maslow's hierarchy and Herzberg's hygiene theory are used; health and safety is paramount as focus was placed on reducing staff trips and falls in stores. Training and development is also mentioned in the document. Rewards and benefits are also offered, such as the 'sharesave' scheme where employees save money to purchase shares in Next. Furthermore, a purpose-built nursery named 'NEXT Steps' continues to go from strength to strength, supporting employees with their pre-school childcare arrangements while in employment with Next.

In their 2020 document, there is mention of a mental health charter. The company's description of its mental wellbeing goal is "where you are able to achieve your potential, cope with normal day to day pressures, thrive and be productive in all aspects of your life." Moreover, further focus on employee health and safety through improved training for managers, clear communications and accident reporting hints at Next plc's intentions to fulfill Herzberg's hygiene factors as well as the needs as interpreted by the Social Human Relations Approach. (Next, 2020b)

Perception and communication

Communication is an important aspect of business culture. The benefits of effective communication are clear-cut, comprising; building trust in management, tackling potential conflict-causing issues at their roots, improving employee engagement, promoting team-building and, ultimately, improving productivity and delivering benefit to the organisation. (Portland Community College, 2019)

Where communication becomes less-clear cut is when perception is entered into the equation. Every person is fundamentally different in the way that they perceive their work, their colleagues and their employer. Five ways in which perceptual problems can be created are as follows:

Stereotyping means to assign characteristics to a person based on a general categorisation- that being race, job, age or social status, for example. This often leads to an inaccurate perception of the individual in question and may lead to prejudices and discrimination arising.

The halo effect is a process through which the perception of a person is created on the basis of a single trait or impression, be it positive or negative. The halo effect shuts out the person's other relevant characteristics which means that there is a potential for a mismatch between perception and reality.

Perceptual defence functions as an extension to the concept of confirmation bias. This is the tendency to screen out stimuli that are threatening to one's current perception. Because of this, any conclusion arrived at will be firmly one-sided, having the potential to cause disastrous consequences in a business context.

Projection is the attribution of one's own feelings, motives or traits to another person. This is a way in which we protect ourselves from acknowledging that we ourselves may possess undesirable traits, possibly leading to the exaggeration of positive or negative traits in others. This has the potential to lead to better or worse treatment than is called for. (University of Wales Trinity Saint David, 2021, p8-9)

On Next plc's approach to corporate responsibility document for 2020, there is a brief outline of the company's aims regarding this topic, including the encouragement of an open environment eliminating stigma, fear and discrimination and helping everyone to recognise that maintaining positive mental wellbeing is a challenge for some, even if it doesn't seem so. (Next, 2020b)

On a similar document made in 2015, Next plc stated that it is an equal opportunities employer and will continue to offer career opportunities without discrimination. In regards to employment, the company stated that 'full consideration is given to applicants for employment from disabled persons, having regard to their particular aptitudes and abilities.' Furthermore, it stated that full employment is continued wherever possible for workers who become disabled during employment and that opportunities for career development do not operate to the detriment of disabled employees. (Next, 2015)

In Next plc's code of practice, the company states that no employee should be threatened with or receive disciplinary action on the grounds of a discriminatory conclusion. All employees should be treated equally and decisions based on discrimination rather than merit are deemed unacceptable. Moreover, every employee is stated to have the right to equal access to jobs, training and opportunity for promotion. (Next, 2016, p15)

Next plc's mention of approach to perception is admittedly lacking- there is talk of tackling discrimination, but not tackling it at its roots caused by perception. However, there are relatively few legal cases against Next plc on the basis of discrimination available online and even less that have sided in favour of the plaintiff, so it would be reasonable to assume that measures regarding perception are in place, even if informally.

Conclusion

This document was made to study the organisational function of Next plc and the approaches that it uses to manage these functions. Areas regarding organisational function covered in detail were organisational context, approaches to organisation and management, work motivation and satisfaction, and perception and communication. A brief summary of each is included below.

Next has a very large scope of operations, with activities in over 130 countries. Managers local to each country must be held accountable to senior managers at the company headquarters and so a bureaucratic management style would be advantageous to Next plc. In terms of organisational metaphors, this would be most akin to a political system.

Regarding organisation and management, Next plc uses a bureaucratic system of management with a centralised decision-making process to reflect its extremely extensive scope of operations across many countries. Elements of the contingency and human resources approaches are also used to identify external factors that may influence growth and to encourage self-dependency among employees.

In terms of motivation, Next plc incorporates elements of Maslow's hierarchy and Herzberg's two factors into its culture. Health and safety on Next plc property is paramount, while training and development is also mentioned in Next plc documents. It is clear that an effort is being made by Next plc to fulfill the needs of its employees from this information.

In regards to perception and communication, Next plc has set strict boundaries pertaining to discrimination and its effect on employees, putting in place a no-tolerance policy for workplace discrimination. However, the company is much more vague when it comes to the root of this issue in perception, meaning that assumptions must be drawn upon; as there are very few successful legal cases against Next plc in relation to discrimination, it can be assumed that the company takes this area seriously.

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