



**MANAGERIAL LEVEL**  
**BUSINESS MANAGEMENT PILLAR**  
**PAPER P4 – ORGANISATIONAL MANAGEMENT**  
**AND INFORMATION SYSTEMS**

This is a Pilot Paper and is intended to be an indicative guide for tutors and students of the style and type of questions that are likely to appear in future examinations. It does not seek to cover the full range of the syllabus learning outcomes for this subject.

Organisational Management and Information Systems will be a three hour paper with two compulsory sections (for 50 and 30 marks respectively) and one section with a choice of questions for 20 marks.

**CONTENTS**

**Pilot Question Paper**

Section A: Twenty objective test questions	Pages 2-10
Section B: Six short answer questions	Pages 11-12
Section C: Two scenario questions	Pages 13-14
<b>Pilot Solutions</b>	<b>Pages 15-24</b>

SECTION A – 50 MARKS

ANSWER ALL SUB-QUESTIONS

- Questions 1.1 to 1.15 are worth 2 marks each (30 marks in total)
- Questions 1.16 to 1.20 are worth 4 marks each (20 marks in total)

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Each of the sub-questions numbered from **1.1** to **1.15** inclusive, given below, has only **ONE** correct answer. Each sub-question is worth 2 marks.

**REQUIRED:**

On the indicative ANSWER SHEET, enter either your answer in the space provided where the sub-question requires a written response, or place a circle “O” around the letter that gives the correct answer to the sub-question where a list of distractors has been provided.

If you wish to change your mind about an answer to such a sub-question, block out your first answer completely and then circle another letter. You will not receive marks if more than one letter is circled.

Space has been provided on the four-page answer sheet for workings. If you require further space, please use the last page of your answer book and clearly indicate which question(s) these workings refer to.

You must detach the answer sheet from the question paper and attach it to the front cover of your answer book before you hand it to the invigilators at the end of the examination.

**Question One**

**1.1** Bar code readers, scanners and keyboards are examples of

- A** hardware input devices.
- B** software input devices.
- C** systems processing devices.
- D** hardware processing devices.

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**1.2** Local area networking is used for

- A** communication between computers within a limited geographical area.
  - B** structuring an organisation within a division or business unit.
  - C** exchange of information through a trade association or region.
  - D** managing a complex operational issue by global interface with trade associations and professional bodies.
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**Organisational Management and Information Systems**

INDICATIVE ANSWER SHEET FOR SECTION A

Write here your full examination number:			
Centre Code			
Hall Code			
Desk Number			

1.1	A	B	C	D
1.2	A	B	C	D
1.3	A	B	C	D
1.4	A	B	C	D
1.5	A	B	C	D
1.6	A	B	C	D
1.7	A	B	C	D
1.8	A	B	C	D
1.9	A	B	C	D
1.10	A	B	C	D
1.11	A	B	C	D
1.12	A	B	C	D
1.13	A	B	C	D
1.14	A	B	C	D
1.15	A	B	C	D

You must detach the answer sheet from the question paper and attach it to the front cover of your answer book before you hand it in to the invigilators at the end of the examination.

<b>1.16</b>	
<b>1.17</b>	
<b>1.18</b>	
<b>1.19</b>	
<b>1.20</b>	

**Space for workings for Section A**

**Space for workings for Section A**

**1.3** When someone commences a new job, the process of familiarisation is known as

- A** probationary period.
  - B** recruitment.
  - C** appraisal.
  - D** induction.
- 
- 

**1.4** An effective appraisal system involves

- A** assessing the personality of the appraisee.
  - B** a process initiated by the manager who needs an update from the appraisee.
  - C** advising on the faults of the appraisee.
  - D** a participative, problem-solving process between the manager and appraisee.
- 
- 

**1.5** The motivating potential score, developed by Hackman and Oldham, is calculated to assess

- A** the knowledge of an individual.
  - B** the satisfaction with work.
  - C** the content of the job.
  - D** the quality of work performed.
- 
- 

**1.6** Quality management thinker J.M. Juran once suggested that 85% of an organisation's quality problems are

- A** a result of ineffective control by supervisors and managers.
  - B** a result of ineffective systems.
  - C** a result of ineffective workers.
  - D** a result of ineffective incentive bonus schemes.
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**1.7** Job rotation involves

- A** a redesign of a person's post based upon job analysis.
  - B** the movement of an individual to another post in order to gain experience.
  - C** the expansion and enrichment of a person's job content.
  - D** the relocation of a post holder in order to benefit from the experience of a number of potential mentors.
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- 1.8** A grievance procedure is established by an organisation in order that
- A** there is a standing process to deal with the arbitration of disputes.
  - B** the organisation can fairly discipline members of the workforce for wrongdoing.
  - C** the workforce might formally raise issues where ill treatment has occurred.
  - D** collective bargaining between the employer's side and the workforce might proceed smoothly.
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- 1.9** Entropy is a term used to describe
- A** the tendency of a system to break down due to randomness.
  - B** the tendency of a system to develop over time leading to randomness.
  - C** a means of testing candidates in an interview to overcome randomness.
  - D** a means of developing open learning using computers.
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- 1.10** Many large organisations have established a computer intranet for the purpose of
- A** providing quick, effective and improved communication amongst staff using chat rooms.
  - B** providing quick, effective and improved communication to staff.
  - C** providing quick, effective and improved communication to customers.
  - D** providing quick, effective and improved ordering procedures in real time.
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- 

- 1.11** The main advantages of a database management system include
- A** the development of separate data sources.
  - B** unlimited access and open communication.
  - C** end user flexibility and a devolution of responsibility.
  - D** data integrity and elimination of duplication.
- 
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- 1.12** An expert system describes
- A** a database built upon past knowledge and experience.
  - B** a powerful off the shelf software solution.
  - C** an on-line library of operating advice and handy hints.
  - D** an electronic version of working papers assembled by the Research and Development department.
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- 1.13** The five S (5-S) practice is a technique aimed at achieving
- A** effective investment of resources in training and recruitment.
  - B** standardised procedures to improve the physical and thinking organisational environments.
  - C** excellence in strategy, style, skills, staff and structure.
  - D** diversity of activity and independence of thought in order to achieve closeness to the customer.
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**1.14** An “assessment centre” approach is used

- A** as part of an appraisal process.
  - B** as part of a process of training and development.
  - C** as part of a selection process.
  - D** as part of an exit interview process.
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**1.15** Selection tests that fail to produce similar results over time when taken by the same candidate are

- A** contradictory.
  - B** unreliable.
  - C** too general.
  - D** unstable.
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*(Total for these sub-questions = 30 marks)*

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*Section A continues on the next page*

**REQUIRED:**

Each of the sub-questions numbered **1.16** to **1.20** below require a brief written response. Each sub-question is worth 4 marks.

This response should be in note form and should not exceed 50 words. Use the spaces provided on the second page (page 4) of the answer sheet.

**1.16** Explain the relationship between a (Just in Time) JIT system and cash flow management.

*(4 marks)*

**1.17** Explain how computer software can assist in achieving quality in a manufacturing organisation.

*(4 marks)*

**1.18** Distinguish quality control from quality circles.

*(4 marks)*

**1.19** Explain why a phased system change-over for a computer development might help employees cope better with technological change.

*(4 marks)*

**1.20** Describe the main benefits of in-house developed information systems.

*(4 marks)*

*(Total for these sub-questions = 20 marks)*

*(Total for Section A = 50 marks)*

*End of Section A*

SECTION B – 30 MARKS

ANSWER ALL PARTS OF THIS QUESTION.

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**Question Two**

Hubbles, a national high-street clothing retailer has recently appointed a new Chief Executive. The company is well established and relatively financially secure. It has a reputation for stability and traditional, quality clothing at an affordable price. Lately, however, it has suffered from intense competition leading to a loss of market share and an erosion of customer loyalty.

Hubbles has all the major business functions provided by “in house” departments, including finance, human resources, purchasing, strategy and marketing. The Strategy and Marketing Department has identified a need for a comprehensive review of the company’s effectiveness. In response, the new Chief Executive has commissioned a review by management consultants.

Their initial findings include the following:

- Hubbles has never moved from being sales-oriented to being marketing-oriented and this is why it has lost touch with its customers;
- Hubbles now needs to get closer to its customers and operate a more effective marketing mix;
- Additional investment in its purchasing department can add significantly to improving Hubbles’ competitive position.

The Chief Executive feels that a presentation of interim findings to senior managers would be helpful at this point. You are a member of the management consultancy team and have been asked to draft a slide presentation of some of the key points. The Chief Executive has identified six such points.

*Required:*

Prepare a slide outline, and brief accompanying notes of two to three sentences, for each of the Chief Executive’s key points identified below. Use a separate page of your answer book for each key point (meaning that your responses are contained on no more than six pages in total).

- (a) Describe the difference between a company that concentrates on "selling" its products and one that has adopted a marketing approach. *(5 marks)*
- (b) Explain how Hubbles might develop itself into an organisation that is driven by customer needs. *(5 marks)*
- (c) Explain what is meant by the “marketing mix”. *(5 marks)*
- (d) Identify examples of ways in which the management of Hubbles could make use of the marketing mix to help regain its competitive position. *(5 marks)*

(e) Describe the main areas in which Hubbles' Human Resources Department might reasonably contribute to assist the Purchasing Department. *(5 marks)*

(f) Explain how an efficient Purchasing Department might contribute to effective organisational performance. *(5 marks)*

*(Total = 30 marks)*

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*End of Section B*

SECTION C – 20 MARKS  
ANSWER ONE QUESTION ONLY

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**Question Three**

A year ago, the owner-manager of a taxi service also moved into a new business area of fitting tyres. This came about as a result of the experience of using unbranded tyres on the fleet of ten taxis. Based on several years of use, the owner-manager found that the unbranded tyres lasted almost as long as the branded tyres, but had the advantage of being obtainable at half the price. The set-up costs of the tyre-fitting business were relatively modest and the owner-manager initially fitted the tyres himself. Demand picked up quickly, however, and he was forced to employ an experienced fitter. A few months later, demand accelerated again and he has just advertised for another fitter but, unfortunately, without success.

The tyre-fitting business has produced additional challenges and the owner-manager is finding it increasingly difficult to manage both the taxi service and the new business where he seems to be spending more and more of his time. He already employs one receptionist/taxi controller, but has realised that he now needs another.

As if this were not enough, he is in the middle of extending his operations still further. Customers who buy tyres frequently request that he check the wheel alignment on their car following the fitting of new tyres. He has started to provide this service, but when done manually it is a slow process, so he has invested heavily in a new piece of electronic equipment. This new technology will speed the alignment operation considerably, but neither he nor his tyre-fitter can operate the equipment. The owner feels that tyre fitters should be able to operate the equipment, and an additional member of staff is not required just to operate it.

To add to all these problems, two of his taxi drivers have resigned unexpectedly. Past patterns suggest that of the ten drivers, normally one or two leave each year, generally in the summer months, though now it is winter.

Given all these staffing difficulties, the owner-manager has made use of a relative who happens to have some HR expertise. She has advised the owner-manager on recruitment and selection, training and development. The relative also suggests that the business needs a well thought out human resource plan.

**Required:**

- (a) Prepare an outline human resource plan for the business and explain each aspect of your plan.

**(12 marks)**

- (b) Discuss the important human resource activities to which attention should be paid in order to obtain the maximum contribution from the workforce.

*Important: For requirement (b), exclude those areas upon which the relative has already provided advice to the owner-manager (recruitment and selection, training and development).*

**(8 marks)**

**(Total = 20 marks)**

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#### Question Four

*Required:*

- (a) Using prescriptive, planned change theory, as outlined by Lewin and others, describe how any major new organisational initiative can be successfully implemented.

*(10 marks)*

Zed Bank operates in a fiercely competitive market and has decided to implement a number of important initiatives, including:

- enhancing its current services to customers by providing them with on-line internet and telephone banking services; and
- reducing costs by closing many of its rural and smaller branches (outlets).

In an attempt to pacify the employee representatives (the Banking Trade Union) and to reduce expected protests by the communities affected by branch closure, a senior Bank spokesperson has announced that the changes will be "incremental" in nature.

In particular, she has stressed that:

- the change will be implemented over a lengthy time period;
- there will be no compulsory redundancies;
- banking staff ready to take on new roles and opportunities in the on-line operations will be retrained and offered generous relocation expenses.

For customers, the Bank has promised that automatic cash dispensing machines will be available in all the localities where branches (outlets) close. Customers will also be provided with the software needed for Internet banking and other assistance necessary to give them quick and easy access to banking services.

The leader of the Banking Trade Union is "appalled" at the initiatives announced. He has argued that the so-called "incremental" change is in fact the start of a "transformational" change that will have serious repercussions, not only for the Union's members but also for many of the Bank's customers.

*Required:*

- (b) Distinguish incremental change from transformational change. Explain why the Bank spokesperson and the trade union leader disagree over their description of the change.

*(10 marks)*

*(Total = 20 marks)*

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*End of Question Paper*

# SOLUTIONS TO PILOT PAPER

## SECTION A

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1.1	<input checked="" type="radio"/> A	B	C	D
1.2	<input checked="" type="radio"/> A	B	C	D
1.3	A	B	C	<input checked="" type="radio"/> D
1.4	A	B	C	<input checked="" type="radio"/> D
1.5	A	B	<input checked="" type="radio"/> C	D
1.6	A	<input checked="" type="radio"/> B	C	D
1.7	A	<input checked="" type="radio"/> B	C	D
1.8	A	B	<input checked="" type="radio"/> C	D
1.9	<input checked="" type="radio"/> A	B	C	D
1.10	A	<input checked="" type="radio"/> B	C	D
1.11	A	B	C	<input checked="" type="radio"/> D
1.12	<input checked="" type="radio"/> A	B	C	D
1.13	A	<input checked="" type="radio"/> B	C	D
1.14	A	B	<input checked="" type="radio"/> C	D
1.15	A	<input checked="" type="radio"/> B	C	D

**1.16** Just in Time (JIT) systems involve the purchase and production of goods only when needed and aim to eliminate unnecessary stocks of materials and parts. As much less money is tied up in stock, this should improve organisational cash flow.

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**1.17** Software such as computer aided design (CAD) and manufacturing (CAM) provide the necessary flexibility in manufacturing to meet customer requirements more closely and help eliminate mistakes and material wastage. These advances can contribute towards world class manufacturing performance.

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**1.18** Quality control is a traditionally Western approach to production involving inspection of work by a third party.

Quality circles are part of a quality programme that involves work groups meeting to share ideas and discuss ways in which to improve quality and solve problems.

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**1.19** A phased system changeover

- allows employees time to adjust.
  - helps reduce resistance as it does not appear too extreme.
  - allows time for retraining and employee displacement issues to be addressed.
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**1.20** The main benefits of in-house development are that

- the information system is likely to match the needs of the users more closely, meaning staff acceptance and involvement.
  - the development team is normally local and available if required. Possible greater focus on progress and success.
  - the development team are likely to gain user acceptance more quickly.
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## SECTION B

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### **Answer to Question Two**

#### *Requirement (a)*

##### **Slide 1:**

Features of sales-oriented organisations:

- Aggressive selling, advertising and sales promotion.
- A concentration on selling **not** marketing.
- A strong sales department.

Marketing is about:

- Supplying what the customer wants.
- An organisation-wide philosophy.

##### **Notes to Slide 1:**

The claim that Hubbles concentrates on “selling” implies that it is not focussed on customer needs. Instead of finding out what the customer wants, it is trying to sell whatever items it happens to have in stock.

#### *Requirement (b)*

##### **Slide 2:**

Adopting the marketing concept:

- focus on potential customer needs (and how these can be satisfied);
- greatest opportunity = meeting needs (gaps) not currently met;
- implies market research, competitor product research;
- possible future benchmarking;
- NOT a change to the Marketing Department: a new way of organisational thinking;
- training for all staff?
- management to help by providing the right products & resources.

##### **Notes to Slide 2:**

Reorientation means Hubbles needs to change the way it defines and investigates its markets, prices, products and communication with its customers. The critical people are the front line staff who customers come into direct contact with. This customer-led focus

should permeate every department so that the needs of the customer are kept in view at all times.

*Requirement (c)*

**Slide 3:**

Components of marketing mix:

- Product. Customers' product wants and desired characteristics;
- (Place) distribution. Desired quantity available right place and time;
- Promotion. Increasing awareness of products; inform about product features; keep interest;
- Price. Is critical and can be used as a competitive tool.

Plus sometimes added for service organisations:

- People. Staff decisions, image & actions central to the other marketing mix components.

**Notes to Slide 3:**

After Hubbles has identified its target market, it will be in a position to develop its marketing mix. Components are decision variables that can be changed and Hubbles must decide how to create and maintain a marketing mix that satisfies consumers' needs.

*Requirement (d)*

**Slide 4:**

- Product – Develop new products, modify/enhance existing ones and eliminate others.
- Place – Improve inventory, transport and storage to serve market. Well-sited premises redesigned to reflect brand, and so on.
- Promotion – Rebranding, advertising campaigns, using different media to target groups.
- Price – Revise pricing structure to convey value, or price below competitors.
- People – Can influence buyer behaviour. Training programmes, monitoring systems and ongoing support.

**Notes to Slide 4:**

Must develop a marketing mix that precisely matches the needs of potential customers in the target market. First research the market for data about the age, income, sex and educational level of target market, preferences for product features and attitudes to competitors' products.

### *Requirement (e)*

#### **Slide 5:**

HR contribution

Helping Purchasing to function to maximum effectiveness, including:

- Resourcing – Getting the right staff in the right position with clear responsibilities.
- Training & Development – Improved performance: training needs analysis and programme design.
- Relations – Agreement on necessary action to bring about improvement.
- Rewards – Ensuring sufficient incentives to achieve improvement.

#### **Notes to Slide 5:**

Purchasing includes procurement of range of materials and finished products for sale, supplier identification and selection, negotiating prices, liaising with stores over needs and stock levels and so on.

HR issues include consideration of staff level, numbers, mix, attitudes, expertise and skills and supporting/leading initiatives required.

### *Requirement (f)*

#### **Slide 6:**

Purchasing Department: contribution to effective organisational performance

- **Quantity**, Just in Time (JIT) and electronic data interchange (EDI) automatic ordering and stock replenishment. Leads to: improved efficiency and reduced stock-outs.
- **Quality** supplies helps improve quality of the end product (fewer rejects/returns).
- Good **price** (bulk discounts to reduce cost of end product).
- **Delivery** of the supplies on time crucial to avoid lost sales.

#### **Notes to Slide 6:**

Critical role to the smooth running of the company and its overall performance in creation of value and supply chain management. Purchasing policies and purchasing mix (quantity, quality, price and delivery) will contribute to organisational performance.

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**Answer to Question Three**

*Requirement (a)*

**Draft Human Resource Plan**

The human resource plan should include:

**Strategic review**

- Maintain taxi service at current level;
- Continue expansion of tyre fitting service by continuing to offer unbranded low price tyres and develop electronic wheel alignment service as an additional optional service.

**Audit of Existing HR Staff**

- Owner-manager 1
- Taxi drivers 8
- Reception/Taxi Co-ordinator 1
- Tyre Fitter 1

**Demand for additional staff due to change in strategy and labour turnover**

- Replacement of taxi drivers 2 (possibly 2 more in the summer)
- Appointment of co-ordinator 1
- Appointment of tyre fitter 1

**Action plans to reconcile gap between demand and supply**

- Recruitment and selection of two taxi drivers;
- Recruitment and selection of a tyre fitter or of a person capable of training to be a tyre fitter;
- Training of taxi drivers;
- Training of tyre fitters in use of electronic wheel alignment equipment;
- Justification of each aspect of the human resource plan.

It is necessary to review the strategy of the organisation because changes in strategic direction usually have implications for human resources. In this case, we have an emergent strategy that is proving very successful in that it is resulting in the rapid expansion of a tyre fitting business. The expansion is affecting not only the tyre fitting

side of the operation, but is also impacting on the human resources of the organisation as a whole. The owner manager can no longer cope with the demands on his time as a manager/operator and so it is necessary for the company to employ additional staff to cope with the co-ordination of the taxi service and reception work.

The audit of the existing staff is necessary to provide a kind of stock-take of what the organisation already has in terms of human resources. In this case, the numbers are small and we can work out mentally what the current human resource situation is.

The demand for additional staff is once again easy to estimate for the company because small numbers are involved and requirements are for a limited range of skills. The principle involved, however, is just the same as if we were looking at the additional demand for workers of many different skills working in a very large and complex organisation. We need to know about any extra numbers demanded because of a change in strategy, or some other reason for extra demand or alternatively for a contraction in demand. It is also necessary to take into account numbers lost through labour turnover during the planning period, so that extra employees with the required skills can be recruited to compensate.

When we have the figures of existing employees, we can use these as a basis to calculate the gap between what we have and what we need by estimating what the expansion, caused by the change in strategy, entails. This figure plus an adjustment for labour turnover will provide us with the number of employees we need to recruit.

The activities to reconcile demand with supply follow simply from our calculation. It may, as in this case, be difficult to recruit people with specific skills we want and so it may be necessary to recruit unskilled people and provide them with the necessary training (for example the use of wheel alignment equipment).

### *Requirement (b)*

In addition to training and development and recruitment and selection, the company will need to ensure that other aspects of human resource management are carried out so that the performance of the workforce is maximised.

Two of the most important human resource activities that are necessary in order to ensure good performance of employees are:

- first, a system of performance appraisal, so that each worker's performance can be evaluated; and
- second, a system of rewards and benefits that will both compensate workers fairly and motivate them to perform to an appropriate standard.

Performance appraisal is a systematic process of evaluating each employee's contribution, his or her strengths and weaknesses and ways of determining how to improve performance. Such an evaluation may provide the basis for the allocation of merit payments that can be used to motivate workers. The information gained can also be used to move staff either between jobs by way of promotion or even out of the company because of under-performance. It can also be used as a means of identifying training and development needs and it provides an opportunity to provide feedback to employees on their past and present performance and to set targets for future performance.

The reward system is also important; first to compensate workers for their efforts. This is the function of base payments. The company might also make use of incentive

payments of various kinds in order to motivate employees to work harder. Taxi drivers, for example, might be rewarded on the basis of their overall takings per week, tyre fitters on the number of extra services they sell, such as number of customers who are persuaded to have wheel alignments carried out.

There are, of course, other important human resource activities that need to be covered such as health and safety provision, which is very important when working with heavy equipment.

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## **Answer to Question Four**

### *Requirement (a)*

In order to facilitate the implementation of a planned change such as that envisaged in the scenario, the following action steps have been found to be useful:

The first step in any change process is to diagnose the current situation to identify the source of problems (or opportunities for improvement). In a large organisation, this frequently leads to a rethinking of strategy, and a redefinition of the organisation's task or work.

### **Unfreeze**

The second step is to identify or create dissatisfaction with the current state. As long as people are satisfied with the current state, they will not be motivated to change. Kurt Lewin, and later Warren Bennis, pointed out that people need to be “unfrozen” out of their inertia in order to be receptive to change.

But while creating dissatisfaction with the present state is important, it is also necessary to offer an attractive future state that organisational members will wish to achieve. A critical requirement for managing the transition state, therefore, is to develop and communicate a clear vision of the future.

It is, of course, essential to communicate the plan so that all stakeholders can see what the benefits are and what has to be done to achieve these. Communication can be accomplished in a variety of ways, ranging from written communications to small group meetings, large briefing sessions, videotaped presentations and so on.

### **Movement**

The third step is to build in participation in the change. Participation in the change can help to reduce resistance, build ownerships of the change, and thus motivate people to make the change work. Participation also facilitates the communication of information about what the change will be and why it has come about.

For a change to occur successfully, sufficient support needs to be put together to push through the change. Those groups that may oppose the change, such as some employees and some customers, have to be persuaded to change their minds. Other groups more positive to the change have to be included in the planning of the change so that their participation will motivate them. Still others, like the trade union may have to be dealt with by bargaining or negotiations. This represents the fourth step in the process.

## **Refreeze**

A fifth step for managing the transition involves the use of a range of rewards to influence the behaviour of individuals, including the need to build in rewards for the behaviour that is desired, both during the transitional state and in the future state. The expectancy theory of motivation and behaviour in organisations suggests that people will tend to be motivated to behave in ways that they perceive as leading to desired outcomes. This implies that both formal and informal rewards must be identified and tied to the behaviour that is needed, both for the transition and for the future state. The most frequent problem is that organisations expect individuals to behave in certain ways while rewarding them for other conflicting behaviours.

Resources for the transition such as personnel, training expertise, consultative expertise, and so on must also be available to the management responsible for implementing change.

Sixth, in order to measure and control performance, the management's plan requires benchmarks, standards of performance and a specification of the responsibilities of key individuals and groups.

The final action step for implementation involves developing feedback mechanisms to provide managers with information on the effectiveness of the change and to provide data on areas that require additional attention or action. Devices such as surveys, focus groups, consultant interviews and so on, as well as informal communication channels, need to be developed and used during this period.

Once the change has been completed it is, of course, necessary to ensure that mechanisms are in place to maintain the new strategies, practices and processes – that is, in Lewin's terminology, to re-freeze the changes.

## *Requirement (b)*

The term "incremental change" refers to relatively small changes. When these occur over an extended period of time such changes are sometimes referred to as "evolutionary". One way of defining incremental change within an organisation is to confine its use to those changes that can be accommodated without a change to the organisation's structure and culture.

In the case scenario, Zed Bank's spokeswoman is using the term "incremental change" in this sense. More particularly, she is arguing that the Bank is not doing anything radically new, except to use available Internet and telecommunications technology to improve customer service and to reduce the Bank's costs. The term "incremental change" implies that the change envisaged by the Bank can be easily accommodated within the Bank's existing organisation structure and culture and that such minor changes as will occur will be beneficial both for bank employees and customers. In arguing the case for the changes in this way, she is seeking to reassure the Bank's staff and customers that the changes will be to their advantage.

In order to distinguish bigger and more radical changes from the many small changes that affect organisations, the term, "transformational change" is often employed. In the organisational context, this is defined as a change that cannot be accommodated by the existing structure and culture of the organisation. Such changes require a major restructuring of the organisation and significant cultural changes.

Such transformational changes, it is argued, have widespread effects. The privatisation of the railways in the UK for instance might be considered one example in which the structure and culture of the organisations that make up the industry have undergone dramatic change. Similarly, one could cite the way in which new technology facilitated the transformation of particular organisations in the printing industry in the 1980's.

In the scenario, the trade union representative is using the term “transformational change”, to argue that the changes being undertaken by Zed Bank are just the prelude to a revolutionary change in banking, which may mean the disappearance of retail banks from the high street and their replacement by Internet Banks. He hopes he can persuade bank employees that the nature of their work will change radically and that they will come to understand that some of them may ultimately face redundancy.

Similarly, he hopes, by using the term “transformational change”, to bring to the notice of Zed Bank's customers, the possibility that the use of Internet Banking will result in the disappearance of branch banking – a form of banking which many of them value. His overall intention will be to reinforce support for his view that the changes proposed by Zed Bank are dramatic and will affect Bank employees and customers in a way that is disadvantageous to all.

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