CIPFA

LEADERSHIP AND MANAGEMENT/FINANCIAL MANAGEMENT, SYSTEMS AND TECHNIQUES

AAT Fast-Track examination

4 June 2008

MARKING SCHEME

AT THE HEART OF YOUR CAREER

Question 1

(a) **Formal groups** are created to achieve specific organisational objectives and are concerned with the co-ordination of work activities. People are brought together on the basis of defined roles within the structure of the organisation. The nature of the tasks to be undertaken is a predominant feature of the formal group. Goals are identified by management, and certain rules, relationships and norms of behaviour established. Formal groups tend to be relatively permanent, although there may be changes in actual membership. However, temporary formal groups may also be created by management, for example the use of project teams in a matrix organisation. Formal work groups can be differentiated in a number of ways, for example on the basis of membership, the task to be performed, the nature of technology, or position within the organisation structure.

Informal groups Within the formal structure of the organisation there will always be informal groups. The formal structure of the organisation, and system of role relationships, rules and procedures, will be augmented by interpretation and development at the informal level. Informal groups are based more on personal relationships and agreement of group members than on defined role relationships. They serve to satisfy psychological and social needs not related necessarily to the tasks to be undertaken. Groups may devise ways of attempting to satisfy members' affiliation and other social motivations which are lacking in the work situation, especially in industrial organisations. The membership of informal groups can cut across the formal structure. They may comprise individuals from different parts of the organisation and/or from different levels of the organisation, both vertically and diagonally, as well as from the same horizontal level. An informal group could also be the same as the formal group, or it might comprise a part only of the formal group. The members of an informal group may appoint their own leader who exercises authority by the consent of the members themselves. The informal leader may be chosen as the person who reflects the attitudes and values of the members, helps to resolve conflict, leads the group in satisfying its goals, or liaises with management or other people outside the group. The informal leader may often change according to the particular situation facing the group. Although not usually the case, it is possible for the informal leader to be the same person as the formal leader appointed officially by management.

(Mullins 2002) *(10)*

(b) The characteristics of an effective work group are not always easy to isolate clearly. The underlying feature is a spirit of co-operation in which members work well together as a united team, and with harmonious and supportive relationships. This may be evidenced when members of a group exhibit:

- a belief in shared aims and objectives;
- a sense of commitment to the group;
- acceptance of group values and norms;
- a feeling of mutual trust and dependency;
- full participation by all members and decision-making by consensus;
- a free flow of information and communications;
- the open expression of feelings and disagreements;
- the resolution of conflict by the members themselves; and
- a lower level of staff turnover, absenteeism, accidents, errors and complaints.

(Mullins 2002) *(10)*

(c) **Role incompatibility** arises when a person faces a situation in which simultaneous different or contradictory expectations create inconsistency. Compliance with one set of expectations makes it difficult or impossible to comply with other expectations. The two role expectations are in conflict. A typical example concerns the person 'in the middle', such as the supervisor or section head, who faces opposing expectations from workers and from management. Another example might be the situation of a manager who believes in a relaxed, participative style of behaviour more in keeping with a Theory Y approach, but whose superior believes in a Theory X approach and expects the manager to adopt a more formal and directive style of behaviour.

Role ambiguity occurs when there is lack of clarity as to the precise requirements of the role and the person is unsure what to do. The person's own perception of their role may differ from the expectations of others. This implies that insufficient information is available for the adequate performance of the role. Role ambiguity may result from a lack of formally prescribed expectations. It is likely to arise in large, diverse groups or at times of constant change. Uncertainty often relates to such matters as the method of performing tasks, the extent of the person's authority and responsibility, standards of work, and the evaluation and appraisal of performance.

Role overload is when a person faces too many separate roles or too great a variety of expectations. The person is unable to meet satisfactorily all expectations and some must be neglected in order to satisfy others. This leads to a conflict of priority. Some writers distinguish between role overload and work overload. Role overload is seen in terms of the total role-set, and implies that the person has too many separate roles to handle. Where there are too many expectations of a single role – that is, a problem of quantity – this is work overload.

Role underload can arise when the prescribed role expectations fall short of the person's own perception of their role. The person may feel their role is not demanding enough and that they have the capacity to undertake a larger or more varied role, or an increased number of roles. Role underload may arise, for example, when a new member of staff is first appointed, or from the initial effects of delegation.

(Mullins 2002) *5 marks for each element up to a maximum of (20)*

(40)

Question 2

(a) Value of HR Planning

HR planning involves considerable uncertainty; it is not a science, and mistakes are bound to occur. However, the use of HR planning can assist organisations to foresee changes and identify trends in staffing resources, and to adopt personnel policies which help to avoid major problems. A human resource plan provides the trigger for a personnel management action programme aimed at reconciling differences between supply and demand. It provides a framework in which action can be taken to help overcome staffing difficulties facing the organisation. HR planning is a continuous process which seeks to ensure flexible resourcing related to internal and external environmental influences.

Effective HR planning can help anticipate potential future difficulties while there is still a choice of action. Forward planning should enable the organisation to develop effective personnel strategies related to such activities as: recruitment, selection and induction; training and retraining; management development and career progression; transfers and redeployment; early retirements; wage/salary levels; anticipated redundancies; and accommodation requirements. It can help provide a framework for the effective management of people.

Coupled with good communications, and meaningful consultation and participation with staff involved, including where appropriate union and/or staff association representatives, effective HR planning should help alleviate potentially harmful effects to individual members of staff or to the performance of the organisation.

(Mullins 2002)

(b) **A job description** tells you about the total requirements of the job: exactly what it is; its purpose; what it entails; the duties, activities and responsibilities attached to it; and its position within the formal structure of the organisation. It may also include a note about any particular features of the working environment. The scope of the job description, and the amount of detail it gives, may vary among different jobs and different organisations.

Although the job description can be a valuable aid for recruitment and selection it should not be drawn up in such a rigid, bureaucratic manner as to imply a lack of flexibility, imagination or initiative on the part of the job-holder.

The person specification is an extension of the job description. It not only tells you about the job but also provides a blueprint of the 'ideal' person to do that job. The person specification details the personal attributes and qualities associated with successful performance of the job; for example, experience, technical skills, physical characteristics, health and appearance, motivation, intellectual ability, formal qualifications, personality and temperament, and any special requirements, such as the need for mobility. In drawing up the specification, particular regard must be given to all legal requirements including the provisions of the Sex Discrimination Act 1975, the Race Relations Act 1976, the Disability Discrimination Act 1995 and the Human Rights Act 1998.

(Mullins 2002)

(c) **If a panel, or board, interview** is used the plan can serve as a basis of the division of questioning among selectors. It enables a clear allocation to be made of areas to be covered by each interviewer and the part which each is to play in the selection interview. An advantage of the panel interview is that candidates may be seen simultaneously by a number of people who have an interest in the appointment. This would enable all aspects of the candidates' application to be explored and suitability for the appointment considered from both the technical competence and the broader organisational viewpoints. Typically, for example, the panel might include a member of top management, the head of department, the immediate supervisor and a member of the HR department.

The use of a panel interview is supported by the Commission for Racial Equality who suggest that the chances of discrimination should be lessened provided that no one member has undue influence over the decision-making process.

A disadvantage of the panel interview is that it tends to be a formal affair and sometimes rather intimidating to some candidates. Each additional member on the panel can add to the difficulties of putting candidates at ease and encouraging them to talk freely.

1 - Examples of **leading questions**
- Timekeeping is important in this job. Are you a good timekeeper?
- I guess you regret that now, do you?
- This is a very busy office and often we are short-staffed. Do you mind working under pressure?

2 - Examples of **open questions**
- What made you decide to ...?
- Tell me about ...
- How did you happen to ...?

3 - Examples of **closed questions**
- What grades did you receive in each of your subjects?
- Exactly how many staff report directly to you?
- How many months did you work with ...?

4 - Examples of **reflective remarks/questions**
(These are helpful in correcting any misunderstandings and to show the candidates that they are being listened to attentively.)
- You appear to prefer working in a busy office.
- So you are interested in all outdoor sports?
- It seems that you do not respond well to personal criticism.

In order to make a fair assessment of candidates you must know what information is needed and how best to collect this from the interview. A clear interview plan is necessary. This could involve breaking up the panels individual questions into say;

1 Impact on others – such as an individual's appearance, speech and manner.
2 Qualifications and experience – the knowledge and skills required by different types of work.
3 Innate abilities – the speed and accuracy with which an individual's mind works.
4 Motivation – the kind of work that appeals to an individual and how much effort the individual is prepared to apply to it.
5 Emotional adjustment – the amount of stress involved in living and working with other people.

One approach commonly used is to have pre-prepared questions agreed by all members of the panel.

However, many organisations will of course have their own interview plan/checklist. The important thing is that some suitable plan is used.

(Mullins 2002) ***(40)***

Question 3

(a) Prepare a briefing note for your manager

(i) Giving a definition of contract monitoring.

A good definition of contract monitoring is ‘any planned, ongoing, or periodic activity that measures and ensures contractor compliance with the terms, conditions, and requirements of a contract’ (*How to Develop a Procurement Strategy*, CIPFA, 2003).

2 marks for a comprehensive definition, 1 mark for a basic definition

(ii) Giving the features of an effective contract monitoring system.

In order to be effective, a contract monitoring system needs to:

- ensure the contractor is complying with the terms and conditions of the contract
- prevent non-compliance by identifying and resolving potential problems
- provide timely feedback to the contractor
- monitor cost
- ensure progress is made towards the contract’s expected outcomes.

1 mark per point up to a maximum of (4)

(iii) Detailing the three main stages of an effective contract monitoring system.

A contract monitoring system should have three stages:

1. Analysis of current performance
2. Report findings
3. Take corrective action.

1 mark per point up to a maximum of (3)

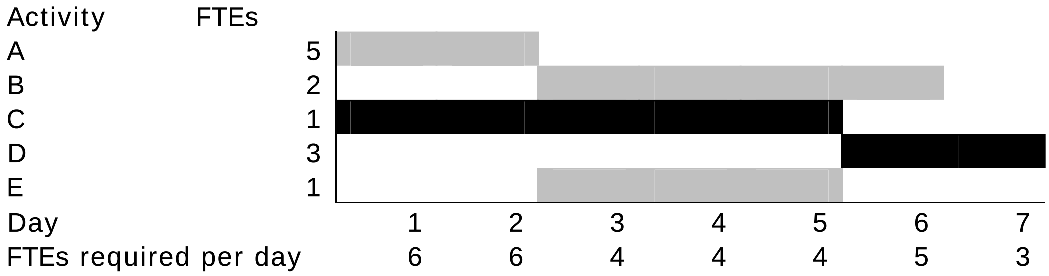
(iv) Outlining some practical measures that could be implemented to avoid problems that have been experienced in the past**.**

Some suggested measures are detailed here, other suggestions may be valid

- review records of complaints
- ask contractor to submit regular reports on their progress
- review contractor’s monthly progress report
- set up a performance indicator for the number of correct payments and monitor against it
- hold regular progress meetings with the contractor to discuss the findings
- carry out a staff survey
- spot check a sample of payroll records which include variations
- present findings to the management team and the contractor at monthly intervals in a contract monitoring report
- apply penalties for non-compliance within the contract.

1 mark per point up to a maximum of 4, 1 mark for presentation format up to a maximum of 5

(b) Prepare a resource histogram based on the information provided and clearly indicate the critical activities, the overall duration of the project and the number of FTE resources required each day (assuming each activity happens at the earliest possible time)



Critical Activity
Non-critical activity

Overall duration of project = 7 days

2 marks for correct format of chart and length & sequence of activities
1 mark for clearly showing critical and non-critical activities
2 marks for correctly showing FTE resources required per day
1 mark for clearly showing overall duration of the project

(6)

(20)