



**LEADERSHIP AND MANAGEMENT / FINANCIAL
MANAGEMENT, SYSTEMS AND TECHNIQUES**

AAT Fast-track examination

13 December 2006

MARKING SCHEME



Question 1

(a) Alison's appraisal was by her immediate line manager. Describe the six different approaches to appraisal. (OLM 9.2)

- Line management appraisal
- Self appraisal
- Peer appraisal
- Customer appraisal
- Upward appraisal
- 360 degree appraisal.

Up to 2 marks for each point identified and briefly described up to a maximum of 12

(b) Explain six components of a typical appraisal meeting (OLM 9.1)

- Assessment of prior work against objectives
- Any problems
- Discussion of rewards
- Future objectives
- Training or resource needs
- Personal development needs

Up to 2 marks for each point identified and briefly described up to a maximum of 12

(c) As part of the appraisal, Brenda mentioned human resource planning. Explain the stages in human resource planning. (OLM 8.2)

- Analyse the current situation against future HR needs
- Forecast the implications
- Formulate plans to correct imbalances (e.g. skills gaps, etc.)
- Implement and control.

Up to a maximum of 8

(d) Distinguish between Alison's role as a qualified accountant and her role as a manager in the organisation. (Syllabus area B2. OLM 5)

Relevant points are likely to include the following

As a manager, Alison:

- is part of the hierarchy of an organisation and answerable to Brenda;
- is subject to orders from a hierarchy;
- is accountable to the principals of the organisation (the apparatus of the local authority and policy makers);
- is subject to the cultural norms and reasonable expectations of work-group membership.

As a professional, Alison:

- is obliged to maintain the high standards of her profession (as an accountant);
- is required to co-ordinate her staff so as to meet professional standards;
- is accountable to her professional body in terms of continued registration and professional behaviour;
- the commitment to her profession is likely to be more important than her commitment to a given employer.

1 mark for each relevant point made up to a maximum of 8

(40)

Question 2

(a) Why is a structure needed in an organisation such as 'Minibuses for You'? (OLM 6.1)

- Division of work.
- Co-ordination of activities.
- Ensuring goals are achieved through collective actions.

Up to 2 marks for each relevant point identified and briefly discussed up to a maximum of 6

(b) Explain Urwick's criticisms of bad structure design in organisations. (OLM 6.2)

- Illogical.
- Cruel.
- Wasteful.
- Inefficient.

Up to 2 marks for each relevant point identified and explained up to a maximum of 8

(c) Distinguish between, and explain, what Mick meant by 'line' and 'support' components in an organisation. (OLM 6.1)

Relevant points are likely to include:

- Line being part of direct value adding.
- Line involved in operations and anything the final customer/client directly experiences.
- Support not directly adding value but supporting those parts that do.
- Support includes HR, computing, accounting, estates, etc.

Up to 2 marks for each relevant point identified and explained up to a maximum of 8

(d) Explain how an organisation such as 'Minibuses for You' conforms to the concept of an organisation as an open system. (OLM 2.4)

Relevant points are likely to include a recognition that organisations exist in both product and resource markets, that they perform operations and they impact upon their environment. Likely to be expressed in terms of:

- Purposeful existence.
- Inputs obtained.
- Operations carried out.
- Outputs produced.
- Impact on and costs/benefits derived from, the environment.

Up to 2 marks for each relevant point made up to a maximum of 10

(e) Explain the potential causes of role conflict in organisations as alluded to by Ted Benn. (OLM 3, Mullins p. 482, p. 119/120 in OLM)

- Role incompatibility.
- Role ambiguity.
- Role overload.
- Role underload.

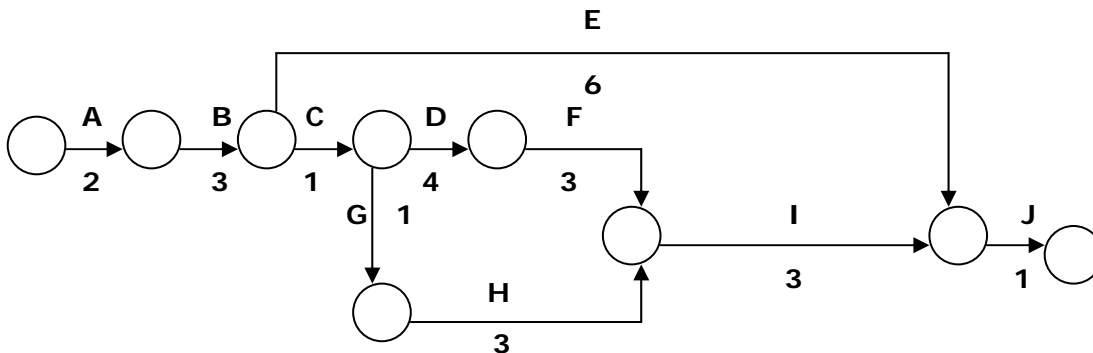
Up to 2 marks for each relevant point made up to a maximum of 8

(40)

Question 3

This question relates to learning objective E2 and is covered in Study Session 13 of the learning materials.

- (a) From the data provided construct a network diagram and use it to calculate
- The normal project time
 - Project costs based upon the normal duration of the project



From the above the critical path is:

ABCDFIJ and the normal duration of the project is 17 weeks

(the other paths are ABEJ – 12 weeks and ABCGHIJ – 14 weeks)

The project would cost $120,000 + (17 \times 5,000) = \underline{\underline{\pounds 205,000}}$

2 marks for correctly and accurately drawn network plus 2 marks for normal duration and 2 marks for cost up to a maximum of 6

(b) Calculate

- The shortest time within which the project could be completed and the cost which would be incurred
- The lowest cost which could be incurred for completing the project and the time that would be taken

The shortest time will result from reducing the times of activities until it is impossible to make any further reductions.

Begin first with the activities that are common to all paths. These are activities A, B and J. B and J can not be reduced.

A Reduce by 1 week Costing £2,000

This reduces all of the paths by 1 week i.e.

ABCDFIJ – 16

ABEJ – 11

ABCGHIJ – 13

Now concentrate upon the remaining critical path activities, noting that C along with B and J, can not be reduced. This leaves D, F and I. F and I are the cheapest to reduce followed by D.

F	Reduce by 2 weeks	Costing £3,000
I	Reduce by 1 week	Costing £1,500

The position now is

ABCDFIJ – 13

ABEJ – 11

ABCGHIJ – 12

D can now be reduced but if the reduction is more than 1 week this will make other activities critical. Reduce by 1 week.

D	Reduce by 1 week	Costing £3,500
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giving

ABCDFIJ – 12

ABEJ – 11

ABCGHIJ – 12

Any further reduction will involve more than one activity.

D can be reduced by 2 more weeks but this will have to be matched by reductions to H (by 2 weeks on ABCGHIJ) and also, for the second week, by a reduction of 1 week to E (on ABEJ).

D	Reduce by 2 weeks	Costing £7,000
H	Reduce by 2 weeks	Costing £5,000
E	Reduce by 1 week	Costing £6,000

The position now is

ACDFHIJ – 10

ABEJ – 10

ACGHIJ – 10

The project time can not be reduced further. The shortest time is 10 weeks. This would cost $120,000 + (10 \times 5,000) + 28,000$ additional costs = £198,000

*4 marks for shortest time and 1 mark for cost up to a maximum of 5.
Other methods of arriving at the same solution are acceptable.*

The lowest cost will be achieved at the point prior to the final reduction set out in the previous calculation. This is the point at which the project time can not be shortened without adding to the overall cost. Reducing D and H would cost a total of £6,000 per week for the first week and in the second week it would also be necessary to reduce E at a total cost of £12,000 for the week.

The lowest cost is $120,000 + (12 \times 5,000) + 10,000$ additional cost = £190,000
And this will give a project time of 12 weeks.

1 mark for cost and 2 marks for the project time up to a maximum of 3

(8)

- (c) How would you determine whether the options identified in part (b) are achievable within the staffing resource constraints? What action could you take if they were not? No calculation necessary.**

It would be necessary to construct a resource histogram which would show the planned use of the staffing resource on a week by week basis. In order to do this a Gantt chart would be used. This would show a plan which mapped activities against the time period over which they were to be carried out. It would identify precedences based upon the paths through the network and show where activities would overlap within the framework of the plan. It would then be possible to calculate the total staffing resource requirements each week and compare that with the resources available.

1 mark per point up to a maximum of 3

If the demand for staff exceeds supply in any week it will be necessary to rearrange activities. This will usually involve delaying non-critical activities up to the number of float days available to smooth out the resources needed on any one day against the resources available. It is vital that, if activities are delayed, the knock on effect of this on further activities is identified and built into the plan. If any critical activities need to be delayed this will result in the extension of the project duration, and in this case, there would be financial implications of this. An alternative would be to consider whether additional resources could be bought in and whether this could be done more cheaply than the additional cost caused by the delay.

1 mark per point up to a maximum of 3

(6)

(20)