

# LEADERSHIP AND MANAGEMENT

**Diploma stage examination  
7 December 2004**

From 10.00 am to 1.00 pm  
plus ten minutes reading time from 9.50 am to 10.00 am

***Instructions to candidates***

Answer all **three** questions.

*Where a question asks for a specific format or style, such as a letter or report, marks will be awarded for presentation and written communication.*



**1** Sharon Murdoch is the audit department manager at Murray and Watkins, a large firm of accountants. Her career to date has been distinctly successful, gaining as she did a good university degree and qualifying as an accountant in her mid twenties. Her ability to work hard and her attention to detail made her an excellent auditor but her management skills did not go un-noticed and she was promoted to audit department manager just before her thirty-fourth birthday. Over the following few years, she led the audit department through a period of steady expansion as the client base grew and the number of staff working directly for her increased. When she became head of the department there were twelve fully qualified auditors and four part-qualified people. The atmosphere was informal and friendly, and even when numbers grew to almost thirty people over the following four years, Sharon felt happy with her ability to cope with the demands placed upon her. Some of her staff, however, considered her something of a 'control freak' citing that everything down to approvals for small amounts of petty cash had to be signed off by Sharon herself. "I like to know everything that is going on and where everything goes so personal control of everything is the best way of achieving that" she once told a colleague.

Her job changed for the worse when a branch of Murray and Watkins closed in Thurwick, a nearby town, and its audit staff were moved to Sharon's department. Alan Murray, chief executive of Murray and Watkins, did not consult Sharon before transferring a further 30 staff to work under her. "You're a highly competent person, Sharon," said Alan, "you'll do fine." Sharon was angry and upset, partly because he hadn't consulted her about it but also because the step change in the size of her department would dramatically change the working environment. "They've also got a different client portfolio, Alan," noted Sharon as she contemplated how she might manage the integration of the two teams, "and I don't know any of them."

Alan Murray announced that Ray McDonagh, previously Sharon's 'opposite number' as audit manager in the Thurwick office, would be put in place as Sharon's deputy. "This is almost as awkward for me as it has been for you." Sharon said to Ray as they met to plan the integration. Ray was very upset by his effective demotion and obviously didn't like the idea of working for Sharon. "I'm older and more experienced than you!" he told Sharon bluntly. "I don't like having you as a boss." From an unpromising start to their working relationship, things only got worse. As the months passed, Ray became increasingly and openly critical of the ways in which Sharon managed the audit department. After a particularly bad day, Ray stormed into Alan Murray's office. "She still manages a staff of sixty like she did when there were only a dozen or so people," he complained. "Did you know she still keeps the cash herself, orders the coffee for the audit department kitchen, performs every employee performance appraisal herself and insists that she is always the last person out the door each night? No wonder she feels overworked and stressed. Sharon has got to unfreeze the way she's done things in the past. She can't go on like this or she'll burn herself out."

Sharon grew increasingly uncomfortable both with the work that arose from the sudden increase in staff under her control and with Ray's attitude to her. She found herself working even longer hours and occasional weekends. "I know I'm not very good at delegating," she told Alan Murray, "but I've got so much work since you doubled the size of the staff and Ray just gets in the way – and on my nerves. I'm stressed, Alan, and unless you do something to sort out Ray I'm going to have to think about leaving." Alan said he would have a think about Ray's situation but in the meantime he suggested that Sharon might want to consider changing the way she worked, to consider delegating more and involving Ray more in the management of the department.

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- **Requirement for question 1**

- (a) Explain the causes of Sharon’s stress. 10
  - (b) Advise Sharon of the benefits to both herself and her subordinates of delegation. 10
  - (c) What measures should chief executive Alan Murray take to manage the tension between Sharon and Ray? 8
  - (d) Explain, with reference to theory as appropriate, what Ray meant when he said, “Sharon has got to unfreeze the way she’s done things in the past.” Provide examples of what Sharon might ‘unfreeze’ in the way she works. 12
- (40)**
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# 2

When Ranjana Bell took over as human resource manager at the Highlands and Lowlands Development Agency, she was confronted with a number of issues that required her personal attention. Her predecessor had adopted a 'hands-off' approach when it came to new appointments, allowing department heads to organise their own plans including drawing up job advertisements and setting the salary levels for new recruits. The result of this over the years was that some job advertisements received hundreds of replies and others received none at all. Ranjana noted that this made human resource planning difficult and that something had to be done to bring the process back under the human resource department's control. Bill McKay, the head of the agency, told Ranjana that the size and importance of the organisation to the regional economy meant that it was of strategic importance that these HR issues be sorted out. "When we employ 200 people and have a vital role in attracting and managing inward investment in the region, it's essential we have the right people in place, especially at departmental manager level," said Bill.

"It's obvious to me that people haven't been getting the person specifications right when it comes to planning for new appointments," Ranjana told the HR people in a staff meeting. "From now on, there will be a standard procedure for all appointments." She pointed to a recent job advertisement the agency had placed for a departmental manager to be in charge of a key area of its activities. "We got no applications at all for this position!" Ranjana said whilst also noting that the salary being offered was much lower than might be expected for an individual with the required expertise. "We have to look at reward packages too," she continued. "These issues may be a little more complex than my predecessor assumed."

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• **Requirement for question 2**

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| (a) Explain what Ranjana meant by, "getting the person specifications right."  | 8           |
| (b) Advise Ranjana on the series of procedures involved in making a new appointment.   | 12          |
| (c) Describe the issues that need to be taken into account when designing a reward package for the position of departmental manager. | 10          |
|  | <b>(30)</b> |
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# 3

Frank Burnett and Matthew Tanner joined Upper Wernsdale Health Trust within a few months of each other in 1998. Both were appointed as departmental managers in adjacent clinical departments, responsible for their own areas of service delivery and working within similar budgetary constraints. The Trust manages clinical departments by imposing patient treatment targets and then entering into budget negotiations with departmental managers to resource the service delivery. Departmental managers, including Frank and Matthew, then enjoy relative autonomy in managing their departments.

Although on a personal level Frank and Matthew have always got on well, their personalities and leadership styles could hardly be more different. “Targets! Targets! Targets!” barked Frank at a recent meeting with his key people. “I don’t set them but we all have to meet them.” Frank’s approach to leadership in the past has been to control activities by making all key decisions himself and instructing people accordingly. “Why should I consult people? I know how to get jobs done. I’m the manager so I know best.” he told Matthew over coffee one afternoon. “There’s no point telling clinical and nursing staff about the complexities of budgets and what options are available in any situation. Their jobs are to treat patients, mine is to see the big picture, take all variables into account and make the decisions. Then I inform people of what is going to happen.” Frank went on to explain that he didn’t feel like he had time to worry about offending people and staff morale. “They’re all professional people,” he said, “they understand that decisions have to be made – some they like, others they don’t. My career depends on meeting performance targets – that’s all I care about.”

Matthew, by contrast, has always placed a much higher emphasis on ensuring his staff are happy in what they’re doing, comfortable in their work situations and, to help this, he encourages his team members to chat, get to know each other’s personal backgrounds and socialise outside of work hours. “If people are happy and they like coming in to work, you’ll get a better service delivery” he says. “Happy workers are good workers, and this is especially important when dealing with patients. I love to see people chatting and laughing together.” Matthew also has targets to meet but feels the best way to achieve them is to encourage and cajole. “Where possible I get people working in teams and groups they feel comfortable in” he says, “I never coerce my people into jobs they don’t want to do, I always get people’s opinions and we approach and consider all big decisions together. I believe this approach means that people support me, it makes them want to work harder for me and that means I meet my service delivery targets – and everybody is happy.”

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- **Requirement for question 3**

- (a) Compare and contrast Frank and Matthew’s differing leadership styles with reference to the democratic/autocratic (subordinate-centred/boss-centred) continuum approach to understanding leadership styles.

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Your answer should identify Frank and Matthew’s respective positions on the continuum with supporting evidence from the case and a brief discussion of the management issues raised by their positions.

- (b) Frank Burnett seems to believe that the only management performance measure of any importance is whether or not his department meets its performance targets. Describe other measures of management performance that might be relevant to Frank's managerial situation. 10
- (c) Discuss the proposition, using examples and drawing on theory as appropriate, that the leadership style adopted will depend upon features of the situation in which the leadership takes place. 10
- (30)**
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