

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

**December 2005  
AAT Fast-Track**

## **MARKING SCHEME**



(Copyright)

**Question 1**

**(a) Define and distinguish between recruitment and retention. (Syllabus D1, OLM 8 and 9)**

6

Up to 3 marks for each. Relevant points may, but need not, include:

Recruitment

- Describes the processes involved in operating in labour markets to purchase human resources.
- Is a series of procedures for appointing a new person to an organisation.
- Is expensive, and necessary only when retraining and all other redeployment options are limited.

Retention

- Describes how well and how long an employer can keep a person in its employ.
- Is linked with productivity.
- Indicates the effects of external labour market conditions on an organisation's workforce.

**(b) Identify factors that might affect retention in a building site situation. (Syllabus D1, OLM 8 and 9)**

8

Up to one mark for each relevant point made. Points may include:

- Location of work.
- Weather (time of year – winter is less attractive for outside work).
- Canteen and catering facilities.
- Sanitary facilities.
- Quality and nature of supervision.
- Working relationships.
- Salary and bonuses offered.
- Job market conditions (availability of other work).

**(c) With reference to the case as appropriate, describe and contrast 'scientific management' with the 'human relations' school of thought. (Syllabus A1, OLM 1.1)**

12

Describe scientific management. Up to 4 marks in total. One mark for each relevant point made.

- Associated with the work of Taylor.
- Stresses targets.
- Privileges output over process.
- Assumes a scientific view of workers – inputs can predict outputs.

Describe human relations. Up to 4 marks in total. One mark for each relevant point made.

- Associated with Elton Mayo and the Hawthorne experiments.
- Stresses process.
- Privileges human interaction over output.
- Assumes an organic or behavioural view of workers.

Contrast the two (up to 2 marks each for each relevant point made up to a maximum of 4).

Fundamentally differ on view of:

- Human motivation in the workplace.
- How to treat individuals and groups (as units of resource or participants in the process).

**(d) Explain what is meant by a 'group' and describe how groups can increase productivity or competitiveness in either a building site situation (such as in the case scenario) or in a public service setting with which you may be more familiar. (Syllabus B1, OLM 3)**

14

Explanation of a group given by Mullins (p. 462 – p. 100 of OLM). Up to 6 marks – one for each point raised:

- Definable membership.
- Group consciousness.
- A sense of shared purpose.
- Interdependence.
- Interaction.
- Ability to act in a unitary manner.

Group membership and productivity and/or competitiveness – up to 8 marks.

OLM page 90 describes the benefits of group work as follows. Up to two marks for each point made: one for identifying the factor and another for relating it to either a building site or a public service situation.

- Improving efficiency.
- Improving quality and encouraging innovation.
- Taking advantage of technological advances.
- Improving motivation and commitment.

**(40)**

**Question 2**

- (a) Explain what centralisation and decentralisation mean with respect to organisational structures. (Syllabus C1, OLM 6)**

8

Explaining the notion of centralisation and decentralisation as two extremes on a continuum (with notes) – up to 2 marks.

Description of centralisation – up to 3 marks.

- Power and decision-making centralised in a single location.
- Budgetary systems all run from the centre.
- Tends to be associated with ‘tight’ management control.

Description of decentralisation – up to 3 marks.

- Devolved power and decision-making (‘loose’ management control).
- Devolved parts managed as separate units or departments.
- Responsibility accounting or budgetary control used as key management tool.

- (b) Describe the benefits of decentralisation in the context of the case scenario. (Syllabus C1, OLM 6)**

6

Description of up to 3 benefits of decentralisation in respect to the case (up to 2 marks for each):

- Cheaper accommodation costs – resource costs.
- Cheaper labour costs – resource costs.
- Bringing government ‘closer to the people’ – social contract benefits.

- (c) Describe what Patsy meant by ‘consultation’ and explain the advantages and disadvantages of consulting with different stakeholders prior to a major decision on staff relocation. (Syllabus area D2, OLM 10)**

10

Defining ‘consultation’ – up to 4 marks. Relevant points might include:

- Informing stakeholders about a proposed change.
- How it might affect them.
- Inviting their views.
- Taking their views into account in arriving at the decision.

Advantages of consultation (up to 3 marks)

- Takes full account of the impact (‘footprint’) of any decision.
- Enfranchises stakeholders (enables decision to be made with stakeholder support).
- Reduces tension and conflict during and after the change.

Disadvantages of consultation (up to 3 marks)

- Slows up any decision process.
- Informs everybody of what is happening (it may be commercially sensitive, for example).
- Stakeholders may not approve of the proposal, thereby introducing a source of resistance to change.

**(d) Explain the change agent approach to change management and describe the benefits to the organisation of using an external change agent to the task of moving the department from London to Northtown. (Syllabus area D2, OLM 10.5)**

16

Explain the change agent approach. Description should involve (up to 2 marks for each point described up to a maximum of 8):

- An individual is tasked with managing the entire change process.
- Change agent embodies and personalizes the change process.
- He or she is given total authority by senior management throughout the process.
- 'Hands back' to senior management once the change is fully implemented.

Benefits to the organisation of using an external change agent. This touches on the behavioural issues in change management. Up to 2 marks for each point described up to a maximum of 8. Relevant points might, but need not, include:

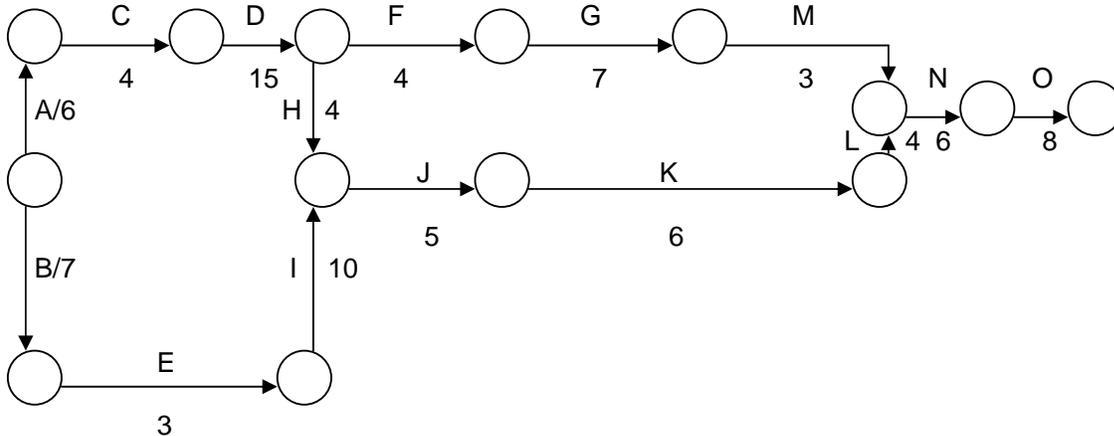
- Change agent is unaware of individual sensibilities, histories, fiefdoms, etc.
- Popularity need not be an issue as change agent will not be in the organisation after the change.
- Brings expertise in from a wider variety of organisational and change situations.
- Can be dispassionate and objective.

**(40)**

**Question 3**

This question relates to learning objectives E1 and E3 and is covered in Study sessions 11 and 13 of the learning materials.

**(a) Construct a network based upon the information shown in Table 1 and calculate the duration and cost of the pilot project.**



Paths through network are:

- ACDFGMNO = 53 weeks
- ACDHJKLNO = 58 weeks (critical path)
- BEIJKLNO = 49 weeks

The normal project time is 58 weeks

The cost (based upon initial costings) is 53,000 + 40,000 (fixed) = £93,000

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

**(b) Identify and evaluate each of the options outlined above and make recommendations for a project plan. Show what effect your plan would have upon meeting project constraints and priorities.**

The options are:

1. Reduce A by five weeks. A is on the critical path so the project time will reduce and there will be a cost saving of £3,000. Doing this would conflict with the priority of meeting the needs and preferences of the client group.
2. Reduce D by five weeks saving £3,000. D is on the critical path so that time and cost savings can be made with no effect on service priorities.
3. Reduce G by four weeks. G is not on the critical path, therefore there would be no benefit in doing this as it would add to the project cost.

4. Reduce O by six weeks saving £6,000. O is on the critical path, but the effect of this would be detrimental to service priorities.
5. An alternative would be to spend more money on activity O in order to carry it out more intensively. This would achieve a reduction of 3 weeks at a cost of £3,000.

*1 mark for evaluating each of the options  
Up to a maximum of 5 marks*

**Recommendations must be reasoned and must take into account all of the constraints and priorities.**

- Option 3 should not be pursued.
- If options 2 and 5 are carried out the deadline of 50 weeks could be met and there would be no adverse effect on project priorities. The project would still be £8,000 over budget.
- The adoption of options 1, 2 and 4 would make savings of £12,000 which would reduce cost below budget and would also allow for deadline to be met. But this would damage project priority by not allowing for consultation and aftercare of clients.
- It is not possible to meet all objectives. Some compromise must be made.

*2 marks for a reasoned recommendation and 2 marks for outlining the effects on project priorities and constraints, up to a maximum of 4 marks*

- (c) A project leader must be aware of all of the criteria for judging project success and must balance them accordingly. How would this apply in a situation such as the one outlined above? What help and guidance should the project leader be looking for inside and outside the project team?**

The project leader should be aware of the range of success criteria against which a project can be judged. The relevant and obvious ones to consider here are:

- Deadlines.
- Budget.
- Project specification and outcomes.

Clearly there is a problem here in balancing these criteria, as they cannot all be achieved within the scenario. The project leader may have to:

- Clarify objectives and priorities.
- Negotiate eg for additional budget or for extra time.

The project leader will be involved in looking inwards to the team and outwards to stakeholders. The team should consist of persons with a range of expertise that could be used to help with this situation, eg there may be financial and/or specialist service advice available. Outside the team the project leader may need to talk to the project sponsor and clarify what impact the situation has upon objectives and what level of compromise might be acceptable. Similar discussion could be held with management within social services and/or other groups representing the clients of the service.

*5 marks for discussion of these issues. 1 mark for each relevant point.  
Other points may be relevant, up to a maximum of 5 marks  
(20)*