

# MANAGEMENT

## **Professional 2 examination 7 December 2000**

From 10.00 am to 1.00 pm,  
plus 10 minutes reading time from 9.50 am to 10.00 am

### *Instructions to candidates*

*Answer **four** questions in total: **two** questions from section **A** and **both** questions from section **B**. The marks available for each question are shown in italics in the right-hand margin.*

*All workings should be shown. Where calculations are required using formulae, calculators may be used but steps in the workings must be shown. Calculations with no evidence of this (for example using the scientific functions of calculators) will receive no credit. Programmable calculators are not permitted in the examination room.*

*Formula sheets, statistical tables, graph paper and cash analysis paper are available from the invigilator, where appropriate.*



**SECTION A (Answer two questions)****1**

It is almost 6 months since you were appointed as the chief accountant at Alvaston District Council. During that time you feel things have generally gone well. You would like to continue your promising start with the annual appraisal process that is due to start next week. You are responsible for appraising six members of staff.

In your previous post the appraisal process was, in your opinion, poorly constructed and carried out. You particularly felt that staff were not given the opportunity to discuss their own work and any criticism was negative not constructive.

After reviewing Alvaston's staff appraisal guidance notes you noted these two issues were given very little consideration.

You raised the points with the personnel manager who did not share your concerns, but added, 'if you feel these issues should be covered then prepare a report for Personnel Committee and I'll attach it as an extra item for consideration at next week's meeting. If the Committee agree with your recommendations then we'll have to incorporate them into the existing guidelines.'

- **Requirement for question 1**

Prepare a report for Personnel Committee that:

- (a) Details why it is good practice to allow an employee to discuss their work at an appraisal interview, and gives some guidance as to how the appraiser might encourage the appraisee to discuss their work. 10
- (b) Details why it is important that any criticism at an appraisal interview should be constructive, and outlines the main points the appraiser should consider when constructively criticising. 10

(20)

# 2

You are at the team meeting your firm always holds prior to conducting an external audit. The discussion currently concerns the key members of staff in the organisation to be audited.

'I understand James Hunter, the Principal Accountant, has left', said the Senior Partner.

'Asked to leave, I think is what really happened,' replied the team leader.

'Will this cause any problems?' asked the Senior Partner.

'It may' replied the team leader, 'particularly as he had been with the authority for nearly 10 years, office junior through to Principal Accountant. I always thought he was well liked and respected. I understand he passed all his CIPFA exams first time and was thought to be a future treasurer'.

'He was,' replied the Senior Partner. 'But he went from a quiet and withdrawn person when he started training to a very aggressive person, although he thought he was just being assertive. It seemed his personality changed during the course of his training. His performance at work really did deteriorate'.

'I don't believe in personality changes' replied the team leader. 'I think if a person is aggressive it's always been there. It will make the authority more careful when they recruit a new Principal Accountant.'

The meeting concluded 45 minutes later. Back in your office you were considering the conversation regarding James Hunter. The questions you asked yourself were: Is an individual's personality changeable? What is the difference between a passive, assertive or an aggressive person? Can you identify a person's future performance based on personality tests?

- **Requirement for question 2**

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|-----|---|---|
| (a) | Outline the main theories that aim to describe and sometimes categorise individuals' personalities.       | 8 |
| (b) | Describe the typical characteristics of passive, assertive and aggressive individuals.                    | 9 |
| (c) | Explain why it is not possible to predict a person's future performance based on personality tests alone. | 3 |

(20)

# 3

Almost all managers accept that they have some responsibility for human resource management (HRM) and, as outlined in the CIPFA Open Learning Material (OLM) Study Unit 18, the degree to which managers are responsible is increasing.

This has resulted in the lines of responsibility between the traditional personnel management (PM) function and that of departmental managers becoming blurred. This situation has been made worse by many personnel departments renaming themselves as HRM departments.

It has been said that HRM is supposed to be more strategic and interventionist than PM; proactive rather than reactive.

An additional aspect of HRM that is concerning a number of managers is the way HRM policies can affect the lives of employees outside of the work place. For example, when does support become interference? How much personal information should a manager be given, or expect?

- **Requirement for question 3**

- (a) Explain the difference between proactive personnel management and reactive personnel management and give three examples that could be defined as proactive personnel management and three examples that could be defined as reactive personnel management. 8
- (b) Outline the dangers for an employee when an employer requires personal information. (Give examples where appropriate). 4
- (c) A managerial colleague is concerned that what he may see as well meaning interest or wish to support an employee may be perceived as an invasion of privacy. What advice would you give? 8

(20)

**SECTION B (Answer both questions)****4**

The son of Alfred Chaddesdon founded the Doctor Alfred Chaddesdon Memorial Trust in 1923. The specific objectives of the Trust were a little vague but principally concerned supporting research into ‘new medical practices’.

Very little money was distributed by the Trust in its early days but as successive generations of the Chaddesdon family became successful in business the amount increased to over £3 million per annum (last year’s figure).

Six months ago the last remaining member of the Chaddesdon family died leaving their entire estate (over £12 million) to the Trust.

The senior member of the Chaddesdon family had always chaired the Board of Trustees, with close friends making up most of the other 12 trustees.

The most recent trustee appointment was 12 years ago, with the current average length of service as a trustee being 23 years. The Board of Trustees meets every Friday at a local hotel where they have lunch prior to the formal meeting.

Only one member of the Trust has other employment; most Trustees see their role as unpaid employment. One full-time secretary and one part-time administrator are employed. Both have been working for the Trust for over 25 years, and are obsessive about rules and regulations. ‘We must do things correctly’, is the secretary’s common phrase.

Following legal advice, the Trustees have reluctantly invited your firm of accountants to act as the Trust advisors for the forthcoming year.

A note from the solicitor dealing with the estate of the Chaddesdon family explained:

‘The Trust really does need some advice; they have not changed any procedures since they were formed. The Trust has always been dominated by the Chaddesdon family. If culture is defined as the spirit of the organisation – then the Trust has a lot of spirit’.

A small team of advisors including tax, investment, and financial reporting specialists has been formed. You have been asked to act as co-ordinator for the team and the principal advisor to the Trust.

You are confident in your ability to undertake the task but are not sure if other members of the team fully understand the organisational problems they will have to overcome in order for them to carry out their duties.

Your team meets the Trustees for the first time next week. Before then you have decided to brief the team on the problems they may face.

- **Requirement for question 4**

Prepare a set of notes that you can refer to during the meeting with your team that outlines:

- (a) The principal elements that constitute the culture of an organisation. 10
  - (b) The main types of organisational culture (as identified by Handy 1993). 8
  - (c) (i) Your own analysis of the type of organisational culture that exists within the Doctor Alfred Chaddesdon Memorial Trust. 8
    - (ii) Examples of the types of problem your team may face as a result of that culture. 4
- (30)*

# 5

You are a recently qualified CIPFA accountant employed within the central services section of a large government agency as a training co-ordinator.

Prior to establishment under the Next Steps Initiative, the Agency was part of a large Central Government Department. The initial change was intended to develop the Agency as an autonomous business unit with decentralised support functions such as personnel and finance.

Recent initiatives, however, are changing the organisational structure and recentralising support activity to the Departmental core. Fewer support staff posts are available at the centre than the numbers of staff who are currently employed within the Agency. There is a policy of no compulsory redundancies. Numbers are to be reduced through voluntary redundancy and early retirement wherever possible. Any remaining surplus staff are to be offered redeployment within the Agency. The posts available under redeployment would, however, be operational rather than support and many staff feel this would be a backward career move.

All staff are required to apply for the available posts by the end of next month.

Your line manager has approached you regarding the opportunity for you to undertake the role of change agent during the transitional period.

Whilst you are aware that the post is temporary you are excited by the prospect and, as there are very few training management posts available in the core support service section, you decide to apply for the position.

Your enthusiasm is tempered though, as you are well aware that the situation has already been allowed to deteriorate. Staff have been aware of the “imminent” reorganisation for at least 9 months. Selection of core support staff will not take place for another two months and there are no details of the number or location of other posts available after that under the redeployment scheme. Many experienced staff have already left and you are well aware that most others are at least keeping an open mind about opportunities outside of the Agency.

You have been invited to interview for the change agent position.

If the appointment is not filled internally the Agency will seek to employ the services of an external change agent.

You are required to make a 20-minute presentation on the day covering:

- The reasons you should be appointed
- The challenges you may face

You are not allowed to use PowerPoint or any other visual aids to enhance the presentation but are required to talk through the key issues as you see them.

- **Requirement for question 5**

Prepare notes to support your presentation covering the key issues of:

- (a) Using an internal rather than external change agent. 5
- (b) Staff retention during the change. 10
- (c) Ensuring the maintenance of operational targets and objectives whilst undertaking major change. 10
- (d) Managing the stress in your workforce. 5

(30)