

MANAGEMENT

Professional 2
December 1999

MARKING SCHEME



Marking Scheme Statement

It is unlikely that the candidate will include all the issues identified in the suggested solutions, and in fact may raise many other, equally valid points. The marker should use their discretion when marking. However, it is important that marks given for a specific section do not exceed that section's allocated mark.

Additionally, any points raised that are not in the suggested solution must be relevant to the question. This is particularly important if the question refers to, for example, providing a solution to a problem with limited resources and the candidate's answer requires massive investment.

A candidate may make a number of assumptions at the beginning of their answer. Providing they appear appropriate then the marking scheme may be adjusted accordingly. However, the marker must be aware of the candidate who deliberately misinterprets a question to enable them to produce a more simplified answer, or a completely different answer from what is required.

Generally one mark should be awarded for each point made. However, consideration must be given to the relevance of the point and depth of answer.

Many of the answers are required in a specific format, e.g. a report, memo, etc. This is seen as good practice only for Professional 3. Unless specific guidance is given from CIPFA Education and Training Committee no marks should be added or deducted for meeting or failing to meet this requirement.

Note from the Authors

Management is not an exact science, and therefore how a particular situation is resolved is not always going to be the same, or an individual response to a given situation may be different from another person.

This can cause a number of problems for examiners and candidates in an examination such as this. Nevertheless, the questions have been deliberately worded to try and provide a degree of reality. This, in the confines of an examination question, is not always possible. Therefore, some of the scenarios are a little false, and the answers do not always seem to take account of the day-to-day problems associated with management - the subject under examination!

To try to overcome this problem the suggested solutions are only to be treated as guidelines for the marker. It is important a degree of flexibility is maintained at all stages of the examination process.

Finally, all the questions (and suggested solutions) are based on the CIPFA Open Learning Material. At the beginning of each suggested solution is the Open Learning Material Study Unit reference.

The authors would be grateful for any comments or observations in respect of this examination paper, the suggested solutions and marking scheme.

Question 1 (SU 15)

Aims of the question

To assess the candidate's ability to determine what types of tasks to delegate, both upwards and downwards.

To allow the candidate to demonstrate how they would monitor delegated tasks.

General

This question should not present the candidate with too many problems, as there is little scope for misunderstanding providing the requirements are followed. Some candidates may, however, detail the actual tasks to be delegated (although the requirement clearly asks for 'types of tasks'). Clearly there is insufficient information in the scenario to allow this to be undertaken without speculating on the FD's duties. If this occurs the marker must determine whether the candidate is giving examples of types of tasks to be delegated, thus demonstrating understanding, and award marks accordingly, or is merely listing a series of assumed duties, that do not demonstrate understanding.

Part (b) leads the candidate to split the type of tasks for delegation and the types of tasks not to be delegated evenly. Marks should also be awarded evenly between the two requirements.

Part (a)

There are some tasks that can be immediately delegated to the CEO.

1. Where the task is relevant to the CEO and will have an impact on her area of responsibility, e.g. strategy, staffing, budgets.
2. Where the task is politically sensitive, maybe attracting media attention.
3. Where the CEO has direct access to information or people, e.g. dealings with other organisations.
4. Where the task requires the authority of the CEO.

Other types of tasks may develop over the six-month period, for example.

1. A task you do not have the authority to implement, e.g. new piece of legislation that has strategic implications.
2. The scope of the task widens, e.g. disciplinary action.

Part (b)

The types of tasks that could be delegated.

1. Routine tasks which have to be completed regularly, in more or less the same way, whether you are there or not.
2. Tasks that will help the professional development of staff.
3. Tasks which another member of staff demonstrates an aptitude for.
4. Tasks that a member of your staff is more qualified or experienced to undertake.
5. New tasks that could be undertaken equally well by members of your staff.
6. Tasks which you dislike but someone else enjoys.

Types of tasks you should not delegate.

1. Tasks which only you are professionally qualified to undertake.
2. Personal or confidential matters.
3. Disciplinary or grievance matters.
4. Policymaking or key planning decisions.
5. Tasks that your staff do not have the appropriate experience to undertake.
6. Crisis situations.

10

Part (c)

How much you monitor and how often depends on the task and to whom the task is delegated. However, the following principles should apply.

1. At the time the task is delegated specific review periods and/or targets should be determined. It is important these are followed- up and any corrective action taken.
2. Be available to help solve any problems that may occur with delegated tasks.
3. Be aware of any change in staff morale, the delegated tasks may be causing problems for staff.

4. Be aware of any comments from your clients.
5. Hold informal staff meetings to discuss any problems.
6. Periodically review the delegated tasks and amend the priority or change the delegatee if appropriate.

5
(20)

Question 2 (SU 22)

Aims of the question

To assess the candidate's understanding of the importance of exit interviews.

To examine the candidate's understanding of why an employee may not be entirely truthful at an exit interview.

To determine the candidate's ability to encourage the employee to be truthful at the exit interview.

General

This question appears to be relatively straightforward.

Parts (b) and (c) are separated in the requirement and the suggested solution, but some candidates may merge these two parts or produce a table. This should not be penalised providing the marks awarded for each element of the requirement are not exceeded.

Part (a)

The exit interview can provide management with invaluable information about the good and bad features of the job and the organisation. The potential benefits are:

1. To understand the work, its requirements in the form of experience and skills and so update the person specification and job description.
2. To find out how management is perceived and received.
3. To find out about those terms and conditions of employment that are perceived as good and those that are bad.
4. To determine future training and development needs/plans.
5. To understand the perception of career prospects.

The opposing argument is that management should be aware of these things and therefore the exit interview offers nothing new. This is clearly not the case in the scenario given, and probably not in many organisations.

Additionally, the exit interview may give you the opportunity to discuss the replacement:

- is one necessary?
- what special qualities, qualifications and/or experience should they have?
- is there a potential successor in the organisation?

Part (b)

Reasons the audit assistant may not be entirely truthful.

1. To avoid conflict.
2. Fear of reprisal from their line manager (physical violence or verbal abuse).
3. Because they need a reference now or in the future and so do not wish to be critical of the organisation.
4. They may have no interest in your organisation; they are focused on the new job.
5. To protect their colleagues who are to remain with the organisation.
6. They may feel they need to create a reason for leaving, other than say, money.
7. They may wish to take the opportunity to take revenge for a previous disciplinary action.
8. They may think they have been discriminated by the organisation or a member of the organisation and are seeking revenge.

6

Part (c)

1. Have the employee interviewed by someone other than their line manager, departmental manager or even by any manager from the finance department. You could use a member of the personnel department or another independent manager.
2. Have the employee interviewed by several different managers and collate the findings.
3. If you are to interview assure the audit assistant the results will be confidential - although taking any action thereafter is a problem.
4. Reassure the audit assistant that the outcome of the interview will not affect them receiving a reference, either now or in the future - although this could be a problem if you leave the organisation.
5. Ask the employee to provide evidence of any allegation they may make.
6. Seek third party confirmation of any outcome(s).

You might also consider the timing of the interview, e.g. before the senior auditor returns from leave or when they have actually left. Also the location should not be threatening, somewhere outside the organisation may be appropriate.

Unless you know the employee well you might also consult their personnel records for any evidence of problems being raised in the past.

6
(20)

Question 3 (SU 13)

Aims of the question

To assess candidates knowledge of the decision making process.

To assess candidates understanding of the various types of decision that organisations are faced with.

To assess candidates ability to identify the factors that can be used when choosing between alternative solutions

General

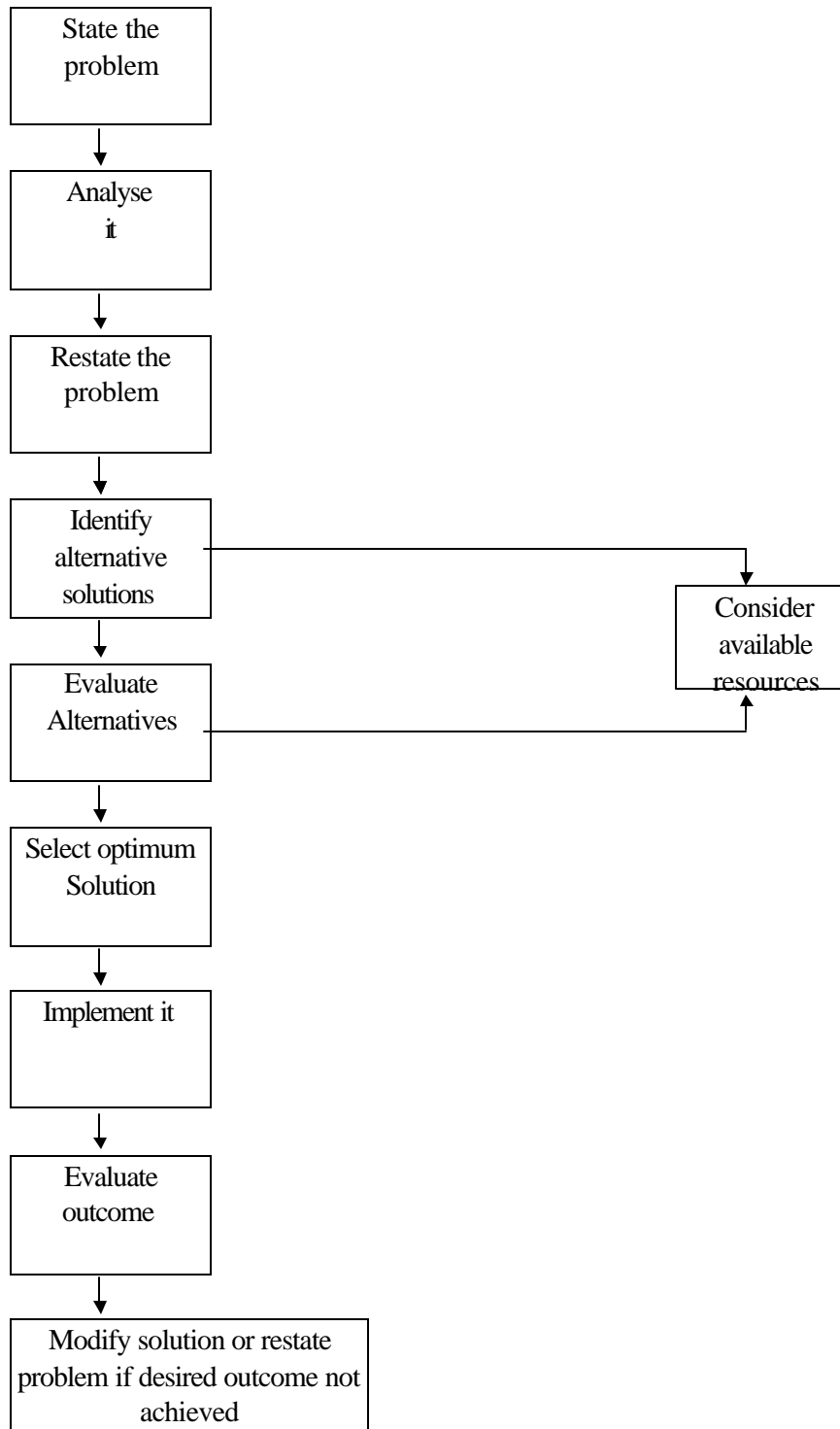
This should be a straightforward question for candidates as long as they structure their answer according to the requirements. The Prison setting of the question may be unfamiliar to the candidates but the setting is not a significant issue in the answer itself.

The answer is based on the models given in the Open Learning Materials but the examiner is aware that slightly different presentations of these ideas are available elsewhere. Candidates should not be penalised therefore if different presentations are given at either parts (a), (b) or (c). Answers should not deviate significantly however from the requirements.

Part (a)

This is the model presented in the Open Learning Materials (SU13, page 26)

½ a mark is available for each stage of the process to a maximum of 5 marks. A further ½ mark is available for an appropriate description and/or example of the stage in the process again to a maximum of 5 marks. (10)



Part (b)

The Open Learning Materials give a number of types of decision that can be made.

1. Programmed and Non-programmed Decisions

2. Levels of Decision Making

- Strategic
- Administrative
- Operational

3. Categories of Decision Making

- Routine
- Non-Recurring
- Investment or restructuring
- Long range
- Control

A further classification might be that of Tasks, Issues and Problems although this is not as relevant.

1/2 mark for issue and/or appropriate description to a maximum of 5. Extra credit should be awarded in the same way for any other valid points.

Part (c)

Issues to consider when evaluating alternative solutions would be:

- Advantages/disadvantages
- Consequences
- Risk
- Resources
- Timing
- Effort

Also candidates may consider the use of statistical and computer modelling and financial techniques such as DCF, linear programming and cost benefit analysis.

Managers' discretion/gut reaction based on experience should not be ignored.
Plus any other valid points

1 mark for each point explained to a maximum of 5

(20)

Question 4 (SU 4,17)

Aims of the question

To assess candidates understanding of why people are resistant to change and to allow them to demonstrate how this can be managed.

To assess candidates understanding of the different power roles that people can hold within a given situation and how these can be used for good or bad.

General

The question clearly states in the requirements that candidates should focus on the two issues of resistance to change and power roles within organisations. It is also clear that answers should be directed to the specific case of Tracy and the systems changeover. Candidates should not therefore answer the question merely by reciting the list contained in the open learning materials for these topics. The greater proportion of the marks is to be awarded for showing an understanding of the specific nature of the case in point.

The setting of the case is relevant throughout the answer but perhaps more so in (a). Tracy's history may well be a significant factor in the way she has behaved. Some candidates may however dwell too heavily on these issues, instead of considering factors that may not be known. It is important that candidates' answers display a balanced approach if they are to receive high marks.

In part (c), candidates may speculate somewhat on the composition of the finance section, as this information is not given in the question. Again, it is important to relate the theoretical issues back to the specifics of the case.

Part (a)
(SU17-8, page 91 to 95)

Tracy may be resistant to change for a number of reasons:

- Disruption of existing work groups and interpersonal relations;
- Feelings of insecurity and threats to individual status and financial reward;
- Realisation that skills and experience are not as relevant as they used to be;
- Fear of retraining and being unable to meet the new demands placed on her.

In addition to the above, issues relating directly to Tracy's situation that may further contribute to her apparent resistance are:

- A fear of the unknown;
- A fear of new technology;

- Her relationship with her staff; on the one hand not wanting to lose face and on the other, perhaps fearing for their future as well as her own.

It may be that Tracy is not resistant to the project itself but that other factors have led to the delays:

- It is important to consider the project management role itself. We are not told whether Tracy has such experience and if not the uncertainties surrounding this new role may well be significantly contributing to the problem.
- Tracy has stated that recent work pressures have impacted upon her ability to manage the project. This may well be the case and as such what can be done to alleviate these pressures?
- The attitude of the previous Finance Manager and possible lack of support, management and guidance may have contributed to both Tracy's perception of the project and the heavy workload.

1/2 mark for each point made or a full mark if it is sufficiently related back to the case to a maximum of 10

Part (b)
(SU17-8, page 91 to 95)

Clearly Tracy potentially has a wealth of experience and knowledge that the new organisation would not want to lose. The answer therefore suggests ways to encourage Tracy's acceptance of the changes.

Some candidates may feel the need to discipline Tracy or even suggest early retirement. These responses would be valid only if they were supported by a logical argument.

The Open Learning Materials put forward a number of general ways to avert resistance to change. Those most relevant to the case would be:

- Tracy sees that management accept the changes wholeheartedly
- The change is seen as reducing current problems – e.g. heavy workload?
- Tracy feels that change offers a new kind of experience
- Changes are discussed openly in advance
- Change is discussed regularly
- Positive recognition and handling of stress
- Reassurance
- Persuasion
- Perseverance

1/2 mark for each relevant point to a maximum of 5 – candidates may go beyond this list, as it is not exhaustive

Part (c)
(SU4 – 4, Page 27 to 32)

The main types of power are:

- Coercive power – the capacity to operate sanctions over another e.g. allocate unpopular tasks, firing and reprimanding.
- Reward power – the capacity to promote, appraise or otherwise reward.
- Legitimate power – the extent to which an individual accepts the authority of another.
- Control of information power – the ability to filter and or distort/manipulate both the content and distribution of decision making information.
- Referent power – the extent to which others identify with an individual e.g. in approach, dress.
- Expert power – the recognition of the possession of expert knowledge in another.
- Negative power – the ability of an individual to use the above to work against organisational goals/objectives.

½ mark for each point or a full mark if properly explained to a maximum of 7

Tracy would seem to be exerting negative power and it is important to consider how this can be redressed either through the reformation of Tracy or the appointment of a new project manager. Other power issues may be identified to Tracy and or the previous Finance Manager.

Up to 3 marks for relating back to the case

In relation to considerations in the choice of a new project manager, the following would be relevant:

- Consideration of the types of power that would be most relevant;
- The ways in which power should be exercised - i.e. influence;
- Conflicts that may arise within the section and how to manage these.

e.g. - if a young person with excellent IT skills is chosen, problems may still occur if that person has little influence in the section or has no authority over other staff.

Up to 5 marks should be awarded for a well presented case covering the above issues

(30)

Question 5

(SU 1,2,3,5,17 and Block 5)

Aims of the question

To assess the candidates understanding of basic forms of organisational design.

To assess ability to draw on a range of influential theory to determine aspects of core models which have impacted upon traditional organisational design.

To assess ability to produce a range of arguments against hierarchy.

To assess ability to consider possible limitations of delayering initiatives.

General

This question starts as a fairly straightforward review of the management concepts of traditional organisational design. However as students often see the consideration of classical theory as somewhat dry, the aim is to link aspects of traditional models to their significance in the current debate on downsizing and delayering initiatives thus drawing on a broader range of management issues.

Part (a)

Whilst not a requirement a student could reasonably commence this section by considering the fundamentals of organisational design covering:

- Designing the formal structure of the organisation;
- Grouping the organisations activities;
- Establishing relationships among its functions, jobs, tasks and employees;
- Subdividing tasks and delegating authority.

Additionally consideration of division of labour and synergy would be appropriate (page 6 OLM).

Types of organisations are covered on pages 9 to 13 of SU3.

As a minimum students should describe:

- (i) Line organisation;
- (ii) Line and staff organisation;
- (iii) Functional organisation.

And forms of departmentalisation

- | | | |
|-----------------|---------------|-----------------------|
| (i) Functional; | | |
| (ii) Divisional | - Product | } at least two should |
| | - Territorial | |

- Customer be considered
- Process

The student should not merely list but should note advantages and disadvantages of each form of organisation and departmentalisation.

Matrix organisation should then be considered as an alternative to "traditional" models.

6

Part (b)

Study units 1,2 and 3

Students could introduce this section by considering the traditional notion of the "hierarchy of management" and describe the management task at each level (page 13 block 1 SU1).

Block 1 SU2 covers the core material necessary to tackle this aspect of the question and should be the minimum considered. Students should review the impact of the classical theorists on organisational design, describing:

- Weber's work on the rationalisation of authority relationships leading to his bureaucratic model (note that they should not just list the characteristics of bureaucracy but should analyse their impact on organisational structure). There are other references in this SU and in particular students should review the aspects of
- Fayol's 14 principles of management that impact on design (page 29 SU2). (They may also consider Fayol's view of "organising" as a fundamental task of managers (SU1 page 15));
- The work of Taylor (page 29,30).

Overall they should draw out that the highly influential classical school had at its core the differentiation and rational integration of organisational processes and detailed work and task design. In particular those ideas on chain of command, scalar chain etc led to the acceptance of hierarchy as the rational model of organising.

Students should consider in more depth the idea of limited span of management and tall and flat hierarchies drawing on material in study unit 3 block 2 page 14.

(1 mark for each valid point up to a maximum of 8 marks)

Parts (c) and (d) are covered throughout Block 1 SU2 in the criticism of classical theory and Block 2 SU 3 in the consideration of traditional models of design and are drawn out further in offprint 1 Block 2. Students may also draw on a wider consideration of organisational culture (SU 5 Block 2), change management (SU17 Block 4 and redundancy and redeployment issues (Block 5). As a minimum students should consider:

Part (c)

Delayering is intended to

- Reduce supervision costs and accommodation costs if space is made available.
- Speed up decision-taking/response to external change.
- Speed up top-down communications as senior managers are closer to operational staff.
- Reduce job demarcation as staff work in larger groups thus reducing possible boredom and inefficiency.
- Enrich jobs by giving staff wider duties and more autonomy...to motivate staff.
- Better align accountability with decision-making.
- Improve customer service as staff serving customers can use their initiative more.
- Focus work on doing the right things rather than doing things in the right way, i.e. a task rather than an administrative focus.
- Other valid points.

(1 mark per point properly explained and evaluated up to a maximum of 8)

Part (d)

Students could raise many alternative considerations. A good answer will basically address the issue of whether the perceived benefits of delayering exceed any costs or disadvantages. Possible considerations are:

- Are the staff able to take on extra
 - Duties i.e. workload? > possible training;
 - Responsibility? > needs and workload planning.
- Is the resulting larger span of control for supervisors practical? Given:
 - Subordinates' ability;
 - Managers' ability;
 - Complexity of work;
 - Geographic location of staff.
- How important is a uniform approach given lower direct control?
- How can management maintain arms-length control e.g. by monitoring key management information?
- Can the "MIS" meet the needs of operational management and senior management?
- How can the delayering be managed as painlessly as possible:

- Redeployment opportunities;
 - Selection criteria for redundancy and the package offered;
 - Job seeking help....stress counselling.
- Does the culture of the organisation support the increased responsibility etc. that will follow delayering or is there a case for introducing a culture change programme to complement the restructuring?
- Other valid points.

(1 mark per point made, explained and evaluated up to a maximum of 8 marks)
(30)