EDI
LCCI IQ ON DEMAND
CERTIFICATE IN MANAGING BUSINESS PERFORMANCE SAMPLE
LEVEL 4
MARKING SCHEME

_____

DISTINCTION MARK 75%
CREDIT MARK 60%
PASS MARK 50%

TOTAL 100 MARKS

MODEL ANSWER
An example is given of the ideal response; you are then shown the key elements that the examiner is looking for within the answer, and where the marks are attainable. Please note that a candidate can attain full marks for much shorter responses, as long as the key elements have been identified

Question 1(a)

An internal risk is a weakness within an organisation which can become part of company culture. The current internal risks faced by Madison Electronics plc, are focused around their human resources capability, in particular staff retention, motivation and performance.

The high turnover of managers impacts the business at an operational level, which will have a considerable effect upon productivity. The employees working on the production side of the business are missing continuity in leadership and direction, which will have had an impact on staff morale and motivation, but also on aspects of quality assurance and output. Without leadership and control, there can be increased wastage of stock, and ineffective control of suppliers and the supply of components.

The negative publicity regarding the aftercare service is a further potential risk. Customer services and good customer relationships are a competitive advantage and should therefore be a key element of a company's business strategy.

A company can sustain reduced profits in the short term; however, this is not sustainable over a longer period of time and the company will either close down voluntarily or be forced to cease trading by one of its creditors.

Poor customer service will have a negative impact upon future sales, as customers lose confidence in the after sales service. Lack of operational leadership will impact upon the quality and costs of producing goods. This, coupled with their poor after sales service, will lead to a loss in market share, reduced sales and ultimately closure. Poor morale and motivation will become the norm and part of the organisations culture.

Madison Electronics plc's success is not entirely due to their core product, but also the augmented elements such as customer service and support. A de-motivated workforce has a real impact upon the quality of the product, as well as increased costs in terms of stock wastage. A lack of management can lead to an ineffective supply chain and poor stock holding, which can disrupt production. Failure to support employees has a direct impact upon products and services produced.

Examiner comments for question 1(a)

When answering part (a) the question is broken down into two sections. The first part addresses what the internal risks are and the second part examines the long run impact upon the business.

Key response areas identifying internal risks include:

Issues regarding retention, motivation and performance, which led to reduced levels of productivity. Students should also be able to:

- *Recognise that lack of continuous leadership and direction for workers leads to:*
    - *reduced morale and motivation*
    - *negative impact upon productivity*
- *Recognise that poor quality customer service leads to:*
    - *reduced support and therefore dissatisfied customers*
    - *loss of customers and reduced sales*

The long run impact on the business is that it could be forced to close. Students should also be able to recognise that in the interim:

- *the company culture or paradigm could change*
- *there will be an impact upon company brand and reputation*
- *the company will no longer be liquid or able to trade*

Examples of theorists:
Leadership theories include: charismatic, servant led, transformational
Relationship management: Pareto's principle, customer life cycle
Change management: Kotter, Lewin, Mckinsey

Mark scheme

1 mark for introduction
4 marks for describing the link between **retention**, **motivation** and **performance** as being HR issues, and their effect upon **productivity**
2 marks for identifying the relationship between **performance** and **business success**
1 mark for conclusion

Additional 2 marks for referencing theories, examples and development of answer

Question 1(b)

(i)   An action plan can drive a business or department strategy forward. In general the action plan identifies the business aims, objectives and budgets.

Action plans can be in various formats, but generally consist of SMART (specific, measurable, ambitious, realistic and time defined) targets. The emphasis is on defining the goal, and ensuring that the stages or steps that need to be taken are measurable and have a start and end date.

Regular risk assessments can help the business avoid or minimise the risk. Madison Electronics plc should perform periodic SWOT (strength and weakness identify internal factors, opportunities and threats identify external factors) analysis. These would allow them to identify internal and external threats and potential for business growth.

(ii)   To address the current situation, Madison Electronics plc, should devise an action plan which considers how to improve retention, motivation and performance. As these issues revolve around the human element of the organisation, the Human Resource Department should be driving the action plan, in conjunction with top level management such as the Operations Director, and the workforce.

The Human Resource Manager should understand the effect of motivation upon performance. Well-motivated employees are usually characterised as:
- achieving higher productivity rates
- producing good quality work with less wastage
- having a greater sense of urgency
- usually working at above 85% of their ability.

(iii)   **Action plan**
Short term goals
- Bring together a working group to include representation from the health and safety committee, operational management, and the workforce, to discuss underlying issues regarding motivation, and plan stages to make changes to improve conditions affecting motivation
- Work in conjunction with the relevant workers and senior management team for customer support, and create a team development plan, to develop the skills and competencies of the team to be more effective and efficient
- Work with the Operations Director to develop a policy to improve staff retention. The policy should consider rewards and sanctions.
- Develop a procedure to carry out regular SWOT analysis.

Medium term goals
- Review the team development plan to measure its effectiveness
- Consider devising individual development plans as needed
- Review the role and duties of the operations manager on a continuous basis, to identify areas of concern and measure the success of the changes that were put into place to improve retention
- Generally review all short term goals and measure performance.

Long term goals
- Review earlier goals, procedures and policies to avoid or reduce emerging threats or underlying tension, as well as identify areas for growth
- Bring together the working group set up earlier to regularly review general staff performance and motivation, aiming to minimise the impact of emerging risks

Examiner comments 1(b)

The student is expected to show their understanding of the use of action plans, and the need to carry out regular business risk assessments.

Students should be able to identify the area of risk, in this instance it centres around human resources, and then to be able to state the goals which need to be implemented to reduce the risks identified.

The student will be required to show they understand the difference between short, medium and long term goals, and why these are in a continuous stage of development.

Examples of motivational theorists:

- *Maslow's hierarchy of needs (human needs)*
- *Herzberg's two factor theory (hygiene factors and motivator factors)*
- *McGregor's Theory X and Theory Y (Theory X extrinsic motivation, Theory Y intrinsic motivation).*

Other relevant theorists could be identified.

Mark scheme

2 marks for describing an action plan
1 mark for identifying that the key issues are human resource related, additional **1** mark for relating the issues to retention, motivation and performance, use of theories and development
6 marks for identifying a range of short, medium and long term goals

Question 1(c)

An external risk is a risk which emerges from outside the organisation, whereas an internal risk stems from within the organisation. Risks are managed and controlled differently depending on whether they are internal or external. Control over external risks is low, and risk management strategies are generally reactive, looking to ease the situation rather than avoiding it.

The external risk for Madison Electronics plc is the current economic climate which has resulted in increased interest rates, with a possibility that rates may further increase over time. As this risk also impacts upon their suppliers, Madison Electronics plc potentially face increased prices from their suppliers, which will either increase their selling prices or reduce gross profit.

The consumer is also affected by the increased interest rate, which could alter their buying behaviour to reduce spending on non-essential items, such as computers and other technical equipment sold by Madison Electronics plc.

With increased pressure on their own borrowing, and a real threat that costs could go up and consumer spending go down, Madison Electronics plc would be advised to be prepared for reduced sales and profit, and the probability that some branches may need to be closed to reduce costs.

Possible strategies to minimise the impact of external risks:

▪   Review management information systems to identify patterns in buyer behaviour, which could be exploited, i.e. interest free credit, buy now pay later, offer gifts to entice larger purchases
▪   Build relationships with suppliers to negotiate lower prices or extended credit terms
▪   Categorise retail outlets in terms of efficiency, and be prepared to close the least efficient stores
▪   Sell goods online to increase market place

Examiner comments 1 (c)

External risks:

▪   *Instability of the economic climate, possibility that interest rates could increase*
▪   *The knock on effect is that customers will shy away from non-essential items such as computers and other technical equipment, which are products sold by Madison Electronics plc*
▪   *Supplier costs could go up, forcing Madison Electronics plc to either accept reduced profits or increase their selling prices.*

With increased costs and consumer confidence low, the risk is that Madison Electronics plc are unable to maintain losses in the long run and are forced to close stores. As they have branches nationally, they could begin the process by closing the worst performing branches first.

Mark scheme

1 mark for understanding that the control and management of internal risks will differ from external risks
3 marks for identifying the external risks and how they impact upon the business:
    ▪   interest rates, cost of supplies increased, consumer spending reduced
 1 mark for identifying methods to minimise risk

Marks will be given to students who have given other relevant examples.

Question 2(a)

Recruiting, selecting and employing the right staff are critical to the achievement of business objectives. Two factors should be borne in mind. Firstly, recruiting staff involves a cost to the business and should therefore be managed efficiently and, secondly, recruitment processes and practices should meet the statutory requirements of employment law. Planning is vital to the staff selection process and managers are advised to follow the following stages when seeking to recruit staff:

1.   Defining the role
2.   Attracting applications
3.   Managing the application and selection process
4.   Making the appointment.

Each of these stages incorporates specific tasks:

1.   Defining the role

Employing staff is a business expense and the manager must be able to provide a rationale regarding the need for the job role within the organisation, how the job role will fit into the overall structure of the organisation and the expected outputs and benefits of the job to the business.

In order to define the role a Job Analysis is carried out. This will involve describing and recording aspects of the job and specifying the skills and other requirements necessary to perform the job.

The job analysis will result in the production of a **person specification** (an overall skill profile) and a **job description** (the duties of the postholder).

2   Attracting applications

The purpose of this stage is to attract candidates with the correct qualifications, experience and skills. The organisation should decide the most appropriate method to advertise, having considered the role being advertised, whether to advertise internally or externally, locally, regionally, nationally or even internationally. All mediums should be considered including posters, newspapers, noticeboards, trade magazines, external recruitment agencies and the Internet.

The costs of advertising are important and should be appropriate to the role being advertised. For example, it wouldn't be appropriate to advertise in expensive national newspapers for a cleaner.

Organisations should also consider potential internal candidates who already have existing knowledge of the organisation and its systems and procedures as this may reduce overall training costs.

3   Managing the application and selection process

The purposes of this stage are to shortlist applicants and select the most suitable applicant(s).

The business may request applicants to complete **application forms** or **CVs**. Application forms have the advantage of collecting all relevant information, and the same information, from candidates in a systematic manner.

The shortlisting of candidates should be carried out by comparing the applicants qualifications, experience and skills with those requested in the person specification and care should be taken with this process in order to counter any claims of discrimination or unfairness by candidates not selected to go forward.

Shortlisted candidates will be put through a competitive selection process. There are a number of selection tools which can be used ranging from formal interviews through to presentations and assessment tests. The organisation should choose the ones most appropriate to the job role.

4   Making the appointment

The purpose of the appointment stage is to offer the job to the most suitable applicant(s).
Relevant employment checks should be made before making the final job offer. These checks may include **residential status** and **references**. It should be noted that offering a job to a candidate either

verbally or in writing constitutes a legally binding formal offer of employment so the relevant employment checks should be completed before the formal job offer is made.

The successful applicant(s) should be provided with a **contract of employment** within the required statutory period.

Examiner comments for question 2(a)

It is relevant to present an introduction explaining the costs and risks of recruitment and the need for planning.

*The question requires students to **explain** the stages of a recruitment and selection plan so it is not simply a case of listing the stages involved in recruitment. Students are required to provide an explanation with reference to the purpose of each stage and the specific tasks which need to be completed.*

Mark scheme

1 mark for the introduction
1 mark for identifying each of the 4 stages in the recruitment and selection plan
2 marks for an explanation of each stage in the recruitment and selection plan.

Question 2(b)

An effective, well-constructed job description brings a number of advantages to applicants, the business and managers:

- Provides potential applicants with the information they need to judge if they have the skills, competencies and experience to undertake the job role
- Employees are clear about the duties they have to perform
- Clear reporting lines are established between managers and subordinates
- Job descriptions can be included as part of the Contract of Employment
- Job descriptions will form the basis of a number of HR policies and processes including appraisals, disciplinary action, staff grievance procedures and salary structure.

The effectiveness of job descriptions can be reduced by the following factors:

- Job descriptions can become outdated
- Some job descriptions are 'rolled forward' when a vacancy occurs and therefore do not take account of the changing needs of the organisation
- Job descriptions can be used by employees to refuse to undertake some tasks which they consider are not covered within the scope of their job description
- Some job descriptions are drawn up to attract potential recruits who, if selected, may then be disappointed with the actual reality of their new job role.

Job descriptions should therefore be kept under review to ensure that they continue to be fit for purpose and reflect the changing needs of the organisation.

A well-constructed person specification can be particularly effective in enabling:

- candidates to focus the information they provide in their application forms when applying for specific jobs
- the manager to undertake a job analysis as part of the recruitment and selection process. The person specification will require the manager to analyse the specific requirements of the job role and its contribution to the business
- shortlisting selection criteria to be drawn up which could be used by those people involved in the shortlisting process.

There are however a number of potential problems which can impact upon the effectiveness of person specifications:

- In drawing up the person specification the manager may subconsciously seek to identify like-minded individuals who have similar characteristics and qualities to themselves, thus reducing the number of applicants in the target market
- The potential risk of legal action from potential candidates in respect of discrimination if inappropriate terminology is used which suggests that the job is only suitable for particular groups
- Some person specifications include criteria that cannot be objectively assessed e.g. "a good sense of humour" or may include criteria which are not relevant to the job.

A person specification can be an effective recruitment tool if it is explicit about what is required and why.

Examiner comments for question 2(b)

The question calls for an analysis of the effectiveness of job descriptions and person specifications in the context of recruiting staff. This requires students to consider the contribution of job descriptions and person specifications from the perspective of both the business and potential new recruits and to address those factors which serve to impact upon their effectiveness.

Mark scheme

6 marks for the analysis of the effectiveness of job descriptions.
6 marks for the analysis of the effectiveness of person specifications.

Question 3 (a)

Project management involves managing resources in order to secure specific business objectives within a given time period, in this case, the installation of a new computer network.

Project management is a specialist management function involving the following stages:

Stage 1 - Project initiation: will involve agreeing the precise specification for the project including details of quantifiable project outcomes and the timescale for completion of the project.
Stage 2 - Planning and design: will result in the establishment of a Project Plan detailing timelines, resources and financials. At this stage the Project Team will be established with specific responsibilities being delegated to project team members
Stage 3 - Execution and construction: The Project Manager will need to ensure that the IT installation meets the needs of the client. If managing customer information is part of an overall customer relationship strategy, then the system must be configured in such a way as to allow the capture, analysis and dissemination of customer information to relevant managers and functional areas.
Stage 4 - Monitoring and Controlling systems: will involve the implementation of a continuous monitoring and review process involving such elements as quality reviews, budget monitoring and measuring project outcomes against targets and timescales. It is at this stage that changes may have to be made to the Project Plan in the light of current circumstances. Delays in supplies, budget overspends and changes in project specifications required by the client can all impact upon the project.
Stage 5 - Completion: is the project completion phase when the project is officially handed over to the client.

Managing projects involves a series of interrelated stages and processes, many of which have to be coordinated and completed in a set order within a given time period if project outcomes are to be met on time and within budget. A number of project management tools have therefore been developed to assist the role of the Project Manager including **Gannt Charts** and **Critical Path Analysis**.

A **Gannt Chart** is a tool for scheduling, budgeting and presenting project plans. Such charts are represented as a series of graphical bar charts which represent the duration of project tasks against the progression of time. By representing project plans in such a format, a Gannt Chart identifies to the Project Manager the order in which tasks have to be completed and which tasks should have been completed at any given point in time. Gannt Charts also show the dependency relationships between the various project tasks and activities.

A **Critical Path Analysis** is a diagram of what needs to be done if a project is to be completed on time. The Project Manager will list all activities involved in the project, the order in which they must be completed and how long each of the activities is expected to take. The Project Manager will then be able to construct a critical path analysis which will allow them to calculate the minimum time within which the project can be completed. As such, any delay in any of the activities on the 'critical path' will result in a delay in the completion of the project. In essence, a one day delay in the completion of one of the activities on the critical path will result in a one day delay in the completion of the project unless the Project Manager can make changes to bring the project back on track.

Examiner comments for question 3(a)

Part (a) of the question is broken down into two sections. The first part is to identify the main stages in managing a project and the second part is to describe two project management tools.

Key responses should include a brief introduction of project management in order to distinguish it from other on-going business operations and functions. The special features of project management involve:

- *A specific outcome*
- *A set budget*
- *A target date for completion*

Students should be able to describe the management processes inherent in each stage of the project for example, initiation, planning, execution and construction, monitoring and controlling systems and completion.

The question requires an explanation of the main stages of managing a project and students should provide details of what is included at each stage within a project. Students should reference the particular example in the scenario to the question – the installation of an IT system to manage customer information.

Students should be able to provide a description of project management tools and their contribution to effective project management. Some students may find that this is made easier by incorporating visual examples within their answers.

Examples of other project management tools include:
Henry Fayol's management functions
Project Evaluation and Review Technique (PERT)
Process based management (Capability maturity models)

Mark scheme

1 mark for introduction
5 marks for explaining the stages of managing a project
4 marks for describing two types of tools used in project management

Question 3(b)

An integral part of project management is managing physical and financial resources and project managers are therefore required to exhibit high levels of budget-management skills. Similarly, managing a project involves risks – projects may be subject to unforeseen delays, supplies may be held up or project costs may rise due to an increase in the cost of equipment or other inflationary pressures.

Knowledge of risk management processes is also therefore a critical part of the skills set of an effective project manager. It is important that the project manager is able to distinguish between internal and external risks when managing a project.

If there is an external risk that the project would be over-budget for reasons beyond the control of the Project Manager – for example a general rise in inflation – the Project Manager should instigate a plan for overall efficiency savings on the project budget as a whole.

Practical steps could include:

- Review project outcome with client in order to reduce the size and scale of the project so that it meets allocated budget
- Review contracts with existing suppliers or change some suppliers to obtain input efficiencies
- Instigate efficiency savings on delegated budgets held by team leaders – for example, each team leader may be required to work with a 5% reduction in their budget
- Review cost of Project Team and reduce staff numbers
- Review procurement procedures including authorisation processes for high value orders
- Utilise project contingency fund to cover budget overspend.

There are also instances where a project goes over budget due to internal risk factors such as poor budget control within the project itself. Financial management reporting procedures may be weak or an individual budget holder within the Project Team may not have followed internal financial regulations. In such circumstances practical steps could include:

- Establishing financial management reporting procedures
- Taking budgetary responsibility away from delegated budget holders
- Replacing or redesignating budget holders
- Meet with project team leaders to confirm their budgetary responsibilities and financial reporting procedures.

There are a number of processes which could be established in order to avoid re-occurrence of a potential budget overspend. These processes can be classified under the following headings: risk management, financial regulations and procedures, procurement, budget setting, budget monitoring and forecasting.

Effective project management involves the production of a detailed risk management plan which identifies the risks inherent when implementing the project and how these risks can be managed – in respect of budget overspends, the identification of 'early-warning indicators' are particularly useful.

Financial regulations and procedures should be drawn up which clearly identify the responsibility and authority of any delegated budget holders. Incorporated into these procedures can be regulations regarding maximum value for individual orders, tender arrangements and order authorisation procedures.

Procurement procedures, as well as incorporating tender arrangements and the minimum number of quotations required before placing an order, can also incorporate a preferred supplier list.

Budget-setting procedures should be based upon the principle of zero-budgeting rather than historical budgeting which will ensure that budgets are based upon actual costs rather than previous historical costs.

Once agreed, budgets should be profiled to allow for more effective budget monitoring and forecasting. Systematic financial reports should be produced on a regular basis which allow the Project Manager to identify any potential budget overspend. In more complex projects, exception reporting can be introduced whereby the management accountant identifies those budgets which are overspent outside agreed project parameters.

Examiner comments for question 3(b)

When answering part (a) the question is broken down into two sections. The first part is to address how to deal with a potential budget over-spend within a project and the second part is to identify the procedures which could be implemented to avoid re-occurrence of a budget overspend.

Students should be able to:

▪ *Recognise the importance of budget management and risk management when managing a project*
▪ *Understand both external and internal factors which can result in budget deficits*
▪ *Recognise the similarities and differences in approach when dealing with budget deficits resulting from external or internal factors*
▪ *Understand the importance of establishing effective management procedures inherent in managing projects and business operations.*

Students should also be able to explain:

▪ *the importance of communicating business procedures to staff and work groups*
▪ *the interrelationship between business procedures – for example, budget-setting procedures will need to incorporate budget profiles if effective budget monitoring and forecasting reports are to be produced.*

Mark scheme

1 mark for introduction
4 marks for managing risk and describing the difference in approach when dealing with **external** and **internal** risk factors
4 marks for identifying the procedures including **risk management plans, financial regulations, procurement, budget-setting and monitoring** which will need to be implemented and the interrelationship between these procedures

Question 3(c)

A Management Information System (MIS) is a system for generating and integrating information with the aims and objectives of the business. MIS systems are based upon new technology and the ability of such technology to transmit real-time data and information in a variety of formats to managers in different locations. Access to such information allows managers to engage in decisions relating to the planning and monitoring of business activities and operations.

The main components of MIS systems can be classified into hardware, software, management procedures and personnel (including technical support).

Hardware comprises the computers and servers which process and display the data and information. Also included in hardware are the printers and scanners which are used to produce reports and other hard copies of data and information in a paper format. Computers can be linked together to establish a **network** which allows managers to communicate with each other in real time locally, nationally and internationally.

Computer systems need to be programmed with appropriate **software** in order to process, format and display management information. Spreadsheets, databases and word processing software can be incorporated into a combined software package which can also include specialist software which can aid the production of professional management visual presentations.

Specialist **personnel** may need to be employed to write bespoke computer programmes which serve the needs and interests of the organisation so that specialist management reports can be produced. In addition, technical staff will need to be engaged to provide business support to end users and maintain and service computer hardware.

Procedures will need to be established in relation to access and security arrangements. An MIS system will contain commercial information which the business will not want to be accessed by its competitors. Similarly, confidential information will be held on its customers and clients. Access arrangements are therefore vital and it is usual for processes to be established whereby access is limited to personal passwords. Procedures will also need to be established to ensure that data entry and amendments are the responsibility of designated staff.

Examiner comments for question 3(c)

The student is expected to show their understanding of the main components of an MIS system. A detailed technical knowledge of MIS is not required but students should be able to identify the purpose of an MIS system and the importance of accessing real-time information in the planning and decision-making functions.

The importance of establishing procedures within an MIS system is particularly important and students should be able to explain the risks which may arise if robust procedures in respect of MIS are not applied across the business.

Other relevant terminology can include LAN and WAN network configurations.

Mark scheme

1 mark for an overview of the purpose of an MIS system.
3 marks for describing the main components – **hardware, software, personnel and procedures.**
2 marks for identifying the need for establishing procedures in relation to access, data entry and data amendments.

Question 4(a)

It is important for a business organisation to address issues of low morale since it may impact negatively on staff motivation, productivity, customer service, staff turnover and ultimately the overall performance of the business in terms of turnover, profitability and the achievement of business objectives.

The purpose of change management is to identify and address those issues which impact negatively on the ability of individuals and staff work groups to accept the need for change and to devise strategies which will move the business forward so that the need for change is accepted, embraced and supported by staff and their managers.

In the context of an organisation in which there is uncertainty due to a change of business ownership coupled with low staff morale, two change management theories which could be employed to address these issues are **McKinsey's 7-S model** and **Kotter's eight step change model**.

McKinsey's 7-S model was developed in the 1980's by Peters and Waterman. The model identifies 7 key, interdependent internal aspects of the business that need to be aligned if it is to be successful. The alignment of the 7 factors is particularly important in those instances where departments and processes have to be streamlined following a business merger or acquisition.

The 7 elements are classified into 3 hard elements (strategy, structure and systems) and 4 soft elements (shared values, staff skills, style and staff). Central to the McKinsey model is the importance of shared values – those underlying corporate core values and beliefs of the business which, if it is successful, have to be understood and supported by staff and their managers.

Using the model helps the business to identify its current position in relation to the 7 elements and to devise an 'alignment strategy' which promotes change management within the business.

An alternative approach to change management has been promoted by Professor John Kotter (1995) who developed an 8 step programme for leading change. Kotter's 8 steps commence with creating a sense of urgency and conclude with the final step of embedding changes into the corporate culture.

The intervening steps follow in logical order – forming a powerful coalition, creating a vision for change, communicating the vision, removing obstacles to change, creating short-term wins and building upon the change.

Compared with the McKinsey model, Kotter's change management strategy is less about 'alignment' and more about implementing a systematic blueprint for managing change. However if there is one recommendation which can be drawn from both models it is the central importance of establishing a shared corporate vision since it is this vision, incorporating the mission and the core values and beliefs of the business, which will need to be communicated to staff and supported by them in order for them to embrace the necessary changes to move the business forward.

Examiner comments for question 4(a)

Students should contextualise their answer in respect of the business scenario noted in the question. In this case the merger has resulted in uncertainty and low morale. An overview of the impact on business performance is useful.

The management theories should be summarised but in both cases the elements of each theory should be clearly stated. It may be useful to include a practical example of one of the elements from each model – for example, in Kotter's model, the practical management implications of 'forming a powerful coalition' involves identifying the key influencers within the organisation and working to establish strong work groups.

The question asks for a recommendation and it is good practice to identify a common feature from each of the theories – in this instance the importance of shared values.

Examples of other theorists:
Lewin's three stage model (unfreezing; changing behaviour; refreezing)

Mark scheme

1 mark for introduction
8 marks for describing the elements of each of the management theories
1 mark for recommendation

Question 4(b)

Recommendations to the Board of Directors

(i)   Duplication within the amalgamated departments is likely to result in management challenges relating to systems compliance, management structure, the duplication of job roles and the coordination and integration of business operations. In such instances productivity is likely to suffer, management/staff relations will come under strain and overall business performance will be below target.

The following recommendations are presented to the Board for consideration:

- Devise a re-organisation plan which will result in a new management structure and associated staff roles. The plan should clearly identify the management reporting lines and may incorporate new job roles to meet the changing needs of the enlarged business.
- Establish and implement a HR plan/strategy for dealing with redeployment and redundancy issues resulting from the re-organisation. The plan should also incorporate issues relating to the harmonisation of terms and conditions of service across the amalgamated company.
- Review existing policies and procedures to ensure that they are fit for purpose within the amalgamated business.
- Establish a communications strategy which incorporates the role of managers and team leaders in explaining, promoting and reinforcing the company's vision and values.
- Instigate a skills audit across the amalgamated business and establish a coordinated staff training programme so that all staff can work effectively within the new structure and with the new operational procedures.
- Establish a programme of regular internal audits to ensure compliance with the new processes. These audits should cover all functional areas and incorporate actions which must be addressed by managers in the event of non-compliance.
- Engage an external consultant to review the current IT business support needs of the business and to draw up a costed action plan for an integrated IT strategy across the company to support management functions and business operations.

(ii)   Redeployment involves the transfer of employees from their current job role into a new role within the business in which they can utilise their existing skills in a new context within the same, or different, functional area.

Redeployment can bring a number of advantages to the business:

- Existing staff skills and talents can be utilised
- Past expenditure on training is not wasted
- Current vacancies can be filled thereby saving recruitment costs
- Staff retention is improved
- Positive impact upon staff morale since the number of redundancies is reduced
- Redundancy costs are reduced.

(iii)   Despite all the best efforts of the business there may come a stage in the re-structuring process when there are staff that have been displaced from their job roles who cannot be accommodated within the business – in essence they are surplus to the staffing requirements. There are a number of practical steps which can be taken to address the issue of surplus staff but central to any business strategy should be the requirement to treat such staff fairly, with respect and to ensure compliance with any statutory employment legislation.

Specific recommendations in relation to surplus staff are as follows:

- Ensure that all possible steps have been taken to avoid redundancies. These can include redeployment; retraining; flexible working; freeze on recruitment
- Consider engaging the services of an external HR consultant if expertise does not exist within the company (or use legal services) in order to ensure that the business is working with the statutory framework
- Establish the business case for redundancies which can be used and the basis for consultation with affected staff; include in the business case the selection criteria for redundancy. Ensure that the Board of Directors is made aware of the costs of the proposed redundancies. Included in the costs could be professional support for displaced staff e.g. re-training packages; garden leave; job counselling

- Attempt to avoid compulsory redundancies by offering early retirement or voluntary redundancy packages
- Select employees from the 'redundancy pool' who will be made redundant and include a period for appeals and dismissals.

Examiner comments for question 4(b)

The important point to be addressed when answering Question 4(b) is that students are required to describe a series of recommendations i.e. practical suggestions which can be implemented by the business in order to address a specific management issue.

Mark scheme

In relation to each section:
1 mark for the introduction/description which contextualises the set of recommendations
4 marks for appropriate recommendations