



# Essentials of Management

02 June 2016

## Marking Scheme

This marking scheme has been prepared as a **guide only** to markers. This is not a set of model answers, or the exclusive answers to the questions, and there will frequently be alternative responses which will provide a valid answer. Markers are advised that, unless a question specifies that an answer be provided in a particular form, then an answer that is correct (factually or in practical terms) **must** be given the available marks.

If there is doubt as to the correctness of an answer, the relevant NCC Education materials should be the first authority.

**Throughout the marking, please credit any valid alternative point.**

**Where markers award half marks in any part of a question, they should ensure that the total mark recorded for the question is rounded up to a whole mark.**

<b>Section A</b>
<b>You must answer this question</b>

**Marks**

**Question 1**

You work for a company called *Focus Furniture* that specialises in producing office furniture for both businesses and home-office workers.

The company has been in operation for 15 years and has previously built a reputation for being one of the cheapest producers of office furniture in the marketplace. The business model was focused upon selling the products cheaply at a low margin but in high volumes.

However over the past 12 months the market share for *Focus Furniture* has fallen significantly as a number of new competitors have entered the market, particularly from overseas. These companies generally have a lower cost base, with access to a cheaper workforce and, as a consequence, they are producing office furniture at a low cost that *Focus Furniture* simply cannot compete with.

The Managing Director has therefore decided that a change of strategy is required. In the future she would like the company to compete at the high end of the market, using its experience in the design and production of office furniture to develop a range of offerings targeted at senior executives and directors.

The intention is that the furniture will be built to an exceptionally high standard using the best materials. It will gain a reputation for quality and will be sold at a premium price.

You are the manufacturing manager tasked with ensuring that the workforce responds positively to these new requirements. In particular you will need to:

- Implement controls to ensure that the standard of the finished products is of a suitably high quality
- Minimise the level of waste and rework because of the high costs of the raw materials to be used
- Make sure that the quality of the products is higher than the company's competitors in order to justify the high prices that will be charged

You will also need to demonstrate excellent qualities of leadership and an appropriate management style in order to ensure that all of the employees involved in manufacturing are fully committed to, and supportive of, any new ways of working. In particular, the Managing Director has stressed the need for these employees to increase both their levels of productivity and quality in order to successfully implement the planned strategic change.

- a) It is vital that appropriate management controls are implemented in order to ensure that the quality of the manufactured furniture is as high as possible.
- i) Compare and contrast *Feedforward Controls* and *Feedback Controls* and give your recommendation, with reasons, for which approach should be adopted by *Focus Furniture*.

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***Award 3 marks each for describing and contrasting Feedforward and Feedback controls, plus 2 mark for giving a recommendation with appropriate reasoning, to a maximum of 8 marks.***

***Feedforward:***

- ***Main aim is to prevent anticipated problems***
- ***Takes place in advance of work being undertaken***
- ***So any likely problems can be identified and rectified before the work takes place***

***Feedback:***

- ***Doesn't take place until the work has been completed***
- ***So any problems cannot be rectified until after the work has been completed, which may lead to waste or the need for rework***
- ***However, management can more easily take a view on if there is any significant deviation between the standard and the actual performance***

***Give credit for any well-reasoned choice of the approach to be taken, which may include:***

- ***Feedforward control – addresses the requirement to minimise waste and rework since any likely problems are identified in advance of the work***
- ***Feedback – may not initially help to reduce waste and rework, but the ability to review performance could help to eliminate problems in the longer term***

- ii) Explain how the following approaches to measuring performance could help to deliver high quality outputs for *Focus Furniture*, giving TWO specific advantages of each approach: 8
- Personal observations
  - Statistical reports

**Award 2 marks for each correct explanation, plus 1 mark for each specific advantage correctly identified, to a maximum of 8 marks.**

**Personal observations, examples may include:**

- **Could check each piece of furniture after it has been produced to ensure there are no defects and quality is high**
- **Could carry out spot checks during the manufacturing process to ensure that required standards are being adhered to**

**Advantages (allow any of the following):**

- **Obtain first-hand knowledge**
- **Information isn't filtered**
- **Intensive coverage of work activities**

**Statistical reports, examples may include:**

- **Could obtain statistical reports highlighting production information such as overall throughput, number of problems and associated manufacturing hours lost etc**
- **Could obtain statistical reports focusing on customer feedback on their perception of the quality and value for money of the finished products**

**Advantages (allow any of the following):**

- **Easy to visualise**
- **Effective for showing relationships**
- **Easy to compare trends or patterns of disruption**

- iii) Describe how *benchmarking* could be used to help *Focus Furniture* improve the quality of its manufactured goods. 4

**Award 1 mark for each correct point, to a maximum of 4 marks.**

- **Benchmarking is all about searching for best practices that can result in improved performance/higher quality**
- **Could look to learn from other furniture manufacturers who have a reputation for high quality**
- **Identify what they do well that Focus Furniture could exploit or replicate**
- **By identifying specific performance gaps, Focus Furniture could address these, implement solutions or improvements and raise the overall quality of its manufactured furniture products**

- b) List and briefly describe the THREE (3) different types of *competitive strategies* that can be adopted by an organisation and identify which one of these will be followed in the future by *Focus Furniture*. 10

**Award 1 mark for listing each competitive strategy, plus 2 marks for correct description. Award a final 1 mark for identifying the correct strategy being adopted (this is more likely to be differentiation, though allow also focus if it is made clear that it is referring to a differentiation approach in a narrow industry segment – i.e office furniture), to a maximum of 10 marks.**

- **Cost Leadership – the company aims to be the lowest-cost producer in its industry**
- **Differentiation – the company offers unique products that are widely valued by customers**
- **Focus – the company pursues a cost or differentiation strategy in a narrow industry segment**

- c) Your leadership qualities and management style will be important factors in ensuring that the manufacturing staff adapt successfully to the new requirements.

- i) You believe that your leadership style should be *transformational* in order to succeed in the new working environment. Explain why this is the case. 5

**Award 1 mark for each correct point, to a maximum of 5 marks.**

**Answers should be based around the following:**

- **The new working environment will be challenging to the employees**
- **They will need to be highly motivated in order to achieve the goals of enhanced quality and increased production levels**
- **A transformational leader has the ability to excite and inspire employees**
- **Such a leader can encourage employees to put in extra effort in order to achieve new goals and objectives**
- **Such a style will help employees to adapt to the new working practices in the most effective way**

- ii) List the FIVE (5) dimensions that make up the concept of *trust*. 5

- **Integrity**
- **Competence**
- **Consistency**
- **Loyalty**
- **Openness**

**1 mark for each correct point, to a maximum of 5 marks.**

- iii) Why are *drive* and *intelligence* frequently mentioned as important traits for effective leadership?

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**Award 1 mark for each correct point, to a maximum of 6 marks.**

**Drive:**

- **Important for a manager to have a high desire for achievement**
- **Should also be ambitious, both for themselves and their team**
- **Need to have lots of energy and show initiative in order to succeed**

**Intelligence:**

- **Intelligence is required to analyse information and solve the day-to-day problems commonly faced by a manager**
- **It is also required to make correct and effective decisions**
- **Without appropriate intelligence a manager may lose the trust and respect of his/her staff**

- iv) What are the main characteristics of an *autocratic leader*?

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**Award 1 mark for each correct point, to a maximum of 4 marks.**

- **Likes authority to be centralised**
- **Dictates the working methods of his/her employees**
- **Makes unilateral decisions**
- **Limits employee participation in any decision making**

**Total 50 Marks**

## Section B

Answer any TWO (2) questions from this section

## Question 2

- a) List FIVE (5) techniques that can be used by managers to resolve conflict within a group. 5

**Award 1 mark for each correct technique, to a maximum of 5 marks.**

- **Collaborating**
- **Compromising**
- **Accommodating**
- **Avoiding**
- **Forcing**

- b) Briefly describe the main characteristics of the following types of teams: 6

- Cross-functional
- Virtual

**Award 3 marks for each correct description, to a maximum of 6 marks.**

**Cross-functional:**

- **Hybrid grouping of individuals**
- **All of whom are experts in particular disciplines**
- **Team members work together on specific tasks**

**Virtual:**

- **Work team linked by internet/computer technology**
- **Members are physically dispersed**
- **They may work in different time zones**

- c) Identify THREE (3) key principles of the *Contingency Approach* to management. 6

**Award 2 marks for each correct principle, to a maximum of 6 marks.**

- **Organisations are different – size, goals, work etc.,**
- **So consequently they face different situations**
- **Different organisations therefore require different approaches to management**
- **So, there are no universally applicable management rules that work in all situations**

- d) Which researcher was responsible for developing the *Principles of Management* theory and how many principles were contained within this? 2

**Award 1 mark for each correct answer, to a maximum of 2 marks.**

- **Developed by Henri Fayol**
- **14 principles were included**

- e) Explain what *intuition* is and how it can affect managerial decision making.  
**Award 3 marks for correctly describing intuition, plus a further 3 marks for explaining how it can affect decision making, to a maximum of 6 marks.**

**Intuition:**

- **Making decisions based on experience**
- **Feelings**
- **And accumulated judgement”**

**Ways in which it can affect decision making – give credit for any reasonable points which may include:**

- **Can lead to decisions being made on the basis of gut feeling rather than based on information that is available**
- **Feelings and emotions can sometimes get in the way of logical, well thought out decision making**
- **A manager can use previous experience to make a decision in situations where there may not be sufficient information to make the decision in any other rational way**
- **A decision can be made quicker based on intuition rather than taking excessive time to examine all possible alternatives.**

**Total 25 Marks**



## Question 3

- a) List the FIVE (5) factors that *organisational behaviour* is intended to explain or influence. 5

**Award 1 mark for each correct factor, to a maximum of 5 marks.**

- **Employee productivity**
- **Absenteeism**
- **Turnover**
- **Organisational citizenship behaviour**
- **Job satisfaction**

- b) Why is it important to an organisation that its employees have high levels of *job satisfaction*? 5

**Award 1 mark for each correct point, to a maximum of 5 marks.**

**Give credit for any reasonable points, which may include:**

- **Higher level of job satisfaction means a more positive attitude towards the job**
- **Happy organisations are more productive**
- **Satisfied employees have lower levels of absenteeism**
- **Satisfied employees have lower levels of turnover**
- **Satisfied employees increase customer satisfaction and loyalty**

- c) Briefly describe TWO (2) ways in which managers can shape the behaviour of employees. 6

**Award 1 mark for correctly identifying each approach, plus 2 marks for each correct description, to a maximum of 6 marks.**

**Allow any of the following:**

- **Positive reinforcement**
  - **Manager praises employee for behaviour**
  - **Employee is likely to repeat such behaviour**
- **Negative reinforcement**
  - **Manager withdraws something negative or unpleasant in reward for good behaviour**
  - **Once again the employee benefits from their behaviour and so is likely to repeat such behaviour**
- **Punishment**
  - **Penalises undesirable behaviour**
  - **Seeks to eliminate such behaviour**
- **Extinction**
  - **Manager does not reinforce the behaviour, on the basis that it will consequently disappear over time**
  - **Weakens undesired behaviour and eliminates it over time**

d) What are the main activities undertaken by a manager as part of the *Planning* function? 3

**Award 1 mark for each correct point, to a maximum of 3 marks.**

- **Defining goals**
- **Establishing strategies for achieving these goals**
- **Developing plans to integrate and coordinate activities**

e) List SIX (6) characteristics of *effective decision making*. 6

**Give credit for any reasonable points, which may include the following:**

- **Focus on what is important**
- **Be logical and consistent**
- **Acknowledge both subjective and objective thinking**
- **Use only as much information as is necessary**
- **Encourage the gathering of relevant information**
- **Ensure the decision is reliable, easy-to-use and flexible**

**1 mark for each correct point, to a maximum of 6 marks.**

**Total 25 Marks**

## Question 4

- a) Briefly describe the main principles contained in Douglas McGregor's *Theory X* and *Theory Y*. 6

**Award 1 mark for each correct point, to a maximum of 6 marks.**

**Theory X**

- **The assumption is that that employees dislike work and are lazy**
- **They avoid responsibility and must be coerced to perform**
- **They need to be closely controlled in order to work effectively**
- **It is a negative view of employees**

**Theory Y**

- **The assumption is that employees are creative, enjoy work**
- **They consider work to be a natural activity**
- **They actively seek responsibility and can exercise self-direction**
- **Provides a much more positive view of employees**

- b) List the THREE (3) needs that are contained in the *Three Needs Theory* and name the researcher responsible for developing this theory. 4

**Award 1 mark for each correct need, plus 1 mark for correctly naming the researcher (half mark for surname only), to a maximum of 4 marks.**

- **Need for achievement**
- **Need for power**
- **Need for affiliation**

**Developed by David McClelland**

- c) Explain how the growing use of *mobile technologies* is resulting in new challenges for managers. 6

**Award 1 mark for each valid point, to a maximum of 6 marks.**

**Give credit for any reasonable points, which may include:**

**Growing use of mobile is resulting in different ways of working:**

- **Virtual teams – problems in managing remote workers, possibly in different time zones**
- **Mobile workforce spending more time on the road – more difficult to manage and control**
- **Flexible working arrangements meaning that staff can work from different locations**
- **Extended workdays (as opposed to the traditional 9 to 5) can make it more difficult to manage staff**
- **Increased challenges in managing and monitoring the workloads and performance of remote staff**
- **Increased threat of security and data theft posed by mobile devices – a need to implement strong and effective security policies**

Marks  
4

- d) Define the terms *Efficiency* and *Effectiveness*.  
**Award 2 marks for each correct definition, to a maximum of 4 marks.**

***Efficiency***

- ***Coordinating work activities***
- ***So that they are completed efficiently and effectively***

***Effectiveness***

- ***Getting the most output***
- ***From the least amount of inputs***

- e) Why do *unstructured problems* frequently cause difficulties for decision makers? 5  
**Award 1 mark for each correct point, to a maximum of 5 marks.**

- ***Unstructured problems are new and unusual***
- ***The cause of the problem may be ambiguous or difficult to understand***
- ***There is frequently incomplete information upon which to base a decision***
- ***Because they are unusual a decision maker cannot revert to a previous decision***
- ***There is typically a requirement for a unique, custom made solution, which may take longer than normal to arrive at***

Total 25 Marks

**End of paper**

## Learning Outcomes matrix

Question	Learning Outcomes assessed	Marker can differentiate between varying levels of achievement
1	3, 5	Yes
2	1, 2, 4	Yes
3	1, 2, 4	Yes
4	1, 2, 4	Yes

## Grade descriptors

Learning Outcome	Pass	Merit	Distinction
Analyse the function of management	Demonstrate adequate ability to analyse	Demonstrate ability to provide detailed and coherent analysis	Demonstrate ability to provide comprehensive, lucid analysis
Examine the management decision-making process	Provide examination of the subject with some suitable examples and references	Provide detailed examination of the subject with adequate use of appropriate references and examples	Provide consistently critical and detailed examination of the subject with innovative use of highly appropriate references
Assess the use of management and organisational strategies	Demonstrate an adequate awareness of issues associated with the subject and make some appropriate judgements	Demonstrate a sound awareness of issues associated with the subject and make consistently appropriate judgements	Demonstrate a detailed awareness of the complexity of issues associated with the subject and make highly appropriate judgements
Analyse how management can influence individual and group performance	Demonstrate adequate ability to analyse	Demonstrate ability to provide detailed and coherent analysis	Demonstrate ability to provide comprehensive, lucid analysis
Examine theories of leadership and control	Provide examination of the subject with some suitable examples and references	Provide detailed examination of the subject with adequate use of appropriate references and examples	Provide consistently critical and detailed examination of the subject with innovative use of highly appropriate references