E1 May 2010 Exam Solutions

SECTION A – 20 MARKS

ANSWER *ALL* TEN SUB-QUESTIONS

Question One

1.1 Answer D
1.2 Answer A
1.3 Answer B
1.4 Answer C
1.5 Answer B
1.6 Answer B
1.7 Answer A
1.8 Answer B
1.9 Answer B
1.10 Answer B

SECTION B – 30 MARKS

ANSWER *ALL* SIX SUB-QUESTIONS IN THIS SECTION - 5 MARKS EACH.

Some of the answers that follow in Section B are more comprehensive than expected for a well-prepared candidate.

Question Two

(a) An organisation has decided to outsource its IS function. Explain the main issues it needs to address.
(5 marks)

Question Two – Part (a)

Possible answers could include:

IT outsourcing is a business decision normally made for quality or financial reasons. Examples include the outsourcing of system maintenance, development or data processing agreements with third party organisations. An entire IT department could be outsourced rather than managed internally by facilities management (FM) companies, software companies or consultancy firms.

The main issues to address:

Submit invitation to tenders

Standard document to invite interested organisations to submit a tender or bid for a contract e.g. company profile, description of existing systems and work processes, detailed requirements, payment details and deadlines and timescales to complete the handover.

Evaluation and selection of suppliers

The problems associated with vendor solutions can be avoided by using policies, procedures and effective management. Good advice is to have planned criteria for selection, a tender and visiting process, seek references, contract agreements and protect against non-compliance with cancellation terms. Weightings for mandatory and non-mandatory factors and the process of benchmarking suppliers based on predetermined criteria will enable a more valid section procedure.

Characteristics a client should consider when selecting a vendor

- Cost
- Track record
- Financially stability

The culture of the vendor and whether this fits with the overall culture of the client will also be an important issue, both organisations need to work closely together and maintain a strong ćclient-contractorô relationship. Discussions with potential contractorĉs management and staff should reveal some of these characteristics.

The chosen supplier must also understand and be fully briefed about the business process, so a full induction to the organisation and its staff (and users) will be needed. Other issues include how the process of handover will occur and how redundancy and retraining will be planned for e.g. change management.

Preparation of good service level agreement (SLA)

- Budget established and carefully controlled.
- Procedures for controlling and monitoring supplier e.g. quality assurance guidelines.
- Duration of agreement and period of notice for cancellation.
- Charging for services and credit procedure.
- Complaints procedure and contact details.
- Termination clause in event of non-performance e.g. exit route.
- Ownership of intellectual property e.g. copyright ownership of software.

Question Two

(b) Describe the ways in which IS and IT might help an organisationߴs human resource function perform its role effectively.
(5 marks)

Question Two – Part (b)

Possible answers could include:

- Training and development e.g. co-ordinating and delivering IS programmes to develop effective job roles, skills or abilities e.g. Computer Based Training (CBT) packages. Implementation of more effective systems for training content and material for staff e.g. online access, DVDs etc.
- Prepare for new staff inductions e.g. automated contracts.
- Implementing more efficient job (task) design to improve efficiency of work processes for staff e.g. less superfluous processes for users to follow, or new IT applications to speed up the productivity e.g. bar coding for shop workers.
- Disseminate good practice, promote harmonious and cooperative relationships between the organisation and its use of IT and IS e.g. updates, seminars and promotion of user groups. Looking after the health, safety and welfare of employees e.g. advice about repetitive strain injury or headaches from VDUs. Improve controls over staff behaviour and conduct e.g. the indecent or unauthorised internet usage for staff during working hours and expectations and policies to be adhered to.
- Ensure IT and IS systems have compliance to current and future employment or data protection act legislation.
- Communication for new software or hardware installations e.g. provision of literature, handouts, booklets, videos etc, to aid training and development.
- Implementation of systems to help with planning and forecasting labour demand and supply e.g. systems for capturing data and presentation of HR requirements. Evaluation of the impact that new IS or IT systems may bring for staff numbers and types required.
- IS and IT can enhance the employment image of the organisation e.g. e-cruitment and m-cruitment, if not offered by the competition could be a source of competitive advantage, allowing the organisation to differentiate its recruitment procedures. The introduction of this technology could improve brand image of an organisation as a state of the art and a modern organisation.
- IS and IT can facilitate low cost recruitment e.g. CVs received in electronic form, so inputting data into a database straightforward.
- Electronic storage of personnel details should result in less archives and manual filing systems being used, therefore reducing physical storage cost if manual records were the alternative.
- Automated systems for payroll operations and payments e.g. automatic calculations of basic, overtime, bonuses from e-time records, also payment by BACS.
- Help improve communicate within and outside the organisation e.g. videoconferencing, teleconferencing, intranets and extranets.

Question Two

(c) Explain how a manufacturer's promotional activity might vary depending upon the sort of distribution channel that operates.
(5 marks)

Question Two – Part (c)

Different distribution channels (or sales mediums) can be chosen by a manufacturer to sell good or services e.g. wholesaler, distributor, retail shop, catalogue, mail order or internet. Distribution channels (or place, within the marketing mix) is about where a product can be purchased from.

Levels of distribution channels:

- **Zero level** e.g. the manufacturer sells directly to the final customer.
- **One level** e.g. the manufacturer sells directly to retailers (another intermediary) which sells directly to the final customer.
- **Two levels** e.g. the manufacturer extends its distribution channels to more than one intermediary, such as other manufactures or wholesalers, before a retailer ultimately sells directly to the final customer.

A manufacturer's promotional activity could vary according to the type of distribution channel policy that it operates.

Direct marketing

Direct marketing is face-to-face interaction or direct selling to the customer rather than through other intermediaries e.g. a manufacturer would avoid wholesalers or high street stores downstream, and supply direct instead to consumers at the end of the supply or distribution chain.

Dell the computer manufacturer sells direct to the general public rather than through third party retail organisations such as Dixons or PC World. In the last decade this has been facilitated through the wide spread use of the internet and e-commerce as a sales medium. Direct marketing is an example of a 'zero level channel' e.g. direct interaction with the customer, as opposed to a 'one or two or even three level channel' where products are sold downstream to other intermediaries first e.g. manufacturer sells product through wholesaler and retailer, before the customer ultimately buys it.

When selling to other intermediaries in the supply chain e.g. one, two etc levels, rather than directly to the consumer, then either of the two promotional strategies below could be used by a manufacturer.

Push strategies

The manufacture promotes to other businesses within the distribution channel or supply chain, rather than promotion aimed directly aimed at consumers or end-users (as in the case of direct marketing). The task of ultimately selling the goods to the end user or consumer rests with other businesses e.g. a manufacturer could entice a high street retailer such as Tesco, to promote its products and obtain prime shelf space within retail outlets to improve sales. This marketing strategy emphasises personal selling as opposed to mass media advertising e.g. the business-to-business or B2B market.

Pull strategies

The manufacture promotes its products towards the end user or consumer, aiming to pull the product or service through the distribution channel e.g. downstream, by the creation of higher consumer demand e.g. public advertising, sales promotions and public relations. This marketing strategy emphasises mass media advertising as opposed to personal selling, but ultimately the manufacturer does not sell directly to the consumer.

Tchibo the German chain of coffee shops/cafés and Thorntonôs Chocolate both sell their own merchandise through both their own retail shops (zero level policies) they also merchandise their own products using their own websites. However they also use pull and push strategies for other third party wholesalers and retail shops within the confectionary supply chain (one, two level etc) to sell their goods e.g. Tesco, M&S etc.

Question Two

(d) Construct a basic marketing mix for an online company selling branded sportswear.
(5 marks)

Question Two – Part (d)

The marketing mix is a set of controllable variables an organisation has to influence a customers purchase decision for a good or service. The marketing mix is generally accepted as the 4 Ps these include: product, price, promotion and place. A further 3 Ps can be added to this recipe which is people, processes and physical evidence.

Product

The ópackage of benefitsô to a customer e.g. function, design, shape, appearance, packaging (although unlikely a factor due to selling the product on-line), ecological friendliness and distinctive branding of the sportswear sold. Main product would be selling fashion based sportswear from familiar brands such as Adidas, Ellesse, Nike, Reebok and Umbro. Product features also could include statutory guarantees, after sales service and support, or the ability on-line to ótailorô and order specific sportswear, more unique for a customer. Many websites today offer a money back guarantees if the item is not suitable and can return it without fuss.

Price

The pricing element includes price promotions, discounts, periods of credit, interest free credit and payment terms available on the website. Price is simply the amount of money that consumers are willing to pay for a product, the website may offer the customer, high quality sportswear but at value for money prices e.g. cost leadership, it could also offer generous credit terms subject to on-line applications. For pricing the on-line shopping cart should be designed to be clear and easy to use and keep shipping options simple e.g. for purchases up to £60 delivery cost £3.49, for orders above £60, delivery FREE.

Promotion

Promotion is the marketing communication activity to further the awareness, acceptance and sale of merchandise or services to a customer, in this case on-line sales of sportswear. The promotional mix is comprised of four subcategories: advertising, personal (or direct) selling, sales promotion and public relations. Examples of promotion in this case would be the physical appearance of the website, the lack of the ñtouch and feelò factor is a problem for online buyers of clothing, as is the opportunity for trying the item on. Numerous photos of each item, along with lists of the materials where possible should give a pretty good idea of the item the customer is going to receive. Other forms of promotion could include advertisements within popular sports or sportswear magazines, sponsorship of sportswear events, price reductions, discounts for higher value purchases, even Google campaigns to improve traffic or óclicksô on the website.

Place

The different distribution channels or sales mediums chosen to sell the good or service e.g. wholesaler, distributor, retail shop, catalogue, mail order or internet. Place is where the product can be purchased from and in this case the sales medium is internet as opposed to retail outlets (bricks and mortar sales) or any other sales medium. The advantage of the internet is that it lowers overhead compared with traditional high street retailing and also offers the organisation global sales coverage.

Question Two

(e) Describe the range of internal possibilities that exist for an organisation wishing to fill a job vacancy.
(5 marks)

Question Two – Part (e)

As part of HR strategy, gap analysis must be undertaken frequently to review the future required demand for labour and compare this internally to the supply of labour available. Whenever there is a shortage of staff a job vacancy will arise. Several strategies exist in order to adjust supply given a shortage of labour, in particular the requirement has asked for internal possibilities that exist to fill a job vacancy and these could any of the following.

Internal possibilities to fill a job vacancy

- Training and development of existing staff to fill positions or ‘skill gaps’
- Request that staff work overtime as a temporary solution.
- Request that staff delay holiday or time off to cover a job vacancy.
- Internal promotion of another member of staff.
- Secondment of staff from other departments.
- Advertising the job vacancy internally e.g. staff notice board, email, intranet, or newsletter.
- Contacting previous job holders or applicants which have shown in the past an interest in the job position available.
- Closing the job vacancy and sharing out existing work load to other staff e.g. job enlargement.
- Job rotation of existing staff to fill the vacancy temporarily or permanently e.g. sharing jobs or hot desking.

If strategies for the internal supply of labour above have been exhausted, there must be an effective strategy implemented for external recruitment, selection, induction and training to close the gap between supply and demand. External recruitment methods could use employment agencies, job centres and even outsource altogether the process of recruitment.

Question Two

(f) Discuss what an organisation could do to motivate its workforce without offering financial incentives.
(5 marks)

Question Two – Part (f)

Tutor Note: Any theory of motivation can be used here to support examples and add better discussion.

Frederick Herzberg was a pioneer of 'job enrichment' and regarded as one of the great original thinkers in management and motivational theory. According to Hertzberg financial incentives are a öHygiene Factorö e.g. money or reward removes job dissatisfaction, but would not improve satisfaction or performance in the long-term. For example payment for the work performed will not provide ever lasting satisfaction, if no sense of achievement exists from the work performed.

Examples of hygiene factors

- Salary or wages e.g. basic, overtime and bonus payments.
- Other benefits in kind (or óperksö) e.g. company car, fuel allowance etc.

However other hygiene factors an organisation can provide which may motivate the workforce could include.

- The quality of supervision e.g. ógood relationship with the bossö.
- Working conditions e.g. relaxed and comfortable environment, staff canteen.
- Job security e.g. good retirement pension, full-time contract etc.

According to Herzberg ómotivatorsö actually do satisfy employees and are more likely to increase performance if present. Such factors lead to greater job enrichment because they are based upon intrinsic motivation, the desire to do something based upon the enjoyment or pleasure from the action or work itself.

- Personal growth and development
- Status and advancement e.g. promotion or a ógradeö increase
- Recognition for achievement e.g. newsletters, parties and celebrations
- More responsibilities given
- Challenging and enjoyable work

The conclusion is that greater motivation and therefore performance can be achieved through job design and enrichment, not just financial incentives.

SECTION C – 50 MARKS

ANSWER BOTH QUESTIONS IN THIS SECTION – 25 MARKS EACH

Question Three

Required:
(a) Describe the key factors involved in the emergence of the BRIC economies.
(10 marks)

(b) Explain the advantages and the associated problems for the G Banking Group of offshoring its back-office operations to an emerging country.
(10 marks)

(c) Identify the role that the Groupǿs Human Resources Division can play when dealing with employees who cannot be redeployed following the offshoring of its back-office operations.
(5 marks)

(Total for question three = 25 marks)

Question Three – Part (a)

Business process outsourcing (BPO) is a form of outsourcing, the contracting of operations and responsibilities of a specific business function (process) to a third-party service provider. Commonly referred to as ǒback office outsourcingǒ because it involves the outsourcing of internal business functions e.g. IT and telecommunications, information processing or call centres. Offshore outsourcing is BPO contracted outside the company's country, a business process is performed in another country to where the product or service is actually developed or manufactured.

Emerging markets include China and India, considered to be two of the largest, also Mexico and Brazil, these nation's social or business activities are in the process of rapid economic growth and industrialisation. There are approximately 30 emerging markets in the world today. The rise of emerging markets signals the greatest shift in global economic power since the industrial revolution. Emerging market economies are set not only to emerge, but also dominate the economic future of the world. Domestic companies from such countries as Brazil, Russia, India, Egypt and South Africa are successfully making progress in international trade and in every imaginable industry sector. Emerging market multinationals are changing the rules of the game, firms from developing countries are able to develop global competitive advantage, surviving local competition from their own unprotected economies and beating western multinationals.

Korea's Samsung is now a better recognised global brand than Japanôs Sony; its 2005 profit higher than Dell, Nokia or Motorola. Brazil's Embraer is the world leader in regional jet aircraft. Mexico's Cemex has become the largest cement company in the United States and the third largest globally**.**

Growth of BRIC Economies

- Brazil, Russia, India and China (known as the BRIC group) have grown generally due to globalisation as the main factor e.g. development in international trade, competition and electronic communication.
- The driving force behind the development of offshore outsourcing has stemmed from the need for companies to reduce cost and therefore take advantage of significant wage differentials which exist on a global basis between different countries. The BRIC group traditionally offered foreign investors much lower wage rates compared to Western Europe and the US.
- Information technology has supported enormously the BRIC group e.g. digital and internet networks allowing cheaper communication almost anywhere in the world. Without such technology ócyberspaceô processing and communication over different time zones would not be possible and relocation and maintenance of offshore outsourcing would be difficult.
- Governments have also played a huge part in developing the right characteristics to allow domestic industries to thrive e.g. less bureaucracy for foreign investment, free trade and low taxation.

According to Michael Porter one component which enables a country to gain competitive advantage would be the existence of either basic or advanced factors, without such factors present it would make it difficult for certain industries to flourish domestically in the first place.

- **Basic factors** e.g. a countries possession of natural resources such as commodities, land, raw materials and labour supply which may enable certain industries to thrive. A country either has the climate, coal, gas, oil, a large population, precious metals, abundance of fertile land, or it does not.
- **Advanced factors** e.g. the countries possession of infrastructure, IT/telecommunications, roads, railway, airports, education, training and skills available to the industries of the country. Advanced factors are normally present only within developed economies e.g. those countries which can afford them.

Many countries like Brazil and Russia have huge resources such as oil, gas, precious metals and timber. Counties like India have had a wave of cultural change and in recent decades produced an abundance of educated and skilled workers, in the past at very low rates of pay, there is more IT programmers today in India than the UK.

Question Three – Part (b)

> **Tutor Note**: Need to explain advantages AND problems (about 3-4 issues FOR EACH) order to score full marks.

Possible advantages for the G Banking Group of offshoring

- ✓ Tax advantages, subsidies, grants or finance available from overseas governments.
- ✓ Ability to draw on wealth of ‘corporate experience’ or ‘low cost labour’.
- ✓ International sourcing of resources to lower cost
- ✓ Reduces the complexity of managing internally a large number of business activities. Organisations can retain entrepreneurial speed and agility, whilst at the same time avoiding introducing complex and bureaucratic processes.
- ✓ Management can focus on its core competencies e.g. frees up senior management time dealing with non-core or administrative processes, management can focus on key processes that create competitive advantage.
- ✓ Greater flexibility of using the outsourcer during ‘peak’ and ‘off peak’ periods e.g. financial flexibility if ‘fee-for-service’ basis.
- ✓ Does not require the organisation to invest in capital assets often with significant outlay e.g. risk reduction and less constrained by large capital expenditure on people and equipment which may take years to amortise. Low capital outlay can allow the organisation to grow at a faster pace.
- ✓ Effective use of supply chain partners can increase speed, improve efficiency and cut cost.

Possible associated problems for the G Banking Group of off shoring

- ✘ Loss of strategic control over internal expertise. An internal activity could be very difficult to establish again ‘in house’, if the outsourcer does not provide the required standard of service.
- ✘ Loss of competitive advantage due to an activity given to a third party who ultimately may not manage it as well as the organisation. There could be huge disruption to an organisation and its customers, if the outsourcer does not deliver the standard or level of service expected e.g. late deliveries, lost orders, poor customer service etc. Call centres by some UK banks e.g. the NatWest, have relocated back their call centre operations to the UK, due to poor customer experience.
- ✘ In the scenario, a lack of concern for the difficult employment situation faced by many young people in country D, may cause public opinion towards firms like G Banking Group to resent such companies, or governments to view them less favourably?

- May make the organisation more vulnerable due to over reliance on the outsourcer. Outsourcing companies are third parties and have their own priorities which may conflict with the client.
- Poor morale and motivation of staff when redundancy occurs as a result of outsourcing decisions e.g. G Banking Group cutting about 500 jobs
- Risk to the security of information e.g. confidentiality or privacy policies about customer details breached.
- Failure to meet service levels by the outsourcer.
- Practical problems about unclear contractual issues, changing requirements, underestimation of running costs all normally create unforeseen charges.
- Communication e.g. distance, language and cultural issues.
- Control issues over subsidiaries and operations abroad.
- Restrictions imposed by host government e.g. political risk.
- Exchange rate fluctuations and currency management issues.
- Complexity of legal systems and regulation in different countries.

Question Three – Part (c)

> **Tutor Note**: You need to discuss about 5 brief ways in which HR can help in order to earn full marks.

The move would involve cutting about 500 jobs in country D, the National Secretary of the Banking Union described the cuts as ódisgracefulö, therefore it is likely to meet some resistance from staff and trade unions. Redundancy occurs when the role that an employee performs is no longer required. This is a sensitive issue, the loss of motivation and morale of the entire workforce can be devastating when such news does occur, HR therefore can play an essential role.

HR could assist in the following ways

1. Identify exactly what changes will be necessary e.g. a quantification of size and composite of staff identified for redundancy.

    - Review existing composite of internal staff for natural wastage levels
    - Reduction in staff hours to avoid redundancy e.g. part-time, job sharing arrangements, reduction in shift patterns, paid time off or compulsory enforcement of staff holiday and temporary closure.

2. Plan a clear vision of change and this communicated to staff in a sensitive manner.
3. Educate and communicate to those effected, the reasons why change needs to occur e.g. meet and resolve issues with trade unions.
4. Plan and determine how change needs to occur, demonstrate commitment to change and support for this by professional management e.g. set objectives and timescales for job reduction. Compulsory redundancy should be last resort e.g. consider all alternative solutions, this is a sensitive matter so HR can help plan for how it will be dealt with effectively.
5. Counselling can help reduce the suffering of those staff affected e.g. financial advice, careers advice or help finding alternative employment or careers.
6. Financial assistance provided for those staff effected e.g. perhaps more than generous compensation packages.
7. The use of local knowledge, job centres or employment agencies to improve the prospects of finding alternative employment quicker for those staff effected.
8. Help and involvement sought from trade unions or staff associations.

Question Four

Required:

(a) Describe the developments in strategic supply chain management in recent years and explain how the adoption of the new approaches could assist W Company to improve its competitive performance.

(10 marks)

(b) With reference to BPR and process maps (or charts), explain how process design could contribute to a more effective and efficient system of operations in W Company.

(10 marks)

(c) Explain briefly how a code of ethics could help W Company to limit future incidents of unethical behaviour.

(5 marks)

Question Four – Part (a)

Tutor Note: Forgive the examiners use of terminology here, a white goods manufacturer makes domestic appliances that are electrical e.g. kettles, refrigerators and freezers.

Developments in strategic supply chain management in recent years

According to Professor Paul Cousinôs, supply chain management is about managing the flow of goods and services through the organisation, with the aim of making the organisation more competitive e.g. by streamlining activities or automating billing, ordering and payment. Cousins introduced the following inter-connected factors to strategically influence supply chain management.

The ó**strategic supply wheel'** illustrated by Cousinôs

- **Portfolio of relationships** e.g. build high collaboration and maintain good relations with suppliers.
- **Skills and competences** e g. develop skills internally for effective supply chain management, through perhaps recruitment and training.
- **Strategic performance measures** e.g. monitor and control supply chain management using performance measures.
- **Cost-benefit analysis** e.g. CB analysis applied to all new strategic approaches or new opportunities, to ensure they are financially justified.
- **Organisational structure** e.g. support effective supply chain management through effective organisation of staff.

The óstrategic supply wheelô suggests that it is imperative to maintain an alignment of corporate goals with the organisations supply chain policies. This might sound obvious but many purchasing directors are unaware or not connected in anyway to the corporate policy e.g. the role of the purchasing manager historically has been that of low organisational status and with little management training. Competitive advantage can be gained from developing competencies and capabilities, exploiting information technology and building more collaborative approaches with suppliers.

Reck and Long looked at the different positions or approaches to supply chain management a purchasing department could take. Supply management was historically considered to have a ‘passive’ role in the business organisation, but this position has moved to a more strategic or ‘integrative’ role, as organisations strive to develop competitive advantage over rivals.

- **Passive** (clerical and transaction based) purchasing acts only on the requests by other departments, viewed as a clerical function only. A reactive not pre-emptive administration role within the organisation.
- **Integrative** (full partnership, strategic sourcing and collaboration) purchasing is viewed as strategic, core and essential to support the organisations competitive strategy, fully integrated to align corporate goals with its supply chain policies.

How new approaches could improve competitive performance

Supply chain management is about strategies to achieve greater integration of the supply chain from raw material to the ultimate final sale and disposal of a finished product or service.

- Responsiveness e.g. quick and flexible supply chains can meet demand.
- Reliability e.g. more effective supply chain management can deliver consistently and on time for W company customers.
- Relationships e.g. W Company can develop a high degree of mutual understanding and trust with suppliers, perhaps using single supplier sourcing/JIT strategies to achieve this can achieve higher quality or quicker delivery.

Adoption of new approaches such as IT e.g. bar coding, electronic tagging, Computer Aided Design (CAD) for new product development and for greater collaboration with suppliers, could far advance the W company in terms of innovation, quality and low cost if W company were to collaborate with suppliers and share technology.

Business strategies to facilitate greater integration within the supply chain could include vertical integration e.g. merging with or acquiring suppliers within the supply chain for greater control and profit margin, or strategic alliances or joint ventures with suppliers to develop new products and features, streamline cost, decrease lead times and share knowledge for the greater benefit of both organisations. Overall better supply chain management would benefit the W company in the following ways

- Help support the corporate and competitive strategy
- Speed up ordering, processing and payment e.g. ‘paper less’ administration.
- Reduce lead time for delivery of inventory levels and the final product.
- Innovate and develop new ways to add value to customers.
- Reduce staff overhead.
- Improve quality of the final product or service.

Question Four – Part (b)

Business process re-engineering (BPR) is the fundamental redesign of existing business processes to achieve improvements in critical areas such as cost, speed, quality or service. A business system, function or process takes inputs e.g. resources, and processes or transforms them in some way to achieve an output of some kind. Anything that hinders its efficient and effective delivery of this should be reengineered. Re-engineering existing business processes can shorten lead-times, improve customer service or add more value to the product or service being sold. IT is primarily the enabling factor today e.g. re-engineering through automation, however computerised processes do not necessarily mean re-engineering, it must actually produce a better-desired outcome.

1. Fundamental rethinking
2. Re-design of existing business processes
3. Dramatic improvements in existing business processes

BPR identifies and analyses existing processes to innovate them, it then rationalises, eliminates or add values by redesigning and reassembling an existing processes to operate as efficiently and effectively as possible.

Benefits of BPR

- ✓ Competitive performance improved e.g. stay ahead of competition
- ✓ Gain competitive advantage and add value to customers
- ✓ Reduction in staff headcount
- ✓ Reduction in paper flow
- ✓ Improvement in staff morale and motivation
- ✓ Keep pace with new technology

Process mapping

For processes to be improved they must first be illustrated. Flow charts can facilitate the use of process mapping e.g. diagrams using arrows, symbols and shapes. Within each symbol you write down what the symbol represents e.g. the start, or finish of a process, short description of action to be taken or decision to be made. Symbols are connected to one another by using arrows to demonstrate the flow of a process from start to finish. There are many other flowchart symbols that can also be used, but more importantly the use of flow charts is to communicate understanding, this is more important, so keep things simple. Most flow charts are made up of three main types of symbol.

Advantages of process mapping

- ✓ They can be used for structured ówalk throughô testing to confirm understanding of workflow, information flow, compliance to regulations.
- ✓ They can be used to set up prototype designs for new processes to add value to business processes e.g. shorten lead times, increase efficiency or minimise waste.
- ✓ Easier to confirm logic and understanding e.g. visual communication.
- ✓ Step-by-step flow without being overwhelmed by the bigger picture.

Question Four – Part (c)

An area of concern highlighted here is the misappropriation of funds by some line managers, as have a number of unethical practices. Ethics is concerned with rules or morals about the right behaviour and way of conduct e.g. ideas about what is right and wrong. The CIMA Code of Ethics for Professional Accountants sets out the fundamental principles of professional behaviour that members and students are required to follow. Other accountancy bodies and professions such as the ACCA, ICAEW and AAT, have similar standards of behaviour and conduct.

A code of ethics could help W Company to limit future incidents of unethical behaviour in the following ways.

- Policy and procedures should be written and a copy given to management and all staff supervisors about ethical conduct and adequate procedure, this will help promote better understanding óinternallyô about what is inappropriate behaviour by staff. A code of ethics will set out ówrittenô standards or codes to ensure this becomes part of the organisations culture. This can in future be used for staff induction and ethical training given. A system of rules, conduct or methods of practice can control or enforce ethical obedience.
- A code of ethics can define the boundaries of any disciplinary action taken in the event of e.g. punishments for misconduct, and this can be used as an example to others. Discipline helps control the behaviour and performance of sub ordinates, enforcing greater ethical conduct over time. Discipline can be applied through behavioural control e.g. social control enforced by group norms and culture, such as ówhistle blowingô and óopen door policiesô for unethical practices reported, or legal enforcement e.g. the organisations own written laws, rules and regulations about how staff óconductô themselves.

- The directors of a company ñmust have regard for the interests of the companyôs shareholders, employees, the general publicé and creditorsò (Institute of Directors ñStandards for the Boardò 4th edition, July 2006,). The W company Board have a responsibility to act in the best interests of the shareholders by regarding ethical matters as important. By not having ethical guidelines and systems the W company Board could be jeopardising the future of the business e.g. huge frauds or scandals, therefore not acting in the best interests of stakeholders.

- Ethical guidelines and practices could help create a more positive global image for the W company e.g. óa company with a reputation for high standards of conductô. This could prevent or limit adverse media attention from any malpractices reported, create more repeat business in the long-term from customers who have ethical practices as part of their supplier selection process and enhance the employability of a better calibre of staff who seek recruitment from organisations who do take ethics seriously.