

## MET IIA Paper 4 Section A – Post Exam Crib

1

- a) Describe and contrast principles of the four ethical frameworks - teleological ethics, deontological ethics, virtue ethics and ethical learning and growth.

The basic answer needs to be able to describe the following principles:

- Teleological ethics:
  - Actions are not good or bad because of their character or intention
  - An action can only be judged only by its consequences
  - Something is good if it increases the overall well-being of people
  - A moral act is thus one that increases pleasure (good) more than it produces pain (bad)
  - Cost-benefit of a particular action can be calculated
- Deontological ethics
  - It asks whether the action is right, fair and honest
  - Not concerned with consequence of an action but the reason behind the consequence
  - Acts are ethical only if they are conducted based on duty and not if there is a reward. Therefore it creates universal rules.
  - Deontological perspective is that of justice and rights. People have the right to free choice and to act how they want so long as they are not breaking law
- Virtue ethics
  - Focuses on the individual, particularly their personal characteristics and these characteristics can be shaped or developed
  - Lifelong development of well-being
  - Does not focus on ends (teleological ethics) and rules (deontological ethics)
  - Moral education of managers is vital to help them cope with the ethical complexity of modern life
  - Emphasise the importance of the individual
- Ethical learning and growth
  - Emphasizes the importance of learning and development as part of the ethical development.
  - Another perspective argues that the community should be considered more important than individuals
  - Community and business value guides our decision making

Key differences (Contrast):

- Teleological ethics and ethical learning and growth are based on 'doing good' principle where the special focus is on an ethical outcome of an action.
- Virtue ethics and deontological ethics are based on 'doing right' principle where the special focus is on ethical action rather than the consequence of an action.
- Deontological ethics and teleological ethics focus on universal rules and institutions or system.
- Virtue ethics and ethical learning and growth focus on individual rather than system or institution.

The strong answer would include examples involving each principle - Teleological ethics (profit maximisation in business); Deontological ethics (whistle-blowers, universal laws, Starbucks); Virtue ethics (MBA oath, rogue individual vs. wider culture); ethical learning and growth (Covey's the 7 habits of highly effective people).

**b) Describe the key principles of *Shareholder Capitalism* and explain key problems associated with it. [35%]**

The basic answer needs to be able to describe the following principles and problems:

Principles

- The social responsibility of business is to increase its profit
- Market has an invisible hand that promotes the greatest good for all
- Economic growth is good for all: the rising tide raises all ships
- Philanthropy: giving something back to society

Problems

- Self-interest is good for all
- Individual should be free to pursue their own interests
- Economic growth is good for all
- Shareholder interests are only important ones

The strong answer would include discussion on Milton Friedman's article and Adam Smith and presents examples of Stephen Hester's bonus and Bill Gates.

c) In 2010 Greenpeace ran a campaign relating to the use of palm oil by Nestlé in the production of KitKat. Describe the sustainability, business ethics and social responsibility issues raised by Greenpeace during this campaign and discuss why Nestlé felt the need to respond to the Greenpeace campaign. [30%]

The basic answer will include brief case description and describe the following points of the sustainability, business ethics and social responsibility aspects:

- Business ethics: how Nestle should act and underlying principles philosophies behind ethical actions of Nestle. Ignoring the linkages between procurement and killing of Orangutans.
- Corporate social responsibility: wider responsibilities of Nestle from a stakeholder perspective. Overlooking suppliers actions and not considering suppliers as a part of their business.
- Sustainability: Maintenance of the environment and prospects of the firm. Using unsustainable palm oil in the KitKat.

The strong answer would present the Nestle case details and presents an argument involving the following points:

- Corporate reputation damage
- Brand image damage
- Nestle felt the need to respond to the Greenpeace campaign because of corporate reputation damage, brand image damage, etc.

2

**a) Describe and contrast the main features of *classic* and *operant* conditioning [30%]**

The basic answer will contrast the two concepts based on the following points:

Classic Conditioning

- Conditioning a behaviour
- Stimulus of ringing a bell
- Reinforcement
- Extinction if stimulus not maintained
- (Questionable) use in aversion therapy

Operant Conditioning

- Reinforcement doesn't need to be constant
- Intermittent rewards – fixed and variable schedules of reinforcement
- Powerful control on behaviour
- Organizational behaviour modification

The strong answer would include examples of fixed rewards, variable rewards, gambling, etc.

**b) What is the role of pay in motivating people to work?**

**[35%]**

The basic answer needs to be able to link the following points:

- Motivation and pay – an unclear relationship
- Rewards: extrinsic, intrinsic and social
- Maslow's and Herzberg's models
- Homo economicus point of view – Frederick Taylor and Henry Ford

The strong answer would include following examples

- Wiley 1997: top motivating factors alternate between wages, praise, and interesting work
- The 2014 Global Workforce study (Towers Watson, 2014)
- Pay motivation by Ford
- Tim Westergren (Pandora): Making employees work for free
- The lottery question

**c) Describe Maslow's and Herzberg's models within the context of motivation. Contrast the position of intrinsic motivators in the two models.**

**[35%]**

The basic answer needs to be able to describe intrinsic motivators and links the intrinsic motivator's characteristics with the Maslow's and Herzberg's model.

Key points of Maslow's Model:

- Individuals motivated differently depending on position within the hierarchy
- Takes account of different motivating factors, pay is just one of many potential motivators
- Shows an individual's motivation is not fixed but changes over time
- More positive view of people as humans than carrot-and-stick
- Self-actualization recognizes the potential of people
- At higher levels, intrinsic reward become important
- A ubiquitous management theory but empirically unproven in the workplace
- Maslow's background in primatology – even he was unconvinced of its use in the workplace!
- Over-simplistic application in management theory
- Privileges an elitist, white, male, heterosexual view of the world

Key points of Herzberg's Model:

- Motivating factors – provide satisfaction
- Hygiene factors – can cause dissatisfaction
- Pay as a hygiene factor
- Job enrichment
- Motivation more from intrinsic factors
- Potential bias to white-collar, middle-class perspectives

Intrinsic Motivator receives intrinsic rewards such as a sense of achievement, which comes from within the individual worker. The Maslow model integrates different types of motivating factors. Extrinsic rewards, such as pay, are important, particularly at lower levels; social rewards are important motivators at the belongingness level; and at higher levels, intrinsic rewards such as achievement and self-respect becomes important. This model shows that an individual's motivation is not fixed - it is dynamic, and people can progress overtime. A person's background and previous experiences might shape what needs are dominant for them. People do not necessarily start from the bottom of the hierarchy and work their way up. Some people, particularly with strong characters, might even give everything up for the sake of their values.

The Herberg's model suggests that while a pay rise might motivate people in the short term, it only motivates people as far as seeking the next rise. Job enrichment will increase job satisfaction rather than job rotation and job enlargement. It is an attractive proposition for an intrinsic motivator. Enrichment comes from vertical loading, where more authorities and autonomy over tasks are given to works. The aim of job enrichment is to increase not just the number and variety of tasks, but also their quality and ability to provide intrinsic forms of motivation. However, job enrichment comes with a cost. It is not just cost that management need to invest if they want to bring about job enrichment; there is time spent training and, ultimately management have to give away a lot of control.

The strong answer would include a discussion involving

- Davis's (1957) motivation factors
- Examples:
  - Job enrichment at Volvo
  - Work practices of UK supermarket Tesco, etc

3

**a) Describe Fayol's *five functions of management* using examples to illustrate each function [30%]**

The basic answer needs to be able to describe the following five functions of management:

- Planning/forecasting
- Organizing
- Coordinating
- Commanding
- Controlling

The strong answer would provide examples for every function such as forecasting demand and competition, planning staffing requirements, recruitment procedures, coordinational activities, rules and procedures, monitoring work performance, etc.

**b) Describe pros and cons of bureaucratic organisation in a rapidly growing manufacturing firm. [35%]**

The basic answer needs to be able to describe the following features with pros and cons:

- Hierarchy/organizational structure
  - Bureaucratic hierarchy
  - Vertical and horizontal differentiation
  - Roles and Relationships
- Rules, procedures, and policies
  - Grievance
  - Finance
  - Equal opportunities
  - Appraisal and promotion
  - Recruitment and selection
- Paperwork and records
  - Information
  - Pro-forma
  - Efficient recording
  - Control and Surveillance

Pros:

- Functional division of labour: All tasks are specialised and creating specific roles within the organisation
- Hierarchical structure: Unity of command, centralisation with delegation down through ranks
- Rules and regulations: equity of treatment for all employees
- Impersonality:

- Unbiased decision making
- Order: Everything to be in the right place at the right time
- Subordination of interests

Cons:

- Modernity and the Holocaust (Bauman, 1989)
- Technical efficiency vs. ethics – Responsibility of individuals following rules in large organisations
- Loss of ‘magical elements’ (Weber, 1958)
- Dehumanization: rules and monotonous routines rather than people acting independently as individuals
- Red tape – bureaucracy gets in the way rather than making work more efficient
- Bureaucratic personality (Merton, 1940) – the ‘jobsworth’ or ‘Computer says no’
- ‘Bending the rules’ to get work done (Blau, 1963)
- Exercising discretion – ‘street-level bureaucracy’ (Lipsky, 1980)
- Mock bureaucracy (Gouldner, 1954) – ‘we have a policy’

The strong answer would include examples for every feature within the context of a rapidly growing manufacturing.

**c) What is the difference between *formal* and *substantive* rationality? Describe the Nazi Holocaust in terms of these two forms of rationality [35%]**

The basic answer needs to be able to clearly differentiate the mentioned rationalities and presents Zygmunt Bauman’s (1989) analysis of the Nazi Holocaust within the contexts of formal and substantive rationality.

Formal Rationality is a bureaucratic rationality based on technically efficient means of achieving particular ends without thinking of the human or ethical consequences. Whereas, substantive rationality is a bureaucratic rationality from a human ethical perspective – if something is formally rational and efficient it does not make it substantively rational when considering its human and ethical consequences.

Key points for discussion on the Holocaust:

- Bauman (1989) – How could individuals commit the atrocities of the Holocaust?
- Nazi death camps were also highly efficient and impersonal bureaucracies
- Workers were just one part of the overall bureaucracy – distant from the horrific final results

- Technically efficient, but not substantively rational in Weber's terms

The strong answer would include corporate social responsibility/business ethics concepts and critique of bureaucracy with examples.

4

**a) Explain the differences between *leadership* and *management*. [30%]**

The basic answer needs to be able to describe 'Leadership' and 'Management' and highlights the differences in the following suggestive categories:

- Types of problem
- Response
- Outlook
- examples

The strong answer would include definitions, leadership theories, Fayol's five functions of management, Mintzberg's work on manager's job (1975).

**b) Compare and contrast Lewin's three leadership styles. [40%]**

The basic answer needs to be able to describe the following behavioural theories of leadership:

- Lewin 's three leadership styles – autocratic, participative and laissez faire

Name	Decision making	Role of group	Advantages	Disadvantages
Autocratic	Centralized	Followers	Quick decision making	Can hinder creativity
Participative	With group, leader overall	Participating and involved	Involvement and originality	Can be slow in time of crisis
Laissez faire	Left to the group	Have full autonomy	Freedom of group members	Slow decision making and often unproductive

The strong answer would highlight linkages between behavioural theories of leadership and Motivation theories (Pavlov/classic conditioning and Skinner/Operant conditioning) and present examples of leadership styles.

**c) Explain the differences between transactional and transformational leadership styles using examples to illustrate where each might be more effective. [30%]**

The basic answer needs to be able to describe transactional and transformational leadership and highlight key differences in leadership styles.

Transactional leaders who do deals with employees in order to get the task done. Seen in opposition to transformational leaders who offer a better vision of the world that employees can buy into.

Key differences are mentioned in the table below:

Transactional	Transformational
Cuts deals with employees	Transform institutions
Exchange with workers	Offer a vision of the future that people want to buy into
Monitor and control workers	Feel part of the solution
Extrinsic motivation	Intrinsic motivation
Short-term self-interest	Long-term substantive goals
Works best with inexperienced followers	Works best with experienced followers
Contingency theory	Charismatic leadership
Manager	Leader
Tame problems	Wicked problems
Preserver/trustee	Insurgent entrepreneur
Organizational man	Maverick

The strong answer would present and discuss the differences in a structured format and present examples such as the transformation of Starbucks.

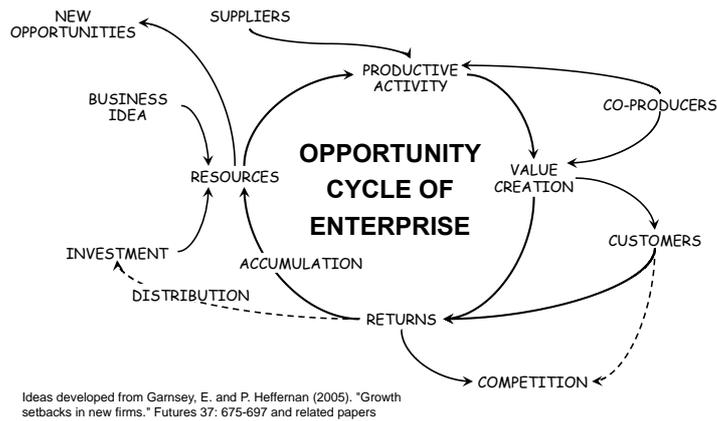
### **MET IIA Paper 4 Section B – Post Exam Crib**

5. (a) Sketch and explain the main elements of *Opportunity Cycle of Enterprise*.

[40%]

#### **Basic answer**

*Sketched the key elements as below:*



## Better answers

Each element was explained, i.e.:

**Identify opportunity:** Changes in Demand; Changes in Supply; Matching Demand and Supply; Changes in the Environment; Innovation (Products, Processes, Channels of Distribution, Forms of Marketing, Forms of Organisation)

**Acquiring resources:** raising investment, internal development, external (partnering)

**Productive activity** > create value: different possible business models (make, licence, partner, etc); product or service or combination.

**Generate returns** > **new resources:** Achieving steady resource generation, Establishing a viable market position; Finding customers and getting orders – and repeat orders; Achieving revenue recovery; Getting the right people in place; Developing competence and capability; Retaining or replacing key people; Integrating new members into team; etc

## Best answers

Discussed this as a cycle, with particular challenges for firms in managing this as an on-going process given the fact that resources and productive activities optimised to respond to the previous opportunity may not be suited to new opportunities.

Stronger answers also addressed issues such as IP management at different stages, and discussed the differences for startups versus existing firms in going through this cycle.

(b) Discuss why relatively new firms such as Tesla, Airbnb and WhatsApp have managed to exploit new market opportunities that larger, longer established firms have failed to address.

[60%]

**Basic answer**

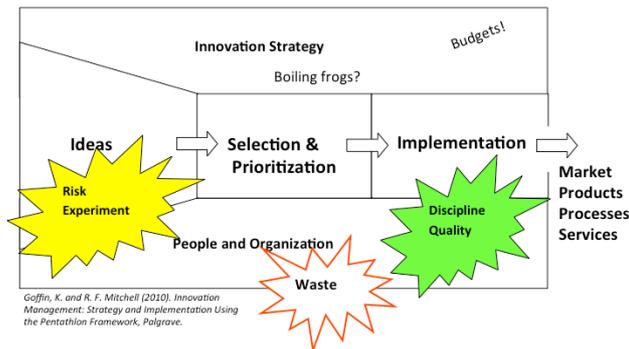
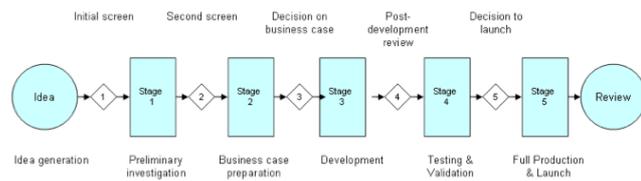
*The basic answers covered issues of **resources** and **opportunities**, with reference to the fact concept that new firms tend to be opportunity focused whereas established firms are resource focused – and the implications this has on their strategies. The basic answer should demonstrate how the differences in the characteristics of each type of firm as shown in table below affect how firms respond to opportunities, i.e. how the things that provide competitive advantage for large firms may make them inflexible when it comes to addressing completely new opportunities. Their ‘path dependencies’ make hard to change what they do.*

	Start-up company	Established company
Processes	Informal; ad hoc; rapid	Formal processes; slow paced (e.g., design review; document control)
Systems	Few	Many systems, tried and tested (e.g., technical database, financial systems)
Activities	Heroic individual efforts; chaotic; initiative based	Cross-functional teams; managed tasks; delegated authority; coherence
People	Many creator / innovator types; role flexibility	Managed balance between types; clear job descriptions
Management style	Hands-on, informal; bold decisions taken on incomplete information	Delegated, professional style; risk assessment; staff development
Communication and documentation	High dependence on verbal communication and memory; ‘everyone knows everything’	Greater use of written communication; controlled dissemination; ‘need to know’
Market information	From intuition, insights and belief; reliance on feedback from small sample of (potential) customers	From experience and market research; statistical sampling of customer needs and price sensitivity
Competitors and IPR	Limited competitor awareness; limited IPR protection	Very aware of competitors; careful and strategic use of IPR.

**Better answer**

*Building on part (a), better answers were able to explain how large firms innovate (going through the stage-gate process / innovation management process shown below) which typically relies on them seeking to make best use of their existing resources (e.g. production / marketing /support ) and doesn’t emphasise the focus on opportunities. The consequence of having to go through such processes is that large*

firms may be slower at responding to ‘windows of opportunity’ than the more nimble start-ups.



The better answers were also able to describe the impact of the ‘innovator’s dilemma’- by listening to their existing customers and considering their existing resources, large firms are often unable to respond to emerging opportunities.

**Best answer**

The best answers were able to add consideration of broader factors that constrain large firms. This could include factors such as ownership of the company, with the related issue of the need to generate return on investment for shareholders, and challenge of doing anything radically new that might make investors nervous) compared to the benefits of a new firm, whose investors are expecting and encouraging the firm to do something new, as novelty is the very reason why they have invested their money. Best answers included reference to the fact that start-ups also face challenges in responding to these opportunities – Tesla, AirBnN and WhatsApp are exceptions. Most start-ups fail to get traction (going back to part (a)) as they fail to overcome issues such as the liability of newness, Penrose constraint, et al.

6. (a) Define what is meant by *market segmentation*. List four ways by which a market can be segmented.

[20%]

*Definition: Markets are rarely totally homogeneous; Marketers frequently divide heterogeneous markets into sub-groups of more-or-less homogeneous consumers; This process is called Market Segmentation and allows Marketers to develop separate marketing strategies for each of their sub-markets = segments.*

*Ways in which markets can be segmented:*

1. **Demographics:** all 18-24 year olds, all males, all White Collar workers (ABC1)
2. **Usage:** heavy users of a product v. light users, users in the last years v. users in the last week, users of a target brand v. non-users
3. **Need State:** those seeking breath freshness v. those seeking tooth whiteness, relaxed social drinking v. peer group drinking, functional performance v. social status
4. **Lifestyle:** Traditionals v. Innovators, Eco-conscious v. Climate Change Deniers, Technophiles v. Technophobes (Immatures v. Transitionals v. Adults = Life Stage)

**Basic answers** provided just a list of possible segmentation routes; **better answers** describe in more detail; **Best answers** highlighted relative strength and weakness / appropriateness for different contexts.

(b) Compare the different approaches that could be used when marketing and selling each of the following products:

- (i) A new brand of toothpaste;
- (ii) A new car; and
- (iii) A new industrial robot.

[80%]

### **Basic answers**

*Demonstrated awareness of (a) basic activities/processes of marketing and selling and (b) links between characteristics of each of these markets and the use of these activities. Basic awareness of the activities should cover:*

*For marketing: Marketing mix (4/7Ps); difference between transactional and relationship-based approaches; market segmentation; brand issues;*

*For selling: distinguish from marketing activities; describe selling versus buying processes; B2C vs. B2B - individual versus organisational; role of channels.*

### **Better answers**

*Demonstrated awareness of issues arising from different characteristics:*

- *Toothpaste (B2C, Fast moving consumer good, key role of brand and segmentation, importance of 4Ps, relationship to retailers);*
- *Car (could be B2C or B2B (individual versus fleet/business); importance of service contract; brand loyalty v important – very clear need to consider segmentation (lessons from Audi/VW/Skoda/Seat c.f. Tesla), and shift from transactional to relationship based view in this sector;*
- *Industrial robot (B2B, major capital purchase, linked to service contract – or possibly full servitization, should discuss importance of relationship-based approaches in this context).*

### **Best answers**

*Addressed the issues above but also reflected upon e.g. the differing roles of new technologies (social media) in all three situations.*

## MET IIA Paper 4 Section C – Post Exam Crib

### Section C ( HR)

7

- a) **Describe what is meant by *talent management*. Discuss how talent can be managed in organisations by effective segmentation of human resources. [50%]**

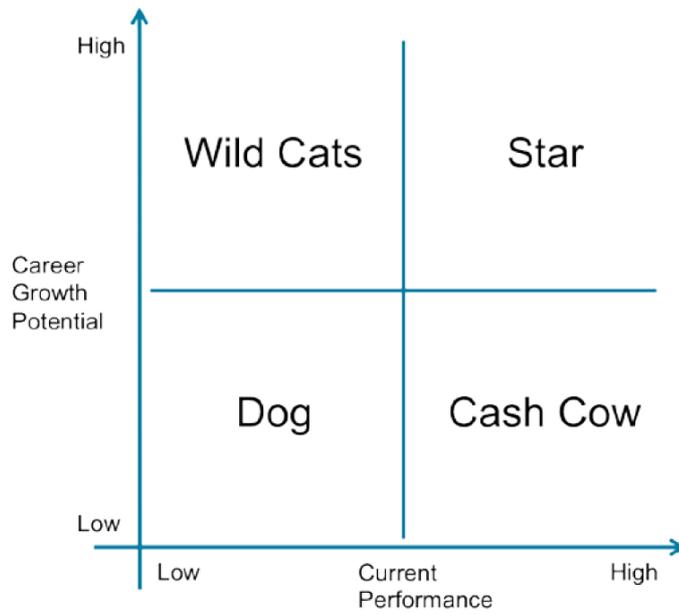
The CIPD definition of talent management is “...*the systematic attraction, identification, development, engagement, retention and deployment of those individuals with high potential who are of particular value to an organization*”.

The issue with many companies today is that their organizations put tremendous effort into attracting employees to their company, but spend little time into retaining and developing talent. A talent management system must be worked into the business strategy and implemented in daily processes throughout the company as a whole. It cannot be left solely to the human resources department to attract and retain employees, but rather must be practiced at all levels of the organization. The business strategy must include responsibilities for line managers to develop the skills of their immediate subordinates. Divisions within the company should be openly sharing information with other departments in order for employees to gain knowledge of the overall organizational objectives.

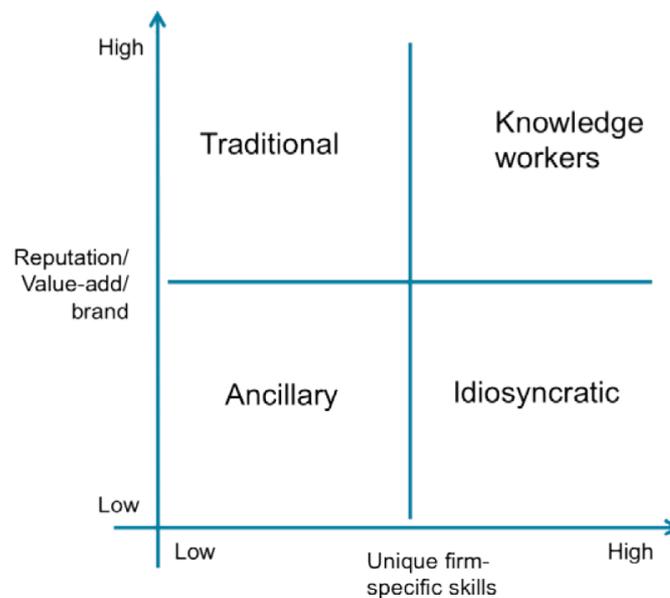
Talent management is increasingly important to organisations due to:

- Growth in knowledge workers
  - Impact of technology
  - At all levels
- “War for Talent”
  - Intensifying demand for high-calibre managerial/professional talent
- Growing propensity to switch company
  - Demographics
  - Increased mobility
  - Low job security/loyalty

There are two frameworks that could be used to segment human resources for effective talent management. The first framework is the BCG matrix (Polish the stars; Shoot the Dogs; Milk the cash cows; Performance Manage the Wild Cats – see figure below).



The second framework is to segment human resources along value-added/unique skills as shown in figure below.



#### Core knowledge workers

- Add high value, unique/firm-specific talents
  - Relational contracts, “career” focus

#### Traditional human capital

- Can add value, but not unique (e.g. admin)
  - Transactional contracts

#### Idiosyncratic human capital

- Highly unique skills

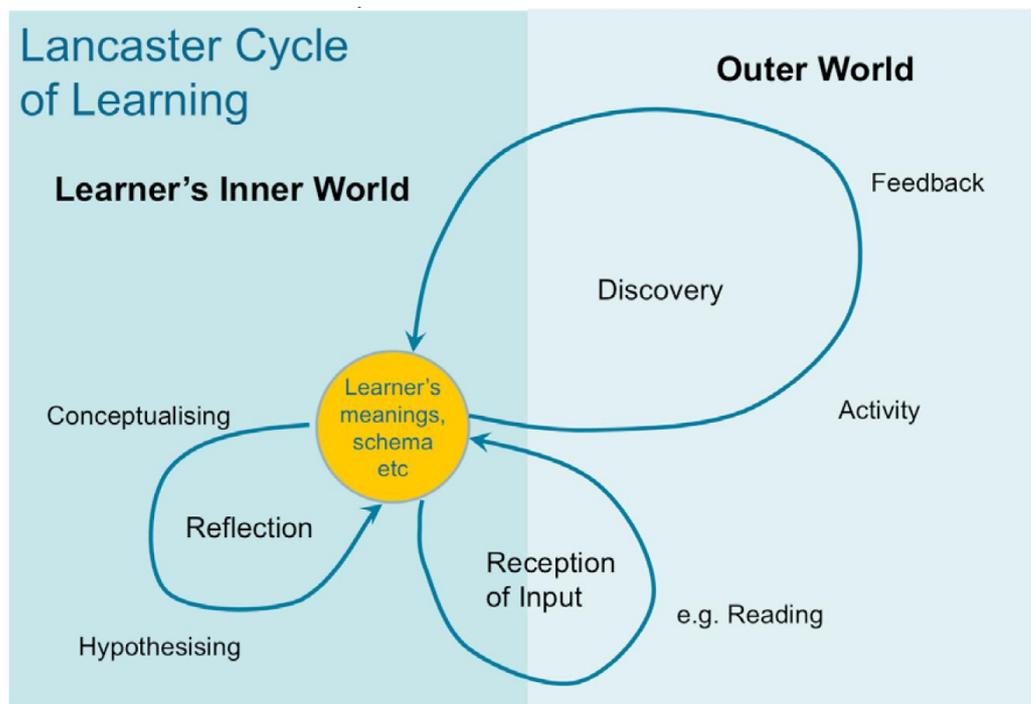
- Externalised (outsourced, portfolio careers etc)

Ancillary human capital

- Engaged in standardised work
  - Contract for services

**b)Employee training is one of the key aspects of talent management. Describe the *Lancaster Cycle of Learning*, and compare and contrast different methods used for employee training. [50%]**

The Lancaster model illustrates the way in which multiple modes of learning combine. Each is regarded as a cycle involving engagement and assimilation, but although not shown here, they also interact (in the sense that something we have read influences our reflection and/or our discovery activities).



**On the job** does not refer to purely experiential learning  
Almost all organisations report making use of it.

**Mentoring** - senior person supporting more junior one (often as part of Talent Management) - formal or informal – relies on positive advisory relationship

**Coaching** - big growth area in recent years – in-house or external person – may be manager – structured approach e.g. GROW (Goal, Reality, Options, Will) – non-directive approaches generally taken to be more appropriate

**E-Learning** – at best flexible, responsive tailored etc. but often simply a high-tech text-book. 3 types identified – web-based (little interaction); supported on-line

(interaction with tutor and other learners); informal (email, discussion boards – participants act as learners and tutors)

**Off the job** - out of favour, but allows more time for reflection, may allow interaction with people from other organisations or other parts of the same organisation.

8

**a) Describe *hard* and *soft* approaches to Human Resource Management and comment on their mutual compatibility. [50%]**

The "hard" approach, introduced the concept of strategic HRM in which HRM policies are tightly linked to the formulation and implementation of strategic corporate and business objectives. Here the emphasis is on the tight fit between HR strategy and business strategy and the goals of the organisation. According to the "hard" approach, the following are key:

- selection of the most suitable people to meet business needs
- performance in the pursuit of business objectives
- appraisal, monitoring performance and providing feedback to the organisation and its employees
- rewards for appropriate performance
- development of skills and knowledge required to meet business objectives

Two key assumptions underpin this model: the first is that the most effective means of managing people will vary from organisation to organisation and is dependent on organisational context. The second assumption is that of unitarism, that is the assumption that conflict or differing views cannot exist in the workplace because everyone (managers and employees) are working to achieve the same goal.

The "soft" approach to HRM recognises that there are a variety of stakeholders in the organisation, which include shareholders, various groups of employees, the government and the community. The model recognises the legitimate interests of various groups, and assumes that the creation of HRM strategies will have to reflect these interests and fuse them as much as possible into the HR strategy and ultimately the business strategy. The set of propositions that combine to create more effective organisations according to the "soft" approach are:

- Strategic Integration -Ability to integrate HRM issues into strategic plans
- High Commitment -Both behavioural and attitudinal commitment to pursue agreed goals
- High Quality -Of managerial behaviour and recruitment of employees to bear on products and services

- Flexibility -In functions, and in adaptability of organisational structure

Hard and soft frequently portrayed as incompatible. If Hard HRM is used to describe a cost minimisation approach, then soft and hard HRM may be diametrically opposite. However, if hard HRM is used to describe a strategic approach to people management, then soft and hard HRM can be seen as compatible.

**b) What errors and biases can influence employee appraisal outcomes and what measures can be taken to reduce their effect? [50%]**

The identified biases are: leniency; the halo/horn effect (one piece of information overshadowing others); representativeness (one characteristic leading to stereotyping); availability (relying on memorable information); attribution errors (ignoring situational factors); and anchoring and adjustment (failing to adjust an initial impression in the face of evidence). Answers should also acknowledge the subjective component of many of the factors and attributes evaluated in appraisals, and the danger of combining or confusing the two purposes of appraisal.

360 degree appraisal was identified as one means of reducing bias, since it includes evaluation from several perspectives, and from a number of people. It also allows factors to be evaluated by those best placed to do so, though it can be undermined by difficulties in the relationships between subordinates and managers. Other approaches could include measuring only those factors which are directly relevant to the individual and their role, and basing evaluations on specific evidence, rather than opinion (e.g. evidence of productivity, or performance improvement). The working relationship between appraiser and appraised will also be an important factor, which can be improved by ensuring that the purpose of appraisals is made clear (and maintained), and that appraisal reports are confidential. Ultimately, organisational culture may be one of the more important influences on the effectiveness of appraisals in general, and one of the most difficult to change. Answer should reflect the difficulties involved in most evaluative systems, particularly given the scope for subjective evaluation of many attributes. Examples should be provided to illustrate the problems.