Some of the answers that follow in Sections A and B are fuller and more comprehensive than would be expected from a well-prepared candidate. They have been written in this way to aid teaching, study and revision for tutors and candidates alike.

These Examiner's answers should be reviewed alongside the question paper for this examination which is now available on the CIMA website at [www.cimaglobal.com/e2papers](http://www.cimaglobal.com/e2papers)

The Post Exam Guide for this examination, which includes the marking guide for each question, will be published on the CIMA website by early August at [www.cimaglobal.com/e2PEGS](http://www.cimaglobal.com/e2PEGS)

---

SECTION A

Answer to Question One

**Rationale**

This question tests candidates' ability to apply Porter's Diamond to explain the determinants of national competitive advantage. It examines learning outcome A1(b) 'distinguish between different types of competitive environments'.

**Suggested approach**

The answer should apply each of the four determinants of Porter's Diamond theory to the scenario company in order to examine possible sources of national competitive advantage.

A good answer will provide robust application, using illustrative examples to explain the possible sources of national competitive advantage K Company has. A weak answer will simply describe the theory without application.

Porter suggests that there are four determinants of national competitive advantage, expressing them in the form of a diamond (i.e. Porter's Diamond). The theory helps to explain why some nations can produce firms in particular industries which achieve sustained competitive advantage using sources of advantage that can be substantial and difficult to imitate. He proposed that it is specific industries within nations that seem to be able to use their national backgrounds and conditions to lever world class competitive advantage.
The determinants identified by Porter are home demand conditions, related and supporting industries' firm strategy and structure, and rivalry.

In the scenario case, demand conditions in K Company's home market are important because strong demand in the home market is often the start of international success. Dealing with demanding customers in K Company's home market will help drive innovation and quality. However, there is the possibility that the maturity stage of the product lifecycle may be reached quickly and new buyers more difficult to find at home. Hence, K Company's interest in exploring other market opportunities.

With regard to factor conditions, Porter distinguishes between basic factors which are unsustainable as a source of competitive advantage and advanced factors. It is advanced factors such as Research and Development (R&D) experience and levels of training and skills which are key elements in achieving competitive success in K Company's industry, based on the specialised employee skill set knowledge and expertise in R&D, and manufacturing technologies.

Porter's theory goes on to suggest that a nation's competitive industries are clustered, where a cluster is defined as a linking of industries through relationships which are either vertical (buyer-supplier) or horizontal (common customer, technology skills). In this respect, the availability of local clusters of related and mutually supporting industries can create a source of competitive advantage, so that competitive success in one industry is linked to success in the related industries.

It would seem that K Company may itself have contributed to the development of the success of the machine tool industry in S Country. This would include, for example, the existence of producers of key components essential for the cutting tools manufactured by K Company. Aligned to this, K Company would have access to clusters of industries which provide other key inputs such as specialist steel required in the manufacturing processes and the accumulated knowledge and expertise of workers associated with the precision engineering industry.

Firm strategy, industry structure and rivalry are concerned with the fact that nations are likely to secure competitive advantage in industries that are more culturally suited to their normal management practices and industrial structures. For example, industries in different countries have different time horizons, funding needs, and infrastructures.

If there is little domestic rivalry, organisations may be happy to just rely on home markets, whereas tough domestic rivalry teaches an organisation about competitive success. In conditions where there is fierce domestic rivalry and competition, this will drive innovation, force down costs and develop new methods for competing in an industry. This can, in turn, enhance global competitive advantage. In the case of S Country it would appear that there are other rival companies, including the world leader, competing in the home market and this will encourage firms such as K Company to develop new and better products necessary in order to be successful.

Porter also makes reference to two other factors which can lead a country to produce world-class companies. One relates to the role of government, for instance through providing subsidies to companies, or the emphasis it places on education which can impact positively on the other elements of Porter's Diamond and hence national competitiveness of companies. The role of chance can also change the four determinants.

It is clear that the national competitive advantage enjoyed by firms such as K Company in S Country means that it is very well equipped to compete internationally. However, success will depend on the environment in the target country and this would need to be analysed. This is one factor that is ignored by Porter's Diamond theory.
Answer to Question Two

Rationale
This question tests candidates' appreciation of what is involved in developing an ethical organisation. It examines learning outcome C2(g) 'analyse issues of business ethics and corporate governance'.

Suggested approach
The answer could start by explaining the concept of ethics. It should then develop to provide specific examples of how an organisation could develop to become an ethical organisation.

A good answer will provide a comprehensive answer on approaches to developing an ethical organisation. A weak answer will provide a narrow explanation, perhaps only focusing on code of conduct, missing other important approaches.

Organisations often include reference to their ethical position in their vision or mission statements, and some organisations use their ethical stance to differentiate themselves from competitors.

Essentially ethics, from a business perspective, is concerned with making the distinction between what is considered 'right' and what is viewed as 'wrong' behaviour. It reflects the way individuals arrive at such judgements in terms of moral duty and obligations that govern conduct at work. Developing an ethical framework should help employees of G Company to choose the right behaviours. This requires the creation of an environment which encourages and supports ethical behaviour and a shared sense of responsibility with regard to ethics amongst all G Company's employees.

Ethical issues can be considered at a number of different levels. In the case of the scenario, developing an ethical organisation is at both the corporate level (i.e. ethical issues and related behaviours affecting the organisation) and also at individual level (i.e. the conduct and activities of individuals within an organisation). There are also a range of factors that will affect the ethical obligations of G Company, including government regulation and social pressures.

The company could approach the development of an ethical framework adopting the compliance approach. The emphasis here would be on eradicating behaviours which are unethical rather than promoting ethical behaviour and in this sense the focus is on compliance of behaviours. However, this approach would not be the best way of achieving competitive advantage, since it could be viewed as a minimalist approach, or according to Richard Daft an accommodative stance to handling ethics.

Alternatively G Company could develop using an integrity based approach. This would require ethics to be integrated into the day-to-day activities of the company. It would form part of the cultural norms and systems in G Company guiding ethical values and behaviours. This approach is founded on managerial responsibility and accountability for ethical behaviour.

If G Company was living its ethical values it would need to ensure it has communication channels which allow employees to voice concerns should they have any worries about the ethics of some aspects of their work which is in conflict with their ethical principles. This is sometimes referred to as whistle blowing, and requires mutual trust between the employer and employee, rather than the whistle blower worrying that he/she might lose his/her job.

G Company could publish a statement or a code of conduct concerning its ethical beliefs, which needs to be robust, meaning that any ethical guidelines are reasonably specific and ethical performance can be measured. A code of conduct articulating G Company's expectations with regard to ethical behaviour is important since there are many approaches to the determination of what constitutes 'right' behaviour.
A code of conduct on Business Ethics could include reference to areas such as the basic standards, the expectations of employee behaviour and personal conduct, business integrity and guidelines for dealing with situations where employees could be compromised such as bribery, gifts, entertainment and improper payments, or where there are conflicts of interest. If G Company is committed to its ethical values then it should be clear on the sanctions for employees who breach the ethical code of conduct. Perhaps more importantly it should be willing to apply the sanctions when appropriate.

If the company is linked to Professional bodies, then it should embrace the professional ethics and standards of those professional bodies. For example, CIMA has guidelines not only for its students, but for all members and those in public practice.

G Company would, according to Richard Daft, need to adopt a proactive stance, whereby it is taking the lead on ethics, using it as a source of competitive advantage, as has the Co-operative Bank. (The other end of the spectrum is obstructive where an organisation has denied ethical problems and its responsibility - both Enron and Arthur Andersen are often highlighted as examples here in terms of business practice).
Answer to Question Three

Rationale

This question tests candidates' appreciation of the importance of managing project risk. The question examines learning outcome B1(f) 'produce a basic project plan incorporating strategies for dealing with uncertainty, in the context of a simple project'.

Suggested approach

The answer to (a) should explain the difference between risk which can be quantified explaining that the quantification can sometimes be objective and sometimes very subjective and then explaining that uncertainty is impossible to evaluate.

With regard to (b), a good answer will describe the strategies and apply them to projects. A weak answer will not relate to a project and will give general explanations on how to manage risk.

Requirement (a)

A project will be affected by various types of risk, some of which are quantifiable, and the assessment of the risk can be made with a high degree of certainty, maybe even scientific accuracy, like the number of stakeholders affected by the possible loss of company value when a project fails. In other instances however, quantitative accuracy is not possible and the risks have to be subjectively assessed. How accurate these judgements are will depend on the knowledge and skills of the person making the judgement, the information available and the factors that may influence the risk levels. Judgements can be biased, with managers down-playing some risks and being over concerned about others. The likelihood of an accident happening during the project would be an example of a subjective risk.

Unlike risk, uncertainty is impossible to evaluate because it is impossible to assign probability to an uncertain event. To manage uncertainty on projects, contingency planning could be undertaken. Contingency planning involves constructing a number of scenario plans for each risk identified. Scenarios are stories about the future and try to give a better understanding of what could happen on the project, in order to help minimise surprises. If we wait for the uncertain event to occur before doing any planning, this may delay the project further. Being pro-active gives a greater chance of adapting to the changing circumstances.

Requirement (b)

There are various ways in which organisations can try to mitigate risks or indeed consider whether it will be worthwhile for them to accept risks.

Accept

Take no management action to mitigate likelihood and/or impact. The project risks need to be kept under review to monitor whether the costs of dealing with the risks are unlikely to be worth the benefits. The project manager will accept that some risks are not significant.

Reduce

Take action to reduce the risk or limit its consequences. Risk reduction implies action to reduce the likelihood and/or impact of an adverse risk event to an acceptable threshold. On a project this might include adopting less complex processes or conducting more tests.

Transfer

Transferring risk involves finding another party who is willing to take responsibility for its management and who will bear the liability of the risk should it occur; a third party who has more ability to manage the risk. This could be insuring the risk or sub-contracting to a specialist supplier.
Avoid
Remove the factors or exit the strategy giving rise to the risk; changing the project plan to eliminate a threat. Not all risks can be avoided or eliminated and on some projects this may be too expensive or time consuming.

It is important to realise that risk assessment is a continuous process. On some projects risks will change very little but on others the risk profile might change a great deal. Projects facing more dynamic environments are likely to have to carry out frequent risk assessments and procedures will need to be in place to regularly review and reassess the risks.
**Answer to Question Four**

<table>
<thead>
<tr>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>This question tests candidates' appreciation of the importance of managing competing objectives of stakeholders. It examines learning outcome A1(a) 'discuss the nature of competitive environments'.</td>
</tr>
</tbody>
</table>

**Suggested approach**

The answer could start with an explanation of the different interests and needs of stakeholders.

A good answer will describe a range of techniques and provide some examples. A weak answer will not relate to the expansion project and will give just a few explanations on how to manage conflicting objectives.

Conflict between the objectives of different stakeholder groups of an organisation is likely to arise because the parties will have different interests and priorities. For instance, shareholders will normally be looking for growth, the maximisation of profits and shareholder wealth, on the other hand employees may want better pay and working conditions. It should be noted that stakeholders could hold multiple roles.

There are a number of different techniques that an organisation could use to handle the competing objectives between the different stakeholder groups when developing and implementing strategy:

The organisation could use prioritisation whereby management would specify that any strategy must satisfy one or more objectives before they are prepared to consider it.

A development of this would be through weighting and scoring. This would involve the organisation establishing a hierarchy of objectives and each objective would be weighted according to its relative importance to each stakeholder group. Each strategic option would then be scored against how well it satisfies a particular objective, with the highest overall ranking accepted.

Another technique for managing competing objectives is referred to as sequential attention. This would involve the organisation giving each stakeholder group's interest consideration over a period of time. Each stakeholder group takes it in turn to realise its objectives. For example, staff may get a high pay rise in one year, whilst in the following year, the focus will be on paying high dividends to shareholders.

The technique of satisficing would involve the organisation negotiating with each of its stakeholder groups so that each stakeholder group gets something of what it wants from the strategy. In other words the strategy selected is the one that keeps all, or at least the most powerful stakeholders happy.

Side payments could be used to manage conflicting stakeholder objectives. This is where the organisation would consider making compensation payments to keep stakeholders content and to try and make up for not addressing a particular stakeholder group's objectives.

The approach of exercising power as a technique to manage competing stakeholder objectives would involve an organisation forcing through its preferred option (or where powerful people force through their preferred option). This method would usually be used as a last resort since it creates winners and losers. It may be successful in the short term but does not address the long term needs of different stakeholder groups and could lead to further conflict.

Another technique that could be used to resolve conflict is through the creation of wider balanced scorecard performance measures and the strategy would need to meet all aspects of the scorecard.
(Other appropriate techniques for managing conflicting objectives could be used to develop the answer).
Answer to Question Five

Rationale

This question tests candidates' understanding of Transaction Cost Theory (TCT). It examines learning outcome A2(a) 'discuss concepts in established and emergent thinking in strategic management'.

Suggested approach

The answer could start by discussing the key principles of TCT. It should then go on to discuss how TCT could help A2G Advertising Agency decide on whether or not to outsource some of the activities of its business.

A good answer would provide a comprehensive overview of TCT theory but then use the theory explicitly in the context of the scenario agency.

A weak answer would focus on description of theory without development to the context of the scenario, or will describe the process of outsourcing without reference to TCT.

Deciding which activities to undertake in-house and which to outsource to a third party is always a difficult decision for a business but is especially so in the case of a company like A2G Advertising Agency which has a history of doing almost everything itself. In view of the nature of its business, if outsourcing doesn't work out for the agency it would be difficult to reverse back to the current business model.

Transaction Cost Theory (TCT) would provide A2G Advertising Agency with an understanding of the factors involved in making the decision, by comparing the hierarchy costs associated with the ownership of assets, such as the design studio, TV studio - and specialist staff, such as graphic designers, experts in computer graphics, TV production facilities - with the market costs if bought in from firms outside.

Fundamental to the theory is how an organisation can best achieve economic efficiency, for instance whether or not activities of A2G Advertising Agency could be performed at a lower cost by external providers. From a theoretical perspective, TCT suggests that while asset specificity may drive vertical integration, outsourcing activities that are not viewed as core should be considered by an organisation. For A2G Advertising Agency, there is the question of whether the aspects of the agency that are being considered for outsourcing are core. TCT would assist A2G in identifying the internal and external costs it needs to consider and on which to base its decisions about restructuring the organisation. In particular which, if any, parts of the business can be undertaken at lower transaction costs by the market?

According to TCT, a hierarchy solution is where the assets or employment of staff are with the company (i.e. internalise transactions). A market solution, on the other hand, is associated with a company buying in the use of assets or staff capability from another organisation under the terms of a contract. This approach involves an increased reliance on the market and will result in the company incurring transaction costs.

However in calculating the transaction cost associated with outsourcing, this theory highlights the need to add in the so called external control costs to give a fuller picture of the financial implications for A2G Advertising Agency associated with outsourcing. These typically include the costs involved in the negotiations and drafting of legal contracts with third parties. Also, the monitoring of each of the party's compliance with the contracts. For instance, the quality of the work, reliability and keeping to deadlines. There are also the potential costs to consider of any legal redress in the event of a breakdown in relations.

External control costs may be a particular issue for A2G Advertising Agency in its line of business where promotional and advertising campaigns need to be delivered to strict deadlines for its clients.
Finally A2G Advertising Agency must consider very carefully the outsourcing of assets and specialist staff which are currently employed in-house. Perhaps with assets such as a TV studio or design studio, the transaction costs, if done externally, could end up being higher than if they were retained within A2G Advertising Agency, depending on how often such facilities are needed. Similarly, buying in design expertise may be worthwhile for a one off project but not if it is done on a regular basis. This links to the proposition relating to asset specificity, and the extent to which there is high asset specificity. In this case, for example, human asset specificity associated with the creative work of A2G.

Of course an alternative to buying in assets or expertise may be to lease the graphic design studio and/or TV and production facilities when required.
SECTION B

Answer to Question Six

Rationale

Requirement (a) tests candidates’ appreciation of the contents of project feasibility. It examines learning outcome B1(d) ‘identify the characteristics of each phase in the project process’. Requirement (b) tests candidates’ appreciation of the skills required by a project manager to ensure successful delivery of project objectives. It examines learning outcome B2(c) ‘explain the roles of key players in a project organisation’.

Suggested approach

(a) The answer could start with the purpose of feasibility and then go on to describe the content of the feasibility for the online marking project.

A good answer will explain the content and relate this to the online marking project. A weak answer will discuss the content at a general level and will not develop the answer in the context of the online marking project.

(b) A good answer will explain the skills and why they are important in delivering successful completion on the online marking project. A weak answer will explain the skills but with no reference to their importance to successful project delivery.

Requirement (a)

The purpose of the feasibility study is to establish if the proposed project can achieve its objective in a cost effective manner. The attainment of project objectives can be achieved in a number of different ways and feasibility studies can assist in deciding between alternative strategies.

Project feasibility will involve collecting sufficient information to enable the Institute to make an informed judgement on whether or not to proceed with the online marking project. This will help to identify the key technical and performance objectives that the project must achieve and to ensure that the technology exists to achieve the project deliverables.

Technical feasibility

Technical feasibility is concerned with whether the required technology is available or not and whether it has been tried or tested. Other examining bodies are already using similar processes so the technology is available and should not deliver a significant risk to the project.

For the online marking project, feasibility will be concerned with the performance required of the technology to satisfy the objective of the project effectively. The technical issues surrounding the scanned input of hand-written scripts into the computer system relate to whether it will be possible to scan with sufficient quality to allow the marker to read the script on screen. The scanner will also need to be of sufficient speed and quality to meet the marking process deadline.

The technical issues that need to be considered regarding the equipment used by markers include whether markers are expected to provide their own equipment. If they are, the Institute will need to consider issuing guidelines for the minimum standard required to ensure the process is efficient.

There are also technical issues concerning the security of transfer of scripts through the internet and the reliability of the software supplier with regard to maintaining access during
the marking process. Any downtime will impact on the completion of the marking process in the required timescales.

**Social (operational) feasibility**
Social feasibility is all about making sure that the project fits with the business goals and its social environment.

The software skill level of markers will need to be evaluated and appropriate levels of training will need to be given in the software application and supporting technology.

The employment implications for staff at head office: there is less requirement for their involvement in the process and so redundancies may be possible.

**Ecological (environmental) feasibility**
Ecological considerations will include effects on the local community and what that might do to the Institute's image and what pollution or emissions might be caused by the project. The online marking project has benefits for the environment due to the reduction in the transportation of scripts.

**Economic (financial) feasibility**
Financial feasibility is undertaken to explore whether the project provides benefits to the organisation and is usually assessed through cost benefit analysis.

**Costs**
- Capital costs will include the hardware and software costs to deliver the online marking
- Revenue costs will include the ongoing training and maintenance costs to support the project
- Finance costs will include any interest payable on loans to fund the project

**Benefits**
- Tangible – reduced cost of couriers, reduced cost of staff (although needs to be offset against any redundancy payments)
- Intangible – may be able to reduce the timescale of the marking process which means candidates could get their results faster and the image of the Institute enhanced

Techniques such as net present value, payback period and rate of return may be used to assess the financial feasibility of the online marking project.

**Requirement (b)**

**Leadership**
Leadership is the ability to obtain results from others through personal direction and influence. If the team is well led then the team members will usually respond by good performance and co-operation. An understanding of the different leadership styles would be useful for the project manager since different styles may need to be adopted at different stages of the online marking project. A more autocratic approach may be needed at the outset so that everyone understands the objectives and their roles on the project, and a more participative approach when the project is underway so that everyone feels they are able to contribute ideas if they want to.

**Communication**
Project managers must be effective communicators since communication is vital for the progression of the project. The project manager must communicate regularly with a variety of people. For the online project this will include the software suppliers, the markers and the project team. Communication is essential at all stages of the project. The project sponsor will need to be kept informed of the progress of the online marking project and the project team will need to be kept up to date with any changes.
**Negotiation**

Project managers rely on their ability to negotiate since they do not have the direct line authority over their resources and often win commitment and co-operation of other people through negotiation. This could include negotiation on the availability and level of resources with the project sponsor, or negotiation with the software supplier on schedules and priorities. The aim would be for the project manager to use his negotiation skills to be able to manage the outcome so that conflict is avoided on the online marking project.

**Delegation**

The project manager will not have the time or all of the necessary skills to carry out all of the project tasks so it is essential to be able to delegate to those who do have the skills. Delegation is about empowering the project team and each team member to accomplish the expected tasks for his or her area of responsibility and this will give them ownership for their part of the online marking project. Effective delegation should foster team work, collaboration and communication. The project manager should empower staff and then monitor their work so that if serious errors are occurring they can step in and take control.

**Change management**

The project manager should have the skills to manage and control change. Project changes can occur throughout the project’s lifecycle, for example changes to the user requirements on the online marking project or changes due to loss of key project team members. It is therefore important that the project manager has the skills to manage change in order that the impact on the accomplishment of the project objectives and project schedule is kept to a minimum.
### Answer to Question Seven

#### Rationale

Requirement (a) tests candidates' comprehension of different approaches to management and organisation. It examines learning outcomes C1(a) 'discuss the concepts of power, bureaucracy, authority, responsibility, leadership and delegation' and C2(a) 'analyse the relationship between managers and their subordinates, including legal aspects affecting work and employment. Requirement (b) tests candidates' appreciation of the process of mentoring. It examines learning outcome C2(f) 'explain the process and importance of mentoring junior colleagues'.

#### Suggested approach

(a) The answer could start with an explanation of the current approach to management, drawing on illustrative examples. It should then develop to compare and contrast the approach in the future, drawing on characteristics of bureaucracy.

A good answer will make reference to a range of theories to support the answer and use examples from the scenario as supporting evidence. A weak answer will describe a few theories in a mechanical manner but without reference to the scenario.

(b) The answer could begin by exploring what is meant by mentoring and what would be involved in the process of mentoring. It could then develop to explain the possible benefits for the junior managers.

A good answer will evidence a solid appreciation of the mentoring process and the range of associated benefits. A weak answer will give just a limited number of benefits.

### Requirement (a)

The current approach to management in T Company would seem to reflect some of the characteristics associated with the human relations school. With reference to Elton Mayo's research (Hawthorne studies), it would seem that there is a good working relationship between Z and his employees, for instance, he shows interest in all his staff, knowing them all by name. According to Mayo workers are motivated by the social aspect of work and this is apparent in T Company, where its employees enjoy many social events.

T Company's leadership by Z is based on consultation, along with employee involvement in problem solving and decision making. Another feature is with regard to employees' commitment to task achievement, and their willingness to be flexible to get the business of the organisation done.

However, it appears that when SW Group acquires T Company management is likely to become more bureaucratic. A bureaucracy is essentially an approach based on the formalisation and standardisation of working practices and tends to be associated with large organisations such as the one which is acquiring T Company. The focus will be on the efficient function of the company.

There are a number of characteristics of bureaucracy which will make the management of the organisation very different from the current approach and will impact on the staff of T Company. These include specialisation, hierarchy, rules, and possibly impersonality. Each of these characteristics of bureaucracy is likely to produce a culture much different to the open one that existed in the company before the acquisition. For example, staff can expect to have more clearly defined rules and responsibilities with a clear chain of command linked to SW Group's head office, whereas at the moment it appears there is a more flexible approach.

The specialisation of tasks will lead to clear division of labour so that members of staff have a well defined sphere of authority to carry out his or her duties. This is a departure from the flexible way in which work is currently undertaken.
Decision making and conduct within the company will be governed by a new set of rules and procedures which are applied in other parts of the Group. In addition, relations between management and employees will, in all probability, be less personal than before, with decisions made in an objective and rational manner rather than personal preferences.

The future culture of the company is likely to reflect the position power (Handy and Harrison), more usually referred to as a role culture, whereas at the moment it has some characteristics of a task culture (or possibly a power culture).

The way of working will probably include a high degree of task specialisation, responsibility and authority clearly defined, and an emphasis on SW Group's hierarchy. Coordination and communication will be a responsibility of management levels. There is likely to be a slow-down in T Company's communications between different departments and the Group head office, which staff may find frustrating.

A major shift for T Company's employees will be the lack of involvement in the day to day running of the business, a key feature of the former business and potentially the stifling of initiative and ideas from staff which were encouraged by the previous owner.

The informal relationships that currently exist at all levels within T Company will no doubt become a thing of the past. For those who have worked at T Company for a long time they will have to get used to the new rules quickly and some may find it difficult to adapt.

**Requirement (b)**

The purpose of a mentoring system is to provide employees with a forum to discuss development issues in a relaxed and supportive environment. In the case of T Company, the mentors will be in more senior positions from within SW Group companies and as more experienced employees they should be able to guide and support the junior managers, but should not be the direct line managers of their mentees. The reason for this is to ensure that the mentor can act as an independent arbiter, and avoid the danger of conflict given the developmental nature of mentoring versus line management. Otherwise there is the danger for conflict given the development versus line management nature of mentoring.

Mentors should represent role models, having already achieved a status to which the junior managers might aspire. It will be important to ensure that the mentoring relationship is not based on authority but, rather, a genuine wish by the mentor to share knowledge, advice and experience with junior members of staff.

A mentoring system could be helpful to T junior managers in terms of socialising them into the culture of the SW Group and facilitating quicker learning about the way the Group works. Other benefits of a mentoring scheme for the junior managers are that the mentors could help in expanding their network of contacts in the wider SW Group. It could also help them in their longer term career advancement through exposure, visibility and sponsorship.

To be effective however, the mentoring scheme must be based on mutual trust, which may be initially difficult given possible resistance from staff at T Company regarding the acquisition by SW Group.

Mentoring could work alongside some of the more formal control mechanisms used by SW Group, such as appraisal. It could provide the junior managers with a forum to discuss developmental issues in a more relaxed and supportive environment. Mentors would be able discuss with the junior managers from T Company their training needs, along with advice on qualifications. The mentoring system could also provide an opportunity for them to discuss any interpersonal problems and career goals in the ‘new’ organisation.

The role of the mentor would be to encourage and assist the junior managers in analysing their performance and identifying their strengths and weaknesses. Mentors should provide honest but supportive feedback and guidance on how the junior managers could work on any weaknesses identified. They would also provide feedback and encourage the junior
managers to reflect on their behaviour and experiences in the future. Mentors could also act as sounding boards for ideas, so the junior managers could ask their mentors questions and learn from their mentor's experiences in SW Group.

Mentoring has both career-enhancing and psychological benefits. For example, in terms of career enhancing, mentors could help the junior managers in their career development with the wider SW Group, through exposure, visibility and sponsorship. It could also help them in expanding their network of contacts and in gaining greater exposure in the Group.

The psychological benefits of mentoring could help the junior managers in terms of their competence and effectiveness in their roles in the 'new' organisation.

Mentoring could help in the integration of T Company with SW Group, as the junior managers gain a better understanding of the Group through the mentoring process.