

Case Study 1

Solution

Question 1

Establish Goals:

Objectives

- Improve financial standing (quantitative)
- To be in a more flexible position develop a career (qualitative)
- To maintain links with friends and indulge passion for PR.

Constraints

Constraints basically refer to available resources within whose parameters the decision must fall. There are no such constraints explicitly mentioned here. The only constraints that are mentioned are ones that arise *within* an alternative (e.g. current job will allow his a maximum of \$48,000 p.a., he estimates that he will earn \$14,000 pa during study, etc.). These are more properly understood as means for evaluating alternatives rather than constraints upon the decision itself. Though he seems to have committed himself to continued work with his band, there is likewise no suggestion that this will impact as a specific constraint upon his choices (though it obviously relates to Mark's objectives).

Gather information on alternatives & evaluate consequences of alternatives:

Solution technique: to evaluate financial returns over the six years from the time of enrolment.

(Note: in financial decisions, judgements of returns over time ordinarily involve the incorporation of calculation of the time value of money – in this specific case, the use of present value calculations. This is not covered until topic 12 of this course, so a nominal calculation will be used at this point.)

Application of solution technique to predicted data:

Stay in present job:	Go to university:	
\$30,000 x 2 yrs = \$60,000	\$14,000 x 3yrs =	\$42,000
\$36,000 x 3 yrs = \$108,000	Work \$40,000 x 2 yrs =	\$80,000
\$48,000 x 1 yr = <u>\$48,000</u>	Work \$56,000 x 1 yr =	<u>\$56,000</u>
Total for 6 yrs = <u>\$216,000</u>	Total for 6 yrs	<u>\$178,000 + company car.</u>

Choose a course of action:

Choice: On the basis of a six year outlook, Mark has made a choice (to go to university) which does not give him the highest total financial return. Thus his objective of improving his financial standing will not yet have been totally fulfilled at the end of 6 years (Though it must be noted that by year 6 he is going to earn more p.a. than the maximum possible in his present job and have access to a company car, suggesting that he will finish up well ahead).

This would suggest that one or both of two issues is at play in his decision:

1. His financial outlook is for far longer than the 6 years specified for calculation.

2. Even if his initial outlook is short, his qualitative objectives do seem to be met. This may suggest that meeting his qualitative objectives is as important as, or even more important, than meeting the quantitative objectives.

Question 2

This will require a list of the 7 Graduate Qualities as set out by the University of South Australia and a brief comment on each. More importantly this question requires a discussion of how these qualities benefit the graduate and their potential employers. Comments should include:

- how gaining an understanding of a body of knowledge allows for a more flexible worker able to deal with “unforeseen” challenges more easily
- that being up to date in your field (life long learning) is essential to maximise the quality and profitability of your work
- that the ability to problem solve and apply a variety of thinking methods is necessary to make the most of the learning that has previously taken place
- the importance of working as part of a team but still having the ability to work individually with minimal direction
- how a certain level of ethics and social responsibility is required to be an effective member of the current society.

Question 3

Accountability suggests a duty of disclosure of one person/organisation to another due to the nature of the parties’ relationship to each other. Depending upon the exact details of the relationship that they have, it *may* be appropriate that Mark would inform his family of his decisions or even keep the members of the band up to date on his plans that may impact on that relationship and the resultant plans that they might make together.