

Intermediate Level

Organisational Management

**11**

**IORG**

25 November 2004

Thursday afternoon

**INSTRUCTIONS TO CANDIDATES**

Read this page before you look at the questions

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| You are allowed three hours to answer this question paper.        |
| Answer the ONE question in Section A (this has 10 sub-questions). |
| Answer the TWO questions in Section B.                            |
| Answer TWO questions ONLY from Section C.                         |

SECTION A — 20 MARKS

ANSWER ALL TEN SUB-QUESTIONS – 2 MARKS EACH

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**Question One**

**1.1** Which of Porter's competitive strategies is based on providing products/services that command a superior price?

- A** Cost leadership
  - B** Diversification
  - C** Concentration
  - D** Differentiation
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**1.2** When behaviour in an organisation is influenced by a set of moral principles and values it is called

- A** a mission environment.
  - B** the rule of law.
  - C** a corporate code of ethics.
  - D** corporate culture.
- 

**1.3** The operations function in most organisations produces a mixture of both products and services.

Which ONE of the following businesses is closest to producing a pure service?

- A** A consultancy company
  - B** A restaurant
  - C** A bank
  - D** A steel company
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**1.4** Those who are praising the merits of standardisation are probably describing the

- A** simple structure.
  - B** team structure.
  - C** matrix structure.
  - D** bureaucracy.
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**1.5** Which ONE of the following statements most closely reflects recommended best practice for staff appraisal?

- A** The appraisal system should focus on the faults of those being appraised.
  - B** Appraisal reports should always be “closed” so that managers are able to give a frank and honest appraisal.
  - C** One appraisal per year is sufficient for any employee within any organisation.
  - D** Staff should be able to view their appraisal report to ensure the consistency of the report with verbal feedback from their manager.
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**1.6** A selection test that fails to produce similar results over time when taken by the same person would be considered

- A** unstable.
  - B** contradictory.
  - C** unreliable.
  - D** non-specific.
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**1.7** At which stage in the process of group development do members begin to set agreed standards and allocate roles?

- A** Performing
  - B** Storming
  - C** Norming
  - D** Forming
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**1.8** A manager who allows his/her subordinates to make the majority of the decisions is demonstrating which of the following leadership styles?

- A** Autocratic
  - B** Participative
  - C** Democratic
  - D** Laissez-faire
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**1.9** An organisational development tool used for assessing the discrepancy of perceptions among organisational members and so helping to solve any differences that arise is known as

- A** sensitivity training.
  - B** survey feedback.
  - C** process consultation.
  - D** inter-group development.
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**1.10** Divestment as a strategic option may be considered where

- A** an organisation is unable to secure sufficient resources or competences.
  - B** a change occurs in the expectations of a stakeholder with low power and low interest.
  - C** an organisation is unable to change its competences.
  - D** the intrinsic value of a company's products or assets does not change over time.
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*(Total = 20 marks)*

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*End of Section A*

SECTION B – 40 MARKS  
ANSWER BOTH QUESTIONS

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**Question Two**

K Company, a manufacturer of small appliances is facing very difficult times. Many years of steady growth have recently ended with a sharp decline in its sales and a consequent fall in its profits and share price. The CEO has decided in consultation with the Finance Director that urgent action is required and has proposed a plan to turnaround K Company from its current decline.

This plan involves reducing the workforce by 50% to 3,000 and closing six domestic assembly plants, four of which are in the same town. Most of the production is to be moved to other parts of the world where labour costs are lower. K Company's loyal workforce is shocked by the proposals and the trade unions are determined to fight the proposed job cuts with all the means at their disposal.

The plan also involves the sourcing of many components from overseas, a proposal which has shocked its long established domestic suppliers.

Finally, the board of directors is not entirely united behind the plan and there are rumours that the Production and Marketing directors are considering resignation.

***Required:***

- (a) Identify the internal and external stakeholders that are likely to be affected if the proposed plan is implemented. Describe the impact of the proposed changes on each stakeholder group.

*(10 marks)*

- (b) Describe the sources of power available to each stakeholder group. Explain how each group might try to influence the outcome of the proposed plan.

*(10 marks)*

*(Total = 20 marks)*

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### Question Three

On appointment to her new post as Head of Finance in the Z Company, H discovers that the training and development of the finance staff has been badly neglected. This lack is all the more surprising to H when she reflects on the many changes that have affected the work of accounting and finance professionals in the last decade.

The Company does not have a specialist human resource management function so departmental heads have to organise training and development for the staff within their departments.

***Required:***

- (a) Describe the potential problems associated with the neglect of staff training and development in a time of rapid change for:

- (i) Z Company's finance staff
- (ii) The Z Company

*(8 marks)*

- (b) Discuss the activities that must be undertaken in order to provide a set of effective training and development programmes for Z Company's finance staff.

*(12 marks)*

*(Total = 20 marks)*

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***End of Section B***

SECTION C – 40 MARKS  
ANSWER TWO QUESTIONS ONLY

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**Question Four**

Until recently, C Company could have been described as a single product, medium sized company structured along functional lines with the clearly defined policies and procedures typical of a classical bureaucracy. But things are changing rapidly; a new CEO has been appointed who is committed to growing the Company by diversification into new products and new markets.

Such a strategy entails coping with new competitors in a dynamic and unstable international environment, the use of new technology for the production and distribution of its new products and the employment of local managers and production-line workers in overseas subsidiaries.

*Required:*

- (a) Compare and contrast the contingency approach to organisational design with that of the classical management approach.  
(10 marks)
- (b) Using the contingency approach, explain how the changes described in the above scenario are likely to affect the future organisational structure and design of C Company.  
(10 marks)
- (Total = 20 marks)
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**Question Five**

Despite the diverse composition of its workforce, the higher grades of management in X Company are dominated by middle-aged males from one ethnic group.

*Required:*

- (a) Discuss the implications for the performance of X Company of promoting only the members of a particular gender/ethnic group.  
(8 marks)
- (b) Discuss the various ways in which
- (i) X Company can ensure fair treatment of all its employees.
  - (ii) Governments can assist in the prevention of discrimination in the workplace.
- (12 marks)
- (Total = 20 marks)

## Question Six

T Company was, until recently, a national telephone company that enjoyed monopoly status, but a decision to deregulate by the government means that it is now exposed to aggressive competition from new entrants. T Company's competitive position has also been undermined by developments in wireless technology. As customers increasingly choose to use mobile phones, T Company's vast investment in fixed line technology is becoming increasingly uneconomic. This change in technology and the associated shift in consumer tastes have left T Company with no option but to invest in mobile technology itself.

T Company also suffers from its history as a monopoly provider; its bureaucratic culture and structure means that it tends to be slower to respond to market changes than the new entrants. The high proportion of telephone engineers who belong to the telecoms trade union does not help this situation. When earlier this year, T Company announced job cuts, the trade union members voted for industrial action that lasted for several weeks and cost the Company millions in lost revenue.

The development of broadband digital technology, however, allows high speed access to the Internet. This has meant a new lease of life for fixed line operators like T Company because existing fixed line systems can be adapted for broadband use. This opportunity has been seized by T Company's senior management. The Company has been successful in attracting 50,000 subscribers to the new broadband service in its first year of operation. The Company has also introduced a service that allows people on the move to access the Internet at selected public venues using a wireless enabled laptop.

This installation of broadband does, however, require training in new skills and the engineers required to undertake this training have threatened strike action in support of a large pay increase to compensate them for using the new skills required for the job.

### *Required:*

- (a) Identify the internal and external triggers for change in the strategy and operations of T Company. Discuss the difficulties that the Company is likely to experience in introducing the change programme.

*(10 marks)*

- (b) Evaluate the success of T Company in managing the change process to date. By application of any model of change management, explain how T Company might go about managing change in the future.

*(10 marks)*

*(Total = 20 marks)*

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### **Question Seven**

Company A has acquired Company B. As part of a wide ranging effort to integrate Company B into its operations, systems and procedures, the management of Company A has decided to combine the two existing finance departments. A new finance department will be formed in the headquarters building of Company A. The move by Company B Finance staff to Company A headquarters will mean, for most, a daily road journey of some 20 miles each way.

#### ***Required:***

- (a) Discuss the concerns that Company B finance staff will have as they consider their move to Company A headquarters. Explain why an induction programme is necessary for Company B staff.

*(10 marks)*

- (b) Produce an induction programme that will help support Company B finance staff in their move to Company A, and which will enable them to contribute productively to the enlarged Company.

*(10 marks)*

*(Total = 20 marks)*

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*End of paper*