**General Comments**

Overall, candidates appeared to cope well with this paper, and candidates from UK centres performed rather better than in the November 2005 examination and more in line with those who sat the May 2005 paper. Regrettably, candidates at non-UK centres achieved significantly poorer performances than those at UK centres.

Most candidates handled Question 1 (Section A) with ease and a substantial number also produced confident answers to Question 2 (Section B).

There was a more even take up of Question 3 or Question 4 as part of the elective choice under Section C of the paper. Section C of the paper produced the most disappointing results, indicating that candidates have some difficulty in relating their knowledge to the context of a scenario.

SECTION A – 50 MARKS
ANSWER *ALL* TWENTY SUB-QUESTIONS
– Questions 1.1 to 1.15 are worth 2 marks each (30 marks in total)
– Questions 1.16 to 1.20 are worth 4 marks each (20 marks in total)

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**Question 1.1**

Charles Handy's vision of a "shamrock" organisation suggests a workforce that comprises three different types of worker, namely

A    strategic, operational and support.
B    qualified, trainee and unskilled.
C    "white collar", "blue collar" and e-worker.
D    core, contractual and flexible labour.

*(2 marks)*

The answer is **D**

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**Question 1.2**

Activities associated with Organisational Development

A    require universal agreement that change must take place.
B    require "interventions" into the social processes of an organisation.
C    naturally occur through a shared sense of purpose and a strong organisational culture.
D    result from the effect of Greiner's life cycle model.

*(2 marks)*

The answer is **B**

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## Question 1.3

Job family structures are examples of

**A**     motivational tools.
**B**     similar levels of responsibility reflected across several distinct functions or disciplines.
**C**     Japanese employment practice.
**D**     pay structures for jobs within distinct functions or disciplines.

*(2 marks)*

The answer is **D**

## Question 1.4

Abraham Maslow's theory of motivation is often represented as

**A**     a hierarchy of needs.
**B**     individual behaviour labelled X or Y.
**C**     a scientific relationship between work and reward.
**D**     a series of negative and a series of positive factors.

*(2 marks)*

The answer is **A**

## Question 1.5

Effective product promotion is centred on

**A**     production processes.
**B**     customers and communication.
**C**     bonuses for sales staff and product quality.
**D**     effective systems of monitoring and control.

*(2 marks)*

The answer is **B**

## Question 1.6

Conventional marketing wisdom suggests that for successful segmentation of markets, segments must be

**A**     relatively unsophisticated in their needs.
**B**     economic, efficient and effective
**C**     measurable, accessible and substantial.
**D**     currently lacking in providers.

*(2 marks)*

The answer is **C**

**Question 1.7**

The technique of force field analysis depicts

**A**  change as occurring through a series of restraining and driving forces.
**B**  growth of organisations through evolution and revolution.
**C**  an organisation's environment as a series of opportunistic and threatening factors.
**D**  aggressive management styles used to drive change.

*(2 marks)*

The answer is **A**

**Question 1.8**

The 5-S model refers to

**A**  internal analysis involving structure, sub-structure, systems, sub-systems and strategy.
**B**  internal analysis involving style, shared values, skills, staffing and "soft" information.
**C**  operations management practices of structurise, systematise, sanitise, standardise and self-discipline.
**D**  the Japanese six-sigma model adapted to Western practice.

*(2 marks)*

The answer is **C**

**Question 1.9**

Distribution channels, transport, warehouse and sales outlet locations are all examples of

**A**  "place", one component of the marketing mix.
**B**  "promotion", one component of the marketing mix.
**C**  "physical evidence", one component of the marketing mix.
**D**  the management of operations for a service organisation.

*(2 marks)*

The answer is **A**

**Question 1.10**

Gaining International Standards (ISO) in quality is mainly dependent upon

**A**  effective processes for documentation and control.
**B**  a shared quality philosophy.
**C**  commitment from middle managers.
**D**  benchmarking customer related performance against competitors.

*(2 marks)*

The answer is **A**

**Question 1.11**

The set of activities designed to familiarise a new employee with an organisation is called

**A**    job analysis.
**B**    induction.
**C**    selection.
**D**    manipulation and co-optation.

*(2 marks)*

The answer is **B**

**Question 1.12**

According to Kurt Lewin, the final stage of his three stage model of change is called

**A**    unfreezing.
**B**    refreezing.
**C**    unbundling.
**D**    support and facilitation.

*(2 marks)*

The answer is **B**

**Question 1.13**

Recruitment involves

**A**    advertising a vacancy and interviewing.
**B**    conducting interviews and tests.
**C**    advertising a vacancy and initial screening of candidates.
**D**    ensuring that contract negotiation complies with organisational policy.

*(2 marks)*

The answer is **C**

**Question 1.14**

Three hundred and sixty (360) degree feedback is normally associated with

**A**    exit interviews.
**B**    quality circle activity.
**C**    appraisal processes.
**D**    reflection as part of a cycle of learning.

*(2 marks)*

The answer is **C**

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**Question 1.15**

Kaizen is a quality improvement technique that involves

**A**      continuous improvement by small incremental steps.
**B**      a complete revision of all organisational processes and structures.
**C**      immediate, often radical "right first time" changes to practice.
**D**      a problem solving fishbone technique to identify cause and effect.

*(2 marks)*

The answer is **A**

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**Question 1.16**

Describe the relationship between operations management and (using Minzberg's terminology) the organisational technostructure.

*(4 marks)*

**Answer:**

*Operations management:*
  ▪   Developing outputs (products/services) by transforming inputs (stock, human) through operations (manufacturing, assembly etc.).

*Technostructure*

  ▪   Expert advice, training, research, standardising processes, outputs and skills.
  ▪   Involves work-study, HR managers etc.

*Relationship:* OM = operating core and finances a technostructure that helps make operations effective

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**Question 1.17**

Explain how continuous inventory systems might work against an organisation's Just-in-Time (JIT) philosophy.

*(4 marks)*

**Answer:**

*Continuous inventory:*

  ▪   Monitoring to keep above a predetermined level.
  ▪   Fixed amount ordered.
  ▪   Zero demand = buffer stocks ("just in case"); inconsistent with JIT.

JIT philosophy (eliminate all waste; right part at the right place at the right time) better supported with JIT inventory approach.

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### Question 1.18

Identify examples of external failure costs, and explain their significance for an organisation with a reputation for quality.

*(4 marks)*

**Answer:**

External failure = costs of substandard goods sold e.g.

- "Free" replacement.
- Redesign/rework costs, wastage etc.
- Warranty claims.
- Product liability and damages.

Significance = Goods with customer, meaning

- Damaged reputation/staff morale?
- Loss of repeat sales/future custom?
- Reduced customer confidence?
- Bad PR (complaints).

### Question 1.19

Distinguish between push and pull marketing policies and their impact on the promotion of goods.

*(4 marks)*

**Answer:**

Firms may have:

- Suppliers (downstream).
- Supply others (upstream).

in a value chain that links to ultimate consumer.

| | "push" | "pull" |
|---|---|---|
| Aim | "push" to wholesalers/retailers who sell to customers | Influence final consumers' attitudes through e.g. advertising. Consumer demand "pulls" through |
| Promotion to consumer | Final firm in value chain | Shared by manufacturer |

### Question 1.20

Identify the main stages involved in developing human resource plans and programmes following the production of a corporate plan.

*(4 marks)*

**Answer:**

*Stages:*

1.  A supply forecast:

    - Analysis of existing resources.
    - Projection of likely changes over period (natural wastage, turnover etc.).

2.  Identify demand implied by corporate plan.

3.  Articulate both forecasts in HR plan.

4.  Develop programmes with target dates to reconcile supply and demand. (Address recruitment, selection, training, management development, transfers, redeployment, redundancies, etc.).

*Note:* This explanation is based on Mullins (2005). It is not the only way of understanding the stages. Other thinkers may express a need for internal and external data collection and analysis using models such as PESTLE etc. Valid alternative approaches to that suggested by Mullins will also receive credit.

### Rationale

**Question One** parts 1.1 – 1.15 test candidates' knowledge of a wide variety of topics within the syllabus through the use of objective test questions in a conventional "multiple choice" format.
Question one parts 1.16 – 1.20 provide further objective testing through limited word responses. These sub-questions (valued at 4 marks each) test knowledge and understanding. Sub-questions 1.16 – 1.18 test various aspects of the Operations Management topic of the syllabus (learning outcomes C(i), (ii) and (vi)) while 1.19 tests the Marketing learning outcome D(iv) and 1.20 E(ii) Managing Human Capital. Responses to each sub-question are expected to conform to the word limit indicated. Responses beyond this limit are not marked.

### Suggested Approach/Marking Guide

| | Marks |
|---|---|
| Sub-questions 1.1 – 1.15. These sub-questions have been constructed on the basis that there is only one correct answer. Marking is therefore on the basis of 2 marks for a correct answer and 0 marks for an incorrect answer. | 0 or 2 |
| Sub-questions 1.16 – 1.20. Responses should be in note form and should not exceed 50 words per sub-question (approximately half a page of the answer book). The use of bullet points and short definitions as part of notes is perhaps the most effective approach. | |
| An excellent response containing the majority of the points suggested in the examiner's answers or with alternative valid points instead. An excellent demonstration of understanding and application of subject matter. | 3.5 to 4 |
| A good/very good response containing a substantial number of the points suggested in the examiner's answers or with valid alternative points instead. A good demonstration of understanding and application of subject matter. | 2.5 to 3 |

| | |
|---|---|
| A sound response containing some points suggested in the examiner's answers or with valid alternative points instead. Demonstrates understanding and application of subject matter. | 1.5 to 2 |
| A weak response that nevertheless may contain some valid point(s). Demonstrates little understanding and application of subject matter. | 0.5 to 1 |
| A failure to achieve the standard suggested above. | 0 |

**Examiner's Comments**

Most candidates coped well with the requirements of this question and scored heavily as a result. A substantial number of scripts again did not conform to the 50 word limit. Only the first 50 words of the candidate's response attracted marks. Those scoring lowly on this section did so because of a lack of knowledge.

*Common Errors*
- A number of candidates struggled with 1.16. Some gave no response, others provided incorrect "guesses".

SECTION B – 30 MARKS
ANSWER ALL PARTS OF THIS QUESTION.

### Question 2

You are required to produce **outline notes** that will support your eventual PowerPoint presentation. These notes should:

*(a)*      Discuss the options to overcome the fact that the software does not fit existing business processes exactly.

*(5 marks)*

*(b)*      Explain why a phased approach to introducing the system is, in this case, more suitable than a direct "big bang" approach.

*(5 marks)*

*(c)*      Discuss the ways in which particular individuals and groups within S & C are important for implementation to succeed.

*(5 marks)*

*(d)*      Explain how users should be involved in the implementation phase of the project.

*(5 marks)*

*(e)*      Describe the training that should be given to targeted groups within S & C.

*(5 marks)*

*(f)*      Explain the aims of a post implementation review.

*(5 marks)*
*(Total for Section B = 30 marks)*

### Rationale

**Question two** parts *(a) (b) (d)* and *(f)* test candidates' knowledge and understanding through the application of thinking from Information Systems (learning outcomes A(v) and A(vi)). Part *(c)* involves an examination of why resistance to change develops (learning outcome B(ii) and part *(e)* part tests Managing Human Capital (E(iii)).

### Suggested Approach/Marking Guide          Marks

Responses for each sub question are expected on a single side of A4 and in a form that might include a few sentences and bullet points. This limit simulates a real life scenario in which accuracy, brevity and clarity is called for and also hopefully prevents candidates from spending a disproportionate amount of time on each sub-question. When answering a sub-question candidates might use purposeful illustrations based upon aspects of the scenario.

*Part (a)*
- Explanation of the issue/problem.
- Identification of at least two possible options.
- Indication of how choice is to be made from options available.
- Identification of issues associated with each option including benefits and disbenefits.

| | |
|---|---|
| Limited answer: Some recognition of the problem and tentative solutions. | 1 max |
| Pass standard answer: Understanding of the problem and identification of two or more options with clear description of features of each. | 2-3 max |
| Strong answer: Explanation of the issue/problem. Clearly identified distinct options including costs and benefits. Indication of basis upon which choice is made. | 4-5 max |

*Part (b)*
- Explanation of a phased approach.
- Explanation of 'big bang' approach.
- Identification of key points indicating a suitability of phased approach within the context of the scenario.

| | |
|---|---|
| Limited answer: Limited or some recognition of approaches. | 1 max |
| Pass standard answer: Understanding of both approaches and some points potentially relevant to the scenario established. | 2-3 max |
| Strong answer: Explanation of both phased and 'big bang' approach. Clearly identified issues in favour of phased approach strongly related to the scenario. | 4-5 max |

*Part (c)*
- Identification of the range of relevant individuals and groups
- Separate discussions of ways in which each are critical to implementation success within the context of the scenario.

| | |
|---|---|
| Limited answer: Identification of more than one person/group and discussion of importance. | 1 max |
| Pass standard answer: Some discussion of importance of some groups and individuals to the implementation process in a way that is relevant to the scenario. | 2-3 max |
| Strong answer: Comprehensive discussion of importance of a range of groups and individuals to the implementation process strongly linked to the scenario. | 4-5 max |

*Part (d)*
- Establish relationship between need for user acceptance and also system testing.
- List and explain realistic ways in which users might be usefully involved in a way that is relevant to the scenario.
- Reference to organisational conditions that need to be in place for this to occur.

| | |
|---|---|
| Limited answer: Some identification of user training and systems testing issues. | 1 max |
| Pass standard answer: Realistic explanation of some ways in which users might be involved. Possible explanation of reasoning or reference to organisational conditions/scenario context. | 2-3 max |
| Strong answer: Wholly practical explanation of several ways in which users might be involved including reasoning and reference to organisational conditions. Strong conceptualisation of answer to scenario. | 4-5 max |

*Part (e)*
- Identify the range of recipients relevant to scenario, possible mechanisms and content.
- Describe recipient needs individually, mechanisms generically, and range of content relevant to recipient.

| | |
|---|---|
| Limited answer: Some unstructured points related to training in general terms. | 1 max |
| Pass standard answer: Some structured description of training issues relevant within the context of the scenario. | 2-3 max |
| Strong answer: Clear, realistic and comprehensive description of training in terms of all three factors with some linkage between the factors established. | 4-5 max |

*Part (f)*
- Establish what a post implementation review is.
- Identify and explain aims of the review.

| | |
|---|---|
| Limited answer: Recognition of the appropriateness of post implementation review. | 1 max |
| Pass standard answer: Some explanation of what a review is and some aims it attempts to achieve. | 2-3 max |
| Strong answer: Comprehensive explanation of what a review is and the several aims it attempts to achieve. | 4-5 max |

## Examiner's Comments

Most candidates handled these sub-questions reasonably well. Some non-UK candidates gave only a few points per sub-question or did not develop the single phrase responses.

*Common Errors*
- Question 2*(b)* was poorly answered by some. There was a tendency to explain the several approaches to implementation or ways of getting employee acceptance rather than answering the specific requirements of the sub-question.
- Some responses exceeded the limit required.

SECTION C – 20 MARKS
ANSWER *ONE* QUESTION ONLY

## Question 3

*(a)*   Discuss the dangers to Everland banks if they do not change.

*(8 marks)*

*(b)*   Discuss the types of change that Everland banks could be making in order to survive and prosper.

*(12 marks)*
*(Total for Question Three = 20 marks)*

## Rationale

**Question Three** tests candidates' understanding of issues associated with marketing and requires an application of knowledge and understanding to the scenario set of banking services facing up to a more hostile environment. Question 3 part *(a)* explores the candidates' understanding of threats associated with banks continuing to operate in a way that does not conform to enlightened marketing thinking. Learning outcome D(i) is tested. Question 3 part *(b)* requires a discussion of the types of marketing changes that should be made within the given business context of financial services, so part testing learning outcome D(iv).

| Suggested Approach/Marking Guide | Marks |
| --- | --- |

*Part (a)*
- Provide a position statement of where Everland banks are. Explain the comparative position of Utopia banks, including their marketing orientation.
- Discuss the potential dangers associated with Everland not changing.

| | |
| --- | --- |
| Limited answer: Some mainly unstructured but relevant points relating to either marketing orientation or difficulties associated with not changing. Weak or slight conceptualisation of points made to the scenario. | 3 max |
| Pass standard answer: Recognition of the differences between the present approach and a marketing orientated approach. Some references to the Everland experience and identification of dangers of not changing. Several valid points made - 1-2 marks per substantive point. | 4-5 max |
| Strong answer: Good presentation with a clear identification of the differences between the present approach and a marketing orientated approach. Purposeful explanation of progress made in Everland and mature discussion of dangers of not changing. Many valid points raised - up to 2 marks per substantive point. | 8 max |

*Part (b)*
- Analysis of the changes which could arise in terms of Techniques.
- Analysis of the changes which could arise in terms of Structure.
- Analysis of the changes which could arise in terms of Skills.
- Analysis of the changes which could arise in terms of Systems.
- Analysis of the changes which could arise in terms of HR policies.

| | |
|---|---|
| Limited answer: Some mainly unstructured but relevant points relating to potential changes. | 3 max |
| Pass standard answer: Structured analysis of the types of organisational changes that could reasonably result. The answer suggests five headings but others might appropriately be used. Several valid points made – 1-2 marks per substantive point. | 6-7 max |
| Strong answer: Good presentation with purposeful well-structured analysis of the types of organisational changes that could reasonably result. The answer suggests five headings but others might appropriately be used. Many valid points raised – up to 2 marks per substantive point. | 12 max |

**Examiner's Comments**

There was a range of performance on this question. Those candidates who diligently applied their knowledge to the scenario scored well, whilst those who attempted over-theoretical answers scored far less well. Some candidates obviously failed to interpret the causes of business failure from the clues in the scenario. Part *(b)* of the question was answered rather better than part *(a)*.

*Common Errors*
- A failure to identify a sufficient range of significant defects in existing arrangements in order to answer the requirements of the question.
- Undeveloped or sketchy responses that were not commensurate with the marks available.

## Question 4

*(a)*  Explain the thinking behind the two initiatives announced by the new chief executive using Herzberg's motivation-hygiene (dual factor) theory as a framework.

*(10 marks)*

*(b)*  Discuss the factors that should be taken into account by the HR department when redesigning the remuneration and reward package for SBU managers.

*(10 marks)*
*(Total for Question Four = 20 marks)*

## Rationale

**Question Four** tests candidates' understanding of issues associated with Managing Human Capital, specifically the efforts of an industrial gas production company to incentivize its managers (syllabus learning outcome E(iv)). Part *(a)* requires knowledge of Herzberg's dual factor theory of motivation and the ability to conceptualise it to the scenario. Question four part *(b)* involves a consideration of the detailed factors that need to be addressed by HR professionals in a revised remuneration and reward package.

## Suggested Approach/Marking Guide                                              Marks

*Part (a)*
- Summarise the nature of the two initiatives.
- Describe Herzberg's motivation-hygiene, or dual factor, theory.
- Apply this thinking to the scenario, giving examples of Motivators (or satisfiers) drawn from the scenario itself.
- Apply this thinking to the scenario, giving examples of Hygiene factors (or dissatisfiers) drawn from the scenario itself.
- Conclude explanation.

| | |
|---|---|
| Limited answer: Confused or partial understanding of Herzberg's theory (up to 1 mark). Some relevant examples, identified points and attempt to relate them to either motivation or hygiene factors. | 4 max |
| Pass standard answer: Demonstrates an understanding of Herzberg's theory (up to 2 marks). Several valid examples of both motivators and hygiene factors relevant to the scenario. 1 mark per substantive correctly categorised point made. | 5-7 max |
| Strong answer: Purposeful explanation of Herzberg's theory, indicating a mature understanding (up to 3 marks). Many valid examples of both motivators and hygiene factors clearly drawn from the scenario. 1 mark per substantive correctly categorised point made. | 8-10 max |

*Part (b)*
- Identify key relevant factors.
- Discuss each in turn making specific reference to the scenario.

| | |
|---|---|
| Limited answer: Some relevant factors identified only partially related to the scenario but attempts to discuss these factors. | 4 max |
| Pass standard answer: Discussion of relevant factors related to either remuneration or reward package redesign. Several references to the scenario. Several factors identified. 1-2 marks per substantive factor discussed. | 5-7 max |
| Strong answer: Mature discussion of relevant likely factors related to both remuneration and reward package redesign. Strong conceptualisation to scenario throughout. Many factors identified. 1-2 marks per substantive factor discussed. | 8-10 max |

**Examiner's Comments**

A wide range of performance on this question. Part *(a)* was an opportunity for candidates who were familiar with this motivation theory to score heavily. Strangely, some who opted for this question confused the theory with the work of another and scored poorly as a result. Others rehearsed a number of motivation theories instead of answering the question.

*Common Errors*
- Undeveloped or sketchy responses which were not commensurate with the marks available.
- An inability to relate remuneration and reward redesign considerations to the scenario.