



Business Management Pillar

Managerial Level

Paper 4 - Organisational Management and
Information Systems

24 May 2006 – Wednesday Afternoon Session

Instructions to candidates

You are allowed three hours to answer this question paper.

You will be allowed 20 minutes reading time **before the examination begins** during which you should read the question paper and, if you wish, make annotations on the question paper. However, you will not be allowed, **under any circumstances**, to open the answer book and start writing or use your calculator during this reading time.

Candidates are strongly advised to carefully read the question requirements before attempting the question concerned (that is, all parts and sub-questions). The question requirements for Sections B and C are contained in a dotted box.

Answer the ONE compulsory question in Section A. This is comprised of twenty sub-questions and is on pages 2 to 6.

Answer ALL six compulsory sub-questions in Section B which is on pages 8 and 9.

Answer ONE of the two questions in Section C on pages 10 and 11.

Write your full examination number, paper number and the examination subject title in the spaces provided on the front of the examination answer book. Also write your contact ID and name in the space provided in the right hand margin and seal to close.

Tick the appropriate boxes on the front of the answer book to indicate which questions you have answered.

TURN OVER

SECTION A – 50 MARKS

[the indicative time for answering this section is 90 minutes]

ANSWER ALL TWENTY SUB-QUESTIONS

Instructions for answering Section A

The answers to the twenty sub-questions in Section A should ALL be written in your answer book.

Your answers should be clearly numbered with the sub-question number and ruled off so the markers know which sub-question you are answering. **For multiple choice questions you need only write the sub-question number and the answer option you have chosen.** You do not need to start a new page for each sub-question.

Each of the sub-questions numbered from **1.1** to **1.15** inclusive, given below, has only ONE correct answer. Each is worth two marks.

Question One

1.1 Charles Handy's vision of a "shamrock" organisation suggests a workforce that comprises three different type 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)

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)

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)

- 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)

- 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)

- 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)

- 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)

- 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)

TURN OVER

- 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)

- 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)

- 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)

- 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)

- 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)

- 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)

- 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)

(Total for sub-questions 1.1 to 1.15 = 30 marks)

Section A continues over the page

TURN OVER

Required:

Each of the sub-questions numbered **1.16** to **1.20** below requires a brief written response. Each sub-question is worth 4 marks.

This response should be in note form and should not exceed **50** words per sub-question.

1.16 Describe the relationship between operations management and (using Mintzberg's terminology) the organisational technostructure. *(4 marks)*

1.17 Explain how continuous inventory systems might work against an organisation's Just-in-Time (JIT) philosophy. *(4 marks)*

1.18 Identify examples of external failure costs, and explain their significance for an organisation with a reputation for quality. *(4 marks)*

1.19 Distinguish between push and pull marketing policies and their impact on the promotion of goods. *(4 marks)*

1.20 Identify the main stages involved in developing human resource plans and programmes following the production of a corporate plan. *(4 marks)*

(Total for 1.16 to 1.20 sub-questions = 20 marks)

(Total for Section A = 50 marks)

End of Section A

Section B starts on page 8

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SECTION B – 30 MARKS

[the indicative time for answering this section is 54 minutes]

ANSWER ALL PARTS OF THIS QUESTION.

Question Two

S & C is a medium sized firm that is experiencing rapid growth evidenced by increased turnover. It has been able to develop a range of new consultancy and specialist business advisory services that it offers to its growing customer base. To cope with these developments several organisation-wide initiatives have been launched over the past two years.

The existing financial systems are struggling to cope with these developments, but replacement software is due to be installed within the next six months. The new system was justified partly because it could reduce costs although precise details have not been given. The application software does not fit existing business processes exactly. However, it has the clear advantage of giving S & C access to an industry best practice system and is identical to that used by all its main competitors and some of its clients.

A three-person project steering group has recommended that a phased approach to introduction should be used and has undertaken most of the project planning. A programme of events for implementing the system has been agreed but is not yet fully operational. This group has not met for a while because the designated project manager has been absent from work through illness.

You are Head of S & C's Central Support Unit. You also serve on the project steering group.

A partners' meeting is due to take place soon. The firm's senior partner has asked you to prepare a PowerPoint presentation to other partners on implementation issues. You understand that partners are conscious that system implementation represents a form of further organisational change. They are asking questions about the approach that will be taken to the introduction of the new system, likely changes to practices, critical areas for success, system testing, support after implementation, system effectiveness, etc.

The requirement for this question is on the page opposite

Required:

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 Question Two = 30 marks)

Important note: Use a separate page of your answer book for each sub-question. You should limit your answer to each sub-question to no more than one page.

(Total for Section B = 30 marks)

End of Section B

TURN OVER

SECTION C – 20 MARKS

[the indicative time for answering this question is 36 minutes]

ANSWER ONE QUESTION ONLY

Question Three

Banking services within the country of Everland are provided exclusively by a few well established banks, all offering broadly similar “traditional” banking services. Overall, the industry performance is viewed from within as satisfactory and historically all banks have maintained stable profits and employment levels. Marketeers would describe the industry as being classically “product oriented”. The profile of senior Everland bank officials and managers is of well qualified professionals, possessing long banking industry experience and considerable financial skills. Within the combined workforce other business skills (in, for instance, HR or marketing) are noticeably lacking.

In the external environment, the government will soon pass new legislation that will effectively break the oligopoly-type position of banks and open the market up to other providers. Senior bank officials, however, are unconcerned, feeling that banks are in “reasonable shape” to face any new challenge.

You work for the Everland Banking Advisory Group (EBAG), an independent body, and have been asked to analyse the banking industry in the country of Utopia to identify lessons that might be learnt. Your investigation reveals that since the sector opened up to more competition, a much wider range of financial institutions offer banking services. Despite this, banks in Utopia have all prospered over the past few years. This is thanks to wide-ranging changes in how they operate, the products and services they offer and their organisational structures. You identify some significant trends within the banking industry of Utopia, including:

- The use of marketing techniques;
- A clearer focus on customers (who have become increasingly more demanding);
- A new generation of bank employees, many with commercial backgrounds;
- Banks now exhibiting a strong sense of ethical and social responsibilities towards customers.

Required:

(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)

Question Four

CQ4 is a leading European industrial gas production company. CQ4's directors are each responsible for a geographical region containing several small strategic business units (SBUs). SBU managers report in monthly review meetings in great detail to their directors. CQ4 is showing signs of declining profitability and a new chief executive has been appointed and wishes to address the situation. She has complete freedom to identify organisational problems, solutions and strategies.

At their annual conference she tells SBU managers that they hold the key to improved company performance. She has a vision of CQ4 achieving longer-term strategic goals of increases in profitability, risk taking and innovation. Under the slogan "support not report" directors will in future support and provide assistance to their managers to a greater degree, and the frequency and detail of reporting by managers will be reduced.

She announces two new initiatives "to address the lost years when managers were prevented from delivering truly excellent CQ4 performance":

- Revision of the existing performance appraisal system. Bonuses paid on turnover will be replaced by performance related pay for achievement of individual "performance target contracts". Individual SBU managers will sign contracts to deliver these targets. Performance will now be reviewed at yearly rather than monthly meetings with directors. The remuneration and reward package will be adjusted appropriately with the current emphasis on increasing turnover shifting to profitability and innovation.
- A structural review to focus resources and efforts of SBUs on improving net profit. Part of the restructuring will involve SBUs no longer providing their own "enabling" services such as finance, information technology, and health and safety. These "distractions from doing the real job" will in future be organised centrally. SBUs will be given far greater responsibility, autonomy and influence over their own profitability.

She tells managers that she is stripping away the things that stop them doing their job properly. In return they must manage their SBU in the way they see most appropriate. They will be better rewarded and "star achievers" will be fast tracked to senior positions. SBU managers are informed that the HR department has already been tasked with redesigning the remuneration and reward package.

Informal discussions amongst managers afterwards confirm that the new chief executive's message has been well received. Comments such as "work might be more enjoyable without central interference" and "for the first time I can do my job properly" were overheard.

Required:

- (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)

(Total marks for Section C = 20 marks)

End of Question Paper

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