



Business Management Pillar

Managerial Level Paper

P4 - Organisational Management and
Information Systems

22 November 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.

You are strongly advised to carefully read ALL 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 has 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.

P4 - Organisational Management and Information Systems

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** Frederick Herzberg's study of work and people is of significance to managers because it identifies
- A** a framework for HRM involving appraisal, training and motivation.
 - B** the need to assess the personality of job applicants.
 - C** factors associated with job satisfaction called motivators.
 - D** satisfaction from a participative, problem solving environment.

(2 marks)

-
- 1.2** Data redundancy arises as a result of
- A** viruses and computer misuse.
 - B** downsizing the organisation.
 - C** a lack of password controls.
 - D** duplication of data held.

(2 marks)

-
- 1.3** Kurt Lewin's ideas on change are based on the view that change is
- A** capable of being planned.
 - B** emergent.
 - C** inevitable and uncontrollable.
 - D** transformational.

(2 marks)

- 1.4 A network topology refers to
- A the physical arrangement of a computer network.
 - B the type of hardware used.
 - C the hierarchy of access.
 - D the range of software operated.

(2 marks)

- 1.5 Adding new tasks to a person's job, so increasing their responsibility, is called
- A process re-engineering.
 - B job enrichment.
 - C HR development.
 - D career scoping.

(2 marks)

- 1.6 Data integrity refers to its
- A accuracy.
 - B security of storage.
 - C adaptability for multiple use.
 - D ethical use of personal details.

(2 marks)

- 1.7 Entity relationship modelling is a technique used within
- A an assessment centre test used in staff selection.
 - B market research and product testing.
 - C database analysis and design.
 - D business process re-engineering.

(2 marks)

- 1.8 The intervention of a consultant or change agent is a common feature of
- A co-operation and negotiation strategies for change.
 - B an inclusive culture.
 - C high levels of management visibility.
 - D a programme of Organisational Development (OD).

(2 marks)

Section A continues on the next page

TURN OVER

- 1.9** A local area network (LAN) normally contains
- A** a file, print and communications server(s).
 - B** distributed processing and local solutions.
 - C** e-trading and e-marketing.
 - D** internet access and firewall protection.

(2 marks)

- 1.10** Public relations activity can be used within marketing as part of
- A** marketing decision support activities.
 - B** a promotional mix.
 - C** customer feedback processes.
 - D** segmentation practices.

(2 marks)

- 1.11** Remuneration is an example of
- A** self-actualisation reward.
 - B** an intrinsic reward.
 - C** an extrinsic reward.
 - D** an individual's work/life balance.

(2 marks)

- 1.12** "Spot rates" normally refer to a specific pay rate determined by reference to
- A** the market place.
 - B** incremental progression.
 - C** a negotiated point on a pay spine.
 - D** experience and qualifications of a newly recruited person.

(2 marks)

- 1.13** Charging a very low price on one item in order to generate customer loyalty and increased sales of other items is called
- A** market penetration.
 - B** loss leader pricing.
 - C** product penetration.
 - D** skim pricing.

(2 marks)

- 1.14** “Corrective”, “perfective” and “adaptive” are terms associated with
- A** system maintenance.
 - B** change management approaches.
 - C** quality assurance.
 - D** HR disciplinary processes.

(2 marks)

- 1.15** In the expectancy theory of motivation “valence” refers to
- A** a belief that an outcome will satisfy organisational tasks.
 - B** a person’s own preference for achieving a particular outcome.
 - C** a belief that the outcome will be shared by others equally.
 - D** an understanding of the probability of an event happening.

(2 marks)

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

Section A continues on the next 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 Explain the concept of physical evidence when applied to the marketing mix. *(4 marks)*

1.17 Identify the potential benefits of a marketing database and the source data from which it might be constructed. *(4 marks)*

1.18 In HR planning how might an organisation match the projected “supply” of human resources to future demand. *(4 marks)*

1.19 Identify the advantages and disadvantages of a policy of succession planning for a large organisation. *(4 marks)*

1.20 Identify both the advantages and disadvantages of a decentralised Human Resource provision for an organisation that has many business units and sites. *(4 marks)*

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

(Total for Section A = 50 marks)

End of Section A

Section B starts on page 8

[this page is blank]

SECTION B – 30 MARKS

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

ANSWER ALL SIX SUB-QUESTIONS. EACH SUB-QUESTION IS WORTH 5 MARKS.

Question Two

The country of Chapterland has a principle that healthcare should be free to its citizens at the point of access. Healthcare is funded from national taxation and organised through a series of large health units, one of which is known as “Q2”. Q2 operates a huge, single site hospital and offers a variety of community services (such as health visiting) that are taken to the local population. Q2 has a management structure consisting of eight clinical and administrative directors who report to Q2’s Chief Executive Officer (CEO). The Q2 CEO is directly accountable to the national government through regular returns of information and year-end reporting.

Published “quality league tables” of hospital performance against government targets suggest that Q2 has one of the worst records in the country. (Targets are for cleanliness of hospital wards, treatment waiting times and staff employed per patient cases dealt with.) In addition, Q2 has in recent years been operating to a budget in excess of its funding, which is against government regulations. The current year budget again exceeds projected funding.

Last year, Q2’s previous CEO decided that certain changes were necessary including:

- better cost control;
- improved performance measurement; and
- benchmarking.

He revealed this thinking for the first time in a global email he sent to Q2’s staff. Later, when conducting the annual performance appraisal of the Director of Human Resources (HR), he tasked her with implementing “each and every form of benchmarking” within the next four months so that “true” performance deficiencies could be addressed. However, the Director of HR left for a new job elsewhere within that period. The CEO then undertook to manage the changes himself but was surprised to find directors unenthusiastic and even uncooperative. Under pressure from the government the CEO resigned “for personal reasons” and no progress was made with his initiatives.

A new CEO has just been appointed. Her immediate concern is to reduce expenditure and improve performance. On her first day as CEO she spoke of a need to re-establish a culture of “care through quality” within Q2. She wishes to discuss a number of ideas and issues with her clinical and administrative directors at a special “away day” meeting to be arranged soon. You work in the CEO’s central policy team and she has informed you that some ideas for initiatives include outsourcing, improved supply management and new performance management measures.

The requirement for this question is on the page opposite

Required:

You have been asked to provide the new CEO with briefing notes on a number of issues that will help prepare her for the “away day” meeting. These notes should:

- (a) Explain why the changes attempted by the previous CEO were unsuccessful;
(5 marks)
- (b) Explain the role Human Resources could perform in supporting any new initiatives for change;
(5 marks)
- (c) Analyse the potential of outsourcing as a means of overcoming some of the problems facing Q2. (The CEO has identified two services initially; IT/IS and cleaning.);
(5 marks)
- (d) Discuss which forms of benchmarking Q2 should use in order to contribute to better performance management;
(5 marks)
- (e) Discuss how a culture of “care through quality” might be established within Q2;
(5 marks)
- (f) Describe the performance measures that will be needed in order to satisfy future management and strategic reporting requirements of Q2.
(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 for each sub-question to no more than one page.

(Total for Section B = 30 marks)

End of Section B

Section C starts on the next page

TURN OVER

SECTION C – 20 MARKS

[Indicative time for answering this question is 36 minutes]

ANSWER ONE QUESTION ONLY

Question Three

B3 is a family run personnel agency. It offers a range of services to both individuals and corporate clients (mainly local medium-sized organisations). The son of the managing director (MD) is currently studying for a specialist university business degree. His course includes a "management consultancy" module where students are required to analyse an organisation and identify a range of development options for the business. The MD's son's investigations of B3 have led to a consultancy report being produced, extracts of which include:

"B3 should maximise the opportunities offered by information technology to a greater extent. In particular:

- *Opportunity 1.* B3 could develop its recent successful experiment in e-cruitment (the identification of employment opportunities through the world wide web and the emailing of clients). Currently details of vacancies are collected and matched to individual client's search criteria. When a match is identified clients are emailed and, if they are interested, interviews arranged. This service is not offered by any of B3's main competitors. There is a difficulty, however, in that many companies have barred access to personal emails at work and web access to recruitment sites such as B3's site from their offices. Market research suggests that significant opportunities for m-cruitment (jobs by mobile telephones) also exist. Making use of recent software developments, a text message containing a job title and some contact details could be sent out to individual clients instead of an email, so providing a more convenient and speedy service.
- *Opportunity 2.* Virtually all CVs are currently received in electronic form and a policy decision should be made to develop a paperless operating environment through the development of databases, so upgrading existing office technology.

Analysis of profit indicates that executive searches, corporate "headhunting" and vacancy identification for individuals (traditional and especially e-cruitment) are all profitable activities.

Involvement in selection processes with corporate clients is unprofitable and should be discontinued. Instead B3 should identify clear guidelines for corporate clients to follow once the short-listing of candidates has occurred".

Required:

- (a) Evaluate the opportunities for B3 identified in the consultancy report.

(12 marks)

- (b) Produce guidelines for the selection process that should be adopted by an organisation presented with a short-list of candidates.

(8 marks)

(Total for Question Three = 20 marks)

Question Four

CM's founder first began producing breakfast food from a start-up unit on a small industrial estate. Now CM is the market leader in Europe and Oceania. Once established in Europe, the company made the breakthrough into Oceania thanks to demand from ex-pats and contacts with a family member who happened to be a director of a supermarket chain in Australia. The company's founder is very "hands on" and has made all the major strategic decisions to date based on intuition.

CM spends heavily on promoting most of its twenty products on television, normally before and after childrens' programmes with high viewing figures. Research conducted ten years ago shows that children love small gifts contained within packs and the association of certain of the products to cartoon characters. CM also manufactures its most popular lines and packages them as "own brand" alternatives for some large supermarket chains. These sell more cheaply than CM branded products, are less costly to produce (they contain inexpensive packaging and no gifts) but sales remain low.

CM is now facing a more uncertain environment with increasing competition (from a North American firm), sales levels that seem to have peaked and the prospect of the founder retiring very soon. Management consultants advising CM have identified a need to develop a structured marketing strategic plan for the organisation and for greater involvement of other staff in future strategic decisions. As a further complication, CM has recently received some adverse publicity from an international health "watchdog" body that claims that CM's products contain potentially harmful levels of both sugar and salt.

Required:

(a) Evaluate CM's situation making specific mention of marketing and ethical issues.

(10 marks)

(b) Explain how CM might develop a marketing strategic plan.

(10 marks)

(Total for Question Four = 20 marks)

(Total marks for Section C = 20 marks)

End of Question Paper

Business Management Pillar

Managerial Level Paper

*P4 – Organisational Management
and Information Systems*

November 2006

Wednesday Afternoon Session