



Business Management Pillar

Managerial Level Paper

P4 - Organisational Management and Information Systems

23 May 2007 – 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, highlight and/or make notes 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/or sub-questions). The question requirements for Sections B and C are contained in a dotted box.

ALL answers must be written in the answer book. Answers or notes written in the question paper will **not** be submitted for marking.

Answer the ONE compulsory question in Section A. This has fifteen sub-questions on pages 2 to 5.

Answer ALL six compulsory sub-questions in Section B on pages 6 and 7.

Answer ONE of the two questions in Section C on pages 8 and 9.

The list of verbs as published in the syllabus is given for reference on the inside back cover of this question paper.

Write your full candidate number, the paper number and the examination subject title in the spaces provided on the front of the 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.

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SECTION A – 40 MARKS

[the indicative time for answering this section is 72 minutes]

ANSWER ALL FIFTEEN SUB-QUESTIONS

Instructions for answering Section A

The answers to the fifteen 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 **1.10** inclusive, given below, has only ONE correct answer. Each is worth two marks.

Question One

1.1 Entity life histories, data flow diagrams and decision tables are all examples of

- A** requisite variety and system entropy.
- B** evaluation techniques when appointing a preferred supplier.
- C** recording techniques used during the analysis and design of a system.
- D** software considerations in project design.

(2 marks)

1.2 An organisation's credit policy represents a variable within

- A** the price marketing mix.
- B** the product marketing mix.
- C** product placement.
- D** the matrix of potential sales and growth.

(2 marks)

1.3 According to Porter's value chain, the final primary activity is referred to as

- A** marketing and sales.
- B** outbound logistics.
- C** procurement.
- D** service.

(2 marks)

- 1.4** The TQMEX model is a framework that integrates processes associated with
- A** total quality management experience through accreditation.
 - B** supply chain management.
 - C** both operations and quality management.
 - D** organisational development.

(2 marks)

- 1.5** Input devices are communication links
- A** between the user and the computer.
 - B** between hardware and software.
 - C** between processing devices.
 - D** within data processing.

(2 marks)

- 1.6** In systems theory a sensor is
- A** the person who acts on “results”.
 - B** sensitive personal data used as input.
 - C** the process of being sensitive to (mindful of) the wider environment.
 - D** any device that measures and records the output of a system.

(2 marks)

- 1.7** Approval of documentation, procedures manuals and work instructions is associated with
- A** registration under the standards required for quality certification.
 - B** total quality management (TQM).
 - C** lean production methods.
 - D** job evaluation.

(2 marks)

- 1.8** “Centralised” and “distributed” are examples of
- A** hard systems approaches to change.
 - B** star networks.
 - C** value chain approaches.
 - D** systems configurations.

(2 marks)

Section A continues on the next page

TURN OVER

- 1.9** Rodger's seven-point plan refers to
- A** quality targets for world class operations.
 - B** implementation guidelines for introducing new hardware.
 - C** the likely headings to be found as part of a person specification.
 - D** lean production processes.

(2 marks)

- 1.10** The main advantages of a database include
- A** the development of separate data sources.
 - B** unlimited access and open communication.
 - C** end user flexibility and devolution of responsibility.
 - D** data integrity and elimination of duplication.

(2 marks)

(Total for sub-questions 1.1 to 1.10 = 20 marks)

Section A continues on the opposite page

Required:

Each of the sub-questions numbered **1.11** to **1.15** below require a brief written response.
Each sub-question is worth 4 marks.

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

- 1.11** Explain why a firm might choose **not** to engage in market segmentation after conducting appropriate research.

(4 marks)

- 1.12** Briefly explain **two** techniques that might be useful in forecasting future market demand for an organisation's products or services.

(4 marks)

- 1.13** Identify **eight** important documents and information an interviewer should have access to when conducting a job selection interview.

(4 marks)

- 1.14** Compare and contrast Kaizen and Business Process Re-engineering (BPR).

(4 marks)

- 1.15** When identifying the requirements of a new system explain what "functional" and "physical" aspects should be taken into account.

(4 marks)

(Total for sub-questions 1.11 to 1.15 = 20 marks)

(Total for Section A = 40 marks)

Reminder

All answers to Section A must be written in your answer book.
Answers or notes to Section A written on the question paper will **not** be submitted for marking.

End of Section A

Section B starts on the next page

TURN OVER

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

XX is a manufacturing firm with a past reputation for offering a diverse range of innovative products to a traditional market. Three years ago the previous Chief Executive invested in e-commerce as a way of making longer term cost reductions and establishing an advantage over XX's competitors (all of whom trade by more traditional means). A second initiative involved building a carefully designed headquarters (HQ) to cater for a growing central staff needed to control operating activities more tightly. These initiatives were financed by a number of measures including

- the suspension of all other plans for the purchase of computer hardware and software;
- abandoning both training and research and development (R&D) in the short term;
- reducing both marketing and finance budgets;
- suspending all new recruitment even for posts falling vacant.

The Chief Executive explained that

- e-commerce would replace all other forms of trading and both old and new customers would be beating at our door;
- the new HQ would be a visible symbol that "XX means innovation".

Although the new HQ won a prestigious design award, other matters did not go so well and after successive years of financial losses a new Chief Executive was appointed. The new Chief Executive soon recruited a small management team with particular expertise in company analysis and recovery. Its report into XX's problems indicated

- a weakening position relative to competitors due to inappropriate strategies;
- poor management at all levels and a neglect of XX's core business and products;
- weak financial control and management accounting information;
- inappropriate marketing practices and a failure to manage the company's product portfolio leading to unprofitable lines and few new products.

The new Chief Executive indicated several priorities to turnaround the company including

- halting further investment in e-commerce;
- reconsidering budgetary priorities including reducing central costs;
- delayering, decentralisation and re-skilling of the workforce;
- funding the re-establishment of XX's position in the marketplace;
- using software solutions to improve XX's manufacturing operation.

The Chief Executive wishes to present these ideas at the next Board meeting and has asked you to prepare brief notes to support the presentation.

The requirement and instructions for this question are on the page opposite

Instructions

Use a separate page of your answer book for each sub-question (meaning that your notes are contained on no more than six pages in total). Your notes can take any form so long as they comply with the page limit and might include diagrams, tables, sentences or bullet points, etc.

Required:

Prepare brief notes for the new Chief Executive for each of the sub-questions she has identified below.

- (a) Explain how XX can address any **two** of the issues identified by the management team.
(5 marks)
- (b) Explain why delayering is more appropriate than downsizing in helping to turnaround XX.
(5 marks)
- (c) Explain the disadvantages of using the internet as XX's sole marketing tool.
(5 marks)
- (d) Describe the factors that need to be considered by XX when deciding whether to invest in a product.
(5 marks)
- (e) Identify the types of software application that would produce most advantage to a manufacturing firm trying to improve its production operations.
(5 marks)
- (f) Describe the potential benefits of XX resuming its investment in training.
(5 marks)

(Total for Question Two = 30 marks)

(Total for Section B = 30 marks)

End of Section B

Section C starts on the next page

TURN OVER

SECTION C – 30 MARKS

[Indicative time for answering this question is 54 minutes]

ANSWER ONE QUESTION ONLY

Question Three

YO employs buyers, designers, machinists, tailors and sales people to produce and sell its coats, jackets, trousers, dresses and skirts. YO has a long standing relationship with MX which sells directly to the public from a chain of out of town stores. Over 80% of YO's sales are to MX whose approach has been to sell clothing in great volumes at lower prices than the high street stores. It expects its suppliers (including YO) to take account of new fashion designs and manufacture its clothes at competitive prices.

MX is rethinking its strategy and wishes to move more "upmarket" by introducing a better quality clothing range, which it believes its customers will be prepared to pay a little more for. Already YO has noticed that MX has started to be more demanding by sending back any batches it feels are in the slightest way unsuitable.

MX wants to work with fewer suppliers but develop a better relationship with each of them. MX wants to renegotiate its contract with YO (which expires soon in any case). MX is prepared to talk with YO about the need to improve the quality of its products and has indicated that if it receives the right assurances, it would be prepared to pay a slightly higher unit price per item. It also proposes to work more closely with YO's designers to maximise production of the type of clothing that it feels its customers want.

If these talks are unsuccessful, MX will use one of its other suppliers when the existing contract expires. YO is aware that MX has experimented by using a few trusted overseas suppliers who have managed to achieve both relatively low prices and superior quality through the adoption of total quality management (TQM) techniques.

Anxious to maintain its relationship with MX, YO recognises that it must change from its present focus on price to one that includes quality considerations.

Required:

- (a) Evaluate the way in which MX is proposing to manage its suppliers as part of a value system.
(10 marks)
- (b) Discuss the requirements for achieving total quality within YO.
(10 marks)
- (c) Describe how YO must change in order to meet MX's new requirements. In your answer you should only consider how YO's human resource practices and the attitude and behaviour of its employees must change.
(10 marks)

(Total for Question Three = 30 marks)

Question Four

ZnZ is a large government funded body that employs several hundred staff performing a wide variety of roles. ZnZ is proud of its commitment to people development and is well known for providing equal opportunities for all its employees. ZnZ employs people regardless of race, religion, gender, sexual orientation or physical disability. The organisation invests heavily in training and development and employs a number of trainees who are studying for their professional examinations. It is left to each professionally qualified member of staff to identify their own training needs and then submit requests for support to their department.

ZnZ's human resource plan is currently being reviewed. As part of this process two significant recommendations have emerged from groups and committees considering future human resource issues.

Recommendation one

(From the HR planning group)

The group has recommended that a more systematic approach to the training and development of qualified staff should be adopted.

Recommendation two

(From the Diversity Committee)

The Committee has recommended that every person who is part of a minority or disadvantaged group should have an individual career coach. Under such a scheme, individuals from these groups would be paired with an experienced colleague on a higher grade who would act as their personal individual career coach. The Committee has issued the following guidelines:

- The scheme will not be associated with the appraisal process.
- Coaches should be approachable, suitably experienced and appropriately trained.
- Coaches will not be the individual's own line manager.
- Regular meetings should take place between the two individuals where they should be able to confidentially discuss any concerns and areas for self-development. Inevitably individuals will wish to discuss career related issues and they should receive appropriate advice from their career coach.

You work for the Director of Human Resourcing who is very sympathetic to the recommendation of the Diversity Committee in particular. (So much so that she feels that the scheme should include all trainees and those middle managers that have been identified as having promotion potential.) She has asked you to investigate both recommendations and brief the management team appropriately.

Required:

- (a) Explain the stages involved in the development for ZnZ of a systematic approach to the training and development of professionally qualified staff.

(10 marks)

- (b) Discuss the potential advantages of the individual career coach scheme for ZnZ.

(10 marks)

- (c) Discuss the potential disadvantages of the individual career coach scheme for ZnZ.

(10 marks)

(Total for Question Four = 30 marks)

(Total marks for Section C = 30 marks)

End of Question Paper

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LIST OF VERBS USED IN THE QUESTION REQUIREMENTS

A list of the learning objectives and verbs that appear in the syllabus and in the question requirements for each question in this paper.

It is important that you answer the question according to the definition of the verb.

LEARNING OBJECTIVE	VERBS USED	DEFINITION
1 KNOWLEDGE What you are expected to know.	List State Define	Make a list of Express, fully or clearly, the details of/facts of Give the exact meaning of
2 COMPREHENSION What you are expected to understand.	Describe Distinguish Explain Identify Illustrate	Communicate the key features Highlight the differences between Make clear or intelligible/State the meaning of Recognise, establish or select after consideration Use an example to describe or explain something
3 APPLICATION How you are expected to apply your knowledge.	Apply Calculate/compute Demonstrate Prepare Reconcile Solve Tabulate	To put to practical use To ascertain or reckon mathematically To prove with certainty or to exhibit by practical means To make or get ready for use To make or prove consistent/compatible Find an answer to Arrange in a table
4 ANALYSIS How are you expected to analyse the detail of what you have learned.	Analyse Categorise Compare and contrast Construct Discuss Interpret Produce	Examine in detail the structure of Place into a defined class or division Show the similarities and/or differences between To build up or compile To examine in detail by argument To translate into intelligible or familiar terms To create or bring into existence
5 EVALUATION How are you expected to use your learning to evaluate, make decisions or recommendations.	Advise Evaluate Recommend	To counsel, inform or notify To appraise or assess the value of To advise on a course of action

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