



Business Management Pillar

Managerial Level

P5 – Integrated Management

24 May 2007 – Thursday Morning Session

**Instructions to candidates**

You are allowed three hours to answer this question paper.
You are allowed 20 minutes reading time <b>before the examination begins</b> during which you should read the question paper and, if you wish, highlight and/or make notes on the question paper. However, you are <b>not</b> allowed, <b>under any circumstances</b> , 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 requirements for the questions in Sections B and C are contained in a dotted box.
ALL answers must be written in the answer book. Answers or notes written on the question paper will <b>not</b> be submitted for marking.
Answer the ONE compulsory question in Section A. This has nine sub-questions on pages 2 and 3.
Answer ALL three compulsory questions in Section B on pages 4 and 5.
Answer TWO of the three questions in Section C on pages 6 to 8.
The list of verbs as published in the syllabus is given for reference on the inside back cover of this question paper.
Write your candidate number, the 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.

**P5 – Integrated Management**

TURN OVER

SECTION A – 20 MARKS

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

ANSWER ALL NINE SUB-QUESTIONS

---

*Instructions for answering Section A:*

The answers to the nine 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 that the markers know which sub-question you are answering. **For multiple choice questions you need only write the sub-question number and the letter of the answer option you have chosen.** You do not need to start a new page for each sub-question.

**Question One**

1.1 The scope and amount of discretion given to a person to make decisions by virtue of the position he/she holds in the organisation is referred to as

- A accountability.
- B responsibility.
- C delegation.
- D authority.

(2 marks)

---

1.2 Which ONE of the following provides a common understanding of a project for all its stakeholders by defining the project's overall boundaries?

- A Project lifecycle
- B Project milestones
- C Project scope
- D Project schedule

(2 marks)

---

1.3 Which ONE of the following leads to high buyer power?

- A High capital requirements
- B Low switching costs
- C Economies of scale
- D Limited substitute products

(2 marks)

---

- 1.4 Which ONE of the following is the term used in project management to assess how achievable various project options are?
- A Feasibility analysis
  - B Risk analysis
  - C Contingency analysis
  - D Resource analysis
- (2 marks)*
- 

- 1.5 Explain briefly the characteristics of the positioning view of strategy.
- (3 marks)*
- 

- 1.6 An organisation is experiencing conflict up and down the hierarchy, between the executive team in head office and regional offices. What type of conflict is this?
- (2 marks)*
- 

- 1.7 Name the technique used in network analysis that allows the uncertainty about the times of each activity to be considered.
- (2 marks)*
- 

- 1.8 In critical path analysis what is the spare time for an activity called?
- (2 marks)*
- 

- 1.9 Identify each of the different team roles, as defined by Belbin, from the following descriptions:
- (i) Imaginative and very good at coming up with original ideas and suggestions.
  - (ii) Gives attention to detail and is concerned with meeting deadlines.
  - (iii) Supports other members of the team and helps to promote harmony.
- (3 marks)*
- 

*(Total for Section A = 20 marks)*

---

***Reminder***

**All answers to Section A must be written in your answer book.  
Answers 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 THREE QUESTIONS - 10 MARKS EACH

---

**Question Two**

T is the owner manager of a small business that designs and produces high quality garden furniture. The business started out as a hobby using T's creative design and carpentry talents, and he has been surprised by his success. Over the last year the business has experienced unplanned growth and by chance T has just won a contract to supply a local chain of DIY stores.

The local Chamber of Commerce has recently sent him an invitation to attend a number of seminars entitled "Formal Strategic Planning for Small Businesses". However, T is doubtful that the content of the seminars will be of any relevance to him and feels he cannot afford time away from his business. His view is that it is best to let the strategies and developments for his business emerge.

*Required:*

Explain the reasons why T is right to be doubtful about the relevance of formal strategic planning for his business.

*(Total for Question Two = 10 marks)*

---

**Question Three**

A number of volunteers were so moved by news coverage reporting on the difficulties facing earthquake victims in F country that they organised a sponsored walk to raise funds for the appeal. Two of the volunteers visited some of the worst hit areas and this prompted them to set up their own charity. Their first major project is to rebuild and provide equipment for a school in one of the villages that has been devastated by the disaster. They hope to have the school up and running in twelve months' time.

A number of people have been enlisted to help with the project, including some local businesses as well as family and friends. The volunteers realise this will be a more complex project than organising a sponsored walk and therefore will require a much more professional approach to ensure that they achieve their objectives. They have limited experience of managing projects and are trying to determine the purpose of the different phases and activities. P, one of the volunteers, has been given the task of finding out about the first stage, initiating the project, and specifically, how to put together a project initiation document.

*Required:*

To help P, describe what is involved in the initiation stage of a project and explain what should be included in the project initiation document for the school project.

*(Total for Question Three = 10 marks)*

---

#### Question Four

M is Chairman and Managing Director of Y Company which he started 15 years ago, specialising in the manufacture of hospital uniforms. The company has been very successful and, through a series of acquisitions, has diversified into the manufacture of a range of corporate and other uniforms, employing 3,500 people. M is a major force in the company. His management style is very autocratic and he is unwilling to involve others in decisions about the future strategic direction of the company. Recently, M announced to the Board that he is intending that Y Company becomes listed on the stock exchange.

D, the Finance Director of the company has become increasingly concerned about the decisions being made by M and the fact that he has put pressure on her to participate in some questionable accounting practices. She has had to cover up M's substantial remuneration package, which M has awarded to himself. D is also aware that M has accepted bribes from foreign suppliers and of insider dealing relating to a number of the acquisitions. There is a lack of appropriate control systems and accountability in the company.

D has discussed her concerns with other members of the Board, all of whom work for Y Company, including the Marketing Director, Production Director and HR Director. However, they seem willing to overlook the wrongdoings of M and never challenge the decisions made by him. The opportunity to do so is limited since the Board meets on an irregular and infrequent basis.

At the last Board meeting M set out his plans to close the existing factories and move operations to L country where he has been in secret negotiations with representatives of the government. The main objective is to benefit from low cost labour, since the country has very little employment legislation to protect workers and has a poor human rights record.

**Required:**

Explain the corporate governance and ethical issues facing Y Company.

*(Total for Question Four = 10 marks)*

---

*(Total for Section B = 30 marks)*

---

*End of Section B*

*Section C starts on the next page*

TURN OVER

SECTION C – 50 MARKS

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

ANSWER ANY TWO QUESTIONS FROM THIS SECTION – 25 MARKS EACH

---

**Question Five**

B Local Council is responsible for providing public services, serving the local community. A new Chief Executive has recently been appointed with the explicit brief of improving the performance of the Council, which is currently in the spotlight for being inefficient and not focused enough on the needs of the local residents.

Over the last three months the Chief Executive has undertaken a review and is not impressed with what he has found. He has identified a number of weaknesses and problem areas which need to be remedied. The culture of the Local Council needs to change radically to become a more performance oriented one.

The initial findings from the review suggest that B Local Council is typified by a very bureaucratic culture, where power is determined by position and status. The managers in the Council defend their territory and are unwilling to share information and cooperate with other departments. Staff are only allowed to undertake the specific activities included in their job description. Many say they have had no training and that opportunities for career progression are limited. They receive no feedback on their performance but work under close supervision in what appears to be a “them and us” culture between management and staff.

The review also identifies that morale is low. Staff feel they are not encouraged to participate in decision making and any ideas they have are stifled as a result of the chain of command. A significant number of staff have told the new Chief Executive that if they could get another job, they would leave the Council. Discussions with the HR Manager reveal that both absenteeism and staff turnover are high, despite competitive salaries and other excellent working conditions and benefits such as free car parking, a subsidised canteen and sports facilities.

The Chief Executive has identified a number of significant changes that need to be made to improve the performance of B Local Council. He is surprised that there is currently no staff performance appraisal in place and is keen that an effective system should be designed and implemented.

*Required:*

- (a) Analyse the problems in B Local Council, and discuss what the Chief Executive could do to improve performance. You should include reference to appropriate theories to support your analysis. *(13 marks)*
- (b) Explain the key issues that should be considered in the design and the implementation of an effective staff performance appraisal system for B Local Council. *(12 marks)*

*(Total for Question Five = 25 marks)*

---

## Question Six

C Company operates in the leisure and entertainment industry. The company has achieved significant growth over the last five years through the acquisition of bars, restaurants, coffee shops and, more recently, road side hotels. The company is organised on a functional basis and the senior management team has maintained tight control over the operations of the different business areas, making decisions centrally.

Despite its successes in making acquisitions, a number of key performance indicators are concerning the Board. It has recently undertaken a benchmarking study and discovered that the costs of the company are significantly higher than other operators in the industry. Decision making takes longer and the company is slower than its competitors to respond to new trends in the industry. It is also difficult to determine the revenue contributions of the different business activities.

Complaints have been made by managers working in the bars, restaurants, coffee shops and hotels that they need to be much more responsive to the needs of their customers but they have no authority to make decisions. Any suggestions they make have to go up the hierarchy, and so take far too much time. They also feel that the senior managers in Head Office are too removed from the business activities, each of which has different needs and priorities.

The Board is undertaking a major review of the strategy and organisational structure of the company. The HR Director is insistent that the problems facing the company are not so much to do with the strategic direction, but more about the unsuitable structure and mechanistic design. She believes that the functional structure is no longer appropriate. Her proposal is that the structure should change and that a more organic organisational design with decentralisation would help to improve performance.

*Required:*

- (a) Explain the purpose of organisational structure and explain why it is an important concept for C Company.

*(10 marks)*

- (b) Evaluate the extent to which the HR Director's proposal will help to resolve the problems facing C Company and recommend what would be an appropriate organisational structure.

*(15 marks)*

*(Total for Question Six = 25 marks)*

---

*Section C continues on the next page*

TURN OVER

### Question Seven

Over the years, D, an entrepreneur, has had a number of business successes in the retail sector. She is keen to move on to bigger things and has identified an opportunity to develop a Shopping Centre.

Having secured the interest of several potential investors, identified a suitable site, had an architect draw up plans and received planning permission, D is eager that construction work on the Shopping Centre should start as soon as possible. She appointed G, who has an impressive record of managing successful projects, to be project manager. However, D is already interfering in the management of the project and is in conflict with G. She is frustrated by the time G seems to need in the planning phase, and is irritated by his insistence on formalising the project management process. D is now putting pressure on G to miss out elements in the first stages of planning the project, and to get started on the construction work for the Shopping Centre.

*Required:*

- (a) Explain the potential problems that the Shopping Centre project could face without good project planning. *(10 marks)*
- (b) Explain the contribution of different project management tools and techniques that could help G in planning the project. *(15 marks)*

*(Total for Question Seven = 25 marks)*

---

*(Total for Section C = 50 marks)*

---

*End of Question Paper*



*[this page is blank]*

*[this page is blank]*

## 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
<b>1 KNOWLEDGE</b> 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
<b>2 COMPREHENSION</b> 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
<b>3 APPLICATION</b> 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
<b>4 ANALYSIS</b> 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
<b>5 EVALUATION</b> 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

*Business Management Pillar*

*Managerial Level Paper*

*P5 – Integrated Management*

*May 2007*

*Thursday Morning Session*