



Business Management Pillar

Managerial Level Paper

P4 – Organisational Management and Information Systems

21 November 2007 – Wednesday Afternoon Session

Instructions to candidates

You are allowed three hours to answer this question paper.
You are 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 the 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 are highlighted in a dotted box.
ALL answers must be written in the answer book. Answers or notes written on 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 to 11.
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 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.

P4 – Organisational Management and Information Systems

TURN OVER

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 Activities aimed at attracting a number of suitable candidates interested in joining an organisation are called

- A** human relationship marketing.
- B** recruitment.
- C** selection.
- D** human capital harvesting.

(2 marks)

1.2 The expectations that the individual and the organisation have of one another is referred to as

- A** a hygiene factor.
- B** a psychological contract.
- C** dual theory motivation.
- D** a person specification.

(2 marks)

1.3 Hammer and Champy identified the main themes of Business Process Re-engineering as

- A** process re-orientation, creative use of IT, ambition, and rule-breaking.
- B** effective process documentation, control, and incentive bonus schemes.
- C** documentation, a clear business ethos, and an investment in training.
- D** process review and enlightened HR practices.

(2 marks)

- 1.4** Within the context of information systems, the term “peripheral” refers to
- A** a hardware device that is added to expand functionality.
 - B** an insignificant computer output.
 - C** an outsourced staffing arrangement.
 - D** an unnecessary systems operation.

(2 marks)

- 1.5** “Corrective” refers to a type of systems maintenance performed to
- A** remedy software defects.
 - B** allow executive level unstructured decision-making.
 - C** adjust applications to user preferences.
 - D** prevent future operation delays.

(2 marks)

- 1.6** Larry Greiner’s staged organisational growth model depicts
- A** strategic stages in supply chain partnerships.
 - B** market growth rate and product portfolio placement.
 - C** organisational age and size, and stages of evolution and revolution.
 - D** growth in market share and profitability.

(2 marks)

- 1.7** Optimised production technologies (OPT) is an operations management system which aims to
- A** improve distribution networks.
 - B** improve supply sourcing alternatives.
 - C** integrate operations and quality assurance.
 - D** reduce production bottlenecks.

(2 marks)

- 1.8** An approach of producing goods or purchasing stock only when required is referred to as
- A** just-in-time.
 - B** ad hoc.
 - C** level capacity strategy.
 - D** plan-do-check-act (PDCA) quality.

(2 marks)

Section A continues on the next page

TURN OVER

- 1.9** When an organisation securely shares part of its private network with customers or other outside parties it is said to operate
- A** an internet.
 - B** an intranet.
 - C** an extranet.
 - D** a joint venture.

(2 marks)

- 1.10** Intelligence, aptitudes and disposition are often factors identified in
- A** a job description.
 - B** appraisal targets.
 - C** a person specification.
 - D** 360 degree documentation.

(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 requires 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** Identify the reasons why an organisation might attempt to actively manage its relationship with its suppliers.

(4 marks)

- 1.12** For an organisation following a strategic approach to supply, describe the organisational factors ("spokes in a wheel") that need to be integrated, co-ordinated and developed.

(4 marks)

- 1.13** Explain how reliability (the same result for a repeated event) might be improved in selection interviews.

(4 marks)

- 1.14** Explain the relationship between the approach to organisational change described in Theory O (Beer and Nohria) and Theory Y individuals (McGregor).

(4 marks)

- 1.15** Describe the types of test that should be conducted before a new information system goes "live".

(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

TF7 is a progressive manufacturing company, which is open to new approaches and willing to learn from good ideas wherever they are practiced. One of the first within its industry to invest heavily in new technology, TF7 runs its database over office-wide networks and links employees' computers by wireless local area network (LAN) connections.

TF7 has, in the past, only dealt with wholesalers but, thanks to email links from a new Internet home page, it now receives a substantial number of enquiries from ultimate consumers of its products. TF7 feels that this will represent the majority of its business in the future.

In response to employees spending more time communicating with potential customers by email, TF7 is considering expanding its technology, including the connection of its database to a web server. This would enable potential customers to search for product specifications, availability, and delivery and price information for themselves. It would also allow customers to place orders and view shopping cart items through a browser facility. Before making such an investment, TF7 has commissioned management consultants to conduct an organisational review.

The consultants have produced a draft report in which they outline a number of interim findings, including the following:

- TF7 should gain significant benefits over its rivals through its existing database operations.
- TF7 should consider developing further the interconnection of applications so long as contingency plans are made for the potential of systems failure.
- Although there has been considerable expenditure on hardware, TF7 now needs to invest in software applications.
- TF7's management information systems and executive information systems are undeveloped to the detriment of the company both operationally and strategically.
- Culturally, TF7 needs to adjust fully from business to business trading (B2B) to business to consumer trading (B2C).
- Currently training is conducted by TF7's own staff. The staff training programme needs to be reviewed to take account of new skill requirements demanded by new working practices. In-house training should continue but a mixture of TF7 trainers (and managers) and specialist providers should deliver a programme designed by TF7's Human Resources Department. The effectiveness of staff training events needs to be more carefully assessed.
- The experiment of using quality circles, which has recently been piloted, is unique within the industry and is worth developing further.

You work in TF7's technical department and report directly to the Chief Executive, who has asked for a series of brief notes so that he is prepared when discussing the draft report with the management consultants.

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

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:

Provide appropriate briefing notes for the Chief Executive for each of the following issues:

- (a) Describe the benefits TF7 should be enjoying as part of its current database operations.
(5 marks)
- (b) Explain the value of good management information systems and executive information systems.
(5 marks)
- (c) Explain what issues TF7 needs to be aware of when adjusting from business to business trading (B2B) to business to consumer trading (B2C).
(5 marks)
- (d) Explain how TF7 can assess the effectiveness of staff training events.
(5 marks)
- (e) Identify the advantages that TF7 might achieve by using specialist providers as well as its own staff in delivering a training programme.
(5 marks)
- (f) Describe the ways in which TF7 might encourage the development of the use of quality circles.
(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

The country of Chapterland has twelve regions, each with a democratically elected regional government responsible for education, law and order. (Other public services are provided directly by the Chapterland government.) SW1 is the country's biggest region. Following last year's election, SW1 has a new regional government that wishes to simplify the several pay structures that exist in the education and law and order services as well as increase employee flexibility and productivity.

A detailed investigation by SW1's new regional government indicates that:

- Employee groups performing similar activities in different public services are paid on different pay scales and all have different annual leave, maternity leave and sickness entitlements.
- Pay scales and conditions of service have developed over time as a result of national negotiations between representatives of regional employers (including SW1) and respective national trade unions.
- All university lecturers have the same fixed holidays, meaning no teaching takes place for five weeks of the year. In addition, weekend working is prohibited under current terms and conditions of service.
- Police officers receive generous allowances to assist in paying for their accommodation costs.
- Traffic wardens (who act as police enforcement officers for motoring regulations and deal with traffic related issues) receive allowances for laundering their uniforms and replacing their footwear.
- 'Pay for performance' schemes do not operate.
- The unions have traditionally conducted negotiations collectively at a national level.

It is the regional government's intention that in future:

- A new unified pay scheme will be introduced and will incorporate a performance management system. Basic pay will be reduced but high bonus payments for hitting performance targets will be possible.
- Promotion policy will be based on achievement of individual targets instead of length of service and loyalty.
- More flexible working will be expected from all groups.

SW1's regional government instructed a negotiating team to meet with regional union representatives collectively in order to persuade them to abandon nationally negotiated contracts, and give up certain benefits. In return, SW1 is prepared to offer "one-off" payments to compensate staff. Although regional bargaining such as this has never been tried in Chapterland, the national government has indicated that it supports SW1's ideas.

The negotiating team has met many times with the regional union groups over the past ten months but progress has been slow. It is clear that, although agreement is close for all other groups, the university lecturers' union is reluctant to recommend to its members changes to the current nationally negotiated pay and conditions. This is halting any overall agreement.

Question three and the requirement continues on the opposite page

SW1's regional government is frustrated by this slow progress and has instructed the negotiating team to meet with regional union groups separately to agree the size of the one-off payments for their respective groups. The regional university lecturers' union is to be made a "final" offer and, if rejected, SW1 will write to all lecturers personally offering them a new contract of employment with different conditions of service. As an incentive, those lecturers accepting a new contract within 30 days will receive a small payment immediately. Those not signing a new contract will be considered to have resigned from their jobs. The local regional newspaper finds out about these plans and the headlines in the evening newspaper reads "SW1 government's unethical plans".

Required:

- (a) Evaluate the way in which resistance to change is being managed by SW1's regional government.
(10 marks)
- (b) Discuss the ethical issues associated with the regional government's attempts to alter pay and conditions.
(10 marks)
- (c) Discuss the possible difficulties for SW1 in operating a reward scheme based upon achievement of performance targets. *Note: Your answer should include both design and operational issues.*
(10 marks)

(Total for Question Three = 30 marks)

Section C continues on the next page

TURN OVER

Question Four

4QX is a large exclusive hotel set in an area of outstanding natural beauty. The hotel is a little remote due to the relatively poor transport network. It is located ten miles away from the region's main centre Old Town (the castle ruins of which attract a few tourists during holiday periods). The hotel has attained a high national star rating and specialises in offering executive conference facilities. Unsurprisingly therefore, it caters mainly for corporate guests.

It is a requirement of the hotel rating system that 4QX has, amongst other things, sports and leisure facilities to an approved standard. In order to attain this standard it has, within the last two years, installed a sports and fitness centre ("the centre"), employing fully qualified staff to give instruction and assistance. (Facilities include a small indoor heated swimming pool, an extensively equipped gymnasium, a spa bath and a steam room.) Due to legislation, children under the age of 16 staying in the hotel cannot use the pool without adult supervision or the gymnasium without the supervision of a suitably qualified member of staff. The centre is costly to maintain and underused.

The hotel's manager is currently drawing up a business plan for the hotel and is reviewing all areas of operation. In discussions with sport and fitness centre staff, a proposal has emerged to offer the facility to carefully selected non-guests at certain times of the day in order to bring in some revenue. This could be in the form of annual membership fees (the manager's preferred idea) or a "pay-as-you-go" charge. The discussions with staff confirm a number of facts:

- The local economy is extremely healthy. The local population is relatively affluent with high levels of disposable income.
- Professional groups are used to paying annual membership fees for the local theatre, a nearby golf club (the manager is also a member and has contacts there), and substantial fees for their children's activities (e.g. dance academies and junior football teams, etc.)
- Old Town has a public swimming pool that is dated but almost of Olympic standards. It is used mainly by school children in the day and by a swimming club in the evenings. Taking advantage of government tax incentives to help keep the population fit and healthy, a privately operated, female only, health and beauty facility has recently opened in Old Town. Beyond these facilities, little else in the way of sports and fitness provision exists in the region.

The manager explains that:

- the hotel is unlikely to upgrade the centre's facilities any further in the short term, despite the fact that new, more sophisticated fitness equipment is coming onto the market all the time.
- any promotional budget to attract members would be limited.
- an estimate of additional revenue potential is needed to complete the business plan.

The requirement for this question is on the opposite page

Required:

- (a) Explain the importance of the centre understanding its external (or macro) environment and identify the most significant influences in that external environment that are relevant to the centre.

(10 marks)

- (b) Explain how the centre should undertake market segmentation and describe the most likely segmentation variables that will be identified by such a process.

(10 marks)

- (c) Explain how the centre's income potential can be estimated.

(10 marks)

(Total for Question Four = 30 marks)

(Total marks for Section C = 30 marks)

End of Question Paper

[this page is blank]

[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
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 you are 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 you are 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

*P4 – Organisational Management
and Information Systems*

November 2007

Wednesday Afternoon Session