



Business Management Pillar

Managerial Level Paper

P4 – Organisational Management and Information Systems

21 May 2008 – 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 requirements for questions 2 – 4 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 The evaluation of candidates for a job using a comprehensive and interrelated series of selection techniques is known as

- A psychometric testing.
- B developing a balanced scorecard.
- C job evaluation.
- D an assessment centre.

(2 marks)

1.2 The systematic comparison of key factors between sections or departments within the same organisation is called

- A internal benchmarking.
- B performance appraisal.
- C environmental auditing.
- D quality assessment.

(2 marks)

1.3 In the expectancy theory of motivation a person's preference for a particular outcome is referred to as

- A a valence.
- B a hygiene factor.
- C a motivator.
- D preference discrimination.

(2 marks)

- 1.4 The concept of “reliability” of staff selection techniques means
- A effective testing of a candidate’s desire for the job and natural abilities.
 - B overcoming poor performance in the interview due to nervousness.
 - C that if the test is repeated a consistent test score would be achieved.
 - D choosing the best candidate every time.

(2 marks)

- 1.5 M-marketing refers to marketing practices using
- A mobile telephone technology.
 - B manipulation and image projection.
 - C market forecasting of current and future product demand.
 - D marketing decision support systems.

(2 marks)

- 1.6 In purchasing, the “Reck and Long” positioning tool is by nature
- A strategic.
 - B independent.
 - C supportive.
 - D passive.

(2 marks)

- 1.7 The use of “skim pricing” as a marketing technique will result in
- A non recovery of promotional costs.
 - B enticing new customers to buy a product or service.
 - C high prices normally at an early stage of the product lifecycle.
 - D low prices so denying competitors opportunities to gain market share.

(2 marks)

- 1.8 The technique PDCA represents
- A a programme development control activity used in information management.
 - B a framework for bringing about quality improvement to a process or system.
 - C a software inventory system used in warehouse management.
 - D people, developments, controls and appraisal in strategic human resourcing.

(2 marks)

Section A continues on the next page

TURN OVER

- 1.9** Undifferentiated market positioning involves the targeting of
- A** a single market segment with a single marketing mix.
 - B** a single market segment ignoring the concept of the marketing mix.
 - C** an entire market with a different marketing mix for each segment.
 - D** an entire market with a single marketing mix.

(2 marks)

- 1.10** The internet is an example of
- A** parallel processing.
 - B** distributed processing.
 - C** a local area network.
 - D** a wide area network.

(2 marks)

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

Section A continues on the page opposite

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 should not exceed 50 words per sub-question.

1.11 Identify the qualities normally associated with the workforce of a “learning organisation”.
(4 marks)

1.12 List the types of internal failure cost that might arise for a manufacturing organisation considering quality issues.
(4 marks)

1.13 Identify the potential challenges arising from the introduction of a database management system (DBMS) within an organisation.
(4 marks)

1.14 Identify the means of recruitment that exist for an organisation other than using journal or newspaper advertising.
(4 marks)

1.15 Describe the likely features of an organisation that has fully embraced the marketing concept.
(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

K1S is a fast growing chain of hair and beauty salons (shops) located throughout the prosperous north of the country. The company is due to expand from thirty to thirty five salons within the next year. K1S's policy is to buy existing salons in fashionable city centre shopping malls which, it believes, are "underperforming" by offering too limited a range of treatments and charging too low a price. (All K1S's salons charge "top" prices but provide excellent customer care. In addition to hairdressing services, K1S offers beauty treatments.) K1S also plans to sell own-brand products at premium prices from its premises. K1S's managing director (MD) sees training as critical to "keeping our service sophisticated and professional, with a distinctive K1S style". K1S now operates its own hairdressing training academy from purpose built premises.

The MD has, however, identified a number of areas which need to be addressed if K1S is to continue to prosper:

- The opportunities for the use of information technology (IT) need to be taken, particularly in the implementation and running of the information system network and in support of management operations.
- Information systems (IS) need to be developed primarily based on the needs of the company as a whole but also mindful of the need to support salon management operations locally.
- The threat posed by competitors who are copying K1S's approach.

The MD has appointed a management consultancy team to conduct a complete organisational review. Its report identifies a number of issues, some of which are highlighted below.

- Information systems are generally weak and the benefits of modern software applications lacking. The accuracy and completeness of information received from salons needs to improve, and there needs to be better coordination of activities. Several different systems are used and some are very inefficient. (For example, over 40% of salon receptionist/administrators' time is spent manually analysing and searching for information.) Through its acquisition policy, K1S has "inherited" a series of salons operating independent systems of varying sophistication and effectiveness. Some still use manual systems, others use stand-alone computers, but none take full advantage of software capabilities and most only use basic software functions. It seems that the more complex a system the salon has, the more the staff resistance to its full use seems to be. Internet possibilities are being missed and there is no wide area network (WAN). Common computerised stock records will also be required when hair styling products and treatments are sold.
- Brand development and management is crucial to competing successfully. A more recognisable K1S brand should be supported by consistent shop style, uniforms, paperwork, etc. and a user-friendly website needs to be developed.

The remainder of this question and the requirement and instructions are on the page opposite

- There is a need to strengthen management locally. Salons are currently managed by senior stylists who have much industry knowledge but little management training. These senior stylists are assisted by a receptionist/administrator. Each salon keeps its own set of accounts and makes its own staffing arrangements including recruitment, selection, rotas, holiday cover and remuneration, etc. Managers should be appointed with responsibility for a few salons each (so leaving stylists to concentrate full time on hairdressing) and a centralised HR and Finance function should be established to support salons. Staff flexibility between salons would also lead to more efficient operations.

You are part of the management consultancy team responsible for the report and have been asked to prepare a series of notes on key themes for discussion with the MD.

Instructions

You should use no more than one page per sub-question. 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 and might include diagrams, tables, sentences or bullet points, etc.

Required:

- (a) Explain how information systems (IS) should be developed to serve K1S's management operations both centrally and within salons. *(5 marks)*
- (b) Explain how K1S's operations can be improved through the use of information technology (IT) generally and a wide area network (WAN) specifically. *(5 marks)*
- (c) Discuss the significance of "people" to K1S within the context of the "marketing mix". *(5 marks)*
- (d) Explain the concepts of "physical evidence" and "process" and their importance in developing brand awareness for K1S. *(5 marks)*
- (e) Explain the role a central human resource management function could play in supporting salons. *(5 marks)*
- (f) Discuss the factors that need to be considered when developing staff training associated with the installation of a new computer system for K1S. *(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

QW9 is a large insurance company. The industry conditions are very competitive and QW9 is under constant pressure to achieve higher standards of customer service and improve profitability for shareholders.

You have recently taken up a post in QW9's central project and technical support team working directly for the Director of Strategy, who is also relatively new to the organisation. In an initial briefing with you, the Director explains that he has met with most senior managers and discussed their feelings on the strengths and weaknesses of the company. He has concluded that there are a number of areas that need to be addressed, including two from the area of human resource management, namely, performance related rewards and performance management.

- Performance related rewards. QW9 experiences difficulty in recruiting staff even though it pays comparable salaries to its rivals. Senior managers do not feel that there are problems with either staff morale or the external image of the company. The Director of Strategy explains that although QW9 offers a number of benefits to its employees beyond basic pay, this is not made explicit enough either internally or externally. The Director has so far identified a good pension scheme, flexitime, personal insurance cover at reduced rates, a subsidised canteen and a social club. You have also heard it said that the balance between a professional and personal life is a distinguishing feature of being a QW9 employee. It is the Director's view that all benefits should be examined and a "total reward package" approach should be progressed. This would draw together all the financial and non-financial benefits (including working practices, development opportunities and the challenge of working for QW9 itself) into an integrated package which would be available to all employees.
- Performance management. A formal performance appraisal system supported by standardised procedures and paperwork has operated for a number of years. The scheme has clear organisational objectives centred on staff development and improved performance rather than as a basis for paying individual annual bonuses. It is, however, not well regarded by either managers or staff and its objectives are not being met. Senior managers complain about the time that is taken up with the process. Exit interviews are conducted whenever someone leaves QW9, and a review of a sample of recorded comments indicates staff feelings on the scheme very clearly: "*appraisal is just a paper exercise*", "*a joke*", "*a waste of time and effort*".

The requirement for this question is on the page opposite

Required:

- (a) Discuss the advantages and disadvantages of QW9 developing a “total reward package” approach. *(10 marks)*
- (b) Explain how QW9 should conduct research that would help inform the design of a total reward package. (Assume that research is conducted by QW9 staff.) *(10 marks)*
- (c) Explain the possible reasons why the objectives of the formal appraisal system are not being met. *(10 marks)*

(Total for question three = 30 marks)

Section C continues over the page

TURN OVER

Question Four

DOH is a long established family run firm which supplies parts for local motor car manufacturers. For the past thirty years DOH has exercised quality control over its manufacturing processes by employing one quality control (QC) inspector for every 40 workers. (QC inspectors sample completed batches and remove defective parts before they are despatched.)

Recently, DOH was reluctantly forced to subcontract a batch of work to another firm so that it could meet new delivery deadlines. Fears by DOH's managing director that this subcontracted work might be of an inferior standard proved to be unfounded. In fact, no defects whatsoever were discovered in the subcontracted batch. At the same time, DOH's main customer is unhappy with some of the batches it has received and is insisting that in future quality failures due to defective parts produced by DOH will incur strict penalty charges, including the cost of labour involved in removing the part from the vehicle under construction. The managing director is worried that unless DOH improves its quality standards, it might in future lose contracts with key customers.

At the next staff liaison committee, the managing director raises the issue of quality processes and a frank discussion follows. Apparently the workforce believes that "mistakes happen" and "we are all human after all". Scrap and reworking costs are thought to be "inevitable in our business". It is also a generally held view that

- senior managers are "out of touch" with the problems of maintaining quality standards whilst meeting production targets;
- the value of middle managers is not apparent;
- QC inspectors are not liked but are respected because they are hardworking and exercise their individual professional judgement diligently when deciding which parts to reject as unsuitable for despatch.

Worried by these developments, the managing director discusses DOH's quality problems with an advisor at the government funded regional trade and industry office. The advisor negotiates access for him to see first hand how other manufacturers are improving quality in similar industries so that lessons might be learned. The managing director is very impressed by

- teamwork within the workforce;
- an absence of middle managers and QC inspectors;
- the way in which individual workers demand better quality and get senior manager support to achieve it.

The managing director organises a weekend hotel meeting for all senior managers, where he presents his analysis of the problems of quality within DOH. He makes it clear that he is looking beyond temporary "quick fixes" to overcome the challenges DOH faces. After much discussion he formulates a plan for bringing about change through a programme he calls "putting quality first". The programme aims to drive up quality standards through training, improved teamwork and a review of roles within DOH, particularly quality control inspectors and middle managers. If successful, he believes the programme will bring lasting improvements and longer term, increased customer satisfaction and reduced costs. Senior managers support the programme but have warned that it needs to be both "sold" to the workforce and carefully implemented.

The requirement for this question is on the page opposite

Required:

- (a) Analyse the problems of quality that DOH is facing.
(10 marks)
- (b) Discuss the way in which the problems of quality are being addressed by DOH.
(10 marks)
- (c) Explain the extent to which DOH's "putting quality first" programme is based upon the principles of organisational development.
(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 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

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