CIMA

Intermediate Level

Organisational Management

11

IORG

20 November 2003

Thursday afternoon

INSTRUCTIONS TO CANDIDATES

Read this page before you look at the questions

You are allowed three hours to answer this question paper.
Answer the ONE question in section A (this has 10 sub-questions)..
Answer the TWO questions in section B.
Answer TWO questions ONLY from section C.
Write your examination number, your contact ID and your name on a double-sided card, which must be attached to your answer book.   Write IORG on the line marked "Subject" on the front of the answer book.   Write your examination number on the special answer sheet for section A which is on page 3 of this question paper booklet.   Detach the sheet from the booklet and insert it into your answer book before you hand this in.
Do NOT write your name or your contact ID anywhere on your answer book.
Tick the appropriate boxes on the front of the answer book to indicate which questions you have answered.

Each of the sub-questions numbered from **1.1** to **1.10** inclusive, given below, has only ONE correct answer.

REQUIRED:

On the SPECIAL ANSWER SHEET opposite, place a circle "O" around the letter that gives the correct answer to each sub-question.

If you wish to change your mind about an answer, block out your first answer completely and then circle another letter. You will not receive marks if more than one letter is circled.

You must detach the special answer sheet from the question paper and attach it to the inside front cover of your answer book before you hand it to the invigilators at the end of the examination.

Question One

1.1 Which ONE of the following factors is most likely to lead to successful organisational change?

A Imposed by external consultants.

B Maintaining existing policies and procedures.

C Autocratic leadership.

D Initiated and supported by top management.

1.2 Recent developments toward greater employee involvement, flexible working and flatter organisational structures have placed greater emphasis on which ONE of the following styles of management?

A Exploitative authoritative.

B Autocratic.

C Participative.

D Benevolent authoritative.

1.3 Research on group effectiveness has concluded that the most consistently successful groups

A are those in which all members are innovative.

B comprise a range of roles undertaken by various members.

C are those in which all members are very intelligent.

D comprise a range of roles all undertaken by few members of the group.

1.4 Any claim that unethical behaviour is in an organisation's best interest is an attempt to

A follow the principle of procedural justice.

B do the right thing for society.

C rationalise the unethical conduct.

D look after the interests of oneself.

1.5 Which ONE of the following is part of the recruitment rather than the selection process?

A Job analysis.

B Interviewing.

C Testing.

D Assessment centres.

1.6 According to M A Devanna, which ONE of the following describes the components of the HR cycle?

A Job design, selection, involvement, appraisal, rewards.

B Selection, performance, appraisal, rewards, development.

C Performance, job design, appraisal, involvement, development.

D Appraisal, development, job design, involvement, rewards.

1.7 According to F W Taylor, which ONE of the following is a characteristic of scientific management?

A Work specialisation.

B Group working.

C Socio-technical system.

D The informal organisation.

1.8 The contingency view of management focuses attention on

A the relationship between technical and social variables within the system.

B the psychological and social needs of people at work.

C the large number of variables, or situational factors, which influence organisational design and performance.

D the formal structure, technical requirements of the organisation and general set of principles.

1.9 Planned organisational change is most commonly triggered by the need to respond to new threats or opportunities presented by

A the organisation's culture.

B developments in the external environment.

C the internal environment.

D action by the organisation's management.

1.10 When designing an organisational structure or reviewing the effectiveness of an existing structure, the *first* thing that must be clarified is the

A nature of informal organisational relationships.

B purpose of the organisation.

C size of the organisation.

D division of labour.

(Total = 20 marks)

Question Two

In order to avoid the payment of the tariffs imposed on imports by a Western country, W, a Japanese automobile company, J, has decided to produce its cars within W. Company J intends to staff the car plant initially with its own Japanese managers and supervisors and to use Japanese working practices. Production-line and other employees will be recruited from the country in which it is locating.

Required:

(a) Explain the factors that can influence the culture of an organisation. Discuss why Company J's new plant may develop a different culture to other Western car plants.

(10 marks)

(b) Describe the differences in expectations and resulting problems that might arise in Company J due to the cultural differences between the Japanese managers and the company's Western employees. Recommend the actions that Company J could take to minimise the problems.

(10 marks)

(Total = 20 marks)

Question Three

The F Company is engaged in the insurance business, an area where technological change has driven reorganisation. Developments in information technology have produced a situation where clerical level employees, rather than professionals, can now adequately perform activities which once required many years of training and work experience.

One effect has been the replacement of many skills required by insurance professionals and sales personnel, which had traditionally formed two of the main career streams in F Company. On the sales side, the employment of a highly-skilled sales force has been at least partly replaced by the greater use of self-employed commission-only sales personnel but the use of telephone call centres has also had a major impact in reducing the number of sales personnel required. The type of work in the call centres is by its very nature repetitive, routine and boring.

Among the insurance professionals, the increasing sophistication of the software in use has increasingly meant their replacement by part-time clerical employees, with general keyboard skills and much less extensive training specific to the company.

Required:

(a) Explain the implications of the technological changes in F Company for succession and career planning.

(8 marks)

(b) Using any appropriate theory of motivation, assess the impact of the changes in F Company on the motivation of both trainee insurance professionals and company sales personnel. Recommend ways for motivating staff employed in the new telephone call centres.

(12 marks)

(Total = 20 marks)

Question Four

Drury has argued that the primary objective of management accounting is to provide management with information for decision-making. In order to be aware of the information needs of management, we must first understand the management functions that accounting serves. Drucker, following Fayol, has suggested that management consists of the functions of planning, controlling, organising, communicating and motivating.

Required:

(a) Describe *any two* of the functions of management, using appropriate examples from an organisation with which you are familiar.

(10 marks)

(b) Explain how the provision of management accounting information can assist in the functions of planning, controlling and motivating.

(10 marks)

(Total = 20 marks)

Question Five

D Company, a national airline carrier, has made a net loss for the last five years. While its major competitors have pursued programmes of modernisation, D Company has been left behind and is reported to have administrative costs and average salary costs that are respectively 35% and 25% higher than those of its competitors. The use of outdated and fuel-inefficient aircraft, as well as a reluctance to make use of modern Internet systems for on-line reservation, have been among the factors that have contributed to D Company's decline.

The board of D Company has produced a restructuring plan that includes 5,000 job cuts out of a workforce of 50,000, new more demanding employment conditions, the sale of non-core assets, the establishment of 12 profit centres, a reduction in routes flown, replacement of its ageing fleet with fewer but more fuel-efficient aircraft and a complete overhaul of its reservation system.

Fierce confrontation is expected with the 14 airline unions, but the board of D Company is committed to the implementation of the restructuring plan.

Required:

(a) With reference to research on corporate decline, discuss whether D Company's problems are typical or untypical of declining firms. Explain how D Company could use turnaround management approaches to help improve the situation.

(10 marks)

(b) Identify the key problems associated with making large-scale redundancies. With reference to the situation in D Company, discuss the ways in which redundancies can be managed to minimise these problems.

(10 marks)

(Total = 20 marks)

Question Six

The discovery of heavily overstated profits in some of the largest US corporations in 2002 undermined investor confidence in company accounts and called into question the integrity of senior managers, their professional staff and the presumed independence of external auditors.

Required:

(a) Describe the *key influences on* the ethical conduct of senior management of business corporations, their professional staff and those involved with auditing their accounts.

(10 marks)

(b) Explain what both businesses and professional bodies can do to influence the ethical behaviour of their organisational members.

(10 marks)
(Total = 20 marks)

Question Seven

The T Textile Company is in a troubled state. The trade union representing the weavers has just negotiated a pay increase for its members, and this has led to a claim by the mechanics, who maintain the machinery, for a similar percentage pay increase so that the traditional differential with the weavers is maintained. The T Textile Company is seeking to resist the mechanics' claim on the grounds that the weavers' extra payment can be justified by increases in productivity, while the maintenance work carried out by the mechanics has not changed. The response of the mechanics has been to threaten industrial action.

The problems for the T Textile Company have been made worse by a dispute between the Weaving Department and the Cloth Inspection Department. All members of the Weaving Department, including the weaving shed managers and its supervisors, receive a bonus based on the productivity of the whole department. Employees in the Cloth Inspection Department are paid a fixed salary based on proven competence and experience.

The conflict between the departments developed following the appointment of a new manager in the Cloth Inspection Department. The Works Manager has warned the new manager that the quality of output has to improve if the company is to remain competitive. This has resulted in a general tightening up of the standards enforced in the inspection process so that weaving machines are standing idle more frequently than in the past while faults detected during cloth inspection are investigated.

The sight of idle machines has resulted in intense frustration among management and employees in the Weaving Department as every idle machine means a reduction in their bonus payments. The weavers' frustration is now being taken out on the Cloth Inspection Department by adopting a policy of not co-operating.

Required:

(a) Explain the causes of the horizontal and vertical conflicts within the T Textile Company.

(8 marks)

(b) Discuss how each type of conflict within the T Textile Company might be resolved. Explain what factors might influence the likelihood of a successful outcome for each type of conflict.

(12 marks)
(Total = 20 marks)

End of paper