



Business Management Pillar

Managerial Level Paper

P4 - Organisational Management and Information Systems

25 May 2005 – 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, make annotations 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 the question requirement before attempting the question concerned. The requirements for the questions in Sections B and C are contained in a dotted box.

Answer the ONE compulsory question in Section A. This is comprised of 20 sub-questions and is on pages 2 to 6.

Answer ALL SIX compulsory sub-questions in Section B on page 7.

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

Write your full examination number, 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.

P4 - Organisational Management and Information Systems

TURN OVER

SECTION A – 50 MARKS

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

ANSWER ALL TWENTY SUB-QUESTIONS

- Questions 1.1 to 1.15 are worth 2 marks each (30 marks in total)
- Questions 1.16 to 1.20 are worth 4 marks each (20 marks in total)

Instructions for answering Section A

The answers to the twenty 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 then ruled off, so that the markers know which sub-question you are answering.

Each of the sub-questions numbered from **1.1** to **1.15** inclusive, given below, has only ONE correct answer, worth two marks.

Question One

1.1 The operating system

- A** forms part of a system's software.
- B** forms part of a system's hardware.
- C** is another term for a system's hardware.
- D** is a standalone end-user (operator) system solution.

(2 marks)

1.2 Core features of world-class manufacturing involve

- A** competitor benchmarking and an investment in training and development.
- B** an investment in IT and technical skills.
- C** global sourcing networks and an awareness of competitor strategies.
- D** a strong customer focus and flexibility to meet customer requirements.

(2 marks)

1.3 An ABC system refers to

- A** a Japanese style problem solving device that is particularly helpful in inventory management.
- B** an inventory management method that concentrates effort on the most important items.
- C** accuracy, brevity and clarity in the quality of system reporting.
- D** a mainframe solution to managing inventory.

(2 marks)

- 1.4** Corrective work, the cost of scrap and materials lost are
- A** examples of internal failure costs.
 - B** examples of external failure costs.
 - C** examples of appraisal costs.
 - D** examples of preventative costs.

(2 marks)

- 1.5** An assessment centre
- A** helps selection by assessing job candidates by using a comprehensive and interrelated series of techniques.
 - B** is the training headquarters where job interviews take place.
 - C** is a desk-based process of reviewing job application forms for suitability.
 - D** is a place where job applicants are subjected to psychological testing.

(2 marks)

- 1.6** Training workers in methods of statistical process control and work analysis
- A** overcomes a crisis of control in an organisation's life cycle.
 - B** is part of a succession planning approach to Human Resources.
 - C** is part of a quality management approach.
 - D** is part of a scientific management approach.

(2 marks)

- 1.7** The use of standard questions in job interviews helps ensure
- A** fairness.
 - B** validity.
 - C** reliability.
 - D** completeness.

(2 marks)

- 1.8** The so-called "psychological contract" is a notion that is based on
- A** segmenting then accessing a market.
 - B** the buyer/supplier relationship.
 - C** a distinctive style of testing used in selection procedures.
 - D** the expectations the organisation and employee have of one another.

(2 marks)

TURN OVER

- 1.9** Economies of scope refers to
- A** the economic viability of making alterations to systems.
 - B** an organisation becoming economically viable through a process of “rightsizing”.
 - C** mass production assembly lines achieving economies through volume of output.
 - D** economically producing small batches of a variety of products with the same machines.

(2 marks)

- 1.10** According to Douglas McGregor
- A** “Theory X” people dislike work, need direction and avoid responsibility.
 - B** “Theory Y” people dislike work, need direction and avoid responsibility.
 - C** self actualizing people dislike work, need direction and avoid responsibility.
 - D** hygiene factors determine whether people like work, need direction or take responsibility.

(2 marks)

- 1.11** The purpose of a person specification is to provide details of
- A** organisational size and diversity of activity.
 - B** the types of responsibilities and duties to be undertaken by the post holder.
 - C** personal characteristics, experience and qualifications expected of a candidate.
 - D** individual terms of engagement and period of contract.

(2 marks)

- 1.12** Reck and Long’s strategic positioning tool identifies an organisation’s
- A** purchasing approach.
 - B** sales approach.
 - C** manufacturing approach.
 - D** warehousing approach.

(2 marks)

- 1.13** Inbound logistics is
- A** a secondary activity that refers to price negotiation of incoming raw materials.
 - B** a secondary activity that refers to receipt, storage and inward distribution of raw materials.
 - C** a primary activity that refers to inbound enquiries and customer complaints.
 - D** a primary activity that refers to receipt, storage and inward distribution of raw materials.

(2 marks)

- 1.14** The five elements of a computer system are
- A** data, communication, flexibility, hardware and data integrity.
 - B** installation, hardware, maintenance, audit and compliance.
 - C** hardware, software, procedures, data and people.
 - D** input, processing, monitoring, control and reporting.

(2 marks)

- 1.15** Supply chain partnerships grow out of
- A** quality accreditation.
 - B** recognising the supply chain and linkages in a value system.
 - C** an expansion of trade.
 - D** adopting a marketing philosophy.

(2 marks)

(Total for these sub-questions = 30 marks)

Section A continues on the next page

TURN OVER

Required

Each of the sub-questions numbered **1.16** to **1.20** below requires a brief written response. Each sub-question is worth 4 marks.

This response should be in note form and should not exceed 50 words per sub-question (approximately half a page of the answer book).

1.16 Describe the main advantages of an organisation developing and using an “extranet”.

(4 marks)

1.17 Explain the relationship between open systems and adaptive maintenance.

(4 marks)

1.18 Parallel running and pilot schemes are methods of systems changeover. Explain the reasons why an organisation might instead choose a direct approach to a system changeover.

(4 marks)

1.19 Explain the reasons why a department of an organisation might be continuing to use manual records rather than using a new, recently installed and fully operational computer system.

(4 marks)

1.20 Describe the ways in which Total Productive Maintenance might contribute towards a manufacturing organisation’s quality programme.

(4 marks)

(Total for these sub-questions = 20 marks)

(Total for Section A = 50 marks)

End of Section A

SECTION B – 30 MARKS

[the indicative time for answering this section is 54 minutes]

ANSWER ALL PARTS OF THIS QUESTION.

Question Two

V is an innovative company run according to the principles of its entrepreneurial owner. V operates a package distribution service, a train service, and sells holidays, bridal outfits, clothing, mobile telephones, and soft drinks. V is well known for challenging the norm and “giving customers quality products and services at affordable prices and doing it all with a sense of fun”. V spends little on advertising but has great brand awareness thanks to the “visibility” of its inspirational owner.

V has just announced the launch of “V-cosmetics” to exploit a gap in the market. The cosmetic range will be competitively priced against high street brands and have the distinctive V logo.

You work for a market analyst who is about to appear on a radio discussion of V’s business interests. You have been asked to provide a clear, short briefing for the market analyst on the thinking behind V-cosmetics. Your research of the V-cosmetics range identifies innovative marketing proposals. V-cosmetics will not be on sale in shops, instead it will use two approaches to promotion and selling, namely:

- The use of “cosmetic associates”. Individuals may apply to become an associate and, if accepted, will be required to buy a basic stock of every V-cosmetic product. The associate will then use these products as samples and “testers”. After initial training associates organise parties in the homes of friends and their friends where they take orders for products at a listed price. Associates receive commission based on sales.
- The internet and mobile telephone technology will also be heavily used to offer V-cosmetic products to the public.

Required:

Prepare brief notes containing bullet points and no more than two to three sentences for each of the key points identified below. Use a separate page of your answer book for **each** key point (meaning that your notes are contained on **no more than six** pages in total).

- (a) Explain how the proposed approach can be understood within the context of the marketing mix. (5 marks)
- (b) Explain the human resource implications of using “cosmetic associates”. (5 marks)
- (c) Explain the concept of direct marketing. (5 marks)
- (d) Explain the advantages of the internet as a marketing channel. (5 marks)
- (e) Describe how V might use internet and mobile phone technology as part of its marketing approach. (5 marks)
- (f) Identify the main ethical issues associated with the proposal to market V cosmetics. (5 marks)

(Total for Section B = 30 marks)

End of Section B

TURN OVER

SECTION C – 20 MARKS

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

ANSWER ONE QUESTION ONLY

Question Three

The country Mythland contains several areas of high unemployment, one such area is where CX Beers were produced until recently. CX was an old, family-owned brewery that supplied licensed outlets, including local restaurants, with its beer. CX represented one of the last local brewers of any size, despite retaining many working practices that evolved at least a century ago. Situated on a (now) underused dockside site, the company had, over the years, invested little in plant and machinery and someone jokingly once suggested that much of the brewing equipment should rightfully be in a museum! The company was forced to cease trading last month, despite having an enthusiastic, long-serving, highly skilled workforce and a national reputation for the beer “CX Winter Warmer” (thanks to winning several national awards). The workforce, many of whom have only ever worked for CX Beers are now facing up to the difficulty of finding alternative employment.

In a press statement the owners said that the brewery’s closure was sad for the area, the local workforce and traditionally brewed beer in general. The owners blamed the situation on inefficient and expensive brewing methods, fierce competition from large rival brewers and limited geographical sales. They also mentioned a dependence on seasonal sales that made cash flow difficult (35% over the Christmas period). They concluded that they would like the CX tradition to continue by selling the company as a going concern, however unlikely this was.

It is speculated that property developers may be interested in the site as the dockland area is showing signs of regeneration as a leisure and tourism attraction (thanks to the efforts of the Mythland government). However, two of CX’s managers would like to save the business and are drawing up a business plan for a management buy-out. They have three main initiatives that they feel could, in combination, save the enterprise:

- Use the site as a basis for a “living” museum of traditionally brewed beer (with out of date brewing equipment and methods of working as an attraction);
- Produce bottled beer for sales in supermarkets;
- Employ a more flexible but suitably experienced workforce.

One of the managers (your former boss) has asked for your help in advising him how to draft a detailed human resource (HR) plan to inform the business plan.

Required:

- (a) Describe the main issues and stages involved in developing a human resource (HR) plan for the CX buy-out idea.

(12 marks)

- (b) Discuss how the buy-out team can achieve workforce flexibility.

(8 marks)

(Total for Question Three = 20 marks)

Question Four

R & L is a large manufacturing firm that is well known as a “good employer”. Over the past few years, R & L has experienced difficult times with reducing sales and mounting losses. In desperation it employed management consultants to analyse its situation. The consultants have concluded that the downturn in sales is permanent and that R & L needs to reduce its workforce by 50% over the next year in order to survive. Reluctantly, R & L’s board of directors has accepted these findings, including the need to reduce the number of staff. The directors have also agreed to act as honestly and as fairly as possible, but realise that any changes they propose will be unpopular and may meet with resistance.

Required

- (a) Discuss what initiatives R & L can take to achieve the job reductions needed given the company’s reputation for being a good employer. (Your answer should include reference to appropriate support for any individuals affected.)
- (b) Discuss the potential strategies available in order to overcome resistance to change, and identify those strategies that would be most suitable for R & L.

(10 marks)

(10 marks)

(Total for Question Four= 20 marks)

Total for Section C = 20 marks

End of Question Paper

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