

**NOVEMBER 2018 PROFESSIONAL EXAMINATIONS
BUSINESS MANAGEMENT & INFORMATION SYSTEMS (PAPER 1.2)
CHIEF EXAMINER'S REPORT, QUESTIONS AND MARKING SCHEME**

EXAMINER'S GENERAL COMMENTS

The overall performance of candidates was generally not impressive. Most of the candidates did not seem to have prepared well for the examinations.

STANDARD OF THE PAPER

The Business Management and Information Systems paper was of standard quality, except that some of the question setters failed in some cases to indicate how many points candidates were required to explain/discuss for the marks allocated.

There were no grammatical errors in the questions and the questions were fairly spread across the syllabus.

PERFORMANCE OF CANDIDATES

The performance of candidates was generally not good even though it is a marginal improvement upon that of May 2018. This can largely be attributed to inadequate preparation on the part of candidates. There appears to be a disconnection between the private study centres and the Institute regarding the preparations required of candidates.

QUESTION ONE

Financial Service Overseas (FSO) is a regulator of all companies providing financial services. It currently uses 'stand-alone' or unrelated software applications to manage its business processes. The business processes include procurement, inventory control, accounts, clients and monitoring. It is now considering whether an enterprise-wide system is a suitable replacement of all the unrelated software applications.

Required:

- a) Identify **FOUR (4)** roles the new information system may play in FSO. **(4 marks)**
- b) Explain **TWO (2)** features of an '*enterprise-wide*' system. **(4 marks)**
- c) Describe the types of test that should be conducted before the new information system goes '*live*'. **(4 marks)**
- d) Describe **THREE (3)** benefits of an information system built around a database should bring to an organisation. **(8 marks)**

(Total: 20 marks)

QUESTION TWO

- a) Some aspects of organizational culture are visible on the surface, like the tip of an iceberg, while others are implicit and submerged within the organization.

Required:

- i) Explain what is meant by an overt aspect of organisational culture. **(5 marks)**
 - ii) Explain what is meant by a covert aspect of organisational culture. **(5 marks)**
- b) The Management of InvestAfrica, which operates in the investment and risk management industry, has built a strong organisational culture that is now becoming a barrier to realising the company's future aspirations, particularly since future developments may involve a merger with another company. Management of the company has determined that in order to 'take the company to the next stage of its growth' there will need to be significant changes in its internal operations and in the way staff work.

Required:

Explain how the organisational culture might positively and negatively influence its performance. **(10 marks)**

(Total: 20 marks)

QUESTION THREE

The Private Sector has been described as an engine of growth and the Public Sector as the lubricant that keeps the engine running. However the Public Sector has gained notoriety for being a financial drain on the nation's resources.

Required:

- a) Explain **FOUR (4)** ways in which the Public Sector complements the efforts of the Private Sector. **(10 marks)**
 - b) Explain **FOUR (4)** characteristics of the Public Sector that makes them bureaucratic. **(10 marks)**
- (Total: 20 marks)**

QUESTION FOUR

Organisations develop structures to help them to coordinate their activities, provide lines of communication and help the organisation to operate efficiently. The type of structure chosen will depend on a range of factors including size, age, complexity, scope of activity and industry structure. Each structure has its own characteristics and benefits which have implications for the way the organisation operates

Required:

Define the following and identify **THREE (3)** characteristics of each of them:

- a) Functional organisational structure. **(6 marks)**
 - b) Divisional organisational structure. **(8 marks)**
 - c) Matrix organisational structure. **(6 marks)**
- (Total: 20 marks)**

QUESTION FIVE

The Finance Manager of GoodBook Ltd has discussed with the Human Resource Manager about the need to hire an additional staff or person to the Finance Department. The Human Resource Manager has asked the Finance Manager to prepare a Job Analysis that details the nature of work needed to be done in order to recruit effectively.

Required:

- a) Define what is meant by Job Analysis **(5 marks)**
 - b) Comment on the type of information needed to prepare a Job Analysis. **(15 marks)**
- (Total: 20 marks)**

QUESTION SIX

A Marketing Officer who has just been employed by NACAP Ltd has identified the need for a marketing plan for the company although the Managing Director and the wife, who own the business, do not share her view. She is convinced that there should be a corporate strategy to drive the marketing plan.

Required:

- a) Explain **FOUR (4)** relationships between *corporate planning* and *marketing strategy*.
(10 marks)
- b) Identify **FOUR (4)** sections in the format of a *marketing plan* and describe the contents of the sections identified. **(10 marks)**

(Total: 20 marks)

QUESTION SEVEN

A Supervisor's role as the lowest level of management is to interface between managerial and non-managerial staff. Management can be exercised over resources, activities, projects and other essential non-personal things while Leadership can only be exercised over people.

Required:

- a) Explain **FOUR (4)** key features of supervision. **(10 marks)**
- b) State **FIVE (5)** range of business and managerial skills important to a good leader. **(10 marks)**

(Total: 20 marks)

SOLUTION TO QUESTIONS

QUESTION ONE

a) Roles that the new system may play in the company are:

- Planning future operations
- Recording transactions
- Performance measurement (comparing actual results against plans)
- To help senior management make decisions

(4 points for 4 marks)

b) **Features of enterprise-wide system**

- Enterprise-wide systems are designed to co-ordinate all business functions, resources and information.
- It minimizes duplication of information
- Under an enterprise-wide system each business area is provided with a system that fulfils its needs. However each module shares a common database that is the basis of all the information within the organisation.

(2 points for 4 marks)

c) **Testing should include:**

- User acceptance testing – to establish whether user acceptance criteria are met
- Realistic tests – realistic data and environment
- Contrived tests – how the system copes with unusual and unexpected events
- Volume tests – ensure the system can cope with the expected number of transactions, and more.

(2 points for 4 marks)

d) **Benefits of information systems based around a database include:**

- Reduced data duplication/data redundancy. Having a centralised pool of data reduces the chance of data duplication and redundancy. For example, stock and customer information are held and maintained centrally.
- Provision of tailored reports. Databases should facilitate more flexible reporting. For example, procurement managers should be able to produce reports on slow moving products by different types of supplier.
- Ease of access to information for staff. Databases should enable staff to find data quickly (eg to answer customer queries).
- Reduced IT maintenance costs. As data is maintained centrally, maintenance (eg checking data accuracy, adding new types of data) should be an easier task.
- Enhanced security.

(2.5 marks each for 3 points = 7.5 marks)

(0.5 marks for presentation)

(Total: 20 marks)

EXAMINER'S COMMENTS

Many candidates refrained from answering this question. Most of those candidates who answered the question did not seem to have understood it and so did not score good marks. Section © did not state the number of points to be explained to earn the marks allocated. It was a standard question.

QUESTION TWO

a)

i) **Overt aspects** are the formal aspects of an organisation. These are financial resources, products, customers, formal structure, technology, policies, procedures and rules. These are overt because they are visible (even to outsiders and new joiners), documented, controlled through formal management processes- and explicitly designed to support the mission of the organisation.

(5 marks)

ii) **Covert aspects** are the behavioural aspects of culture. These include beliefs, assumptions and attitudes. Others are informal communication patterns, informal team processes, informal influence and leadership, political behaviour and interpersonal relations. These are not directly under the control of management, not always supportive of the organisation's mission, and not readily visible to outsiders or new joiners.

(5 marks)

b)

A company's strong culture will have both positive and negative effects on organisational performance. Positive influences include:

- **Identity**

A strong culture provides employees with a sense of identity and belonging. This can be motivational and impact positively on staff retention.

- **Communication**

Culture can facilitate good communication and coordination.

- **Reduced differences**

Differences between people, groups and members of staff within Invest Africa will be reduced.

- **Regulation**

A strong culture will regulate behaviours and norms. Dominant values and attitudes will be reinforced.

- **Image**

A strong culture will reflect the philosophy of the founder or the dominant

group. This will provide an image and identity to the company affecting the way it is perceived externally.

- **Strategy**

This has the potential to differentiate Invest Africa from its competitors and could be the basis for developing a competitive advantage.

(5 points for 5 marks)

A strong culture will directly impact on the strategy of the organisation and its ability to react to change. Negative influences of Invest Africa strong culture include:

- **Inflexibility**

Strong cultures can be deeply ingrained and difficult to change.

- **Blinkered**

It could create a blinkered view which may prevent Invest Africa from learning new skills or taking on new challenges.

- **Inappropriate values**

If the culture of InvestAfrica is based on inappropriate values it could cause the performance of the organisation to deteriorate. The effectiveness can also be hindered if Invest Africa's strong culture does not have positive attributes in relation to stakeholders and change.

- **Conflict**

Strong cultures have the potential to cause conflict when the organisation is in contact with another. This is of particular concern for InvestAfrica Company given that future developments may involve a merger with another company. If conflict does arise it will significantly reduce the likelihood of that merger being successful.

- **Environment**

If InvestAfrica Company's strong culture is not aligned with the environment in which it operates it is unlikely to succeed.

(5 points for 5 marks)

(Total: 20 marks)

EXAMINER'S COMMENTS

Most candidates answered this question and those who did performed quite well in section (a). Section (b) did not indicate how many points were to be explained for the marks allocated which could have acted against the candidates. Generally, the question was well answered.

QUESTION THREE

a) Ways in which the Public Sector complements the efforts of the Private Sector

- Provision of public goods to facilitate the operations of the private sector.
- Public Sector provides services for the public good. For example licences, permits etc. that facilitate the business of the Private Sector.
- Public Sector fees are relatively lower because they can take advantage of economies of scale to provide goods and services. The Private Sector benefits from the low fees charged.
- Borrowing by the Private Sector backed by governments guarantee is relatively cheaper
- Public Sector operations can serve more people than the Private Sector. For example the provision of health and education services could be provided by the Public Sector to areas where the Private Sector would find unprofitable.

(4 points @ 2.5 marks each = 10 marks)

b) Characteristics of Public Sector that make them bureaucratic

- Accountability. Transactions have to necessarily go through too many authorisation and approval processes because public funds are used in running public organizations.
- The strictly impersonal nature of public organizations make decision making fatally slow
- Constraints on public funds make it difficult for the Public Sector to provide critical services to the public. They have to wait to receive their budget allocations before services could be rendered.
- Services rendered by the Public Service is without the profit motive and so they end up being underfunded. This creates delays in service delivery.
- There are several levels of control, checks and authorisation requirements that results in delays in processing of transactions.

(4 points @ 2.5 marks each = 10 marks)

(Total: 20 marks)

EXAMINER'S COMMENTS

Although this was a straightforward question, most of the candidates who answered it scored very low marks. It appears candidates did not direct their attention to that part of the syllabus during their preparations for the examinations.

QUESTION FOUR

a) **The functional structure**

The functional structure is centralised and produces a rigid framework for efficient management control. It is found in those private sector organisations that have outgrown the simple structure and in many parts of the public sector. This structure consists of a managing director (or equivalent title), very often in overall control, and a board of directors whose role is to oversee the organisation on behalf of the shareholders. The board makes the medium-term and long-term decisions for the organisation. Communication channels are short and vertical. Managers with specialist knowledge, such as accountancy, control specialist functional departments. The department is responsible for taking short-term operational decisions.

The rigidity of the functional structure means it can only function effectively where the organisation provides clearly-defined products or services to clearly-defined markets. This structure does not have the flexibility needed to deal with complexity. This is the weakness of the structure; it controls chaos which facilitates growth, but then finds diversity of product or service and market very difficult to cope with. With departments rigidly aligned, cross-functional team-working needed for diversification and innovation is very difficult.

(6 marks)

b) **The divisional structure**

The divisional structure deals with the complexity of different product or services and different markets. It is a decentralised structure. The various divisions are based on either product or geographical lines, which ever leads to greatest efficiency. Within the divisions there is a separate organisational structure. The simplified environment within the division usually means the functional structure is possible. The board of directors will only take the long-term strategic decisions. Divisional heads will be responsible for medium and short-term decisions. One of the consequences of the divisional structure is increased cost. This is partly alleviated through the sharing of central services such as human resource management, finance and legal services. This allows the organisation to operate centralised policies while maintaining the maximum amount of devolved activity.

The divisional structure can lead to some inefficiency, for example, divisions may find themselves in competition with each other. Each division will be able to account for its own income and expenditure. The head office will set targets and expect divisions to achieve these targets. Income from the divisions is usually aggregated to form the total income for the organisation. This means the divisions need to ask head office for funds and resources. The allocation of

these funds can lead to interdivisional rivalry.

(8 marks)

c) **The matrix structure**

The matrix structure is a combination of two or more organisation structures. It is a hybrid structure because it combines functional organisation with project organisation. Therefore, it has the merits and demerits of these two structures. In a matrix organisation, the functional manager will have authority over the functional aspects of a job while the project manager will be responsible for the financial and physical resources which will be required to do the job.

Decisions in a matrix organisation are usually the best since they are made by experts. Again, the structure is very responsive to changes in the environment because it allows for quick decision making. A matrix structure deploys staff from different departments to work as a team and this serves as a source of belongingness and motivation.

On the other hand, the matrix structure requires a high degree of co-operation of employees who have been brought from different departments, without which performance may suffer. Another problem of the structure is that it increases management overhead costs. There is the potential for conflicting management directives which may be detrimental to organisational efficiency.

(6 marks)

(Total: 20 marks)

EXAMINER'S COMMENTS

Almost all the candidates answered this question. However, many of them did not understand the question and provided advantages and disadvantages of the various structures instead of their characteristics. It was a good question from which candidates should have profited hugely.

QUESTION FIVE

a) **Job Analysis** is the process of collecting, analysing and setting out information about the content of jobs to provide the basis for a job description and data for recruitment, training, job evaluation and performance management. Job analysis concentrates on what job holders are expected to do.

(5 marks)

b) Type of Information needed to prepare Job Analysis

- Purpose of the job - Prepare or provide financial information
- Content of the job - Task to be performed
- Accountabilities - deliverables

- Performance Criteria – measurement of how you are on the job
 - Responsibilities – Decisions the employee is responsible for.
 - Organisational Factors – Who to report to
 - Developmental Factors – Promotion paths and or career prospects.
 - Environmental Factors – Working conditions, security and safety issues
- (6 points @ 2.5 marks each = 15 marks)**

(Total: 20 marks)

EXAMINER'S COMMENTS

Many candidates answered this question and performed well, except that some of them found problems with the part (b). They were unable to identify and explain the elements/information required in conducting job analysis. Their challenges might have arisen from the question which asked candidates to comment on the type of information needed rather than asking them to explain the information required.

QUESTION SIX

a)

| | Corporate Planning | Marketing Strategy |
|--------------------|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Set Objectives | They are set for the organisation as a whole. E.g. increase profit by 20% | Set for product, service or market. E.g. increase market share by 20% |
| Internal Appraisal | Review the strengths and weaknesses of the different aspects of the organisation. | Review strength and weaknesses of marketing activities by conducting a marketing audit to assess the organisation's marketing orientation. |
| External Appraisal | Review Opportunities and threats (PESTEL) factors impacting on the whole organisation. | Review environmental factors as they affect customers, products and markets. |
| Gaps | How to close the gap between desired objectives and forecast objectives. | The company may be doing less well in particular markets than it ought to. Marketing will be focused on |

| | | |
|----------------|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | | growth. |
| Strategy | Develop strategies to fill the gap: eg. Diversifying, entering new market | To achieve the organisation's objectives, it specifies: Resources to be allocated to marketing How resources should be used. |
| Implementation | Delegated to departments of the business | Plans must be put into action. Eg. Getting advertising space |
| Control | Results are reviewed and the planning process starts again | Has the organisation achieve its market share objectives? |

(Any 4 points @ 2.5 marks each = 10 marks)

b)

| Section | Content |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Executive Summary | Summary of the main goals and recommendations |
| Situation Analysis | SWOT analysis and forecasts |
| Objectives and goals | What the organisation is hoping to achieve or needs to achieve. The objectives must be SMART |
| Marketing Strategy | Selection of target markets, the marketing mix and marketing expenditure levels. |
| Strategic Marketing Plan | 3 to 5 years or more, defines scope of product and market activities and aims to match the activities of the organisation to its distinctive competencies |
| Tactical Marketing Plan | One year time horizon, generally based on existing products and markets, concerned with marketing mix issues. |
| Action Plan | Marketing mix strategy (7Ps) |
| Budgets | Developed from the action programme |
| Controls | These will be set up to monitor the progress of the plan and the budget. |

(4 points @ 2.5 marks each = 10 marks)

(Total: 20 marks)

EXAMINER'S COMMENTS

This was a very straightforward question. More than half of the candidates answered this question and some of those who did scored good marks.

QUESTION SEVEN

a) Key features of Supervision

- Front-line manager dealing with the day-to-day operational level
- Does more technical and operational work
- Gatekeeper for communication between managerial and non-managerial staff, both upward (conveying reports and suggestions) and downward (conveying policies, instructions and feedback)
- Monitors and controls work by means of day-to-day, frequent and detailed information.

(4 points @ 2.5 marks each = 10 marks)

b) Managerial skills beneficial to a leader

- **Entrepreneurship** - ability to spot business opportunities and mobilise resources to capitalise on them.
- **Interpersonal skills** - networking, influencing, negotiation, resolution coaching etc.
- Decision-making and problem-solving skills - seeing the big picture
- Time-management and personal organisation
- **Self-development skills** - ability to learn continuously from experience, to grow in self-awareness and to exploit learning opportunities.

(5 points @ 2.5 marks each = 10 marks)

(Total: 20 marks)

EXAMINER'S COMMENTS

About half of the candidates answered this question which was very clear and unambiguous. Most of those who attempted it did fairly well.

CONCLUSION

We believe that the unimpressive performance of candidates was largely due to the fact that most candidates did not take time to prepare for the examinations.

We also recommend close collaboration between the Institute and the private tuition providers in order to guide them and candidates in their studies towards the examinations.