

**MAY 2021 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 excellent compared to the performance demonstrated during the previous diet. However, some of the candidates did not seem to have prepared well for the examinations. They engaged in selective learning of some portions of the syllabus whilst completely neglecting to read other sections.

In this circumstance, they performed very abysmally in those sections, with some scoring zero marks in some cases.

STANDARD OF THE PAPER

The Business Management and Information Systems paper was of standard quality. Question setters did indicate how many points candidates were required to explain/discuss for the marks allocated, thus making it easy for the candidates to tackle questions in the order they believed would inure to their advantage.

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

PERFORMANCE OF CANDIDATES

The performance of candidates was generally excellent, showing a significant improvement upon that of November 2020. This can probably be attributed to the availability of study materials and the gradual connection between the private tuition providers, the Institute and Question Setters/Examiners resulting from the virtual forum held on 31 March 2021.

QUESTION ONE

- a) Emani World is a not-for-profit and non-partisan organisation established in Ghana to offer various services, including corruption prevention campaigns, social justice, election observation, and environmental protection. Like any other not-for-profit organisation, Emani World is confronted with numerous challenges in its operations as a not-for-profit organisation.

Required:

Explain **FIVE (5)** challenges that come with operating as a not-for-profit organisation.

(10 marks)

- b) International Ltd is a Dutch multinational construction company engaged in different forms of construction in various countries, including Ghana. The company has decided to change its existing organisational structure which is a functional structure to a **matrix structure** in order to improve its operations.

Required:

Explain **FIVE (5)** benefits the company would derive from this decision.

(10 marks)

(Total: 20 marks)

QUESTION TWO

- a) Plant layout has been described as the arrangement of machines in such a manner that will facilitate production efficiency. An organisation might adopt a particular method or a combination of methods depending on the nature of its operations.

Required:

Explain the following:

- i) Total quality management **(2 marks)**
- ii) Fixed position layout **(2 marks)**
- iii) Product layout **(2 marks)**
- iv) Process layout **(2 marks)**

- b) You have been appointed as the leader of a five-member technical committee to prepare a marketing plan for your company, Quality Fresh Drinks Limited, which is well noted for the production and sale of fresh, natural fruit drinks.

Required:

- i) Explain marketing concept to the other members of the technical committee. **(4 marks)**
- ii) Explain **FOUR (4)** elements of a marketing plan you would recommend to the technical committee. **(8 marks)**

(Total: 20 marks)

QUESTION THREE

Anta Zene is a British pharmaceutical company that partnered with Forox University to develop a vaccine to combat the Coronavirus spread in the United Kingdom and other countries. Even though the vaccine was ready in August 2020, it had to pass through all the needed quality control systems of the British drug regulator to ensure that it would meet the highest quality standards. The vaccine was eventually approved by the drug regulators on 29 December, 2020. The company conducted a training programme for its employees and about 5,000 volunteers to ensure the effective implementation of the vaccination programme.

Required:

- a) Why was it necessary for the British drug regulator to ensure that the vaccine was of the highest quality standards? Explain your answer with **FIVE (5)** reasons. **(10 marks)**
- b) Explain **FIVE (5)** benefits the company would derive from the training programme. **(10 marks)**

(Total: 20 marks)

QUESTION FOUR

The Management of My Hope Enterprise Ltd, a family-owned supermarket with branches throughout the country, has refused to adopt modern communication technology in its operations, citing heavy initial capital outlay. You have decided to convince the General Manager of the firm who is your friend on the benefits to be accrued from the use of modern technology.

Required:

- a) Explain Management Information System (MIS) to the General Manager in order to convince him of the benefits that will accrue to the company from the use of modern technology **(4 marks)**
- b) Explain **FOUR (4)** advantages of Transaction Processing System (TPS) to the General Manager of My Hope Enterprise Ltd. **(6 marks)**
- c) You have been asked as the Strategic Business Planner of your company to speak to a group of recently recruited manager trainees most of whom are not business management graduates on strategy formulation and implementation.

Required:

- i) Explain the concept of **SWOT** analysis to the recently recruited manager trainees. **(2 marks)**
- ii) Explain the elements in the **SWOT** analysis to the manager trainees. **(8 marks)**

(Total:20 marks)

QUESTION FIVE

The board members of Bliss Ltd, at a meeting held last week, were shocked to hear the Director of Finance comment that, she did not understand why management continuously spend thousands of Ghana cedis in organising monthly staff retreat with its attendant loss of man hours all in the name of what they call “worker motivation”.

As a Management Professional on the board, you have decided to educate the Director of Finance and other like-minded Managers of the company on the need to have a motivated group of employees.

Required:

- a) Explain to the Director of Finance, **FIVE (5)** benefits of a well-motivated workforce to a business organisation. **(15 marks)**
- b) Identify and explain **TWO (2)** basic schools of thought of Leadership. **(5 marks)**

(Total: 20 marks)

SOLUTION TO QUESTIONS

QUESTION ONE

a) **Challenges confronting Emani World - a not-for-profit organisation**

- **Funding:** The issue of obtaining money to facilitate the operations of not-for-profit organisation is a crucial challenge. This is because such organisations do not offer services that are sold to the public. They obtain funding from donors, which may not be received on a regular basis.
- **The attraction of expertise:** not-for-profit organisations such as Emani World are confronted with the challenge of attracting highly qualified personnel. This is because people with the needed expertise might perceive that they would not be adequately remunerated if they work in such organisations.
- **Political tagging:** Not-for-profit organisations (such as Emani World) are confronted with the challenge of being affiliated to one political party or the other. This is manifested in how political leaders attack such organisations, especially when they release reports that do not favour such political parties.
- **Public perception:** Most not-for-profit organisations are mostly perceived as elements of certain political parties and may not accept their reports and opinions even if they are credible.
- **Operational challenges:** Most not-for-profit organisations have difficulties streamlining the directions of their operations due to inadequate financial and non-financial resources.
- **Unpredictable environments:** Not-for-profit organisations operate in highly uncertain environments in terms of political interference and economic decline. Such factors negatively impact the sustainability of these organisations.

(Any five points explained × 2 marks = 10 marks)

b) **Benefits of matrix structure for International Ltd construction**

- **Pooling of expertise:** The essential advantage of the matrix structure is its high expertise base. The reason being that those in the division are people with varying expertise brought together from different departments.
- **Improved decision making:** Matrix structure facilitates the participation of decision making to the proximity of designated divisions.
- **Enhanced accountability:** Matrix structure enshrines responsibility to employees at the division. This is because those employees would be made to account for every activity of their performance.
- **Learning grounds:** Matrix structure enables employees to acquire new knowledge, skills, and abilities due to the opportunity they have with working with well-organised multidisciplinary teams.
- **Innovation:** The Matrix organisational structure adopted by Interbeton would facilitate the development of innovative ideas and new products due to the cross-fertilisation of knowledge and skills from different functional specialities.

- **Increased motivation:** The adoption of the matrix structure would increase employees' motivation, especially for those who gain inspiration from involvement in challenging jobs.

(Any five points explained× 2 marks=10 marks)

(Total: 20 marks)

CHIEF EXAMINER'S COMMENT

All candidates answered this question with some scoring high marks. However, some candidates did poorly at the question a) because they took the not-for-profit organisation for a public corporation established and funded by the government. Nevertheless, it was a straightforward standard question.

QUESTION TWO

a)

- i) **Total quality management** is a management philosophy that continuously emphasises managing the entire organisation to improve upon product and service quality. It is an organised, organisation-wide activity involving all employees.

(2 marks)

- ii) **Fixed-position layout** – this is the type of layout where the product being manufactured remains fixed at a particular place and workers and materials are transported there. This is so because the product is too large or fragile to be moved after production.

(2 marks)

- iii) **Product layout** – also called line-flow layout, this method refers to the layout in which workstations are arranged in such a way that each product or service will follow a path that is pre-determined by the product's processing requirements. The main feature of this method of layout is that resources are placed in such a way as to maximise product flow.

(2 marks)

- iv) **Process layout** – with this layout, identical processes are located together. It is convenient for the operation to group them together or that the use of transforming resources is improved.

This means that when products, information or customers flow through the operation, they will take a route from process to process in accordance with their needs.

(2 marks)

- b) i) The marketing concept is a business philosophy that assumes that the extent to which an organisation can satisfy the needs of its customers more effectively and more closely than its competitors largely determines its success. This means that in whatever activity the firm engages itself, it has the customer as its central pivot.

(4 marks)

iii) **Some elements of the marketing plan include the following:**

- **Executive summary** – the marketing plan should begin with a summary of the main goals and recommendations. The executive summary assists management in grasping the major goal of the plan.
- **Situation analysis** – this portion of the plan gives required background information on sales, cost, the market and competitors, and the factors existing in the environment. It attempts to find answers to how the market is defined, its size, and growing or growing otherwise. The information collected is then used to conduct a SWOT analysis.
- **Marketing strategy** – at this stage, the marketer defines the mission and marketing and financial objectives together with those groups and needs the market intends to satisfy. A marketing strategy that must be specific about the branding strategy and customer strategy used is then prepared.
- **Financial projections** – these include a sales forecast and expense forecast, and break-even analysis. The projections show the expected cost of marketing and the minimum number of units sold monthly to cover the fixed costs and variable cost per unit.
- **Implementation controls** – this section of the marketing plan outlines the mechanisms for monitoring and revising the plan where possible. This is made easier when the goals and budgets are spelt out for each month or quarter.

(Any 4 points x 2 marks each = 8 marks)

(Total: 20 marks)

CHIEF EXAMINER'S COMMENT

Many of the candidates performed very poorly on this question, and our view is that they probably did not concern themselves with that part of the syllabus.

Most could not answer b) at all. Again, instead of explaining elements of the marketing plan, they rather wrote about the 4Ps of marketing, thereby scoring zero marks there.

QUESTION THREE

a) **Importance of ensuring high-quality standards**

- **Consumer safety**

The regulators ensured that the drugs were of the highest quality standards to prevent consumers from experiencing any harmful effects after being vaccinated.

- **Image protection**

The regulators were desirous of protecting their image hence ensuring the highest quality standard for the vaccine. However, if they allow the drug to be introduced without compliance with the required standards, the general public would regard them as inefficient.

- **Protect the drug manufacturers**

The regulator's function of ensuring that the vaccine was of the highest quality standard was to protect the manufacturers from any form of liability that could erupt from the consumption of the drug.

- **Enhance competitive position**

The British regulators ensured that the vaccine was of the highest quality standard to enhance the producer's competitive position. Moreover, at the time of launching the vaccine, other vaccines were already on the market. For that reason, they couldn't have afforded to take any chances by allowing any inferior vaccine to be launched for public consumption.

- **Customer expectations**

The regulator's function of ensuring that the vaccine was of the highest quality standard was to meet customer expectations. Customers are assumed to buy products with the expectation that it would perform to their expectations. For that reason, it was the regulator's obligation to ensure that those expectations were fully met.

- **Reduce after use complaints**

The regulator's function of ensuring that the vaccine was of the highest quality standard was to reduce the problems and complaints that would come from users after being vaccinated.

- **Preventive mechanism**

The regulator's function of ensuring the vaccine was of the highest quality standard was to ensure that no defective drug was introduced onto the British market.

- **Increased market share**

The regulators function of ensuring that the vaccine was of the highest quality standard was to indirectly provide Astra-Zeneca a bigger share of the market due to the confidence the public would have in the vaccine.

(Any five points explained @ 2 marks = 10 marks)

b) **Benefits the company would derive from the training programme**

- **Increase employee value**

Effective training can be used to “up-skill” or “multi-skill” employees. Up-skilling involves extending an employee’s knowledge of an existing skill, providing more expertise within a subject area.

- **Enhance operational efficiency**
Regularly training employees can increase their efficiency and productivity in completing their daily work tasks. Training can also help the organisation achieve greater consistency in process adherence.
- **Exceed industry standards**
Training employees in industry-standard best practices could also assist in building the company's reputation, giving it an edge over competitors.
- **To create a talent pool.**
The training programme would ensure readily available and adequate replacements for personnel who may leave or move up in the organisation.
- **Use of technology**
The training programme would enhance the company's ability to adapt and use advancements in technology because of sufficiently knowledgeable staff.
- **Employee morale**
The training programme would build more efficient, effective, and highly motivated teams, enhancing the company's competitive position and improving employee morale.
- Training employees regularly ensure adequate human resources for expansion into new programmes.
- To reduce accidents, wastage and spoilage among employees.

(Any five points explained @ 2 marks = 10 marks)

(Total: 20 marks)

CHIEF EXAMINER'S COMMENTS

The performance of candidates on this question was a mixed bag because some did very well while others performed marginally.

QUESTION FOUR

- a) Management Information System digests data that has been fed into a computer and processes it into useful information for the use of management in decision making. This data consists of pieces of information such as facts, words and figures. **(4 marks)**
- b) **Advantages of TPS include the following:**
- **Operational efficiency** – TPS will facilitate the firm's smooth operations and provide the base for other internal information systems.
 - **Access to a wider market** will enable the supermarket to access potential customers to buy the goods when linked to the internet.
 - **Activity tracking** – the system helps information systems managers to keep track of all activities and transactions of the organisation.
 - **Back-up** – TPS provides the basic building blocks for other systems in the sense that it has a backup in the case of system failure.

- **Time-saving** – Transaction Processing System can process large amounts of data within a short period
- **Database stability** – in the event of network failure, the information will not be lost but stored on the database, and the transaction will continue when service is restored.

(4 points @ 1.5 marks each = 6 marks)

c)

i) SWOT analysis is a simple but very useful technique for analysing the strategic position of an organisation. It is an acronym for strengths, weaknesses, opportunities and threats and is an analytical tool for identifying critical factors that might affect business strategy. **(2 marks)**

ii)

- **Strengths** – strengths are the organisation's internal resource capabilities, which can be used to gain an advantage over other firms in the industry.
- **Weaknesses** are internal resource constraints that can adversely affect the entity's operations and put it at a competitive disadvantage.
- **Opportunities** – opportunities are favourable factors in the external environment that the organisation can exploit to its strategic advantage.
- **Threats** – threats represent unfavourable factors in the firm's external environment, which can create problems for the organisation's prospects.

(Four points well explained @ 2 marks each = 8 marks)

(Total: 20 marks)

CHIEF EXAMINER'S COMMENTS

This question was generally well answered by candidates except that some of them explained the activities of TPS rather than the advantages offered by the use of TPS. The performance of candidates at (c) was very impressive.

QUESTION FIVE

a) **Benefits of a well-motivated workforce**

- **Increased productivity** – when employees are motivated, the amount produced per worker is likely to be high. When this happens, unit costs of production become low, enabling the firm to sell its products at a low price leading to higher turnover and profits.
- **Lower levels of staff turnover** - the number of workers who leave the business over a given period tends to be low when employees are well motivated.
- **Low absenteeism** – absenteeism among employees reduces drastically when they are well motivated because they feel content with their jobs and working lives.
- Motivated and contented employees are likely to give the organisation a good reputation as an employer, making it easier to recruit the best workers when necessary.
- **Improved industrial relations** – when workers are motivated, the ties between the firm and labour unions is improved, leading to a harmonious work environment.
- When employees are motivated, they become more efficient and are likely to improve the firm's quality of products or services.

(Any 5 points @ 3 marks each = 15 marks)

b)

- **Style Theory of Leadership**

The philosophy underlying this leadership theory is that a successful leader adopts a particular management style irrespective of the circumstances in which he finds himself. Thus, the leader is either entirely task-oriented where he pays greater attention to the job at hand or concerns himself with the welfare of employees, paying little attention to the task to be performed.

- **Trait Theory of Leadership**

This theory of leadership suggests that every successful leader necessarily possesses some personal qualities. This means that a leader is only born but cannot be made. Some of the suggested traits of a successful leader are integrity, objectivity, ambition and fairness.

- **Contingency Theory of Leadership**

This theory is premised on the fact that effective leadership is dependent on several contingent factors. It is based on the fact that there is no one best way of leading and that the successful leader changes his style and ways of doing things depending upon the environment confronting him at any given time.

(Any 2 points @ 2.5 marks each = 5 marks)

(Total: 20 marks)

CHIEF EXAMINER'S COMMENT

Many candidates performed very well in a) with some scoring the maximum marks. However, the story was different in b) where instead of writing on schools of thought of leadership, most rather explained democratic and autocratic leaders. This suggests they did not study that section of the syllabus.

CONCLUSION

We believe that the improvement in the performance of candidates was mainly due to the availability of study and other materials and the apparent close collaboration between the Institute, private tuition providers and question setters/examiners.

We would urge our appeal for continuous close collaboration between the Institute and the private tuition providers to guide them and candidates in their studies towards the examinations.

We hope that the new Study Texts available to candidates would serve as a guide to enable them to have adequate preparations before the examinations.