

**DECEMBER 2022 PROFESSIONAL EXAMINATIONS
BUSINESS MANAGEMENT & INFORMATION SYSTEMS (PAPER 1.2)
CHIEF EXAMINER'S REPORT, QUESTIONS AND MARKING SCHEME**

EXAMINER'S GENERAL COMMENTS

Most of the candidates did not take their time to prepare adequately for the examinations. For the few who seemed to have prepared, many of them did not read on with some aspects of the syllabus. As a consequence, their responses to the questions asked were either porous or they could not attempt some questions at all.

STANDARD OF THE PAPER

The Business Management and Information Systems paper was of standard quality. Question setters to a large extent indicated how many points candidates were required to explain/outline for the marks allocated, thus making it easy for the candidates to tackle questions in the order in which they believed would inure to their advantage. The questions were within and fairly spread across the syllabus.

The amount of work required to be done by candidates to earn marks allocated to each question was commensurate with the needed effort. No question was either too loaded or sub-standard.

PERFORMANCE OF CANDIDATES

The overall performance of candidates was not very encouraging compared to previous sittings. The pass rate of the December 2022 diet was 53.80% compared to that of August 2022 which was 73.88%.

The candidates performed poorly because most of them did not take their time to prepare well for the examinations and also did not cover all aspects of the syllabus but rather engaged in selective reading of some topics. The consequence of this was that most candidates could not attempt some questions at all or obtained very low marks with some scoring zero on some questions.

Most candidates still found it extremely difficult to differentiate between recruitment and selection, which are very fundamental to human resource management, a chapter every student of Management must be abreast with. This was widespread and the Institute may have to liaise with the Private Tuition Providers to work on this issue.

The rather poor performance was spread across all centres and not concentrated at any given centre or centres. We did not observe any strengths as far as the performance of candidates was concerned.

We did not observe any sign of copying or any form of collusion at any particular centre.

Some candidates continued to spend too much time writing introductions which were not required of them and for which no marks were allocated. Some wasted time on

portions which would earn them fewer marks and therefore could not adequately answer the questions with higher marks, thus performing badly.

QUESTION ONE

- a) The Gana Oil Company was granted a license by the government to conduct its own oil explorations and drilling in Ghana. The Chief Executive Officer (CEO) on realising the nature and the risks involved in the explorations and drilling venture decided to form an alliance with Emi Explorations International to implement the venture.

Required:

Explain **FIVE (5)** benefits Gana Oil company will gain from the CEOs decision.

(10 marks)

- b) The emergence of globalisation has resulted in some small and large businesses operating as *virtual organisations*.

Required:

Explain to your study mates the nature of this organisational type and state **FOUR (4)** benefits associated with it.

(10 marks)

(Total: 20 marks)

QUESTION TWO

- a) The economic uncertainties associated with declining Gross Domestic Product may result in a country experiencing either a *cyclical* or *structural* types of unemployment.

Required:

- i) Differentiate between these two types of unemployment. **(5 marks)**
ii) Explain **FIVE (5)** economic and non-economic costs associated with these two types of unemployment in a country. **(10 marks)**

- b) The global economic challenges have largely been fueled by *demand-pull inflation* or *cost-push inflation*. Many governments have initiated measures to mitigate the associated effects.

Required:

Outline **FIVE (5)** effects inflation have on an economy.

(5 marks)

(Total: 20 marks)

QUESTION THREE

- a) Business organisations are established with all the key functional areas to work interactively for the achievement of its short and long term objectives.

Required:

Explain **FIVE (5)** ways the production function coordinates its activities with the other functional areas to achieve these objectives. **(10 marks)**

- b) Charles Handy (in his book *Gods of Management*) suggested that there are four categories of corporate culture that can be applied to the successful operations of every organisation.

Required:

Elaborate on the **FOUR (4)** categories of corporate culture. **(10 marks)**

(Total: 20 marks)

QUESTION FOUR

- a) **Recruitment** and **Selection** are two main functions performed by the Human Resources Department to fulfill the human resource needs of the organisation.

Required:

Differentiate between these **TWO (2)** functions and outline **THREE (3)** activities for each of these functions. **(10 marks)**

- b) Mr. Brown has been appointed as head of the Quality Control Department of Real Marines Manufacturing Ltd, a company that processes tuna.

Required:

Explain **FIVE (5)** functions to be performed by Mr. Brown on his appointment. **(10 marks)**

(Total: 20 marks)

QUESTION FIVE

- a) You recently submitted a memorandum to the Operations Sub-Committee of the Board of Directors of your company recommending the installation and implementation of a Management Information Systems (MIS) package in order to enhance operational efficiency.

In response, the Committee has requested you to outline the conditions to be fulfilled before the package could be successfully implemented.

Required:

Explain **FIVE (5)** factors to be considered before the implementation of the MIS package. **(10 marks)**

- b) Marketing experts have suggested that businesses, particularly service organisations that desire to have efficient and effective performance and gain competitive advantage should adopt and apply all the *7 Ps of the marketing mix*.

Required:

Explain **FIVE (5)** of these Ps. **(10 marks)**

(Total: 20 marks)

SUGGESTED SOLUTION

QUESTION ONE

a) Benefits of the decision to form an alliance

- **Risk reduction.** The decision to form an alliance with Emi Explorations will enable Gana Oil to share and reduce the risks associated with the venture which is considered to be very risky.
- **Cost reduction.** The alliance will also allow Gana Oil to share the costs involved in engaging in the venture which is considered to be a capital intensive project.
- **Politically acceptable.** An alliance is a form of business arrangement accepted by the government of Ghana. The reason is that the government prefers a business arrangement that offers a win-win outcome to the country and the foreign partner rather than allowing the foreign firm to take all the benefits associated with such a venture.
- **Availability of expertise.** The alliance will enable Gana Oil to have access to expertise in the exploration and drilling business which might be possessed by Emi Explorations. The reason is that Emi Explorations is well recognised as a leader in oil explorations with facilities and operations in many countries globally.
- **Availability of financial resources.** The alliance of Gana Oil with Emi Explorations will enable Gana Oil to have access to additional capital for the project. It is expected that a partnering firm is required to make financial contributions to facilitate smooth operations of the venture.
- **Enhanced competitive position.** The competitive position of Gana Oil will be enhanced. This is because with the venture successfully implemented, the revenue base of the company will increase which will improve the company's competitiveness.

(Any 5 points @ 2 marks each = 10 marks)

b) Virtual organisation

A virtual organisation is any organisation that outsources most of the key functions performed in the organisation while maintaining a small core activity. Most virtual organisations conduct their operations electronically with the organisation's website containing the database of the information of suppliers, customers and other stakeholders. (2 marks)

Advantages of a virtual organisation.

- **Reduced costs.** A virtual organisation has reduced operational expenses. This is because the organisation has minimal administrative expenses to incur.
- **Fewer employees.** A virtual organisation has fewer employees to cater for. This implies that the organisation will also have minimal salaries and human problems to deal with.
- **Access to specialists.** A virtual organisation has access to people with the needed expertise from around the globe. This offers it the advantage of providing superior and better services to its clients.

- **Instant and effective communication.** The development of a strong Internet connectivity provides an effective communication network for the virtual organisation which enables it to offer excellent services to customers.
- **More appealing to people with special needs.** The flexible nature of a virtual organisation makes it a more preferable organisation to work for especially with women raising younger children.
- **Operational efficiency.** A virtual organisation has the advantage of operational efficiency. This is because the absence of large size and bureaucratic structures implies that decisions and activities can be conducted in a quick and efficient manner.

(Any 4 points explained @ 2 marks each = 8 marks)

(Total: 20 marks)

EXAMINER'S COMMENTS

This question was generally very well answered with most candidates performing very well at both parts (a) and (b). In fact, some candidates scored the maximum marks allocated to the question.

QUESTION TWO

a) Structural and Cyclical types of unemployment

- i) **Structural unemployment** is the type of unemployment that occurs when the skills possessed by workers are not demanded by employers. Structural unemployment may also occur when there is technological invention that makes many employees redundant because they do not have the immediate skills employers require to work in the new technological environment. **(2.5 marks)**

Cyclical unemployment on the other hand is caused by short term economic fluctuations. When a country's GDP slows down there is a negative effect on the economy which may cause businesses to make employees redundant until GDP begins to grow again. **(2.5 marks)**

ii) Costs associated with cyclical or structural unemployment

- **Reduction in government revenue.** Unemployment, whether cyclical or structural, will affect the revenue government will receive as a result of reduction in the taxes from workers' income. As people are not earning any income, the government cannot force them to pay taxes.
- **Declining GDP.** Unemployment also affects a country's gross domestic product. The reason is that when the country fails to create jobs for those with the ability and willingness to work, the general production of goods and services declines which directly affect GDP negatively.
- **Reduction in standard of living.** Unemployment reduces the standard of living for people within a country. This is because as the people are not having jobs, they may ration their expenditure by buying only those basic commodities they need to survive and suspend any expenditure on luxury products which can provide them with the comfortable life they need to have as human beings.
- **Rise in crime.** High levels of unemployment increases the level of criminal activities in a country. This is because some jobless people may still have to find alternative means of surviving and will therefore resort to stealing as a way to earn money for their survival.
- **Rise in poverty.** Widespread joblessness will increase the level of poverty in a country. This is because as people are not earning any income and may not have any savings to depend on, they may not be able to provide for themselves and their families the basic necessities they need.
- **Social and ethnic tension.** Unemployment will also lead to rise in social and ethnic tensions especially when some ethnic groups are perceived to be more privileged than others in terms of job acquisition.
- **Drain on government resources.** Unemployment also drains the financial resources of the government. This is especially true in countries where governments pay unemployment benefits to the jobless.

(Any 5 points @ 2 marks each = 10 marks)

b) Effects of inflation on an Economy

- There will be reduction in consumer purchasing power.

- There will be reduction in investor confidence in the country's economy.
- Economic growth in the country will slow down.
- There will be uncertainty in business and financial planning for businesses and individuals.
- There will be a rise in unemployment levels.
- There will be political and social tensions

(Any 5 points @ 1 mark each =5 marks)

(Total: 20 marks)

EXAMINER'S COMMENTS

Many of the candidates performed badly on this question, especially section (a) and obtained very low marks there. Although a few of them could distinguish between the two types of unemployment, they engaged in explaining their causes instead of their negative impact on an economy.

Part (b) was generally well answered by many candidates.

QUESTION THREE

a) Activities performed by the production department

- **Production strategy.** The production department is responsible for developing the production strategy that will enable the organisation to achieve its overall objective.
- **Product quantity.** The production department work closely with the marketing department to provide the agreed quantity of products in the marketing plan to meet the organisation's set targets in terms of sales revenue.
- **Product quality.** The production department collaborates with the quality control division to ensure that the products produced by the organisation conform to the quality standards established by the organisation's quality control systems as well as meeting the standards set by external regulatory institutions in terms of product quality and safety.
- **Research and development.** The production department liaises with the research and development department to conduct research to develop new products the organisation can produce to increase its revenue and gain competitive advantage over its rivals.
- **Inventory management.** The production department must constantly consult with the purchasing department to ensure that the organisation has the necessary raw materials and inputs that can be used to meet the operational needs of the organisation at a minimal cost.
- **Human resource management.** The production department relates closely with the human resource function to ensure that the department obtains the right number of people in their right numbers at the right time to work towards the achievement of the set production targets which will in the long term help the organisation to achieve its overall objectives.
- **Finance.** The production department must always be in touch with the finance department to establish its financial budgets and using the appropriate sources of funding to meet such budgets
- **Management Information Systems (MIS).** The production department works interactively with management information systems to develop the appropriate information and communications technology systems that will enhance the operational and technological efficiency of the department.

(Any 5 points @ 2 marks each = 10 marks)

b) Handy's models of culture

Handy (1981) asserted that culture conveyed more of the feeling of a pervasive way of life or set of norms. He provided four types of culture which are explained below:

- **Power culture:** Power culture is one with central power source that exercises control. There are few procedures and the work environment is competitive power oriented and political. Employees' progress in organisations characterised with power culture is dependent on their relationships with the central figure. This type of structure can be found in small and medium-sized organisations.

- **Role culture:** With this type of culture, work is controlled by procedures and rules and the role. Job description is more important than the person who fills it. Power is associated with positions not people. Work performance efficiency is dependent on the rational allocation of work.
- **Task culture:** The aim of task culture is to bring together the right people with the right expertise and to let them get on with the implementation of a particular task. Influence is based more on an expert power than in position or personal power. The culture is adaptable and team work is important.
- **Person culture:** With this model of culture, the individual is the central point. Organisations with this model of culture exist only to serve and satisfy the individuals in it especially those who originally established it.

(4 points @ 2.5 marks each = 10 marks)

(Total: 20 marks)

EXAMINER'S COMMENTS

The performance of candidates on this question was a mix bag. Whereas some candidates did very well at part (a) and scored very good marks, a lot of them performed very poorly there.

The performance of candidates at part (b) was generally bad as only a few of them could answer it and even then they obtained very low marks.

QUESTION FOUR

a) **Recruitment and Selection**

Recruitment is a specialised activity conducted by the human resource department that enables an organisation to go to the labour market to communicate opportunities that exist in it in order to attract those with the requisite knowledge, skills and abilities to respond positively to that activity.

Selection on the other hand refers to an activity that enables an organisation to use its requirements in the identification and selection of the most suitable applicants and persuading them to join the organisation.

(4 marks)

Activities conducted during recruitment include:

- Drafting the job analysis by identifying the job or task to be performed.
- Writing the job description by detailing the objectives of the job and the skills and responsibilities involved.
- Writing the person specification by indicating the special qualifications, attributes, skills and previous experience required by a person who fills a particular job.
- Advertising the job in the appropriate media to attract the most suitable applicants.

(Any 3 points @ 1 mark each =3 marks)

Activities conducted during selection include;

- Shortlisting by choosing the most suitably qualified applicants from those who are classified as unqualified.
- Conducting job interviews for applicants who have been shortlisted by taking them through series and stages of questions to determine their suitability for the job applied.
- Medical examination may be conducted for those who have been interviewed to determine whether they are medically qualified for the job appointment to be offered to those who successfully go through the selection process.
- Induction/Orientation is conducted for successful applicants who have been employed to introduce and integrate them into the organisation.

(Any 3 points @ 1 mark each =3 marks)

b) Functions to be performed by Mr. Brown as head of quality control

- **Quality strategy:** He will be responsible for developing the overall quality strategy for the company. This is to ensure that the company has a quality strategy that will serve as a guide for its operations.
- **Compliance:** He will ensure that the company's products comply with standards established by regulatory institutions such as Ghana Standards Authority and the Food and Drugs Authority.
- **Stakeholder expectations:** He will also ensure that stakeholder needs are accurately identified, described and documented. This will be achieved by conducting research to obtain first-hand information of stakeholders in terms of product quality.

- **Product standards:** He will ensure that all product specifications accurately reflect the standards established by the production department.
- **Continuous measurement:** He will be responsible for measuring the progress and performance of all products manufactured by the company throughout the products' life cycle. This implies that the products' life cycle is monitored to ensure that products' progress is recorded and any performance deviations are identified and addressed to meet the expectations of all stakeholders.
- **Budgeting:** He will work closely with the finance department in estimating and obtaining the department's financial needs.
- **Human resource needs:** He will also interact constantly with the human resource department to obtain the needed human resources to fulfill the objectives of the department.

(Any 5 points @ 2 marks each = 10 marks)

(Total: 20 marks)

EXAMINER'S COMMENTS

This question was generally not well answered by the many candidates. Some of them could not distinguish between recruitment and selection, which are basic terms as far as human resource management is concerned and which every student of Management should be abreast with.

Even for those who could do the distinction, some could not state the activities undertaken during the recruitment and selection stages.

The (b) part of this question was straight forward and we expected all candidates to perform very well but that was not to be as only a few of them scored very good marks.

QUESTION FIVE

a) Factors to Consider Before Implementing MIS Package

- **Organizational function:** The functions to be performed by the organization will to a very large extent determine the adoption and implementation of a particular MIS.
- **Cost:** It is important for the company to take into consideration the total cost involved in buying the required infrastructure for the MIS to be implemented.
- **Scalability:** The firm must consider how the system can be expanded to accommodate additional operations in the future should that become necessary.
- **Management support:** For the successful implementation of the package, top management must be prepared to offer the necessary financial and non-financial support
- **Security:** It is important for management to take every practicable step to ensure maximum security for the package in view of activities of hackers.
- **Training of staff:** Management should be able and willing to allocate adequate resources for the training of employees to equip them with the necessary skills to be able to work with the system.

(Any 5 points @ 2 marks each = 10 marks)

b) 7 Ps of marketing

- **Product:** This is anything that can be offered to a market for attention, acquisition, use or consumption. A product can be a physical or non-physical item that has been manufactured for sale by an organization. A product can also be a service.
- **Price:** This is the economic value attached to a product. Price is the monetary payment expected by marketers for the delivery of goods or services.
- **Place:** This is the channel of distribution used by marketers to make goods and services available to purchasers or end-users of those goods and services.
- **Promotion:** This refers to the various tools marketers use to communicate their products to the target market.
- **People:** These are the individuals and groups who are involved in the delivery of products or services made by an organisation to the target market. To some extent the people element includes everyone in the organisation.
- **Processes:** These elements include the various systems, procedures and equipment that facilitate the delivery of services to the purchaser or the end- user. Processes involve the transformation of inputs to outputs.
- **Physical evidence:** This refers to the physical appearance, aesthetics, décor and ambience that surround a purchase. Physical evidence is more important in services because of its intangible nature

(Any 5 points @ 2 marks each = 10 marks)

(Total: 20 marks)

EXAMINER'S COMMENTS

The a) part of the question was generally well answered, where most candidates obtained very high marks with a few scoring the maximum.

Performance at part b) was however disappointing. Majority of the candidates did not seem to have read that part of the syllabus and so did not seem to understand the marketing mix let alone be able to explain its elements.

CONCLUSION

We can conclude that the rather low performance of candidates was largely due to the fact that many of them did not adequately prepare for the examinations and also did not study all parts of the syllabus but instead engaged in selective reading of some parts.

With the availability of study and other materials and the now close collaboration between the Institute, private tuition providers and question setters/examiners, it is our opinion that if candidates took their time to prepare and cover all aspects of the syllabus, their performance would significantly improve.

We would urge the ICAG College and the Private Tuition Providers to encourage their students to only enter to sit the examinations when they have adequately prepared themselves by ensuring they have covered all aspects of the syllabus.

The candidates must also be encouraged to take advantage of the past questions and solutions as well as the Chief Examiners' Reports which are published on the Institute's website seriously during their preparations in order to learn from their previous mistakes or those of others.