

**NOVEMBER 2024 PROFESSIONAL EXAMINATIONS  
BUSINESS MANAGEMENT AND INFORMATION SYSTEMS (PAPER 1.2)  
CHIEF EXAMINER'S REPORT, QUESTIONS AND MARKING SCHEME**

**EXAMINER'S GENERAL COMMENTS**

Some of the candidates did not prepare adequately for the examinations while many of them did not concern themselves with some aspects of the syllabus. Therefore, their responses to the questions asked on the neglected parts of the syllabus were either disappointing or they could not attempt some questions at all.

**STANDARD OF THE PAPER**

The Business Management and Information Systems paper was up to standard. Question setters indicated how many points candidates were required to explain/state for the marks allocated. It was thus easy for the candidates to tackle questions in the order in which they believed would inure to their advantage.

The amount of work required to be done by candidates to earn marks allocated to each question was commensurate with the marks allocated.

No question was either too loaded or sub-standard, and the questions were fairly spread across the syllabus.

**PERFORMANCE OF CANDIDATES**

There was deterioration in the performance of candidates. We recorded a 61% pass rate compared to the 72% pass rate recorded in the July 2024 examinations. This shows eleven per cent (11%) dip in performance when compared with the performance recorded in the previous examinations.

The above average performance was spread across all centres and not concentrated at any given centre or centres.

**NOTABLE STRENGTHS AND WEAKNESSES**

We did not observe any significant strength 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 or wasted time on portions which would earn them fewer marks and therefore could not adequately answer the questions with higher marks, thus performing badly.

There were situations where some candidates wrote the whole questions before attempting to answer, which was unnecessary.

The handwriting of some candidates was so illegible that it made the marking of their scripts very difficult as examiners had to spend too much time on them. Also the pens used by some candidates were so light, making reading of their scripts a little bit worrying.

## QUESTION ONE

- a) Organisations can be categorised into the following types:
- business organisations
  - public sector organisations
  - Not-for-profit organisations

### Required:

To which category of organisation do the following entities belong, and why?

- A charity receiving 60% of its annual funding from central government.
- A school.
- A state-owned electricity company. **(6 marks)**

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

### Required:

Explain **FOUR** challenges that come with operating as a not-for-profit organisation.

**(4 marks)**

- c) Within the same business organisation, some decision-making might be centralised, with decisions made by senior management. Other decisions might be decentralised, and taken by managers or employees involved in operations.

Okpoti LTD owns and operates five private hospitals. It has a head office and each hospital has its own management team and staff (including medical staff such as doctors and nurses).

Decisions are expected to be made on the following:

- 1) Decisions about the medical treatment or surgical treatment for individual patients.
- 2) Establishing policy on hygiene standards in the hospitals.
- 3) Scheduling operations in the operating theatres of each hospital.
- 4) Discharging patients from hospital.
- 5) Deciding the visiting times for patients in each hospital.
- 6) Prescribing drugs for the treatment of patients.
- 7) Hiring new staff, such as hospital porters and nurses.
- 8) Dealing with payments from insurance companies for the treatment of insured patients.

### Required:

For each of the decisions above identify from the list below whom you would expect to make the decision and briefly explain why.

- Head office management
- The management of each hospital
- Staff in each hospital **(10 marks)**

**(Total: 20 marks)**

## QUESTION TWO

- a) A monopoly is a market structure in which a single seller or producer assumes a dominant position in an industry or a sector. In most jurisdictions, legislations are in place to restrict monopolies and ensure that one business cannot control the market.

**Required:**

- i) Explain **THREE** reasons monopoly control over a market might be undesirable. **(6 marks)**  
ii) Suggest **THREE** ways in which the government might act against monopolies. **(3 marks)**

- b) The macro-environment contains several conditions and factors that systematically present opportunities or pose threats to organisations in their effort to gain competitive advantage. The factors in the macro-environment for the purpose of effective analysis are grouped using PEST model which represents *political, economic, socio-cultural* and *technological factors*. Understanding of these factors will influence the kind of strategies business organisations would formulate.

**Required:**

Explain **THREE** economic factors which determine the nature of opportunities or threats that organisations may face. **(6 marks)**

- c) Cloud technology is increasingly used across organisations to help store, organise, back-up and manage information.

**Required:**

Explain **TWO** examples of ‘software-as-a-service’ (SAAS) cloud applications that could be used in the finance department of a business organisation.

**(5 marks)**

**(Total: 20 marks)**

## QUESTION THREE

- a) *“A company should make rational strategic plans with the aim of maximising the wealth of its equity shareholders.”*

**Required:**

Explain the arguments against the above statement.

**(5 marks)**

- b) Culture is a set of dominant beliefs, attitudes, values and norms that is shared by a number of people. It is the collective programming of the mind that distinguishes the members of one group from members of another group. Likewise, the culture of a business organisations in one country will differ from the culture of organisations in a different country. Multinational companies face the challenge of trying to create a common original culture for an organisation that operates across national boundaries. Hofstede developed a cultural dimension theory used to understand differences in culture across countries and the ways that business is done across different cultures.

**Required:**

According to Hofstede, explain **FOUR** dimensions to differences in organisational culture arising from differences in national culture. **(10 marks)**

- c) Blockchain consists of multiple ‘blocks’ of digital information which are held in a public database known as a ‘chain’. Blockchain technology offers a number of advantages. However, it is susceptible to a form of cyber-attack known as **51% attack**.

**Required:**

Explain what is meant by “**51% attack**”. **(5 marks)**

**(Total: 20 marks)**

**QUESTION FOUR**

- a) Beta Equipment is a Taiwanese manufacturer of various types of printers and has recently decided to export its products to Ghana. Beta Equipment is considering appointing a single distributor in Ghana who would represent the exporter and would be responsible for the entire marketing operations in this country.

**Required:**

Explain **FIVE** advantages that Beta Equipment would achieve through the appointment of a single distributor for import and distribution of its products in Ghana. **(10 marks)**

- b) A performance appraisal is a periodic and systematic process whereby the job performance of an employee is documented and evaluated. The performance appraisal process allows employees to understand specific competencies they excel at and where they might need improvement.

**Required:**

- i) Describe **THREE** components of performance appraisal. **(6 marks)**  
ii) Suggest how the competence of an employee might be assessed. **(4 marks)**

**(Total: 20 marks)**

## QUESTION FIVE

- a) A typical product life cycle has four main phases: introduction, growth, maturity and decline.

**Required:**

Twelve products are listed below. Match these products to the stage they have probably reached in their life cycle, by filling in the following table.

- Online music downloads
- SMS messaging
- (Hand-written) postcards
- Personal identity cards using 'iris-based' technology
- Folding screen mobile phones
- Credit cards
- Personal computers
- Fifth generation (5G) mobile telephones
- Cheque books
- Typewriters
- Smart cards (in banking)
- E-conferencing

Introduction	Growth	Maturity	Decline

(6 marks)

- b) Identify and explain an example of a product or service whose life cycle has not conformed to the traditional pattern of introduction, growth, maturity and decline. (4 marks)
- c) The internet and e-commerce have become important channels for marketing and selling products, and the internet can also be a distribution channel for products.

**Required:**

State **FOUR** potential benefits of the internet and e-commerce for each of the following:

- Suppliers
- Customers

(10 marks)

(Total: 20 marks)

## SOLUTION

### QUESTION ONE

a)

- A charity is a not-for-profit organisation, even when it receives most of its funding from the government.
- A school is a public sector organisation when it is owned by the government. However, there are also private schools. Private schools might be established as business organisations; whose purpose is to make a profit. Alternatively, they may be established as charities which are funded by school fees; in the latter sense they would be not-for-profit organisations.
- A state-owned electricity company is a public sector organisation. However, it might be required to operate at a profit, in which case it is also a business organisation.

*(6 marks)*

b)

#### **Challenges confronting GDD Ghana - 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 GDD Ghana 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 GDD Ghana) 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-organisations operate in highly uncertain environments in terms of political interference and economic decline. Such factors negatively impact the sustainability of these organisations.

*(4 relevant points @ 1 = 4 marks)*

c)

- 1) These decisions will be taken by medical staff – the doctors.
- 2) Policy on hygiene standards should be set by head office because common standards should be applied in all five hospitals. Responsibility for enforcing the standards should be delegated to hospital management.
- 3) Scheduling operations in the operating theatres should be the responsibility of the hospital management. However, in a centralised organisation, these decisions might be taken at head office.
- 4) Decisions about discharging patients should be taken by medical staff.

- 5) The policy on visiting times for patients might be decided centrally by head office management. However, policy on visiting times might be delegated to hospital management, with each hospital allowed to decide its own visiting times.
- 6) Drugs should be prescribed by medical staff. However, head office might establish policies on drugs that should not be used in the hospitals – for example because they are too expensive.
- 7) Hiring employees might be the responsibility of head office (in a centralised management structure) or hospital management (in a decentralised structure).
- 8) Dealing with medical insurance companies about payments for patients is likely to be the responsibility of an accounts department at head office, because all five hospitals would otherwise have to deal separately with the same insurance companies.

*(10 marks)*

*(Total: 20 marks)*

### EXAMINER'S COMMENTS

This question was very well answered by most candidates with many of them scoring very good marks and a few obtaining the maximum marks.

### QUESTION TWO

a)

i) **Why monopoly control over a market might be undesirable**

Control over a market by a monopoly firm can be undesirable because of the effects of monopoly on customers.

- When a monopoly firm controls a market, the prices charged are likely to be higher than they would be in a competitive market.
- Because prices are higher than in a competitive market, demand to buy the product is likely to be lower. Monopoly has the effect of both raising prices and reducing output to the market.
- When there is a monopoly, there will be less variety and choice for customers.
- Because of the lack of competition, inefficiency will result.

*(3 points @ 2 marks each =6 marks)*

ii) **Ways in which government might act against monopolies**

A government might act against monopolies in the following ways.

. It might prohibit takeovers or mergers between companies that would create a monopoly, or allow a takeover to go ahead only under certain conditions.

- It might appoint a commission to regulate the prices charged to consumers by the monopoly (for example prices of energy and water supply).
- The government might implement price control by setting maximum prices for the monopolist
- The government might pursue a policy to enable many firms import similar products into the country.

*(3 points @ 1 marks each =3 marks)*

b)

The economic factors include the following variables:

- **Economic growth rate** – the growth rate of an economy is measured by Gross Domestic Product (GDP) and it is the basic indicator of the general health of the economy. The increase in the GDP rate from year to year means that economic activities are expanding, and more money is being spent in an economy. This presents an opportunity for organisations to expand their business and make more profit. The reverse holds where economic growth is in decline the goods and services produced in an economy reduces largely due to reduced spending by various units including government, private sector and consumption by households. This situation is usually referred to as recession.
- **Inflation** – this refers to the general increase in the prices of goods and services. Some level of inflation is required in an economy to generate necessary demand for goods and services. Inflation becomes a threat where the rate becomes too high. What is high is relative but here in Ghana, Bank of Ghana charged with price stability has set the right inflation range at 8% +/-2% (i.e. 6% - 10%). This means inflation beyond 10% will be considered a threat to businesses since it negatively affects the purchasing power.
- **Interest rate** – this is the price or cost paid for borrowed funds/monies and it is part of cost of doing business. When interest rates are generally high the interest cost paid on debt capital becomes high and since the interest cost is fixed companies with low profits will significantly be affected negatively.
- **Fiscal policy** – this refers to the use by government of taxation and expenditure to regulate economic growth. Generally, when taxes are increased, and government expenditure reduced at the same time to balance the budget businesses get reduced cash flow for further business and goods and services of the organisation demand drops since government is one of the buyers in the economy. However, when taxes are reduced, and government increase expenditure this free up the cash flow and increase demand for goods and services of the business respectively and that is a good opportunity.
- **Budget deficit** – when government expenditure exceeds revenue it results in budget deficit which must be financed. Budget deficit is financed through borrowing from capital market (both domestic and foreign) and from central bank where money is printed for government. Borrowing from domestic capital market increases interest rates and thereby crowds out the private sector and central bank financing may fuel inflation since increase in money supply is not backed by real productivity.

*(Any 3 points well explained @ 2 marks each=6 marks)*

c) Examples of SAAS cloud applications that could be used in the finance department

- **File sharing software** (e.g. Dropbox or WeTransfer): File sharing software would allow users in the finance department to securely send large or multiple files to other users in the organisation or externally. This is especially useful if the files are too large, or too many in number, to send as attachments to email. They may also offer some protection against hacking.
- **Cloud accounting** (e.g. Xero or QuickBooks): Cloud accounting packages can be used in place of traditional accounting software, offering such benefits to a finance department as offsite storage of financial information, regular back-ups, increased security, the ability to run reports or financial statements in real time, cost savings (only pay for the features you need) and scalability (easy to upgrade to include more features or storage levels as the organisations needs change).
- **Office Suites** (e.g. Microsoft Office 365): A subscription version of office software, such as word processors, spreadsheet software and presentation software. These would be used



in place of one or more separate purchases, with the key advantage being that the software remains constantly up-to-date as updates are regularly and automatically downloaded from the cloud. Such software also often provides users with the ability to save documents to the cloud which offers the benefits of remote storage and back up.

**(Any 2 examples well explained @ 2.5 marks = 5 marks)**

**(Total: 20 marks)**

### **EXAMINER'S COMMENTS**

This question was fairly well answered by most candidates at parts (a) and (b). Many however could not answer the part (c) at all, and had very poor marks.

### **QUESTION THREE**

a) This statement describes the 'rational model' of strategic planning.

If we accept that the overall objective is to maximise the wealth of its shareholders, there are several weaknesses with the rational model.

Management is often under pressure to achieve a good performance (profits, dividends and so on) in the short term. They may therefore prefer strategies that provide good short-term results, without giving proper thought to the long-term. Good short-term results are often achieved at the expense of longer-term benefits. (For example, short-term profits can be increased by choosing not to invest in new equipment.)

- Shareholders and other stakeholders often have conflicting interests, and it is not possible to develop strategies that optimise the benefits of all groups.
- Organisations are not only to seek maximum benefits for equity shareholders but to supply high quality goods and services to customers
- Apart from seeking to maximize shareholder wealth, firms must ensure that their activities do not destroy the environment. They should therefore have plans in that direction.
- Management do not have perfect knowledge. The information available to them is limited, and their ability to absorb and understand it all is also limited. Managers therefore make strategic plans within the limits of what they know and understand. This is the concept of 'bounded rationality' in strategic planning.
- Managers may simply choose strategies that will provide results that are acceptable and 'good enough' for shareholders and other stakeholders. This is the concept of 'satisficing' (rather than 'optimising' to achieve the best results possible).

**(2 points x 2.5 marks each = 5 marks)**

b)

Hofstede suggested that there are five dimensions to differences in organisation culture arising from differences in national culture.

- Power-distance dimension: This refers to the way in which power is dispersed within the organisation. When the power-distance dimension is low, this means that inequalities in the distribution of power within the organisation are minimised. When the power-distance dimension is high, inequalities in power are regarded as acceptable and those without power look to those with the power to make the decisions for the organisation. Writing in the 1980s, Hofstede suggested that the power-distance dimension was low in countries such as Sweden and New Zealand, and high in Latin American countries and in the 'Latin' European countries such as Spain and France.

- Individualism versus collectivism dimension: In some countries the interests of the individual come before the collective interests of the group. (Hofstede gave Australia and Canada as examples). In other countries, concern for the group comes before concern for the individual. (Indonesia is an example).
- Uncertainty avoidance: This is the extent to which a group feels threatened and endangered by unexpected and unfamiliar happenings. When a culture of uncertainty avoidance is high, work behaviour such as precision and punctuality are highly esteemed. (Hofstede gave Japan and South Korea as examples.)
- Masculinity versus femininity: In some countries there is a much stronger cultural acceptance of 'feminine' qualities such as modesty, intuition and quality of life, rather than aggressive 'masculine' qualities of aggressiveness and competitiveness. Hofstede gave the US and UK as examples of 'masculine' cultures.
- Long-term orientation versus short-term orientation: In some countries, there is a greater focus on short-term goals and short-term results, whereas in other countries there is a greater willingness to consider the longer term. Short-termism is a feature of organisation culture in the US and much of Western Europe.

*(Any 4 dimensions @ 2.5 marks =10 marks)*

c)

"51% attacks" are a form of cyber-attack to which blockchain networks are susceptible.

- In such an attack a miner, or group of miners, attempt to gain majority control over the network by possessing more than 50% of the mining power, or hash rate, of the blockchain. Usually invalid transactions in a data block would be rejected by the network as consensus that the block is legitimate will not be achieved.
- However, if a miner controls more than 50% of the hash rate, that miner could begin mining privately. This means that the blocks created by this miner would not be broadcast to the rest of the network. The malicious miner would have sufficient hash rate to achieve consensus over these blocks alone.
- The outcome is that the public blockchain continues to be followed by the rest of the network, while the malicious miner works on a private, nonbroadcast blockchain. Such attacks are difficult to carry out, however the risk of such attacks is increasing

*(5 marks)*

*(Total: 20 marks)*

### **EXAMINER'S COMMENTS**

This question was very badly answered by almost all the candidates, with several of them scoring zero. Quite a number of candidates failed to answer the question.

On part (a), whilst some candidates simply wrote the question and left off, many of them rather wrote on the strategic planning process which was not what was required of them.

Relating to part (b), many of the candidates rather wrote on Charles Handy's power, role task and personal cultures when they were specifically required to discuss Hofstede's four dimensions to the differences in organizational culture.

## QUESTION FOUR

a)

The advantages of appointment of a single distributor in Ghana by Beta Equipment are:

- The large volume of business would attract a competent and resourceful distributor who would wield considerable influence in the local business community in Ghana.
- The appointment of a knowledgeable single distributor who is conversant with the local business practices, culture and marketing channels would ensure smooth handling of all marketing operations in a more professional and purposeful manner.
- The single distributor would be able to coordinate promotional efforts and exchange vital information with Beta Equipment on a continuous basis and in a purposeful manner.
- Training and marketing efforts of the retailers located in the various cities in Ghana would be coordinated in a much more effective manner.
- The single distributor would be able to maintain sufficient level of inventories as he would have a better perception of the market demand and as a result make prompt dispatches of supplies to the retailers as and when required.
- The single distributor would have high stakes in the business which would lead to greater effort and a better principal – distributor relationship.
- The logistics of exports including transportation costs would be less cumbersome and more economical.

*(Any 5 well explained points @ 2 marks each = 10 marks)*

b)

i) The components of staff appraisal are:

- Reward appraisal
- Performance appraisal
- Potential review.

**Reward appraisal** is an appraisal of what the individual's rewards should be. This may involve a discussion about what the employee's pay will be in the next 12 months, or a discussion about bonus payments or other rewards for the year just ended.

**Performance appraisal** involves an appraisal of the employee's performance since the previous performance appraisal. The focus of attention is whether or not the employee has achieved what was expected of him or her during the period. It may involve comparing the actual performance of the individual against a formal target or objective.

**Potential review** is concerned with how the individual employee has developed and with his or her potential for further career development in the future. The focus of attention is on the prospects for promotion and development, and with what might be done to improve the individual's prospects or opportunities.

All three aspects of appraisal might be dealt with in the same appraisal interview. However, it is often argued that the reward appraisal should be separated from the potential review, and possibly also the performance appraisal. If all three aspects are discussed in the same review, it is probable that the reward appraisal will dominate the conversation, possibly to the exclusion of the other two elements of the appraisal.

*(3 points @ 2 marks each =6 marks)*

ii)

The competence of an employee is his or her ability to perform at an appropriate standard. An employee is competent if he or she can perform certain tasks at a suitable level of ability. Competence might be assessed either by:

- identifying standards of competence or levels of competence, and then comparing the individual's actual performance with those standards, or by
- comparing the performance of employees with the performance of their colleagues.

Standards of competence can be established for different aspects of work. For example, some professional bodies with examination systems identify the levels of competence that they expect examination candidates to demonstrate in their examination, in order to obtain a pass mark. The required levels of competence in different subjects and topics may vary from a basic understanding (demonstrating knowledge) up to an ability to analyse and evaluate a fairly complex problem and put forward recommendations.

**Setting standards of competence** in the workplace calls for a careful analysis of jobs and the actual requirements of the job. An employee is judged competent if he or she can perform the tasks that are required to do the job to a satisfactory standard

(4 marks)

(Total: 20 marks)

### EXAMINER'S COMMENTS

Most of the candidates did very badly on this question especially part (b) although a few could fairly answer part (a). Some candidates overall scored zero on this question.

### QUESTION FIVE

a)

<b>Introduction</b>	<b>Growth</b>	<b>Maturity</b>	<b>Decline</b>
Personal identity cards using 'iris-based' technology	Smart cards (in banking)	Credit cards	Cheque books
Fifth generation (5G) mobile telephones	Online music downloads	Personal computers	Typewriters
Folding screen mobile phones	E-conferencing	SMS messaging	Postcards

(6 marks)

b)

#### *Radio*

'Basic' products have a long-life, and go through periods of regeneration. At one time, radio was expected to go into permanent decline following the arrival of television. However, it has been regenerated at various times, by factors such as radios in cars, local radio stations, digital radio and so on.

Television is another example. Whereas the specific product 'black-and-white television' is probably in decline, televisions themselves are still in the maturity phase of their life cycle, and might be regenerated more in the future by flat-screen technology, digital television and so on.

Any product identified and competently explained/discussed should be marked correct.  
(4 marks)

c)

***For suppliers***

- A marketing and sales channel available to users 24 hours a day, 7 days a week.
- Products can be sold to customers anywhere in the world, provided that there is a reliable distribution channel.
- Ability to respond immediately to customer requests.
- Customers can access up-to-date information about products on the supplier's website. Direct mailing by e-mail is cheaper and more efficient than direct mail marketing by post.
- It is cheaper to operate an on-line marketing and sales operation than to open a retail outlet
- Electronic products can be delivered immediately to customers anywhere in the world.
- It can be linked easily to a system for recording management information about sales.

***For customers***

- A convenient 24/7 method of shopping
- Easy access to a large number of potential suppliers
- Ability to shop around the best deal e.g. the lowest price
- Fast service
- Convenience of immediate delivery for electronic products

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

(Total: 20 marks)

**EXAMINER'S COMMENTS**

Performance on this question was not good enough as most of the candidates obtained very low marks.

Most candidates did badly on part (a).

Many of the candidates avoided answering part (b) and the few who did scored zero there.

Most candidates did fairly well on part (c).

**CONCLUSION**

We can attribute the weak performance to the fact that some of the candidates did not prepare well for the examinations and also neglected to study some parts of the syllabus.

**RECOMMENDATIONS**

We will renew our appeal for close collaboration between the Institute, private tuition providers and question setters/examiners in order to direct candidates in their preparations towards the examinations.

We would urge 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.

We believe that when these are done, the performance of candidates in subsequent examinations would significantly improve.