Instructions to candidates

You are allowed three hours to answer this question paper.

You are allowed 20 minutes reading time before the examination begins during which you should read the question paper and, if you wish, highlight and/or make notes on the question paper. However, you are not allowed, under any circumstances, to open the answer book and start writing or use your calculator during this reading time.

You are strongly advised to carefully read all the question requirements before attempting the question concerned (that is all parts and/or sub-questions).

ALL answers must be written in the answer book. Answers or notes written on the question paper will not be submitted for marking.

ALL QUESTIONS ARE COMPULSORY.

Section A comprises 5 questions and is on pages 2 to 4.

Section B comprises 2 questions and is on pages 6 and 7.

The list of verbs as published in the syllabus is given for reference on page 11.

Write your candidate number, the paper number and the examination subject title in the spaces provided on the front of the examination answer book. Also write your contact ID and name in the space provided in the right hand margin and seal to close.

Tick the appropriate boxes on the front of the answer book to indicate which questions you have answered.
Question One

K Company is a small but fast growing manufacturer of specialised cutting tools for the precision engineering industry located in S Country, which is home to many similar companies including the current world leader in this field. The processes involved in the manufacture of the company's products not only depend on having highly skilled workers, but also on the use of high quality specialist steel. K Company sources the specialist steel from a number of local suppliers, along with other vital component parts.

Whilst K Company has, to date, enjoyed strong demand for its products in S Country, sales are now slowing down. The company is therefore considering whether it should move into new markets since it has recently attracted a lot of interest from potential buyers of its products in other countries.

Required:
Apply Porter's Diamond to examine the possible sources of national competitive advantage that K Company may enjoy.

(Total for Question One = 10 marks)

Question Two

The increasing success of organisations which have demonstrated that strong ethical values can be a key driver of profit and competitiveness has prompted G Company to reflect on its own situation. In particular, what it can do to develop itself as an ethical organisation and build its reputation as a leading ethical company.

Required:
Explain the approaches G Company could use to help it develop as an ethical organisation.

(Total for Question Two = 10 marks)
Question Three

Management of risk is considered critical to project success. Many organisations will scale the activity of risk management so that it is commensurate with the size and complexity of the project under consideration. However, irrespective of the size of the project, it is important for an organisation to focus on identifying the key risks, if possible, and keeping unwanted outcomes to a minimum.

Required:

(a) Distinguish between project risk and project uncertainty.  

(b) Describe the ways in which risks associated with a project can be managed.  

(Total for Question Three = 10 marks)

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Question Four

When developing strategies, organisations will need to consider the objectives of different stakeholder groups. However, it is likely that the objectives of some of the stakeholder groups will be in conflict.

Required:

Describe the techniques that an organisation could use to deal with the conflicting objectives of different stakeholders when developing and implementing strategy.  

(Total for Question Four = 10 marks)

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Section A continues on page 4
Question Five

A2G Advertising Agency currently employs a range of specialist staff in order to be able to develop promotional campaigns for its clients. The agency currently undertakes all of the creative work involved in developing campaigns, as well as the business side of running a successful advertising agency. This includes buying advertisement slots on TV and advertising space in newspapers and magazines.

A number of key members of the agency's creative team have recently resigned and the agency is finding it difficult to replace them. The agency is also facing rising costs associated with running a sophisticated graphic design studio and state-of-the-art TV and film production facilities. These issues have led to the owners of A2G Advertising Agency reconsidering the way it currently does business. In particular, it is looking at the possibility of outsourcing some of the activities that are presently undertaken in-house. Although, on the face of it, it would be able to operate from smaller premises with fewer staff, the owners are speculating on whether or not it would be the right decision financially.

Required:

Discuss how Transaction Cost Theory could assist the owners of A2G Advertising Agency to decide which activities it could outsource.

(Total for Question Five = 10 marks)

(Total for Section A = 50 marks)

End of Section A

Section B starts on page 6
Question Six

The Institute of Catering Technicians is an organisation providing a wide range of professional and vocational awards for individuals wishing to work in the hospitality, tourism and leisure industry. Every three months (four times a year), the Institute holds examinations in 400 different examination centres all over the world. The Institute's exams are all paper based and the current system for examinations is both costly and time consuming. Detailed below are the different elements of the current system. The Institute has set up a project to look at the feasibility of online marking; an outline of the proposed system is also outlined below. The marking process should take no longer than four weeks to complete.

Current system

- Script answer books completed by candidates are taken from the examination room by the invigilator.
- All scripts are sent by secure courier to the Institute of Catering Technicians' Head Office.
- From Head Office the scripts are sent by secure courier to individual markers.
- Once the scripts are marked they are returned to Head Office where an arithmetic check for each script is undertaken and a selection of scripts are checked for moderation to ensure that markers have correctly applied the approved marking scheme.

Proposed system

- Script answer books completed by candidates are taken from the examination room by the invigilator.
- All scripts are sent by secure courier to the Institute's local area office where scripts will be scanned onto a computer system and allocated to markers.
- The markers will gain access to the scripts via a web based software system.
- The script is marked by the use of simple mouse movements.
- The software adds up the marks automatically which means no arithmetic script checking is required.
- The software does not allow the script to be submitted until all pages have been annotated.
- At any time the examiner can download marked scripts to undertake moderation (checking of markers' work).

The online marking project is currently in the feasibility stage. The Institute is also considering whether there are any suitable internal members of staff who could manage the project through to its successful completion.

Required:

(a) Discuss the different types of feasibility that should be included in the study to assess whether to proceed with the online marking project.

(b) Explain the skills that the successful internal member of staff should have to be appointed as project manager on the online marking project if the feasibility is accepted.

(Total for Question Six = 25 marks)
Question Seven

T Company has for many years operated as a family owned business producing gift boxes, wrapping paper and greetings cards. The company is one in which everyone knows everyone else and employees participate in some way in the day-to-day running of the business. The owner/manager, Z, is always open to new ideas from any member of staff since he feels that local knowledge is important to decision making. He encourages staff to be flexible in their roles within the company, depending on business needs.

New staff tends to be recruited locally and often follow others from their family into the company. Many of the current management positions are held by employees with no formal management training or qualifications, but who have worked their way up from junior positions within T Company. Z prides himself on knowing the names of all his staff and takes time to ask them about their families and interests. He also tries to attend the many social events the employees arrange and plays for the company's football team.

Last month Z announced that, with some regret, T Company is going to be sold to a much larger international organisation, SW Group. He explained to staff that whilst he anticipates that most employees should be able to keep their job, the acquiring organisation will have its own way of doing business. He advised staff that they will, in the future, have to accept a much more bureaucratic approach which would be quite different to how things have operated in the past. He also mentioned that the new senior management team would be appointed from within the SW Group's other companies.

SW Group has already proposed that senior managers in its other companies should act as mentors for the junior managers in T Company as part of their development and transition into the Group. Z has some reservations regarding how T Company's junior managers might view mentoring.

Required:

(a) **Compare and contrast** the way in which T Company is currently managed and how it is likely to be managed in the future, following acquisition by SW Group.

*Your answer should make reference to relevant theory.*

(15 marks)

(b) **Explain** the purpose of mentoring and how it might benefit the junior managers in T Company.

(10 marks)

(Total for Question Seven = 25 marks)

(Total for Section B = 50 marks)

End of Question Paper
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LIST OF VERBS USED IN THE QUESTION REQUIREMENTS

A list of the learning objectives and verbs that appear in the syllabus and in the question requirements for each question in this paper.

It is important that you answer the question according to the definition of the verb.

<table>
<thead>
<tr>
<th>LEARNING OBJECTIVE</th>
<th>VERBS USED</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Level 1 - KNOWLEDGE</strong></td>
<td>List</td>
<td>Make a list of</td>
</tr>
<tr>
<td>What you are expected to know.</td>
<td>State</td>
<td>Express, fully or clearly, the details or facts of</td>
</tr>
<tr>
<td></td>
<td>Define</td>
<td>Give the exact meaning of</td>
</tr>
<tr>
<td><strong>Level 2 - COMPREHENSION</strong></td>
<td>Describe</td>
<td>Communicate the key features</td>
</tr>
<tr>
<td>What you are expected to understand.</td>
<td>Distinguish</td>
<td>Highlight the differences between</td>
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<tr>
<td></td>
<td>Explain</td>
<td>Make clear or intelligible/State the meaning or purpose of</td>
</tr>
<tr>
<td></td>
<td>Identify</td>
<td>Recognise, establish or select after consideration</td>
</tr>
<tr>
<td></td>
<td>Illustrate</td>
<td>Use an example to describe or explain something</td>
</tr>
<tr>
<td><strong>Level 3 - APPLICATION</strong></td>
<td>Apply</td>
<td>Put to practical use</td>
</tr>
<tr>
<td>How you are expected to apply your knowledge.</td>
<td>Calculate</td>
<td>Ascertain or reckon mathematically</td>
</tr>
<tr>
<td></td>
<td>Demonstrate</td>
<td>Prove with certainty or to exhibit by practical means</td>
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<tr>
<td></td>
<td>Prepare</td>
<td>Make or get ready for use</td>
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<tr>
<td></td>
<td>Reconcile</td>
<td>Make or prove consistent/compatible</td>
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<tr>
<td></td>
<td>Solve</td>
<td>Find an answer to</td>
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<tr>
<td></td>
<td>Tabulate</td>
<td>Arrange in a table</td>
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<tr>
<td><strong>Level 4 - ANALYSIS</strong></td>
<td>Analyse</td>
<td>Examine in detail the structure of</td>
</tr>
<tr>
<td>How you are expected to analyse the detail of what you have learned.</td>
<td>Categorise</td>
<td>Place into a defined class or division</td>
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<tr>
<td></td>
<td>Compare and contrast</td>
<td>Show the similarities and/or differences between</td>
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<tr>
<td></td>
<td>Construct</td>
<td>Build up or compile</td>
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<td></td>
<td>Discuss</td>
<td>Examine in detail by argument</td>
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<tr>
<td></td>
<td>Interpret</td>
<td>Translate into intelligible or familiar terms</td>
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<tr>
<td></td>
<td>Prioritise</td>
<td>Place in order of priority or sequence for action</td>
</tr>
<tr>
<td></td>
<td>Produce</td>
<td>Create or bring into existence</td>
</tr>
<tr>
<td><strong>Level 5 - EVALUATION</strong></td>
<td>Advise</td>
<td>Counsel, inform or notify</td>
</tr>
<tr>
<td>How you are expected to use your learning to evaluate, make decisions or recommendations.</td>
<td>Evaluate</td>
<td>Appraise or assess the value of</td>
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<tr>
<td></td>
<td>Recommend</td>
<td>Propose a course of action</td>
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Enterprise Pillar

Management Level Paper

E2 – Enterprise Management

May 2013

Tuesday Afternoon Session