



Enterprise Pillar

Operational Level

E1 – Enterprise Operations

23 November 2010 – Tuesday Morning Session

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 will not be allowed, under any circumstances , to open the answer book and start writing or use your calculator during the 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). The requirements for questions 3 and 4 are highlighted in a dotted box.
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 10 sub-questions and is on pages 2 to 4.
Section B comprises 6 sub-questions and is on page 5.
Section C 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 examination subject title in the spaces provided on the front of the 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 the questions you have answered.

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TURN OVER

SECTION A – 20 MARKS

[You are advised to spend no longer than 36 minutes on this question]

ANSWER ALL TEN SUB-QUESTIONS

Instructions for answering Section A

The answers to the ten sub-questions in Section A should ALL be written in your answer book.

Your answers should be clearly numbered with the sub-question number and ruled off so the markers know which sub-question you are answering. **For multiple choice questions you need only write the sub-question number and the answer option you have chosen.** You do not need to start a new page for each sub-question.

Each of the sub-questions numbered from **1.1** to **1.10** inclusive, given below, has only ONE correct answer. Each is worth two marks.

Question One

1.1 Which one of the following is NOT a benefit of corporate governance?

- A** Improved access to capital markets.
- B** Stimulation of performance.
- C** Enhanced marketability of goods and services.
- D** Prevention of fraudulent claims by contractors.

(2 marks)

1.2 Corporate political activity is normally undertaken in order to

- A** secure policy preferences.
- B** make the world a better place.
- C** further an environmental agenda.
- D** understand the external drivers on an organisation.

(2 marks)

1.3 Political risk analysis is conducted by a company considering international operations and normally focuses on the

- A** world economy generally.
- B** relations between the USA, Japan and Europe.
- C** political and cultural differences between the home and target country.
- D** industrialisation of the target country.

(2 marks)

- 1.4 Efficient regulation of companies is said to exist if
- A the total benefit to the nation is greater than the total cost.
 - B there is greater integration of the world's economies.
 - C greater innovation takes place by all businesses.
 - D the effect on businesses is neutral.

(2 marks)

- 1.5 The basis of the stakeholder view is that
- A only shareholders are legitimate stakeholders.
 - B only creditors and shareholders are legitimate stakeholders.
 - C persons, groups and organisations with an interest in the organisation are stakeholders.
 - D only members that an organisation officially recognises are stakeholders.

(2 marks)

- 1.6 Which ONE of the following is **not** an approach to systems implementation?
- A Parallel running.
 - B Phased changeover.
 - C Matrix operation.
 - D Pilot testing.

(2 marks)

- 1.7 Which ONE of the following is **not** normally associated with outsourced IS solutions?
- A Ensuring contract compliance.
 - B Assembly and maintenance of a suitably skilled workforce.
 - C Preparing formal tendering documents.
 - D Invoicing, processing and payment.

(2 marks)

- 1.8 A necessary product/service requirement to meet the Japanese interpretation of 'quality' is
- A to comply with all safety standards.
 - B to cost no more than necessary.
 - C to meet a design brief.
 - D to meet customer expectations.

(2 marks)

Section A continues on the next page

TURN OVER

- 1.9 Process design can best be improved by
- A an organisational restructure to reflect functions not processes.
 - B improved checks on suppliers.
 - C adopting a strategy of continuous improvement.
 - D improved quality control.

(2 marks)

- 1.10 Collaborating with its suppliers may bring a company added value because it can
- A strike a harder bargain with its suppliers.
 - B work with a supplier to improve quality and reduce costs.
 - C avoid transaction costs.
 - D introduce price competition amongst suppliers.

(2 marks)

(Total for Section A = 20 marks)

Reminder

All answers to Section A must be written in your answer book.
Answers or notes to Section A written on the question paper will **not** be submitted for marking.

End of Section A

Section B starts on the opposite page

SECTION B – 30 MARKS

[You are advised to spend no longer than 9 minutes on each sub-question in this section]

ANSWER ALL SIX SUB-QUESTIONS IN THIS SECTION - 5 MARKS EACH.

Question Two

(a) Briefly **explain** FIVE reasons for the growth in outsourcing by organisations. (5 marks)

(b) **Describe** FIVE ways in which emerging economies have benefited as a result of foreign direct investment in their countries by multinational enterprises. (5 marks)

(c) Certain organisations have been transformed by information and communication technology (ICT). Briefly **explain** FIVE significant ICT changes using retail organisations as an example. (5 marks)

(d) **Describe** FIVE forms of waste within manufacturing organisations that lean process improvement aims to eliminate. (5 marks)

(e) “Lean” thinking was first developed with manufacturing organisations in mind. **Describe** FIVE examples of ways in which these waste elimination principles might be applied to improve efficiency in service organisations (such as hospitals and offices). (5 marks)

(f) **Describe** the key aspects of a programme to implement Total Quality Management (TQM) within a manufacturing organisation. (5 marks)

(Total for Section B = 30 marks)

End of Section B

Section C starts on the next page

TURN OVER

SECTION C – 50 MARKS

[You are advised to spend no longer than 45 minutes on each question in this section]

ANSWER *BOTH* QUESTIONS IN THIS SECTION – 25 MARKS EACH

Question Three

The country of Bigland has a democratically elected government which determines broad national policies. Local services such as education, social care and environmental services are the responsibility of the elected local government for the regions. These regions are funded by a combination of local taxes and government grants. The largest region is Middleregion, which is about to develop a new workforce strategy for its many local government employees. Recently it has received a report from its external auditor into its overall arrangements for achieving value for money. The external auditor has made three recommendations relevant to human resources (HR):

- There needs to be greater clarity over the distinctive roles carried out by both Middleregion's Human Resources Department and line managers in developing and implementing HR practices;
- A new workforce strategy is a good initiative but planning will need to take account of a changing environment and be relevant to local conditions;
- Middleregion should consider moving to more electronically-based HR processes and systems (e-HR). e-HR includes using technology to improve HR services, such as recording and monitoring systems, automating administrative tasks like recruitment, and communicating HR information on the intranet.

Required:

- (a) **Discuss** the contributions of both Middleregion's Human Resources Department and line managers in developing and then implementing HR practices. (10 marks)
- (b) **Explain**, with examples, how Middleregion should plan a new workforce strategy that takes account of a changing environment and is relevant to local conditions. (10 marks)
- (c) **Explain** the costs Middleregion should take account of when considering moving to e-HR. (5 marks)

(Total for Question Three = 25 marks)

Section C continues on the opposite page

Question Four

The DD drinks company was founded over one hundred years ago by a deeply religious family and has been recognised as being a good employer ever since. The company has a long history of supporting sporting events as part of its stated commitment to help promote healthy lifestyles. DD has a corporate social responsibility (CSR) commitment to behave ethically while helping improve the quality of life of society generally. A percentage of DD's profits are also allocated to a number of local charitable causes every year.

Using secret natural ingredients, DD has grown to become the world's leading manufacturer and distributor of non-alcoholic drinks. The company has an extremely strong brand and its drinks are sometimes sold alongside 'own brand' alternatives which it manufactures and packages on behalf of a few large supermarket chains. Own brand drinks sell more cheaply than DD branded products, are less costly to produce (they avoid expensive labelling and promotion) but sales remain low. DD spends heavily on displaying some of its ever-expanding product lines on television, normally before and after popular programmes aimed at children and teenagers. For the first time this year, DD is also spending an equal amount on online advertising. Following the pattern of its major rivals, DD has recently sought celebrity endorsements for its products. Focus group research indicated that the endorsement by a controversial rapper Mr TT would appeal to its target market segment. When this was announced there was criticism from religious and political groups because of the music's association with exploitation of females, violence and bad language. One newspaper editorial accused DD of 'endorsing immorality'. In response, DD decided not to use Mr TT in its campaigns and admitted that it had made an error of judgement in a press statement.

Now a further problem has arisen. An international health 'watchdog' body has reported that DD's products contain high levels of sugar and, if drunk excessively by children, they can lead to long term gum and tooth decay. DD has yet to respond to the report.

Required:

- (a) **Discuss** the implications of DD's activities on its ethical stance and CSR position.
(10 marks)
- (b) **Explain** the role that the basic marketing mix and branding have in DD's positioning to appeal to its target market segment.
(10 marks)
- (c) **Discuss** the likely benefits of DD's increased use of the internet for marketing purposes.
(5 marks)

(Total for Question Four = 25 marks)

(Total marks for Section C = 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.

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

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November 2010

Tuesday Morning Session