

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL THREE

BUSINESS MANAGEMENT– PAPER 11

MONDAY, 21 JUNE 2004

INSTRUCTIONS TO CANDIDATES:

1. Time allowed: **3 hours**.
2. Attempt all questions in Section **A**, any three questions from Section **B** and one question in Section **C**.
3. Section **A** has one compulsory case study question carrying 30 marks.
4. Section **B** has five questions and only three are to be attempted. Each question carries 20 marks.
5. Section **C** has two questions and only one is to be attempted. Each question carries 10 marks.
6. Please, read further instructions on the answer book.

SECTION A**Question 1****SIRONKO AIRLINES**

Sironko Airlines, the largest airline in Africa has been doing brisk business for the last 20 years. At its management forum in March this year, all did not go well. For the first time ever, the company had made losses. The Chief Executive Officer (CEO) was put to task all through the meeting. In his defence, he blamed the poor performance on political interference, employment of children and relatives of Board members, refusal to adhere to professional advice, luxurious expenditure, budgetary constraints, etc.

It was noted from the CEO's report that the Board had not sanctioned any refurbishment of the existing fleet for the last 5 years. No new plane was bought in the same period. This had cost the company business because they lost landing rights at some crucial airports due to noise pollution. On the contrary, however, Shs 3.1 billion was spent on transportation and hospitality of Board members and senior management over the same period.

Other problems included; office locations in major cities for the airline, ticketing procedures, transportation of passengers to and from the airports / hotels, customer care procedures especially handling of passengers' lost property by staff, motivation of staff etc. All these, it was realised contributed to the loss of business for the company.

"We must own this situation collectively", the Chairman pleaded. However, a new threat to Sironko Airlines' business was the small firms which had in the past one year carved a 'niche' in air transportation. Not only had they cost Sironko Airlines business, but seven of their skilled and vital staff had joined these small firms.

A new threat was also looming; employees had threatened to strike if their salaries were not paid on time. For the last four months, salaries were paid late and in instalments. So many questions were asked but solutions were elusive as everybody in the meeting shared the blame of mismanaging Sironko Airlines.

Required:

- (a) You have been hired as a management expert, advise the Board and management on the way forward for Sironko Airlines.
(10 marks)
- (b) What internal conditions are having an impact on Sironko Airlines?
(10 marks)
- (c) Identify the management skills and competencies that are lacking at Sironko Airlines.
(10 marks)

(Total 30 marks)

SECTION B

Question 2

- (a) Define goal setting. (4 marks)
 - (b) Why should an organisation set goals? (16 marks)
- (Total 20 marks)**

Question 3

Identify the key result areas of any business according to Peter F. Drucker. (20 marks)

Question 4

- (a) What is delegation? (4 marks)
 - (b) Why should a manager delegate duties to subordinates? (16 marks)
- (Total 20 marks)**

Question 5

Using relevant examples, identify and describe the factors that determine the structure of an organisation. (20 marks)

Question 6

- (a) What is leadership? (4 marks)
 - (b) Using relevant examples, identify and discuss different leadership styles. (6 marks)
 - (c) What is the importance of effective leadership in an organisation? (10 marks)
- (Total 20 marks)**

SECTION C

Question 7

- (a) What is performance appraisal? (2 marks)
 - (b) Why is performance appraisal important to an organisation? (8 marks)
- (Total 10 marks)**

Question 8

Write short notes on one of the following:

- (a) Duties of a supervisor. (10 marks)
- (b) McGregor's Theory X and Y. (10 marks)
- (c) Decision making process. (10 marks)