

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL THREE

BUSINESS MANAGEMENT– PAPER 11

WEDNESDAY, 15 DECEMBER 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

1 November 2004

RE: DILEMMA

Dear Dr. Tim,

I have not talked to you since my participation in the Annual General Meeting of 2001. I have often hoped that I might come back to visit you but my life has been one surprise after another, and I have been too busy to take vacations in recent years.

I am seeking your advice regarding a situation I encountered recently. I am confident that you will offer me some valuable advice.

I am currently, Senior Project Manager of DK Construction Company, based in Nairobi, Kenya. The company is prosperous with a reputation for producing in a timely and cost effective manner. The company's Chief Executive Officer is a Ugandan and my immediate supervisor is an American expatriate.

A month ago, we put in a bid to be the principal contractor on a project in Nigeria. Our bid was 30 million dollars. Therein was built a heavy profit. I was asked to go to Nigeria to talk to the Operations Manager of Dialla Project, the company that requested for the bids. The Operations Manager assured me that chances of winning the bid were very high. I was delighted. The job meant a lot to us. We had put a lot of planning into it, and it was the kind of work we do best.

Then came the surprise. I was told our bid had to be 33 million dollars. My response was that we could always raise our price but that I wanted to know why we were being asked to do so. The reply was "Our way of doing business requires that \$1 million goes to the Managing Director, Dialla Project; I will get \$1 million and \$1 million to the Accountant who will handle the whole stuff!! Why me? I asked. Because we need to have you on the hook as an assurance that you will never reveal this to anybody else.

I was disturbed because I have always heard of cases such as this. Should the bidder fail to co-operate, physical harm might be part of the exchange. I am particularly not happy by the level of coercion because I get phone calls over this issue at regular intervals. I really do not know what to do but I need your advice.

Yours sincerely,

Goodwill Mutema

GOODWILL MUTEMA

Required:

- (a) Identify the ethical issues raised in this letter.
(6 marks)
 - (b) What factors influence such unethical behaviour in organisations?
(12 marks)
 - (c) Suggest methods through which unethical behaviour can be addressed in organisations.
(12 marks)
- (Total 30 marks)**

SECTION B

Question 2

- (a) Explain the term “strategic management”?
(5 marks)
 - (b) Identify five interrelated managerial tasks of strategic making / implementing process.
(15 marks)
- (Total 20 marks)**

Question 3

“NGK Ltd is a company dealing in the supply of packaged foods like pizzas, fried chicken, roast “Muchomo”, etc... together with soft drinks”.
Identify ten stakeholders of NGK Ltd and give their interests in the company.
(20 marks)

Question 4

- (a) What is decision making?
(4 marks)
 - (b) Using illustrations, distinguish between programmed and non-programmed decisions.
(16 marks)
- (Total 20 marks)**

Question 5

- (a) Differentiate between training and development.
(4 marks)
 - (b) Explain the two major ways of training used in organisations.
(8 marks)
 - (c) Describe the methods used by managers to identify training needs of individuals in an organisation.
(8 marks)
- (Total 20 marks)**

Question 6

- (a) Why should companies advertise their products? (5 marks)
 - (b) Identify and discuss the media choices available for advertising in Uganda. (15 marks)
- (Total 20marks)**

SECTION C

Question 7

- (a) Define Negotiation. (2 marks)
 - (b) Describe the necessary steps used in the process of negotiation. (8 marks)
- (Total 10 marks)**

Question 8

Write short notes on one of the following:

- (a) The role of meetings and committees. (10 marks)
- (b) Herzberg's Theory of motivation. (10 marks)
- (c) Communication process. (10 marks)