

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL THREE

BUSINESS MANAGEMENT– PAPER 11

WEDNESDAY, 22 JUNE 2005

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

DIKA & SONS LTD

Dika & Sons Ltd. own chain stores in 15 districts of Uganda and have been in the same business for the last 20 years. Their success story in supplying items for domestic use is unrivalled. For the past one year, however, employee turnover has doubled. Some of their best-trained staff have joined their business rivals, which is causing worry. The Board has, therefore, hired a consultant to study and advise on the situation. At a meeting of the Board and all senior staff, the consultant, Mr. Mawe made the following presentation;

“Dika & Sons Ltd.’s performance appraisal system should be revised to become more scientific and pragmatic. The current system is limited in scope, in that, it does not fully bring out the person being appraised. The system lacks feedback mechanisms and some appraising officers do not take the exercise seriously.

Some departments do not bother to have an annual evaluation exercise of their employees resulting in retaining people who, otherwise, should not have been retained, because of their poor performance. Hardworking, honest and deserving officers are not always recognized and adequately rewarded for their efforts.

There is no system of identifying the ‘super performers’ from the rest when it comes to recognition and rewards. When someone who does not deserve to be rewarded is rewarded at the expense of those who genuinely deserve to be rewarded, the consequences are quite obvious, loss of morale and faith.”

Mr. Mawa therefore suggested a performance appraisal system based on job descriptions and performance targets which would assist the supervisors to find out if the individuals being appraised had achieved the targets or not under the period under review. This, he said, would provide a more conducive working environment for the workers.

He added, “I strongly suggest that you adopt a system which will ensure that the employee has some feedback on how he/she fares during the review period. By adopting an open system, objectivity and fairness would be enhanced at the expense of subjectivity”.

Required:

- (a) What is performance appraisal?
(4 marks)
- (b) What is wrong with the appraisal system at Dika and Sons Ltd?
(8 marks)
- (c) Suggest steps that should be undertaken to rectify the situation at Dika and Sons Ltd?
(8 marks)

- (d) What are the underlying principles of performance appraisal in an organization?

(10 marks)
(Total 30 marks)

SECTION B

Question 2

- (a) Identify the causes of poor industrial relations in organizations.
(10 marks)
- (b) Suggest remedies to poor industrial relations in organizations.
(10 marks)

(Total 20 marks)

Question 3

The Institute of Certified Public Accountants of Uganda (ICPAU) is seeking to recruit an Accounts Assistant. You have been approached as an expert in management to prepare an advertisement, which will be posted in the National daily.

Required:

Prepare an advertisement for an Accounts Assistant with all the details necessary for the prospective employee.

(20 marks)

Question 4

What are the principles that a manager and subordinate must follow to ensure good practice in delegation?

(20 marks)

Question 5

Identify and discuss the objectives of the marketing department in an organization?

(20 marks)

Question 6

- (a) What is communication?
(4 marks)
- (b) How does communication assist the manager to fulfill his / her role?
(8 marks)
- (c) Using examples, identify and describe four methods of communication used in organizations.
(8 marks)

(Total 20 Marks)

SECTION C

Question 7

- (a) Identify four broad hierarchical levels that distinguish staff in an organization.

(4 marks)

- (b) What are the roles attached to the supervisory level in the organization?

(6 marks)

(Total 10 marks)

Question 8

Write short notes on any one of the following:

- (a) Theory Z. **(10 marks)**

- (b) Selection Interview. **(10 marks)**

- (c) Income Statement (Profit & Loss Account). **(10 marks)**