

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL THREE

BUSINESS MANAGEMENT– PAPER 11

WEDNESDAY, 21 JUNE 2006

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
MAAMA & COMPANY LTD

Question 1

Maama & Company train mothers in childhood nutrition. They have been in this business for the last 30 years. The company has been doing well until recently when their performance dropped from about 95% national coverage to about 85%.

This poor performance is attributed to a number of factors. They have had four Chief Executive Officers (CEOs) in the last six years. Two of these resigned citing disagreements with the Board of directors on strategy implementation. The Board is composed of elderly people who are too conservative to accept new innovations. The other two CEOs left for 'greener pastures' joining other companies where they are remunerated better.

The workers have cause to worry. Some are unhappy with the frequent management changes. Each CEO comes with his/her policies and style of leadership, salaries are at times not paid on time, work schedules are not always adhered to and quite often company property is misused. Consequently a number of enterprising middle level managers have resigned and left the company. Some junior employees are planning to stage a strike.

The current CEO, who joined the company five months ago, is a laissez-faire style leader. His main area of concern is infrastructural renovation and development. He argues that the company needs to motivate its staff by providing a conducive atmosphere at work. There are, however, some managers who disagree with him. Their argument is that workers need to be remunerated better and supervised more to produce results. They believe that staff are not doing their best because they are not adequately paid and are spending time finding other ways 'to make ends meet'. They further argue that the CEO is too lenient with those staff that are not pulling their weight. The management team is, therefore, divided, with one group advocating better remuneration with more strict supervision while the CEO believes that workers should be allowed more say in the management of the company.

The shareholders, too, are not happy with the company's state of affairs. In their most recent meeting, they charged the current CEO with the responsibility of implementing management best practices and motivating staff in order to reverse the declining trends in the organisation.

Required:

- (a) Identify the management problems Maama & Company are facing. (5 marks)
 - (b) What solutions can you prescribe for Maama & Company's problems? (10 marks)
 - (c) Identify the different leadership styles and how they are used in an organisation. (15 marks)
- (Total 30 marks)**

SECTION B

Question 2

- (a) Define training? (2 marks)
- (b) Identify the benefits of training staff in an organization: (18 marks)
- (Total 20 marks)

Question 3

Identify and discuss the basic human resource management functions in an organisation. (20 marks)

Question 4

- (a) Define employee counselling? (4 marks)
- (b) Explain the reasons for employee counselling. (16 marks)
- (Total 20 marks)

Question 5

- (a) What methods of communication are available to a manager in an organisation? (10 marks)
- (b) What are the advantages and limitations of each of these methods? (10 marks)
- (Total 20 marks)

Question 6

- (a) Define power? (2 marks)
- (b) Using French & Raven, identify and explain the sources of power. (18 marks)
- (Total 20 marks)

SECTION C

Question 7

What factors make a manager a good leader in an organisation? (10 marks)

Question 8

Write short notes on any **one** of the following:

- (i) Stages of a Project. (10 marks)
- (ii) Fayol's Principles of Management (10 marks)
- (iii) Contents of an Appointment letter (10 marks)