

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

BUSINESS MANAGEMENT - PAPER 4

JUNE 2000

INSTRUCTIONS TO CANDIDATES

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

SECTION A

Question 1

FAITH REFORMATION CENTER

Faith Reformation Center is an NGO run by an Impigi based Pentecostal Church, The Faith Center. Faith Reformation Center probably does a better job with street children than anyone else. Its mission is to "convert outcasts into citizens who are productive and able to add value to society".

Faith Reformation Center, through its parent Church, The Faith Center, recently completed their major project of constructing a multi storied classroom structure at their premises on Seguku Hill near Kampala. The structure is intended to accommodate a full double-class primary school whose major clients will be street children and children of the peasant community of Seguku village. The structure, estimated to have cost nearly Shs. 800M has been constructed debt-free; all costs having been met by contributions from Faith Center church members. This structure, 100% complete with modern school facilities, was officially opened by the Minister of Education on February 15th 2000.

On reaching the site, the Hon. Minister was amazed by the structure and more so with the source of funding. He exclaimed, "How does the Pastor of this Church motivate his congregation and workers to make such a great achievement and reputation?"

While addressing the congregation and the guests on that day, the Pastor of the Faith Center, Dr. Geno Were said, "The key to an organization's success lies in its vision, mission and purpose, and its members being focused on these three pillars. The Faith Reformation Center under the Faith Center Church enjoys an advantage over many Non Government Organizations in this country in that the cause we represent-that is homelessness-is one that inherently attracts support. People really do want to help. They are concerned. It is just that they do not know what to do or many times they have been disappointed by their leaders. The motivation of the members of this Church and employees stems from the integrity of leadership and the members involvement in running the organization. The key strengths of the Faith Center lie in its adherence to its mission and its commitment to members. When the Church membership at every level are involved in decision-making and planning, it gives them a sense of ownership. They are more productive than members who are just told what to do. Even allowing the ushers to decide what to use for cleaning the church floor and deciding on the sitting arrangements on a Sunday service gives them a sense of involvement. The church's organization structure also helps to motivate members and workers.

Through a hierarchical structure, the church encourages feed back from the lower levels. Here the congregation in annual general meetings determine the annual and or long-term agenda and the church leadership at various levels determine their levels' agenda that fit with the Church's overall agenda. The agendas are then implemented. Members of this Church are also motivated by emphasis on goal setting both for the church and at personal levels so that as the church or church project progresses, individual members also grow. When goals are met, members are recognized for their achievement. Here we put more emphasis on results other than the process. This makes members feel that they are making a major contribution. Here we recognize that church members and workers are people but not drones. We do all these to improve our members' performance".

REQUIRED:

- (a) How does Faith Center Church motivate its members and workers?

(6 Marks).

- (b) Compare the management style at Faith Center Church with the principle of Management by Objectives.

(10 Marks)

- (c) What is motivation and motivators?

(4 Marks)

(TOTAL 20 MARKS)

Question 2

MAJI MOTO MILLERS

Maji Moto Millers is a large grains milling company in Iganga District. The company employs more than 300 people both at its processing plant in Iganga town and on its logistics network. Their major customers are military units and schools in the region. The business is located in Iganga simply because it is the largest producer of maize grains. Other grains processed and distributed by the company like millet and sorghum are also in plenty in Eastern Uganda although not necessarily in Iganga District.

The Chairman and Managing Director of the company is Al Haji Maji Moto. The business career of Maji Moto started in the 1960s by selling charcoal and charcoal stoves in Iganga town. Because of persistence and hard work Maji Moto grew in business over a period of time. The business ran as a sole proprietorship until 1980 when it was incorporated as a Private Limited Company. The major business at the time of registration was buying and selling of unprocessed produce. In 1989, Maji Moto acquired a milling machine and started producing flour for distribution to schools and colleges in the area. Since then the Maji Moto Millers have been growing from strength to strength.

From early 1999, however, MMM has been having a number of management problems. The workers have been complaining that they are underpaid in relation to the volume of work they do. As if the underpayment is not enough, to-date they have not been paid for April and May 2000. This is not because the company has no money but because Maji Moto believes that since this is a harvest season when the grains are cheap, the company should concentrate on stocking the grains. He says workers will be paid latter. A similar treatment was experienced by the workers twice in 1999 during the two harvest seasons.

Earlier in January 2000, there was a fundraising in Bukoli County aimed at raising money for drilling boreholes to be able to avert severe water shortage that normally hits the place during dry seasons. The General Manager of MMM requested the MD to approve a donation to the community to the tune of Shs. 100,000 to meet the boreholes drilling costs. In response, Maji Moto turned down the request with the reason that there is nothing MMM gets from the community free. "The grains we process and distribute we just buy" he said. "Just as MMM carries its own burden, let the community carry its own burden", he added. As a result of this very unkind response, the community has threatened not to sell their grains to MMM next season.

Perhaps the biggest problem the company has now is with Uganda Revenue Authority. Maji Moto's accounting policy is to show no profits every year for the purpose of evading tax. His accountants must comply with this or they risk losing their jobs. URA became very suspicious and sent to MMM a team of auditors to assess the profitability of the company and make tax assessment accordingly. The result of this audit at the end of April 2000 was the issue of an estimated tax assessment of Shs. 375M. This was considered to be tax arrears for the last four years. The company has also been issued with a notice that if the tax liability is not settled by the end of June 2000, the Tax Authorities would close the business and auction its assets.

MMM's procurement policy includes moving deep in the villages collecting maize grains from farmers with promise that they come to collect money from their offices in Iganga Town. There are two major problems farmers have had with MMM. MMM's weighing scales are believed to be highly defective against the farmers. On top of this if a farmer allows his grains on credit, that farmer will have to go the MMM offices many times before being paid. This treatment has grossly discouraged farmers from dealing with MMM.

REQUIRED:

- (a) Identify from the text above four interest groups associated with Maji Moto Millers.
(4 Marks)
- (b) Briefly explain the expectations of these interest groups from MMM in a normal business relationship and how the expectations are being met.
(4 Marks)
- (c) Explain the likely conduct of MMM's employees in the light of the treatment explained in the text.
(4 Marks)
- (d) What advise would you give to Maji Moto to enable his business to continue and grow?
(8 Marks)

(TOTAL 20 MARKS)

SECTION B

Question 3.

What do you understand by “product life cycle”? What are the features or consequences of the various stages of the product life cycle?

(20 Marks)

Question 4.

What are the basic steps in the control process? Identify and explain the key considerations in each step.

(20 Marks)

Question 5.

Identify and briefly describe the “Principles of Management” as put forth by Henri Fayol.

(20 Marks)

Question 6.

Although contributions to Management Developments started as early as the beginning of the 20th Century, a search for modern approaches to management intensified during the last quarter of the Century.

- (a) Identify the key world developments that prompted the search for modern approaches to management in the last twenty five years.

(8 Marks)

- (b) What key management issues have been identified by the modern exponents of management theory in the last decade?

(12 Marks)

Question 7.

Identify the factors that have contributed to poor women representations at management levels in most organizations. What possible actions can be taken at an organizational level to alleviate this problem?

(20 Marks)