

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

BUSINESS MANAGEMENT – PAPER 4

DECEMBER 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

KAZIRO INVESTMENTS LIMITED

Kaziro Investments Limited is a manufacturing company based in Kampala's Industrial Area. It is engaged in the manufacture and distribution of inexpensive shoe polish mainly from local materials using cheap indigenous semi-skilled labour.

The Managing Director, Mr. Alpha Kaziro, is 64 years and intends to retire next year and leave the management of the company to his son, Omega Kappo, who has just returned from a six months' course at Uganda Management Institute in Industrial Psychology.

Mr. Kappo has been appointed General Manager (GM) until next year when he takes over as Managing Director.

As GM, Mr. Kappo has introduced sweeping changes aimed at increasing productivity and efficiency. All changes take immediate effect. Mr. Kappo believes there is no need to give explanations to staff since the changes do not affect their salaries.

Through an informal grouping a number of workers have had a series of meetings usually during the lunch break, concerning the changes recently introduced and other issues affecting their welfare. A foreman, called Beta, has suggested that the main reason for the changes is to exploit the workers because "many of us will definitely lose our jobs because of the GM's selfish interests". Beta is generally respected among his peers and now workers treat the changes with suspicion. In one of the informal gatherings, the members appointed what they called "the gang of three (GOT)" to work out what they called 'the way forward'.

GOT members, Tom, Dick and Harry have proposed measures aimed at resisting the changes and secretly sabotaging the operations of the GM.

It is now four months since the GM effected the changes but both efficiency and productivity are reportedly going down.

Required

- a) Why do you think the workers resisted the changes? **(5 Marks)**
- b) What should Mr. Kappo have done to minimise the negative reaction to the changes by the workers? **(5 Marks)**
- c) What are informal groups? **(5 Marks)**
- d) Are informal groups necessarily bad in organisations? **(5 Marks)**

(Total 20 Marks)

Question 2

SHIRTS BOUTIQUE (U) LIMITED

Mrs Alice Chantale, General Manager (GM) of *Shirts Boutique (U) Limited* understands the importance of keeping employees informed about the economic problems of the company. She also believes in teamwork and working through management committees.

Shirts Boutique (U) Ltd is the sole distributor of *Chemise* shirts in Uganda. The company is currently in a difficult situation. It is facing stiff competition from cheap imports from Hongkong and Pakistan. At the same time the Uganda shilling has been depreciating against the United states dollar and the company imports the shirts from France in dollars and sells them locally in shillings.

Mrs Chantale communicates either through circulars '*From the GM's Desk*' or meetings. The established protocol for the meetings requires that all attending personnel be seated prior to the scheduled time and that they stand up when the GM enters the room and remain standing until told to be seated again.

It is 5.30 PM on Friday November 24, 2000. Mrs Chantale enters the boardroom to begin a meeting with heads of department. She nods her head to indicate that all may be seated.

'I have called you here to explain to you our dire economic situation and to show my dissatisfaction at the pace of the '*Business Restructuring Committee*' that has had a series of meetings for the last two weeks and still has nothing to show for all that cost. We are face to face with a monster and I want you all to pull up your socks so we can meet the challenges. Some of you are riding on the back of others'.

Following her opening remarks, Mrs Chantale glared at every one in the room as though she was daring them to speak. No one spoke, as all knew that any expression of opinion would be classified as negative thinking by the GM.

I am now giving the committee only one more week to come up with their recommendations. And these must be reasonable recommendations. We all must work as a team. You are the leaders. You know what our goals are and you know what our problems are. Remember we are one big happy family.' She concluded and all rose and stood by their chairs while she gathered her papers and left the room through the connecting door to her office.

Required

- a) What is communication? **(2 Marks)**
- b) What was the purpose of the meeting? **(2 Marks)**
- c) What factors caused a communication barrier in this case? **(3 Marks)**
- d) Advise Mrs. Chantale on how to conduct the meeting better. **(3 Marks)**
- e) Outline the benefits and disadvantages of committees in organisations. **(10 Marks)**

(Total 20 Marks)

SECTION B

Question 3

- a) What is social responsibility? **(4 Marks)**
- b) Discuss the arguments for and against social responsibility.
(16 Marks)
(Total 20 Marks)

Question 4

- a) Name four (4) elements of the marketing mix. **(4 Marks)**
- b) Write short notes on each of these elements **(16 Marks)**
(Total 20 Marks)

Question 5

- a) List down the major steps in the decision making process.
Outline the key considerations in each step. **(10 Marks)**
- b) Outline the main features of bureaucracy as put forward by Max Weber.
(10 Marks)
(Total 20 Marks)

Question 6

- a) What is delegation? **(2 Marks)**
- b) What factors influence a manager's decision to delegate work to subordinates? **(8 Marks)**
- c) What do you consider to be the main barriers to delegation?
(10 Marks)
(Total 20 Marks)

Question 7

- a) What are 'quality circles'? **(6 Marks)**
- b) What are 'Just-in-time' (JIT) systems? **(6 Marks)**
- c) Why is it necessary for organisations to get ISO 9000 certification?
(8 Marks)
(Total 20 Marks)