

# **THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD**

*A Committee of the Council of ICPAU*

## **CPA(U) EXAMINATIONS**

### **LEVEL ONE**

#### **BUSINESS MANAGEMENT – PAPER 4**

**TUESDAY, 17 JUNE 2003**

#### **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 case study 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.

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## SECTION A

### Question 1

#### **VARSAITY CLEANING COMPANY LIMITED**

Varsity Cleaning Company Ltd (VCCL) is a well-established cleaning company. It cleans over 200 offices in Kampala City. It owns five trucks and many other types of equipment such as vacuum cleaners, hovers, and scrubbers. It was started ten years ago by a young man called Joe Galikuwa. At that time Joe was a student at Makerere University.

Joe Galikuwa started by cleaning a few restaurants in Wandegeya, a city suburb near Makerere University, until his business developed the capacity to clean bigger offices and departmental stores.

Gwao bin Ifuti has been appointed General Manager of VCCL. He is a fresh graduate of Makerere University and a young man of 23 years. The staff of the company is made up of three administrative staff, that is, the General Manager, the Accountant and the Administrator. The rest of the employees are cleaners. The cleaning is done at night when the offices and restaurants are closed. The majority of these cleaners are university students who need the money either for tuition fees or to improve their standards of living. The new General Manager worked as a cleaner in the same company when he was still a student at the university.

The biggest challenge to Gwao bin Ifuti is that, as a manager, he so far has failed to exert adequate power over his subordinates. He comes from a humble background and most of the employees used to clean with him before he graduated. In fact they used to admire his speed while using a vacuum cleaner and they used to call him 'expert'.

The owner of the company is a very busy man. He has started a similar cleaning company in Nairobi, Kenya. He spends most of the time running the Nairobi company and has delegated the running of the Kampala company to Ifuti. Mr. Galikuwa's desire is to maintain the existing clients and acquire more clients in the growing city.

#### **Required:**

- (a) Identify five business challenges faced by Gwao bin Ifuti. (5 marks)
- (b) What sources of power can Gwao use to exert his influence on the staff of Varsity Cleaning Company Limited? (15 marks)

(Total 25 marks)

**Question 2**

**DIG IN RESTAURANT**

Jansen is a middle aged Ugandan with a humble background. He was born in a rural village called Lukoge in Luweero District. He started his education in a rural school called Sempa Primary School. Through hard work, he managed to pursue his studies up to Makerere University where he graduated with a degree in Economics. His excellent performance at Makerere University earned him a scholarship to Regis University, Denver, Colorado, USA, where he obtained a Master of Business Administration (MBA). While a student in the USA, he worked as a night manager in a MacDonald restaurant.

Last year Jansen came back to Uganda and started a restaurant called 'Dig In'. The starting capital was from the savings he made at Regis University. Dig In is located at Garden City, a shopping centre in Kampala. The restaurant is generally well maintained and neat.

Jansen has a good job in town but he is still used to his routine in America of working well past mid night. So, from his work place, he goes to the restaurant to do some supervision everyday. He has hired a middle-aged lady, who had previously worked for one of the big hotels in Kampala, as the manager. He also recruited five young ladies as waitresses.

On the evening of Friday 14 February 2003, Jansen went to the restaurant with his wife. The place was extremely busy and the waitresses were overwhelmed by the workload. The manager retained her seat in the office, indifferent to the unusually large turn up of customers. It was busier than usual because it was Valentine's Day. Service was slow and clearly some patrons were unhappy. Jansen realized this and decided to participate in serving customers. He went round apologizing to customers for the delays and assuring them that it would not happen again. His wife joined him. When the manager realized that her boss was busy working, fearing for her job she left her desk and also joined them. In a few minutes the pace of service was back to normal.

Jansen has since sold shares in the business to the employees of Dig In. This was after a brain storming session with them. He believes this will increase staff morale. "We are different but we share a common goal. We are all supposed to be loyal to Dig In. I hope we all enjoy working together," he told them. Dig In has since improved its quality of service. Employees are now one happy team.

**Required:**

- (a) Identify the stages of developing a team. **(10 marks)**
- (b) Discuss the behavioural characteristics of the employees and management of Dig In Restaurant that may have contributed to improved service quality. **(10 marks)**

**(Total 20 marks)**

**SECTION B**

**Question 3**

- (a) Explain the performance appraisal process. (6 marks)
  - (b) Explain seven reasons for an employee performance appraisal in a contemporary organization. (14 marks)
- (Total 20 marks)**

**Question 4**

CottonRich, a multinational company dealing in textiles, is opening up a new business in Jinja, Uganda.

**Required:**

- (a) List five objectives of such a business. (5 marks)
  - (b) Identify the stakeholders of such a business in Uganda. (5 marks)
  - (c) Explain the external environment affecting such a company in Uganda. (10 marks)
- (Total 20 marks)**

**Question 5**

- (a) Explain the difference between employee training and development. (5 marks)
  - (b) Describe on-the-job and off-the-job methods managers can use in Management Development Programmes. (15 marks)
- (Total 20 marks)**

**Question 6**

- (a) Explain the term functional organization structure. (10 marks)
  - (b) Give three advantages and three disadvantages of functional organization structures. (10 marks)
- (Total 20 marks)**

**Question 7**

- (a) Explain five features of committees in a formal organization. (10 marks)
  - (b) Discuss the advantages and disadvantages of committees in a formal organization. (10 marks)
- (Total 20 marks)**