

INSTITUTE OF CERTIFIED PUBLIC
ACCOUNTANTS OF UGANDA

BUSINESS MANAGEMENT - PAPER 4

DEC. 1997

INSTRUCTIONS TO CANDIDATES

Time allowed: 3 hours

Attempt all questions in Section A and any three questions from Section B

Section A has two compulsory questions each carrying 20 marks

Section B has five questions and only three are to be attempted. Each question carries 20 marks

Please read further instructions on the answer book

SECTION A

Answer both questions

Question 1

Robert joined the All Weather Bank as a banking assistant 12 years ago. He was a very enthusiastic young worker on and earned promotions to the top of his grade in only 3 years - half the usual time.

The All Weather Bank sent him to the local university for further studies in Management and Banking. After 3 years, he returned and was promoted to Assistant Manager for a year and then full manager of a branch soon after. Robert, still a bachelor, continued his pitch of good performance. Then he asked the Bank for a contribution towards his church marriage of 2 million shillings (40% of the Budget). The Chief Manager Personnel reluctantly recommended Shs. 300,000 = as this seemed more of a private affair.

Two years after marriage, Robert started putting up a house in his home town, estimated at Shs. 25M/=. He asked for Shs.6M/= advance on his salary and suggested it be deducted over a year to enable him to roof his private house. The MD of All Weather Bank is disgusted with Robert, despite his excellent office performance. The terms and conditions of service do not provide for such "huge private financial commitments". Robert, has even gone further! He applied for membership at the local leisure club, whose bill of Shs.200,000 annual fee he wants the Bank to pay. On further enquiries, Robert no longer works overtime at weekends as he attends local council meetings of his village. The MD recently remarked "This Branch Manager, Robert, seems to have insatiable needs, and we could be risking our Bank secrets if we pay for the leisure club where some of our competitors drink. We cannot fully utilise him with these L/C meetings of his. He even forgets all his achievements are as a result of sacrifices of All Weather Bank. You recall how we sponsored him at the campus? It may be high time we shopped around for a cheaper manager in the market".

Required:

- (i) Explain the Maslow's hierarchy of needs. (4 marks)
- (ii) From the case above discuss the cause a potential conflict between Robert's goals and those of the bank. (8 marks)
- (iii) Suggest ways of amicably resolving the conflict discussed in (ii) above. (8 marks)

Question 2

Dominion Investment Limited (DIL) is a company whose major business is to purchase, process and export hides and skins. The firm has three regional offices in Kumi, Moyo and Mbarara. The head office is in Kampala.

DIL has a divisionalised organisation structure. The managers of the divisions have been specifically trained in the principles of delegation. Managerial goals and duties at the divisions are clearly defined.

Mrs Eresi P'Otaro, the Managing Director of DIL, is an MBA graduate from Harvard Business School in the U.S.A. She is the wife of the DIL proprietor, Mr Wilson P'Otaro. Apart from the MD, all the other managerial staff of the firm are Ugandans who received their training from local institutions of higher learning.

Although DIL is a divisionalised organisation, Mrs Eresi P'Otaro feels that the locally trained managers are ill equipped to handle business decisions on their own. She has therefore reserved decision making on a number of issues to herself.

This attitude has not only made management at the divisions difficult but has also made the delegation in the company difficult. In June 1997, Mr Christopher Obbo, a qualified accountant resigned from being a manager of Kumi Division because he could no longer bear the Managing Director's attitude towards Ugandan trained managers.

Required:

- (a) Identify personal attitudes you would associate with Mrs Eresi P'Otaro which is making effective delegation difficult.

(10 marks)

- (b) Suggest guidelines to the Managing Director which would improve delegation in the Company.

(10 marks)

SECTION B

- Question 3 Define the term "span of management". What factors determine an effective span of management? (20 marks)
- Question 4 "Previously, for almost the last half century, we have looked at America and Europe for good management and industrial practice. However, in the last decade or so, more attention seems to be shifting and focusing on Japan for good management practice".
Explain the theory and approach to management as practised by the Japanese and show why it has been more successful than the traditional practices in USA and Europe. (20 marks)
- Question 5 What do you understand by production management? What is the job of a production manager in a modern manufacturing firm? (20 marks)
- Question 6 a) As a Human Resource Manager of your organisation explain any five methods/techniques you would use to evaluate the performance of your subordinates. (8 marks)
b) Discuss any five potential problems you may encounter while you seek to make the performance evaluation process free from personal biases and prejudices. How would you overcome these problems? (12 marks)
- Question 7 a) What do you understand by delegation of authority? Is there any need to delegate? (10 marks)
b) Briefly explain the underlying principles of delegation (10 marks)