

**STRICTLY CONFIDENTIAL**

**THE PUBLIC ACCOUNTANTS EXAMINATION**  
**COUNCIL OF MALAWI**

**2011 EXAMINATIONS**

**ACCOUNTING TECHNICIAN PROGRAMME**

**PAPER TC 11: MANAGEMENT**

**(DECEMBER 2011 )**

**TIME ALLOWED: 3 HOURS**

**SUGGESTED SOLUTIONS**

1. (a) Management can be defined in several ways as follows:

- The process of deciding what should be done and getting it done through other people.
- The process of working with and through others to get things done.
- To manage is to forecast and plan, to organize, to coordinate, to command and to control.
- A social process consisting of planning, control, coordination and motivation.
- A process that enables organizations to set and achieve their objectives by planning, organizing and controlling their resources.

(b) The roles of management according to Henry Mintzberg are as follows:

(i) Informational role.

It comprises several key roles as follows:

- Monitor  
Managers seek, receive and store information that can be used to the advantage of the company.
- Disseminator  
The manager broadcasts useful information to the organization.
- Spokesperson  
On behalf of the organization the manager communicates information to other relevant groups and bodies both internal and external.

(ii) Decision-making role

It is composed of the following key roles:

- Entrepreneur  
Looks for the ways to improve the operation of the organization or for new product/market opportunities.
- Disturbance – handler  
Managers are expected to manage crises effectively.
- Resource allocator  
Managers are responsible for constructing budgets and allocating resources.
- Negotiator  
Managers spend part of their time as negotiators because it is only they have the necessary information and authority to carry out this role.

## (iii) Interpersonal role

It comprises the following key roles:

- Figurehead  
The manager is the formal representative of the organization.
- Liaison  
The manager is expected to form connections with other organizations.
- Leader  
The manager is a leader in relation to members of a group within the organization.

## (c) Functions of management

- Planning: Deciding in advance what is to be achieved as well as strategies to be used. The questions to be answered are as follows:
  - What must be done?
  - Why must it be done?
  - How must it be done?
  - Who must do it?
  - Where must it be done?
  - When must it be done?
- Organising: Dividing up the work, assigning tasks to people and allocating resources for the complementation of various tasks.
- Directing: Leading and inspiring employees so that their efforts and behavior are geared towards the achievement of a common goal or purpose.
- Controlling: Monitoring performance and managing deviations.

## 2. (a) The workforce can be motivated to work harder and better through the following ways:

- Training  
It raises employee's confidence and esteem.
- Performance appraisal  
Employees know their targets and how they are progressing on their work.
- Team building  
Team spirit creates a conducive and supportive environment.

- Effective communication  
Ensures common understanding to avoid conflicts and promote mutual trust.
- Delegation  
Shows that the manager cares for, and trusts employees.
- Job enrichment  
Increases challenges in the job
- Job enlargement  
Reduces repetitiveness and related monotony and boredom of the job.
- Job rotation  
Reduces monotony and increase diversity of tasks.
- Showing keen interest in the employee and the job  
Promotes employee esteem whereby employees feel they are valued and important to the organization.
- Clear goals  
Encourage team spirit and unity of direction and common understanding.

(b) Two differences between motivators and hygiene factors according to Fredrick Herzberg are as follows:

- Motivators can bring about positive motivation and job satisfaction whereas hygiene factors cannot motivate people whatever the amount as they only serve to reduce job dissatisfaction.
- Motivators are intrinsic factors of motivation whereas hygiene factors are extrinsic factors of motivation.

(c) Criticisms against Fredrick Herzberg's Two – Factor Theory of motivation are as follows:

- It wrongly believes that motivators and hygiene factors are mutually exclusive

Today these two sets of factors are mutually inclusive whereby motivators can sometimes become hygiene factors to some individuals and vice versa.

- The motivators of Herzberg are biased against shopfloor workers since are they applicable to top managers only.

It fails to address motivational needs of lower level employees.

- The theory is not supported by genuine research findings as two – question research methodology adopted by the theory naturally leads to Two – Factor theory.
- The theory generalizes the findings based upon the interviews of a small number of accountants and engineers to all types of workers globally.

3. (a) A leader can be guided to choose appropriate leadership style for particular situation by the following factors:

- **Type of subordinates**  
If the subordinates do not possess the necessary skills and attitudes to perform a given task, are lazy and do not exercise initiative, authoritarian leadership style backed by Theory X is appropriate. Democratic leadership style could be appropriate if the subordinates are diligent, committed and possess the necessary skills to perform a given task.
- **Corporate culture**  
Democratic leadership style is appropriate, legitimate and acceptable when corporate culture is people oriented and the opposite is true when corporate culture is task - oriented.
- **The leader himself/herself**  
When the leader believes that they have the highest level of knowledge and skills for a particular task than anybody else in the team, consulting such people for ideas on task performance would be a waste of time hence authoritarian leadership style could be appropriate. The opposite is true when the leader has less knowledge and skills for a particular task than some members in the group as he/she would rely on them to get the job done.
- **Economic situation**  
When the organization is affected by economic crisis, recession or inflation, leaders apply austerity measures in order to closely monitor how the lean resources are being utilized hence authoritarian leadership style is appropriate. The opposite is true when the organization is enjoying economic boom.
- **Time pressure/bulklog**  
When there is little time to meet deadlines and there is a lot of work still to be done leaders tend to be pushy and tough to force team members to jerk up effort to meet deadlines and vice versa.

(b) Five sources of a leader's power that is used to influence group members to do desired things are as follows:

- Rewards power

A leader who has the ability to reward group members formally or informally get the required behavior and obedience from group members.

This is because the group members want to have access to rewards of value.

- Expert power

A leader who has specialist expertise can solve fierce and seemingly irreversible problems facing an organisation. This can enable the leader to win member's admiration and confidence hence their submission to him/her.

- Referent power

Leaders who are charismatic or connected to people who have power in society attract others to follow them as leaders.

- Coercive power

One can assume leadership through the use of force, threats and punishment. People may obey such an individual in order to avoid undesirable consequences for disobedience.

- Legitimate power

Refers to power that is vested in the leader's office which the leader may use to influence group members to take desired actions.

4. (a) Human Resource management (HRM) is a process of attracting, motivating, developing and retaining an organization's key resource (i.e. people who work in and for it). The main function of HRM is to enable employees to effectively and productively contribute to the accomplishment of the organizational direction (i.e. vision, mission and goals/objectives).

It is the strategic and systematic management of employees so that they contribute effectively and productively to the overall organizational direction and the accomplishment of the organization's goals and objectives.

- (b) The roles of HR practitioner are as follows:

- Advisory/Guidance Role

The HR practitioner uses their specialist expertise to advise/ guideline managers on HR issues such as regulations. Procedures and policies etc.

- Service Role

The HR practitioner provide administrative and supportive service to technical staff to enable them do their work efficiently and effectively.

- Expert role  
The HR practitioner becomes internal consultant who is consulted on more complex HR issues by both HR and non – HR staff members.
- Partner role  
This is a strategic position for HR practitioner which may be held as HR Director or HR President.
- Strategic role  
The HR Practitioner is involved in strategic issues such as HRM policy strategy formulation and implementation, strategic planning etc.

(c) The benefits which HRM has over PM are as follows:

- HRM is flexible whereas PM is rigid. HRM will therefore allow organizations to quickly adapt and respond contextual changes unlike PM.
- HRM is democratic whereas PM is autocratic. HRM therefore augurs well with the current democratic dispensation unlike PM.
- HRM is strategic and is involved in important value adding activities whereas PM is involved in inferior fire fighting activities.
- HRM is resource based whereby the budget for people development is considered an investment whereas PM minimizes budget for people training and development because it is considered to be a cost.
- PM outdated model for managing people and does not accommodate new developments in the modern business environment such as good governance, increased competition and dynamism. HRM is a contemporary concept that accommodates these new developments in the new millennium.

5. (a) Corporate change is important for the following reasons:

- Change is a solution to certain organizational problems
- Change allows organizations to adapt and respond to contextual changes for survival and growth
- Change is a sign of modernity
- Change can improve the quality of customer service
- Change is a source of creativity and innovativeness
- Change allows continuous learning and improvement.

(b) (i) Internal drivers of change are as follows:

- Employee demand for improved terms and conditions of service
- Need to improve the quality of product/service
- Need to introduce cultural change

- Planned change in strategy as a result of change in vision or mission
- Need to deploy people where they are most effective
- Need to respond to the development of potential new product/service devised by R and D or marketing department
- Need to improve standards/systems for dealing with suppliers

(ii) External drivers of change are as follows:

- Change in demand for organization's products/services
- Threatening tactics of competitors
- Arrival of a newcomer with competing product/service
- Takeover of business by a more powerful enterprise
- Merger of the business with another
- Changes in the terms of trade

(c) Factors that make people resist change are as follows:

- Uncertainty/fear of the unknown  
People are more comfortable with the situation that are familiar with than new unfamiliar situations
- Habit to say no to change  
People have a tendency to object change without any genuine reasons
- Conservatism/Superstition  
People may object change because they believe something harmful may happen to them
- Potential losses  
People think change may lead to loss of status, authority, power, leadership, employment etc.
- Failure to understand the logic of change  
This may be owing to poor communication of change

(d) Techniques that can be used to minimize resistance to change are:

- Training and education on the importance and logic about change.
- Early communication about change allows people to prepare for, and come to terms with change.
- Use of relevant case studies that demonstrate the success story of similar corporate change elsewhere and induce them to accept change.
- Use of incentives  
Giving rewards to those that accept change can allow change to take root.



- Cooption of the leaders of resisters of change  
Once these leaders have accepted change the members have no choice but to follow suit.
- Coercion  
Use of threats, punishments and force can make people accept change.

6. (a) (i) Merits

The merits of meetings are as follows:

- Ventilation therapy  
Can allow members to air out their concerns and thus reducing grievances and industrial disputes.
- Breeding ground for creativity  
Allows people to brainstorm and generate creative ideas.
- Team building  
Well managed teams can increase a sense of cohesiveness and team spirit.
- Effective communication  
Teams can allow managers to brief organization members on important issues and get feedback quickly.

Decision-making/policy-making body

- Meetings can play a strategic role to make decisions, solve problems and make policies for an organization.

(ii) The demerits of meetings are as follows:

- Time consuming  
Meetings, if poorly managed, can waste time to serve customers as well as production time.
- Conflicts/office politics  
Meetings can be a recipe for conflicts especially when members have different opinions over an issue.
- Manipulation  
Meetings can be manipulated by some individuals to promote their own interests in the name of decisions by the meeting.
- Risk

Meetings can make risky decisions as there is no individual accountability for decisions made collectively. Such risk is shifted to the meeting.

- Delayed decisions to reach consensus on resolutions/decisions.

**Any three, 2 Marks each = 6 Marks**

(b) The roles are as follows:

(i) Chairperson

- Ensures that there is an agenda and that it is circulated to all members before the date of the meeting.
- Explains the purpose of the meeting
- Controls the deliberations of the meeting and direct them towards the purpose of the meeting
- Encourages members to participate actively and constructively in the discussions
- Addresses questions and concerns raised by the members
- Summarizes the resolutions made by the meeting.

**Any three, 1 Mark each = 3 Marks**

(ii) Secretary

- Solicits agenda items from the members for forthcoming meeting
- Produces and sends the agenda to members of the meeting before the date of the meeting
- Takes minutes during the meeting
- Produces and sends the minutes to members before the date of another meeting
- Reminds members or task forces to complete reports/assignments allocated by the previous meeting for inclusion in the minutes
- Furnishes the chairperson of the necessary information or routines in the course of the meeting
- Prepares the venue of the meeting and ensures that all the necessary stationery and other items are available.

**Any three, 1 Mark each = 3 Marks**

(iii) Members

- To participate in the deliberations of the meeting
- To answer or ask questions in order to give or seek clarifications on certain issues
- To participate in voting regarding certain issues if necessary
- To form part of task forces established by the meeting to handle particular issues of interest or importance

**Any two, 1 Mark each = 2 Marks**

**(TOTAL : 20 MARKS)**

7. (a) The following factors influence the way in which employees use time as follows:

(i) The nature of the job

- Jobs that entail frequent interactions or contacts with others subject the jobholder to interruptions and conflicts that makes it difficult to control the way time is used. The opposite is true for jobs that are relatively independent.
- (ii) The personality of the jobholder
- An assertive person is in a better position to deal with people who trespass on their time than someone who is ineffective.
- (iii) The members forming one's role - set
- An interfering boss who cannot delegate effectively is a time – waster
  - Colleagues who pour in the office for chat and subordinates who delegate upwards are all time wasters. The opposite is time for superior who is effective delegator and subordinates who prefer to work more independently.
- (iv) Corporate culture
- Cultures that advocate strict adherence to procedures rules and formality are likely to be more time wasting than cultures that allow informal approaches and short-cuts to some degree.
- (v) Physical surroundings
- These may help or hinder a jobholder's efforts to make better use of their time  
The proximity pertaining to the access to necessary equipment such as phones, photocopier, fax etc can be a physical barrier or facilitator in the use of time.
- (vi) Location of customers, suppliers and residential area
- When these locations are scattered over a wide geographical area the officer spends more time traveling and the opposite can serve time.

**Any five, 2 Marks each = 10 Marks**

- (b) Strategies that can be adopted to ensure effective management of time are as follows:

- (i) Planning
- Through planning a schedule of activities is produced that clearly indicates what will be done when and by whom. This permits effective allocation of time to various activities and thus avoiding wastage of time.

- (ii) Being efficient and effective  
Allows economic use of time as mistakes and re-doing of tasks is minimized.
- (iii) Self-discipline  
This behavior avoids time wasting habits and thus is used time sparingly and rationally.
- (iv) Effective delegation  
Delegation allows managers to push less important routine activities to subordinates and thus saving time for strategic issues.
- (v) Assertiveness
  - Allows managers to effectively deal with people that trespass on their time.
- (vi) Effective management of time wasters
  - Entails dealing with people and things that rob the manager of their precious time.
  - Use of a diary  
Asking people to make appointments allows the manager to properly plan for the use of time.

**Any five, 2 Marks each = 10 Marks  
(TOTAL: 20 MARKS)**

8. (a) Reasons why organizations should conduct recruitment are as follows:
- Organizational renewal and revitalization  
Recruitment brings into the organization “fresh blood” – i.e. new ideas, experience, specializations and knowledge about competitors to the benefit of the organization.
  - Staff motivation  
Internal recruitment (promotion from within) allows the organization to reward exceptional performance through career progression.
  - Generation of employment  
External recruitment generates employment for a nation thereby contributing to the achievement of national goals such as national socio-economic development.
  - Job re-design  
It is easier to review job descriptions when the job is vacant than when it is filled in.
  - Meeting organizational HR requirements  
Recruitment allows an organization to satisfy organizational HR needs in terms of both numbers and quality.

(b) The advantages and disadvantages of internal recruitment are as follows:

(i) Advantages

- Staff Motivation  
Employees exceptional performance is rewarded through promotion.
- Is relatively cheap  
Travel, accommodation and advertisement expenses are by-passed.
- Probability to hire the right person is high  
It is possible to closely track the candidates performance, potential and conduct.
- Shorter “Gestation Period”  
The employee has a quick start in the new job since the incumbent is already familiar with various dimensions of the organization such as corporate culture, mission/vision, competitors, market standing etc.
- Succession Planning and Management Development Promotion from within provides the organization with the opportunity to create a “nursery” for future managers.

(ii) Disadvantages

- Frustration of those who are not promoted  
Those who are not promoted may be demotivated and frustrated and this frustration may ripple to other employees.
- Time - consuming  
It causes a chain reaction whereby several posts in the hierarchy can become vacant one after the other hence it is time – consuming to fill them in.
- Conflict  
It triggers harmful conflict between the successful candidate and the losers which may create recipe for sabotage and other industrial hazards.
- Organization politics  
Office politics may lead to the promotion of unsuitable person.
- “In-breeding”  
There is no cross-fertilization of ideas as the successful candidate may not offer new ideas, experiences or solutions to the organization leading to stagnation.

- Lack of integrity  
The successful candidate may be held in low esteem and may find it difficult to influence subordinates to do desired things to achieve goals.

(c) The disadvantages of head hunting as a method of recruitment are as follows:

- Is expensive  
To woo and attract somebody from competitor or any other organization is expensive as it requires very competitive pay and other perks.
- Is unethical  
Poaching is viewed negatively and can tarnish the image of an organization.
- Is unsustainable and reliable  
It is not always possible to obtain the people that we need when wanted.
- Demotivating of existing employees  
It reduces vertical mobility (career progression) of existing employees that may lead to frustration and labour turnover.

**END**