

STRICTLY CONFIDENTIAL



2015 EXAMINATIONS

ACCOUNTING TECHNICIAN PROGRAMME

PAPER TC11: MANAGEMENT

THURSDAY 10 DECEMBER 2015

**TIME ALLOWED : 3 HOURS
2.00 PM - 5.00 PM**

SUGGESTED SOLUTIONS

1. (a) The purchasing manager should consider the following factors before a decision to purchase goods is approved:
 - (i) Right quantity
Quantity of goods to be procured need to be established based on requirements and optimum reorder levels as well as economic reorder quantities for individuals stock items.
 - (ii) Right quality
The quality of goods to be purchased needs to be suitable to satisfy customer wants and manufacturing quality standards.
 - (iii) Right price
Price of goods to be purchased should be reasonable to allow the organization to realize reasonable profit margin or at least breakeven taking into account overhead and direct costs.
 - (iv) Reliable delivery
The capacity of the supplier to deliver goods within the set lead times to permit stock control and meet production and other demands should be considered seriously.
 - (v) Right place
The source of supplies with respect to distance, accessibility and communication can affect lead times and stock control.
 - (vi) Reputation of the supplier
The experience, conduct and tract record of the supplier need to be established to ensure efficiency and effectiveness in procurement management.
- (b) The activities that are undertaken in the course of purchasing goods are as follows:
 - Receipt of an internal requisition from appropriate authority by purchasing manager.
 - The requisition received indicates the demand for a particular product at a particular point in time.
 - Purchasing manager selects appropriate supplier using appropriate criteria indicated at cage (a) above.
 - Purchasing manager approaches the selected supplier to negotiate quantity, quality, price and delivery of goods.

- Purchasing manager seeks an alternative supplier if satisfactory agreement cannot be reached or places an order with the supplier if appropriate agreement is achieved.
- Purchasing manager maintains records of orders fulfilled, delivery dates, invoices and so forth.
- Purchasing manager makes arrangements to meet received requisitions either directly from the supplier or via stores and maintains stock or delivery records accordingly.

2. (a) Corporate Social Responsibility refers to:

- A company's sense of responsibility towards its stakeholders, the community and environment in which it operates.
 - The organization plays more than just an economic role by donating towards various community projects and by behaving as a good citizen.

(b) Organizations need to be socially responsible towards the community for the following reasons:

- Social responsibility increases business profits in the long run because of improved reputation and public relations.
- Social responsibility permits organizations to fulfill their inherent moral obligation by promoting good citizenship with the community.
- The amount allocated to social responsibility is usually too small to conflict with the interests of shareholders.
- Pollution – free environment creates healthy and conducive environment for business growth and success.
- Failure to be socially responsible is tantamount to breach of legislation which may attract costly lawsuits.
- Pollution of environment and the way natural resources are converted into products have become topical and cross – cutting issues and failure to take account of this can lead to militant and subversive action by the community against the company.

(c) Management should adopt the following strategies to foster ethical behavior of employees:

- Whistle Blowing

Whoever sees or observes that a colleague, superior or subordinate is involved in a misconduct or unethical behavior should report it to the right authority.

- Training

Employees should be sensitized about the drawbacks of unethical conduct to themselves and the organization.

- Performance appraisal accountability

Ethical and professional conduct should be one of the accountabilities and performance indicators in performance appraisal.

- Punishing unethical behavior

Unethical behavior should not be tolerated but punished to put it to a stop and prevent other employees from indulging unethical behavior.

- Integrity and professionalism

Management should inculcate professional ethics and integrity in employees through exemplary behavior, induction programmes and counseling.

- Effective communication

Professional ethics should be communicated to all employees as well as instances of unethical behavior and their consequences.

3. (a) The roles of the eight individuals are as follows:

- Planner

The role of this individual is to bring about innovation and creativity to generate new ways of solving problems.

- Coordinator

This individual plays leadership role, clarifies objectives and mobilizes the efforts of team members towards the objectives.

- Monitor/Evaluator

The role of this individual is to monitor the activities of the team, make important judgements where required and provide options for the team to consider in order to succeed.

- Resource investigator

The role of this individual is to source material and intellectual resources from within and outside the organization to achieve the objectives of the team.

- Implementer

The role of this individual is to plan a practical and workable strategy and carry it out with the other members as efficiently as possible.

- Completer/Finisher

The role of this individual becomes prominent at the end of a task where they 'polish' and scrutinize the work for errors, subjecting it to the highest standards of quality control.

- Team worker

The role of this individual is to promote the needs of team members, identify work required to achieve these needs and complete it on behalf of the team.

- Sharper

The role of this individual is to focus the group on its terms of reference or activities by providing the necessary drive to ensure that the team keeps moving and does not lose focus or momentum.

(b) The methods a manager should adopt to enhance work group cohesiveness are as follows:

- Appropriate team size whereby smaller size is better than larger size.
- Appropriate leadership style whereby democratic style is generally better than autocratic style as the leader permits more frequent and higher levels of interaction among team members.
- Appropriate team membership in terms of skill diversity and personality.
- Clear roles to avoid role conflict and instability.
- Effective communication to promote common understanding and unity of direction.
- Clear goals to ensure common understanding, unity of direction and commitment to the goals.
- Mutual trust to dispel suspicion and negative attitudes and promote affinity and bonding among team members.
- Proximity to ensure bonding through regular staff meetings and appropriate office layout.
- Approximate work design that permits natural work teams.

4. (a) Internal Contextual factors that justify organizational change are as follows :

- Planned change in strategy due to change of mission or goals.

- Efforts to introduce corporate cultural change necessitating changes in management styles.
- Need to improve organizational efficiency and effectiveness necessitating improvement in employee knowledge and attitudes.
- Need to improve customer service delivery necessitating improvement in the quality of products and services.
- Need to respond to the development of potential new products and services introduced by Research and development (R and D).

(b) The facts that encourage employees to resist change are as follows:

- Fear of the unknown
 - Uncertainty of the result of the impending change encourages employees to resist change.
- Potential loss
 - Employees fear that change would lead to loss of status, power, friendships and employment.
- Disorientation
 - Change makes employees' current knowledge and skills irrelevant.
- Change is costly and time consuming
 - Change demands additional training.
- To maintain status quo
 - Employees feel safe with the existing situation as change causes discomfort and tension to change the pattern of work life.

(c) Resistance to change can be reduced in the following ways:

- Early communication of impending change to employees
This allows employees enough time to adjust themselves and get to terms with the change.
- Civic education
The employees need to be made aware of the benefits of change and this can motivate employees to support change rather than sabotaging it.
- Training

- Employees need to be equipped with the necessary knowledge and skills in order to prepare them for new work demands ahead.
- Co-option of leaders or resisters to change
Leaders of resisters of change need to be incorporated into the team established to oversee the implementation of change.
- Persuasion
 - Employees need to see the logic behind change in order to persuade them to support the change.
- Coercion
As a final resort management can use threats and punishments to force employees to accept change.

5. (a) Marketing refers to:

- Management process which identifies, anticipates and supplies customer requirements efficiently and profitably.
- A social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others.
- The whole business seen from the point of view of its final results.
- Management function which organizes and directs all those business activities involved in assessing and converting customer purchasing power into effective demand for specific product or services and moving the product or services to the final consumer so as to achieve profit target or other objectives of a company.

(b) The characteristics of each of the four approaches to marketing are as follows:

(i) Production - orientation

- The organization defeats competitors and attracts more customers by ensuring the availability of products and services at affordable price.
- The organization promotes production, cost and distribution efficiency.
- It works well where demand for products is higher than supply.
- It does not engage customers to identify their needs and wants.

(ii) Product - orientation

- The organization believes that customers are willing to buy quality products at reasonable price even with minimum marketing effort.
- The organization puts more effort on product development and improvement.
- The organization assumes that as a supplier knows what the customer wants.

(iii) Sales - orientation

- The organization believes that customers will not buy until they are persuaded to do so through sales promotion activities.
- The organization invests generously in sales promotion and selling skills training.
- The organization is obsessed with selling skills at the expense of customer needs.

(iv) Market - orientation

- The organization mainly aims to satisfy customer needs through efficient and effective production, quality products, efficient distribution and reasonable price.
- The organization identifies customer needs and wants and strives to meet them with highest level of customer satisfaction.
- Production responds to the demand of marketing and not the other way round.

(c) Any **four** principles a marketing manager should consider when making decision regarding a particular product are (marketing mix) as follows:

- Price

The marketing manager needs to ensure that the selling price of a product covers production overheads and direct costs and generates adequate profit margin for the organization.

- Place

The marketing manager chooses most appropriate distribution channel for goods to ensure cost – effectiveness and safety of goods.

- People

The marketing manager ensures that marketing staff are skilled and motivated to deliver high quality service to clients.

- Process

The marketing manager ensures that marketing staff are supported by appropriate systems and processes in order for them to deliver high quality services and products.

- Physical evidence

This element focuses on people (staff) and processes that should provide empirical evidence of customer expectations such as cheerful service providers, prompt service after – sales service cleanliness and so forth.

6. (a) (i) The strategies a manager should adopt to promote good labour relations are as follows:

- Collective bargaining

This strategy permits amicable resolution of disagreements between management and employees and thus promoting peaceful and harmonious labour relations.

- Adherence to procedural and substantive agreements

Management needs to adhere to agreed procedural rules and substantive rules agreements when handling routine and strategic issues accordingly.

- Induction and orientation programmes

These programmes are essential to socialize and integrate new employees into corporate culture to ensure common understanding between management and employees.

- Training programmes

Employees should be engaged in periodical training in order to equip them with the necessary knowledge, skills and attitude to improve their performance to the required standards.

- Fair and equitable rewards system

Management needs to reward employees fairly and equitably through performance –based payment scheme to promote and sustain good relations with the workforce.

- Treating employees with respect

Treating employees as if they were children, unimportant and unintelligent can trigger uneasiness and discomfort in the labour relations.

- Appropriate equipment

It is tantamount to injustice to expect employees to do their best when the required equipment or the available equipment is not available, is obsolete or inadequate.

(b) The factors that encourage employees to join a trade union are as follows:

- Improved Socio – Economic Status
 - A trade union improves pay and other terms of employment.
- Job Security
 - A trade union can lobby with employers better for procedural and substantive agreements to promote fair employee treatment.
- Mouth Piece
 - A trade union speaks on behalf of employees to put collective pressure on the employer.
- Collective Bargaining
 - A trade union ensures amicable settlement of disputes between employee and employer.
- Improve Communication
 - A trade union acts as a bridge between employees and employer to improve communication between the two sides.

7. The following managerial functions can contribute to organizational success as follows:

(a) Planning

- Clarifies organizational objectives hence unity of direction.
- Facilitates efficient allocation and utilization of resources.
- Identifies SWOT factors facing an organization hence the organization can adapt accordingly.
- Reduces the uncertainty of the future and hence crisis management.

- Permits systematic and proactive management rather than reactive management.
- Is the basis of all organization activities.

(b) Organizing

- Permits smooth and uninterrupted flow of work as it entails mobilization of required resources before the work is done.
- Accountability
Organizing allocates responsibility and commensurate authority to managers and thus clarifying who is responsible for what.
- Delegation
Organising establishes reporting relationships and line of authority that facilitates delegation which has several benefits including effective communication and staff motivation.
- Facilitates the coordination of different activities towards goal achievement.
- Facilitates the implementation of plans.

(c) Controlling

- Corrects behavior and actions that deviate from plans.
- Ensures efficiency in the utilization of time, money and other resources.
- Promotes unity of direction by correcting variances or unplanned activities.

(d) Motivating

- Promotes employees' commitment to their responsibilities
- Permits employees' flexibility and acceptance of change
- Improves relationship between management and employee
- Improve organizational performance

(e) Staffing

- Permits staff motivation through promotion from within – i.e. internal recruitment.

- Can ensure that the right people are hired and placed into the right places.
- Can allow the organization to satisfy its qualitative and quantitative.
- Permits the acquisition of fresh blood into the organization.

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