

STRICTLY CONFIDENTIAL

THE PUBLIC ACCOUNTANTS EXAMINATION
COUNCIL OF MALAWI

2014 EXAMINATIONS

ACCOUNTING TECHNICIAN PROGRAMME

PAPER TC 11: MANAGEMENT

THURSDAY 5 JUNE 2014

TIME ALLOWED: 3 HOURS
9.00 AM – 12.00 NOON

SUGGESTED SOLUTIONS

1. (a) Information is essential input into decision-making process because of the following reasons:
 - It enables the decision-maker to identify the root cause of the problem.
 - It assists the decision-maker to communicate the problem to various stakeholders.
 - It enables the decision-maker to formulate solutions.
 - It enables decision-maker to evaluate alternative solutions.
 - It enables the decision-maker to select possible solution.
 - It enables decision-maker to implement the best possible solution.
 - It enables the decision-maker to monitor and evaluate the degree to which the decision/solution is addressing the problem.
- (b) The conditions are:
 - Accuracy
The information should be accurate as faulty information will lead to poor decision.
 - Adequacy
Insufficient information will address the problem partially hence the problem is likely to resurface in the near future.
 - Up-to-dateness
Obsolete information will lose touch of the current state of the problem hence the problem may not be addressed.
 - Timeliness
Information should be available when needed to address a particular problem as delays can compound the gravity of the problem which loses immediacy.
 - Reliability
Information should be objective gleaned from sources of high integrity.
2. (a) The reasons are as follows:
 - Process theories unlike content theories bring about intrinsic more sustainable motivation.
 - Unlike content theories process theories consider that motivation involves cognitive process.

- Process theories are sophisticated enough to address the complexity of motivation unlike the content theories which simply assume that acquisition of needs alone (minus cognition process) can motivate people.
- Process theories produce real motivation whereas content theories produce job satisfaction.

(b) The differences between motivators and hygiene factors are as follows:

- Ample motivators bring about positive job satisfaction and motivation whereas hygiene factors do not bring about motivation because they only serve to prevent or reduce job dissatisfaction.
- Motivators are intrinsic factors existing in the job itself and are intrinsically experienced (felt) by the jobholder in the course of job performance. The hygiene factors exist in the external context of the job.
- Motivators can generate growth by way of employee personal growth, advancement, self-actualization etc whereas hygiene factors are just basic maintenance factors.

(c) The six ways are as follows:

- **Training**
Employees develop a sense of esteem as they feel that management cares for them and feel more confident to perform their jobs more competently than before.
- **Performance appraisal**
Employees feel that managers value their jobs and they know how they are progressing on their jobs by knowing their strengths and weaknesses. This removes suspense and build a sense of importance i.e. esteem.
- **Effective communication**
Employees are kept abreast of the events and developments that affect their work and destiny.

This removes suspicion and suspense or negative attitudes towards their supervisors and thus creating hospitable work environment.
- **Job enrichment**
It makes the job more challenging and diversified to prevent monotony and fatigue.
- **Job enlargement**
It increases the volume of the job thereby reducing the monotony and fatigue in the job.
- **Clear and measurable goals/targets**

Such goals encourage workers to attach more value to the job and spur more energy to accomplish its goal.

- Showing active interest in the subordinates
This practice creates a sense of importance, value and esteem in the employees.
- Performance related pay
Employees feel that their extra effort is fairly rewarded and are enthusiastic to work better and harder in the future.
- Recognition for work well done
Thanking and praising employees for exceptional performance creates esteem and more commitment to work.

3. (a) The reasons are as follows:

- Leadership brings about corporate change to allow the organization to adapt to contextual changes.
- Effective communication
Leadership ensures effective communication to ensure coordination of activities and unity of direction among team members.
- Team building
Leadership stimulates team spirit amongst employees thereby developing synergy and leveraging.
- Decision making
Leaders identify and resolve problems to accomplish organizational goals.
- Resolving conflicts
Leaders are supposed to resolve dysfunctional conflicts to ensure collaborative work effort.
- Staff motivation
Leaders inspire their followers to put more effort into their jobs.
- Planning
Leaders formulate targets to be accomplished within agreed timeframe.
- Performance appraisal
Leaders assess the degree to which performance targets are achieved and correct deviations from the targets if any.

(b) The differences between leadership and management are as follows:

- Leadership is transformational whilst management is transactional

- Managers tend to maintain status to ensure stability whereas leaders tend to bring about change.
 - Leaders are pathfinders whilst managers are path followers.
 - Leaders are proactive, visionary and innovative whereas managers design rules and procedures to consolidate leaders innovations.
 - Leaders do the right things whereas managers do things right.
 - Leaders are more interested in effectiveness (results) whereas managers are more interested in efficiency (means) to ends.
 - Leaders rely more on inspiration to stimulate employees to do desired things whereas managers rely more on formal power to get desired results.
 - Leaders get things done with others whereas managers get things done through others.
- (c) Each of the given factors can influence the choice of appropriate leadership in the following ways:
- (i) Corporate culture

A leader should apply authoritarian style in task oriented power culture and democratic style in people oriented culture.
 - (ii) Type of subordinates

Authoritarian style backed up by theory X assumptions is appropriate when employees are lazy and lack self-drive and the opposite is true when employees are committed to work and can exercise initiative.
 - (iii) Economy

In time of economic booms leaders can apply democratic style and vice-versa during economic recession.
 - (iv) Task at hand

When the task at hand is critical and forms part of leaders key result area (KRA) the leader needs to centralize it to ensure close supervision. The opposite is true for less important or peripheral task.
 - (v) Time availability

Time pressure and related backlog necessitates authoritarian leadership style in order to accomplish targets on time and the opposite is true when there is enough time to achieve targets.

4. (a) The benefits of cohesive workgroup to an employee are as follows:
- Continuous learning and improvement
Cohesive work group allows an employee to exchange ideas with fellow employees and thus offering opportunity for continuous learning and improvement.
 - Conducive and enabling work environment
Team spirit creates supportive environment for employees to exploit their potential to the maximum.
 - Job satisfaction/motivation
Team working creates supportive and hospitable work environment where employees can achieve targets with the collaboration of fellow employees.
 - Personal growth
Learning opportunities nurtured by team work permits individual personal growth and self actualization.
 - Good employee relations
Team work nurtures good relations between employees and management and thus encouraging mutual trust and hence hospitable work environment.
- (b) The ways in which a manager can increase the cohesiveness of workgroup are as follows:
- (i) Appropriate membership
Choice of group members with compatible personality, age, background and qualification can increase group affinity.
 - (ii) Effective communication
Managers should communicate effectively to permit unity of direction, common understanding and mutual trust.
 - (iii) Mutual trust
Managers can ensure this dimension through fair reward system, effective communication and appropriate leadership style.
 - (iv) Appropriate group size
Small groups are more cohesive than larger ones. Smaller groups permit effective communication and coordination of activities and employee participation and hence opportunities for bonding among group members.

(v) Appropriate leadership style

Managers should adopt leadership styles that motivate people to interact more frequently and at higher levels to promote oneness and ties among group members.

(vi) Corporate culture

Managers should encourage people centred culture in a bid to satisfy their needs.

5. (a) Modern approaches to job design are as follows:

- Job enlargement

This is a horizontal job extension process whereby the volume of the job is increased to increase diversification and reduce work monotony and fatigue.

- Job enrichment

This is a vertical job extension process through delegation to make a lower level job more challenging and exciting.

- Autonomous work groups

Responsibility and authority is devolved to self-managing teams in order to empower and motivate them.

- Job rotation

Employees from different functional departments are allowed to swap jobs in order to reduce monotony and improve diversity.

(b) Advantages and disadvantages of the modern approaches to job design are as follows:

Job enrichment

Advantages

- Motivates jobholder through increased challenge
- Encourages team working
- Improves communication
- Facilitates delegation
- Improves productivity

Disadvantages

- May overload employee without additional reward
- Some employees may resist the process
- May encourage dumping of unrewarding or difficult jobs on subordinates

Job enlargement

Advantages

- Increases job diversity to reduce monotony

- Stimulates employee motivation
- Caters for absenteeism and job vacancies

Disadvantages

- Job overload without increased reward
- Does not improve the quality or challenge of the job
- May demotivate employees who resist the process
- Some jobs may not be amenable to the process, for instance jobs at different hierarchies and those associated with confidentiality and security.

Autonomous work groups

Advantages

- Promotes staff motivation
- Increases flexibility and adaptation to change
- Ensures responsive customer service delivery as employee discretion is encouraged
- Promotes effective communication as bureaucracy and red tape is reduced
- Promotes team spirit
- Improves productivity through synergy.

Disadvantages

- Supervisors become disgruntled and bent on sabotaging the process because they lose their traditional power and authority over subordinates.
- The employees are likely to abuse the delegated power and authority.
- Social loafing
Some employees may deliberately perform below their potential taking advantage of laissez faire leadership style.
- Demotivation and frustration of high performers
Team rewards do not recognize individual contribution to organizational goals hence high performers become demotivated.

Job rotation

Advantages

- Permits employees to learn new jobs and thus increasing flexibility
- Can cater for absenteeism and job vacancy
- Promotes motivation by reducing monotony and related fatigue
- Facilitates internal employee redeployment in times of redundancy.

Disadvantages

- It is time consuming as employees concerned need time to learn new jobs
- Performance may be low as the employees learn new jobs

- Some employees may resist the arrangement for fear of failing to learn the new job
- It may create conflicts between the functional departments concerned.

(c) The drawbacks of classical approach to job design are as follows :

- Dehumanization
- Red tape
- Rigidity
- Poor communication
- Demotivation
- Frustration
- Absenteeism
- Labour turnover
- Anomie
- Deskilling
- Monotony/fatigue
- Lack of personal growth
- Poor customer service delivery
- Poor employee relations
- Poor organizational performance
- Stress

6. (a) The stages of staff meeting are as follows:

(i) Introduction

The Chairperson:

- Welcomes members and asks them to participate actively and productively in the meeting.
- Clarifies the purpose, desired outcomes and the agenda of the meeting.

(ii) Set up

- Minutes of previous meeting are confirmed.
- The chairperson clarifies the issues to be discussed as presented in the agenda.

- The chairperson takes the members through the agenda items whereby one agenda at a time is deliberated.
- (iii) Narrowing down (prioritization of issues)
- Resolutions by members are made with Chairperson's guidance.
- (iv) Meeting closure
- The chairperson summarises the deliberations with emphasis on the resolutions.
 - The chairperson announces dates of the next meeting.
- (b) The roles are as follows:
- (i) Chairperson
- Ensures that the meeting agenda is compiled and distributed to members before the meeting.
 - Provides oversight for the overall process of the meeting.
 - Makes introductory (opening remarks) of the meeting to provide an overview of the meeting including its overall objective.
 - Directs the meeting through agenda to achieve its objective.
 - Ensures the minutes of the previous meeting are confirmed and adopted.
 - Addresses questions from members to clarify particular issues.
 - Encourages members to participate actively in the deliberations of the meeting.
 - Ensures the quorum is made before the meeting begins.
 - Deals with deviations that may derail the meeting.
 - Makes periodical summaries.
 - Form task forces to examine particular issues and make presentations in the next meeting.

- Controls the pace at which the meeting is moving to ensure that it finishes on time.
- Make closing remarks to declare the meeting closed.

(ii) Secretary

- Sends notices of meetings to members.
- Solicits agenda items from members.
- Compiles the agenda of the meeting.
- Distributes the agenda before the meeting.
- Circulates minutes of the previous meeting to members before the meeting begins.
- Ensures the venue of the meeting is prepared considering ventilation, sitting protocol, stationery and refreshments.
- Taking down minutes during the meeting.
- Preparing minutes to be distributed before the next meeting.
- Giving the Chairperson the necessary support and information during the meeting.
- Managing time to ensure that each event in the meeting takes place at appropriate time.

(iii) Members

- Provide agenda items
- Participate in the confirmation of the minutes of the previous meeting.
- Answer questions that focus on their respective functional job areas.
- Participate in task forces to make investigations and presentations/ recommendations to next meeting.
- Participate in the deliberations of a meeting.

(iv) Convenor/Initiator

- Champions the meeting to ensure it is held as planned.

- Approves postponement or cancellation of meeting, if necessary.
- Receiving apologies, if any.

7. (a) The benefits of performance appraisal to an organization are:

- Improved communication throughout the organization
When setting performance work plans and performance targets effort is made to review corporate plans (vision, mission, corporate values, business objectives) and this improves communication.
- Improved employee relations
Performance appraisal encourages management and employees to work as a team. The appraisal ensures fair reward system.
- Improved organizational capacity
Performance appraisal reveals the weaknesses of employees whereby strategies are designed to eliminate them including training.
- Attraction and retention of high level employees
People who want challenges in work-life are attracted and are ready to remain in the organization.
- Training needs analysis
The appraisal serves to identify training needs/gaps cheaply.
- Career planning and development
The employee weaknesses and strengths are revealed during appraisals and this forms the basis for career counseling, planning and development.
- Human resource planning (HRP)
Appraisals indicate skills gaps that can be critical input into HRP.
- Improved organizational performance
Appraisals improve employee motivation and commitment.

(b) Challenges associated with performance appraisal are as follows:

- Subjectivity
Appraisers are liable to lack objectivity and fairness in assessing performance.
 - They submit to stereotyping, bias and prejudice.
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- Time consuming
Assessing performance requires a great deal of time in the pre-appraisal, during appraisal and post appraisal period.
- Conflicts
Conflicts over performance ratings are inevitable.
- Need to measure potential performance. It is not easy to predict future performance accurately.
- Need to reach consensus with appraisee.
It is almost impossible to always reach consensus with appraisee on performance targets, ratings and development plans.
- Need to design specific and measurable performance targets.
By their nature some outputs (services) are difficult to translate into measurable/quantifiable targets.
- Inadequate resources
Appraisals become meaningless when there are no financial resources to cater for rewards such as merit bonus and pay increase.

8. (a) Advantages of vertical communication are:

- Integrity
Downward vertical communication originates from higher organization echelons hence the information may be taken seriously and intended action is likely to be taken by recipients.
- Legitimacy
Downward vertical communication carries authority with it hence it is likely to be accepted by recipients.
- Systematic and orderly communication
It follows formal communication channel, it is orderly and disciplined.
- Feedback
Upward vertical communication permits conveyance of reports from lower to upper organization hierarchies.

Disadvantages of vertical communication are:

- Red tape
Information flows through hierarchical levels and thus causing delays in decision-making.
- Information distortion
There is a tendency to filter information as it flows upwards and downwards through the hierarchical levels.
- It neglects informal communications which is inherent and inevitable in organizations.
- Poor customer service delivery
This is owing to delayed decisions due to red tape.

(b) Advantages of lateral communication

- Speeds up communication between employees of similar ranks in different functional departments.
- Encourages cross-functional collaboration hence team working.
- Allows departments to share ideas.
- Improves flexibility and adaptation.
- Departments have an opportunity to share resources such as technology, people warehousing etc.
- Empowers employees to make some decisions on their own.

Disadvantages

- It short-circuits information flow whereby lower level employees may make decisions without prior approval of their respective superiors.
- Communication is constrained by empire building tendencies by departments.
- It can encourage employees to conspire and abuse this mode of communication.

(c) Advantages of grapevine are:

- It is like a watch dog that deter unaccepted acts.
- It allows disgruntled employees to share and vent out their concerns with colleagues.
- Offers faster alternative channel to communication.
- Can be used by managers to pilot their decisions before actual implementation.
- Can be used by managers as a recruitment method for lower level posts (word of mouth).

END

NOT FOR SALE