

STRICTLY CONFIDENTIAL

INSTITUTE OF CHARTERED ACCOUNTANTS IN MALAWI

JUNE 2014 EXAMINATIONS

FOUNDATION STAGE PROGRAMME

PAPER P4: ORGANISATIONAL FRAMEWORK

EXAMINER'S REPORT

COMMENTS ON INDIVIDUAL QUESTIONS

QUESTION 1

This was a multiple choice question covering economics concepts and principles. There was no established pattern to indicate which questions were well answered or not. The performance was however, generally below average.

QUESTION 2

Part (a) asked for the definitions of demand and supply.

Candidates were able to give the standard definitions of demand and supply although some took the literal meanings of the words.

Students should however note that the demand and supply curves represent schedules of various quantities at different prices. It should also be noted that price is the independent variable with quantity being influenced by price i.e. quantity change in response to change in price.

In Part (b) there was much confusion between the meaning of “change in demand” and “change in the quantity demanded”.

Change in demand is represented by a shifting demand curve. As demand is a schedule of quantities at various prices, change in demand means a change in the whole curve. Change in quantity demanded is represented by movement along the demand curve. Quantity demanded changes as price changes.

Most answers were correct but irrelevant because they were addressing questions other than what was asked.

QUESTION 3

No candidates attempted this question. Candidates often shun questions on cost analysis although the topic is in the syllabus. The question asked for identification, definition and relationship of production costs.

QUESTION 4

Part (a): definition of fiscal policy and monetary policy and the tools that are used in undertaking policies.

- Very poorly answered, indicating lack of knowledge of the subject.

(a) (ii) was relatively well answered. Students listed things that Government does with tax money thereby repeating solution to question (a)(ii).

(b) No one gave the correct answer to the definition and explanation of money supply. More than half of the candidates shunned this question.

QUESTION 5

- (a) (i) Definition of National Income was mostly correctly answered.
 (ii) Government's macroeconomic objectives; a majority got it right.
- (b) (i) Circular flow of income in an economy
 - Not well done. Most candidates had productive resources going from firms to households. Productive resources are land, labour, materials and management which are offered by households to industry.
- (ii) Injections and withdrawals in the economy: this was properly answered by most candidates.

QUESTION 6

Case study on leadership

A case study is intended to enable the student to demonstrate his/her understanding of a management principle or concept. The process of answering a case study therefore should begin with:

- Demonstrating an understanding of what the principle is. In this case what is leadership? Forms of leadership styles. What various writers say about leadership styles. This often takes up more than half the marks in the question.
- Second step is to identify the problem and apply the principles stated above to that problem i.e.

- Sam’s problem arose from change in leadership styles at the new company.
- Describe the difference between Sam’s and Thoko’s leadership styles and why change is causing problems using the Nine Cell Grid.

This discussion should be supported by established characteristics of the leadership styles under discussion e.g. characteristic of democratic or authoritarian leadership because marks are attached to these points.

A conclusion based on your understanding of the problem and the principles applied will also earn marks. The question was broken down to guide the candidates’ thinking along this line of analysis.

The performance on the case study has been poor because candidates have generally analyzed it as a matter of personal opinion with no supporting principles or established literature to anchor the answer. Parts (a) and (b) were correctly answered. Part (c) not well done. Most candidates did not bring up Blake and Mouton’s Nine Cell Grid. Instead they compared Sam and Thoko based on their personal opinion.

Part (d) “what if you were Sam?”

In conclusion, Sam should make some analysis based on some proven principle e.g. Tannenbaum and Schmidt – situational leadership style (identifying the characteristics of this style is what earned 6 marks). Most candidates just wrote one or two statements on what Sam should do for 6 marks.

Remember that a case has no one specific answer but the strength of the answer depends upon the strength of one’s understanding of facts, principles and underlying concepts of the topic.

QUESTION 7

A straight forward question on the definition and process of planning.

- More than half of the candidates shunned this question.
The planning process follows a logical sequence up to the stage where the desired objective is felt to have been achieved.

Performance

Some of the candidates confused the planning process with appraisal process.

- Other devoted the whole question to standards.

QUESTION 8

Communication

The question asked for the standard rules for effective communication most writers cite:

- to the intended person
- completeness and accuracy
- timeliness
- understandability
- brief
- cost effectiveness

These are given in most text books as established rules of communication or characteristics of good information. Most candidates, however, came up with a variety of answers which were not convincingly justified. It shows that there was very little preparation on the topic.

Part (b) as in (a), candidates came up with their own types of barriers to communication. They just negated the items in (a) to form a solution in (b). They listed the opposites to the points in (a) for which they lost marks.

QUESTION 9

The advantages of partnership and corporation as a form of business discussed in (a) and (b) were also intended to help in answering part (c); the failure or success of these forms of business in developing countries. Many, however answered (c) without reference to (a) and (b) thereby presenting an unsubstantiated answer.

