



TAXATION PROGRAMME EXAMINATIONS

CERTIFICATE LEVEL

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C1: BUSINESS MANAGEMENT

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MONDAY 15<sup>TH</sup> DECEMBER 2014

TOTAL MARKS – 100; TIME ALLOWED: THREE (3) HOURS

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**INSTRUCTIONS TO CANDIDATES**

1. You have fifteen (15) minutes reading time. Use it to study the examination paper carefully so that you understand what to do in each question. You will be told when to start writing.
2. This question paper consists of FIVE (5) questions of twenty (20) marks each. You MUST attempt all the FIVE (5) questions.
3. Enter your Student number and your National Registration Card number on the front of the answer booklet. Your name must **NOT** appear anywhere on your answer booklet.
4. Do **NOT** write in pencil (except for graphs and diagrams).
5. The marks shown against the requirement(s) for each question should be taken as an indication of the expected length and depth of the answer.
6. All workings must be done in the answer booklet.
7. Present legible and tidy work.
8. Graph paper (if required) is provided at the end of the answer booklet.

**Attempt all FIVE (5) questions**

### **QUESTION ONE**

- (a) In the administration of tax, it is the responsibility of management to ensure that it adheres to good corporate governance practices.

**Required:**

In line with the above statement, explain the principles of good corporate governance. (10 marks)

- (b) Marketing in an organization plays a pivotal role in generating sales revenue and profits that is subjected to tax.

**Required:**

Identify and explain elements of the marketing mix. (10 marks)

**[Total: 20 marks]**

### **QUESTION TWO**

- (a) Describe the communication process that will enable the organization to achieve effective communication. (12 marks)

- (b) In order to maintain and improve business performance, organizations usually invest in employees through the provision of training.

**Required:**

By giving **four (4)** examples of each, explain:

- (i) On-the-job training (4 marks)  
(ii) Off-the-job training (4 marks)

**[Total: 20 marks]**

### **QUESTION THREE**

- (a) The management of business organizations have attracted interest groups / stakeholders with different interests.

**Required:**

Identify **five (5)** interest groups/ key stakeholders and summarise their interests in the operations of the business organizations. (10 marks)

- (b) Market research is an important activity of the marketing and sales department that enables the collection of data on a specified marketing situation.

**Required:**

Differentiate between secondary and primary data by giving strengths and weaknesses for each. (10 marks)

**[Total: 20 marks]**

**QUESTION FOUR**

- (a) Evaluate how the social and demographic factors could affect the business planning process of the organization. (8 marks)

- (b) Contrast between internal and external recruitment by stating the advantages and disadvantages for each. (12 marks)

**[Total: 20 marks]**

**QUESTION FIVE**

- (a) Draw a diagram and use it to explain how the motivational theory developed by Abraham Maslow can be used by managers to motivate employees. (15 marks)

- (b) Good human resource management demands the practice of equal opportunity.

**Required:**

Assess the importance of equal opportunity in human resource management practices.

(5 marks)

**[Total: 20 marks]**

**END OF PAPER**

## C1 SUGGESTED SOLUTIONS

### SOLUTION ONE

- (a) Corporate governance is defined as a set of structures and processes of relationships among a company's management board of directors and shareholders to enhance its competitiveness towards business prospects and long term shareholders value by taking into consideration other stakeholders. Corporate governance entails the principles of trust, ethics, moral values and confidence of top management owed to stakeholders in running the organization. The underlying principles of good corporate governance are:
- (i) **Transparency**  
This is the act of disclosing true and full information concerning the operations of the company to interested stakeholders. For instance, the disclosure of audited financial accounts by an independent auditor.
  - (ii) **Accountability**  
The top management is expected to report to the board of directors concerning the performance of the company.
  - (iii) **Exercise reasonable skill and care**  
Management should exhibit high levels of diligence and competency in discharging their duties to ensure that the organization achieves its goals.
  - (iv) **No conflict of interest**  
Management should not engage in any activity to make secret profits at the expense of the company. This means that management should not take advantage of their position to secure benefits for themselves.
  - (v) **Compliance with the law**  
Managements should comply with the various laws that govern the operations of the business organization. For instance labour law, company law, environment law etc.
- (b) Marketing mix is a set of controllable factors that are manipulated to help make marketing decisions with the purpose of satisfying

customers and building a strong customer relationship. Originally the marketing mix consisted of the four variables known as the 4Ps which are product, price, promotion and place. However, additional variables have been included such as People, processes and physical evidence.

The following are the variables or elements of the marketing mix:

**(i) Product**

These are goods and services combinations the business organization offers to its target customers. Product will take into consideration quality, features, design, packaging etc.

**(ii) Place**

These are company activities that ensure that the product is made available to the final customer through a distribution channel. These include channel members, transport, coverage, warehousing etc

**(iii) Price**

This is the amount of money customers have to pay in order to purchase a product. Price will include discounts offered, credit terms, payment period etc

**(iv) Promotion**

These are activities that communicate the benefits of the product and persuade customers to buy. These activities include advertising, personal selling, sales promotion and public relations.

**(v) People**

This includes the training and motivation of employees who are involved the marketing activities.

**(vi) Processes**

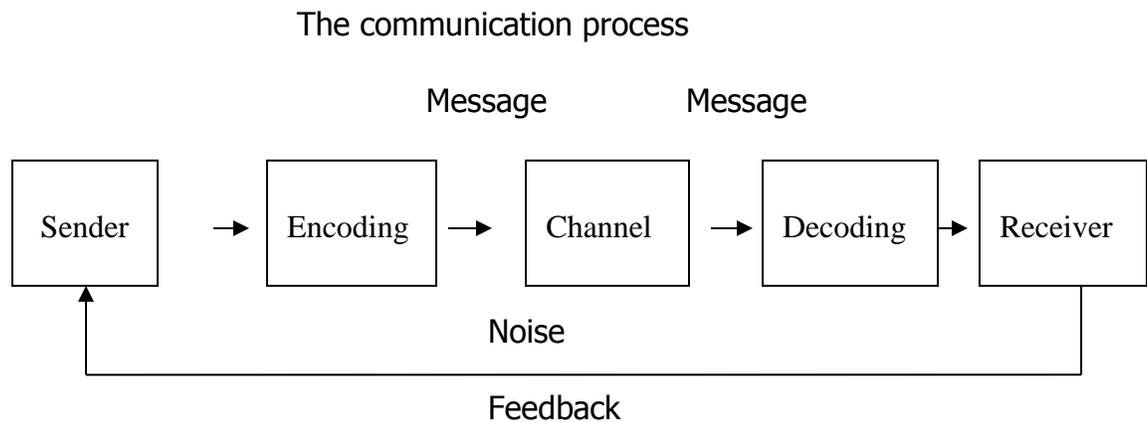
The systems used in the marketing activities to ensure that the product is readily made available to the target market.

**(vii) Physical evidence**

This refers to what the customer is able to physically see concerning the product and the company itself such as general appearance the organizations premise, quality of advertising leaflets, catalog etc.

## SOLUTION TWO

- (a) Communication is the giving, receiving or exchanging of information, opinions or ideas by writing, speech or visual means, so that the material communicated is completely understood by everyone concerned.



- (i) **Sender**  
This is the individual who conceives and sends a message. The sender should consider the person to whom the message is addressed to for communication to be effective.
- (ii) **Encoding**  
This involves the translation of information to be transmitted into a series of symbols such as words and gestures to be understood by the receiver.
- (iii) **Channel**  
This is the method used to transmit the message from one person to another. eg letters, telephone etc
- (iv) **Decoding**

This is the process by which the receiver interprets the message and translates it into meaningful information.

**(v) Receiver**

This is the person who receives the message from the sender and decodes it.

**(vi) Feedback**

For communication to be effective it needs the receiver to acknowledge that he/she has received the message by sending feedback to the sender.

**(vii) Noise**

Anything that interferes with the normal flow of information from sender to receiver and back to sender.

**(b)**

**(viii) On-the-job training**

This is the training of an employee on how to perform a job by providing the experience and skill at a work place by an experienced employee. This could be done by:

- Coaching, where an experienced employee guides the trainee.
- Demonstration, where an experienced employee demonstrates to the trainee on how perform a task.
- Job rotation, Moving one employee from one job to another so that a new employee has a wider experience.
- Mentoring, young managers are being guided by experienced managers.

**(ix) Off-the-job training**

This is training conducted away from the work place such as sending employees for further studies at colleges or universities.

This could be done by:

- Short courses, that involve the acquisition of specific skills
- Long education-based courses, This involves the acquisition of professional qualifications through distance learning, evening classes or full time.
- Seminars and workshops, acquisition of new developed skills or knowledge in the area of specialization of employees.
- Attachments/ secondments to other similar organizations for a limited time period.

## **SOLUTION THREE**

### **(a) The following are the stakeholders and their interests:**

#### **(i) Employees**

Employees have an interest in the operations of the company as they expect the company to improve the conditions of employment. They expect the company to continue in its existence therefore, guarantying job security.

#### **(ii) Shareholders**

Shareholders in limited companies, invest with the objective of yielding a positive return. Therefore, expect management to run the company profitably to maximize shareholders value.

#### **(iii) Government**

The government makes laws that govern the operations of Companies and expect them to comply with the various laws such as taxation law, environmental laws, labour laws etc

#### **(iv) Community**

The community expects the company to allocate adequate financial resources towards corporate social responsibility. For instance provision of education services, health services etc

#### **(v) Customers**

Expect goods and services that are of acceptable quality, price and safe for use.

#### **(vi) Suppliers**

The supplier expects to have a good relationship with buyers. Therefore, the company is expected to award business contracts on ethical grounds and to be paid as agreed.

### **(b) Secondary data**

This is the data which has already been collected and analysed by previous researches conducted. This data is readily available from different sources such as government agencies, universities, business publications etc

#### **Advantages**

- Cheapest source of data
- It can be collected within the shortest period.

### **Disadvantages**

- It could not be accurate and reliable as the data was collect for a different purpose.

### **Primary data**

This is the data collected directly for the first time for a specific Research purpose. The data can be collected by using questionnaires, observations and surveys.

### **Advantages**

- It is more accurate and reliable for the research purpose.

### **Disadvantages**

- It is costly to collect primary data

## **SOLUTION FOUR**

- (a) During the process of strategic planning top management critically analyse the factors that affect the business environment to formulate strategies that will guarantee the achievement of corporate goals. Among these factors are social and demographic.

The social environment is made up of variables of demographic, life-style and social values.

Demography is the study of human population in terms of size, density, location, age, gender, race, occupation etc. The organization draws its customers from the population therefore, it is important to critically analyse the population demographics and identify the target customers for its goods and services. Demographics has an influence on how the company manipulates the marketing mix elements during marketing planning in order to satisfy the different needs of customer categories. For instance the changing age structure in population can present an opportunity or pose as a threat to the business. Culture-the beliefs and values of people and its influence in organizational planning.

Society's lifestyle has a bearing on the business's plans because the lifestyle keeps on changing hence demanding for goods with certain characteristics. In recent years, there have been changes in lifestyle in the following ways.

- Changes in family structures.
- Increase in career women.
- People acquiring better education.

- Society has become more conscious to matters of health.

**(b) Internal recruitment**

This is the process of inviting potential candidates to apply for vacant positions from the existing employees within the organization.

**Advantages**

- (i)** Employees are familiar with the company practices, systems and processes therefore, they are more reliable.
- (ii)** It is less costly because it does not require intense orientation and training.
- (iii)** The policy encourages motivation among employees.

**Disadvantages**

- (i)** It limits a pool of new ideas coming from those employed outside the organization.
- (ii)** If the candidate for a vacant position is not considered may become discontented.
- (iii)** An internal candidate may face control problems due to familiarity.

**External recruitment**

This is the process of inviting potential candidates to apply for vacant positions in the organization from the external labour market.

**Advantages**

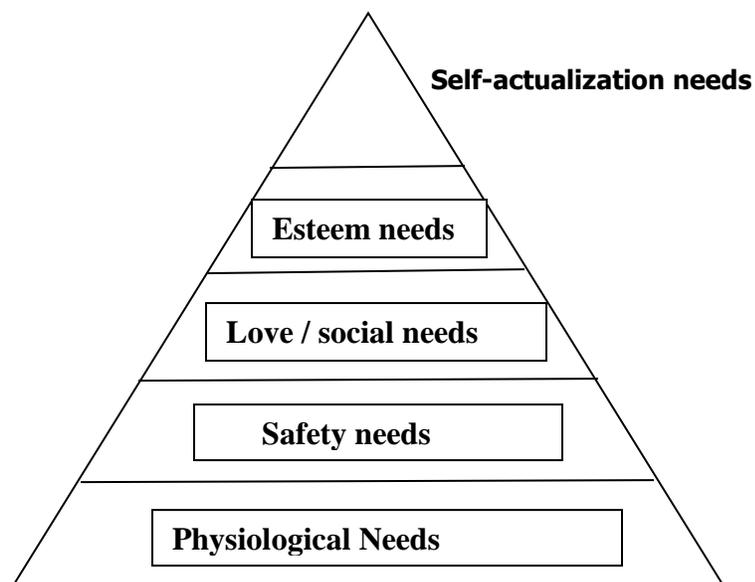
- (i)** External recruitment provides new talent with fresh ideas that benefit the organization.
- (ii)** Best candidates are selected out of a large pool of applicants.
- (iii)** There may not be a person inside the organization who is suitable for the job.

**Disadvantages**

- (i) The process might be expensive as it involves advertising costs, training costs etc
- (ii) The process may be time consuming as it may attract a lot of applicants.
- (iii) Internal applicants understand the organization and its culture

## SOLUTION FIVE

- (a) Abraham Maslow developed a motivational theory called Maslow's hierarchy of needs. This theory states that people are motivated to satisfy the five types of needs that are ranked in a hierarchy. These needs are ranked according to their importance in a pyramid, at the bottom are physiological needs and at the apex are self-actualization needs.



The following are the needs in a hierarchy starting with the most basic.

### (i) Physiological needs

These are basic needs that are required for human survival such as food, water, shelter, clothing etc. The manager can satisfy these needs on employees by paying them a reasonable salary that will be able to meet the basic food basket needs and other physiological needs.

### (ii) Safety and Security needs

Human beings after satisfying basic needs have a desire to fulfill security and safety needs. People need to be protected from any form of harm in the environment. Managers provide this need by hiring security personnel and giving out protective cloths to employees.

**(iii) Social needs**

A human being is a social being who interacts with others, who needs to be loved and have a sense of belongingness. Therefore, managers should ensure that they create a friendly working environment where employees have a sense of belongingness. They can organize for team events such as corporate parties where employees interact with each others.

**(iv) Self-esteem needs**

These are needs satisfied by an individual through having a status and autonomy in the group or society. This is satisfied in business organizations by an employee being promoted and having autonomy in decision making.

**(iv) Self-actualization needs**

This is the highest needs that an individual desires to satisfy after satisfying all the other needs. This is achieved by an employee realizing their full potential e.g. being a managing director.

According to maslow, needs should be satisfied in a hierarchy. This means that needs at the bottom should be satisfied first before seeking to satisfy the higher needs.

**(b) Equal opportunity**

This is a concept that prohibits discrimination in human resources practices based on sex, race, disability, age, religion etc. It ensures that all employees or would be employees have equal opportunities in the organization in terms of recruitment, promotion, training, disciplinary hearing etc. Companies have taken steps for the purpose of eliminating the present effects of past discrimination called affirmative action. An example of affirmative action is an increase in the number of females being employed and holding positions of higher authority. Organizations have also developed an Equal Opportunity policy in human resources management practices;

- Recruitment practices
- Selection practices
- Promotion practices
- Disciplinary procedures practices etc

**END OF SUGGESTED SOLUTIONS**