



TAXATION PROGRAMME EXAMINATIONS

CERTIFICATE LEVEL

C1: BUSINESS MANAGEMENT

TUESDAY 16TH JUNE 2015

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

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) Outline the main reasons why organizations conduct internal recruitment. (5 marks)
- (b) Contrast between democratic style and autocratic style of leadership. (5 marks)
- (c) Identify five (5) competitive factors and explain how when these are analyzed help organisations understand their competitiveness. (10 marks)

[Total: 20 Marks]

QUESTION TWO

- (a) Information Communication Technology (ICT) has played a significant role in the development of the modern business environment.

Required:

- (i) Giving relevant examples, explain key differences between data and information. (6 marks)
 - (ii) Outline the security dangers posed by using the internet. (6 marks)
- (b) Marketing planning ensures that the marketing strategy is fully integrated in the day-to-day operational processes.

Required:

Explain four (4) basic marketing orientation strategies. (8 marks)

[Total: 20 marks]

QUESTION THREE

- (a) Successful Multinational Companies (MNCs) like Coca Cola embrace the philosophy of workforce diversity.

Required:

Discuss work force diversity and assess the extent to which work force diversity gives competitive advantage to organizations like Coca cola. (12 marks)

- (b) Effective business communication follows a number of guidelines to ensure the right information gets to the right people at the right time.

Required:

Explain the features or characteristics of effective business communication. (8 marks)

[Total: 20 Marks]

QUESTION FOUR

- (a) Research has demonstrated that most successful business organizations utilize teams or work groups.

Required:

Describe what a team is and explain the main stages that go with team/group formation. (10 marks)

- (b) Peter Drucker (2001) asserts that a poor organization structure makes good performance impossible.

Required:

With the aid of a diagram and by giving **three (3)** reasons, explain why large business organisations prefer bureaucratic (functional) organisation structures. (10 marks)

[Total: 20 Marks]

QUESTION FIVE

- (a) Explain why an analysis of an organisation's strengths and weaknesses and its environmental opportunities and threats is necessary for organizational competitiveness. (8 marks)

- (c) Discuss the interpersonal roles managers are expected to carry out in work places, and how these can help manage individuals in the organization. (12 marks)

[Total: 20 Marks]

END OF PAPER

C1 BUSINESS MANAGEMENT SOLUTIONS

SOLUTION ONE

(a). (i) **REASONS WHY ORGANIZATIONS MAY OPT TO RECRUIT INTERNALLY.**

- ✓ recruiting internally may improve the morale and raise motivation of existing employees thus raising productivity.
- ✓ Internal recruitment may be less costly in that some costs such as paying for job adverts and/or paying recruitment agents are completely eliminated.
- ✓ Internal recruitment promotes career development opportunities to talented employees. This also raises morale among internal employees
- ✓ Recruiting internally reduces on the time of induction and settling in on the new job because the employee already understands the organization and its culture.
- ✓ The employer/management may spend less time on evaluating the candidate because it (they) already know(s) the work culture/ attitude as well as the performance of the internal applicant.

(ii). Democratic Style

Democratic style is where the focus of power is more with the group as a whole and the leader interacts greatly with a group/ subordinates. The leadership functions are shared with members of the group and the manager is more part of the team. The group members/subordinates have a greater say in decision-making, determining policy, implementation of systems and procedures. Democratic style is participatory management and involves the manager consulting with subordinates and the evaluation of their opinions and suggestions before the manager makes a final decision.

Authoritarian or Autocratic style

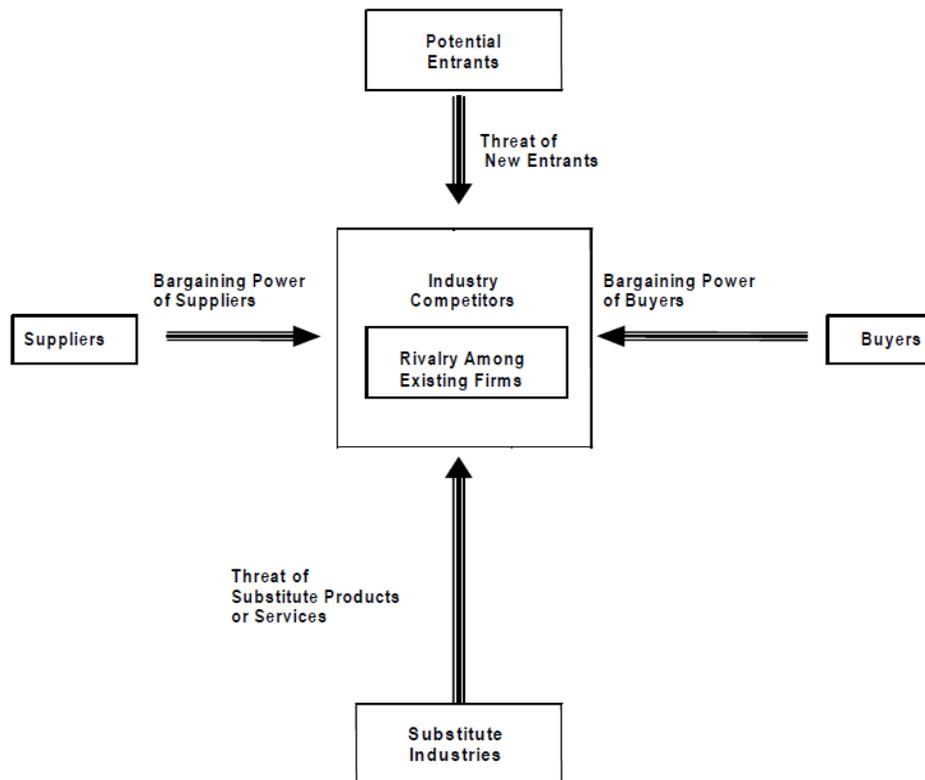
Authoritarian or Autocratic style is where the focus of power is with the manager/leader, and all interactions within a group move towards the manager. The manager/leader alone exercises decision-making and authority for determining policy, procedures for achieving the goals, work tasks and relationships as well as control of rewards or punishments.

(b). Competitive forces (Based of Porter's five forces model)

Michael Porter (1980) argues that **the pressures of five (5) competitive forces**, specific to the industry or organization, determine long-term shareholder returns. This model may be used in two ways:

- (i) To understand the inherent attractiveness of an industry/company, there is need to analyze the competitive forces in the business environment.
- (ii) By understanding the impact of each individual force on an organization, actions May be taken to mitigate that force, and thus enhance the competitive edge of a company.

Porter's 5 forces model



(a) **Substitutes.** The threat that alternative products (or services) will equally satisfy Customer needs.

(b) **Potential entrants.** The threat posed by an outside organization that may try to penetrate the market place. Examples of barriers include economies of scale, product differentiation, capital costs, switching costs, distribution channels.

(c) **Buyer power.** The threat posed by the relative market forces that can be imposed by customers (eg relative size and number of buyers).
by suppliers (eg monopoly suppliers, switching costs, possible alternative products).

(e) **Competition and rivalry.** The inherent level of rivalry and competition in the industry between existing firms. IT can be used to support an organization's competitive strategy and can be used in a collaborative venture.

QUESTION TWO

Data: are a representation of facts, concepts or instructions in a formalized manner suitable for communication, interpretation, or processing by humans or by automatic means.

Information is usually defined as: "Organized data" (Saint-Onge, 2002). Information is "Data endowed with relevance and purpose" (Drucker, 2001)

Data are a **set of facts** that **have not been assignment meaning**(meaningless facts). E.g list of debtors. When the list is organized into order of highest to lowest debtor, bad debts and doubtful debtors, then it becomes information. i.e. information is data that has been processed to give it meaning.

Data turns into information only if they are used by the recipient in making a decision.

(ii). Using the Internet brings numerous security dangers:

- (a) **Viruses** that may corrupt data, software and hardware.
- (b) **Deliberate damage** caused by disaffected employees (espionage)
- (c) Damage caused by outside people (**hackers/ hacking**)
- (d) **Downloading of inaccurate information** and/or virus ridden software.
- (e) Internal information may be **intercepted**, but this can be avoided by encryption
- (f) Communications link may distort data or break down/**system failure**

(b). There are **basic four (4) types** of marketing orientation strategies:

1. **Production orientation strategy:**

This is used when it is envisioned that demand is higher than current market supply and thus more of that product or service is produced to meet/satisfy the demand. The strategy is premised on the belief that customers/clients will buy whatever is produced (based on the assumption that current demand exceeds supply).

2. **Product orientation strategy**

is done by adding more features to the product with a belief that more units will be sold. No prior research into customer requirements(needs) is carried out.

3. **Sales orientation strategy**

Refers to persuasion of customers to buy the product or service. This is usually achieved through intensive advertising and /or sales promotions.

4. **Marketing orientation strategy** is done when the organization wishes to determine the needs, wants and values of the target market. Thus, during **Marketing orientation strategy** the organization aims to satisfy the needs, wants and values customer requirements

SOLUTION THREE

- (a). Work force diversity refers to the differences in the demographic or physiological differences in people such as race, ethnicity, gender, age and physical disabilities.

I also implies cultural and personal characteristics of employees. Diversity occurs when organizations adopt **an inclusive corporate culture**. Organizations like Coca cola utilize each individual employee's uniqueness as a source of sustained competitive advantage.

Workforce diversity takes **two (2) basic forms**: Surface level diversity and deep level diversity.

Surface level diversity is the most obvious and common form of work force diversity. This includes observable demographic or physiological differences among employees such as gender, age, ethnicity, race and physical disabilities. This is most common because managers can easily measure it.

Deep level diversity measures the differences in the **psychological characteristics** of employees including beliefs, personalities, values and attitudes. This is manifested indirectly through personal employee's decisions, statements actions.

Deep level diversity includes religion and geographic location. Religion and geographic location, for instance, influence a person's personal values. Education and work experience shape a person's beliefs on a variety of issues. An individual's personal wealth or income, parental status and other factors influence personal needs.

Assessing the extent to which workforce diversity give competitive advantage

In this era of economic globalization, many companies like Coca cola are increasingly making efforts to achieve workforce diversity, which aims to employ workers from different backgrounds to provide tangible and intangible benefits to the organization. This includes employing workers with cultural and language skills that can lead to greater reach for the business. Heterogeneous (cohort) groups have the potential to contribute more creative ideas to the mix and by extension, the competitive edge and productivity of the company.

(i) Work force diversity result Increased in Productivity

Workforce diversity brings about an increase in productivity and competitive advantages.." Employers who implement inclusive corporate culture are able to offer more (a variety) of solutions to customers because of new ideas and processes brought into the organization by a diverse of workers. Workplace diversity increases employee morale and causes employees to desire to work more effectively and efficiently. Diversity in leadership within a firm allows managers to bring in new skills and methods for achieving unity within their teams.

(ii). Work force diversity fosters Increase in Creativity

Workforce diversity increases creativity within a company because heterogeneous/ mixed groups enrich one another within the organization. Employees from different backgrounds bring in a variety of solutions on how to achieve a common goal. As more diverse ideas are suggested, the chances of finding a workable answer are improved. In atmospheres when brainstorming is necessary, more ideas are formed because team members are culturally diverse. For example, employees from Zambia working in American companies in Zambia(like Coca cola) may approach a problem totally differently than do American workers in America. Thus, such companies that implement work force diversity successfully also successfully create innovative processes by taking ideas from several employees.

(iii). Language Skills enhances business

Global companies or Multinational Companies (MNCs) Coca cola like that plan to expand into global markets benefit from language diversity inherent in work diversity in the workplace. For example, a company with employees fluent in Zambian Languages and who understand Zambian cultures experiences an easier time communicating with Zambian clients. Another example can include a company that hires employees fluent in Chinese to increase the company's reputation in Chinese communities. An increased presence usually results in an increase in sales.

(iv). Work force diversity enhances Positive Reputation/ public image

Job seekers are drawn to companies with diverse workforces because it is evident that the companies do not practice employment discrimination. Potential employees want to know that employers treat their staff fairly regardless of race, ethnicity or gender. Not only are such firms able to attract new talent but they can also retain existing talent because of high employee morale resulting from workforce diversity.

- (b).** Effective business communication is critical in today's work environment which leads to improved organizational performance. Effective business communication should include the following features/characteristics:

(i) It should be Segmented

Even in small organizations, it is wrong to assume that all employees will have the same needs, interests and desires when it comes to business communication. Effective business communication must be segmented to meet the needs of specific audiences. Employees working in an administrative setting, for instance, will have different needs and different access to information than employees working in a manufacturing environment.

(ii). It should be Specific

Generic/general business communication does not meet the needs of anyone. Effective business communication should be specific. The more specific communication is, the more it meets the needs of its target audience /recipient.

(iii). It should be Accurate

When information is inaccurate it loses its credibility/use. The sender of the information also loses credibility and/or relevance. Thus, effective business communication should be accurate in terms of the content conveyed and in terms of simple things such as grammar, spelling and punctuation.

(iv) it should be Timely

Employees need to know what is going on in their organizations and in the external environment that impacts/affects them. Today's technology-driven environment makes it easier to communicate with employees in a timely manner and this enhances speed and flexibility.

(v). Communication should be as frequent as is possible.

It cannot be assumed that a message has gotten across if it is sent just one time. Effective business communication should occur frequently to ensure that it has been received by all employees. Employees leave, new employees join the company and employees transfer from one role to another, requiring new and updated information.

(vi) Where possible, communication should use Multi-Channels

Effective business communication needs to be sent through a broad variety of channels to ensure that it is received by employees in different settings. Businesses, fortunately, have a variety of channels to choose from, from the traditional (print, bulletin boards, meetings) to the new-technology (email, blogs, social media sites and so forth).

(vii) It should be done Face-to-Face, where possible

Face-to-face communication is still the most effective, and should be used whenever possible and practical. Of course, in very large organizations this can be challenging, but even then, alternatives may include videoconferencing or the use of webinars.

(viii). Effective communication is Two-Way (Need for feed-back)

Employees need the opportunity to share their feedback, opinions and thoughts with managers and employers. Effective business communication offers the opportunity for two-way communication to benefit employees and employers.

SOLUTION FOUR

A **team** is a **small number of people** with **complementary skills** who are committed to a **common purpose**, performance goals and **approach** for which they hold themselves **accountable**.

Teams are a focused and organized group useful in the workplace for decision making, idea generation and project work requiring a mix of skills. Teams are well suited to work organizations, Control, Idea generation and decision making.

Stages of Team/ Workgroup formation/development

Tuckman(1965) suggested that workgroups/team formation pass through **four (4)**stages of development:

(a).**Forming**: the individuals are thrown together and enter a process of establishing rules, tasks and methods.

(b).**Storming**: intra-group conflict as leaders are established, goals set and personalities and emotions resolved.

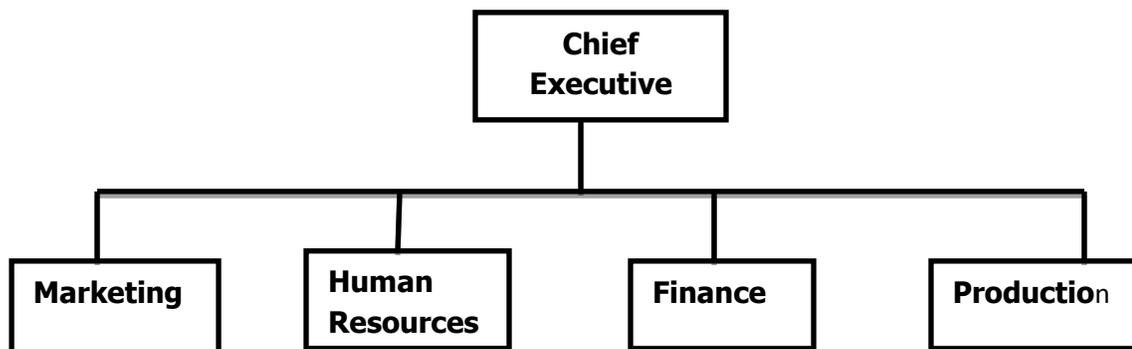
(c) **Norming**: a period of settling down in which the norms and rules have been established.

(d) **Performing**: group performs at the highest level of efficiency.

(b). Bureaucracy **or Functional structure**

A functional structure is basically bureaucratic in nature. It is organized around functional specializations, thus structuring an organization by grouping similar and related occupational specialties together.

Illustration of a functional organizational structure



Reasons why organizations may prefer Functional/ bureaucratic structures

Some of the advantages of functional/bureaucratic structures include the following:

- (i) **Economies of Scale can be realized.** When people with similar skills are grouped, more efficient equipment can be purchased and discounts for large purchases can be used.
- (ii) **Monitoring of the environment is more effective:** Each functional group is more closely attuned to developments in its own field and therefore can adapt more readily.
- (iii) **Performance standards are better monitored.** People with similar training and interests may develop a shared concern for performance in their jobs.
- (iv) People have greater opportunity for **specialized training and in-depth skills development.**
- v) Technical specialists are relatively **free of administrative work.**
- (vi) **Decision making and lines of communication** are simple and clearly understood

SOLUTION FIVE

- (a). This question is premised on **SWOT** analysis that an organization needs to do to ascertain its Strengths, Weaknesses , Opportunities and threats.

Strengths are those positive aspects or distinctive attributes or competencies, which provide a significant market advantage or upon which the organization can build a competitive advantage. An example would be the present market positions of the company, staffing and skills, size, structure, managerial expertise, financial resources, etc.

Weaknesses are internal challenges that the organisation faces, preventing the successful implementation of the strategy. Some the weaknesses the firm may have include a weak financial base, poor production process being used by the company, weak human capital in the company and poor marketing systems. The strategy when developed should aim at mitigating the impact the weaknesses the company may have.

Opportunities are general events in the external environment beyond the immediate control of the organisation but do have a bearing on the organisation. The opportunities are those events or trends that have a potential positive effect on the organisation once exploited. Such events or trends may be political, economic, social/cultural, technological, ecological etc.

Threats are forces or trends outside the control of the organisation but have a potential impact of reducing the competitiveness of the company in the market. These are again in the external environment and may include developments in science and technology, which the company is ill prepared to respond to. Threats may include situations where a new product is introduced that immediately makes the company's products obsolete, its distribution network irrelevant, new production methods that make the company's competitors more efficient and effective than the company. The strengths of the company combined with the opportunities may be used to neutralise the impact of the threats in the environment.

- (b). Definition: Interpersonal Roles are relations with other people arising from the manager's status and authority.
- i. **Figurehead role** - most basic and simple managerial role is being the **public face** of an organisation. The manager is a symbol and represents the organisation in matters of formality, ceremonial nature, signing documents, and so on.
 - ii. **Leadership role** is one of the significant roles and it permeates all activities of a manager. Due to the formal authority vested in the manager, there is responsibility for staffing, motivation and guidance of employees.
 - iii. **Liaison role** involves relationships that the manager develops within and outside the organisation thus linking the organisation to its environment

END OF SOLUTIONS