**MANAGEMENT NOV 2014**

**SOLUTIONS TO MUTIPLE CHOICE QUESTIONS**

1. d
2. a
3. d
4. c
5. a
6. b
7. d
8. a
9. a
10. b
11. d
12. d
13. b
14. c
15. c
16. a
17. d
18. a
19. c
20. d

**Solution /Making Scheme**

**Question One**

1. Similarities

* They are both incorporated i.e. have a separate legal personality from those of the owners.
* Both must have at least two members and one director
* Both must file the Memorandum of Association and the Articles of Association before they are incorporated
* Both are required to have a Company Secretary, who is the chief administrative officer of a company.

Any three, **2 marks each = 6marks**

Differences

* A public limited company’s name must end with the letters plc while the name of private limited company must end with the word ‘Limited.’
* A public limited company is allowed to offer its shares to the public. A private limited is not permitted to sell its shares to the public.
* A public limited company requires a certificate of trading from the Registrar of companies before it starts trading after incorporation. This does not apply to a private limited company.
* A private limited company is restricted in the transfer of its shares between private shareholders (members). This does not apply to a public limited company. **2marks each =8 marks**

1. The benefits to be lost include;

* Professional accountability towards the client
* Few formalities required for starting-up
* No obligation to publish accounts **2 marks each = 6marks**

**Total = 20 marks**

**Question Two**

1. – Charismatic authority based on unique traits of the leader

* Traditional authority based on loyalty to the individual
* Rational –legal authority based on a system of formal, explicit rules or bureaucracy. 2 marks each (Any two) = 4marks

1. – A bias for action – being proactive in decision making, applying a go-go

philosophy.

* Close to the customer- valuing customers contributions results in being in tune with customers needs and tastes.
* Authority and entrepreneurship – foster innovation and creating champions.
* Productivity through people –valuing ordinary employees as a source of quality
* Hands on, value driven- management philosophy guiding every day practice.
* Sticks to the knitting –focus on the business that you know.
* Simple form, lean staff- Using a simple structure with minimal staff at HQ.
* Simultaneous loose-tight properties – autonomy in operational activities but centralised values e.g. quality standards.

2marks each =16 marks

Total = 20 marks

**Question Three**

1. Planning is the process by which managers set objectives, assess the future, and develop courses of action to accomplish these objectives **2marks**
2. – Improving Performance

* Focusing attention on objectives
* Offsetting uncertainties and anticipating problems
* Providing guidelines for decision –making
* Facilitating control

**Any two, 2 marks each = 4marks**

1. Step One: Defining the Mission of the organization

The mission is the fundamental, unique purpose that sets the company apart from other firms and identifies the scope of its operations in product and market terms.

The mission statement deals with three important issues

1. What business are we in?
2. Who are out customers?
3. What good or service will we offer?

The mission should not be too wide nor too narrow for an organization to satisfy its customers. **3marks**

Step Two: Developing Organizational Objectives

A mission is accomplished through objectives, which are concrete, specific aims that management seeks to achieve for the organization within a specified time period. The objectives form the basis for planning, policy-making and setting performance standards. **2marks**

Step Three: Assessing organizational Resources, Risks and Opportunities.

This step involves the assessment of the firms’ strengths and weaknesses in comparison with those of other organizations. This assessment is used to identify appropriate strategies for accomplishing organizational missions and objectives. Evaluation of Environmental risks and opportunities and SWOT Analysis are an important part of this step. **3marks**

Step Four: Formulating Strategy

The firm’s assessment of its resources in relation to its environment leads to the selection of an appropriate strategy to capitalise on existing and expected environmental conditions. In developing its strategic plan attention must be given to the current environment and changes expected in the planning time frame. This includes environmental factors that might affect current or anticipated businesses either positively or negatively e.g economic, demographic, social, technological and regulatory trends. **2 marks**

Step Five: Implementing Strategy

The strategic plan is implemented through tactical and operational plans. Tactical planning focuses on implementation of current and near-term activities and allocation of resources required to perform those activities Tactical planning is mainly the responsibility of members in various functional areas. Operational planning involves the development of derivative, short term plan for each function such as production, finance human resource etc.

Step Six : Monitoring and Adapting Strategic Plans

This step involves establishing control mechanisms so that feedback from actual implementation of the strategic plan can be analyzed. This enables managers to evaluate the effectiveness of the strategy being implemented. They determine whether actual performance matches with the strategy and and is on track to achieve the organizations objectives.  **2marks**

Sub total **14 marks**

Total = **20 marks**

**Question Four**

1. An organization reward system is the formal and informal mechanisms by which employee performance is defined, evaluated, and rewarded.

**2marks**

1. In terms of expectancy theory of motivation for an individual to exert effort required to achieve a certain level of performance, he/she must know how that performance will be measured, evaluated and re warded. The individual must know the appraisal system.  **2marks**
2. The elements include

* The reward system must meet the needs of the individual for basic necessities as identified by the content theories of motivation.
* The reward system should compare favourably with those offered by other organizations.
* The distribution of rewards within the organisation must be equitable. This is more critical than the preceding element above.
* The reward system must recognize that different people have different needs and choose different strategies to satisfy those needs.

**2marks =8marks**

1. A fixed rate pay system remunerates employees on the basis of a specific wage for each hour worked or for salaried employees a fixed sum of money weekly or monthly. In this system pay is not directly linked to performance. **2marks**

A merit pay system is a reward system in which people get different pay raises at the end of the year depending on their overall job performance. It is an incentive system which rewards employees in proportion to what they do. Examples of incentive systems include profit –sharing, gain –sharing, lump-sum bonuses and pay for knowledge. **2marks**

1. The problem with a fixed system is that it does not recognize performance i.e it does not pay more to those who contribute more **2marks**

A merit pay system favours the strong and smart employees but in a way discriminates against the weak, slow, average and mediocre employees

**2marks**

**Total 20marks**

**Question Five**

1. Recruitment is the process of attracting prospective employees who can be selected to fill the gap identified in the HR forecast **2marks**
2. - Identify and define requirements Job descriptions, job specifications and

person specifications which are needed.

* Attract potential employees using various methods
* Select and employ appropriate people from the job applicants

**2 marks each = 6marks**

1. A job description is a statement setting out the purpose of a job, where the job fits into the organization structure, the main accountabilities and responsibilities of the job and key to be performed. **2marks**
2. Four main uses of a job description are

* Organization – to define where the job fits in the structure
* Recruitment – it provides valuable information to potential recruits and the recruiting team.
* Legal – the job description forms an important part of the legally-binding contract of employment.
* Appraisal – individual objectives can be set based on the job description **2marks each = 8marks**

1. The contents of job description are

* Job title

(Indicates role / function and level within that function)

* Subordinates i.e who reports directly to the job holder?
* Main purpose i.e who is involved in the job overall
* Main tasks and accountabilities main activities to be done and what the job holder is expected to achieve?

**Any two, 1 mark each = 2 marks**

**Total = 20 marks**