

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN	
EXAMINERS' COMMENTS	
SUBJECT Business Management and Behavioural Studies	SESSION Certificate in Accounting and Finance – Autumn 2014

General

The questions in the paper were framed to assess the knowledge of important concepts of business management as well as their applications in different business scenarios. Whereas, replies to the theory-based questions were generally satisfactory, the questions designed to test the application/understanding of the concepts depicted inadequate grasp of the subject. At this level, students are expected to be able to interpret the requirements of the questions and apply their knowledge to the practical scenarios illustrated in the questions.

Question-wise comments are as under:

Question 1(a)

In this scenario based question candidates were required to identify and briefly explain the characteristics of business entities which despite a substantial base of physical assets and good market prospects for their products, were not able to achieve optimal performance levels due to inappropriately designed organization structures.

It was apparent that a number of candidates were not able to comprehend the issues which are responsible for poor performance due to inherent defects in organizational structures of business entities. The students were unable to appreciate that it was stated in the question that the company had substantial physical assets, modern machinery, good working conditions and marketing prospects for its products. Consequently, instead of focusing replies on issues arising due to inappropriately designed organizational structure, weaknesses such as lack of technological advancements, low salaries, lack of safety measures, etc. were mentioned in a number of instances which were wholly irrelevant in the given scenario.

A number of students also discussed concepts of centralization vs. decentralization, span of control, etc. which were not required.

Question 1(b)

In this question students were required to identify the salient features of a Virtual Organization. Most of the students did well as they identified the main features, viz. non-existence of physical assets and conduct of operations based on IT systems and internet technology.

Question 2

In this question candidates were asked to identify and describe six leadership styles enunciated by Tannenbaum and Schmidt. Most of the replies were well on target encompassing tells, tells and sells, tells and talks, consults, involves, delegates and abdicates styles of leadership. However, some candidates identified and described leadership styles depicted by Huneryager and Heckman.

The students were also able to offer correct leadership style in an organization which required quick decision making and consisted of highly competent staff at all levels but were unable to substantiate their recommended style with sound reasons. A number of students incorrectly identified 'Consult style' as the most suitable in the given situation instead of the delegated or abdicated styles.

Question 3

This question described the operations in a scenario relating to a chain of eight restaurants. Four different decision making levels were stated and students were asked to identify the level at which the specified decisions ought to be made and to briefly explain the reason for their opted choice. The performance in this question may be described as poor. Nearly 10 per cent of the students did not attempt this ten mark question. Most of the students could match correctly only 2-3 out of the 5 decisions that were required in question.

Appropriate rationale to justify the recommended levels in the organizational hierarchy were generally off the mark.

Question 4(a)

In this part of the question the candidates were required to briefly explain the measures which a skilled negotiator would adopt to keep the negotiation process on track.

The performance was modest as a number of students did not grasp the essence of the question. Instead of mentioning measures such as offering convincing explanations, expressing willingness to review unresolved issues in future, offering reasonable and considered concessions etc., they explained at length the abilities of good negotiators such as knowledge of the issues, skills in assessing situation, personal interaction and right communication skills and attitude in the negotiation process. A few students explained concepts such as third party negotiations, high risk tactics, etc. which were not relevant.

Question 4(b)

The replies were generally satisfactory as the students stated the reasons of conflict in an organization quite comprehensively such as lack of communication, incompatibility of goals, disagreement due to differences in expectations and departmental rivalry for scarce resources. However, some candidates wrote the reasons of conflict in a group environment and highlighted the various issues of group dynamics.

Question 4(c)

This part of the question relating to the situations in which conflicts may be advantageous for an organization elicited reasonably good replies. Key advantages of positive conflicts such as encouraging innovations, testing of new ideas, release of internal hostile feelings and motivating individuals to perform at their optimum level were stated by a significant number of students.

Question 5

This 10 mark question required the students to discuss the advantages of formal goal setting systems. Approximately 9 per cent of the students did not attempt this question; 20% of the students who attempted this question performed reasonably satisfactorily, whereas most of the other answers revolved around just two points, i.e. (i) goal setting provides a sense of direction to the employees and they are clear of their roles and responsibilities and (ii) it helps in controlling and monitoring the performances of employees.

A number of students were unable to comprehend the question clearly and stated that the goals should be specific, measurable, attainable, result oriented, etc.

Question 6

This question required description of the salient features of Herzberg's two-factor theory of Motivation-Hygiene. In this 7 mark question, the performance was reasonably good. Most of the students did have adequate knowledge of the two-factor theory but were unable to identify all the hygiene and motivator factors. Furthermore, a number of the replies were restricted to the identification of the above factors only.

Question 7

In this question, which carried 8 marks, the candidates were required to identify and explain the sustainable advantages possessed by existing market players which act as a deterrent to new entrants. This was a well attempted question as a significant number of the students were able to identify the main advantages. A majority of the students also offered appropriate explanations and secured good marks.

Question 8

This question regarding Michael Porter's theory of value chain proved to be most challenging as one third of the students did not attempt this question. In this question students were required to identify and describe the five primary activities in the value chain that contribute to the success of any business enterprise. Even those students who attempted this question could list only the primary activities but their explanations were vague and lacked adequate substance. On the other hand, several students wasted precious time by writing 2-3pages although a few lines of the pointed explanation of each activity of the value chain would have been sufficient.

Question 9(a)

The question required the candidates to identify and state the Mintzberg's Five Building Blocks in a typical organization. Majority of the candidates were well aware of the theory and were able to identify and explain all the five building blocks correctly and scored high marks in this part of the question.

Question 9(b)

A significant number of the students were aware of the concept of Perception and the factors which influence an individual's perception towards any object, situation or person. Consequently performance in this 5 mark question was quite good.

Question 10(a)

This part of the question required definition of server, file server, and network server. It appears that most of the candidates had not studied this area carefully and consequently the performance was rather unsatisfactory.

Question 10(b)

This question was well attempted as a significant number of candidates were well aware of the LAN and WAN and their key distinguishing features.

Question 11

Candidates were asked to list the different types of information which management can obtain by implementing a sound personnel management reporting system and also to specify the importance of maintaining data security and access to such a system. Majority of the candidates correctly listed the different types of information which management can obtain by introducing a sound personnel management reporting system. However, most of them were not certain about the importance of maintaining security of such data. Furthermore, instead of highlighting the importance of different types of personnel management reporting systems, several candidates described the measures which management can take to ensure security of data. This reply was not relevant in the context of the question.

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