

<b>THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN</b>	
<b>EXAMINERS' COMMENTS</b>	
<b>SUBJECT</b> Business Management and Behavioural Studies	<b>SESSION</b> Certificate in Accounting and Finance – Spring 2016

**General:**

Overall performance in this attempt was below the performances in the previous few attempts despite the fact that the questions were framed from the textbooks and carried adequate opportunities to score marks. It was noted that the candidates' writing skills are on the decline and this aspect was quite visible in this attempt. Very few candidates were able to produce answers which were relevant, focused and addressed precisely to what was required, on a consistent basis i.e. in all questions. Basic knowledge of the topics was evident in most of the cases but very few succeeded in scoring high marks in more than one or two questions.

Question wise comments are given below:

**Question 1**

The question specifically asked about the management functions in a typical organization as enunciated by Henri Fayol. The performance in this question was very poor. Most of the students were unable to distinguish between management functions and the principles of management developed by Henri Fayol and discussed the principles rather than the functions.

This clearly showed lack of in-depth study. Even those candidates who did identify the management functions correctly were mostly unable to provide comprehensive explanations.

**Question 2**

This question consisted of two parts. In part (a), the candidates were required to match the given scenarios with the given concepts/principles. In part (b) they were required to distinguish between characteristics of managers and leaders. It was the best attempted question as more than 90% students were able to secure passing marks with an average score of 7.5 out of 10 marks.

**Question 3**

This question was based on a scenario according to which ZFL which was one of the four leading fertilizer producers was faced with a situation whereby two of its competitors were planning to increase their manufacturing capacities in order to produce fertilizers for high yielding crops. The requirement was to discuss the areas in which ZFL should focus to meet this potential competition.

The overall performance was satisfactory. However, some students mentioned irrelevant points such as controlling costs. Many candidates failed to notice that ZFL was already a leading manufacturer of fertilizers and their answers focused on strategies where a manufacturer launches its products for the first time such as competitors' analysis, market analysis, cost leadership, customer analysis, etc.

#### **Question 4**

The requirement of the question was to explain the important matters that the board of directors should keep in perspective while establishing goals for the next four years, where the board believes that the level of business activity in the country would increase significantly.

The overall response in this question was extremely poor. A variety of inappropriate approaches were used by the students. Most of them laid the entire emphasis on setting SMART goals and ignored all other aspects. Some of them recommended SWOT analysis and discussed various aspects thereof in detail. Most of the candidates ignored the important information that the level of activity in the country was expected to increase significantly. To achieve a fair share of such growth, the company would require additional resources and its employees would need to be trained, etc. Further, very few students mentioned that the goals should be flexible so that any new opportunities are also recognized and targeted. Similarly, very few mentioned about a system of monitoring the achievement of goals and targets.

#### **Question 5(a)**

The question required the candidates to identify the strengths of roles of individual team members as mentioned in Belbin team-role theory. Overall performance in this question was below average. Most of the students did not have a clear idea of the roles of individuals as identified in Belbin's Team Role theory. Most of them described the generic meanings of the various terms rather in the context described in Belbin's team-role theory.

#### **Question 5(b)**

Majority of the students had a clear idea of the Collaborative approach. However, they showed lack of clarity regarding Compromising approach. For example, in many cases they explained that both parties have to give up something in order to gain something but on the other hand they termed it as a win-win approach for both the parties.

In the Avoiding approach most of the students wrote that both parties avoid the inter-group conflict whereas in this approach the Manager is the one who withdraws from or suppresses the conflict.

#### **Question 6(a)**

This part of the question was well-attempted. Most of the students had a clear idea of the concept of connected stakeholders and gave appropriate answers with examples.

### **Question 6(b)**

Three types of connected stakeholders were identified in this part of the question and in respect of each of them, the students were required to explain how an astute manager should handle them.

A mixed performance was witnessed. Many students had a very clear idea but most of them gave average sort of answers which were correct to some extent but were unable to clearly distinguish between the approach to be adopted in each case. Many students started the answers with the words “keep them satisfied”, in all three cases without clearly specifying how that could be done.

### **Question 7(a)**

The requirement in this part of the question was to identify and describe three factors which determine the strength of an individual's motivation as per Vroom's Expectancy Theory. A large number of candidates performed well and were able to identify and explain the right factors, i.e. valence, expectancy and instrumentality. Some candidates had absolutely no concept of the Vroom's theory and they either explained Maslow's hierarchy of needs motivation theory or Herzberg's two factor theory. Many replies unnecessarily further clustered the theory with flowcharts which gave them no extra marks.

### **Question 7(b)**

Majority of the students gave answers which revolved around just one point i.e. “giving appropriate rewards”. Other measures such as provision of resources, training and employee development, appropriate supervision, were discussed by less than 50% of the candidates. Some candidates again copied the explanations of factors as discussed in part (a) and stated them as measures.

### **Question 8**

This question required the candidates to list and briefly describe the factors stated in McKinsey's 7S model of change. The overall performance of the candidates was below average as they correctly identified both hard and soft factors but seemed distracted while offering relevant explanation of these factors. Some students misunderstood the question and wrote about the ease or difficulty of managing the factors instead of simply defining them. Some candidates incorrectly mentioned or included size, salary and stakeholders as the factors.

### **Question 9(a)**

In this part of the question, which was based on a simple and brief scenario, the candidates were asked to discuss any three techniques that may be adopted by a person who believes in adopting a tough stance during negotiations along with the inherent risks of adopting such techniques. A large number of candidates performed well and explained the correct techniques such as “take it or leave it”, “waiting until the final moment”, “loosing temper” and “the chicken” and the inherent risks in adopting them. However, some candidates tried to incorporate the skills of negotiations like active listening, verbal communication, emotional control, etc. which were wholly irrelevant. Some candidates mentioned inappropriate and low risk techniques such as inflated opening position, silence and oh poor me, etc.

**Question 9(b)**

The performance of the candidates in this question was good as they rightly explained perceptual selectivity as to how and why people select only a few stimuli out of many stimuli they encounter at any given time. However, some candidates confused it with selective perception. Almost all the candidates listed the four external stimuli to which individuals tend to pay greater attention. However, many candidates wasted time and efforts by unnecessarily explaining these external stimuli, which was not required.

**Question 10(a)**

This part of the question required the candidates to describe the components of an Expert System and to state the advantages of the system. A number of candidates were unable to identify the components and provided a general description of an Expert System. However, most of them were able to identify the advantages of Expert System correctly.

**Question 10(b)**

This part of the question required brief description of the salient features of network analysis. The performance in this part was below average. It was quite disappointing to see that the students did not read the question carefully. Instead of describing the features of network analysis they wrote about computer networks.

**Question 11 (a)**

Performance in this part of the question was good as majority of the candidates had a clear idea of the concept of online processing and explained it correctly. A large number of candidates identified ATM machines and air ticket booking as examples but failed to offer a proper explanation. Some candidates had no idea of the concept and mentioned about computer network exchanging data through internet like email and sharing devices such as fax machines, printers etc. which was not correct.

**Question 11(b)**

In this part of the question, the candidates were required to give examples of the different types of information that is generated for strategic, tactical and operational levels. An average performance was witnessed as quite a large number of candidates offered correct examples of tactical and operational levels information but only few of them were able to offer correct examples of strategic level information. Some candidates, instead of writing the types of information generated at the specified levels, mentioned the decisions at strategic, tactical and operational levels.

Some candidates did not understand the requirements of the question and discussed with examples various information technology systems like transaction processing system, management information system, decision support systems and executive information systems, etc.

**Question 12(a)**

In this part of the question, the candidates were required to discuss the salient features of a functional organizational structure and the main advantages associated with it. The overall performance was rather unsatisfactory. Only a limited number of candidates seemed to possess comprehensive knowledge about the concept of functional organizational structure. A substantial number of candidates intermingled the features of divisional and matrix organizational structures in their replies. A few candidates who seemed quite confused offered the features of formal organizational structures. Further, many candidates identified just one or two correct advantages and repeated them with different phrases and words. Many candidates picked up advantages like narrow span of control, participative decision-making and formal communication channels, etc. which were not appropriate in this context.

**Question 12(b)**

In this part of the question, the candidates were required to present functional organizational structure of a sanitary fitting company in the form of a chart. Most of the answers were only partly correct. Majority of the candidates failed to classify the production department into its sub functions like manufacturing, assembly and finishing departments. Some replies revolved around the segregation of hierarchy in the organization starting from owners down to subordinate of each function which were not appropriate in this context.

*THE END*