

DP04

Principles of Management

7 OCTOBER 2004

1. Time allowed : Three (3) hours
2. Total number of questions : Six (6) questions
3. Number of questions to be answered : Four (4) questions [25 marks each]
4. Begin each answer to a new question on a fresh page.
5. Answer **all** questions in **English**.
6. Blank pages are provided at the end of the question paper for rough work.

ANSWER FOUR (4) QUESTIONS ONLY

1. Planning is a key component of the management process.
- (a) Differentiate between formal and informal planning. [6]
 - (b) What are the benefits that can be gained from good planning? [14]
 - (c) List **five** common criticisms against planning. [5]
- (Total:25 marks)
2. “Centralisation is the concentration of authority for making most decisions at the top level of an organisation and decentralisation is the dispersion of authority to make decisions throughout all levels of the organisation.”
–*Schmerhorn, 2001*
- (a) What are the factors that influence the amount of centralisation or decentralisation in an organisation? [14]
 - (b) With examples, discuss whether centralisation or decentralisation is a better approach in today’s business environment. [11]
- (Total:25 marks)
3. Delegation is assigning or giving tasks and responsibilities to subordinates for them to carry out.
- (a) List and briefly explain the following:
 - (i) **Five** benefits of delegation. [5]
 - (ii) **Four** circumstances under which a task should be delegated. [6]
 - (iii) **Four** ways a task could be effectively delegated to a subordinate. [6]
 - (b) What are **five** important steps that a manager should take after delegating a task? [5]
 - (c) What are **three** possible reasons for the lack of delegation amongst managers? [3]
- (Total:25 marks)
4. (a) Describe Abraham Maslow’s Hierarchy of Needs Theory. [20]
- (b) Explain the managerial implications of this theory. [5]
- (Total:25 marks)
5. Research has shown that relationships within a group normally go through five stages of development.
- What are the **five** stages in a group development process? Illustrate your answer with a brief description of the signs that characterise each stage. (Total:25 marks)
6. (a) Using a diagram, explain the key elements in a communication process. [14]
- (b) List **five** common barriers to effective communication. [5]
- (c) Suggest **three** ways to improve communication in an organisation. [6]
- (Total:25 marks)

OUTLINE ANSWERS

The comments given in the boxes below indicate the areas of weaknesses the examiners have identified and their advice to future candidates.

Question 1

Candidates could not differentiate between formal and informal planning or list the common criticisms against planning.

1. (a) Formal planning
- Objectives are written
 - Specific objectives are defined and made available
- Informal planning
- Nothing is written down
 - Little or no sharing of objectives
- Candidates are expected to distinguish between the two types of planning.
- (b) Benefits of good planning are:
- Organisation knows its direction.
 - Organisation's efforts can be co-ordinated.
 - Anxiety arising from uncertainty can be reduced as change can be anticipated.
 - Managers can anticipate consequences of their actions and determine best course of action to be taken.
 - Overlapping and wasteful activities are reduced.
 - Confidence and good morale are gained when incremental results achieved show that plans are on track.
 - Standards or objectives are established to facilitate control.
- (c) **Five** criticisms against planning are:
- Planning may create rigidity.
 - Plans cannot be developed for a dynamic environment.
 - Formal plans cannot replace intuition and creativity.
 - Planning focuses managers' attention on today's competition not on tomorrow's survival.
 - Formal planning reinforces success, which may lead to failure.

Question 2

- Candidates did not know the factors that influence the amount of centralisation or decentralisation in an organisation.
- Candidates could not decide on or put forward the arguments logically for which of the two approaches is a better approach in today's business environment.

2. (a) Factors that influence the amount of centralisation or decentralisation in an organisation are:

More Centralisation

- Environment is stable.
- Lower level managers are not as capable or experienced at making decisions as upper level managers.
- Lower level managers do not want to have a say in decisions.
- Decisions are significant.
- Organisation is facing a crisis or the risk of company failure.
- Company is large.

- Effective implementation of company strategies depends on managers' retaining a say over what happens.

More Decentralisation

- Environment is complex.
- Lower level managers are capable and experienced at making decisions.
- Lower level managers want a voice in decisions.
- Decisions are relatively minor.
- Corporate culture is open to allow managers to have a say in what happens.
- Company is geographically dispersed.
- Effective implementation of company strategies depends on managers' having involvement and flexibility to make decisions.

- (b) This portion of the question is to allow the candidate to present a logical argument to support either one of the approaches, while being able to relate to examples from personal experiences from one's workplace.

Question 3

3. (a) (i) Five possible benefits of delegation are:
- Improves quality of decision
 - Greater commitment from subordinates
 - A form of job enrichment
 - An effective method of management development
 - Saves managers' time
- (ii) A task can be delegated under the following situations:
- When a subordinate can better do the tasks
 - When the tasks are urgent but not of high priority
 - When the tasks are relevant to a subordinate's career
 - When the tasks are not central to the manager's role
- (iii) A manager can go about delegating a task as follows:
- Specify and explain responsibilities clearly
 - Give adequate authority and clearly specify limits of discretion
 - Feedback: specifying reporting requirements
 - Ensure subordinate's acceptance of responsibilities
- (b) **Five** important steps a manager should take after delegating are as follows:
- Inform others who need to know
 - Monitor progress in an appropriate way
 - Arrange for subordinates to receive necessary information
 - Provide support and assistance, but being aware of reverse delegation
 - Consider a mistake made as a learning experience
- (c) Possible reasons for lack of delegation amongst managers are:
- They have a strong need for power
 - They doubt their subordinates' abilities
 - They perceive their subordinates have different values and objectives
 - They have a strong need for personal achievement

Question 4

Candidates were unable to apply the theory to explain the managerial implications of Maslow's Hierarchy of Needs Theory.

4. (a) Maslow's Hierarchy of Needs Theory:

Candidates are expected to identify the 5 levels of human needs, offering relevant explanation for each of them:

- **physiological needs** – basic human needs for food, clothes, sex and physical well-being
- **safety needs** – need for security, protection, and stability in events of day-to-day life
- **social needs** – need for love, affection, sense of belonging in one's relationships with other people
- **esteem needs** – need for esteem in the eyes of others, need for recognition, prestige, etc.
- **self-actualisation needs** – individual becomes what he/she is capable of, i.e. a stage of personal fulfilment

Candidate must explain the needs in its proper sequence.

- (b) Maslow's theory helps managers to understand what and how to motivate their employees. For an individual, as each level of need is substantially satisfied, the next becomes dominant. Although no needs are ever fully satisfied, a need that is substantially satisfied will no longer motivate an individual. To motivate a person, a manager needs to understand which level the particular employee is in on the hierarchy and focus on satisfying the employee's needs at or below that level. Attempts need to be made to change organisations and management practices so that employees' needs could be satisfied to motivate them.

Question 5

Candidates provided lengthy answers with details not required by the question.

5. Five stages in a group's development process are as follows:

- **Forming** – people coming together and there is purpose, structure, with leadership being defined
 - *signs:* caution, uncertainty, avoidance of conflict, search for direction
- **Storming** – occurrence of intragroup conflicts
 - *signs:* conflict, power struggle, criticisms, challenges, questioning earlier decisions
- **Norming** – members of group accept common group behaviour. Close relationship and cohesiveness achieved
 - *signs:* mutual support, willingness to consider alternatives, sharing, joking
- **Performing** – group becomes functional and starts working together
 - *signs:* full involvement, acceptance of others views, voluntary efforts, warm relationships
- **Adjourning** – group disbands after tasks are completed
 - *signs:* attention directed towards wrapping up activities

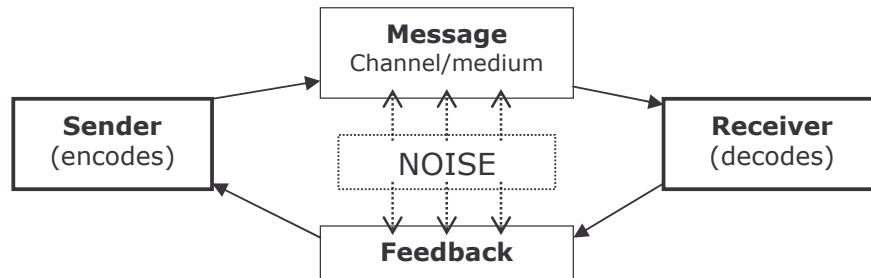
Question 6

- Candidates could not list the common barriers to effective communication.
- Candidates could not suggest better ways to improve communication in an organisation.

6. (a) Key elements in the communication process are as follows:

- **Sender** – person, group or organisation that has information, ideas, directions or views to convey
- **Message** – form in which information is encoded

- **Channel** – link that connects the sender and receiver
- **Receiver** – person, group or organisation for which the message is intended. Receiver decodes and assigns meaning to message
- **Feedback** – information that sender derives from receiver's response. Most important component of communication process
- **Noise** – anything that interferes with the sending and reception of the message



- (b) Five common barriers to effective communication are as follows:
- a poor choice of communication channels
 - poor written or oral expression
 - failure to recognise non-verbal signs
 - physical distractions
 - instances of information filtering

Candidates are expected to just list the points down

- (c) Three ways to improve communications in an organisation are:
- Practising active listening – actively listen for message content
 - Giving constructive feedback – effective feedback given
 - Opening communication channels – employees given opportunities to communicate

Candidates are expected to briefly explain their answer besides listing down the ways.