

**DP04**

# **Principles of Management**

**13 OCTOBER 2005**

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. Controls help managers to monitor the effectiveness of their planning, organising and leading functions.
- (a) Describe **four** ways how a manager could perform the control function. [10]
  - (b) Briefly describe **seven** characteristics of an effective control system. [7]
  - (c) Explain **four** benefits of having a good control system. [8]
- (Total:25 marks)
2. In today's organisations, managers are expected to play the role of change agents.
- (a) Briefly describe, with examples,
    - (i) **five** reasons for the resistance to change that managers could face in their role as change agents; and [10]
    - (ii) **three** techniques how managers can reduce the resistance to change. [6]
  - (b) Describe Kurt Lewin's 3-step change process and how a manager could contribute to each step of the process. [9]
- (Total:25 marks)
3. (a) Max Weber (1947) developed a theory of bureaucratic management to improve the performance of organisations by making their operations predictable and productive.
- Explain the principles of Weber's ideal bureaucracy. [15]
- (b) (i) Explain Frederick Herzberg's motivation-hygiene theory. [6]
  - (ii) How could managers use Herzberg's motivation-hygiene theory in motivating their staff? [4]
- (Total:25 marks)
4. (a) Briefly describe **four** characteristics of a work team. [4]
- (b) (i) State **four** advantages and **five** disadvantages of group decision-making. [9]
  - (ii) Briefly describe **four** approaches to group decision-making that could generate more creative and better solutions than individual decision-making. [12]
- (Total:25 marks)
5. (a) Power is the capacity of a leader to influence work actions or decisions.
- Explain **five** sources of power that are vested in a leader. [15]
- (b) Trust is the belief in the integrity, character and ability of a leader.
- Briefly describe **five** ways a leader can cultivate trust in work teams. [10]
- (Total:25 marks)
6. (a) Name **two** generic models of organisational design. [5]
- (b) Discuss the differences in the characteristics of the two generic models of organisational design identified in (a) above. [20]
- (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 describe how managers could perform the control function. Most answers were irrelevant.

1. (a) Managers can go about carrying out the control function as follows:
  - **Establish standards and methods for measuring performance**
    - Ensure that goals and objectives are stated in specific measurable terms that includes deadlines.
    - Monitor performance by comparing actual results against established standards.
  - **Measure the performance**
    - Measure performance on an ongoing basis (frequency of measurement will depend on nature of activity).
  - **Determine whether performance matches the standard**
    - Compare results with standards/targets set at planning stage.
  - **Take corrective action(s)**
    - Take corrective action if results/performance falls short of targets/standards.
    - Early actions would ensure targets have a better chance of being met.
  
- (b) Seven characteristics of an effective control system are:
  - **Accuracy**
    - Measure right things and provide accurate data for remedial action.
  - **Timeliness**
    - Provide required data as and when it is needed.
  - **Economy**
    - Cost efficient, affordable and easy to operate.
  - **Flexibility**
    - Flexibility to adapt and change with changing environment to gain maximum benefits.
  - **Understandability**
    - Easily understood by users.
  - **Reasonable criteria**
    - Standards set must be reasonable and attainable.
  - **Strategic placement**
    - Strategically placed to cover critical activities, operations and events.
  
- (c) Four benefits of having a good control system are:
  - **Creates better quality**
    - Track progress and determine remedial steps to take to overcome deficiencies and defects in the products or systems – in line with TQM.
  - **Copes with change**
    - Keeps an organisation alert to changes and cope better with changing environment.
  - **Creates faster production cycles**
    - Help to anticipate time required for a project and its completion.
    - Once the speed is determined, constant improvement and consistent quality standards help to create faster production cycles.
  - **Facilitates delegation and teamwork**
    - When responsibilities are delegated, control informs manager on the progress, difficulties encountered and the competency of subordinates/team doing the job.

### Question 2

Candidates could not describe Lewin's 3-step change process and the contribution of a manager in each of those steps.

2. (a) (i) Possible reasons for resistances are (any **five**):

- Lack of trust.
- Believe that change is unnecessary.
- Believe that change is not feasible.
- Fear of personal failure.
- Loss of status and power.
- Threat to values and ideals.
- Resentment of interference.
- Economic threats.
- Relative high cost of change.

(ii) Overcoming resistance:

- Education and communication.
- Participation.
- Facilitation and support.
- Negotiation.
- Manipulation and co-optation.
- Coercion.

(b) Lewin's 3-step change process involves:

- Unfreezing.
- Changing.
- Re-freezing.

### Question 3

Candidates confused Herzberg's theory with Douglas McGregor's Theory X and Theory Y.

3. (a) The principles of Weber's bureaucratic organisation are:

- **Clear division of labour**
  - Jobs are well-defined; workers are specially selected to become highly skilled in performing the jobs.
- **Clear hierarchy of authority**
  - Authority and responsibility are well-defined for each position; each level reports to a higher level above it in the management hierarchy.
- **Formal rules and procedures**
  - Written guidelines, rules, regulations and policies direct behaviour and decisions in jobs; written files are kept in a bureau for historical record.
- **Impersonality**
  - Rules and procedures are impartially and uniformly applied with no one receiving preferential treatment.
- **Career based on merits**
  - Workers are selected and promoted on ability and performance, and managers are career employees of the organisation.

(b) (i) Herzberg's motivation-hygiene theory states that intrinsic factors are related to job satisfaction, whereas extrinsic factors are associated with job dissatisfaction.

Motivation factors found in job content include:

- Sense of achievement.
- Feelings of recognition.
- Sense of responsibility.
- Opportunity for advancement.
- Feelings of personal growth.

Hygiene factors found in job content include:

- Working conditions.
- Interpersonal relations.
- Organisational policies.
- Quality of supervision.
- Basic salary or wage.

- (ii) Manager should try to optimise the hygienic factors (by improving working conditions, e.g. by ensuring all safety and health checks are in place, by enhancing interpersonal relationship among co-workers, e.g. recreational clubs for employees, etc.) and also to motivate employees by providing the opportunities for self-improvement that would give them the sense of achievement (e.g. special projects, employee performance awards, etc.).

#### **Question 4**

Candidates mixed up the characteristics of teamwork with group decision-making.

4. (a) Four characteristics of a work team are:
- **Purpose**, e.g. project team, product development, task group, etc.
  - **Duration** – permanent or temporary.
  - **Membership** – functional or cross-functional.
  - **Structure** – supervised or self-managed.
- (b) (i) The strengths and weaknesses of group decisions are:
- Advantages (any **four**):
    - More complete information is gathered.
    - Different alternatives are generated.
    - Proposed solutions are more readily accepted.
    - Decisions made may be more accurate.
    - Decisions made have legitimacy.
  - Disadvantages (any **five**):
    - Time consuming.
    - Difficulty at times to get all members to attend meeting.
    - Minority domination.
    - Tendency to groupthink – members could withhold differing views in order to appear in agreement.
    - Ambiguous responsibility.
    - Free rider attitude may occur.
- (ii) Four approaches are:
- **Brainstorming**
    - Encourages free flow of ideas.
    - The problems is stated and solutions invited.
    - Ideas, no matter how irrational or wild, are generated.
    - All alternatives are recorded for evaluation and analysis later.
  - **Nominal group technique (NGT)**
    - All members physically present but operate independently.
    - All solutions are recorded.
    - Discussions then held to clarify and evaluate ideas.
    - Ideas are ranked.
    - Idea with the highest aggregate ranking is selected.
  - **Delphi technique**
    - Members of group do not meet face-to-face.
    - Series of questionnaires answered independently with regard to a potential solution.
    - A consensus is reached.

- **Electronic meetings**
  - Responses, individual comments and aggregate votes keyed in and projected.
  - Efficient because the group can interact by way of linked computers.

#### Question 5

Candidates could not describe how leaders can cultivate trust in work teams.

5. (a) Five sources of power vested in a leader are:
- **Legitimate power**
    - From the formal position a person holds in the organisational hierarchy.
  - **Reward power**
    - From a person's ability to give rewards.
  - **Coercive power**
    - From a person's ability to punish.
  - **Expert power**
    - From a person's expertise, knowledge and competence in certain area.
  - **Referent power**
    - From a person's attractiveness and friendship with others.
- (b) Ways a leader can cultivate trust:
- Practising openness.
  - Being fair.
  - Voicing out one's feelings.
  - Telling the truth.
  - Showing consistency.
  - Fulfilling one's promise.
  - Maintaining confidence.
  - Demonstrating competence.

#### Question 6

Candidates were unable to discuss the differences in the characteristics of the two models of organisational design.

6. (a) The two generic models of organisational design are:
- Mechanistic organisation.
  - Organic organisation.
- (b) The differences are as follows:
- Mechanistic organisation
    - Specialisation.
    - Extensive departmentalisation.
    - Narrow span of control.
    - High formalisation.
    - Limited information network.
    - Little participation in decision-making by low-level employees.
  - Organic organisation
    - Little work specialisation.
    - Minimal formalisation.
    - Little direct supervision of employees.
    - Highly adaptable and flexible.