

DP04

Principles of Management

6 APRIL 2006

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 process that involves defining the organisation's objectives or goals, establishing an overall strategy for achieving those goals, and developing a comprehensive hierarchy of plans to integrate and co-ordinate activities."
- Robbins & Coulter, 1999
- (a) Explain the foundation of planning. [4]
 - (b) Describe, with examples, **two** differences between formal and informal plans. [5]
 - (c) Briefly describe **three** common contingency factors that a manager must consider when planning. [6]
 - (d) Briefly describe **five** criticisms of planning. [10]
- (Total:25 marks)
2. (a) List the factors that influence the amount of centralisation and decentralisation in today's organisations. [15]
- (b) Which of these two approaches (i.e. centralisation or decentralisation) is better? Why? [10]
- (Total:25 marks)
3. (a) When should a manager delegate a task? [4]
- (b) What are **five** benefits of effective delegation? [5]
- (c) Describe how a manager should delegate a task to a subordinate. [5]
- (d) List the steps that need to be taken by a manager after a task is delegated, to ensure successful completion of the task. [5]
- (e) List **three** reasons why managers are hesitant to delegate their responsibilities. [6]
- (Total:25 marks)
4. (a) (i) Describe Douglas McGregor's Theory X and Theory Y. [10]
- (ii) How can managers apply McGregor's Theory X and Theory Y to address the needs of their subordinates in the workplace? [6]
- (b) Briefly explain, with examples, the contingency approach. [9]
- (Total:25 marks)
5. (a) Individual behaviour in organisations can be understood through five specific personality traits. Describe these **five** traits. [15]
- (b) Briefly describe **three** factors that influence perception in a workplace. [10]
- (Total:25 marks)
6. "Conflict is the perceived incomparable differences resulting in some form of interference or opposition."
- Robbins & Coulter, 1999
- (a) What are **two** main differences between functional and dysfunctional conflicts? [5]
 - (b) List **six** circumstances that could give rise to conflicts in a workplace. [6]
 - (c) Briefly describe **seven** actions that a manager can take to prevent or resolve conflicts. [14]
- (Total:25 marks)

- END OF QUESTION PAPER -

OUTLINE ANSWERS

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

<u>Question 1</u>	
•	Candidates were unable to articulate the answers.
•	Candidates need to prepare well and improve on their language in order to articulate their thoughts.

1. (a)
- The foundation of planning are objectives.
 - Objectives are the desired outcomes for individuals, groups and organisation.
 - They provide the direction for all management decisions.
 - Objectives form the criterion against which actual accomplishments can be measured.

=>Candidates are expected to illustrate the understanding of importance of objectives in relation to planning

(b)

Formal plan	Informal plan
Objectives are written	Nothing is written down
Specific objectives covering a period of time are defined and made available to employees	Little or no sharing of objectives with others

(c)

Three common contingency factors a manager must consider:

- Level in the organisation
 - Lower level managers do more operational planning
 - Higher level managers do more strategic planning
- Degree of environmental uncertainty
 - The greater the environmental uncertainty, the more plans need to be directional and short term
- Duration of commitment
 - The more the current plans affect future commitment, the longer the time frame for which managers should plan

(d)

Five criticisms of planning are:

- May create rigidity
 - People may adhere too strictly to processes and activities stated in a plan, encouraging rigidity
- Cannot be developed for dynamic environment
 - Plans cannot keep pace with constant change in business environment
- Formal plans cannot replace intuition and creativity
 - Formal plans do not provide an edge over the natural feel of intuition and creativity
- Focuses managers' attention on today's competition, not on tomorrow's survival
 - Managers may focus on making today's plans work and neglect anticipating tomorrow's changes
- Formal planning reinforces success, which may lead to failure
 - Too dependant on proven plans from past and not receptive to changes required for new situations

Question 2

- Candidates could not differentiate the factors that influence centralisation and decentralisation.
- Candidates failed to indicate the preferred approach and where indicated, did not give the rationale.
- Candidates need better preparation. Discussions during tutorials could assist them to be better prepared for the examination. Language improvement is a must.

2. (a) Factors that influence the amount of centralisation and decentralisation are:
- More centralisation, when
 - Environment is stable
 - Lower level managers not capable/experienced at making decisions
 - Lower level managers do not want to have a say in decisions
 - Decisions are significant
 - Organisation is facing a crisis or risk of company failure
 - Company is large
 - Effective implementation of strategies depends on managers' say over what happens.
 - More decentralisation, when
 - Environment is complex, uncertain
 - Lower level managers capable/experienced at making decisions
 - Lower level managers want a say in decisions
 - Decisions are relatively minor
 - Corporate culture is open to allowing managers a say in what happens
 - Company is geographically dispersed
 - Effective implementation of strategies depends on managers' involvement and flexibility to make decisions.
- (b) *Candidates are expected to choose an approach to recommend with valid reasons, using the points listed in (a) as a guide. A logical approach to the case being presented is essential to score marks for this question.*

Question 3

- Answers lacked depth.
- Candidates need to prepare well and improve on their ability to get the answers across.

3. (a) A manager should delegate a task under the following situations:
- Subordinates can better perform the task
 - Operational tasks that do not need constant monitoring
 - Tasks are urgent but not of high priority
 - Urgent tasks that do not require intervention of senior management
 - Tasks are relevant to a subordinate's career
 - Subordinates are given opportunities/responsibilities to prepare them for promotion
 - Tasks are not central to the manager's role
 - Tasks (e.g. implementation of programmes) can be delegated, as a manager's role is likely to be more strategic.
- (b) Benefits of effective delegation:
- Improves the quality of decisions
 - Gets greater commitment from subordinates
 - Saves a manager's time
 - A form of empowerment/job enrichment
 - An effective method of management development.

- (c) A manager can delegate a task to a subordinate via the following steps:
- Specify and explain responsibilities clearly
 - Give adequate authority and clearly specify limits of discretion
 - Specify reporting requirements in the form of feedback
 - Ensure subordinates' acceptance of responsibilities.
- (d) Steps that have to be taken to ensure successful delegation:
- Inform others who need to know
 - Monitor progress in an appropriate way
 - Arrange for subordinate to receive necessary information
 - Provide support and assistance, being aware of reverse delegation
 - Allow for a mistake to be a learning experience.
- (e) Possible reasons why managers are hesitant to delegate their responsibilities (any three):
- Have strong need of power – to be in control of a situation, feel that they are losing control if they delegate their responsibilities
 - Doubt their subordinates' ability – fear that their subordinates may “create more mess” than provide assistance
 - Perceive their subordinates to have different values and objectives – have no confidence in the subordinates' support, fear that subordinates may have their own agenda
 - Have strong need for personal achievement – get fulfilment from doing and accomplishing goals on their own

Question 4

- Candidates were unable to demonstrate the application of theories. Some candidates were not able to relate to Theory X or Theory Y. They seemed confused with all the other theories covered in the syllabus.
- Candidates need a better understanding of the various management theories. Better preparation is essential.

4. (a) (i) McGregor's Theory X and Theory Y can be described as follows:
- McGregor's Theory X and Theory Y propose that managers should pay more attention to social and self-actualisation needs of people at work.
 - Theory X – assumes that people generally dislike work, lack ambition, are irresponsible, are resistant to change and prefer to be led.
 - Theory Y – assumes that people are willing to work, are capable of self-control, willing to accept responsibility and capable of self-direction.
 - There is a need to shift views of human nature away from a set of assumptions, from Theory X to Theory Y.
- (ii) Understanding either assumption, a manager can create situations, guided by Theory Y, to motivate subordinates to perform better and realise their full potential.
 ⇒ *Candidate is expected to illustrate an understanding of the application of the concept*
- (b) The contingency approach can be explained as follows:
- Technique managers use to select best management method appropriate to circumstances and situations at the time
 - Contingency thinking is used in the approach
 - The thinking advances that there is no one best way to manage
 - Approach helps managers understand situational differences and to respond in appropriate ways.

Question 5

- Candidates lacked conceptual understanding.
- Candidates gave speculative answers on personality traits and factors that influence perception.
- Candidates need better preparation.

5. (a) Five specific personality traits are:
- Locus of control
 - Degree to which individuals believe they are masters of their own destiny and have no control over the environment and external factors
 - Machiavellianism
 - Measure of degree to which people are pragmatic, maintain emotional distance and believe that end justify means.
 - Self-monitoring
 - Measures an individual’s ability to adjust his or her behaviour to environmental situational factors.
 - Self-esteem
 - Degree of like or dislike for oneself
 - Risk-taking
 - Willingness to take risks
- (b) Three factors that influence perception in a workplace are:
- The Perceiver
 - When an individual looks at a target and attempts to interpret what one sees, the individual’s characteristics will heavily influence the interpretation
 - The Target
 - Characteristics of target being observed can also affect what’s perceived
 - The Situation
 - Context in which one sees objects or events is also important, e.g. time, colour, etc.

Question 6

- Candidates were unable to articulate the answers.
- There is a need for better preparation.

6. (a)

Functional conflict	Dysfunctional conflict
Constructive conflicts	Destructive conflict
Provides opportunity for people to be stimulated to a higher level of performance, co-operation and creativity	If not handled properly, may hurt task performance and paralyse a workplace

- (b) Six circumstances that could give rise to conflicts in any workplace are:
- Role ambiguities and unclear job expectations
 - Resource scarcities
 - Task interdependencies
 - Competing objectives
 - Structural differentiation
 - Unresolved prior conflicts.

- (c) Possible actions that a manager can take to precedent or resolve conflicts:
- Use super-ordinate goals and ask conflicting parties to focus on the goals
 - Expanding the resources
 - Altering one or more human variables – transfer or re-deployment
 - Altering physical environment – rearranging workplace or redesign workflow
 - Using integrating devices or co-ordinating mechanisms – cross-functional teams or matrix organisation
 - Changing reward system to reduce tension
 - Implementing policies and procedures to overcome ambiguity and direct behaviour
 - Sending workers for training in good communication and work habits.