

DP04

Principles of Management

12 OCTOBER 2000

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**.

ANSWER FOUR (4) QUESTIONS ONLY

1. (a) What are the possible outcomes of low motivation and job dissatisfaction in an organisation? [10]
- (b) How would a manager's belief in the work attitudes (i.e. Douglas McGregor's Theory X and Theory Y) of his/her subordinates affect his/her management style? Your answer should include the vital elements of Douglas McGregor's Theory X and Theory Y. [15]
(Total:25 marks)
2. (a) Describe in detail, the characteristics of an effective team. Illustrate each characteristic with examples. [12]
- (b) How can a manager build trust among his/her team members? Explain using examples. [13]
(Total:25 marks)
3. (a) Explain the differences between "power" and "authority". [5]
- (b) John French and Bertram Raven identified **five** sources or bases of power. Describe in detail, these **five** sources of power and discuss the advantages and disadvantages of each of these powers. [20]
(Total:25 marks)
4. (a) Explain why, change is inevitable in an organisation. [8]
- (b) Although change is inevitable, yet there is a high level of resistance towards change in most organisations. Describe, using examples, how might this resistance towards change be reduced. [17]
(Total:25 marks)
5. (a) Discuss the role and importance of control in an organisation. [8]
- (b) Explain in detail, the qualities of an effective control system. [17]
(Total:25 marks)
6. Describe in detail, the Hersey-Blanchard Situational Theory. [25]
(Total:25 marks)

OUTLINE ANSWERS

Question 1

A popular question among most candidates was this two-part question. The first part tested candidates' knowledge on the possible outcomes of low motivation and job dissatisfaction. A number of candidates, however, were confused and expounded on unnecessary theories like, Hygiene and Expectancy theories, and some others provided the "reasons" for low motivation and job dissatisfaction instead of the possible "outcomes". The second part tested them on Douglas McGregor's Theory X and Theory Y.

1. (a) Possible outcomes of low motivation and job dissatisfaction include:
 - Increased absenteeism,
 - High staff turnover,
 - Reduced productivity,
 - Increased recruitment costs due to high turnover, and
 - Resentment as a result of other staff having to cover for the tardy ones.
- (b) The student will be required to firstly discuss Douglas McGregor's Theory X and Theory Y and then reflect on how the holding of such beliefs will affect the manager's ability to manage. For example, a manager who believes that workers are all Theory X'ers, will tend to be coercive and punitive. This may be good for some workers but may have detrimental effects on those who are good and self-motivated (the Theory Y people). The student will be required to discuss this matter in detail.

Question 2

All the candidates attempted this straightforward question on teams, where facts on this topic could be directly obtained from the text-book. Most of the candidates managed to secure a pass for this question, while a few candidates even managed to score above 80% of the allocated marks for this question.

2. (a) The characteristics of effective teams include the following:
 - **Clarity of purpose and goals:** clear goals and purpose help to steer a team towards high performance.
 - **The possession of relevant skills:** e.g. a team should be made up of people with a variety of skills so that various aspects of the business can be explored. A team with only one relevant skill, rather than a set of relevant skills, will short-change itself in the long-run.
 - **Mutual trust:** i.e. teams must be able to depend on each other
 - There should be a **unified commitment** towards the team and the goals of the team.
 - **Few hidden agendas.**
 - **Clear communication pathways.**
 - **Good negotiation skills** so that consensus, rather than voting, is the rule of the day.
 - **Good leadership** to motivate the team.
 - **Internal and external support.**
- (b) Managers can build trust by:
 - keeping the communication lines open and transparent;
 - being supportive;
 - being respectful of each and every member of the team;
 - being fair;
 - being consistent and principle-centered; and
 - being technically, humanly and conceptually competent.

Question 3

Only a few candidates attempted this question on the five sources of power as identified by John French and Bertram Raven. It is evident that those who studied this topic, scored above 70% of the allocated marks. Those candidates, who failed, mixed French and Raven's work with the Path-Goal Theory.

3. (a) Authority is the formal right to exercise control over the people that is put under the person's charge. Authority is the legitimate right, which goes with the job. Power is the individual's capacity to influence decisions and others. While a manager may have the authority to demand certain actions from his or her subordinates, power may actually lie with someone else, for example, an informal leader. For example, secretaries, while having little formal authority, often have a great deal of power and can often decide who gets to see their bosses and who does not.
- (b) The student will be required to discuss, in detail:
- Legitimate power – i.e. the power based on one's position in the formal hierarchy. A high dependence on this power may be counterproductive as this may mean an over-reliance on authority. When this happens, subordinates tend to follow orders because they have to, rather than because they want to.
 - Coercive power – i.e. the power to extract compliance through fear of punishment.
 - Reward power – i.e. the power to get compliance through rewards.
 - Expert Power – i.e. the power that is based on skills and knowledge.
 - Referent Power – i.e. the power that is based on charisma.

Students must be able to discuss the advantages and disadvantages of each of these powers.

Question 4

Another popular two-part question was on "change". The first part of the question required candidates to explain why change is inevitable in an organisation, while the second part, required them to describe how to reduce resistance towards change. The first part was not well attempted. Candidates were too general with their answers. However, they managed to score for the second part.

4. (a) The student will be required to answer the question of why change is inevitable (due to changes in technology, political, economic and socio-cultural factors).
- (b) Ways to reduce resistance to change:
- Educating and communicating the elements of change to employees regularly.
 - Allowing for the active participation of the change decision.
 - Provision of support, especially when a change is traumatic. Companies must be seen to have a heart.
 - Negotiation – i.e. when the change agent attempts to reduce resistance by offering something of value – sort of a bribe, if you like.
 - Manipulation and Co-optation – both of which are sneaky means of getting people to do what you want them to do.
 - Coercion – does not really reduce resistance but can increase compliance.

Question 5

Only a small number of candidates attempted this question on "control" in an organisation. Generally, this question was well answered, although many could not obtain above average marks because they were unable to explain the qualities of an effective control system in detail.

5. (a) Control is the process of measuring actual performance, comparing it against a standard and then taking managerial action to correct deviations or inadequate standards. Control is important in that it helps a company gauge the rightness of its course of action.
- (b) Qualities of an effective control system include:
- Accuracy of control systems

- Timeliness of the control system
- Economy of operation
- Flexibility so as to be able to correct mistakes or take advantages of opportunities.
- Understandability
- Reasonable criteria
- Strategic placement i.e. it should only cover critical areas and not every nut and bolt.
- Looks out for the exception
- Multiple criteria
- Corrective action

Question 6

The least attempted question was a straightforward question, where candidates were required to describe the Hersey-Blanchard Situational Theory. Many candidates provided a good description and managed to secure 70% of the allocated marks for this question.

6. The student will be required to discuss in detail the three elements of the theory i.e. the adaptability of the leader, the situation and the maturity of the followers. A comprehensive answer can be seen in Robbins book; Management; 4th edition. This is a fairly straightforward question with no hidden corners or curves to thwart the student.