

Business Management 2
7035

CAMEROON GENERAL CERTIFICATE OF EDUCATION BOARD

General Certificate of Education Examination

JUNE 2015

ADVANCED LEVEL

Subject Title	Business Management
Paper No	2
Subject Code No.	7035

THREE HOURS

You are required to answer ALL questions in Section A.

Answer any **FOUR** questions from section B. All questions carry equal marks.

In all cases involving calculations, you are advised to show all the steps in your workings.

You are reminded of the necessity for good English and orderly presentation of your answers.

Calculators are allowed.

SECTION A CASE STUDY

Organisational Conflict: The Case With Line and Staff Structures

The need for line and staff managers has been increasing rapidly over the years. Given this situation, many organisations now tend to engage line and staff managers who handle staff issues. While this practice is highly welcomed in many organisations, it does have some drawbacks which tend to create conflicts between managers.

Line and staff managers are specialists in the management of staff related issues. By the nature of their work, they have the powers and authority to address issues concerning staff in the whole organisation. In addition, they manage functional areas within their departments. This dual function thus gives room for these managers to be referred to as "line and staff managers".

With time, many organisations have come to refer to the line and staff managers simply as the staff manager. On the other hand they refer to managers having primary functions as line managers. Under these lines of reasoning, staff managers are seen as managers who play supportive roles which are intended to enhance the work of the line managers. This practice of course attempts to lay more emphasis on a functional structure which barely adds a staff line to it. In the event, the structure becomes a line and staff structure in the real sense.

Ideally, staff managers are in fact support staff while line managers are primary staff. From this perspective, line managers cannot understand why staff managers should be controlling and managing staff who report directly to them.

In most cases, line managers feel that staff managers are violating the principle of unity of command; consequently, they get into conflict with them. Such conflicts are often based on perceptions. In some cases, conflicts become too personal and bias. Of course, situations like this generally go far to disrupt the smooth functioning of an organisation.

QUESTIONS

SECTION A

1. (a) By means of an organisational chart illustrate a line and staff structure and situate the position of a staff manager. (4 marks)
- (b) List and describe four advantages of a line and staff structure. (4 marks)
2. State and explain why there is often conflict between line and staff managers. (4 marks)
3. How can conflict between line and staff managers be reduced? (4 marks)
4. Explain why staff managers are sometimes referred to as support managers. (4 marks)
5. Explain the different kinds of conflicts within an organisation. (8 marks)

Total (28 marks)

SECTION B

6. (a) The purchasing department in carrying out its function of buying goods and services follows a procedure. Discuss this purchasing procedure. (9 marks)
 - (b) Material handling add cost but not value. Discuss the principles that make the process effective and less costly. (9 marks)
- Total (18 marks)
7. (a) Why do managers sometimes feel reluctant to delegate? (8 marks)
 - (b) What is the impact of Taylor's Scientific Management theory in modern management practice? (10 marks)
- (Total = 18 marks)

As a newly employed accountant of "Invest in Africa Ltd", your finance operations manager has provided the following financial information as at 31st December 2012.

- Credit sales	20,000,0000
- Cash sales	80,000,0000
- Returns inward	2,000,0000
- Returns outward	5,000,0000
- Electricity bills	500,000
- Insurance expenses	1,000,0000
- Communication expenses	500,000
- Purchases	55,000,0000
- Stock as at 1/01/12	6,000,0000
- Stock as at 31/12/12	5,000,0000
- Average stock	4,500,0000
- Bad debts written off	200,000
- Debtors	5,000,0000

Calculate:

- Sales figure as at 31/12/2012 (3 marks)
- Costs of goods as at 31/12/2012 (3 marks)
- Gross profit for the period (2 marks)
- Total operating expenses. (4 marks)
- Net profit. (2 marks)
- Rate of stock turnover. (2 marks)
- Debtors ratio in months. (2 marks)

(Total = 18 marks)

- The Just-In-Time system of production management continues to gain grounds nowadays. Advance four reasons for this trend. (8 marks)
 - As the procurement manager of BISCOL Ltd, propose six factors to be considered in designing a purchase policy of an enterprise. (10 marks)

(Total = 18 marks)

- Discuss the contributions of the marketing department to the organisation's corporate goals in respect to profitability and social responsibility. (12 marks)
 - Show the relevance of a product life cycle to strategic planning in a large enterprise. (6 marks)

(Total 18 marks)

- All levels of management are engaged in planning. State and explain the different types of planning. (6 marks)
 - Elaborate the steps in the planning process. (12 marks)

(Total 18 marks)

- What are the advantages of financing an enterprise with an issue of debentures over an issue of ordinary shares? (6 marks)
 - Consider that the authorised capital of Blondel Company Ltd is sub-divided as follows:
7000, ordinary shares of 2,000 francs each
4000, 15% preference shares of 6,000 francs each
2000, 8% debentures of 10,000 francs each

Calculate:

- The dividends to ordinary share holders if the company reports an annual profit of 18.7 millions francs. (4 marks)
- What is the rate of dividends for ordinary shareholders? (4 marks)
- If the market value of the ordinary shares is 1,250 francs, calculate the yield. (4 marks)

(Total = 18 marks)