



CERTIFIED PUBLIC ACCOUNTANT

FOUNDATION LEVEL 1 EXAMINATIONS

F1.4: BUSINESS MANAGEMENT, ETHICS AND ENTREPREURSHIP

DATE: MONDAY 24, APRIL 2023

INSTRUCTIONS:

- 1. Time Allowed: 3 hours 15 minutes (15 minutes reading and 3 hours writing).**
- 2. This examination has seven questions and only Five questions should be attempted.**
- 3. Marks allocated to each question are shown at the end of the question.**
- 4. The question paper should not be taken out of the examination room.**

QUESTION ONE

Cooking Rice as a Management Endeavor

Some societies have approached cooking food with reservations and appreciations in equal measure. Some skeptics reason that cooking is simply an effortless human endeavor. Anyone can cook delicious food as long as he or she has resources: time, money, and logistics, except skills. Food cooking skeptics usually discount the view advanced by food cooking enthusiasts that cooking is a management endeavor requiring fine-tuned skills and knowledge. Skeptic's demeaning attitude of cooking has attracted criticisms from Kagarama Association of Professional Chefs (KAPOC) and Rwamagana Rice Cooking Professionals (RWARCP). The two groups outlined a range of activities which involve their routine cooking: planning and strategizing. For planning, KAPOC stressed that it includes answering four Ws: what, when, who, where to get right food ingredients. KAPOC's President, Jessica Munezero added, "getting answers for four Ws means engaging the brain, effective goal setting and coordination. Failure to plan well means messed up cooking." As for RWARCP's Chairperson, Mr. Gakuba Jean de Dieu, cooking tastier rice is task-intensive: "It means careful separation of broken rice from good ones. Rice sorters are picked purposefully, there are skilled rice sorters and mindless ones," Gakuba noted. He however clarified, "mindless rice sorters are not useless people in the group, as sometimes they do sweep away broken rice. Like in any organization, they serve a particular purpose." Sweepers of dirty rice follow a set of rules, procedures, for instance, the activity should not be noisy to passing people. Sweeping rules were however copied from organizational set policies, standards and practices. "You may not separate rice sorters from the finance team in terms of behaviours," the Chairperson stressed. However, sweepers are equals, and they know they embrace respect of professional staff where leaders and managers should treat them with fairness and kindness, "no room for harshness here," the Chairperson underscored.

The chairperson's role involves motivating RWARCP's members to do a thorough job within time, meet expected quality and achieve set goals and objectives. Employees are paid wages and salaries but there are instances when members are paid more based on performance. The Chairperson, Mr Gakuba, is an experienced man in cooking rice and he also possesses leadership attributes that is why he was elected as the chairperson of RWARCP. To ensure RWARCP delivers to the expectations of its customers, certain functions are handled by professionals. The Production and Technical office are headed by Munyana Jovia, the Commercial and Customers Relations is under Murenzi Joseph, while Karema Peter is in charge of Finance. His role is about determining how finances are accessed and used. Staff security and RWARCP's properties are under the control of two men who retired from the Provincial Police Guard.

Both groups, KAPOC and RWARCP confirmed that heating rice without burning it is not for mindless people. It takes effective planning regarding water quantity, organizing/deciding the right amount of heat, monitoring, and controlling. Isn't this managerial in nature? One member asked. Gakuba emphasized, "professional rice cooking is as good as leadership and management. It entails human skills, technical skills, conceptual skills, decision-making skills, goal setting skills, monitoring, and managing customers. "There are also risks involved: Half-

cooked rice can lead to customers' rejection of our food, loss of trust, and even hurling abuses to us," Gakuba said. He added, while rice cooking involves multiple actors—planners, organizers (sorters), rice cookers, rice tasters, the chain of command should be clear, simple and linear or else, the final product: rice is spoiled. This operationalizes the saying, many cooks spoil the soup. For instance, the rice chef is technically qualified to guide rice cooking but at higher level, we make management and leadership related decisions.

Required.

- a) From the storyboard above, state and support Gakuba's argument that cooking rice requires managerial skills (consider discussing at least 3 arguments). (6 Marks)
 - b) Indeed, Rice cooking is a management endeavor. Identify and explain 7 principles of management using Henry Fayol's administrative management theory. (14 Marks)
- (Total: 20 Marks)**

QUESTION TWO

Cyubahiro Denis is the Chief Executive Officer (CEO) of Kira Bank Ltd based in Rwanda. The Bank's reputation is beyond criticism. In terms of shareholder value, its competitors; Kora Bank Ltd, Kiza Bank Ltd and Ejo Heza Bank Ltd are equally performing well. Kira Bank contributes to Rwanda's economic growth in terms of payment of corporate taxes as well as employing several Rwandans. Its CEO has knowledge and skills in Strategic Leadership and Management from the United States of America. The Bank's Information Technology Officer (ITO) Denise Uwera has been instructed by the CEO through the management meeting to migrate the system the bank has been using for the past 20 years within 7 working days. The bank's data and information constitute the bank's precious resources including those of its employees. The decision to migrate data and information from the old system to the new one was informed by a recommendation from a politician. The politician informed the CEO that money laundering hackers from a money-hungry country in Asia were targeting some banks in Rwanda. Without presenting his source of information, the politician recommended: "change your system to prevent risks or you lose customers' deposits." He added without mentioning the country's name, "the country is infamously renowned from making banks stop functioning through such tricky hackings". There is little evidence of similar hacking activities in Rwanda as officially stated by IT experts. However, the IT experts are aware of the hyped up rumors by interest groups from private sector and political circles. IT oriented companies trigger such fears to unsuspecting clients with one sole purpose: benefitting from selling their anti-hacking products and services. However, without facts you cannot fully discount or confirm such a thing from happening. The CEO's source of information was not officially communicated, but based on the previous experiences, members of management, including the ITO suspected where the rumors could have originated.

Uwera was in the management meeting when the CEO revealed the potential dangers to the bank and the decision to migrate the bank's data and information within 7 working days. According to her expert-based assessment; it is technically improper. Making that move is also associated with other technical risks such as making the technical team getting overly stressed, some potential system failures, staff demotivation and even some resignations that might be encountered during implementation. She requested for 20 days to carry out what she referred

to as “zero risk migration of the system”. The CEO and the senior members of the bank sometimes make it appear like a rumor-conveying institution. It has no policy on how to manage the grapevine. Interest-motivated rumors sometimes guide decision making and employees’ behavior rather than the set organizational values of transparency, integrity and customer focus. In the next management meeting (3 days after), Uwera informed the CEO about all the mentioned concerns above, but the CEO simply ordered her “to deliver within 7 working days or resign”. After two days, Uwera compiled a report entailing benefits and risks of implementing systems migration within 7 days and submitted it to Management for consideration. In the meeting chaired by the CEO, the Bank’s ITO, Uwera was ordered again to deliver in 7 days or submit her resignation, and this was the final instruction. As per the CEO’s instructions, Uwera resigned. The bank waited for 60 days to migrate the system using expensive, unreliable foreign IT experts. The Legal Officer advised the CEO to reconsider his position instructing Uwera to resign if she failed to implement systems migration within 7 days because it contravenes the legal framework of Rwanda. CEO maintained his position.

Required:

- a) Using Kira Bank Ltd’s case, **guide/advise the CEO’s decision-making process based on rational decision-making model.** (10 Marks)
 - b) If leadership in institutions “is a management process of getting results through people and other resources,” **describe 5 ways the CEO should have handled Kira bank’s system migration challenge to exemplify good leadership qualities.** (5 Marks)
 - c) The CEO’s communications with Denise Uwera, the ITO of Kira Bank Ltd failed to achieve the intended goal. **Describe 5 communication barriers between the CEO and ITO.** (5 Marks)
- (Total: 20 Marks)**

QUESTION THREE

- a) Using Kira Bank Ltd’s earlier case-study under question two above, by applying PESTEL Analytical tool to examine the bank, **state and explain at least 2 weaknesses and 2 strengths of the bank.** (8 Marks)
 - b) The CEO anticipated technological changes within seven (7) working days, but Denise Uwera, the ITO became a change resistor. **Using Kotter’s Change Management Model, state to the CEO 6 advices regarding which steps he could apply to effectively manage change in Kira Bank Ltd.** (6 Marks)
 - c) Both the CEO and the Bank’s ITO did not attend any change management course. **Outline at least 6 organizational strategies that can be deployed to effectively adapt to a changing environment.** (6 Marks)
- (Total: 20 Marks)**

QUESTION FOUR

Mwema Doreen is a Professional Secretary and she has worked under the leadership of an unprincipled Country Director of a Non-Governmental Organization (NGO) called GONE International, in Rwanda. While Mwema is ethically and legally bound to keep GONE International's information confidential, sometimes, her boss engages in legally and ethically compromising conducts. of course, not all her boss's actions are illegal. Three critical actions could make Mwema decide exposing the NGO: GONE International personal information was shared with unknown Insurance Company without the knowledge and consent of the staff. Secondly, the Country Director lent out the NGO's money worth FRW 100,000,000 to a bank for personal benefits. On the basis of the NGO's credibility, it has gotten the above money from elderly sponsors of poverty eradication initiatives in Africa, and Rwanda in particular. Thirdly, the Country Director shared the NGO's management decisions, procurement plans and budgets with a consulting firm so that they could prepare ahead of time and win a tender. Mwema is fully aware that the Country Director's actions were aimed at personal gains as opposed to organizational benefits.

Required:

- a) **Define business ethics and explain 3 strong reasons why Mwema should keep information in her possession confidential unless advised otherwise by a legally authorized entity in Rwanda.** (5 Marks)
- b) **The Country Director does not know how to keep confidential information. State and explain at least 4 major steps which should be taken in protecting organizational confidential information.** (4 Marks)
- c) **The Country Director's actions may force Mwema to disclose some information that could be confidential. State at least 5 circumstances under which Mwema may disclose what she knows about the Country Director.** (5 Marks)
- d) **GONE International intends to hire an accountant who will definitely access information about the Country Director's actions. You are hired as an expert to advise the newly hired GONE International's accountant, state 6 ethical obligations the accountant will abide by in line with confidentiality requirements of a professional accountant in Rwanda.** (6 Marks)

(Total: 20 Marks)

QUESTION FIVE

Highly successful business people find developing a business attractive but an expensive endeavor. As such business plan development has haters and admirers. Whereas traditionalists discount the idea of business plan development, modernists and serious-minded financing institutions have no space for arguments against business plans in a modernizing and globalizing market context.

Required:

- a) **Define the Concept of Business Plan?** (1 Mark)
- b) **Describe 3 benefits (importance) of business planning that would persuade traditionalists to support business plan development.** (3 Marks)
- c) **Describe at least 3 integral elements of a marketing section of a good Business Plan** (6 Marks)
- d) **Traditionalists think: “a business plan is not an end itself, even with it, businesses will not be risk-free.” Describe at least 5 steps of managing risks to traditionalists.** (10 Marks)

(Total: 20 Marks)

QUESTION SIX

People who lack experience in the affairs of board of directors may find participation in board meetings as display. Further, they may believe that it is an opportunity of watching the management team sweat out to explain the organizational plans, their performances and how they are meeting the expectations of the Board Members. However, board meetings are an integral part of corporate governance. Any such member should be knowledgeable, skilled, experienced and able to carry out requisite maturity to provide strategic guidance to the management team.

Required:

- a) **Your company is hired as a trainer of members of board. Describe at least 5 elements of good corporate governance you would emphasize on.** (10 Marks)
- b) **In some cases, some members of the board may operate without or with minimal information. Define corporate disclosure and describe at least 4 importance of this practice to the Board of Directors.** (10 Marks)

(Total: 20 Marks)

QUESTION SEVEN

a) Rwanda is an innovation hungry nation. In view of this statement, describe at least 5 importance of innovation in Rwanda. (10 Marks)

b) Successful innovators have gone through process-based stages before celebrating the success of their innovations. Describe at least 5 stages aspiring innovators go through. (10 Marks)

(Total: 20 Marks)

End of Question paper.

