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2908/104 2920/104
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COMMUNICATION
July 2019
Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

DIPLOMA IN SALES AND MARKETING
DIPLOMA IN HUMAN RESOURCE MANAGEMENT
DIPLOMA IN TOURISM MANAGEMENT
DIPLOMA IN TOUR GUIDING MANAGEMENT
DIPLOMA IN INFORMATION COMMUNICATION TECHNOLOGY
DIPLOMA IN PETROLEUM MANAGEMENT

MODULE I

COMMUNICATION

3 hours

INSTRUCTIONS TO CANDIDATES

*This paper consists of **FOURTEEN** questions in **TWO** sections; **A** and **B**.
Answer **ALL** the questions in **BOTH** sections in the answer booklet provided.
Candidates should answer the questions in **English**.*

This paper consists of 4 printed pages.

**Candidates should check the question paper to ascertain that
all the pages are printed as indicated and that no questions are missing.**

SECTION A (32 marks)*Answer ALL the questions in this section.*

1. Outline **four** rules of external communication in an organization. (4 marks)
2. List **four** measures which may be taken to make communication effective in an organization. (4 marks)
3. List **three** pieces of equipment that may be used to make a meeting effective. (3 marks)
4. Outline **three** ways of minimising barriers in oral communication. (3 marks)
5. State **three** barriers to effective non-verbal communication. (3 marks)
6. List **three** advantages of advertising on FM radio stations. (3 marks)
7. List **three** informational items that should be contained in the body of an apology letter. (3 marks)
8. List **three** challenges that an interviewee may face during a job selection interview. (3 marks)
9. List **three** instances when oral reports may be preferred. (3 marks)
10. List **three** reasons why a manager may be reluctant to use information communication technology to pass information. (3 marks)

SECTION B (68 marks)*Answer ALL the questions in this section.*

11. (a) Explain **four** factors that may hinder transmission of information in an organization. (8 marks)
- (b) Explain **four** ways in which a chairperson may ensure the success of a meeting. (8 marks)
12. Montana Limited operates taxi services in Nairobi. The management has realised that their client base has been declining for the last one year. As the Assistant Manager you have been asked to investigate the matter. Assume that you have completed the investigations and write the report. (16 marks)
13. (a) Peal Limited intends to close some of its branches soon. As the Assistant Office Manager, write a letter to the customers informing them about the closure. (12 marks)
- (b) Explain **three** benefits of thorough preparation for an employment interview by an interviewee. (6 marks)

14. *Read the passage below and then answer the questions that follow it.*

Cash flow management is essential for small businesses because it is the main factor that determines whether the business thrives or collapses. In accounting terms, cash flow means the difference between the amount of cash available at the beginning of a period, known as opening balance, and the amount at the end of that period, known as the closing balance.

Businesses that lack **positive** cash flow or those that pay more money out than they are bringing in are almost assured of collapsing sooner later. The businesses should not focus so much on profit but on cash flow. Once they achieve effective cash flow, profits will almost automatically follow. However, without positive cash flow, businesses are unlikely to tap opportunities or react to challenges effectively. Despite the fact that many decision makers understand the necessity of managing their cash flow, two thirds of small businesses still experience cash flow problems from time to time. These businesses can improve their positions using various strategies. To begin with, the businesses need to set cash flow targets by preparing and maintaining a forecast. Such targets enable credit controllers to put in place mechanisms to achieve their targets.

In addition, small businesses can ask for a deposit if the products they provide require **substantial** capital before delivery. This helps the business to manage liquidity by not tying a lot of its own money in the venture. Another strategy is prior agreement on payment terms. If a service provider or a supplier does not start off by stating what the payment terms are, then it is difficult to know when they are going to be paid. Therefore, establishing clear payment **terms** from the outset is important.

Further, it is always prudent for a business to inform its bank whenever it encounters some unexpected issues which may **impact on** cash flow or capacity to meet financial obligations. Banks are important to a business because they offer essential financial services such as overdrafts and credit facilities. Hence, it is important for the business to win the confidence of the bank. Moreover, businesses should create a payment schedule to manage cash flow. Every business experiences a gap between invoicing and payment. One good way of ensuring cash flow stability is by establishing a direct debit as a business norm for collecting receipts. This enables the business to collect revenue without increasing the cost of collecting debt. It also seamlessly provides a stable inflow of cash from which all payments can be made.

Furthermore, use of technology can boost a business' cash flow. For instance, there are software which can help entrepreneurs to run their businesses if they have limited time. Besides, quick invoicing is an important technique for cash flow management. A good example is giving vendor discounts for invoices paid within a shorter period than the one agreed in the contract. Making

payments easier is yet another way to **entice** customers to pay quickly. For example, an enterprise should deliberately try to avoid being paid by cheque for this may result in delay between the time the money is paid and when it is credited in the bank account. Online payment may be the better option here.

A small business can also seek favourable payment terms from vendors. Since vendors value their clients, they may have a strong incentive to help finance their customer's purchases. In this case vendors can pay the business upfront and then wait for a short while for their customers to pay them. This strategy might make a big difference for a business' cash flow management.

Business managers should therefore **evaluate** the various strategies available and determine which ones work best for their enterprises. Cash flow is the fuel that powers business and therefore understanding the options available equips managers to better run, maintain and grow their businesses.

Adapted from: 'Business Daily' Tuesday, August 14, 2018.

(a) State the meaning of the following words and phrase as used in the passage:

- (i) positive;
- (ii) substantial;
- (iii) terms;
- (iv) impact on;
- (v) entice;
- (vi) evaluate. (6 marks)

(b) In about 150 words, and according to the passage, write a summary of the strategies that can be used by small businesses to improve their cash flow positions. (12 marks)

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