SCAN

Name ______________________________ Index No ______________/________

2902/104
2908/104
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COMMUNICATION
July 2013
Time: 3 hours

Candidate's Signature ______________

Date ______________

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

COMMUNICATION

3 hours

INSTRUCTIONS TO CANDIDATES

Write your name and index number in the spaces provided above.
Sign and write the date of examination in the spaces provided above.
*This paper consists of **FOURTEEN** questions in **TWO** sections; **A** and **B**.*
*Answer **ALL** the questions in both sections in the spaces provided in this question paper.*
Candidates should answer the questions in English.

For Examiner's Use Only

SECTION	QUESTION	MAXIMUM SCORE	CANDIDATE'S SCORE
A	1-10	32	
B	11	16	
	12	16	
	13	18	
	14	18	
	TOTAL	100	

This paper consists of 16 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 in the spaces provided after each question.*

1. Give **three** uses of feedback in communication. (3 marks)

2. State **three** reasons for training employees on the importance of effective communication in an organization. (3 marks)

3. Highlight **four** negative consequences of calling an annual general meeting at short notice. (4 marks)

4. Give **three** challenges that an interviewee may face during an interview. (3 marks)

5. List **three** items that may be contained in the appendix of a report. (3 marks)

6. Give **three** reasons for using notes when making a presentation. (3 marks)

7. Outline **three** benefits that an organization may derive from introducing a dress code for the employees. (3 marks)

8. Highlight **four** factors that have made the short message service (SMS) popular as a mode of communication. (4 marks)

9. Outline **three** reasons that would make it necessary for an organization to use visual aids when communicating. (3 marks)

10. Outline **three** uses of memos in an organization. (3 marks)

SECTION B (68 marks)

Answer ALL the questions in this section in the spaces provided after question 14.

11. You are the student representative at Mawazo College. You have been asked to give a speech to welcome first year students who have joined the college. In about 250 words, write the speech. (16 marks)

12. You work for Mawasiliano Mobile Telephone Company Limited as a Public Relations Assistant. The management has noted that its customer base has not been increasing as fast as that of its competitors. The Chief Executive Officer has requested you to investigate the situation. Assuming that you have completed the investigations, write the report. (16 marks)

13. (a) The Managing Director of Maendeleo Company has been requested by the Board of Directors to make an appeal to the workers to make contributions to help the people facing hunger in some parts of the country. Write a memo to all members of staff making an appeal for their contributions. The memo will be signed by the Managing Director. (12 marks)

(b) You are the secretary of the Remuneration Committee of Zawadi Manufacturers. The chairman has requested you to convene a meeting to be held in three weeks time. Write a notice to the members. (6 marks)

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

It is often hard to understand why companies care when the prices of their shares fall. After all, listed companies have already received money from investors when they first sold shares through an initial public offering. What happens in the secondary market when investors buy and sell to each other at the Nairobi Stock Exchange (NSE) cannot **take away the gains** the company has already made. However, like with most things, the story is a lot more complex than it appears.

To begin with, most senior managers generally have a vested interest in the company. Similarly, the founder-members of many public companies own a significant number of shares. Hence, their personal wealth could be dramatically affected by a fall in the company's share price. Besides, many employees receive performance-related bonuses in the form of shares in their company. This effectively means that they are stockholders of the company and therefore pay strong attention to its share price. Additionally a falling share price can **impact on** the reputation of a company and therefore reflect negatively on its management. It is also not unusual for the management of a company to have salary incentives or employee stock options tied to the company's share prices.

Publicly traded companies which are underperforming also often become takeover targets. If the share price of a company falls **substantially**, it makes it much easier and much more affordable for a rival company to move in and buy up a significant amount of stock or launch a takeover bid that shareholders cannot afford to refuse. This is a very big incentive for companies to ensure their stock remains relatively stable so that they remain strong and deter interested parties from forcing them into a takeover deal. In addition, the rate and ease at which companies borrow money can be affected by a falling share price. In most cases, creditors tend to look favourably upon companies which are performing well and may offer them cheaper financing through a lower interest rate.

If the performance of a company's shares is ignored, it can have serious repercussions on the fate of the firm and its management. Share price is often an **indicator** of a company's financial health and can influence analysts' and lenders' evaluations. Hence stock performance directly affects a company's borrowing power, which has a significant effect on its financial health. However, share price is a poor method of evaluating a company's performance because it has more to do with emotion and perception than whether a company is taking care of the business.

Although a manager has little or no control of share price in the short run, poor share performance could, over the long run, be attributed to mismanagement of the company. If the share price consistently underperforms, the shareholders would be unhappy with the management and look for changes. While the extent to which shareholders can control management is debatable, executives must always factor in the desires of shareholders since these shareholders are part owners of the company. Companies would want their share prices to remain **relatively stable** so that they remain strong and deter interested companies from taking them over. On the other side of the takeover equation, a company with a hot stock has a great advantage when seeking to buy other companies. Instead of having to either use the retained earnings or borrow money, a company will simply issue more shares through a rights issue to fund the takeover.

Moreover, a company may want to increase its share price simply to increase its **prestige** and exposure to the public. The larger the market capitalization of a company, the more analyst coverage the company will receive. Such analyst coverage is a form of free advertising and allows both senior managers and the company itself to introduce themselves to a wider audience. Thus the share price at the stock market is very closely watched by managers and shareholders because it acts as a barometer for a company's prospects and fortunes.

Adapted from: The Standard; Tuesday, February 22, 2011

(a) In about 150 words and according to the passage, explain why companies get concerned when the price of their shares fall. (12 marks)

(b) State the meaning of the following words and phrases as used in the passage. (6 marks)

(i) take away the gains;
(ii) impact on;
(iii) substantially;
(iv) indicator;
(v) relatively stable;
(vi) prestige.