



BACHELOR OF FINANCIAL SERVICES

BFS 1105: PRINCIPLES OF BUSINESS MANAGEMENT

END OF SEMESTER EXAMINATION

DATE: Thursday, 28th October 2021

TIME: 2 hours

Instructions

Answer Question ONE and any Other TWO QUESTIONS

Question One (30 Marks)

Linnet has joined the Strategic human resource committee for a meeting tasked on outlining the human resources needs that must be met in the light of the new strategic plan. The committee sees a need for organizational change and makes several recommendations as follows.

- I. The need to build both team oriented and innovative culture
- II. The need to encourage creative decision making.
- III. The need to balance internal and external recruitment
- IV. Reduction in the use of direct supervision as a behavioral control

Required.

- a) Explain the terms “team oriented and innovative culture” **(2 Marks)**
- b) Outline the steps and actions associated with each step of the creative decision-making model **(10 Marks)**
- c) Identify two advantages and two disadvantages of internal recruitment **(4 Marks)**
- d) Discuss two advantages and two disadvantages of External recruitment **(4 Marks)**
- e) Explain any three factors that contribute to organizational change **(6 Marks)**
- f) Explain two reasons why employees resist organizational change **(4 Marks)**

Question Two (20 Marks)

Magnolia International owns and operates a mix of 17 Hotels, Restaurants and Coffee Houses across Africa. Each year, the top ranked business leader is awarded a trophy. The committee is using decision making style as the key criteria for selecting the top managers. One of the committee members is opposed to the new criteria as it does not consider the context.

- a) Providing an example for each, discuss the five sources of power that can be used by leaders **(10 Marks)**

- b) Annette is a manager at a three-year-old restaurant located in a busy airport. She manages a staff that ranges from 3 months of experience working at the restaurant all the way to some staff members who have been there for three years. Using Blanchard and Hersey's situational Leadership Theory, describe how Annette's leadership style is likely to differ among the different employees. **(8 Marks)**
- c) List two key factors that complicate employee motivation. **(2 Marks)**

Question Three (20 Marks)

James has just retired from 15 years working in the Military overseeing peace mission projects in several countries in South America. With his vast experience in project management, especially making sure projects don't exceed the planned budget, he has been hired by a financial institution.

During his first day at work, James knows that he is comfortable with all three leadership styles and prefers to use reinforcement interventions to motivate his team. He also states that he believes in measuring controls and the first action he will take will be setting up controls for the department he is managing.

- a) Identify the four steps involved in setting up controls **(4 Marks)**
- b) Discuss the three leadership styles **(6 Marks)**
- c) Explain the reinforcement Intervention as a tool for motivation **(8 Marks)**
- d) Explain one challenge associated with implementation of reinforcement Intervention **(2 Marks)**

Question Four (20 Marks)

Esther is a chief operations officer of business that owns several coffee houses. Esther thinks that it is a good time to open more locations. She tasks her direct report Andrew to suggest the next location for their store. This information will be presented during the upcoming strategic planning session. Andrew is eager to impress his boss and decides to use the rational decision-making model.

- a) Explain the actions Andrew needs to take in each step of the first six steps of model **(12 Marks)**
- b) Explain two limitations of this model **(4 Marks)**
- c) Once Esther approves Andrew's recommendation, discuss the next two steps of the decision-making model Andrew will need to take **(4 Marks)**

Question Five (20 Marks)

Maggie is the new General Manager at Bantu Equipment Financing, a company that works in partnership with local supermarkets to finance durable household goods such as gas cookers, washing machines, fridges, TVs, etc. Maggie has spent time reviewing the past financial performance of the organization and is convinced that in the coming year, the organization can perform better.

Maggie brings on a consultant to assess the current state of the organization and to suggest ways in which performance can be improved. At the end of the review session, the consultant notes that the organization currently relies heavily on feedback controls and suggests that the organization implements some feedforward and concurrent controls. The consultant suggests the use of bureaucratic controls and that Maggie applies Herzberg two factor theory to motivate employees.

- a) Giving an example of each, distinguish between, Feedback, Concurrent and Feedforward controls. **(6 Marks)**
- b) Explain “Bureaucratic control” that has been recommended by the consultant. **(2 Marks)**
- c) Identify three disadvantages of bureaucratic control **(3 Marks)**
- d) Giving examples of the factors, discuss how Maggie can use Herzberg two factor theory to motivate her employees **(4 Marks)**
- e) Identify three limitations of Herzberg two factor of motivation **(3 Marks)**
- f) Explain any one common mistake managers’ make when implementing non-financial measures **(2 Marks)**