



**STRATHMORE INSTITUTE
DIPLOMA IN BUSINESS MANAGEMENT &
DIPLOMA IN ENTREPRENEURSHIP
END OF SEMESTER EXAMINATION
DBM 1201/DE1202: FUNDAMENTALS OF MANAGEMENT**

DATE: Friday, 14th April, 2023

Time: 2 Hours

Instructions

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.
3. Do not write on the question paper.

QUESTION 1.

Aroma Coffee sells special aromas of coffee and has a wide variety of flavours. Somehow, the business was neither profitable nor popular with customers. Sandra; a management student from Strathmore University, was recently hired as a manager to fix the company. Sandra took feedback from the clients and found out that though they loved the special unique aromas of coffee, they were not happy with the long waiting time taken to process orders. She also discovered that the previous management required each employee to sell 200 cups of coffee daily before being rewarded with either a free gym membership or a free game of golf. No employee had ever reached this goal. There are also no clear and fair agreements between the workers and the management. This has led to a lot of frustration in the workers. Management quite often has not fulfilled promises done by it. Most of the staff were also not very competent as and when the previous manager tried to take action against disobedient employees, the top management did not allow him to do so. They had not given him the power to fire employees or take any strict action against them. She analysed and found out that there were many unnecessary obstructions and steps in making the coffee, which she eliminated. She fixed a standard time for processing orders. To encourage speed, she decided to pay the workers per each order fulfilled instead of the random 200 cups of coffee target. She also decided to stop the sale of flavours whose demand was not enough and only focus on a few that were selling well. As a result, within a short period Sandra was able to attract the customers and make the coffee shop profitable.

- a) Using examples from the case above, identify and describe three concepts of scientific management (**9 marks**)
- b) Using examples from the case above, identify and describe two advantage of scientific management (**4 marks**)
- c) Identify and explain a principle of Henry Fayol which have not been followed by the top management in the above case and why it's important (**4 marks**)
- d) Using examples from the case above identify and distinguish between efficiency and effectiveness (**4 marks**)
- e) Using examples and facts from the case above, explain to the company the concept of Vroom Expectancy Theory and how they can use it in the coffee shop (**9 marks**)

QUESTION 2.

Siwaka Enterprises is facing huge losses. The departmental heads who are the middle level managers in the company and hold key positions always favour their relatives. They quite often don't turn up for job on time. They are always looking for special relaxations from the top management. This has led to feeling of resentment among the employees who are also demanding special favours and threatening strike in the coming days.

- a) Explain the concept of Bureaucracy by Max Webber (**3 Marks**)
- b) Using specific concepts from Max Webber, propose two principles to help fix the issues in Siwaka Enterprises (**6 marks**)
- c) What did Max Webber mean by the term “ Red Tape” (**3marks**)
- d) What did Max Webber mean by the term “ Iron Cage” (**3marks**)

QUESTION 3.

Jitume Ltd has noticed a lack of job satisfaction and motivation among its senior level managers despite giving each manager a well-furnished office and good pay. In an effort to boost productivity and morale among the senior managers, XYZ has decided to increase wages by 5% and give the manager new work laptops. The factory workers on the other had seem quite happy with Jitume Ltd offer to open a free cafeteria at the factory even though they can only eat up to a maximum of Ksh 200.

- a) Using the two-factor Theory and using specific example from the case, explain to Jitume Ltd if their solution for senior managers will work or not (**5 marks**)
- b) Using the Abraham Maslow's teaching explain To the company why The senior managers are unmotivated and the factory workers are happy (**4 marks**)
- c) Explain to Jitume ltd. How they can motivate the managers using concept of Valence and Maslow teachings (**6 marks**)

QUESTION 4.

In the Movie the Bridge over the River Kwai, Saito is unable to get bridge completed in time while Nicholson is able to achieve the task with the same set of prisoners.

- a. From your class teaching describe the term leadership (**3 marks**)
- b. Using specific concept from the class and examples from the movie explain the leadership styles of Saito and Nicholson (**6 marks**)
- c. Describe any 2 leadership tactics (**6 marks**)

QUESTION 5.

Akili Mingi University has the school of accounting, the school of law and the school of tourism. They have a marketing department for each school, an accounting department for each school and a sales department for each school. They have been researching ways of saving money by re-organising some of their operations. They have hired you to help them with this exercise.

- a. Explain to them their current organisation Structure and why they might need to change it (**4 marks**)
- b. Suggest to them an organisational Structure they might use to re-organise their University and give them reasons to support your suggestion (**8 marks**)
- c. Explain to them some problems that might arise from your suggested Structure so they can look out for them and be prepared (**3 marks**)