



**STRATHMORE INSTITUTE  
DIPLOMA IN BUSINESS MANAGEMENT  
END OF SEMESTER EXAMINATION- EXAM  
DBM 1201/DE 1202: FUNDAMENTALS OF MANAGEMENT**

**DATE:** 1<sup>st</sup> September, 2022

**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.**

Bright ideas is a bulb manufacturing company. They have no templates for each bulb that is manufactured. Last month, John, a manager in the company, came to know that some bulbs were no longer liked by customers due to their ineffectiveness but their production was still ongoing. He works in the purchase department. His job is to purchase the filaments required to make bulbs. When he purchases the filament, he gets the instruction from the seller that some special care needs to be taken in the first hour of fixing the filaments inside the bulb. John knows this information should be given immediately to the production department before the assembling process starts. However, he finds that his company's policies only allow him to give the message to his immediate boss who will further pass this message to his boss.

The passing of this message will continue until it reaches the desired person in the production department. The company got a major order of 2000 bulbs, which it is supposed to manufacture and supply within 1 weeks' time. On average, the company manufactures around 50 to 60 bulbs in a day. Therefore, it is a very challenging task for the organization. The management of the company asked its workers to put in extra hours without any additional payment to achieve this objective. In return, management has promised the workers that their wages will be increased on a permanent basis as soon as the project is over.

- a. On behalf of Bright Idea ltd, analyse the factory situation for the company and why they might be experiencing production challenges (6 marks)
- b. Using specific concepts from this class advise the company on ways to cut down wastage and improve production in its factory (6 marks)
- c. Identify and explain an example red-tape in the company and why this is a problem in many organisations (3 marks)
- d. Using vrooms theory of motivation, clearly advise the company on some steps they can take to motivate the factory employees to fulfil their new order of 2,000 bulbs ( 9 marks)
- e. Using the passage explain what is a cybernetic system and why it is necessary for organisational success (6 marks)

## **QUESTION 2.**

Mixed -up Enterprises is facing huge losses. The owner of the company is an MBA pass out. Even then many things in the organization are happening which are indicative of lack of proper management in the company. First, there is no specific sharing of work and any time any employee is asked to do anything. This has led to wastage of efforts. Further, due to negligence in proper work sharing there has been no specialization development in the nature of the jobs done by the employees. There are no clear and fair agreements between the workers and the management.

This has led to a lot of frustration in the workers. Management has quite often been found to be ignorant of not fulfilling promises done by it. There are also no strict rules and regulations binding on the conduct of the workers. The departmental heads who are the middle level managers in the company and hold key positions always favour their relatives. They quite often do not 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. Identify and explain Two principles of Henry Fayol violated in the above case (6 marks)
- b. Identify and explain Two principles of Max Weber violated in the above case (6 marks)
- c. Identify and explain the concept of instrumentality violated in the above case (3 marks)

## **QUESTION 3.**

The Management of XYZ Company, which operates an on-line business, has noticed a lack of job satisfaction and motivation among its senior level managers despite each manager having the comfort of working from their own homes unlike the casual workers who have to work in the warehouse. The factory workers on the other had seem quite happy with the XYZ offer to open a free cafeteria at the factory even though they can only eat up to a maximum of Ksh 200. In an effort to boost productivity and morale among the senior managers, XYZ has decided to increase wages by 5%, give them new work laptops and pay for faster internet connection to their houses.

- a) Using your knowledge of two-factor theory, Explain to XYZ if their solution for senior managers will work (6 marks)
- b) Using your knowledge from this class, explain to XYZ why the factory workers seem to be more motivated than the senior managers despite XYZ not increasing their wages and only offering Ksh 200 meals? (4 marks)
- c) Using concepts from this class , contrast the leadership style between the two generals from the movies “ The bridge on the river Kwai” give a specific example in each case( 5 marks)

## **QUESTION 4.**

Smart Manufacturers Ltd has been trying to save money by having a single accounting department, a single sales department and a single marketing department support all its divisions which include, the computer division, electronics division and automobile division as opposed to before where each division had their own accounting, sales and marketing departments

- a. Identify their new organisation structure (2 marks)
- b. Describe the main aspects of this type of structure (4 marks)
- c. Describe 3 benefits of this type of structure (6 marks)
- d. Describe 2 disadvantages of this type of structure ( 4 marks)

## **QUESTION 5.**

- a. In your own words describe corporate governance (3 marks)
- b. In your own words describe corporate culture (3 marks)
- c. List 3 factors that affect corporate culture ( 3 marks)
- d. Describe 2 types of corporate culture and their aspects/characteristics ( 6 marks)