



STRATHMORE UNIVERSITY BUSINESS SCHOOL
BACHELOR OF FINANCIAL SERVICES
END OF SEMESTER EXAMINATION
BFS 1105: PRINCIPLES OF BUSINESS MANAGEMENT

DATE: Friday, 11th November 2022

TIME: 2 hours

INSTRUCTIONS:

- 1) Answer QUESTION ONE and any other TWO QUESTIONS**
- 2) Question one is compulsory and carries 30 marks**
- 3) All other questions carry 20 marks each**

QUESTION ONE

Wambugi Farm is a large estate in the rural district of Cornaille. The estate covers a large area of forest, upland and farmland. It also includes two villages, and although many of the properties in these villages have been sold off to private homeowners, the estate still owns properties which it rents out. The estate also has a large mansion house set inside a landscape garden designed in the 19th century by James Kent. The garden, although now overgrown and neglected, is the only surviving example of his work in the district. The estate was left as a gift to a charitable trust ten years ago. The trust is based at the estate. A condition of the gift to the trust was that the upland and forest should be freely accessible to visitors.

The estate has a manager, four full-time staff and 45 volunteers. These volunteers undertake most of the work on the estate, including the continuing excavation of Kent's original garden design. They are happy, well-motivated and fully support the current manager who is due to retire in the very near future. Three of the volunteers have become acknowledged experts on land management, through their work on the estate. Government grants for initiatives such as tree planting, protected pasture land and rural employment have been received by the estate in the past. However, a recent change in government means that this funding is unlikely to continue. This will also affect funding for the maintenance of the mansion. It was built almost 80 years ago when the climate of the area was much colder and drier. Recent warm wet winters have caused the fabric of the building to decay and increased the cost of maintaining it.

The estate has appointed a new manager who is due to take over the estate when the current manager retires. She is working alongside the current manager so that she understands her responsibilities and how the estate works. She is also due to take a course to equip her with the needed skills to do her new role. As a one-off project, she has commissioned a stakeholder survey which has requested information on the visitor experience to help with a planned re-design of the estate's website. The website is generally thought to be well structured and presented, but it receives fewer visitors than might reasonably be expected. It provides mainly static information about the estate and forthcoming events but currently users cannot interact with the site in anyway. Her previous experience has taught her that with the growth in technology, many firms are reaping benefits from a good online presence.

Here are some extracts from the survey:

'I live in one of the villages and I am angry about visitors crowding around the village attractions – the tearooms, the craft shops, the souvenir stalls. We feel that we are prisoners in our own village and the traffic is terrible.' Homeowner, from a village on the estate
'We had a good day, but the weather was awful. If we had known it was going to rain all day, then we probably would have postponed the visit until a fine day. It spoilt a family day out.' Visitor with small family

'We were very disappointed, on arrival, to find that the family fun day was fully booked.' Visitor who had travelled 100 kms with two small children to visit a special event

'We all love it here, but we didn't know you had a website!! We almost had to type in the complete website address before we found it! I am sure more people would come if they could only find the website!' Visitor aged mid-20s

'As usual, we had a great time here and took great photos. It would have been nice to be able to share our pleasure with other people. We would recommend it to anyone who loves the outdoors.' Visitor – family with teenage children

'We met the volunteers who were excavating the buildings in the landscape garden. They were so helpful and knowledgeable. They turned something that looked like a series of small walls into something so much more tangible.' Visitor – elderly couple

'I was disappointed that I was not allowed into the farmland with my dog. As a human being, I have the right to roam. It is a basic human right.' Visitor – elderly female dog-walker

'We are regular visitors and we really want to know what is going on! There are many of us who would like to really be involved with the estate and help it thrive. We need more than just occasional questionnaires.' Visitor – hiking group

‘We came out for a nice walk and ended up dodging cyclists. Next time we will go somewhere where they are not welcome.’ Visitor – hiking group

‘As a farmer, I am appalled with the reckless attitude of some dog walkers. Last week, I lost two sheep, ravaged by dogs that should not have been off their leads.’ Farmer – estate tenant

‘I’m a volunteer and I love it here. We are a happy, social group of people. I hope the new manager is not going to change things.’ Volunteer

Required:

- a) Suggest three important skills that the new manager of the farm need to have in order to manage the estate successfully **(6 marks)**
- b) Explain three important internal factors to the farm that influence the decision making in the farm **(6marks)**
- c) Suggest four important stakeholders that the management of the farm need to be aware of as they make decisions **(8 marks)**
- d) Explain five external environmental factors that are important in the decision making at the firm **(10 marks)**

(TOTAL 30 MARKS)

QUESTION TWO

Michael and Jamin, two first year students of Bachelor of Financial Services were having a discussion about planning in modern organizations one afternoon during the COVID 19 Pandemic period. Michael felt that there is no need of too much planning because most organizations strategic plan have had to be re-done to survive this period. Jamin however argued that a Pandemic is not the norm and while emergent strategies are important those firms that fail to plan actually plan to fail.

Required

- a) Explain five importance of planning in modern organizations **(10 marks)**
 - b) Define the term emergent strategies **(2marks)**
 - c) Explain the reasons why strategic plans may fail in modern organizations **(8 marks)**
- (20 marks)**

QUESTION THREE

Mr. Jameliki is the new CEO appointed in a private hospital located in Kiangigi in the country of Aboria. The previous hospital was forced to resign after an audit of the hospital

revealed that the control systems were weak and the strategic plan was hardly realized. In addition, the policies and rules of the hospital were not clear and were not communicated well to staff. The new CEO together with his team is in the process of establishing the needed controls to manage the operations of the hospital.

Required

- a) Distinguish between a rule and a policy for clarity of communication to staff **(2 marks)**
 - b) Suggest to the CEO and his team five types of feedforward controls that the hospital need to establish to support the strategic plan **(10 Marks)**
 - c) Explain to the CEO four important characteristics shared by all control measures **(8 marks)**
- (TOTAL 20 MARKS)**

QUESTION FOUR

Modern approaches to organizational structures have stressed on the need for a contingent approach to organizational design stressing two polar positions, a boundaryless type of organization structure and a mechanistic type of organizational structure.

Required

- a) Explain five features of a boundaryless type of an organizational structure **(10 marks)**
 - b) Suggest and explain two types of boundary less organizational structures **(10marks)**
- (TOTAL 20 MARKS)**

QUESTION FIVE

As the organization grows, the job of a manager demands that he learns to lean on his team in order to accomplish the demands of the growth of the firm. Two important aspects in management are important, delegation and decentralization of authority.

Required

- a) Explain five importance of delegation of authority to the overall accomplishment of the goals of the organization **(10marks)**
- b) Suggest four reason that may make managers fear delegation **(4marks)**
- c) Explain three factors that warrant a decentralization of authority in an organization **(6 marks)**