



Strathmore
UNIVERSITY

STRATHMORE INSTITUTE OF MATHEMATICAL SCIENCES
BACHELOR OF SCIENCE IN ACTUARIAL, FINANCIAL ENGINEERING AND
FINANCIAL ECONOMICS
END OF SEMESTER EXAMINATION

BSG 3101: PRINCIPLES OF MANAGEMENT

DATE: 13th December 2023

Time: 13:00-15:00

Instructions

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.

Question One

Read the case study on ABC Ltd and answer all the questions asked on it below.

ABC LTD.

ABC Ltd is a cross-listed electric power distribution company. The company is planning to diversify into renewable and clean energy sources. When JL took over as CEO in 2020, ABC was a traditional, hierarchical, command-and-control workplace – a bureaucratic organisation. This is one of the few businesses in the region that is still able to operate a traditional company that provides control and stability. At the top of the organisational structure (below the board of directors) is the CEO and senior management. In the middle of the structure are middle managers and lower-level managers and at the broad base are employees. At ABC, top management make all the major decisions which are communicated to middle-level and low-level management. These managers must then implement the decisions among the rank-and-file workers. However, input is required or solicited from employees though ultimate authority rests with top management.

Through a preliminary study report on current management practices at ABC, JL is amazed by the primary advantage of a traditional organisation structure in the 21st Century. It keeps decision-making authority in the hands of a few people within the business and in doing so, it eliminates confusion among employees about who is in charge and provides a clear message about what workers are expected to accomplish in the performance of their duties. Other key findings of the study are as follows:

1. A bureaucratic context as found in ABC is characterised by job specialisation which enables employees to have a well-defined rules of productivity.
2. When the bureaucratic approach is implemented effectively, the impersonal nature of interactions that are established leads to several benefits. Equality is emphasised and stressed; friendships do not influence decisions that are made; and, the rules and regulations ensure that there are precise instructions for job functions and expectations.
3. Top managers in this company can make tough decisions although guided by the efforts of the respective workforce.
4. Employees are empowered to make decisions without fear of the consequences as the decisions they make correspond to what the managers want.
5. The lines of communication are open, giving the organisation an opportunity to develop, and involving all the employees in the decision-making process.
6. The idea of job specialisation brings some benefits to the organisation as it generates efficient, repetitive workflow.
7. Each department has the power to enable managers to monitor their employees more easily and ensure that they stick to their tasks.
8. The employees are conversant of what is expected of them and what their powers are within the organisation.
9. The managers are organised into hierarchical levels where each level of management oversees its employees and overall performance.
10. Bureaucratic power is extremely autocratic and strict observance to rules may prevent the implementation of appropriate measures required to accomplish organisational objectives.
11. Employees hired get promoted based on their unskillfulness – a proficient manager will continue to be promoted until the moment they are incapable thus remaining in that position until they retire or die.
12. Due to the applicable rules and regulations, there is less autonomy to act or make personal decisions.
13. Adapting to change in this type of organisation is very challenging – it takes time to come up with new rules, regulations and strategies to the new contexts that have transformed.
14. The employment of an office and the management of the various levels in this organisation are based exclusively on the grounds of technical proficiency.
15. Bureaucratic rules and regulations seem to be obstructive when unexpected situations occur.
16. In a subsequent strategy meeting with all the managers, JL makes the following observations:
17. There are certain elements of management which are timeless, but environmental shifts also influence the practice of management.
18. That in recent years, rapid environmental changes have caused a fundamental transformation in what is required of effective managers.
19. Technological advances such as social media and mobile apps, the rise of virtual work, global market forces, the growing threat of cybercrime, and shifting employee and customer expectations have led to a decline in organisational hierarchies and more empowered workers which calls for a new approach to management that may be quite different from managing in the past.

A decision is made during the meeting that instead of trying to promote ideas and innovations through traditional structures, ABC should align its structure in such a way that ideas and innovations can prosper. A committee of five members drawn from the three levels of management is formed to study the shift from the traditional management approach to the new management competencies that are essential in today's environment.

Required:

As a member of the strategy committee, you are required to provide data by answering the following questions that relate to your terms of reference and in the context of the above case:

(a) Using examples from the case, Explain five management competencies that are becoming crucial in today's face-paced and rapidly changing world. **(5 marks)**

(b) Compare and contrast Max Weber's bureaucratic theory and Scientific Management theory in the context of management of an organisation. **(10 marks)**

(c) Illustrate the process of how managers use resources to attain organisational goals through the functions of planning, organising, leading, and controlling and briefly explain each function. **(10 marks)**

(d) Advise the CEO of ABC on sources of leader power and the tactics that leaders use to influence others, especially in times of organisational change. **(5 marks)**

(Total: 30 marks)

Question Two

a) Management is meant to ensure that organizational goals are met. Managers are vested with the task of ensuring this is accomplished. To achieve these managers are required to perform several roles. Using relevant examples, discuss these roles. **(10 marks)**

b) To implement green management practices successfully, organizations should follow a structured approach. Explain the steps that managers should follow to implement these practices **(5 marks)**

(Total 15 marks)

Question Three

- a) List and discuss the Three attitudes' managers might have toward international business. **(6 marks)**
- b) Effective management decisions must pass through the bottlenecks or barriers to communications prior to achieving desired results. Critically discuss this statement **(5 marks)**
- c) Discuss four global economic issues and how they affect management decisions, providing examples of each. **(4 marks)**

(Total 15 marks)

Question Four

- a) Briefly explain the factors that determine ethical and unethical behaviour in an organization. **(2 marks)**
- b) Group formation takes time, and each stage is characterised by several activities. Explain the stages and the characteristics of each stage. **(5 marks)**
- c) With the use of a well labelled diagram, describe John Kotter's 8-step process for leading change. **(8 marks)**

(Total 15 marks)

Question Five

- a) Explain Three Contemporary issues in managing Human Resources in modern organizations. **(3 marks)**
- b) Distinguish between "Vroom's expectancy theory of motivation" and "Porter and Lawler model of motivation." **(4 marks)**
- c) Control involves the measurement of organizational performance for comparison with the set standards. Explain at least four tools used to measure organizational performance. **(4 marks)**
- d) An organisation structure can be mechanistic or organistic. Explain at least Four contingency factors that determine the structure to be adopted by an organization. **(4 marks)**

(Total 15 marks)