



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

**DATE:** Wed, 30<sup>th</sup> October 2024

**TIME:** 13:00 – 15:00

**Instructions:**

Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.

**Question One**

Kamau is employed by Cucumber Grocery Store, based in Nairobi, as the Green Grocer Manager in charge of 14 staff members. Each morning, Kamau holds a meeting with the staff working that day, discussing daily specials, sales, and weekly goals. To motivate his team, Kamau is creative; this week, he has initiated a contest encouraging staff to sell as much as possible during their shifts, with the top seller winning a KSH 5,000 shopping voucher.

Throughout the day, Kamau checks on his employees to ensure they understand the sale items and key features to highlight to customers, reminding them of the contest's goal. Kamau does not leave all the selling to his staff; he actively engages with customers to better understand their needs and preferences. He gathers feedback on current sale items and learns about products customers would like to see on sale in the future.

Once confident that his employees understand the items on sale, Kamau returns to his office to research the following week's sales strategy. He reflects on feedback from employees and customers and reviews what competitors are offering. Kamau compiles this information into a proposal for the next week and forwards it to upper management for approval. He also previews the upcoming sale items with his staff so they can familiarize themselves with them in advance. With management's approval, Kamau creates advertisements for the next week's sale items and ensures they are distributed to customers.

During a midday check-in, Kamau discovers that some items are not selling as expected. After speaking with his staff, he learns that the items labeled "inorganic" are underperforming. Kamau decides to relocate these items to a separate display area, hoping to attract more buyers.

While setting up the new display, Kamau notices two employees arguing over the contest, which has caught customers' attention, causing some to leave the store. Kamau quickly intervenes, helps the employees resolve their conflict, and then returns to his office. There, he finds a voicemail informing him that one of the night shift employees cannot make it due to an emergency. Kamau asks the current shift employees if anyone would be willing to work a double shift and successfully finds a replacement.

Kamau ends his shift with a conference call with one of the store's distributors. He learns that the store will be charged an additional KSH 3,000 for each delivery. Aware that he must adhere to a budget based on the old delivery fee, Kamau negotiates with the distributor and agrees to adjust the fee in the next quarter when he can account for it in the budget.

Recently, Kamau has also been monitoring external factors that might affect the store's performance. He is particularly concerned about the rising cost of living in Nairobi, increasing competition from both local and international retailers, changes in consumer behavior towards organic and sustainable products, and the potential impact of upcoming government regulations on food safety and quality standards.

**Required:**

- a) Using Henry Mintzberg's suggestions, discuss managerial roles that Kamau performs that are crucial for the store's success. **(10 marks)**
- b) Explain **two** skills that are especially important for Kamau's middle-level management role. **(2 marks)**
- c) Suggest **four** internal resources that Kamau must consider in his day-to-day decision-making process. **(8 marks)**
- d) Considering the macro-environmental factors mentioned in the case, analyze how these factors might impact Kamau's strategies and decision-making in the grocery store. **(10 marks)**

**Question Two**

In a class presentation on management functions, Angela's group focused on the planning function, explaining that it is fundamental to organizations, serving as the blueprint for achieving objectives and guiding decision-making processes. They emphasized that strategic planning, in particular, assists organizations in developing strategies by examining both internal and external factors. During the presentation, Mark raised his hand to ask about the challenges of implementing strategic plans and whether all managers make similar plans in organizations.

**Required:**

- a) As a member of Angela's group, explain to Mark **six** reasons why strategic plans may fail. **(12 marks)**

- b) Suggest to Mark **four** forms of planning that occur at various levels of management and explain their importance. **(8 marks)**

### Question Three

John, a Bachelor of Financial Services student who is already working at a financial institution, has observed that the controls in his organization are excessively stringent. He feels that these controls may be hindering the organization's efficiency and employee creativity. During a class discussion, he wants to understand the limitations of control systems and what makes a control system effective.

#### Required:

- a) As a classmate of John, explain to him **six** limitations of control systems in organizations. **(12 marks)**
- b) Suggest to John **four** common characteristics of effective control systems that could help his organization balance control and flexibility. **(8 marks)**

### Question Four

Mary, a recent graduate with a Bachelor of Financial Services, has quickly risen to a middle management position at a financial institution. Despite her strong educational background, she finds it challenging to delegate authority effectively, often taking on too much work herself. This struggle has begun to affect her productivity, as well as the growth and development of her team. During a team meeting, she seeks advice on how to improve her delegation skills and better utilize her team's potential in the high-pressure environment of the financial sector.

#### Required:

- a) As a mentor to Mary, suggest and explain **six** ways she can improve her delegation of authority within the financial institution. **(12 marks)**
- b) Outline and discuss **four** benefits of effective delegation for both Mary and her financial institution. **(8 marks)**

### Question Five

EcoTech Solutions is a medium-sized company based in Nairobi, specializing in the sale of various equipment to different consumer markets. The company employs 200 people and has experienced significant growth recently. EcoTech Solutions currently operates under a functional organizational structure and has categorized its products into the following segments:

- I. Segment A: Sales of medical equipment, such as diagnostic machines and patient monitors, targeted at healthcare providers.
- II. Segment B: Sales of office equipment, including printers and computer peripherals, aimed at corporate clients.
- III. Segment C: Sales of automotive equipment, such as car lifts and diagnostic tools, focused on auto repair shops.
- IV. Segment D: Sales of recreational equipment, including fitness machines and outdoor gear, catering to individual consumers.

The company also has a Finance Department that supports equipment purchases across all segments.

**Required:**

- a) Critically evaluate the disadvantages of the functional organizational structure currently used by EcoTech Solutions. **(10 Marks)**
- b) Propose and justify an alternative organizational structure that would enhance operational efficiency and responsiveness to market needs at EcoTech Solutions. **(10 Marks)**