



**STRATHMORE INSTITUTE  
DIPLOMA IN BUSINESS MANAGEMENT &  
DIPLOMA IN BUSINESS CREATION & ENTREPRENEURSHIP  
END OF SEMESTER EXAMINATION  
DBM 1201 & DE 1306 FUNDAMENTALS OF MANAGEMENT**

**DATE:** 16<sup>th</sup> August 2024

**Time:** 10:30 – 12:30 Hours

**Instruction**

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.
3. Do **Note write** on the question paper.

**Question 1**

Company **Tylor and Herzberg Tools** operates a manufacturing plant in the outskirts of the city. Temporary casual workers manually assemble tools. The workers must figure out for themselves the best and quickest way to make and assemble these parts. Wages for all employees are the same even though some employees take longer than others to finish their jobs. They have also been experiencing high production cost due having a very large work force. Tylor and Herzberg Tools have approached you as a management consultant for recommended solutions

- a) Using Fredrick Taylor's theory, advise the company on two ways they could cut down wastage and improve production in its factory **(5 marks)**
- b) Explain two principles for Henry Fayol that the company has failed to follow **(4 marks)**
- c) Max Weber advocated for a bureaucratic system as the most ideal system to effectively run organizations. Explain two characteristics of such a system **(4 marks)**
- d) Explain two advantages of a bureaucratic management system **(4 marks)**
- e) Explain two limitations of a bureaucratic management system? **(4 marks)**
- f) Modern management practices demand businesses be held to a higher standard than just looking after their shareholders' interests. Explain the three ways organisations are evaluated in modern times **(9 marks)**

**Question 2**

- a) List three major categories of leadership styles **(3 marks)**
- b) From your list in (a) above, describe any two leadership styles and where/when they are applicable **(6 marks)**

- c) From the movie 'A bridge of the river kwai, explain the leadership styles of the two leaders citing specific examples **(6 marks)**

### **Question 3**

Big Dreams Company has grown in size from a small business of 5 employees selling cooking oil. They now have 100 employees and have expanded their business into selling real-estate, selling used cars and they have recently bought a company manufacturing utensils. The owners are feeling overwhelmed by this growth and have approached you for help.

- a) List 3 types of structures organizations can use in their day to day running of their business **(3 marks)**
- b) Advise Big Dreams Company which structure they should use to effectively run their expanded business, so it doesn't overwhelm them. **(3 marks)**
- c) Explain to them two advantages of your recommendations above. **(6 marks)**
- d) Explain to them one disadvantage of your recommendations above. **(3 marks)**

### **Question 4**

Tamu Tamu Bakers Ltd operates a bakery employing casual workers. The workers are paid a flat daily wage of Ksh 500. If a worker produces 1,000 loaves of bread a day they are then rewarded with an extra Ksh 200 a day.

- a) Clearly show why expectancy and Valence are missing in the company according to Vroom's expectancy theory. **(6 marks)**
- b) Explain how organizations can use Abraham Maslow's teaching to address the question of valence in motivating employees. **(9 marks)**

### **Question 5**

- a) Explain three advantages of PLC vs LTD **(9 marks)**
- b) Clearly explain the concept of 2-factor theory according to Fredrick Herzberg. **(6 marks)**