



**STRATHMORE UNIVERSITY BUSINESS SCHOOL  
BACHELOR OF SUPPLY CHAIN MANAGEMENT AND BACHELOR OF FINANCIAL  
SERVICES**

**BFS 1105 / SCM 1101: PRINCIPLES OF BUSINESS MANAGEMENT  
END OF SEMESTER EXAMINATION**

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**Date:** Wednesday, 26<sup>th</sup> July, 2023

**Time:** 2 Hours

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**INSTRUCTIONS:**

- **ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE**

**(TOTAL 30 MARKS)**

Samson is employed by Cucumber grocery store Ltd (CGS) based in Nairobi as a green grocer manager in charge of 14 staff. During a recent planning meeting, Samson presented an implementation plan that would see the sales of the store grow this year by 5% from last year. He however suggested to be allowed to hire more sales staff in order to achieve this goal. He also wanted to come up with a broad corporate social responsibility project that would channel donations from the store to needy children's homes in the neighborhood. He is now in the process of implementing these plans. When he arrives at the grocery store every morning he holds a meeting with staff working that morning talking about daily specials, sales and goals for the week. He is also creative in motivating his staff. This week he is holding a contest between the workers to try and sell as much as they can during their shift. He informs his employees that the highest seller will win a Ksh 5000 worth shopping voucher.

During the day, Samson checks on his employees to see if they understand the items which are on sale and what key features to point out to the customers as well as reminding them on the goal of winning the contest. He does not leave all the selling to his staff because he likes to keep contact to his customers to better understand their needs and how he can accommodate them. He stops and chats with several customers throughout the day to get feedback on sale items and to learn about the products his customers would like to see put on sale in future.

After he gets convinced that his employees understand the items on sale, he goes back to his office to do some research for next week. He spends time reflecting on the feedback he gets from his employees and customers and looks at what his competitors are putting on sale at that time. He then combines all the information into a proposal for next week and forwards the information to upper management for approval. He also spends time previewing this information with his employees so that they can begin to familiarize themselves with the items. Now that he has the approval from management, he creates the advertisement for next week sale items and gets it distributed to his customers.

He checks with his employees during midday and discovered that some of the items have not done so well as expected. After speaking with his employees he learns that the items that have not been selling are the ones on the shelves labelled inorganic. He makes the decision to move the items to a display area where they can sit by themselves and hopefully attract more buyers. For the ones that are almost going bad, he decides to channel them as a donation.

As he sets up the display, he notices that two of his employees are arguing over the contest and customers have also noticed and are even leaving the store. Samson quickly intervenes and helps the employees reach an agreement. He then goes to his office and finds a voice mail where he learns that one of the night shift employee would not make it as he had an emergency. He asks the employees currently in the shift if

someone would mind working a double shift. He finds a replacement and is then able to go back to his responsibilities.

He ends the shift with a conference call with one of his distributors. He learns that the store will be charged an additional Ksh 3000 of each delivery made. He knows he has to adhere to a particular budget based on the old delivery fee. he spends time trying to get the distributor to charge the old fee until they reach to a consensus of adjusting the fee in the next quarter When he can account for it in the budget.

### **Required**

- a) Using Henry Mintzberg suggestions, discuss the managerial roles that Samson performs that are crucial for the success of the store **(10 Marks)**
- b) Explain five elements of implementation a plan that Samson has used to ensure the effectiveness of goal accomplishment **(8 Marks)**
- c) Suggest five controls that Samson has used to ensure that the goals of the store are achieved **(10 Marks)**
- d) Suggest two important managerial skills that Samson has that have enabled him to be effective at his role. **(2 Marks)**

### **QUESTION TWO**

**(TOTAL 20 MARKS)**

Andrew and Ann, two first year students of Bachelor of Supply Chain Management degree were having a discussion about management by objective approach to planning after being asked to research on it. Andrew felt that this approach is the best in planning as it entails very few steps and could not see any demerit with it. Ann however argued that it has some obvious flaws and should be used with caution.

### **Required**

- a) Explain the steps followed in management by objective approach to planning. **(8 Marks)**
- b) Explain six shortcomings of management by objective approach to planning. **(12 Marks)**

### **QUESTION THREE**

**(TOTAL 20 MARKS)**

Mumina is a new manager hired by Glass Industries Ltd. She has discovered that working conditions are not good for her employees – they work in an old building with poor lighting and ventilation system. The work itself is tedious and a supervisor who reports directly to her is rarely available to assist and help them make decisions on unique work orders. On close examination, she realized that the supervisor monitors the work of many subordinates and can hardly cope with his role. “We hardly get any attention from her” remarked one employee The supervisor also hardly delegates some tasks to his subordinates.

### **Required**

- a) Guided by neo-classical management theorists suggest five ways that Mumina can use to improve productivity of the workers at Glass Industries Ltd **(10 Marks)**
- b) Define the term span of control and explain the type of span of control at Glass Industries ltd. **(4 Marks)**
- c) Explain three reasons why managers fear delegation of authority. **(6 Marks)**

### **QUESTION FOUR**

**(TOTAL 20 MARKS)**

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 (10 Marks)

## QUESTION FIVE (TOTAL 20 MARKS)

Mr. Hamilton is the new CEO appointed in a private hospital located in Kikope in the country of Aboria. The previous hospital CEO was forced to resign after an audit of the hospital revealed that the control systems were weak and the strategic plan was hardly realized. The hospital had lost millions worth of ICU equipments and was gearing for the worst financial performance that year. In addition, the polices 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 concurrent 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)