



BACHELOR OF SUPPLY CHAIN MANAGEMENT  
END OF SEMESTER EXAMINATION  
SCM 1101: PRINCIPLES OF BUSINESS MANAGEMENT

**DATE:** Thursday, 28<sup>th</sup> October 2021

**TIME:** 2 Hours

**INSTRUCTIONS:**

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

**Question one**

Unique Promotions was formed twenty years ago by Barry Gorkov to plan, organize and run folk festivals in Kenya. It soon established itself as a major events organizer and diversified into running events for the staff and customers of major companies. For example, for many years it has organized launch events, staff reward days and customer experiences for Kuizan- a car manufacturer in Kenya.

Recently, Unique Promotions purchased a travel agent to provide travel to and from the events that it organized. Barry Gorkov is himself a flamboyant figure who, in the early years of the company, changed his name to Barry Blunt to reflect his image and approach. He calls all the events 'jobs', the terminology used throughout the company. The company is organized along functional lines. The sales and marketing department tenders for external jobs and negotiates contracts. Sales managers receive turnover-related bonuses and Unique promotions is known in the industry for their aggressive pricing policies. Once a contract is signed, responsibility for the job is passed to the events department which organizes the event. It is known for its creativity and passion. The operations department has responsibility for running the event (job) on the day and for delivering the vision defined by the events department. The travel department is responsible for any travel arrangements associated with the job. Finally, the finance department is responsible for managing cash flow throughout the job, raising customer invoices, paying supplier invoices and chasing any late payments.

However, there is increasing friction between the departments. The operations department is often unable to deliver the features and functionality defined by the events department within the budget

agreed by the sales manager. Finance is unaware of the cash flow implications of the job. Recently, an event was in jeopardy because suppliers had not been paid. They threatened to withdraw their services from the event. Eventually, Barry Blunt had to resolve friction between finance and other departments by acquiring further funding from the bank. The event went ahead, but it unsettled Kuizan which had commissioned the job. The sales and marketing department has also complained about the margins expected by the travel department, claiming that they are making the company uncompetitive

### **Required**

- a. Explain the merits and demerits of the current organizational structures adopted by Unique Promotions **(10 marks)**
  - b. Suggest an alternative organizational structure that Unique Promotions Ltd could utilize and explain two merits and two demerits of the proposed structure **(10 marks)**
  - c. Explain three important skills that a top-level manager like Barry Blunt need to have according to Robert Katz **(6 marks)**
  - d. Explain two concurrent controls that the finance department can adopt to ensure the integrity of their reporting **(4 marks)**
- (Total 30 marks)**

### **Question Two**

Mumbi 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. The supervisor also hardly delegates some tasks to his subordinates.

### **Required**

- a. Analyze the factors that can be causing demotivation using Henry Mintzberg 2 factor theory **(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)**

**(Total 20 marks)**

### **Question Three**

Kim and Martin, 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. Martin felt that this approach is the best in planning and could not see any demerit with it. Kim however argued that it has some obvious flaws and should be used with caution.

Required

- a) Explain five Merits of Management by Objective approach to planning in modern organizations **(10 marks)**
  - b) Explain five Shortcomings of management by objective approach to planning **(10 marks)**
- (Total 20 marks)**

### **Question Four**

Naomi is the new CEO appointed in a new private hospital located in Aboria in the country of Afhani. The hospital has been set up during the COVID-19 Pandemic period and is currently employing 200 staff both medical and administrative who are distributed in its 3 towns. The CEO has inherited a highly centralized authority structured organization and has requested you to make a presentation to her and her senior managers on the need for decentralization of authority.

Required

- a. Explain the recommendations given by Henry Fayol and Max Weber on centralization and decentralization of authority **(8 marks)**
- b. Suggest five factors that may warrant a decentralization of authority for the hospital **(10 marks)**
- c. Explain two other principles of management by Henry Fayol that could be beneficial to the hospital **(2 marks)**

**(Total 20 marks)**

### **Question Five**

- a. Explain the five macro factors that a manager must pay attention to while making decisions in a busy manufacturing environment. **(10 Marks)**

Suggest five internal environmental factors that may influence the managers' decision-making process **(10 marks)**