



**STRATHMORE BUSINESS SCHOOL**  
**BACHELOR OF SUPPLY CHAIN MANAGEMENT/ BACHELOR OF FINANCIAL SERVICES**  
**END OF SEMESTER EXAMINATION**  
**BFS 1105; SCM 1105: PRINCIPLES OF BUSINESS MANAGEMENT**

**Date:** Thursday, 19<sup>th</sup> December 2022

**Time:** 2 Hours

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**Instructions**

- 1) Answer QUESTION ONE and any other TWO QUESTIONS
- 2) Question one is compulsory and carries 30 marks
- 3) All other questions carry 20 marks each

**QUESTION ONE** **(COMPULSORY)** **(30 MARKS)**

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Kamau is employed by Cucumber grocery store based in Nairobi as a greengrocer manager in charge of 14 staff. In the week leading to thanksgiving, he performed the following activities: 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, Kamau 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.

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. Kamau 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 and illustrations from the case, discuss the managerial roles that Kamau performs that are crucial for the success of the store. **(10 Marks)**
- b) Explain four principles of management as popularized by Henry Fayol and how they would be important to the green grocery store. **(8 Marks)**
- c) Explain five reasons why it would be important to establish proper controls at the green grocery. **(10 Marks)**
- d) Suggest two control systems used at the green grocery. **(2 Marks)**

**QUESTION TWO**

**(20 MARKS)**

Naomi and Jamin, two first year students of Bachelor of Financial Services and Bachelor of Supply Chain were having a discussion on organizing in modern day firms. Jamin whose father runs a large hospital in the county of Arcadia felt that the span of control of the hospital needs to be improved. They both started the discussion on the need for the change in the way Jamin's dad hospital is run and in the discussion Naomi wanted to find out how Jamin's dad- the CEO of the hospital- would feel about decentralizing the authority of the hospital to middle level management. Jamin laughed and exclaimed "even delegation is a challenge for my dad". They consult you to help them with a presentation which they can make to Jamin's dad in order to improve some of these elements of organizing.

***Required***

- a) Explain two types of spans of control and highlight what determines the choice of span of control in modern organizations. **(6 Marks)**
- b) Explain four barriers of delegation of authority facing firms in modern organizations **(8 Marks)**
- c) Suggest three reasons for decentralization of authority in modern firms. **(6 Marks)**

**QUESTION THREE****(20 MARKS)**

Mr. Jameliki convened the team for a half year evaluation of the marketing plan they had spent a lot of time developing and which was now being implemented. He observed that they were not even quarter way in achieving the targets they gave themselves. He wondered if this would be a reality and how his performance appraisal would be like towards the end of the year. He consults you to give him a small brief about the challenges of implementing strategic plans.

**Required**

- a) Suggest to Mr. Jameliki three macro environmental factors that can change the direction of a strategic plan. **(6 Marks)**
- b) Explain to Mr. Jameliki the term “emergent strategy” with regard to strategic plans. **(2 Marks)**
- c) Suggest to Mr. Jameliki six common reasons why strategic plans may fail. **(12 Marks)**

**QUESTION FOUR****(20 MARKS)**

Management by objective is an approach of developing and implementing the plans of the organization that results to empowered employees who have clarity of their roles.

**Required**

- a) Explain the steps followed in developing plans through the management by objective approach. **(8 Marks)**
- b) Suggest three benefits and three demerits of the management by objective approach. **(12 Marks)**

**QUESTION FIVE****(20 MARKS)**

As the organization grows, the job of a manger demands that he learns to lean on his team in order to accomplish the demands of the growth of the firm. Two important aspects in management are important, delegation and decentralization of authority that needs to be reflected in the organizational design of the firm.

**Required**

- a) Explain five features of an organic type of organizational structure. **(10 Marks)**
- b) Suggest two merits and three demerits of using a matrix structure in a project driven organization. **(10 Marks)**