



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FIRST YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF ECONOMICS AND STATISTICS

BACHELOR OF ECONOMICS AND FINANCE

BACHELOR OF ECONOMICS

BBA 102: PRINCIPLES AND PRACTICES OF MANAGEMENT

DATE: 2/12/2019

TIME: 8.30-10.30 AM

INSTRUCTIONS:

Answer Question ONE and any other TWO Questions.

Read the following case carefully and answer the questions below

Case: Simplex Mills

The president of Simplex Mills sat at his desk in the hushed atmosphere, so typical of business offices, after the close of working hours. He was thinking about Rehman, the manager in-charge of purchasing, and his ability to work with George, the production manager, and Vipulabh, the marketing and sales manager in the firm. When the purchasing department was established two years ago, both George and Vipulabh agreed with the need to centralise this function and place a specialist in charge. George was of the view that this would free his supervisors from detailed ordering activities. Vipulabh opined that the flow of materials into the firm was important enough to warrant a specialised management assignment. Yet since the purchasing department began operating it has been precisely these two managers who have had a number of confrontations with the new purchase manager, and occasionally with one another, in regard to the way the purchasing function is being carried out. From George's point of view, instead of simplifying his job as production manager by taking care of purchasing for him, the purchasing department has developed a formal set of procedures that has resulted in as much time commitment on his part as he had previously spent in placing his orders directly with vendors.

Further, he is specially irritated by the fact that his need for particular items or particular specification is constantly being questioned by the purchasing department. When the department was established, George assumed that the purchasing manager was there to fill his needs, not to question them. As Vipulabh sees it, the purchasing function is an integral part of marketing function, and the two therefore need to be jointly managed as a unified process. Purchasing function cannot be separated from a firm's overall marketing strategy. However, Rehman has attempted to carry out the purchasing

function without regard for this obvious relationship between his responsibilities and those of Vipulabh, thus making a unified marketing strategy impossible. In his previous position, Rehman had worked in the purchasing department of a firm considerably larger than Simplex. Before being hired, he was interviewed by all the top managers, including George and Vipulabh, but it was the president himself who negotiated the details of the job offer.

As Rehman sees it, he was hired as a professional to do a professional job. Both George and Vipulabh have been distracting him from this goal by presuming that he is somehow subordinate to them, which he believes is not the case. The people in the production department, who use the purchasing function most, have complained about the detail that he requires on their requisitions. But he has documented proof that materials are now being purchased much more economically than they were under the former decentralised system. He finds Vipulabh's interests more difficult to understand, since he sees no particular relationship between his responsibilities for efficient procurement, and Vipulabh's responsibilities to market the firm's products. The president has been aware of the continuing conflict among three managers for some time, but on the theory that a little rivalry is healthy and stimulating, he has felt that it was nothing to be unduly concerned about. But now that much of his time is being taken up by much of what he considers to be petty bickering, the time has come to take some positive action.

QUESTION ONE (30 MARKS)

- a) Discuss the characteristics of Management as brought out in the above story. (7 marks)
- b) Explain and give examples of the basic management roles that the departmental managers should poses (8 marks)
- c) Discuss the causes of departmental conflict and how the president of Simplex Mills can address the situation (10 marks)
- d) Explain some of the Principles of Management that can be adopted in the above Case study. (5 marks)

QUESTION TWO (20 MARKS)

- a) The management of Foka Limited has adopted the bureaucratic principles of management as advocated by Max Weber. Discuss FIVE ways the company is likely to benefit from this adoption. (10 marks)
- b) Describe the planning process giving relevant illustrations (10 marks)

QUESTION THREE (20 MARKS)

- a) Organizations that adopt management by objectives (MBO) are likely to encounter certain challenges. Explain such challenges (10 marks)
- b) Discuss the Herzberg's two factor theory in the motivation of employees in the organization. (10 marks)

QUESTION FOUR (20 MARKS)

- a) Explain SIX circumstances under which a manager may find it necessary to use autocratic style of leadership in an organization. (10 marks)
- b) Discuss the factors that may affect the degree of Centralization or decentralization of authority (10 marks)

QUESTION FIVE (20 MARKS)

- a) Explain FIVE factors that should be considered in setting up standards in an effort to control the operations of an organization. (10 marks)
- b) Discuss the significance of performing manpower planning effectively in an organization (10 marks)