



(University of Choice)

**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)**

**UNIVERSITY MAIN EXAMINATIONS
2021/2022 ACADEMIC YEAR
FIRST YEAR SECOND SEMESTER EXAMINATIONS**

**FOR THE DEGREE
OF
BACHELOR OF COMMERCE, ECONOMICS, AGRI-BUSINESS**

COURSE CODE: BCB 104

COURSE TITLE: PRINCIPLES OF MANAGEMENT

DATE: FRIDAY, 29TH APRIL 2022 TIME: 12.00 – 2.00PM

INSTRUCTIONS TO CANDIDATES

1. Question **ONE** is compulsory, choose Any other **TWO** Questions
2. Marks for each question are indicated in the parenthesis.
3. Examination duration is **2 Hours**

MMUST observes **ZERO** tolerance to examination cheating

This Paper Consists of 3 Printed Pages. Please Turn Over.

QUESTION ONE**READ THE CASE BELOW AND ANSWER THE QUESTIONS THAT FOLLOW****Nzoia Sugar paid Sh217m for goods not delivered (DAILY NATION, Wednesday, March 16, 2022)**

The management of state-owned Nzoia Sugar Company is on the spot for Sh216.57 million advance payments for goods and services ordered about seven years ago but have yet to be delivered by suppliers. The management of state-owned Nzoia Sugar Company is on the spot for Sh216.57 million advance payments for goods and services ordered about seven years ago but have yet to be delivered by suppliers.

An audit of the firm's financial record flagged 33 advance payments made to some 14 suppliers of various goods and services but have not been delivered since financial year 2014/2015. The transactions include 12 payments totaling Sh135.99 million for the supply of tubes and modification of a boiler machine, three payments totaling Sh36.69 million for supply of a juice filtration and vacuum machine, four payouts totaling Sh16.22 million for servicing of centrifugal pump, and another five payments worth Sh12.18 million for the supply of an evaporator machine.

A report by the broke miller claimed that some of the suspect orders were worth Sh127.39 million. Another batch of items worth Sh43.51 million was awaiting clearance at the Port of Mombasa. It also claimed that ordered goods worth Sh34.41 million were under shipment while a batch of items valued at Sh10.27 million had been delivered and awaiting an inspection report.

"The company did not, therefore, obtain any value from the goods and the funds spent are at the risk of getting lost," Auditor-General Nancy Gathungu said in a new report on the company's financial status. Ms Gathungu's revelations add more questions on the financial decisions of the management of the financially insolvent miller.

In 2021, an audit showed that, a Sh295 million cane crushing plant, which the miller bought 28 years ago, remained idle. Nzoia Sugar bought the plant in 1993 to expand output but it has never been commissioned. The machine was to aid expansion of cane processing capacity from 3,000 tonnes a day to 7,000 tonnes.

"The expansion programme was not completed then and the acquired plant has been lying idle since the acquisition and has not generated any income for the company," Ms. Gathungu said in an audit report tabled before Parliament. The expansion was financed by an international firm not mentioned in the report with government of Kenya guarantee.

"Although the management explained that the State Department for public works has given reserve prices for possible disposal of the idle plant, the written report by the ministry was not availed for audit review," the report says.

According to an earlier valuation report of some of the items bought for the expansion including the plant, the items are in a deplorable state and the company has not recognized any impairment charges on them.

- a) The success or failure of an organization is entirely the role of the manager. The manager had a role in ensuring such issues don't occur. Justify this assertion using the managerial roles approach by Prof Henry Mintzberg.

10 marks

b) You have been invited to speak to the management of Nzoia Sugar company on the importance of setting up functional controls so that losses can be avoided in the organization. What points would you address? 10 marks

c) The company has decided that one of the ways of correcting the image the company has is engaging in corporate social responsibility. However, you as a consultant, you are against the plan. What reasons will you give? 10 marks

QUESTION 2

a) Marx Weber postulated the bureaucratic theory of management, as a reaction to the abuses of power by those in managerial positions. What advantages does the theory have over the others? 10 marks

b) Failure to plan is planning to fail. Justify why planning is a key element in a manager's role. 10 marks

QUESTION 3

a) Depending on the kind of organization, whether product or service industry, organizational structures play a key role. With suitable examples, describe any 5 such structures. 10 marks

b) . A leader's ability to influence people to willingly follow his guidance and adhere to his decisions is critical in an organization. What roles do leaders play? 10 marks

QUESTION 4

a) As a manager, what internal sources of staffing are at your disposal? Give examples. 6 marks

b) What barriers exist that make internal organizational communication become ineffective? 8 marks

c) Justify why employees have to be motivated in organizations. 6 marks

QUESTION 5

a) According to the trait theory, explain some of the qualities that the former US President Barack Obama had that might have propelled him to power (10 marks)

b) Giving an example in each case, explain how the following aspects influence management in an organization. (10 marks)

- i. Workforce diversity
- ii. Entrepreneurship
- iii. Ethics
- iv. Benchmarking
- v. Globalization

