

**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND  
TECHNOLOGY**

**SCHOOL OF BUSINESS**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**MBA 806: MANAGEMENT PRINCIPLES AND PRACTICE**

**END OF SEMESTER EXAMINATIONS**

**FIRST YEAR SEMESTER ONE AUGUST 2014**

**TIME 2HRS**

**INSTRUCTIONS: Answer question ONE and any other THREE questions**

**QUESTION ONE**

**FIRST IN THE MARKET**

Kelly Ryanne is a plant engineer employed by Manta Engineering Works, and assigned to the research laboratory in the Special Product Unit (SPU). Manta is a well-established manufacturer of military hardware. The general purpose of SPU is to conduct research for improving the military hardware products of Manta. However, the laboratory director was recently given permission to develop spin-off products for possible sale on the open market.

Kelly spent his first year in SPU assisting on various project assignments. At the end of his first year, he was put in charge of a special project to research a chemically processed wood for specialty applications. During the initial stages of the project, Kelly spent the majority of his time in the laboratory becoming familiar with basic aspects of the treatment project. However, he soon became tired of the long and tedious experimental work and became more and more eager to move quickly into the promotion and marketing of the product. This desire was soon realized. An article in a recent national grade publication had generated keen interest in a similar wood product, and as a result, Manta immediately allocated several thousand dollars to the development and marketing of the chemically

processed wood. Simultaneously, a minor reorganization occurred, placing Kelly and his project under the direction of Emmy, a close friend of Kelly. Thus Kelly's opportunity to get out of the lab and become involved in the more desirable promotion and marketing aspects arose.

Kelly and Emmy soon began travelling nationally, discussing the new product with potential customers. Travelling enabled Kelly to spend less time in the lab, and as a result many of the experiments required to determine the characteristic of the new product were left unfinished. As the number of companies that demonstrated an interest in purchasing small quantities for trial applications grew, Kelly suggested to Emmy that a small pilot plant be constructed. In answering Emmy's concern regarding the performance characteristics of wood, Kelly assured the preliminary test indicated the wood could be successfully produced. It was Kelly's contention that Manta had to get a head start on the newly created market before everyone else got into the game, that they should build the pilot plant immediately to fill the sudden influx of orders and then worry about completing the performance tests. Emmy seeing the advantages associated with getting into the market first, finally agreed and construction of the pilot plant began shortly thereafter.

During construction Kelly and Emmy continued travelling promoting the wood. When pilot plant was near completion, Kelly went to Manta's personnel department and requested that three labourers be hired to operate the plant. Kelly intended to personally direct the technical operation and thus saw no need to establish elaborate job description for the positions.

A week later, Kelly had his three employees. Due to a work load reduction in the Electronics Division of Manta, the employees filling these positions had taken the labourer jobs in order to avoid being laid off. One had been a purchasing agent and the others had been electronic technicians. At the beginning of the work day, Kelly would drop by the plant and give directions to the crew for the entire day before departing to make sales call. No formal leader had been appointed, and the three labourers, knowing little about the chemical process involved, were instructed to "use common sense and ingenuity."

A month after the plant operations had gotten underway, a major producer of archery bows requested an order for 70,000 bow handles to be delivered in time to

be sold for the upcoming hunting season. It was too good to be true. Kelly knew if they accepted the order the first year of operations would be guaranteed in the black. On receiving the product specifications, Kelly persuaded Emmy to sign the contract, arguing that they would be throwing all their hard work down the drain if they didn't. Subsequently, a crash programme was established at the plant to get the order out on time.

One month after the final shipment of handles had been made, Kelly hired a junior engineer, Betsy Adams, to conduct the performance experiments that had been disbanded while the plant had been getting the rush order out. Betsy examined some of the experimental handles and discovered hairline cracks at various stress points that had not appeared during the initial examination. She immediately went to Kelly's office to inform of the problem and found Kelly and Emmy sitting there with a telegram from the archery company. It stated that several retailing merchants had returned bows with hairline cracks in the handles and that the archery company would seek a settlement for its entire investment in the handles.

Manta paid the settlement and subsequently cancelled the wood project.

## **Questions**

- a.** What caused the wood project to fail?
- b.** Would a more effective strategy on the part of Kelly and Emmy have helped in ensuring the success of the project?
- c.** At what stage of the strategic management process did the breakdown occur?
- d.** What general observations can be made so as to prevent such a situation from occurring again? (25 marks)

## **QUESTION TWO**

**a.** Zainabu has been hired as the new managing director of the XYZEE enterprise which has been experiencing high competition in her business operations. Discuss

five major organisational changes which she can introduce for the firm to remain competitive.[10 marks]

**b.** Explain five various managerial skills required by you as the manager of Dundee Company in Kisumu City.[5 marks]

### **QUESTION THREE**

**a.** Define planning as function of management.

**b.** As a manager identify and explain the barriers you would encounter when in charge of planning the operations of Mkatenu Bakery and suggest a remedy to each barrier identified.[15 marks]

### **QUESTION FOUR**

Corporate social responsibility is a common phenomenon in the present Kenyan business practise. Outline five challenges which can be experienced by the businesses and identify the adjustments which are needed to overcome them.[15 marks]

### **QUESTION FIVE**

**a.** Discuss five challenges Kenyan managers face in attracting, developing and maintaining a productive workforce.[10 marks]

**b.** Differentiate between the concepts of transformational and transactional approaches to leadership.[5 marks]

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### COURSE OUTLINE

Managers and management; evolution of management; management functions and roles; Organizational culture and environment; issues in management, social responsibility and managerial ethics; management across cultures and technology; fair employment practices based on gender, age, physical ability, cultural variations.