



THE MOMBASA POLYTECHNIC UNIVERSITY COLLEGE

Faculty of Business & Social Studies

DEPARTMENT OF BUSINESS STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

HBC 2108: PRINCIPLES OF MANAGEMENT

END OF SEMESTER EXAMS

SERIES: APRIL/MAY 2010.

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES

1. The paper consists of **FIVE** questions.
 2. Answer question **ONE** (compulsory) and any other **TWO** questions.
 3. Question One carries 30 marks. Other questions carry 20 marks each.
 4. Write your student registration number on every answer sheet you use.
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Q.1 **Case Studies:** “International Case – To stay or not stay in South Africa” (30 marks)

Many executives of large Multi-national corporations are in a dilemma involving economic, social, political and ethical issues. One question many firms face is whether or not to divest themselves of their holdings in South Africa because of that country’s apartheid policies. Arguments are advanced on both sides of the issue.

The arguments for staying in South Africa are as follows:

- (i) Foreign companies are a positive force for peaceful changes and will benefit the blacks,
- (ii) Foreign firm's should not get involved in social disputes. Their primary objective is to make a reasonable profit within the framework of existing fair policies.
- (iii) The progress the blacks have made is to a great extent due to the growing economy to which foreign firms have contributed.
- (iv) Higher unemployment of blacks will result from the withdrawal of the U.S companies.
- (v) Foreign divestments will not induce the government to change its policies a great deal, if at all.

The arguments against staying in South Africa are as follows:

- (i) So far, the companies have had only limited success in changing the poor conditions of the blacks.
- (ii) Businesses have a responsibility not only towards shareholders but also towards the society in general. Consequently, they should not be doing business in a country that pursues a policy of apartheid.
- (iii) The turmoil and the economic conditions (recession, falling gold prices, double-digits inflation and other factors) suggest that it may be in the long-term economic interests of the shareholders to withdraw from South Africa.
- (iv) Responsible black leaders realize the potential hardships associated with the divestments in the short-run yet many blacks are willing to endure them with the hope of a better future.
- (v) In the long-run, South Africa cannot afford being isolated from most of the world that opposes apartheid and it will have to change its policies.

While the debate continues, top executives of major multi-national Corporations are faced with the decision of whether to stay or not stay in that country.

- (a) If you were one of the Chief Executive officers of a major multi-national corporation with substantial investments in South Africa, how would you decide? (2 marks)
- (b) What are the reasons for your decisions? (18 marks)
- (c) What do you think is the morally right decision? (2 marks)
- (d) What reasons would you give to support it? (8 marks)

- Q.2 (a) Max Weber (1864-1920) directed his attention towards the basic issues of how **enterprises could be structured** and formulated ideas on the idea management approach for large organizations.
- Briefly, outline the **FIVE characteristics** of an ideal formalized organization as given by Max Weber in his Bureaucratic Theory/ Approach to Management. (10 marks)
- (b) Diversity in Management means the similarities or differences among staff that the management should put into account when dealing with them on some employment matters/affairs. Shortly, highlight the **FIVE common areas or trends** of Diversity among staff that the management should put into account and follow in dealing with them on some employment matters/affairs. (10 marks)
- Q.3 (a) Besides serving the interests of all stakeholders, the management of any organization must adjust its structure and operations to match with all the forces/factors affecting it.
- Choose and describe briefly any **FIVE forces/factors** affecting the structure and operations of a business that managers must consider and accommodate in running the affairs matters of their business that managers must consider and accommodate in running the affairs/matters of their business. (10 marks)
- (b) As a Senior Manager at your work place, you are a member of the Organizational Ethics Committee charged with institutionalizing ethical behavior among all the staff.
- State and explain briefly any **FIVE activities** your committee should undertake to institutionalize ethical behavior among all the staff in your organization. (10 marks)

- Q.4 (a) Anything done by a human being at work or in private must always have its advantages and disadvantages.
- Accordingly, highlight any **FIVE advantages** of specialization or division of Labour at work. (10 marks)
- (b) Departmentation/Departmentalization means dividing long prediction activities into small parts which are then grouped/classified into departments according to the similarities in their functions or purposes.
- Briefly, outline the **FIVE bases** of departmentation/departmentalization. (10 marks)
- Q.5 (a) At individual levels, many managers and workers do not always accept and implement beneficial, desirable and inevitable changes.
- Shortly, outline the **SIX reasons** why individual managers and workers always resist proposed, beneficial and inevitable changes. (12 marks)
- (b) Different managers adopt different approaches to fulfilling their social responsibilities/obligations. Some do a lot to prove that they cater for social responsibilities; others do nothing at all.
- Accordingly, describe the **FOUR managerial approaches** to fulfilling business social responsibilities. (8 marks)