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**University Examinations 2015/2016**

FIRST YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE OF

MASTER OF

BUSINESS ADMINISTRATION

**BFA 5125: CONTEMPORARY MANAGEMENT**

**DATE: AUGUST 2016 TIME: 3 HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***three***questions.

**QUESTION ONE (24 MARKS)**

**Study the case “What Kipng’etich has done in bid to revive retailer” and answer the following questions.**

**What Kipng’etich has done in bid to revive retailer**

Just when the new management of Uchumi had set on a roadmap for revival, they were slapped with a duit that threatens to put months of planning and strategy to naught.

Uchumi managing director boss Julius Kipng’etich has had to detail the plans to shareholders, investors and even its creditors in what seemed to be a perfect plan to revive Uchumi.

“The management has been working on a turnaround plan. When we reassessed the books we found that that we owed suppliers Sh3.6 billion and banks Sh2.5 billion with negative cash flow position,” Mr. Kipng’etich told a gathering of shareholders, banks, supplier representatives and the government represented by Trade Permanent Secretary Chris Kiptoo.

Dr. Kipng’etich said the plan was to liquidate none core assets which included Ngong Hyper, Lang’ata and land in Kasarani to inject liquidity in the business.

Uchumi has already sold Ngong hyper for Sh.1.4 billion and had securitized the Lang’ata property with United Bank for Africa – Kenya (UBA) for a loan of up to Sh250 million to enable the retailer pay suppliers.

The retailer had also borrowed sh500 from Kenya Commercial Bank also to pay some of its suppliers.

Uchumi was however unable to sell off the Kasarani property which is subject to a suit filed more than a decade ago.

The second plan was to bring in a strategic investor and according to Dr. Kipng’etich three were shortlisted from 36 that sought stake in the retailer. Uchumi has also appointed a transaction advisor.

The firm had also put proposals forward for a government intervention which would be in form of a bridging loan structured like the Sh678 million offered when Uchumi placed under receivership a decade ago.

As it desperately seeks to raise capital, the retail chain also embarked on making itself leaner through cost-cutting and restructuring measures.

“We needed to shrink within our means so we started closing anything that was bleeding us,” Dr Kipng’etich said.

Regional operations were closed from non-performance. For eight years the Ugandan subsidiary had never made profits while the Tanzania branch had been making losses for six years.

Seven stores were shut down in Kenya bringing a total number of 20 stores that the retailer is still operating.

Uchumi then shed a combined number of 2,230 members of staff and overhauled its management system bringing in a completely new team to replace the former management incriminated by an audit report.

1. Discuss six possible causes of the problem the retailer is experiencing (6 marks)
2. Explain six forms of business strategies and demonstrate how Uchumi management can make use of each strategy. (6 marks)
3. Discuss how the management of Uchumi can utilize the Three key managerial skills to strengthen the retailer (6 marks)
4. Uchumi required to retain its workforce in order to remain competitive. Discuss six factors that are important to show that Uchumi is committed to human resource management. (6 marks)

**QUESTION TWO (12 MARKS)**

1. Briefly explain the communication process and demonstrate its application in a business organization. (6 marks)
2. Organizations experiencing difficulties may require a charismatic leader to boost the morale of organization members. Briefly explain various behaviors of charismatic leaders that endear them to their follower (6 marks)

**QUESTION THREE (12 MARKS)**

1. All managers are bound to commit errors of judgment at different times. Briefly explain various reasons why managers may make in-appropriate decision (6 marks)
2. Discuss six strategies that you would employ as a manager in order to delegate more effectively to your subordinates (6 marks)

**QUESTION FOUR (12 MARKS)**

1. Discuss various ways that modern managers help organizations become ethical and socially responsible. (6 marks)
2. Analyze various organizational structures and explain how they may be used innovatively to influence performance in organizations (6 marks)

**QUESTION FIVE (12 MARKS)**

1. Discuss three key leadership styles and explain their relevance to modern organizations managements (6 marks)
2. Briefly discuss the role of a manager in the control function of management for contemporary organizations (6 marks)

**QUESTION SIX (12 MARKS)**

A group of three young University graduates has established a marketing company at the outskirts of a major town in Kenya. The team is however faced with a financial challenge at a time they need to expand their business. They have approached you for advice. Briefly discuss six sources of financing and explain the requirements for accessing each source. (12 marks)