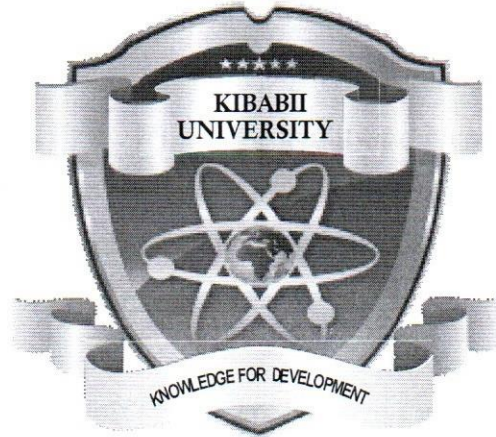


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KIBABII UNIVERSITY



**UNIVERSITY EXAMINATIONS
2017/2018 ACADEMIC YEAR
FIRST YEAR FIRST SEMESTER**

**FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION**

COURSE CODE: MBA 802

COURSE TITLE: MANAGEMENT PRACTICE

DATE: 15/01/2018

TIME: 2 – 5PM

INSTRUCTIONS TO CANDIDATES

INSTRUCTION TO CANDIDATES:

- Answer question **ONE** (compulsory) and any other **THREE** questions
- Question **ONE** attracts **40 marks**
- Time allowed is **THREE** hours

- All other questions attract equal marks (20 marks)

QUESTION ONE

Read the case study below and answer questions that follow

Cash-strapped national flag carrier Kenya Airways has turned to debt to pay its workforce as it flies under the weight of liquidity problems that have seen its debt burden hit Sh70 billion. Chief executive officer Mbuvi Ngunze said the airline was experiencing tough financial times that had left it with no option but to rely on debt to sustain its nearly 4,000-strong workforce.

“...So how am I paying my staff? I am paying them through debt,” Mr Ngunze said when he appeared on a local TV station’s business show on Wednesday night to address issues swirling around the airline. The national carrier has been going through turbulent times since booking a Sh10.45 billion after-tax loss for the six months to September last year.

It blamed the performance on dampened passenger numbers due to the suspension of flights to Ebola-hit Sierra Leone and Liberia and insecurity at the Kenyan Coast. The national carrier’s total current liabilities stood at Sh70 billion by September last year, Sh40.7 billion being short-term loans, suppliers are owed Sh16 billion, while pre-payments or cash due in advance of carriage amounts to Sh11.4 billion.

“It’s one way of solving immediate cash flow problems considering the alternatives like going to the market might be a long and painful process,” Mr Erick Munywoki, an analyst at Old Mutual, said. “KQ has little option because the airline industry as a whole has experienced several external shocks in the past and is not making enough money from operations.”

Mr Ngunze said KQ was looking for an option of restructuring its debt burden as a first step in turning around its fortunes. “Part of the work we are doing is to create the building blocks to be more cash generating so as to come back from our loss position,” he said. Mr Ngunze, who officially took over as chief executive on November 1, following the exit of long-serving boss Titus Naikuni, said the company

was considering long-term bond or a fresh capital injection to steady the airline from the turbulence.

With long-term loans standing at Sh95 billion by September last year, however, the chief executive officer said the airline would not need a government bailout. "We are not at a point where I could say we need a (government) bailout," he said, even though the company announced a profit warning for the full year ending March 2015.

- a) What do think are the probable reasons for decimal performance of KQ in the last financial year, 2014-2015? **(10 marks)**
- b) Mr. Erick Munywoki, an analyst at Old Mutual, said. "KQ has little option because the airline industry as a whole has experienced several external shocks in the past and is not making enough money from operations."? What is your interpretation of this statement? **(4 marks)**
- c) KQ has blamed the performance on dampened passenger numbers due to the suspension of flights to Ebola-hit Sierra Leone and Liberia and insecurity at the Kenyan Coast? Is KQ justifiable? Explain **(10 marks)**
- d) "We are not at a point where I could say we need a (government) bailout," he said, even though the company announced a profit warning for the full year ending March 2015. Analyse this statement by Chief Executive Officer Mr. Mbuvi Ngunze **(6 marks)**
- e) As a student of management, how would you advise the management of KQ in order to turn around its fortunes? Explain **(10 marks)**

QUESTION TWO

- a) The past thirty years witnessed a "Knowledge Explosion" in the field of managements. During this period management writer have been primarily concerned with integrating the findings of scientific management, principles of management and human relations movements. However two integrating trends have developed throwing adequate light on the dynamic nature of management namely: - System Approach and Contingency Approach. Briefly outline the differences between these two approaches **(10 marks)**.

(b) Managers play a strategic role in a company's performance and growth. Briefly explain **FIVE (5)** of these strategic roles in Safaricom Company Limited **(10 marks)**.

QUESTION THREE

- a) Discuss the challenges that managers face with managing global teams. In your answer provide a solution for overcoming each challenge **(10 marks)**
- b) 'The workforce has changed in recent years.' Discuss **FIVE (5)** changes that have occurred since the year 2005, and their implications for managers **(10 marks)**

QUESTION FOUR

- a) (a) Briefly explain any **FIVE** Principles of Scientific Management as advanced by *Fredrick Winslow Taylor* commonly known as '**Father of Scientific Management**' **(10 marks)**
- (b) Imagine you're assigned an important task but your team members keep interrupting you with questions. Explain how you will go about completing the task **(10 marks)**.

QUESTION FIVE

- a) Management likes other practices-whether medicine, music composition, or even accountancy- is an art. It is know-how. Yet managers can work better by using the organized knowledge about management. It is this knowledge that constitutes science. As a student of management, explain why Management is a **Science** and as an **Art** **(10 marks)**
- b) In the past three to four decades, many management theorists, and writers have made remarkable contribution in the study of management. By studying the various approaches to management analysis, we can understand the concept of management and have a better understanding of managerial functions. Briefly discuss the **FIVE** managerial functions as advanced by Koontz and 'O' Donnell **(10 marks)**.