



# MACHAKOS UNIVERSITY

University Examinations for 2021/2022 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

SECOND/THIRD YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE

**BBA 414: MANAGEMENT OF PUBLIC ENTERPRISES**

**DATE:**

**TIME:**

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**INSTRUCTIONS:**

1. ANSWER question **ONE** and any **OTHER TWO** questions
2. Question one carries 30 marks, while the rest carry 20 marks each
3. Time: **2 hours**

**QUESTION ONE (COMPULSORY) (30 MARKS)**

- a) i) Monopoly is the concentration of output and other important market decisions by one firm existing as a single or supplier of products or services with little or no competition by any other firm. Briefly explain five of its characteristics (10 marks)
- (ii) The monopolist is the only seller in the market of its product. As the only seller he possesses a monopolistic power in the market. Explain three methods used to control the monopoly power (6 marks)
- b) Equally important is the recruitment of the right candidates for the top managerial and professional positions. Provide three important considerations in this exercise. (6 marks)
- c) Assess the benefits of the development boards in Kenya with reference to their aim of developing the country. (4 marks)
- d) Public enterprises have freedom to make decisions of their own control their own affairs. State four examples of such freedoms (4 marks)

### **QUESTION TWO (20 MARKS)**

- a) There have been three classifications of PE's since independence. Provide such classifications giving two examples under each. (6 marks)
- b) Marketing boards are producer organizations set up to encourage and control the selling of agricultural produce and formed under the State Corporations Act with a number of classifications. Justify this statement using five relevant examples (10 marks)
- c) Discuss four contributions made by public enterprises to Kenya's economy since independence. (4 marks)

### **QUESTION THREE (20 MARKS)**

- a) Privatization is the transfer of ownership property or business from the government to the private sector.
- i) Discuss any five methods of privatization (5 marks)
- ii) State any five factors the government should consider for an effective privatization (5 marks)
- b) This is the removal or reduction of restrictions/barriers on the free exchange of goods between nations. State five positive effects of such effects. (10 marks)

### **QUESTION FOUR (20 MARKS)**

- a) Explain the following systems as used at the public sector management
- (i) The market system (5 marks)
- (ii) The public policy system (5 marks)
- (b) Balancing of control versus autonomy in public has become a major issue of concern. Discuss five ways in which the public enterprises can strike a balance between the two aspects. (10 marks)

### **QUESTION FIVE (20 MARKS)**

- a) Examine five operational challenges facing Kenya's public enterprises today while indicating how each of these challenges emerged. (10 marks)
- b) In order to minimize competition among organizations, cartels were introduced. Do you justify their existence? (10 marks)