MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FOURTH YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE

BBA 414: MANAGEMENT OF PUBLIC ENTERPRISES

DATE: **TIME:**

INSTRUCTIONS: Attempt Question ONE and any other TWO question

QUESTION ONE (COMPULSORY) (30 MARKS)

De-regulation -A Northern Electric + Gas case study

From 1945 to 1950, a Labour Government altered the structure of British industry by nationalising many major UK undertakings, including coal mines, steelworks, railway companies, airlines, and gas and electricity supply companies. Some nationalised industries were granted a monopoly, including the National Coal Board, the British Railways Board and the Central Electricity Generating Board. For each industry the government decided policy and set targets. The Boards carried out day to day operations.

These state monopolies reduced consumer choice. For example, only one producer supplied gas, and only one producer supplied electricity. Power lay with government ministers. A nationalised industry could not diversify its business. It could not close down any activity without government permission. For capital investment funds, it had to apply to the Treasury.

A change of political party in power led to a change in policy. In May 1979, the newly-elected Conservative government began a programme of privatisation and de-regulation that took 15 years. Gradually over time, state-owned industries were sold and became private sector companies. Many UK citizens became shareholders for the first time.

a) Discuss the managerial control system which the industry adopted (5 marks)

b) Explain five reasons which might have led to nationalization of many major UK undertakings (10 marks)

c) Briefly describe Kenya's cap 446 in relation to the autonomies it profers public enterprises. (10 marks)

d) Explain the meaning of the term privatization giving five reasons why the new government chose to adopt a privatization programme. (5 marks)

QUESTION TWO (20 MARKS)

a) Discuss five contributions made by public enterprises to Kenya's economy since independence. (10 marks)

b) The role of public enterprises is multi-dimensional. Justify this statement using relevant examples. (10 marks)

QUESTION THREE (20 MARKS)

a) Examine five operational challenges facing Kenya's public enterprises today while indicating how each of these challenges emerged. (10 marks)

b) The public enterprises have been categorized into various classifications. Provide a classification of Kenya's public enterprises. (10 marks)

QUESTION FOUR (20 MARKS)

a) Make five proposals to Kenya's cabinet secretaries on how each of them could possibly turn-around "the problem" of public enterprises under their docket. (10 marks)

b) Explain the following systems as used at the public sector management

i) The market system (5 marks)

ii) The public policy system (5 marks)

QUESTION FIVE (20 MARKS)

a) Profits or losses in a balance sheet may not be the perfect yardstick for performance measurement in the public enterprises. They may pursue other superior macro-economic objectives .justify this statement. (10 marks)

b) Discuss the various categories of public enterprises (10 marks)