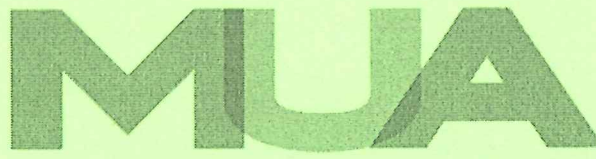


The
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POST GRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

**DEGREE OF MASTER OF MANAGEMENT AND LEADERSHIP / MASTER OF
BUSINESS ADMINISTRATION**

MML 5103/SMO 509: TRANSFORMATIONAL LEADERSHIP

DATE: 7TH AUGUST 2019

**DURATION: 3 HOURS
MAXIMUM MARKS: 60**

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE** is **compulsory**.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

STARBUCKS RETURNS TO ITS ROOTS

You are probably so used to seeing Starbucks coffee shops everywhere that you might not realize the company went from just 11 stores in 1987 to 2,600 in the year 2000. This incredibly rapid growth sprang from the company's ability to create a unique experience for customers who wanted to buy its distinct brand of lattes and mochas wherever they found themselves. At Starbucks' core, there was also a culture of treating each customer as a valued guest who should feel comfortable relaxing and taking in the ambience of the store. Whether you were in the company's founding location in Seattle, Washington, or at the other end of the country in Miami, Florida, you knew what to expect when you went to a Starbucks.

This uniform culture was truly put to the test in the face of massive expansion, however, and by 2006 Starbucks' chairman and former CEO Howard Schultz knew something had gone wrong. He noted that "As I visited hundreds of Starbucks stores in cities around the world, the entrepreneurial merchant in me sensed that something intrinsic to Starbucks' brand was missing. An aura. A spirit. The stores were lacking a certain soul." Starbucks' performance had become lacklustre, with hundreds of planned store openings being cancelled and hundreds more stores being closed.

So, Schultz took the dramatic step of coming back as CEO and engaging in a companywide effort to change the corporate culture back to what it had been before its expansion. All 7,000 Starbucks stores were closed for a single afternoon as part of a training effort of 135,000 baristas. Quality control was a primary mission; baristas were instructed to pour every glass of espresso like honey from a spoon, to preserve the flavour. This emphasis on quality over speed ran counter to the principles of mass production, but it was just what the company needed to ensure it could retain its culture. Espresso machines that obscured the customers' view were replaced with lower-profile machines that allowed baristas to look directly at guests while making beverages. And "assembly line production," like making several drinks at once, was discouraged in favour of slowly making each drink for each customer.

Schultz is convinced his efforts to take the culture back to its roots as a neighbourhood coffee shop—one entranced with the “romance of coffee” and treating every customer as an old friend—has saved the company. Today, Starbucks earns more than \$10 billion in annual revenue and serves more than 50 million customers a week around the globe.

Required

- a) Explain factors that are most likely to change when a company grows very rapidly, as Starbucks did and describe how these changes can threaten the culture of an organization (12 marks)
- b) Discuss why this type of radical change process might be easier for Starbucks to implement than it would be for other companies (12 marks)
- c) A great deal of the return to an original culture has been credited to Howard Schultz, who acted as an idea champion. Evaluate the results of Schultz’s reform of corporate culture to enhance business performance at Starbuck (6 marks)

QUESTION TWO

- a) Effective application of the list of skills of transformational leaders includes existence of certain attributes of transformational leadership. Discuss (8 marks)
- b) As a leader of an organization, evaluate Seven Ways to Know if You Are Facing an Adaptive Challenge (7 marks)

QUESTION THREE

- a) Good governance is integral to the very existence of a company. Evaluate the objectives of corporate governance (6 marks)
- b) Certain factors contribute to political behaviour in the organizations. Describe these factors (9 marks)

QUESTION FOUR

- a) Discuss the roles of the mentee in leadership development (5 marks)
- b) There are 14 Key Challenges of leadership that are typical of the kinds of organizational challenges that you are likely to face at work. Explain any five of the challenges (5 marks)
- c) Evaluate five Guiding Principles for Achieving Cultural Change in an organization (5 marks)