



Kasarani Campus  
Off Thika Road  
Tel. 2042692 / 3  
P. O. Box 49274, 00100  
NAIROBI  
Westlands Campus  
Pamstech House  
Woodvale Grove  
Tel. 4442212  
Fax: 4444175

**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2022/2023 ACADEMIC YEAR**  
**THIRD YEAR, FIRST SEMESTER EXAMINATION**  
**FOR THE DEGREE OF BACHELOR OF SCIENCE**  
**(BUSINESS ADMINISTRATION)**

Date: 11<sup>th</sup> April, 2022  
Time: 2.30pm – 4.30pm

**KBA 301- BUSINESS LAW**

**INSTRUCTIONS TO CANDIDATES**

---

**ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

---

**QUESTION ONE (30 MARKS)**

**AMEX COMPANY LIMITED**

AMEX Company limited is a multinational company located in Nairobi County. By their nature, multinationals are very complex organizations and their strategies are linked to the control of a range of businesses or divisions spread across a number of different countries, thus adding further complications due to financial constraints. The control of a wide range of business centres which are widely spread geographically means that the necessary control systems, whether centralized or decentralized, must be very sophisticated. As the nature of work changes due to globalization and technological advancements, organisations are becoming more complex and more competitive. This made AMEX Company limited result to down-sizing, out-sourcing and engaging in contract appointments in order to meet the challenges and to also remain relevant in the global market. Due to pressure from the management, the human resource manager resulted to dismissing the employees without following the due process resulting to many lawsuits. Other affiliated effects of these pressures on the employees were manifested job dissatisfaction, less commitment, intention to leave and the overall effects were tension, burnout and stress with its negative consequences on both the employees and the organisations. Consequently, this changing nature of employment relationship heightened the importance of understanding the changing aspects of organisational culture, job related stress and organisational commitment.

Organisational culture was manifested through poor communication, low levels of support for problem-solving and personal development, lack of definition of organisational objectives, a situation that made the employees start questioning the future of AMEX Company limited. Thus, culture was a pervasive force in AMEX limited which orchestrated various changes, led to separation of employees. Lack of proper communication between the middle level managers and employees of AMEX limited made them believe that they were not being properly guided and assisted in performing the tasks assigned to them. The employees started feeling isolated and they exhibited dissatisfaction through withdrawal behaviours such as a reduction in productivity, absenteeism, low employee morale, and high turnover rates. These withdrawal behaviours hindered the organization's productivity. The specific business problem was that some organizational leaders lacked strategies to improve workplace performance.

AMEX ltd was doing well in terms of profits. Having been consistently profitable for many years, changes in the market meant the company was making losses. To regain its leading position in the industry, it set out to completely restructure its operation, based on techniques acquired from its competitors. AMEX's management started feeling that they had failed with the decline in profits. The company then embarked on a major restructuring programme as well as signing of major contracts to boost organizational performance. However, while sales and profitability improved, it was at a slower rate than anticipated, and although the changes were taking effect, it was at a high cost. Employees across the organization were also experiencing stress-related problems. Stress psychoanalysis established that it was middle level managers who were experiencing the highest levels of stress resulting from the drastic changes, especially as they perceived events were beyond their control. A further analysis confirmed that the restructuring programme had been the main source of stress, which consequently made it more difficult for employees to cope with changes as they were implemented.

Due to a lot pressure the restructuring process and the stress that the employees were going through, some began to develop mental illness. This made the top performers in the company to start underperforming, a situation that made the management feel that things were getting out of hand. alcoholism a habit which is very addictive and very dangerous to one's health, began to be seen more often. Cases of employees coming to work drunk after the weekend were observed, a situation that was taken to be in the corridors of work. Some employees were not stable physically, mentally and emotionally and continuous taking of a lot of alcohol led to accidents at workplace and medical conditions like loss of stamina which resulted to more expenditure for the company and increased absenteeism. Due to high levels of stress, employees at AMEX limited complained of poor relationship with their peers and supervisors, and times wastage through spending most time on the internet and taking long breaks during working hours.

A crisis meeting was called to deliberate the way forward so as to ensure that the employees did not lose it because pressure continued to impact on their efficiency, until it resulted in illness, depression and consequently poor performance. After the crisis meeting recommendations were made to assist the underperformers as they attended the formal counseling sessions so that the company could move forward. This idea was received positively by all employees as they felt that a lot had been lost. After a period of one month, another problem was identified by the middle level managers concerning a high employee turnover in the sales department. However, people were not leaving the company, but were instead changing roles by moving to different departments within the company. This trend was seen by management as resulting from a management consultant's report, some years earlier, which singled out the sales department as being a key contributor to a drop in company profits. This called for understanding and patience in addressing this issue.

The human resource manager then suggested that the company needed to engage the services of a counselor who would be on the lookout for a period one year. Founded ten years ago, MINA and associates, a counseling firm that works with organizations to ensure they have a mentally healthy workplace. To address mental health and wellbeing in the workplace, the organization started a new initiative in AMEX limited which involved monthly workshops focusing on topics around mental health and resilience. The hour-long workshops covered topics such as stress management, workplace relationships, diet and physical health, conflict resolution and management and goal setting at the workplace. The goal of these workshops was to equip employees of AMEX limited with skills needed to facilitate mental health and wellness. The sessions also provided an opportunity for employees to socialize, to get to know their colleagues better and build more meaningful relationships at work as part of cultivating greater trust, openness and respect at the workplace as well as ensuring that a constructive organizational culture was maintained.

### **Required**

- a) Rights and obligations of Amex Company limited as a artificial person as provided by the law of persons. (6 Marks)
- b) Analyze the consequences of dismissing employees without following the due process to management of Amex Company limited. (6 Marks)
- c) Explain the essentials of a valid contract to the management of Amex Company limited. (6 Marks)
- d) With reference to a contract for the sale of goods, and in the absence of any special agreement, explain to the employees of Amex Company limited when does the property in the goods pass to the buyer. (6 Marks)
- e) The finance manager at Amex ltd prefers using cheques to make payment for goods. Specify the reasons why he/she prefers using them as a means of payment. (6 Marks)

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

- a) Explain the differences between a crime and a civil wrong. (8 Marks)
- b) Describe the functions of the Kenyan Law of Torts. (6 Marks)
- c) Under section 17 of the Employment Act, a summary dismissal is justified after “gross misconduct”, when a very serious wrong has been proved. Identify these cases in reference to section 17 (a)-(g) of the same act. (6 Marks)

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

- a) Analyze the vitiating factors that affect the validity of the contracts in modern organizations. (8 Marks)
- b) Describe ways in which law promotes business activities in Kenya. (6 Marks)
- c) Analyze the circumstances under which an agent as described in the law of agency cannot delegate his/her powers to other persons. (8 Marks)

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

- a) Explain the essential characteristics of a contract of sale of goods as described under the sale of goods act cap. 31 of the laws of Kenya. (10 Marks)
- b) Specify the purpose of law as used in present day organizations. (5 Marks)
- c) Highlight the circumstances under which a person may be deprived of Kenyan citizenship. (5 Marks)

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

- a) Describe the various types of torts under the law of torts that are committed by different individuals. (8 Marks)
- b) Assess the differences between Tort, Crime and Breach of Contract. (8 Marks)
- c) Explain four types of marriages that are recognized by the Kenyan law. (4 Marks)