UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION 2006

FULL-TIME AND I.D.E.

TITLE OF PAPER : PRINCIPLES OF MANAGEMENT

COURSE : BA211

DEGREE AND YEAR :DIPCOM2

TIME ALLOWED :TWO (2) HOURS

INSTRUCTIONS: 1. THIS PAPER CONSISTS OF SECTION (A) AND (B)

2. SECTION (A) IS COMPULSORY

3. ANSWER ANY TWO (2) QUESTIONS FROM SECTION B

4. THE TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS FIVE (5)

NOTE; MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH AND FOR ORDELY PRESENTATION

THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL INVIGILATOR HAS GRANTED PERMISSION

SECTION A [COMPULSORY]

READ THE FOLLOWING CASE AND ANSWER THE QUESTIONS BELOW

DEVELOPING THE BIG PICTURE AT KODAK

When George Fisher took over as CEO of Eastman Kodak in 1994, people expected him to revitalize the company the way he had at Motorola, Fisher had reduced costs, enhanced quality, and pioneered technology-driven products such as pagers and cellular telephones that had a clear advantage in the market. The challenges at Kodak were no less difficult. Prior to Fisher's arrival, Kodak executives had developed a diversification strategy that used cash from mature film business to pay for entry into new, faster-growing markets. In the 1980s, the company looked to everything from drugs to copiers, but none provided the growth engine Kodak needed.

In his first three years at Kodak, Fisher worked to get back to the basic competencies of Kodak in photographic technologies. Rather than continue its strategy of broad diversification, Kodak sold off $8.9 billion in no core businesses such as chemicals and copiers. That helped reduce costs and lower the company's debt from $7.5 billion to $1.5 billion. But this was only part of the strategy. Fisher had devoted energy substantial to making Kodak more like Motorola, capable of producing new state-of-the-art digital imaging products every few months. Kodak is pouring approximately $500 million a year into research and product development, and company factories are churning out an impressive array of digital cameras, scanners, and other devices at a breakneck clip. Because of Kodak's product breadth, it is far ahead of any other company and sales of digital products continue to increase at about 25 percent a year.

However, so far the payoff from Kodak's digital strategy has been elusive. The problem is that competitors such as Hewlett- Packard, Fuji, Canon, and Epson are fast and flexible, and are more accustomed to the blistering pace of change in digital technology. They are rapidly producing competing products at lower prices. As a consequence, Kodak has had trouble developing any kind of technological leadership. Winning in the technology arena requires speed and flexibility and critics say that Kodak has a slow bureaucratic culture left over from an earlier manufacturing age. Although Fisher has been able to change the culture at the top, he has been less successful convincing middle and lower level managers. To shake things up, Kodak instituted a pay-for-performance system, but many observers fear that the old-line manufacturing culture continues to impede Kodak's efforts to implement its high-tech growth strategy.

In addition to culture and human resource issues in Kodak's strategy implementation, Fisher and other executives have been busy laying out a plan to significantly cut manufacturing costs and to accelerate Kodak's five-year plan to slash overhead and administrative costs. Fisher also acknowledges the need to cut payroll costs. Kodak's sales per employee are only about half those of Japanese competitor Fuji. Yet even now, Fisher is reluctant to lay off more employees. In response to Wall Street's demand that Kodak lay off 20, 000 of Kodak's 94'800 employees, Fisher has been quoted as saying, "I don't know how many of these people have ever run a company." Fisher believes that investing in people is part of the bigger picture in Kodak's long-term growth strategy.

Sources: Geoffrey Smith, "Can George Fisher Save Kodak?" Business Week, *October 20, 1997, pp. 116-28; Peter Johnston, "Kodak Sets Digital Imaging Strategy."* Graphic Arts Monthly *67, no. 6 (June 1995), p. 81; and Riccardo A. Davis, "Kodak Rethinks Strategy."* Advertising Age *64, no. 20 (May 10, 1993), p.48.*

QUESTIONS

1. Illustrate how Mr Fisher exemplifies the role of the CEO in strategy formulation and implementation at Eastman Kodak. **(20 MARKS)**

2. Explain what core competences are, and then outline those of Eastman Kodak's. **(10 MARKS)**

3. Clarify what is meant by the statement "Kodak has a slow bureaucratic culture..?" and then discuss how this culture has impeded the success of Mr Fisher's strategy. **(20 MARKS)**

SECTION B

ANSWER ANY TWO (2) QUESTIONS FROM THIS SECTION

QUESTION 2

a) Briefly explain the following management terms:

I. T Q M (Total Quality Management) **(5MARKS)**
II. J I T (Just In Time) **(5MARKS)**
III. Benchmarking **(5MARKS)**
IV. M B O (Management by objective) **(5MARKS)**

b) Why are goals important to an organization? **(5 MARKS)**

QUESTIONS 3

a) Discuss why managers desire effective layout in organizations. **(10MARKS)**

b) Compare and Contrast Process and Product layout. **(15MARKS)**

QUESTIONS 4

a) Discuss the different levels of management in an organization and the skills that should be predominant in each level **(18 MARKS)**

b) Explain why job analysis is relevant to HRM activities. **(7 MARKS)**

QUESTIONS 5

a) According to the Expectancy Model, what should managers do to increase employee job performance? **(16 MARKS)**

b) Discuss the major elements of organizational culture, giving examples **(9 MARKS)**