



SCHOOL OF COMPUTING AND ENGINEERING SCIENCES
BACHELOR OF SCIENCE IN COMPUTER NETWORKS & CYBER SECURITY
END SEMESTER EXAMINATION
CNS 1206: PRINCIPLES OF MANAGEMENT

DATE: Friay, 14th March 2025

TIME: 8:30-10:30

INSTRUCTIONS:

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

In 1914, Thomas Watson, Sr., founded International Business Machines Corporation (IBM), nicknamed Big Blue. Since then, IBM has been mass producing business equipment, particularly computers, for a variety of domestic and international markets. In 1985, IBM employed more than 400,000 people and registered sales of over \$50 billion. IBM dominated its industry and successfully balanced competing goals: growth, profitability, innovation, and efficiency. However, the situation changed. IBM's market share eroded in midrange products and personal computers. In 1985 and 1986 IBM's earnings declined; in 1986 and 1987, its stock lagged behind the Standard & Poor's 400 by about 40 percent and 10 percent, respectively. In 1985, John F. Akers became chair and chief executive officer of IBM and faced the unprecedented challenge of turning around a corporation that few observers had believed would ever have such problems. What, then, led to IBM's problems in the 1980s? First, the computer market changed.

Growth in the computer industry occurred in the midrange and personal computer markets, and IBM could not depend on its dominance in the mainframe market to improve performance. Second, IBM allowed a bloated bureaucracy to develop, which slowed down the introduction of new products. Third, the bureaucracy also limited IBM's ability to respond to the customer. Instead of solving customer problems, IBM salespeople were overly concerned with selling machines. In 1988, Akers attacked these problems by introducing IBM's most significant reorganization in 30 years. He delegated more decision-making responsibility and authority to encourage an entrepreneurial spirit and force managers to resolve problems rather than push them up in the organization.

Akers wanted to develop products much more quickly and to include customers in the development process. To facilitate these changes and cut costs, Akers made massive personnel changes. Thousands of employees were moved into sales jobs, and 15,000 employees took early retirement. However, IBM maintained its policy of no layoffs, and all changes were made without firing a single employee. IBM increased the size of its customer service staff by 22 percent and emphasized a renewed interest and concern for its customers.

Also, Akers moved the company into more new businesses than at any time since the 1950s. IBM entered the fast-growing, high-profit supercomputer business, and Akers acquired Rolm Corporation and 16 percent of MCI to make IBM a worldwide force in telecommunications. IBM

now has a division dedicated to writing innovative software, as well as a consulting business to help customers integrate their systems whether or not IBM makes them. In general, IBM responded to its crisis with cost cutting, new products, streamlined management, more aggressive marketing, and a long-term diversification strategy. Many observers believed IBM would adapt to its new markets and internal changes, while others believed IBM's tradition of conformity would interfere with these attempts to make the company more innovative and entrepreneurial. In 1991, Fortune called IBM a "disaster," asserting that management was blind to the depth of the company's problems. Worldwide market share had dropped from 30 to 21 percent. Whereas in the past IBM had headed Fortune's list of the most admired U.S. corporations, it was number 32 in 1990. Akers maintains that IBM is caught up in an industry that is changing so rapidly that no one can adjust quickly enough.

- a) How can IBM use the different management functions to solve its problems? **(6 marks)**
- b) On which management skills should IBM focus to solve its problems? **(4 marks)**
- c) At which management levels is IBM experiencing problems? **(2 marks)**
- d) Discuss the PESTEL environment and how it impacts management environment. **(10 marks)**
- e) You have been hired as a Management Consultant for Boston Group Company and you have been tasked to share insight on managerial skills during a team building session with your colleagues. Explain to them four team building skills under Wilson Managerial skills. **(8 marks)**

QUESTION 2

- a) Define contingency planning and explain the significance of contingency planning in management. **(10 marks)**
- b)
 - i) Outline **three** key concepts of Human Relations approach to Management. **(3 marks)**
 - ii) List **two** limitations of Human Relations Approach to Management. **(2 marks)**

QUESTION 3

- a) Organizations have two major forms of structural control: bureaucratic and decentralized control. Using the dimensions of organizational control, list the **five** differences between bureaucratic and decentralized structures of control. **(10 marks)**
- b) Microsoft has grown over the years and this has resulted to some challenges in the organizational communication. As the Communication manager, describe to the top management the two directions of organizational communication that can be used to improve the communication in Microsoft. **(4 marks)**

- c) Leadership is both a process and a property. Explain this statement. **(1 mark)**

QUESTION 4

- a) Amazon Company is dealing without a lot of strikes in the organization by employees. They have been disgruntled by how the employers over the years have been dealing with conflict. Explain **five** possible reasons for conflict in Amazon. **(10 marks)**
- b) Outline **five** types of power that leaders use in organizations. **(5 marks)**

QUESTION 5

- a) The Career Development Centre in Strathmore University has been partnering with various industries to assist in recruiting graduands from Strathmore University. Currently, JP Morgan is looking to recruit.
- i) Identify the type of recruitment that JP Morgan is using. **(1 mark)**
- ii) State **two** advantages and two disadvantages of this method of recruitment. **(4 marks)**
- b) Kenya Airways Airlines, has over the years been performing poorly in their financial statements. They have recorded losses as a result of poor management, and high expenditure in salaries. Having pursued Principles of Management, you have an idea on the Strategic planning approach method they should undertake to increase their overall profits. Explain the Strategic planning approach that Kenya Airways should use to improve their performance. **(10 marks)**