

**UNIVERSITY OF SWAZILAND**

**FACULTY OF COMMERCE**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**FINAL EXAMINATION PAPER**

**MAY 2005**

**TITLE PAPER : PRINCIPLES OF MANAGEMENT**

**COURSE TITLE : BA 211**

**TIME ALLOWED : TWO (2) HOURS**

- INSTRUCTIONS :**
- (1) TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS FIVE (5)**
  - (2) THE PAPER CONSISTS OF SECTION A AND SECTION B.**
  - (3) ANSWER SECTION A WHICH IS COMPULSORY AND ANY TWO (2) QUESTIONS IN SECTION B.**
  - (4) THE MARKS AWARDED FOR A QUESTION /PART OF A QUESTION ARE INDICATED AT THE END OF EACH QUESTION / PART OF QUESTION.**

**NOTE: MAXIMUM MARKS WILL BE AWARDED FOR GOOD QUALITY LAYOUT, ACCURACY, AND PRESENTATION OF YOUR WORK.**

**THIS PAPER MUST NOT BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.**

**GOOD LUCK!!!**

## SECTION A (COMPULSORY).

### CASE STUDY:

#### The Old-Tel merger with New-Tel

The merger between the telecommunications companies, Old-Tel (OT) and New-Tel (NT) to create Fu-Tel has just been announced.

This latest combination is part of a general pattern of mergers, acquisitions and take-overs that have taken place in the telecommunications industry in the last few years.

The primary sources of change in the industry have been deregulation (removal of official barriers to competition) and technological advance. Deregulation occurred in the United States some years ago, but privatisation and deregulation in Europe have been spread over a longer time-period as different European countries converted their state enterprises to private companies in accordance with their own timetables. A number of technological innovations have occurred in the telecommunications field. These include:

- the use of fibre-optic cable capable of carrying 250,000 times more data than the twisted-pair cable still used in most telephone lines.
- the development of the cellular telephone and associated cellular networks, and
- the breakthrough in digital technology which is predicted to have the greatest effect.

These developments have already reduced infrastructure costs and made open competition feasible in an industry once dominated by large state monopolies.

The merger of OT and NT brings together two different companies. OT is a recently privatised telephone company which had for many years enjoyed monopoly status in the European country in which it is based. NT by contrast, is a young US company that has grown up in a highly competitive marketplace to become a major player in that country.

OT still carries many of the trappings of a state enterprise. It has a bureaucratic command and control structure organised on functional lines and its business is largely concerned with supplying business and domestic users with "fixed line, voice only" services. It does, however, enjoy considerable long-distance business as well as providing more local services in Europe. In recent years it has moved into retailing telephone equipment but this part of its business is still very small. Like many ex-state enterprises, it is finding adjustment to the competitive marketplace difficult. Not only is OT being assailed by eager domestic and international competitors but also the government regulatory authority insists on OT reducing its prices by 4% per annum for the next three years.

NT is very entrepreneurial in nature, and has developed from being a small supplier of local telephone services in a single US state to that of an international player involved in a range of related businesses. Though NT has a limited amount of long-distance business, this is on the increase and its tie-up with OT will increase its access to European markets. In addition to its original business of fixed-line telephone services, NT has moved into mobile telephony both as a manufacturer and as a network provider of a range of services. Only recently it acquired a company which will provide the so-called “backbone” infrastructure for large-scale traffic for Internet users. NT is organised on divisional lines with each business controlled by managers who enjoy a great deal of autonomy. The success of NT has been based in part on its ability to take advantage of opportunities brought about by changes in the telecommunications industry. In addition to technological and regulatory changes, consumer demands have changed from the standard “fixed-line, voice only” to mobile telephony, the Internet, and many other related services.

NT has taken advantage of these changes through its ability to anticipate customer needs. In particular, NT realised that in the new deregulated industry, a different type of customer would emerge – a customer who requires excellent customer service and complete technical solutions to an increasing variety of needs.

**Required:**

- (a). Describe how changes in the business environment have produced new threats and opportunities for telecommunications companies like OT and NT. (10marks).
- (b). What advantages might OT and NT expect to gain from the merger? (10marks).
- (c). The corporate cultures of OT and NT differ in a number of ways.
- (i). Explain the meaning of “corporate culture” (10marks).
- (ii). Why the cultures of OT and NT are so different? (10marks).
- (iii). Why do you think that the problems caused by the cultural differences between OT and NT may be difficult to resolve? (10marks).

**SECTION B (ANSWER ANY TWO QUESTIONS).**

- Q2.** Discuss five performance appraisal methods including their potentials and limitations. (25marks).
- Q3.** (a). What *factors* can make *planning to fail*? (15marks).  
(b). Discuss *some mistakes* that could result from organising. (10marks).
- Q4.** 'When making plans, managers need to adopt a strategic planning process which has become important in recent years'. *Enumerate* and discuss the *strategic management process*. (25marks).
- Q5.** What does the *expectancy model* say *managers should do* to increase *employees' job performance*? (25marks).