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**EXAMINATION FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION
MBAD 803: MANAGEMENT THEORY AND PRACTICE**

STREAMS: MBAD

TIME: 3 HOURS

DAY/DATE: THURSDAY 07/08/2025

2.30P.M. –5.30 P.M

INSTRUCTIONS:

- Answer one and any other two questions.
- Marks allocated to each question are shown at the end of the question.

QUESTION ONE

Case Study: "Legacy Tech & The Agile Crossroads"

Background:

Legacy Tech, a 70-year-old multinational manufacturer of industrial precision components, has long been a market leader. Historically, its success was built on classical management principles: a highly centralized, hierarchical structure (14 layers), strict functional silos (R&D, Production, Sales, and Finance), standardized processes honed over decades, and a culture valuing stability, efficiency, and seniority. Decision-making is slow, requiring multiple approvals. Employee engagement surveys consistently show low scores in innovation and autonomy, but high scores in job security and clarity of role. Profitability has been steady but growth has plateaued in its core markets over the last 5 years.

The challenge

A disruptive start-up, NovaFlow, has emerged using AI-driven design and additive manufacturing (3D printing) to produce bespoke components faster and cheaper, rapidly capturing market share in Legacy Tech's high-margin niche segments. Legacy Tech's CEO, Eleanor Vance (appointed 18 months ago from a tech background), recognizes an urgent need

for radical transformation to foster innovation, agility, and customer-centricity. She proposes "Project Phoenix":

- i. Flatten Structure: Reduce hierarchy to 5 layers, creating cross-functional "Product Tribes" focused on specific customer segments/markets.
- ii. Empower Teams: Grant significant autonomy to Tribes for product development, pricing, and resource allocation within budgets.
- iii. Agile Methodology: Implement iterative development, rapid prototyping, and fail-fast culture.
- iv. Culture Shift: Move from "command-and-control" to "empower-and-enable," emphasizing collaboration, experimentation, and external focus.

The resistance

The proposal faces fierce resistance:

- i. Senior VPs (Tenured): Argue the existing system delivers reliable profits and quality. They fear chaos, loss of control, dilution of expertise, and increased risk. They cite Weber's bureaucracy and Fayol's principles (unity of command, scalar chain) as proven foundations of efficiency.
- ii. Middle Managers: Fear role redundancy and loss of status in a flatter structure. They express concerns about unclear accountability and competence gaps in autonomous teams (referencing potential agency problems).
- iii. Union Representatives: Worry about job losses due to automation inherent in NovaFlow's model and potential de-skilling. They emphasize Human Relations needs (job security, clear career paths).
- iv. Long-tenured Production Staff: Resent perceived devaluation of their deep process knowledge in favour of "untested" new methods. They exhibit symptoms of resistance to change (Lewin).

Current situation

Eleanor has pilot data from a small, isolated R&D team that adopted agile methods, showing a 40% reduction in time-to-market for minor innovations. However, company-wide financials remain stable but stagnant. A vocal group of institutional investors is pressuring for immediate cost-cutting and share buybacks, while a smaller group of tech-focused investors backs Eleanor's transformation vision. Morale is polarized.

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Required:

- a) Analyze the core organizational challenges at LegacyTech using at least THREE distinct management theories (10 marks)
- b) Explain the sources and nature of the resistance to "Project Phoenix" through relevant theoretical lenses (10 marks)
- c) Eleanor Vance believes a shift towards principles associated with Complexity Leadership Theory or Agile/Teal Organization concepts is essential. Critically evaluate the suitability and feasibility of this radical shift for LegacyTech specifically. What are the most significant potential benefits and pitfalls? (10 marks)

QUESTION TWO

- a) Trace the historical development of management thought. (10 marks)
- b) Discuss the process of Management by Objectives (MBO) and its relevance in today's business environment. (10 marks)

QUESTION THREE

- a) Discuss the economic environment that influences managerial decisions in modern organizations (10 marks)
- b) Explain the planning process giving examples and illustrations (10 marks)

QUESTION FOUR

- a) Discuss the leadership styles based on authority (10 marks)
- b) Outline the managerial control process in a large organization (7 marks)
