

Eastern University, Sri Lanka
2004

EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT
FIRST YEAR / SECOND SEMESTER EXAMINATION IN BACHELOR
OF BUSINESS ADMINISTRATION / COMMERCE -2002/2003
(MARCH-2004)

MGT 1013 PRINCIPLES OF MANAGEMENT

Answer all questions

Time: 03 hours

1

David Anthony and Sons (Pvt) Ltd. is a group of companies engaged in several business activities. The founder of the group Mr. David Anthony died a few years ago leaving his business to his wife Maria Theresa, the three sons, Eugene, Mathew, Philip, and daughter Christina.

Each of them became the managing directors of four subsidiary companies, while their mother Mrs. Maria Theresa Anthony presided over the whole group in addition to being the Managing Director of David Anthony Property Traders (Pvt.) Ltd.

Eugene is in charge of David Anthony Automobiles (Pvt.) Ltd., a company importing reconditioned vehicles from Japan. This was established with the collaboration of Mr. Susuki a friend of Eugene, who supplies the vehicles to the company. Hence he has been granted an equal share in the business.

Mathew is in charge of David Anthony Electrical (Pvt.) Ltd., which handles contracts in electrical wiring and installation in buildings. Mathew's wife Manohari who is an electrical engineer is a partner and the chief technical officer of the firm.

David Anthony Hardware (Pvt.) Ltd, which is managed by Philip, is supplying building materials to the construction industry. Philip has received his first hardware shop in Nugegoda as dowry from his father-in-law, who continues to serve as its manager. Philip now has three more shops in three major towns near the capital.

David Anthony Plastics (Pvt.) Ltd is the latest subsidiary in the group, where Christina is the managing director. She is married to Joseph who is an Engineer in Plastic Technology. In addition to the Rs.3 million she received as a dowry, they have obtained another Rs.2 million to establish their factory, where the production has begun a year ago and they have not yet settled this bank loan.

Mr. Stephen serves as the financial controller for the group, and is the second signatory of all bank accounts, though each company has its own manager.

The four subsidiary companies have not only received financial assistance from their mother, but also obtained bank loans using the goodwill of the father's business.

Christina, the managing director of David Anthony Plastics (Pvt.) Ltd, has planned to expand its manufacturing plant on the advice of her husband Joseph, to manufacture plastic furniture. The estimated cost of plant and machinery is Rs.4 million. Two of them could raise one million and they have negotiated with the bank to obtain a further loan of Rs.1 million. The balance they thought of borrowing from their mother.

a) Suggest a suitable organizational structure for David Anthony and Sons (Pvt.) Ltd?

(12 Marks)

b) Christina and Joseph have approached their mother to obtain a loan. She says that she needs to discuss with Mr. Stephen first, and then obtain the approval of the board of directors. Imagine the situation and describe the communication between Mrs. Mariya Theresa Anthony and Christina?

(12 Marks)

c) What do you think is the role of Mr. Stephen in this company?

(06 Marks)

(Total 28 Marks)

2. a. Describe how the different skills of Managers help them to manage their organization effectively and efficiently.
(06 Marks)
- b. Identify different kinds of Managers by both level and area in the organization.
(06 Marks)
- c. Briefly describe the emerging contemporary management challenges faced by all Managers in today's business world.
(06 Marks)
(Total 18 Marks)
3. a. Identify the different forces in the task environment and explain how they could influence the profit and survival of the organization.
(10 Marks)
- b. Explain the role of communication in handling the environmental forces for successful operation of an organization.
(08 Marks)
(Total 18 Marks)
4. a. "Most business today develop strategies at two distinct levels"
Describe these two types of strategic alternatives.
(04 Marks)
- b. Explain the term "SWOT" and describe the role of SWOT analysis to an organization.
(08 Marks)
- c. Identify the steps in rational decision making, and which step do you think is the most difficult to carryout, why? Explain your reasons.
(06 Marks)
(Total 18 Marks)

5. a. Briefly explain the basic situational factors that affect an organization's design. (06 Marks)
- b. Explain what do you mean by "Job Specialization? What are its advantages and disadvantages? (06 Marks)
- c. Briefly explain the steps in the control process. (06 Marks)
- (Total 18 Marks)