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2004  
Eastern University, Sri Lanka

**EASTERN UNIVERSITY, SRI LANKA**  
**FACULTY OF COMMERCE AND MANAGEMENT**  
**FIRST YEAR/ SECOND SEMESTER EXAMINATION IN BUSINESS**  
**ADMINISTRATION/ COMMERCE 2002/2003 (Repeat) May**  
**MGT 1034 Environmental Studies**

Answer five questions (Question No.01 and minimum one question from each part). Time: 03 hours

1. **Case study: An Important Decision**

John has been working as an assistant Accountant in a private Insurance company. He graduated with a University Degree in Management 10 years ago. He was specialized in Accounts and was position in the insurance company, with required competence in Accounts appealed to him. The Job appeared to offer considerable scope for making changes and gave lot of responsibilities. John was asked to report to the Deputy Manager (Finance) who was his immediate supervisor. Channel of communication was strictly adhered to in the company and Authority was centralized. A number of Accounts Assistants and trainees reported to him. John was in charge of Account matters relating to vehicle insurance. Monthly processes reports relating to payments have to be prepared by him and submitted to the Deputy Manager. He has to rely on many other people throughout the organisation to obtain information relating to his work.

After 5 years with the insurance company John was frustrated. Initially he found the job challenging. Most of the problem required a lot of thoughts and creativity and he was involved with a wide range of functions as well as with some important people. But lately he began to feel that work had become more and more routine and offered no challenges. When he wanted to introduce certain changes in the work methods the response was negative from both his subordinates and his superiors. The Deputy Manager (Finance) told him bluntly, "We have done this way for twenty years and it has worked fine. Why should we changed that who is going to take responsibility for the coming years".

A friend of John who had graduated from the same University recently told him that there was an opening of his organisation. The Job was that of a sales manager in a semi urban area. John was fed up with Accounting field. He thought that a sales managers job would allow him, more freedom, to be more creative and would give him more job satisfaction. But John had to consider several things before making his decision to join the new organisation.

- (1) The new job would require one year training.
- (2) The new job was a clear drop in status since the present Job involves dealing with some very important people.
- (3) The new job has been described as accountable for overall performance and the organisation never hesitated to fire people who couldn't produce results.
- (4) The new job which is of a lower level paid 29% more than the present job.

**Questions:**

- (a) How far does the organisation structure contribute to the problems experienced by John? (07 marks)
- (b) Do you think that John is not adequately motivated? Give reasons (07 marks)
- (c) What would you do to motivate John in his present Job? Relate your answer to motivational theories. (07 marks)
- (d) What would you do if you were John? Give reasons for your course of action. (07 marks)

**(Total 28 marks)**

**Part – I Business Environment**

2. (a) Explain the basic characteristics of an organisation. (08 marks)
- (b) Organisations are open system. Explain the concept of “open system”. (05 marks)
- (c) What are the differences between formal and informal organisation. (05 marks)

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3. (a) What are the relevant variables that should be considered in designing an organisation structure? (10 marks)
- (b) Select public or private sector organisation, familiar to you draw its organisation chart and assess the strengths and weaknesses of the organisation structure. (08 marks)
4. (a) Why are goals important to an organisation? (05 marks)
- (b) Explain the three types of goals. (05 marks)
- (c) As a manager who is interested in stimulating higher level of performance, what are the categories of rewards you would introduce in your organisation? Give reasons. (08 marks)

### Part – II Cultural Environment

5. (a) Explain the special features of Japanese system of Management. (18 marks)
6. (a) How does an organizational culture start? (10 marks)
- (b) What are the important characteristics of an organizational culture? (08 marks)
7. Write short notes on two of the following.
- (a) Time Management & Sri Lankan values
- (b) Sri Lankan culture and Management
- (c) Importance of Organisational culture (18 marks)

### Part – III Legal Environment

8. (a) What do you understand by source of Law? (08 marks)
- (b) Briefly state the differences between a 'partnership' and a 'registered company'. (10 marks)

9. (a) Briefly discuss the ways in which an agency can be created?

(10 marks)

(b) What are the duties of an agent?

(08 marks)

10. Write short notes on any two of the following.

(a) Insurance policy

(b) Commercial Banks in Sri Lanka

(c) Offer and counter offer

(d) Public Company

(18 marks)