



UNIVERSITY OF KELANIYA – SRI LANKA

Centre for Distance and Continuing Education

FACULTY OF COMMERCE & MANAGEMENT STUDIES

Bachelor of Commerce (Special) Degree Fourth Year Examination (External) – 2015/ 2016

May 2022

BCOM E4055 – Family Business

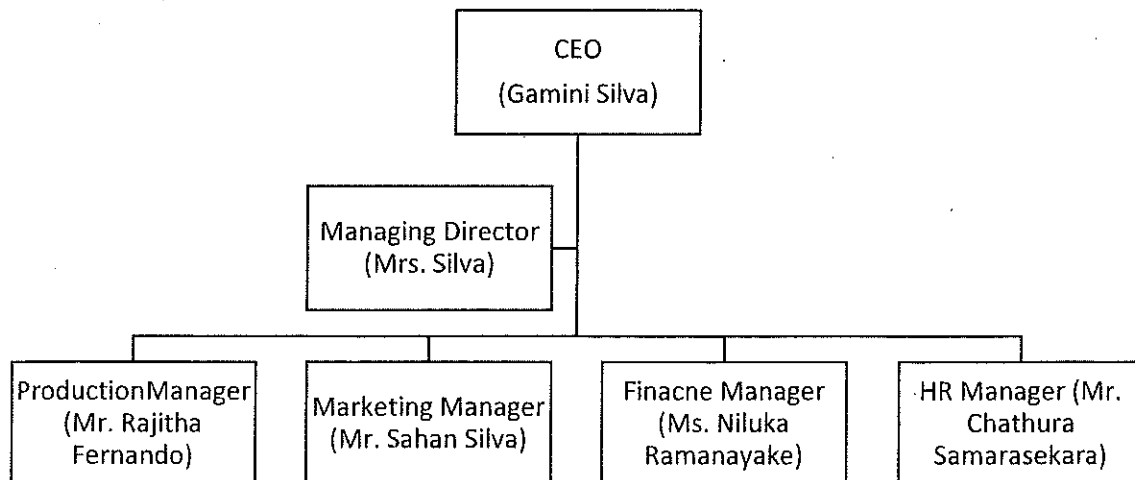
No. of questions: Five (05)

Time: 03 hours

Answer any 04 questions

Question No. 01

Tasty Biscuits (PVT) Ltd is owned by Mr. Gamini Silva and his family members. Mr. Gamini is the CEO of the business, and his wife is the Managing Director of the business. Gamini's two friends-Nimal and Kamal are shareholders of the company, but they are not involved in the management of the business. Gamini has two children, a daughter (Kaveesha) and a son (Sahan). The son is involved in the business. The daughter is still schooling and is not engaged in the business. Following is the hierarchy of Tasty Biscuits (PVT) Ltd.



a) Is this a family business? Justify your answer.

(05 Marks)

b) Describe three types of family businesses according to the system theory.

(10 Marks)

c) Explain the interests and involvement of 3 parties in system theory based on the above scenario.

(10 Marks)

(Total 25 Marks)

Question No. 02

Lahiru is the 2nd generation owner of the “Super Bakery” located at Kiribathgoda. Lahiru took ownership of the business when he was 20 years old after the sudden death of his brother Gihan at the age of 27. Gihan was a religious person, and every day before he started his work, he worshiped his believers. This practice has been taken forward by all the employees in the bakery and the current owner, Lahiru. Gihan’s vision was to be the best bakery products provider in Kiribathgoda town. He worked very hard to achieve his vision while treating his customers well. Lahiru and all employees also value customer service. Now Lahiru has 3 bakery outlets nearby Kribathoda town. According to an idea of Lahiru employees in these 3 outlets are given t-shirts with the name of Super Bakery. Lahiru got married to Shanika when he was 23 years, and after the marriage, Shanika assisted Lahiru in carrying out work at the bakery. Lahiru and Shanika take all the decisions on the bakery.

a) Define family business culture.

(05 Marks)

b) Describe the cultural characteristics of Super Bakery.

(10 Marks)

c) What family roles and relationships you can identify in this situation? Explain.

(10 Marks)

(Total 25 Marks)

Question No. 03

“Plank Furniture Store” is owned by Mr. Ruwan Perera. His son, Mr. Sadun Perera has been working as a business partner in the “Plank Furniture Store” with his father. Mr. Ruwan has started training his son to continue the business with the idea of transferring ownership to him in the future. Mr. Ruwan hopes to hand over the business to his son and enjoy his life. Mr. Sadun is a very energetic young person with many abilities and interests in his family business. He is also hoping to take over the ownership of his family business after his father. Mrs. Perera,

the wife of Mr. Ruwan and mother of Mr. Sadun, always helps both of them balance work and family life, and she is the person who coordinates the family and the business.

a) Explain what is meant by the family business leadership succession.

(05 Marks)

b) Explain the CEO exit styles and explain for what category Mr. Ruwan Perera falls in?

(10 Marks)

c) Explain the types of CEOs' spouses and explain for what category Ms. Perera belongs to?

(10 Marks)

(Total 25 Marks)

Question No. 04

Nalinda is an undergraduate of the University of Kelaniya who has identified an opportunity to start an online shopping store that sells fashion items. Nalinda is hoping to do his business through a Facebook page, and he is going to deliver products through a courier service to his customers and collect money on delivery. His father will be the investor for Nalinda's business, and he is the CEO of this business. Nalinda is doing the operational activities of the business, and Nalinda's elder sister is going to be the marketing partner for the business is a marketing graduate. However, Nalinda's father has decided to give ownership of the business to Nalinda after his father.

a) Explain how a family business can gain a competitive advantage.

(05 Marks)

b) Organizational changes occur with leadership succession. Describe the stages in which those changes happen.

(10 Marks)

c) Explain the risks that Nalinda's family business can face.

(10 Marks)

(Total 25 Marks)

Question No. 05

Write short notes on the following

- a) Conflicts affecting family business
- b) External financial sources available for family businesses
- c) Family council
- d) Family constitution
- e) Economics and social benefits of family businesses

(5 x 5 Marks)

(Total 25 Marks)