



University of Kelaniya - Sri Lanka
Centre for Open and Distance Learning



Bachelor of Business Management (General) Degree
1st year Examination (External) – 2006

BMGT.13015 – Principles of Management

Answer five (05) questions including question No. 01

No. of questions : 07

Time: Three Hours

01 Read the following case and answer the questions stated at the end

Cashew Nut Production Ltd.

Ajith Fernando, chief executive officer (CEO) of Cashew Nut Production Ltd (CNPL) addressing the third meeting held after his appointment to the post, with the managers at the top level of the management of the company and a management consultant attending the meeting on invitation, emphasized following points reviewing the activities of his company.

- a) Before his taking over the position of CEO, there were two separate positions established namely CEO and Chairman. The post of chairman is still vacant. Ajith was of the view that any company, no matter what its size or industry, operates best with managerial clarity, when people know which way the company is going and who is leading the charge.
- b) He had come to know that prior to his appointment two posts of CEO and Chairman were in operation

Chairman who was functioning as another boss had been reaching out to some employees with his own agenda for developing company resources.

He was of the view that it meant CNPL was being run by two leaders.
- c) He had a plan to develop cashew nut vendors and to design foldable tables and benches for the women who were pavement hawkers selling cashew nuts. He was reluctant to ask the financial department to handle this activity even though sales and marketing functions were placed under the control of that Department.
- d) Having noted the importance of maintaining supplier relations CEO stated that stores department handling the function of supplies was not capable of maintaining supplier relations effectively.
- e) He also noted that the Human Resource Development manager was coordinating the activities of the company and reviewing its progress at present, spending 35% of his time.

Mr. Ajith has requested you in your capacity as the management consultant to draft a report for the next meeting of the Board of Directors making your recommendations for the development of the company, taking into account the points emphasized by Ajith at the above meeting.

Prepare a report clarifying the followings.

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- (a) Give a theoretical explanation for the problems that could be identified by the facts which are related to a management function revealed by Ajith Fernando. (14 marks)
- (b) State the steps required to be taken, to solve the problems relating to relevant management function you have so identified. (9 marks)
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- (c) State the benefits that could be achieved by taking the steps you have stated under (b) above. (5 marks)
- (2) Define “**Management**” in a comprehensive manner and Describe in detail the integral elements of **Management** as defined (18 marks)
- (3) (a) “System approach to management views organizations as systems functioning in relation to their environment” Explain the validity of this statement in terms of the system approach. (9 Marks)
- (b) “The system approach stresses the importance of subsystems within a broader system” Do you agree with this statement. Explain your answer giving reasons for the same. (9 Marks)
- (4) (a) Contrast the classical and socioeconomic views of social responsibility (9 Marks)

(b) Differentiate between **social obligation, social Responsiveness** and **social responsibility** (9 Marks)

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- (5) (a) Differentiate between authority and responsibility (6 Marks)
- (b) Explain the process of delegation of authority (6 Marks)
- (c) What are the principles for delegation of Authority (6 Marks)

(6) “Herzberg’s two factor model is tied in with Maslow’s basic model. Mashlow is helpful in identifying needs and Herzberg provides us with directions and incentives that tends to satisfy these needs” Explain in detail the validity of this statement. (18 Marks)

- (7) (a) Define the management function of control and explain the necessity for control (9 Marks)
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- (b) Explain the process of communication. (9 Marks)