THE OPEN UNIVERSITY OF SRI LANKA
FACULTY OF MANAGEMENT STUDIES

BACHELOR OF MANAGEMENT STUDIES HONOURS
OSU3571 - PRINCIPLES OF MANAGEMENT
FINAL EXAMINATION – 2025 / 2026
DURATION – THREE (03) HOURS

Date: 13th June 2026 *Time: 9. 30 AM- 12.30 PM*

INSTRUCTIONS:

- This paper consists of Seven (07) questions. **Select any (04) questions out of the (07) questions.**
- All questions carry equal marks (25 marks per question).
- Illegible handwriting will be penalized.

Question 01

State whether you agree or disagree with each of the following statements. Write a brief justification for each of your answers.

i) There is no universally accepted single definition for defining Management.

ii) Managers can improve efficiency, effectiveness and productivity simultaneously.

iii) According to Mintzberg, the 'Spokesperson' role is a Decisional role.

iv) 'Administrative Model' is more applicable than the 'Classical Model' to make ideal decisions in a VUCA environment.

v) Middle level managers require fewer human skills compared to top and first-line managers.

(5*5 = 25 marks)

Question 02

Fruity Drink Pvt Ltd is a beverage manufacturing company in Sri Lanka. The company has recently experienced several environmental challenges. The government introduced new taxes on sugary drinks, increasing product prices. Economic inflation has reduced customer purchasing power, leading to lower sales. Customers are now more health-conscious and prefer healthy beverage options. At the same time, new technology has allowed competitors to introduce online ordering and faster delivery services. The company also faces environmental pressure to reduce plastic usage and follow sustainable production methods. In addition, strict food safety laws and labor regulations must be followed by the organization.

Using the PESTEL analysis framework, analyze the external environmental factors affecting Fruity Drink Pvt Ltd and explain how these factors influence organizational performance.

(25 Marks)

Question 03

i) Planning is considered one of the most important managerial functions because it helps organizations achieve their goals effectively and efficiently. However, managers often face various challenges during the planning process. Discuss the importance of planning and critically examine the challenges faced by managers when engaging in organizational planning. (15 Marks)

ii) Discuss the different types of control used in organizations and explain their importance in achieving organizational goals. (10 Marks)

Question 04

i) "To remain effective in today's dynamic environment, leaders must move beyond autocratic styles and embrace humanistic leadership approaches." Critically evaluate this statement using recent leadership theories. (15 marks)

ii) Describe the communication process and discuss how barriers at each stage can influence organizational effectiveness. (10 Marks)

Question 05

"TechnoWave" is a manufacturing company that has recently shifted from a small workplace to a large-scale factory. The manager has noticed that while there is an official hierarchy, employees have formed informal social groups across different departments that often share information faster than official memos. To stabilize operations, the manager needs to formalize the structure while managing these social dynamics.

Applying your knowledge of organizational structure, demonstrate how a functional structure would be designed for this company and critically assess how informal groups affects its operations and overall effectiveness, highlighting both advantages and potential challenges.

(25 marks)

Question 06

i) ABC Manufacturing Company has experienced a high employee turnover rate during the last two years. Although employees receive competitive salaries, many complain about stress, lack of recognition, and limited career growth opportunities. Recently, several skilled employees resigned and joined competitors. By using one relevant motivational theory, analyze the reasons for employee turnover at ABC Manufacturing Company and suggest strategies to improve employee retention. (13 marks)

ii) GlobalTech Manufacturing Company recently introduced Total Quality Management (TQM) practices to improve product quality and customer satisfaction. However, the initiative faced resistance from employees due to poor communication, lack of teamwork, and a workplace culture that discouraged employee participation in decision-making. Managers observed that despite investing heavily in quality improvement programs, employee commitment toward TQM remained low. Using the case above, discuss the cultural barriers affecting GlobalTech Manufacturing Company and recommend strategies to develop a quality-oriented organizational culture. (12 marks)

Question 07

(i) Describe the life cycle of an organization and explain why the growth of business organizations is important for a society. (07 Marks)

(ii) Network Analysis is an important quantitative planning tool. Describe the Network Analysis technique and explain the steps to be followed in developing a Network Diagram using a suitable example. (08 Marks)

(iii) Assume that you are an Operations Manager in a leading hotel located in down south Sri Lanka. Explain how you are going to make the four key decisions in designing the operations system of your organization. (10 Marks)

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