



UNIVERSITY OF RUHUNA
FACULTY OF MANAGEMENT AND FINANCE

No of Pages: 04
No of Questions: 05
Total Marks 70

ENT 2222 – Creativity and Innovation

BACHELOR OF BUSINESS ADMINISTRATION DEGREE 2000 LEVEL

SECOND SEMESTER END EXAMINATION – JUNE/JULY 2015

Three Hours

Instructions

- ➔ Answer the question number one and three other questions.

01. Read the case titled “Kure and Sons Company” and answer the given questions.

Kure and Sons Company

Kure and Sons Company is a well-known company for manufacturing wooden furniture during the last two decades. The company produces durable and fashionable furniture items as per the requirements of customers. The company has timber suppliers all over the country who supply variety of wood which require to fulfill customer requirements. In 2002, Kure and Sons Company won the best entrepreneur award under the category of creative entrepreneur. The remarkable person of this achievement is Mr. Siriwardana, general manager of this company. As per the views of Mr. Siriwardana, their success was due to the dedication of the people in the design section and continuous updating of their designs according to the customer responses and market demand. The design section of the company has skilled, talented and creative designers who had received technical training from reputed vocational training institutions. Mr. Siriwardana, as the general manager of the company, strongly believed that their great success is merely based on their fashionable designs and use of different wood varieties to create innovative designs.

However, Mr. Siriwardana noticed that there is a considerable downturn of their profit during the period of 2005-2009. By referring the financial statements of the company, Mr. Siriwardana strongly forced to the people in the designing section for creating latest designs, because he believed that product designing was the main cause for this downturn. However, there was no any development in the company even in 2010. Mr. Gunawardana, Human Resource Manager of the company, had discussed this issue with Mr. Siriwardana because he had the same experience in another company which he worked previously. The argument of Mr. Gunawardana was that the main reason for

this downturn is not merely the fault of design section; there may be some other reasons for this downturn. As one of the ways to solve this problem, he proposed not to follow strict mechanism for managing employees. He thoroughly said that they should make a trust about their employees and invite their assistance to solve the problem. Employees further fed up with the strict management policy of the company which will not give them the autonomy for utilizing their creative and innovative skills.

As one of the solutions, the organizational setting has been changed gradually. As the first step, employees are given a sense of freedom in their work environment. The management team listens to the suggestions of employees for the development of each section. Several in-house programs were organized for enhancing the collaboration and teamwork of employees. A new rewarding system was introduced to the employees for stimulating them to come up with ideas for the development of the company. By taking into account the suggestions of employees, the factory manager designed the factory floor to use efficiently the floor area as well as to remove unnecessary movements of production process. Another huge change that has been introduced is the use of different kinds of substitute materials such as HDF and MDF boards, treated rubber wood etc. for producing furniture. A foreign training opportunity was granted for two employees in the designing section for furniture designing. Further, qualified employees in the factory were given the autonomy for making their own creative furniture designs rather than limiting for the standard designs.

- i. State the key problem faced by the Kure and Sons Company, and discuss the causes for this problem.
(05 marks)
- ii. "To remain profitable, organizations should give the autonomy for their employees to actively involve in their job and stimulate to generate novel products, processes and approaches that match with the organization's purpose and philosophy". Discuss this statement based on the case of Kure and Sons Company.
(10 marks)
- iii. Explain the strategies that can be implemented for enhancing the creativity of the product range of Kure and Sons Company.
(10 marks)

(Total 25 marks)

02. "In the dynamic and competitive environment, innovation is essential for a firm for retaining as well as upgrading its competitive position "

i. Discuss the worth of innovation strategy to an organization for competing in a dynamic business environment. (05 marks)

ii. Briefly explain innovation strategies that can be applied for an organization. (06 marks)

iii. Explain the difference between the imitative strategy and inventive strategy. (04 marks)
(Total 15 marks)

03. "The dominant role of any government is to create an innovative culture in the country through its financing on Research and Development"

i. Briefly explain types of Research and Development. (03 marks)

ii. Discuss the challenges of innovative based Research and Development projects. (06 marks)

iii. Discuss the importance of government expenditure on Research and Development for developing the Small and Medium Enterprise (SMEs) sector of the country. (06 marks)
(Total 15 marks)

04. "Entrepreneurs usually have to seek the sources of innovation, the changes and signals that indicate opportunities for successful innovation "

i. Briefly explain the innovation life cycle by using an example. (04 marks)

ii. Explain innovation decision process. (05 marks)

iii. Do you agree that there is link between the innovation life cycle and market adoption of certain innovation?. Explain your answer. (06 marks)
(Total 15 marks)

05. Briefly explain the following concepts.

- i. Creativity
- ii. Innovation diffusion
- iii. Morphological box
- iv. Market-pull innovations
- v. Myths of innovation

(03 marks for each)
(Total 15 marks)
