

## ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

## AA3 EXAMINATION - JULY 2015

## (AA33) BUSINESS MANAGEMENT AND STRATEGY

- **Instructions to candidates** (Please Read Carefully):

(1) **Time:** 03 hours.

(2) **Structure of Question Paper and the Marks Allocation:**

Section	Requirement	Marks
A	All questions are compulsory.	20
B	All questions are compulsory.	30
C	Only two out of three questions should be answered.	50
<b>Total Marks</b>		<b>100</b>

- (3) **Answers should be in one language, in the medium applied for, in the booklets provided.**
- (4) **State clearly assumptions made by you, if any.**
- (5) **Action Verb Check List with definitions is attached. Each question will begin with an action verb. Candidates should answer the questions based on the definition of the verb given in the Action Verb Check List.**

02-08-2015  
Afternoon  
[2.00 – 5.00]

No. of Pages : 05  
No. of Questions : 10

### SECTION A

Four (04) compulsory questions

(Total 20 marks)

#### Question 01

“Productivity, efficiency and effectiveness are three(03) important concepts of Management. Each of these concepts are inter-related with each other”.

**Explain** the relationship of the above three(03) concepts.

(05 marks)

#### Question 02

“Behavioural Approach to Management has been introduced to eliminate the problems associated with Classical Approach to Management to achieve sufficient production efficiency and work place harmony. However, there were criticisms of Behavioural Approach too”.

**Explain** three(03) criticisms of Behavioural Approach to Management.

(05 marks)

### Question 03

“It has been recognized that the success of an organization or any group within an organization largely depends on the effectiveness of its leadership. Mainly there are three(03) theories of leadership namely, Trait, Behavioural and Situational theories.”

**Explain** how Trait Theory of Leadership could be applied in achieving organizational results in challenging business situations. (05 marks)

### Question 04

“Delegation of authority by superiors to subordinates is necessary for the efficient functioning of any organization, since none of the superiors can personally accomplish or completely supervise all the tasks of an organization.”

**Explain** the need for delegation of authority for an organization. (05 marks)

---

*End of Section A*

---

## **SECTION B**

Three (03) compulsory questions

(Total 30 marks)

### Question 05

“Planning is the process of identifying an organization’s objectives and formulating and monitoring specific strategies to achieve those objectives. However, there are various barriers which destruct the planning process.”

**Explain** barriers towards effective planning and strategies to overcome those barriers. (10 marks)

### Question 06

“Communication skills should be developed by any manager irrespective of his level of authority. Specially, in modern environment, communication skill has become the primary skill for any manager. Managers with good communication skills have become more successful in performing their roles in organizations”.

**Explain** four(04) types of communication skills that should be developed by managers and **state** how managers can develop these communication skills. (10 marks)

### Question 07

“Controlling is an essential part of effective management in an organization, because non-availability of a system of control may result in failing all the efforts.”

**Explain** the sequential steps involved in the controlling process. Your explanation should be supported by an appropriate diagram. (10 marks)

---

*End of Section B*

---

### **SECTION C**

Answer any two (02) questions only.

(Total 50 marks)

### Question 08

**ABC Ltd.** is a manufacturing company. The employees of **ABC Ltd.** take pride in themselves on their technical skills, current expertise and professional contacts outside the company. **ABC Ltd.** has only a few rules and regulations and supervision is loose because management believes that their employees are hardworking and trustworthy. Management is highly concerned about the high productivity, therefore they believe that high productivity could be achieved only by treating its people in the right manner. The company is proud of its reputation as being a good place to work.

At **ABC Ltd.**, job activities are designed around work teams and team members are encouraged to interact with each other across functions and authority levels. Managers are evaluated not only on their department’s performance but on how well their department coordinates its activities with other departments in the organisation. Promotions and other valuable rewards go to employees who make the greatest contributions to the organisation, even when those employees have strange ideas, unusual personal behaviour or unconventional work habits. The company fills upper level positions with the best people available, which sometimes include hiring people away from competitive organizations. The company prides itself on being market-driven and rapidly responding to the changing needs of its customers. Management of **ABC Ltd.** believes that its culture driven by important values and beliefs has created a competitive advantage in the industry, which is mainly governed by the way **ABC Ltd.** manages its people.

**You are required to:**

- (a) **Analyse** the organisational culture of **ABC Ltd.** according to **Charles Handy’s** model. (10 marks)
- (b) **Discuss** how **ABC Ltd.’s** business strategy is influenced by its culture. (08 marks)
- (c) **Assess** how **ABC Ltd.** can use “Motivation” as a managerial factor. (07 marks)

(Total 25 marks)

## Question 09

According to **Mr. Peter**, Managing Director of **Pearson PLC**, a mass scale company engaged in the business of publishing and media, printed version of books would someday be outdated and it will take a form of a file to be downloaded from the internet. **Pearson PLC** had to undergo a significant change to be aligned with fast changing technology in the world and ever changing needs of consumers. Not only big companies like **Pearson PLC**, but also small businesses, universities and colleges and even governments are forced to significantly change the way they do things. In transforming **Pearson PLC**, **Mr. Peter** also faced enormous challenges just as all others in the same industry. While change has always been part of a manager's job, it has become even more so in recent years.

**You are required to:**

- (a) **Explain** the types of change available to consider when initiating changes in **Pearson PLC**. (07 marks)
  - (b) **Discuss** how **Mr. Peter** could overcome resistance to change. (08 marks)
  - (c) **Identify** key stakeholders of **Pearson PLC** and **discuss** their influence on **Pearson PLC**. (10 marks)
- (Total 25 marks)

## Question 10

Today's managers in many industries are working hard to match the competitive advantages of new global rivals. They are moving manufacturing offshore in search of lower labour costs, rationalising product lines to capture global economies of scale, instituting quality circles and just-in-time production and adopting Japanese human resource practices. When competitiveness still seems out of reach, they form strategic alliances often with very companies that upset the competitive balance in the first place. Too many companies are spending enormous energy simply to reproduce the cost and quality advantages of their global competitors already enjoy. Further, now it has become a trend for today's businesses to spend more on Corporate Social Responsibility related activities.

**You are required to:**

- (a) **Discuss** the role of strategy in developing competitive advantage for an organisation. (08 marks)
  - (b) **Discuss** the different types of corporate strategies that can be used by an organization and the conditions under which those strategies are most appropriate to be used. (09 marks)
  - (c) **Discuss** the importance of Corporate Social Responsibility in today's business world. (08 marks)
- (Total 25 marks)

---

*End of Section C*

---

## ACTION VERB CHECK LIST

Knowledge Process	Verb List	Verb Definitions
<b>Level 01 Comprehension</b>  Recall & explain important information	<b>Define</b>	Describe exactly the nature, scope, or meaning.
	<b>Draw</b>	Produce (a picture or diagram).
	<b>Identify</b>	Recognize, establish or select after consideration.
	<b>List</b>	Write the connected items one below the other.
	<b>Relate</b>	To establish logical or causal connections.
	<b>State</b>	Express something definitely or clearly.
	<b>Calculate/Compute</b>	Make a mathematical computation
	<b>Discuss</b>	Examine in detail by argument showing different aspects, for the purpose of arriving at a conclusion.
	<b>Explain</b>	Make a clear description in detail revealing relevant facts.
	<b>Interpret</b>	Present in an understandable terms.
	<b>Recognize</b>	To show validity or otherwise, using knowledge or contextual experience.
	<b>Record</b>	Enter relevant entries in detail.
<b>Summarize</b>	Give a brief statement of the main points (in facts or figures).	

Knowledge Process	Verb List	Verb Definitions
<b>Level 02 Application</b>  Use knowledge in a setting other than the one in which it was learned / Solve closed-ended problems	<b>Apply</b>	Put to practical use.
	<b>Assess</b>	Determine the value, nature, ability, or quality.
	<b>Demonstrate</b>	Prove, especially with examples.
	<b>Graph</b>	Represent by means of a graph.
	<b>Prepare</b>	Make ready for a particular purpose.
	<b>Prioritize</b>	Arrange or do in order of importance.
	<b>Reconcile</b>	Make consistent with another.
	<b>Solve</b>	To find a solution through calculations and/or explanation.

Knowledge Process	Verb List	Verb Definitions
<b>Level 03 Analysis</b>  Draw relations among ideas and compare and contrast / Solve open-ended problems.	<b>Analyze</b>	Examine in detail in order to determine the solution or outcome.
	<b>Compare</b>	Examine for the purpose of discovering similarities.
	<b>Contrast</b>	Examine in order to show unlikeness or differences.
	<b>Differentiate</b>	Constitute a difference that distinguishes something.
	<b>Outline</b>	Make a summary of significant features.