

ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA
LEVEL II EXAMINATION - JULY 2022
(204) BUSINESS MANAGEMENT

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

21-08-2022

Afternoon

[01.45 – 05.00]

(1) **Time Allowed:** Reading : 15 minutes.

Writing : 03 hours.

No. of Pages : 06

No. of Questions : 07

(2) **All questions should be answered.**

(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** excluding OTQ's. Candidates should answer the questions based on the **definition** of the verb given in the Action Verb Check List.

(6) 100 Marks.

SECTION A

Objective Test Questions (OTQs)

(Total 25 marks)

Question 01

Select the most correct answer for question No. 1.1 to 1.5. Write the number of the selected answer in your answer booklet with the number assigned to the question.

1.1 Which one of the following is a characteristic of bureaucracy as per Max Weber?

(1) Short term employment.

(2) Flexibility.

(3) Part time officers.

(4) Hierarchy.

1.2 Which one of the following is a principle of Total Quality Management (TQM)?

(1) Employees' involvement.

(2) Process.

(3) Integrated system.

(4) All of the above.

1.3 Which one of the following is **not** a barrier to effective delegation of authority?

(1) Fear of competition.

(2) Better coordination.

(3) Desire to dominate subordinates.

(4) Lack of ability to direct.

1.4 Select the correct statement with reference to operational control:

- (1) Its time is relatively short.
- (2) It is future oriented.
- (3) More data is collected from external sources.
- (4) Its models are less precise.

1.5 The correct elements of the leading process are:

- (1) Leadership, Motivation and Communication.
- (2) Leadership, Planning and Communication.
- (3) Planning, Organizing and Communication.
- (4) Planning, Leadership and Communication.

(02 marks each, 10 marks)

Select the correct word/words from those given within brackets to fill in the blanks of question No. **1.6** to **1.10**. Write the selected word/words in your answer booklet with the number assigned to the question.

1.6 (*Authority / Responsibility*) is the legal right of a person to command his subordinates.

1.7 Recognition is an example for (*esteem / social*) needs as per Maslow's Hierarchy of Needs Theory.

1.8 (*Downward / Upward*) communication is moving information from superiors to subordinates.

1.9 A key element of a job specification is (*working experience / targets to be achieved*).

1.10 Michael Porter's 5 forces model can be used to analyze the (*external / internal*) environment of the organization. (01 mark each, 05 marks)

Write short answers for question Nos. **1.11** to **1.15** in your answer booklet with the number assigned to the question.

1.11 Explain briefly, the difference between efficiency and effectiveness.

1.12 State two(02) support activities of Porter's Value Chain.

1.13 State two(02) benefits that can be achieved through training in an organization.

1.14 Identify the main functions of management process.

1.15 State two(02) characteristics which differentiate the human resources when comparing with other resources in an organization. (02 marks each, 10 marks)

(Total 25marks)

End of Section A

SECTION B

(Total 50 marks)

Question 02

Management plays an important role in shaping the culture of an organization and the performance and survival of the business organization depend on the Management. With economic issues and political instability, the role of a manager in a Sri Lankan company has become challenging.

You are required to:

- (a) **State** four(04) reasons as to why Management is important for an organization. (04 marks)
 - (b) **Explain** three(03) challenges faced by managers in Sri Lanka with current economic issues. (06 marks)
- (Total 10 marks)

Question 03

Chief Executive Officer (CEO) of **ABC Ltd.** took a sudden decision that the organization should be restructured. The reason for this decision was to combat the future competitiveness of the organization with the development of 10 years plan. However, some managers opposed this decision since it was not a group decision.

You are required to:

- (a) **List** two(02) different group decision-making techniques that the CEO of **ABC Ltd.** could have implemented. (02 marks)
 - (b) **Explain** three(03) ways how information is important in making decisions of the company. (06 marks)
 - (c) **Identify** two(02) advantages of Business Process Reengineering (BPR). (02 marks)
- (Total 10 marks)

Question 04

The role played by the Operations Management in manufacturing organizations is critical for the success of the production process. In addition, modern organizations are very concern about the controlling process of an organization's value creation activities.

You are required to:

- (a) **Explain** the relationship between planning and controlling. (03 marks)
 - (b) **State** three(03) key functions of Operations Management for success of an organization. (03 marks)
 - (c) **Explain** two(02) strategies that can be used to manage supply chain of a business organization. (04 marks)
- (Total 10 marks)

Question 05

XYZ Ltd. a manufacturing company, is facing a critical financial situation due to the negative impact of the COVID-19 pandemic and the current economic crisis in the country. The management of **XYZ Ltd.** is planning to outsource Human Resource Management (HRM) functions. In addition, they decided to reduce employees' welfare budget as a cost reduction strategy.

You are required to:

- (a) **Explain** three(03) reasons why functions of HRM are important for a manufacturing organization. (06 marks)
 - (b) **State** four(04) reasons for the importance of Employees' Welfare Management. (04 marks)
- (Total 10 marks)

Question 06

Organizations generally develop strategies based on different levels of key activities of the organizations. In today's context, digital marketing is used by most of business organizations as their marketing strategy to increase the target market and brand value.

You are required to:

- (a) **Explain** two(02) requirements for a successful brand. (04 marks)
 - (b) **State** two(02) targeting strategies used in marketing. (02 marks)
 - (c) **Explain** two(02) methods of digital marketing. (04 marks)
- (Total 10 marks)

End of Section B

SECTION C

(Total 25 marks)

Question 07

The “**Trial**” is a newly established manufacturing organization in Sri Lanka which is started with 20 employees and now the organization is grown beyond 100 employees.

In present context, the negative impact of the current economic situation is minimal to “**Trial**” compared to other organizations. This was achieved due to the novel strategy that they applied at the initial stages of the organization by using 100 percent local raw materials. This strategy was highly appreciated by shareholders and media.

For the benefits of the employees and to keep them motivated in this crisis situation, some initiatives have been undertaken by the top management of the organization such as additional allowance to the employees based on the depreciation of the local currency and providing food and transport to the employees at free of charge. **Susantha** the co-founder of “**Trial**” has mentioned that this is not an effective motivational strategy, but they are planning to focus on hygiene factors as a way to keep the employees motivated within the organization. **Susantha** believes that giving more freedom by the organization and the empowerment, will result to increase productivity.

With the current economic condition and based on the global market, “**Trial**” is planning to automate most of its organizational operations and to reduce overhead expenses by 40 percent. This saving will be used for marketing purposes as a way of gaining more market share. The organization is in the process of identifying different market segments and strategies will be implemented based on the identified segments.

You are required to:

- (a) **State** four(04) leadership excellence factors needed for the success of modern leaders.
(04 marks)
- (b) **Explain** how Two Factor Theory can be used in “**Trial**” for motivation of employees.
(06 marks)
- (c) **Explain** two(02) different bases of market segmentation that “**Trial**” can implement.
(04 marks)
- (d) **Explain** three(03) characteristics of a good strategy that “**Trial**” needs to be considered.
(06 marks)
- (e) **Explain** three(03) ways by which **Susantha** can encourage employees to accept the change in “**Trial**”.
(05 marks)

(Total 25 marks)

End of Section C

ACTION VERBS CHECK LIST

Level of Competency	Description	Action Verbs	Verb Definitions
Knowledge (1)	Recall Facts and Basic Concepts.	Draw	Produce a picture or diagram.
		Relate	Establish logical or causal connections.
		State	Express details definitely or clearly.
		Identify	Recognize, establish or select after consideration.
		List	Write the connected items.

Level of Competency	Description	Action Verbs	Verb Definitions
Comprehension (2)	Explain & Elucidates Ideas and Information.	Recognize	Show validity or otherwise, using knowledge or contextual experience.
		Interpret	Translate into understandable or familiar terms.
		Describe	Write and communicate the key features.
		Explain	Make a clear description in detail using relevant facts.
		Define	Give the exact nature, scope or meaning.

Level of Competency	Description	Action Verbs	Verb Definitions
Application (3)	Use and Adapt Knowledge in New Situations.	Reconcile	Make consistent / compatible with another.
		Graph	Represent by graphs.
		Assess	Determine the value, nature, ability or quality.
		Solve	Find solutions through calculations and/or explanation.
		Prepare	Make or get ready for a particular purpose.
		Demonstrate	Prove or exhibit with examples.
		Calculate	Ascertain or reckon with mathematical computation.
		Apply	Put to practical use.

Level of Competency	Description	Action Verbs	Verb Definitions
Analysis (4)	Draw Connections Among Ideas and Solve Problems.	Communicate	Share or exchange information.
		Outline	Make a summary of significant features.
		Contrast	Examine to show differences.
		Compare	Examine to discover similarities.
		Discuss	Examine in detail by arguments.
		Differentiate	Constitute a difference that distinguishes something.
		Analyze	Examine in details to find the solution or outcome.