



**Association of Accounting Technicians of Sri Lanka**

**Level II Examination – July 2022**

**Suggested Answers**

**(204) BUSINESS MANAGEMENT (BMA)**

Association of Accounting Technicians of Sri Lanka No. 540,  
Ven. Muruthettuve Ananda Nahimi Mawatha,  
Narahenpita, Colombo 05.  
Tel : 011-2-559 669

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ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

**Level II Examination – July 2022**

**(204) BUSINESS MANAGEMENT**

**SUGGESTED ANSWERS**

(Total 25 marks)

**SECTION - A**

*Suggested Answers to Question One:*

1.1 (4)

1.2 (4)

1.3 (2)

1.4 (1)

1.5 (1)

1.6 Authority

1.7 Esteem

1.8 Downward

1.9 Working experience

1.10 External



*(02 marks each, 10 marks)*

*(01 mark each, 05 marks)*

1.11

**Efficiency** explains about how to utilize inputs to achieve organizational goals.

**Effectiveness** is the capability of producing desired result (outcome) by utilizing the inputs to achieve organizational goals. According to Peter Drucker, effectiveness is all about 'Doing the right thing'.

*(02 marks)*

**1.12**

1. Procurement
2. Technology Development
3. Human Resource Management
4. Infrastructure

**(02 marks)**

**1.13**

1. Improves morale of employees
2. Less supervision cost & time
3. Reduces industrial accidents
4. Increased productivity
5. Chances of promotion
6. Boost employee performance
7. Improves job satisfaction of employees
8. Improves employee retention/ reduces employee turnover
9. Fewer accidents

**(02 marks)**

**1.14**

1. Planning
2. Organizing
3. Leading
4. Controlling



**(02 marks)**

**1.15**

1. It is animate, active and alive.
2. It has the ability to think, feel, and react.
3. Its value appreciate with the passage of time.
4. It has the ability to organize as teams / unions.
5. Creativity and innovation.
6. Its behavior is complex so that unpredictable.
7. It has the ability to influence on determining its cost (pay).
8. It makes decisions in respect of all the other resources.

**(02 marks)**  
**(Total 25 marks)**

**End of Section A**

***Suggested Answers to Question Two:******Chapter 01- Introduction to Management and Different Perspectives of Management*****(a)**

1. It enables achieving organizational goals effectively by utilizing organizational physical, financial and human resources efficiently (Optimum utilization of resources).
2. It prepares the organization to face and tackle dynamic environmental situations successfully.
3. It minimizes the wastages of resources and reduces the cost.
4. The organizations which have a better management system have an ability of fulfilling the purposes of stakeholders.
5. There is a possibility of creating a good organizational structure through better management which leads to accomplish organizational goals.
6. Helps organization for its growth and expansion.
7. Motivates employees.

**(04 marks)****(b)****1. Increased cost**

As a result of prevailing economic crisis experienced by the country, cost of production has significantly gone up. Hence cost control has become a key challenge for managers in Sri Lanka in the present.

**2. Unpredictability & Uncertainty about the future**

In today's context there is a huge uncertainty about the future of the business. The managers should plan their operation understanding uncertainty.

**3. Distant work arrangements/ restricted physical presence of employees**

Subject to the fuel crisis and transport problems, it has become difficult for most of the employees to report to work. This has impacted the operations of some organizations.

**4. Non availability of production inputs/ raw materials**

Due to the current import restrictions and exchange rate fluctuations, imports of certain raw materials are restricted/ banned. This has become a major hindrance in ensuring smooth operations of business.

### **5. Demand of employees and trade unions**

Increasing cost of living and hyperinflation has caused employees and trade unions to demand for salary increases.

### **6. Low employee morale**

Due to the prevailing economic downturn of the country, employees have become uncertain about their career and the future. This has resulted in low employee morale. These issues should be very sensitively handles by managers.

### **7. Advancement of Technology**

In today's context, the pace of change in Technology has become very agile, Hence, in order to become more competitive and in some instances to survive, adopting the new technological advancements has become unavoidable for managers.

### **8. Increased emphasis on discharging ethical and social responsibilities and good governance**

It is an unfortunate fact that most of the organizations involve in unethical practices. Therefore organization should create own code of ethics for its affair and it should have a good corporate governance. This is a challenge for the organizations. Further the company has a social responsibility to protect environment and to prevent from environmental damages.

### **9. Importance of quality**

Another important challenge for a manager in today's context is attention on quality. Especially this is an important factor in order to face the competition. It affects to organizational productivity.

### **10. Globalization**

Globalization is a factor that causes huge challenges in management. The organizational management may face the situations such as the variety of property ownership, variety of belief on value, variety of employee behaviors in a globalized market.

*(06 marks)*

*(Total 10 marks)*

### ***Suggested Answers to Question Three:***

<b><i>Chapter 02- Functions of Management Process [Part I] - Decision Making and Part III - Organizational Structure and Design</i></b>
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**(a)**

1. Brainstorming
2. Nominal Group Technique
3. Delphi Technique
4. Didactic Interaction

**(02 marks)**

**(b)** Following table depicts the importance of information in decisions making.

<b>Stages of Decision Making</b>	<b>Role of Information</b>
Identification and structuring of problem / opportunity	Need up to date, relevant information to correctly identify the problem / opportunity. Without information about a problem or opportunity, the decision making process does not even start.
Analyze the problem	Without information about the context in which the problem has occurred, one cannot take any decision on it. In a way, information about the context defines the problem.
Generation of Alternatives	Information is a key ingredient in the generation of alternatives for decision-making. Managers should engage in research in different level to generate information in order to recognize effective alternatives. One should have information about possible solutions to generate alternatives.
Choice of best alternative	Based on the information about the suitability of the alternatives, a choice is made to select the best alternative. Managers should have an array of information to assess each option to the select the best out of them.

**(06 marks)**

**(c)**

1. BPR revolves around customer needs and helps to give an appropriate focus to the business.
2. BPR provides cost advantages that assist the organization's competitive position.
3. BPR encourages a long-term strategic view of operational processes by asking radical questions about how things are done and how processes could be improved.
4. BPR helps overcome the short-sighted approaches that sometimes emerge from excessive concentration on functional boundaries. By focusing on entire processes the exercise can streamline activities throughout the organization.

5. BPR can help to reduce organizational complexity by eliminating unnecessary activities.

(02 marks)

(Total 10 marks)

### ***Suggested Answers to Question Four:***

***Chapter 02 - Functions of Management Process [Part VI] - Organizational Controlling  
Chapter 03 - Operations Management***

**(a)**

Though planning and controlling are two separate functions of management they are closely related. Scopes of both functions go hand in hand. Without the basis of planning, controlling becomes baseless, and without controlling, planning becomes meaningless. In absence of controlling, no purpose can be served. Further, the relationship between planning and controlling can be explained as:

- Planning precedes controlling and controlling succeeds planning.
- Planning and controlling are inseparable functions of management.
- Activities are put on rails by planning and they are kept at the right place through controlling.

Further, planning and controlling reinforce each other. In order to ensure the smooth running of an enterprise, both planning and controlling should be there. This can be illustrated as follows.

Planning => Results => correcting procedures through controlling

(03 marks)

**(b) Key functions of Operations Management for success of organization**

1. Supply Chain Management
2. Forecasting Demand
3. Capacity Planning
4. Layout Designing
5. Production Scheduling
6. Quality Management
7. Operational Planning
8. Strategy

(03 marks)

**(c)**

1. **Demand Recognition** - Adopt a demand driven planning and business operating model based on real time demand insights and demand shaping.

2. **Total Cost Ownership** - Focus on total cost of ownership (TCO) not price. Considering and managing the value that the supply chain activities could bring to various stakeholders.
3. **Understand the value and risks of technology** - The supply chain should recognize the importance of Technology and the most appropriate use of it. Also, it needs to be mindful that technology brings risks as well as benefits. A better understanding of both sides is an essential requirement to be successful.
4. **Optimize product designs and product management** - Optimize product designs and product management for supply, manufacturing, and sustainability to accelerate profitable innovation. The design and contents of the product should be acceptable not only to the customer but also for the other stakeholders as well.
5. **Integrate supply chain with business goals** - Align your supply chain with business goals by integrating sales and operations planning with corporate business planning. Supply chain activity should not be an isolated process. But it's a made connecting factor which integrates the entire business functions

**(04 marks)**  
**(Total 10 marks)**

***Suggested Answers to Question Five:***

***Chapter 05 - Human Resource Management***

**(a)**

**1. Human Resources are the most important resource to accomplish organizational goals.**

There are various types of resources in manufacturing organizations. Availability of all other resources has the ability of accomplishing the goals of the organization. But, only the human resource accomplish the goals. It means, '*other resources make things possible, but only human resource make things happen*'.

**2. HRM is a very important responsibility of every manager.**

HRM is considered a responsibility of all the managers those who manage subordinates. Hence, all the functional managers should have sufficient degree of competence in HRM as they have to work with people to get the things done through people.

**3. The success of other functional fields of management depends on success of HRM.**

HRM processes and functions have the responsibility of generating and retaining competent, committed and motivated team of managers and employees to get sustainable advantage in manufacturing. Therefore, the success of other functional field depends on the success of HRM in an organization.



#### 4. HRM helps for learning and development

Learning is a continuous process and essential to enhance employees' productivity. HR managers are responsible for the orientation and induction of new employees as well as professional development of existing employees, Further they must have the ability to identify and analysis the areas that employees need training.

#### 5. HRM improves employees' satisfaction

Human resource helps the organization to achieve the performance, morale and satisfaction levels throughout the workforce by creating ways to strength the employer employee relationship. If there is a good relationship between employer and employee it results to increase employees' satisfaction.

#### 6. HRM is important to organizational success and societal success.

When having a sound HR management within the organization, it means that there is developed human resource in the organization and it has a chance to meet basic needs and wants of its people. On the other hand, there is a possibility to achieve organizational goals. Therefore HR contributes to societal development.

(06 marks)

(b)

- To enhance the loyalty of employees
- To reduce employee turnover
- To reduce employee absenteeism
- To improve employee morale
- To make recruitment function more successfully [to attract suitable applicants]
- To improve employee efficiency and effectiveness

(04 marks)

(Total 10 marks)

### *Suggested Answers to Question Six:*

<b>Chapter 04 - Marketing Management</b>
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(a)

#### 1. Relevance:

Brand should be located among the customers based on their relevance the customers. That means that the message of the brand should reach the appropriate customers who perceive the particular product is relevant for them. For example the branding of a cigarette, reaching school children may not create a positive impact.

## 2. Clarity:

The message provided by the branded should be very clear to the user. In terms of language, word usage, meaning acceptability of the message, the customer should feel positively. For example if a product is branded with language that cannot be properly understood by the customers may not result in a successful branding.

## 3. Coherence:

Brand used for various products should consider the same aspects in terms of quality, durability and customer value. Single brand may be used for several different products, but the brand name should stand for a common one such as quality, etc. For example, when a famous branded electronic product using the same brand name for a low quality product newly introduced, the failure of the new product may damage the brand name for existing products as well.

## 4. Patience:

It takes long time to harvest benefits from the brand name, because it takes long time to perceive the value of the brand by customers.

*(04 marks)*

### (b)

1. Concentrated market
2. Differentiated market
3. Undifferentiated (Mass) marketing

*(02 marks)*

### (c)

#### 1. Search Engine Optimization (SEO)

Search Engine Optimization is a process where a particular product of the website is rank in the priority. For example if you are searching for a particular product in Google, the top ranked product will be shown above the others. This is the process of optimizing your website to "rank" higher in search engine results pages, thereby increasing the amount of organic (or free) traffic your website receives. The channels that benefit from SEO include websites, blogs, and info graphics.

#### 2. Social Media Marketing

This practice promotes your brand and your content channels to increase brand awareness, drive traffic, and generate leads for your business. The channels you can use in social media marketing include:

- Facebook.
- Twitter.
- LinkedIn.
- Instagram.
- Snap chat.
- Pinterest.

### **3. Content Marketing**

This denotes the creation and promotion of content assets via blog-posts, E-books, whitepapers, info graphics for the purpose of generating brand awareness, traffic growth, lead negation, and customers.

### **4. Pay Per Click (PPC)**

PPC is a method of driving traffic to your website by paying a publisher every time your ad is clicked. One of the most common types of PPC is Google Ads, which allows you to pay for top slots on Google's search engine results pages at a price "per click" of the links you place. Other channels where you can use PPC include: Paid ads on Facebook, Twitter Ads campaign, Sponsored Messages on LinkedIn etc.

### **5. Marketing Automation**

Marketing automation refers to the software that serves to automate your basic marketing operations. Many marketing departments can automate repetitive tasks they would otherwise do manually, such as: Email newsletters, Social media post scheduling, Lead nurturing workflows, Campaign tracking and reporting etc.

### **6. Email Marketing**

Companies use email marketing as a way of communicating with their audiences. Email is often used to promote content, discounts and events, as well as to direct people toward the business's website.

### **7. Online PR**

Online PR is the practice of securing earned online coverage with digital publications, blogs, and other content-based websites. It's much like traditional PR, but in the online space.

*(04 marks)*

*(Total 10 marks)*

***End of Section B***

*Suggested Answers to Question Seven:*

(a)

**Chapter 02 - Functions of Management [Part IV] Leadership and Motivation**

1. Inspire and motivate others
2. Display high integrity and honesty
3. Analyze issues and solve problems
4. Drive for results
5. Communicate powerfully and prolifically
6. Build relationships
7. Display technical / professional expertise
8. Display a strategic perspective
9. Develop others
10. Innovative

**(04 marks)**

(b)

**Chapter 02 - Functions of Management [Part IV] Leadership and Motivation**

According to the two-factor theory, employees face two different types of factors which determine their satisfaction: hygiene factors and motivator factors.

In 'Trial' company, hygiene factors are used to motivate employees as the company pays an additional allowance to employees based on the cost of living & depreciation of local currency and providing food & transport free of charge. Also, as Susantha believes, the use of motivation factors such as giving freedom to employees, Challenging work, Career Advancement, and empowerment will result in increased level of motivation which in turn positively result in increased productivity.

According to this theory a motivated employee is the one who has more satisfaction and less dissatisfaction. 'Trial' company can minimize the dissatisfaction of employees by reducing the presence and impact of hygiene factors such as salary, working conditions, job security, supervision and Interpersonal Relationship at work.

**(06 marks)**

(c)

**Chapter 04 - Marketing Management**

- **Geographical segmentation:** Dividing the market into small segments based on their location, climate conditions and other geological factors. For example we may consider the banks and Finance Companies segment a market into regions like provincial bases or city and super grade branches, etc.
- **Psychological (Lifestyle) basis:** Understanding the customer and their lifestyle and making the market segments based on the different lifestyles of the customers. This may represent how the customers look themselves using the particular product. For example we may consider the people who seek branded products, costly vehicles may be targeted by high end product ranges.
- **Demographic Segmentation:** Based on the structure of the population classify with the elements such as gender structure, age structure, level of education, societal and cultural believes etc. For example a natural flower seller may be located close to a worship place. Also the bank may consider to provide a special saving schemes for elders.
- **Behavioral segmentation:** Understand the customer behavior such as for what purpose they used a particular product how often they purchase and the volume they purchase etc. For example, PEPSI provide soft drink in different packages such as buddy, medium, mega and family pack considering the occasion of usage.

(04 marks)

(d)

**Chapter 07 - Strategic Management**

**1. Novelty**

The novelty of strategy occurs as a result of creative strategy formulation. These are based on new/novel ideas that are not implemented previously. There is a high possibility that the competitors will imitate the strategy if there is no novelty. Therefore, strategy should consist of a novel /creative part to create it exclusive and distinguish from opponents.

**2. Secretly**

Devised The main factors of strategy is that it always creates an interest in competitors regarding the procedures. The managers should consider it as a personal action in formulating procedures for the purpose of maintaining secrecy of organizational strategy.

**3. Intelligent**

The strategies should be developed intelligently. Because of an intelligent strategy organizations can obtain sustainable competitive advantages.

#### 4. Deceptive

A strategy comprises with deceptive characteristics. And also it should mislead the target competitors, but in an ethical way. Business should be careful not to working beyond the boundary /limit when using deceptive strategies. Also, it should not mislead people in illegal way.

#### 5. Cost Effective

A strategy should become cost effective and also it has the ability to create a good return on investment.

*(06 marks)*

(e)

### **Chapter 06 - Change Management**

#### 1. Open to employees

As soon as Susantha and the management of 'Trial' become aware of the change, they need to train the employees to do so. Also, inform the employees about the change in advance.

#### 2. Keep communication lines open

Susantha should communicate about the change happening daily and frequently. And give the opportunity to employees also to engage in the two-way communication.

#### 3. Allowing accountability

Allow all the parties involve in a change to take a step forward in accountability.

#### 4. Be realistic

Provide a realistic preview of the change and the obstacles.

#### 5. Education

In this strategy, management must make the awareness of the need for change among the workforce.

#### 6. Negotiation and Agreement

This strategy involves negotiating between staff representatives and management in critical situations. When agreed, the staff will support the change.

#### 7. Manipulation and Co-optation

This is to control the publication of information that is misleading to people to hinder the change. For example Susantha by identifying people who are hindering change through

cooperation, they can be used to create change by giving them positions of authority that are relevant to change.

**8. Facilitation and Support**

There are techniques such as counseling and training that can be used to reduce the fear and confusion in facilitating and assisting.

**9. Participation and Involvement**

In a participatory strategy, management must involve staff in the process of change. If they are removed, the staff will begin to distrust the work. Management should therefore seek the advice of the staff and make them partners in the process of change.

*(05 marks)*

*(Total 25 marks)*



*End of Section C*

***Notice:***

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