



**Association of Accounting Technicians of Sri Lanka**

**Level II Examination – January 2023**

**Suggested Answers**

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

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ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

**Level II Examination - January 2023**

**(204) BUSINESS MANAGEMENT**

**SUGGESTED ANSWERS**

(Total 25 marks)

**SECTION - A**

*Suggested Answers to Question One:*

1.1 (2)

1.2 (2)

1.3 (1)

1.4 (4)

1.5 (4)



*(02 marks each, 10 marks)*

1.6 Legitimate power

1.7 Product

1.8 Accountability

1.9 Protecting customer's privacy

1.10 Worth of job

*(01 mark each, 05 marks)*

**1.11**

- 1 Branding gets recognition
- 2 Branding increases the business value
- 3 Branding generates new customers
- 4 It improves employee pride and satisfaction
- 5 It creates trust in the marketplace

**(02 marks)**

**1.12**

- 1 Lack of commitment on work
- 2 Continuous delays or absenteeism
- 3 Lack of willingness to obey the instructions
- 4 Creating problems and spreading rumors
- 5 Loss of productivity and efficiency
- 6 Lack of interest for personal growth, and as well institutional growth
- 7 Lack of visible sign of enjoyment and passion in work

**(02 marks)**

**1.13**

- 1 Enhances employee morale
- 2 Low cost
- 3 Motivates current employees
- 4 Less time consuming
- 5 Helps to maintain a sound labor-management relationship
- 6 Possibility of retain appropriate employees

**(02 marks)**

**1.14**

- 1 Measurable
- 2 Accessible
- 3 Substantial
- 4 Differential
- 5 Actionable

**(02 marks)**

**1.15**

- 1 Several jobs are combined into one.
- 2 Decision-making becomes part of the job of employees (employee empowerment).
- 3 Steps in the processes are performed in natural order, and several jobs get done simultaneously.
- 4 Processes have multiple versions. This enables the economies of scale that result from mass production, yet allows customization of products and services.
- 5 Work is performed where it makes the most sense.
- 6 Controls and checks and other non-value-added work are minimized.
- 7 Reconciliation is minimized by cutting back the number of external contact points and by creating business alliances.
- 8 A single point of contact is provided to customers.
- 9 A hybrid centralized/decentralized operation is used.



*(02 marks)*

*(Total 25 marks)*

***End of Section A***

***Suggested Answers to Question Two:***

***Chapter 01 - Introduction to Management and Different Perspective of Management***

***Chapter 07 - Strategic Management***

(a)

**1 Digital Transformation**

Taking a more mindful approach to digital transformation that considers how each piece of technology is integrated in to the while of the business operations can be crucial for ensuring a smooth transition.

**2 Cloud Solutions**

Cloud Solutions have significant advantages in data security and ease of access. However, they are created differently and need clear strategies when integrating them into business operations. It is challenging to integrate the cloud with business operations. It may result in cyber attacker if there is data leakage.

**3 Data Security**

A data breach is a primary threat to data security. It affects the financial health and competitive advantage of a business. Hence, cyber security becomes more challenging in the today's world.

**4 Automation**

The manufacturing industry leverages automation tools to accelerate process, reduce production cost and increase employee safety. The introduction of new automation tools affects the normal operations of companies. Employees may take time to learn how to use the latest technology.

**5 Compliance**

Compliance requirements vary depending on the company size, industry etc. Further to comply with specific technology, regulations results in fines and penalties that can close business operations.

**6 Integration & Upgrades**

Integration and upgrades are critical in digital transformation. Upgrading and integrating legacy systems into new technology infrastructure may not always be successful.

## **7 Artificial Intelligence (AI) and Machine learning**

AI & machine learning are the processes behind the functionality of automation tools. Businesses focus on employing AI to execute specific tasks. Finding the right AI and machine learning for particular companies are challenging.

*(04 marks)*

**(b)**

- 1 Replace rule of thumb work methods instead used Scientific method to study work.
- 2 Employee recruitment and selection are done scientifically.
- 3 Corporate with the workers ensuring scientifically developed methods are being used.
- 4 Divide the work and responsibility equally between managers and employees.

*(02 marks)*

**(c)**

### **1 Strategy helps preparing an organization for the future**

Strategy is forward looking and therefore it helps organization focus on other things than short run.

### **2 It helps distinguishing an organization from others**

Strategy helps an organization focus on its unique assets and features and explore those in a meaningful way. Without some distinction from its competitors, there is no reason for customers to choose for a particular organization.

### **3 It provides an organization with some stability**

Organizations need some guidance and stability and that is what strategy provides.

### **4 Strategy serves as a common frame of reference**

Even though circumstances will change strategy offers an organization a common point of reference.

### **5 It supports internal and external alignment**

Strategy provides an integrative overview of the most important internal and external factors to be taken into account by an organization. It helps to align the organization both internally and externally.

### **6 It guides organizational action**

It gives a direction to the thing that an organization does. Without such direction organization does things in an improper manner.

### **7 Strategy helps developing competencies and resource base of the business**

To execute any strategy to achieve a particular target needs competencies and resources.

Strategy itself help developing needed core competencies and resources that other competitions cannot imitate.

**8 Strategy defines the business direction and scope**

Strategy defines the range of industries and markets in which the business is going to operate.

**9 Strategy helps resource deployment**

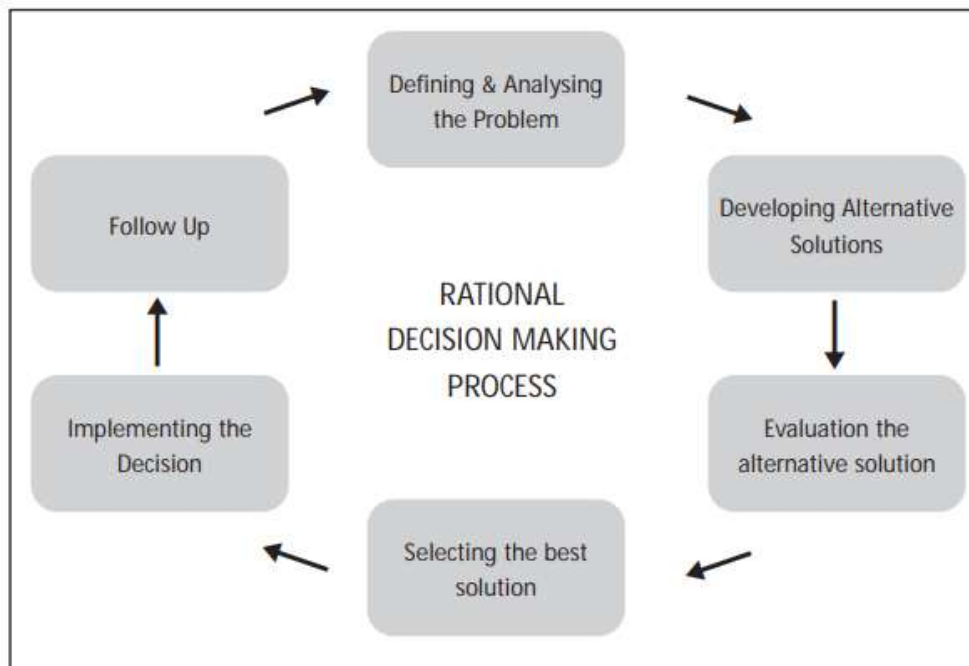
Strategy is a way of deploying resources of an organization into the areas to business competition.

(04 marks)  
(Total 10 marks)

**Suggested Answers to Question Three:**

**Chapter 02 Part I - Decision Making and Part II - Organizational Planning**

(a)



(03 marks)

(b)

**Strategic Plans**

Long term plans [longer than five years] that cover the entire organization. Senior management involve in preparing strategic plans. It is a general plan outlining the decisions of resource allocation, priorities, and actions necessary to reach strategic goals.

**Tactical Plans**

Senior and middle managers make short and medium-term plans, which can be considered as tactical plans, where managers divide strategic plans to manageable plans. A tactical plan

is concerned with what the lower level units within each division must do, how they must do it, and who is in charge at each level. Tactics are the means needed to activate a strategy and make it work.

### **Operational Plans**

Operational planning assumes the existence of organization wide or sub unit goals and objectives and specifies ways to achieve them. Operational planning is short range (less than a year) planning that is designed to develop specific action steps that support the strategic and tactical plans.

*(04 marks)*

**(c)**

#### **1 Overcome uncertainty**

To overcome the uncertainty leaders of the business must identify the end results and maintain two-way open communication.

#### **2 Provide leadership**

Effective leadership will result in better implementation of plans defining the direction and the speed. Real leaders set examples for other to follow.

#### **3 Manage the change process**

Effective change management is vital for effective implementation of plans, and to get others support as expected.

#### **4 Overcoming lack of or limited resource barriers**

The Organization should identify the cause of the limited resources and select certain units

within the company to carry out the planning process as opposed to the whole organization

#### **5 Overcoming lack of standardization and universal communication barriers**

All members of the organization should effectively communicate the goals and plans. It is important to commit to providing updates on a regular basis of how the process is going and what has been achieved.

#### **6 Overcoming motivation, morale and productivity barriers**

Directors and Executive Managers of Organizations should make managers responsible for their outcome by allowing flexibility decision making and through employee reward and support behavior. Employees in decision making may help to reduce the resistance to change.

*(03 marks)*

*(Total 10 marks)*



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

***Chapter 02 Part III - Organizational Structure and Design  
Chapter 03 - Operations Management***

**(a)**

- 1 The departments become specialized in their own way and fail to see the prospects of the whole organization. Thus it becomes difficult to achieve organizational goals.
- 2 The departmental heads start thinking their departments to be functional empires. This leads to conflicts among various departments.
- 3 When the departments are large it becomes difficult to coordinate.
- 4 Even when the organizational goals are not achieved it becomes difficult to fix responsibility as all the departments are interrelated.
- 5 Employees and managers are trained for only one function i.e. the department to which they belong. This develops inflexibility in them as they have difficulty in appreciating others point of view.
- 6 Fail to see the prospects of the whole organization.

***(02 marks)***

**(b)**

Organizational strategy is like a plan for the whole organization that sets out how the organization uses its major resources. Organizational structure is the way that the organization work, authority, and resources have been divided as well as integrated to achieve organizational goals efficiently and effectively. Therefore, structure means the internal formation of an organization where it highlights the way a company thinks about hierarchy, assigns tasks to personnel and ensures its workforce works collaboratively to achieve a common goal. . Indeed, there should be a proper compatibility among the strategy and structure for effective implementation of strategies.

Structure supports the strategy. If an organization changes its strategy, it should change its structure to support the new strategy. Also, strategy supports the structure. When an organization changes its structure, the strategy must be changed to fit the new structure. Accordingly, there must be a sound integration among structure and the strategy for effective implementation of strategies and to achieve targets.

***(04 marks)***

(c)

<b>Role of the function</b>	<b>Explanation</b>
Make what customers want	The customers in the market really seek the products, not the business. They deal with the business in the market only for the reason they have the product. Hence, the product which is created at the operations process makes the business live in the market.
Make the brand for business	The leading business names are well known not because of who they are, but what they make. The business is introduce products know to the world. Hence the reputation or the blame is the performance of the operations.
Utilize the resources and competencies for competitive advantage	The secret of success of business is creating competitive advantage in the market. The competitive advantage is the function of unique resources and core competencies utilized in the operations. Hence, the operations management needs to perform as the heart of the business which pumps the energy to all other units and divisions in order to keep the business active.
Create the basis for profitability	Production cost management is enabled in the operations management by managing the supply chain and internal activities to keep a gap between the targeted revenue and the production cost.
Create the basis for market leadership	Maintaining a higher market share is the competition among firms. But the customers seek the better value via the offerings of the businesses. Hence the relative performance of the operations management is the life blood which determined whether firm is a leader in the market or not.

(04 marks)  
(Total 10 marks)

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

***Chapter 02 Part V - Organizational Communication***  
***Chapter 02 Part VI - Organizational Controlling***

(a)

- 1 Communication encourages and motivates by telling and making clear the workers about the procedure to be followed, and how to enhance their efficiency.
- 2 Communication is a source of information to the organizational members for decision-making process as it helps identifying and assessing alternative course of actions.
- 3 Communication allows interactions and help fulfilling social and emotional needs of employees.

- 4 Communication could changes the individual behavior, including managers, employees, and customers.
- 5 Communication promotes motivation by informing and clarifying the employees about the tasks to be done, the manner they are performing the task, and how to improve their performance if it is not up to the mark.
- 6 Communication also plays a crucial role in altering individual's attitudes, i.e., a well-informed individual will have better attitude than a less-informed individual. Organizational magazines, journals, meetings and various other forms of oral and written communication help in molding employee's attitudes.
- 7 Communication also helps in socializing. One cannot survive without communication.
- 8 Communication also assists in controlling process. It helps controlling organizational member's behavior in various ways. There are various levels of hierarchy and certain principles and guidelines that employees must follow in an organization. They must comply with organizational policies, perform their job role efficiently and communicate any work problem and grievance to their superiors. Thus, communication helps in controlling the functions of management.

*(06 marks)*

**(b)**

**1 Controlling is an essential function of every manager**

The controlling is a universal role of management as it is done in all non-business and business organizations. Controlling is also performed at all the levels of management. It is every manager's duty to assure that the actual performance of the organization is in line with the plans and targets.

**2 Controlling is a fundamental management function**

Planning, staffing, directing, organizing and controlling all are management functions. However, controlling is considered the most important as if we eliminate it all the other functions become meaningless.

**3 Controlling is a continuous activity**

Controlling is needed at all times continuously. It should not be done only once or done with long breaks. Under controlling, the progress has to be assessed continuously.

**4 Controlling is related to results**

As the progress performance is assessed based on the results and appropriate actions are taken accordingly, controlling is a process related to results.

**5 Controlling is forward looking**

Controlling at all times looks to the future so that a follow-up can be made at any time necessary.

**6 Controlling is both the beginning and the end of the process of management**

The need of control is felt both at the beginning and end of the process of management.

**7 Controlling is related with planning**

Controlling and Planning are two attached roles of management. Lacking in planning makes controlling meaningless and planning is useless without controlling. Planning pre-supposes controlling and controlling succeeds planning.

**8 Controlling is a dynamic process**

Since controlling requires taking reviewed methods, changes have to be made wherever possible.

(04 marks)

(Total 10 marks)

***Suggested Answers to Question Six:***

<p><b><i>Chapter 01 - Introduction to Management and Different Perspectives of Management Chapter 03 - Operations Management</i></b></p>
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(a)

Productivity means the relationship between inputs and output in a specific time. The productivity improvement can be done in two ways.

- ***Increasing the output/s***
- ***Decreasing the input/s***

***Increasing the output*** relates with organizational purposes that is described as the increased effectiveness. Output should be the number of goods and services that are generated within a certain time period.

***Decreasing the inputs*** relates with organizational resources that is described as increased efficiency.

Thus, for specific time, either increasing the output while inputs remain constant or decreasing the inputs while output remain unchanged are major two ways in which organizations improve productivity.

(04 marks)

(b)

**(i) Supply Chain Management**

Supply chain management is the management of supplier relations and related aspects in order to ensure the business acquires the required materials for its purpose. In the operations management, at the pre-planning stage, it is required to ensure that the required materials are prepared in warehouse. If not, the supplier needs to be dealt in order to rectify the issue.

Or Supply chain refers to the collection of activities and elements between supplier and the customer. Accordingly, supply chain management helps the operation by balancing the supplier side and consumer side ensuring smooth run in the operation process and as well efficient distribution of the product into the market.

**(02 marks)**

**(ii) Quality Management**

Quality refers as the *fitness to purpose of the customer*. Proper quality management ensures that the inputs, process and also the output are at the expected level of quality, so that, it could serves the customers' needs in the market.

Though the production is planned, it is important to monitor each process at work and their outputs in order to ensure the products are released at the required quality. Quality management is not a process which takes place after production, but over the production process.

**(02 marks)**

**(c)**

- 1 To enhance the process efficiency
- 2 For better planning
- 3 To gain up-to-date market knowledge
- 4 For effective resource management in operations

**(02 marks)**

**(Total 10 marks)**



**End of Section B**

***Suggested Answers to Question Seven:***

***Chapter 04 - Marketing Management***

**(a)**

Effective marketing management could help Dilantha's business to grow internationally by various ways as elaborated as below.

**1 Marketing helps in transfer, exchange and movement of goods**

Market activities play an important role in connecting the buyer and seller. If this connection is not validated, the buyers may not be able to satisfy their needs as well as the seller may not be able to sell their products.

**2 Marketing is helpful in raising and maintaining the standard of living of the community**

Marketing provides opportunities for the buyers together more information about the products they require and then among the other competitive suppliers. This competition is taking place at public domain, the business of streaked maintaining ethical practices in market and hence standard is maintained. At the qualities and the concern by the buyers, they may not be able to be impacted by less quality products.

**3 Marketing creates employment**

Where they have been the direct marketing, that is the produced directly to the ultimate consumer, the marketing activities are very narrow and includes less number of human to take part. But the practical marketing is mainly on the indirect which involves several number of intermediaries who have the opportunity to serve the market and engage them self-employed.

**4 Marketing as a source of income and revenue**

Marketing does not only provide the revenue generation opportunities for producers but also the intermediaries taking part in the distribution chain obtained opportunity to earn. In a broad perspective, the marketing creates many more opportunities to enhance the level of earning of the economy.

**5 Marketing acts as a basis for making decisions**

Marketing profile Mini information and insights of the market, customer behavior, competitor actions and predictions which help the management to make informed decisions in relation to the marketing activities of the business.

## **6 Marketing acts as a source of new ideas**

As the marketing is always dynamic, business opportunity to innovate. The products which are out of use because of the Fashion Technology, etc. may need to be replaced by new products in order to provide new satisfaction for the changing customer requirements and taste. Hence marketing does not provide opportunities to innovate but compulsory the business to innovate.

## **7 Marketing is helpful in development of an economy**

At the national level, the marketing in the international market export capacity of the economy which results in a positive trade account as well as balance of payment.

## **8 Marketing helps to grow the business**

Marketing is an important strategy to ensure the growth of your business. While your current customers should always be main priority, marketing efforts can help to expand this base. Little efforts like social media posts and email campaigns can not only engage existing consumers but spread the word to new potential customers. In essence, marketing secures business's future through new and old customer engagement.

## **9 Helps to find potential markets and market segments**

Especially, when it comes to the modern global market, due to its openness and competition, it is not easy to find potential market segments to sell the products. Also, the business is currently using social media marketing which could be possibly improved up to digital marketing and can have easy access to a wide market.

## **10 Able to get more customer insights and could analyze the market properly**

Effective marketing management could help in analyzing the market, consumer behavior and trends through sound market research. Moreover, marketing management could help Dilantha's business getting the customer feedback and positioning the brand which in turn help the development of the product, introduction of new products, and marketing promotions.

*(06 marks)*

### ***Chapter 07 - Strategic Management***

#### **(b)**

SWOT is considered a tool uses in strategic analysis [environmental scanning] upon which organizations could develop and modify their strategies. When considering the situation faced by Dilantha's business, to develop competitive strategies to enter into the international market, the internal and external environmental factors could be identified as follow.

- **Strengths**
  - Personal contacts of the owner with customers and suppliers, and long-term relationships; use of cutting-edge technologies.
  - Ability to supply multiple stock within a week.
  - Fully equipped with personal contacts.
  - Long term relationship with suppliers.
  - No spending on marketing.
- **Weaknesses**
  - Dilantha seems a traditional man and rely on traditional marketing methods
  - Demotivated employees
  - Internal salary issues
  - Dilantha based his business only on personal contacts
  - No proper technique for marketing and sales
- **Opportunities**
  - Government policy to encourage export oriented businesses and markets.
  - Producing fruit drinks for both local and foreign markets.
  - Ability to use of digital marketing.
  - Idea of exporting fruits.
  - Desire to make significant investment in the business.
  - Development of the fruit drink for foreign markets.
  - Expectation to focus on customers.
- **Threats**
  - High competition
  - Legal barriers when entering the international market
  - Foreign exchange crisis and fluctuations of the foreign exchange rate
  - Existing employees may shift to competitive organizations
  - Dilantha may not be able to survives in the international market due to heavy competition.
  - Prevailing crisis situation in the country

**(06 marks)**

<b>Chapter 05 - Human Resource Management</b>
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**(c)**

- 1 Forecasting demand of HR
- 2 Forecasting supply of HR
- 3 Balancing supply and demand considerations
- 4 Formulation of strategies
- 5 Evaluating and controlling

**(05 marks)**



## Chapter 05 - Human Resource Management

(d)

- 1 To attract suitably qualified persons to the organization
- 2 To retain the most appropriate employees in the organization
- 3 To motivate employees
- 4 To comply with legal requirements
- 5 To ensure the equity
- 6 To control employment cost

(03 marks)

## Chapter 06 - Change Management

(e)

Dilantha can use the below mentioned strategies to encourage his employees to embrace change successfully;

### 1 Open to employees

As soon as management becomes aware of the change, they need to train their employees to do so. The best way to overcome the barriers to change is to inform employees about the change in advance.

### 2 Keep communication lines open

Communicate about the change happens daily and frequently. Managers should always be able to explain what they want from the employees in the business. The business needs to be able to open up about their concerns or expectations. It helps them to better communicate their problems, fears and challenges.

### 3 Have a clear idea of the need to accept change

If there are obstacles, it is important to discuss the issue openly and honestly. During a major transformation in a company, there may not be time to look for people's will and constantly worry about dissatisfied people. If they create further obstacles and they do not accept the difference, it is very important that they communicate.

### 4 Allowing accountability

It is very important to understand that each person takes a step forward on accountability personally in a change.

### 5 Be realistic

If people are always hindering the change, there will always be obstacles. Therefore, there must be a realistic view of disruption.

## **6 Education & Communication**

In this strategy, management must make the awareness of the need for change among the workforce. The change must be justified. The best way to achieve this is by clearly outlining the benefits it will bring to the company, as well as the workforce. Effective communication is vital to prevent rumors. The change should be clearly communicated to all concerned parties in the best possible time and at all times.

## **7 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.

## **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. For example, employees may feel less confident and feel that they cannot work in a new environment. Training programs should be developed to increase the confidence of the staff.

## **9 Negotiation and Agreement**

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

## **10 Manipulation and Co-optation**

This is to control the publication of information that is misleading to people to hinder the change. For example, while management claims that change does not lead to reductions in staff, this is not true. 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.

## **11 Implicit and Explicit Coercion**

The use of various forces, both expressive and unexpressive, or threatening forces (intermediate), to lead the change.

*(05 marks)*  
*(Total 25 marks)*

***End of Section C***

**Notice:**

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