



Association of Accounting Technicians of Sri Lanka

Level II Examination – July 2023

Suggested Answers

(204) BUSINESS MANAGEMENT (BMA)

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ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

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(204) BUSINESS MANAGEMENT

SUGGESTED ANSWERS

(Total 25 marks)

SECTION - A

Suggested Answers to Question One:

1.1 (3)

1.2 (4)

1.3 (4)

1.4 (1)

1.5 (1)



(02 marks each, 10 marks)

1.6 Hierarchy

1.7 Technical Skills

1.8 Planning

1.9 Marketing

1.10 Transformational Change

(01 mark each, 05 marks)

1.11

A brand is a product, service or concept that is publicly distinguish from other products, services or concept so that it can be easily communicated and usually marketed.

Or

A brand is a name, term, design, symbol or any feature that identified one seller's good or service as distinct from those of other seller.

(02 marks)

1.12

1. Scientific Techniques
2. Job enlargement
3. Job enrichment
4. Job rotating
5. Professional technique
6. Group technique

(02 marks)

1.13

1. Integration
2. Operations
3. Purchasing
4. Distribution
5. Innovation
6. Performance Measurement
7. Alignment
8. Technology
9. Coordination



(02 marks)

1.14

1. Monitor
2. Disseminator
3. Spokesperson

(02 marks)

1.15

1. Marketing Management is “the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.”
2. Marketing management is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services in order to create, exchange and satisfy individual and organizational objectives.
3. Marketing management is the process of planning and executing marketing strategies based on market research, target markets and customer value.

(02 marks)
(Total 25 marks)



End of Section A

Suggested Answers to Question Two:**Chapter 02 – Functions of Management Process – Part IV -Leadership & Motivation****(a) Hierarchy of Needs introduced by Abraham Maslow**

Maslow's hierarchy of needs is a model for understanding the motivations for human behavior. It maps different motivations onto a pyramid, with each level representing a different human need. These include physiological needs, safety needs, love and belonging/Social needs, esteem needs, and self-actualization needs.

Physiological needs	There are the needs that naturally emerges into human as a fundamental tendency to be satisfied for their livelihood.	Eg: Hunger, Thirst, shelter, sex, and other bodily needs
Safety needs	The needs of human to be protected from the factors which may create the harm for their physical and mental wellness	Eg: Personal security, CCTV camera Systems, Employment, workplace safety
Love and belonging/Social needs –	The needs to feel as members of a society where multiple people share their recognition, emotion and lifestyles.	Eg: Relationship with others including affection, a sense of belonging, acceptance and friendship
Esteem Needs	To have uniqueness among others in terms of whom they are, what they do and their specializations.	Eg: Self-respect, autonomy, and achievement and external factors such as status, recognition and attention
Self-actualization needs.	Accomplishing the long-term personal aspirations such as intended lifestyle, completing long term goals and lifetime ambitions.	Eg: continuous personal development or the drive to be come what one is capable of becoming, includes growth, achieving one's potential, and self-fulfillment.

(b) (Explaining any two of the below reasons would permit full marks)

1 Increase productivity

Motivation, as a process, increases productivity of the employee. Motivation meets the needs of the employee, and thereby creates the drive to work at the best of his abilities. A motivated employee will be willing to put in more effort towards the betterment of the organization than another discouraged employee.

2 Ensure loyal workforce

A well-motivated workforce is a loyal workforce. Motivated employees have high levels of commitment and moral towards its goals and objectives. Motivation thus reduces employee turnover, and also it reduces the requirement of constant induction of new employees.

3 Ensure Organizational efficiency

Motivation plays a key role in changing the attitudes of the employees in the organization. Indifferent attitude is put out most efficiently by motivation. The presence of such favorable attitude allows the organization to be successful.

4 Ensure a reactive workforce

Adapting to changing business environments is an important feature of any successful business. In order to react easily & to continue smooth functioning, an organization requires extensive loyalty and commitment of its employees. This reduces resistance to the changes that the organization intends to make. This in effect helps the organization to be efficient in adapting to changing needs.

5 Facilitates direction

Direction is an important managerial function and motivation as already mentioned is a major part of direction. Direction is a process that involves directing or initiating action according to a plan drawn up. It requires the employees to work genuinely with commitment and loyalty. The process of direction is thus possible only when the employees proceed in the direction that the manager determines and this requires a motivated workforce.

(04 marks)
(Total 10 marks)

Suggested Answers to Question Three:

Chapter 02 – Functions of Management Process – Part I -Decision Making
Chapter 02 – Functions of Management Process – Part IV – Leadership & Motivation

(a) (Stating any two of the below barriers would permit full marks)

- 1 Inadequate information, data and knowledge
- 2 Uncertain environment
- 3 Limited capacity of decision maker
- 4 Personal bias in decision making
- 5 The decision cannot be fully independent
- 6 Bounded rationality
- 7 Satisficing
- 8 Heuristic principle
- 9 Halo effect
- 10 Stereotyping

(04 marks)

(b) (Explaining any four of the below factors would permit full marks)

1 Inspire and motivate others

Leaders create a vision of the future and motivate employees to achieve it. A leader would be able to help the members of the team

2 Display high integrity, and honesty

Leaders are honest and transparent and have high integrity. Being truthful may bring many problems and pressure to the leader. In certain situations. Still, the leader would be able to show himself as an example to others.

3 Analyze issues and solve problems

Detailed analytical and problem-solving skills are the essential part of the leader. Most of the times leaders face unique problems and hence they may have to find novel solutions. Whoever solve them successfully become the leaders.

4 Drive for results

A leader is always result oriented. As their focus is on the final outcome, they may find new ways of accomplishing them and motivate the staff to work independently. The ultimate result will be a team success.

5 Communicate powerfully & prolifically

Another important set of skills is the communication. A leader should be able to communicate the right message in the right manner. This includes, public speaking, business writing, managing stage and handling audience, using social media in the effective manner etc.

6 Build relationships

A leader is proactive in meeting new people and building relationship face to face and virtually. Leaders always expand their horizon through new relationships. This requires accepting and understanding the cultural, ethical and global differences and creating trust among the people.

7 Display technical or professional expertise

A leader shall have excellent competency in his professional aspects. A good leader will be knowledgeable and understand the technical knowhow on how things can be processed in a better way. The modern leader's skill requirements highly include the aspect of technology.

8 Display a strategic perspective

Leaders view is for a long term. Every decision and action of the leaders is long term oriented. Their focus is to have a long – term gain even making a sacrifice in the short term. The strategic focus of a leader shall be on the empowerment of the team and accomplishment of goals.

9 Develop Others

Leaders do not work for them, but their concern is on their followers. A good leader creates the path for his team to perform well and excel in their personal and business goals. And the successes brought through his efforts are shared with the team.

10 Innovate

The ability to innovate is a key skill for every great leader. The leader shall think in a new perspective and find the possibilities in a new spectrum. He motivates his team for innovation, setting himself as an example. A leader shows the new ways by sailing his team, being the captain for change and creativity.

(06 marks)
(Total 10 marks)

Suggested Answers to Question Four:

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

(a) (Stating any three of the below contingency factors would permit full marks)

- 1 Strategy
- 2 Environment
- 3 Size of the organization
- 4 Age of the Organization
- 5 Technology
- 6 Past experience
- 7 pattern of ownership

(03 marks)

(b)

- i. Supply chain Management – Placing orders for Raw materials (Food and ingredients) monitoring the inventory levels of Food and ingredients
- ii. Capacity planning – determining the labour (number of hotel staff) required in seasons / off seasons, , determining the room capacity in the hotel
- iii. Layout planning – Plan the hotel layout for a special event, Determining the room layout plan based on the different packages
- iv. Quality Management – Ensuring the quality standards of the foods of the hotel, service quality of hotel staff

(04 marks)

(c) (Stating any three of the below advantages would permit full marks)

- 1 Improve accuracy by removing human involvement in verification
- 2 Cost reduction by eliminating, third-party verification
- 3 Transactions are secure, private, and efficient
- 4 Decentralization makes it harder to tamper with
- 5 Transparent technology
- 6 Increase trust & Security
- 7 Increase Speed

(03 marks)

(Total 10 marks)

Suggested Answers to Question Five:

Chapter 02 Part V - Organizational Communication
Chapter 05 – Human Resource Management
Chapter 02 Part VI - Organizational Controlling

(a) (Stating any two of the below purposes would permit full marks)

- 1 To give instructions and orders
- 2 To provide education and training
- 3 Motivation
- 4 Raising morale
- 5 Advice
- 6 Counseling
- 7 Warning
- 8 Appreciation

(02 marks)

(b)

1. Establish performance appraisal objectives

Companies should first establish the aim of having a performance appraisal process. The primary objectives of the performance appraisal could be to provide a uniform system for reviewing current job duties, setting job related performance expectations, measuring performance results and identifying individual development needs to sustain or improve performance.

2. Make policy decision relating to performance appraisal

A formal policy should be drafted for the performance appraisal method so that it could be an accepted procedure that is clear to all. In this process, policy decisions should be made in following areas;

- Who are to be evaluated?
- Who should do the evaluation
- Time of evaluation
- Frequency of evaluation

3. Determine performance appraisal criterion and standards

The guidelines to evaluate the employees should be determined. It could be offering stars or marks, etc. Criterion can be developed in order to measure the performance. Further performance criteria can be identified as performance outcomes and behavioral outcomes. Maximum or minimum level should be determined as standards of performances.

4. Determine performance appraisal method

The managers should decide how the performance of the employees will be appraised. It should be selected to match with performance appraisal objectives. Commonly accepted methods are graphical rating method, checklist method, rank order method, paired comparison method and written examination.

5. Training evaluators

The supervisors and managers who will be evaluating the performance should be trained

6. Evaluating

Conduct evaluation within the organization

7. Discuss results with employees

After the evaluation and appraisal, the result should be communicated to the employees. The purpose of discussion is to get their ideas, suggestions and explanations on the evaluation process, and results observed.

(06 marks)

(C)

- i. There is spoiling of human behavior relations in the organizations.
- ii. Suppressing initiative and creativity.
- iii. Creating a feeling of fear in subordinates.
- iv. Minimum performance by employees.

(02 marks)

(Total 10 marks)

Suggested Answers to Question Six:

Chapter 06 - Change Management
Chapter 07 – Strategic Management

(a)

Cost leadership

The organizations will be cost leaders through economies of scale. To be a cost leader, organization should produce standard products in mass scale and must have mass distribution and mass marketing. So that they can enjoy economies of scale and thereby a lower market price than the competitors in the market.

Differentiation

Differentiation strategy means that the organizations change their present goods and services that are preferred by the customers considering the customer requirement.

(04 marks)

(b)

1 Uncertainty

This is because of fear that change might threaten their job, or that they may have to try new things at work. As a result, employees are spreading rumors, and expressing the dissatisfaction with their leaders.

2 Threat to self interest and power

Many managers think that change is a threat to the power that has spread throughout their organization.

3 Different Perceptions (Lack of understanding of the nature of change)

It is a big obstacle for manager and other employees to understand the change in different ways.

4 Feeling of loss

Many changes break social networks, changing people's work practices. In particular, power, status, security proximity, and self- confidence can be lost

(04 marks)

- (c)**
- i. Market Penetration
 - ii. Product Development
 - iii. Market Development
 - iv. Diversification

(02 marks)
(Total 10 marks)



End of Section B

Suggested Answers to Question Seven:

Chapter 02 – Part IV- Leadership & Motivation

(a) (Stating any four of the below leadership traits would permit full marks)

- 1 Intelligence and action-oriented judgment
- 2 Eagerness to accept responsibility
- 3 Understanding their followers and their needs
- 4 A need for achievement
- 5 Task Competence
- 6 People Skills
- 7 Capacity to motivate people
- 8 Courage and resolution
- 9 Perseverance
- 10 Trustworthiness
- 11 Decisiveness
- 12 Self-Confidence
- 13 Assertiveness
- 14 Adaptability and flexibility
- 15 Emotional stability
- 16 Creativity



(04 marks)

Chapter 02 – Part IV- Leadership & Motivation

(b) (Stating any three of the below reasons would permit full marks)

- 1 Leadership creates a relationship between the leader and the follower.**

When implementing a strategic plan there has to be a good relationship between the management and the employees. This relationship is developed by the leadership.

2 Provide the required guidance

When implementing strategic plans, it requires guidance and advices at various points in order to align them to the right track without diverting from the organizational goals and targets.

3 The leader monitors the execution

The importance of leadership in strategic implementation also involves the ability of a leader to monitor the execution of strategies of the organization. In the absence of leadership, most organization struggle with properly monitoring the implemented strategies.

4 Provide the motivation to change

Leadership is important to maintain the level of motivation of employees to work towards a certain task until it reaches the achievement of end result. Leadership provides the required motivation for that.

5 Facilitate effective change management

Change management in an organization is a complex process. It requires the support of all the members in the organization. Leadership play a crucial role in implementing change in an organization.

6 Provides vision and the direction

Leadership establishes the organization's vision and direction. They define the strategic planning process's purpose, values and mission.

7 Facilitate effective decision making

In order to achieve the strategic goals of the company, taking the right decision at the right time is vital. Effective leadership would result in effective decisions leading to realization of the strategic goals of the company.

(06 marks)

(c)

Targeting is a process of selecting the target market from the entire market. The target market refers to the market segment with similar characterized customers that a business can serve more attractively and profitably from the various characterized customers in the whole market. A good targeting strategy helps XYZ Ltd. to focus sales growth, enhanced promotional strategy, building strong customer loyalty, etc. Hence, targeting strategy is the backbone for any marketing firm.

when the market segment is targeted, the business can start its marketing activities focusing the customers in the particular Segment. When the business has a clear understanding about the segment and the capacity to make required marketing activities towards the segment, it would be easy for the business to enter into market.

(05 marks)

(d)

Effective strategic planning has many benefits. It forces organizations to be aware of the future state of opportunities and challenges. It also forces them to anticipate risks and understand what resources will be needed to seize opportunities and overcome strategic issues.

A strategic plan is a comprehensive roadmap that outlines an organization's goals, objectives, strategies, and action steps over a specific time period. It serves as a guide for decision-making and resource allocation to help the business achieve its long-term vision and mission. A well-developed strategic plan is essential for aligning the various components of a business and directing its efforts toward achieving its goals.

For XYZ Ltd. The strategic plan will help to identify clearly the goals and objectives they want to achieve with the proper analysis of environment including its internal and external forces and align and coordinate the resources in order to achieve them paving the right path and the way. The benefits of the strategic plan would be as follows.

Clear Direction and Focus:

A strategic plan provides a clear sense of direction by defining the organization's purpose, vision, and mission. This clarity helps all employees understand what the business aims to achieve and how their individual efforts contribute to those goals.

Goal Alignment:

The strategic plan outlines specific, measurable, achievable, relevant, and time-bound (SMART) goals. These goals are aligned with the organization's overall mission and vision, ensuring that every effort supports the larger objectives.

Resource Allocation:

A strategic plan identifies the resources, including financial, human, and technological, required in achieving the stated goals. This helps allocate resources efficiently and effectively, preventing wastage and ensuring that resources are focused on strategic priorities. Implement a road map for progress.

(05 marks)

Chapter 05 – Human Resource Management

(e)

A reward program is a structured system implemented by organizations to recognize and incentivize the efforts and achievements of their employees. The primary goal of a reward program is to enhance employee motivation, engagement, and overall job satisfaction. By offering tangible or intangible rewards, organizations aim to create a positive work environment that fosters productivity, loyalty, and a sense of accomplishment among employees. Here's how a reward program helps motivate employees:

1 To retain the most appropriate employees within the organization

Reward programs provide a platform for acknowledging and appreciating employees' hard work, dedication, and contributions. Publicly recognizing employees for their achievements, whether big or small, boosts their self-esteem and makes them feel valued within the organization.

2 To motivate employees

Pay will give a serious impact on stimulating employees to exert their effort to perform their duties successfully.

3 To comply with legal requirement

There are legal requirements imposed by the government with regard to wages and salaries.

4 Control employment cost – It helps to reduce the cost on employees.

5 To ensure Equity

6 Incentive for Performance

The promise of rewards encourages employees to perform at their best. Knowing that their efforts will be acknowledged and rewarded motivates employees to set higher goals, put in extra effort, and consistently meet or exceed expectations.

7 Goal Alignment

Reward programs often tie rewards to specific goals or performance targets that align with the organization's objectives. When employees understand how their individual contributions contribute to larger organizational success, they feel a stronger sense of purpose and are more motivated to excel.

8 Job Satisfaction

Feeling appreciated and rewarded for their work enhances employees' overall job satisfaction. Satisfied employees are more likely to be engaged, committed, and less likely to seek employment elsewhere, reducing turnover rates.

(05 marks)
(Total 25 marks)

End of Section C

Notice:

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