

ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

AA2 EXAMINATION - JANUARY 2019

(AA26) BUSINESS MANAGEMENT AND STRATEGY

Instructions to candidates (Please Read Carefully):

Afternoon
[1.45 - 5.00]

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

Writing : 03 hours.

No. of Pages : 06

No. of Questions : 10

- (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)

Ten (10) compulsory questions

(Total 20 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	.1 Which one of the following is a challenge faced by managers in 21 st century?			nagers in 21 st century?
	(1)	Diversity in workforce.	(2)	Information Technology.
	(3)	Globalization.	(4)	All of the above.

- **1.2** Which one of the following is **not** a main managerial skill introduced by Robert Katz?
 - (1) Technical skills.
 (2) Human skills.
 (3) Conceptual skills.
 (4) Negotiation skills.
- **1.3** Which one of the following is a characteristic of Bureaucracy?
 - Specialization.
 Informal system.
 Short term employment.

1.4	Which one of the following is not a quantitative approach to management?			
	(1)	Linear programming.	(2)	Network model.
	(3)	Inventory model.	(4)	Motivational model.
1.5	1.5 Which one of the following is not a communication barrier?			nrrier?
	(1)	Physical barrier.	(2)	Demographic barrier.
	(3)	Attribute barrier.	(4)	Language barrier.
		ther each of the following statements from r (True/False) in your answer booklet with tl	-	
1.6	Productivity is a result of combination of efficiency and effectiveness.			
1.7	Brainstorming is a group decision making technique in which group members verbally sugges ideas or alternative courses of action.			
1.8	Decoding in the basic communication model, is the process which converts ideas into symbols.			
1.9	In downward communication, information moves from the subordinates to superiors.			
1.10	Vision of the organization is an element of the cultural web. (02 marks each, Total 20 marks)			
		End of Secti	ion A	
		SECTION		

SECTION B

Five (05) compulsory questions
(Total 25 marks)

Question 02

In classical management theory, Henry Fayol introduced 14 principles that managers should follow in structuring and organizing employee groups.

You are required to:

Explain two(02) principles of management introduced by Henry Fayol.

(05 marks)

Question 03

Japanese Management Style emphasizes the need of information to flow from bottom to top of the organization.

You are required to:

State five (05) key practices associated with the Japanese Management Style.

(05 marks)

Question 04

Organizational controlling is a primary goal oriented function of management in an organization. Controlling process involves several steps.

You are required to:

Explain the steps of controlling process.

(05 marks)

Question 05

Organizational culture is influenced by the organization's history, product, market, technology and strategy, type of employees, management style and national culture.

You are required to:

Explain two(02) ways to create an effective culture in an organization.

(05 marks)

Question 06

The Agency Theory and Stewardship Theory can be considered as corporate governance theories, which are adopted by the organizations. Both the Agency Theory and the Stewardship Theory have similarities as well as differences.

You are required to:

State five (05) differences between the Agency Theory and the Stewardship Theory. (05 marks)

— End of Section B —

SECTION C

Three (03) compulsory questions

(Total 30 marks)

Question 07

Organizing is the process of arranging and allocating work, authority and resources among an organization's members so that they can achieve the organization's goals efficiently and effectively. Organizational structure is the outcome of the organizing process.

You are required to:

- (a) **Explain** three(03) reasons as to why an effective organizing process is important for an organization. (06 marks)
- (b) State two(02) advantages and two(02) disadvantages of a matrix organizational structure.

(04 marks)

(Total 10 marks)

Question 08

Leadership is the ability of an individual or a group of individuals to influence and guide followers or other members of an organization. It allows to increase performance and to accomplish business objectives.

You are required to:

(a) **Explain** three(03) major functions of the leadership.

(06 marks)

(b) **Explain** the difference between autocratic leaders and democratic leaders.

(04 marks)

(Total 10 marks)

Question 09

Motivation is an internal process that makes a person move towards a goal. It is one variable which leads to better performance.

You are required to:

(a) **Discuss** three(03) reasons for the importance of motivation for an organization. (06 marks)

(b) **Explain** the following needs identified in McClelland's Acquired Needs Theory:

(i) Need for achievement. (02 marks)

(ii) Need for affiliation.

(02 marks)

(Total 10 marks)

SECTION D

A compulsory question (25 marks)

Question 10

Treats PLC is a leading chocolate manufacturer and retailer with over 800 stores around the island. It continues to expand its business to India and China. **Treats PLC** provides value for money by satisfying chocolate lovers. **Treats PLC** emphasizes on keeping both internal and external customers happy through its effective operations in all perspectives. The company has identified adopting to the change management and rational decision making are key to be effective and efficient in operations.

Treats PLC's rapid expansion emphasizes the need of computerizing its all operations by the company. The Board of Directors was instructed by the recently appointed consultant to the company to do it at their earliest. Therefore, the board has requested from the management to provide them with necessary information to carry out the computerizing process of all operations from its current manual system. Employees of the company are resistant to move all its operations to the computerized system immediately and Manager of IT division emphasized that there is a lack of competent employees in the company for this.

It has also been observed that there are communicational gaps within the management and the employees of **Treats PLC.** The board has appointed a team of experts to carry out the planning process in order to facilitate the proposed computerizing project at **Treats PLC**.

You are required to:

(a)	Explain four(04) barriers for effective planning at Treats PLC .	(08 marks)
(b)	State three(03) ways to overcome the barriers when implementing the plans.	(03 marks)
(c)	Discuss three(03) methods that could be adopted by the Board of Directors of Tre overcoming resistance to change.	eats PLC for (06 marks)
(d)	Explain four(04) primary activities of "Value Chain" relating to Treats PLC . (To	(08 marks) tal 25 marks)
	End of Section D	

ACTION VERB CHECK LIST

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

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

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