

ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

LEVEL II EXAMINATION - JANUARY 2023

(204) BUSINESS MANAGEMENT

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

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

Writing : 03 hours.

(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.

26-02-2023

Afternoon

[01.45 – 05.00]

No. of Pages : 06

No. of Questions : 07

**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** Efficiency means:

- (1) Doing the right thing.
- (2) Doing things right.
- (3) Relationship between input and output.
- (4) Converting input into output.

**1.2** Which one of the following is **not** an advantage from an effective training of an employee?

- (1) Increase productivity.
- (2) Need for more supervision.
- (3) Improve morale.
- (4) Fewer accidents.

**1.3** The ability to influence consumers' perception regarding the brand of a product relative to competitors is known as:

- (1) Positioning.
- (2) Targeting.
- (3) Segmentation.
- (4) Integration.

**1.4** Which one of the following is a strategy for Human Resource Surplus?

- (1) Work for overtime. (2) Hiring full time employees.  
(3) Sub contract. (4) Termination.

**1.5** Which one of the following is a factor affecting an organizational design?

- (1) Size of the organization. (2) Strategy.  
(3) Technology. (4) All of the above.

(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** ..... (*Expert power / Legitimate power*) is based on the position which an individual holds in the company's hierarchy.

**1.7** In ..... (*selling / product*) concept, customers prefer products with greater quality.

**1.8** ..... (*Authority / Accountability*) means the obligation to demonstrate and take responsibility for performance in light of agreed expectations.

**1.9** ..... (*Protecting customers' privacy / Price war*) is an example for ethical marketing principles.

**1.10** ..... (*Cost of living/ Worth of job*) is an internal determination of rewards.

(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** State two(02) reasons for the importance of branding for organizations.

**1.12** State two(02) signs of demotivated employees in an organization.

**1.13** State two(02) reasons for an organization to focus more on internal recruitment over external recruitment of employees.

**1.14** State two(02) requirements for effective segmentation.

**1.15** State two(02) key characteristics of Business Process Re-engineering.

(02 marks each, 10 marks)

(Total 25marks)

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End of Section A

## **SECTION B**

(Total 50 marks)

### **Question 02**

At present, many managers of organizations face different challenges when managing their businesses due to the environmental dynamics. Therefore, managers are responsible for managing their organizations by applying suitable management practices and adapting to new technologies and strategies for the survival and growth of their organizations.

**You are required to:**

- (a) **Explain** how information technology has become a challenge in the modern business world. (04 marks)
  - (b) **Identify** two(02) principles of Scientific Management Theory. (02 marks)
  - (c) **Explain** two(02) roles of a strategy. (04 marks)
- (Total 10 marks)

### **Question 03**

Planning is the first and most important function of management. It is needed at every level of management and assists in making rational decisions in the organizational context. Though, the organization has properly done its planning, there are barriers of planning.

**You are required to:**

- (a) **State** the steps of the rational decision-making process. (03 marks)
  - (b) **Explain** two(02) types of plans in a business organization. (04 marks)
  - (c) **Explain** two(02) ways to overcome the barriers when implementing plans. (03 marks)
- (Total 10 marks)

### **Question 04**

The pandemic and the fuel crisis in Sri Lanka had directed organizations to re-think and re-design the organizational structure and its strategies. This change is radical, and managers need to rethink about their role.

**You are required to:**

- (a) **State** two(02) drawbacks of the functional structure in an organization. (02 marks)
  - (b) **Explain** the relationship between organizational structure and strategy. (04 marks)
  - (c) **Explain** two(02) roles of Operations Management in today's context of Sri Lanka. (04 marks)
- (Total 10 marks)

## Question 05

The verbal and written communication methods are very common within organizations. The effective communication within an organization is very important in executing the strategies in an effective manner. Further, effective communication facilitates performing of controlling functions in an organization. However, most of the managers cannot maintain effective communication systems in their organizations due to some barriers.

**You are required to:**

- (a) **Explain** three(03) reasons why effective communication is important for an organization. (06 marks)
  - (b) **Explain** two(02) characteristics of controlling. (04 marks)
- (Total 10 marks)

## Question 06

Production process must be monitored continuously to meet the market demand frequently. It is a challenge during the crisis period. However, Operations Management helps to maintain the effectiveness and efficiency of the process of production.

**You are required to:**

- (a) **Explain** two(02) ways of improving the productivity of an organization. (04 marks)
  - (b) **Explain** how the following functions are important in Operations Management in an organization:
    - (i) Supply Chain Management. (02 marks)
    - (ii) Quality Management. (02 marks)
  - (c) **Identify** two(02) importances of demand forecasting in Operations Management. (02 marks)
- (Total 10 marks)

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*End of Section B*

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## **SECTION C**

(Total 25 marks)

### **Question 07**

The newly elected President of Sri Lanka has stated that the country has to concentrate on encouraging export-related businesses, if it is to quickly recover from its economic crisis. This had created opportunity for small and medium-sized business organizations to focus on the export markets and earn Dollars.

**Dilantha** is a local fruit supplier to Western Province. He started this business at small scale supplying only a single fruit but now it has grown to a stage where he has the ability to supply one multiple stock within one week. Most of his business deals are based on personal contacts and long term relationships which do not require money spending on marketing related activities. With the idea of exporting products, he is planning to develop a social media platform as a way of engaging with international community and show what he is doing in Sri Lanka and conduct marketing and sales using different social media platforms. He is a very traditional man and heavily relied on traditional marketing methods. Hence, he has some doubts about this idea and wants to conduct a research before going forward with the marketing campaigns.

**Dilantha** desires to make significant investment in his business. In addition to shipping raw fruits to other markets, he also plans to produce a fruit drink for both domestic and foreign markets. His expectation is to give priority to consumers and develop its products with an eye towards exporting them.

Employees are worried about the human resource capacity of the company to continue the additional work and the existing salaries in light of all these developments. Hence, a need for human resources management has arisen as a result of the recent organisational changes. **Dliantha** is more focused on the new business and how to use cutting-edge technologies to transform the domestic business into an international business.

#### **You are required to:**

- (a) **Explain** three(03) ways how effective marketing management will help **Dilantha's** business to grow internationally. (06 marks)
- (b) **Explain** how the environmental analysis could be considered by **Dilantha** using SWOT Analysis when developing a strategy. (06 marks)
- (c) **Identify** the steps that must be undertaken for the successfulness of human resource planning process. (05 marks)
- (d) **State** three(03) objectives of a suitable reward management system. (03 marks)
- (e) **Explain** three(03) ways that **Dilantha** can use to encourage employees to accept embrace the change. (05 marks)

(Total 25 marks)

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*End of Section C*

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## **ACTION VERBS CHECK LIST**

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

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

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

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