



Association of Accounting Technicians of Sri Lanka

Level II Examination – July 2024

Suggested Answers

(204) BUSINESS MANAGEMENT (BMA)

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THE ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

Level II Examination –July 2024

(204) BUSINESS MANAGEMENT

SUGGESTED ANSWERS

(Total 25 marks)

SECTION - A

Suggested Answers to Question One:

1.1 (3)

1.2 (2)

1.3 (1)

1.4 (3)

1.5 (1)



(02 marks each, 10 marks)

1.6 Conceptual

1.7 Implementing

1.8 Vision

1.9 Clarity

1.10 Effectiveness

(01 mark each, 05 marks)

1.11 Identifying any two of the below reasons would permit full marks

1. Technological Disruption
2. Globalization
3. Economic Uncertainty
4. Talent Management
5. Sustainability and Corporate Social Responsibility (CSR)
6. The variety of management
7. Importance of quality
8. Shifting towards service economies

(02 marks)

1.12

Productivity refers to the efficiency with which resources, such as time, labor, and capital, are utilized to produce goods or services. It is a measure of the output generated per unit of input.

$$Productivity = \frac{\text{Total Output}}{\text{Total Input}} \times 100$$

(02 marks)

1.13

1. Product
2. Price
3. Place
4. Promotion

(02 marks)

1.14

1. Change Management is the process of continually renewing an organization's direction, structure and capabilities to serve in the ever – changing needs of external and internal stakeholders.

2. Change Management is the process, tactics and techniques to manage the people side of change to achieve the required business outcome.

3. Change Management is the process of achieving the smooth implementation of change by planning and introducing it systematically.

4. Change Management is a systematic approach of dealing with the transition or transformation of an organization's goals, process and technologies.

(02 marks)

1.15 Stating any one of the below reasons would permit full marks

1. Uncertainty
2. Loss of Control / Feeling of Loss
3. Lack of Trust
4. Increased Workload
5. Previous Negative Experiences
6. Different Perceptions (Lack of Understanding of the nature of change)

(02 marks)

(02 marks each, 10 marks)

(Total 25 marks)



End of Section A

Suggested Answers to Question Two:

Chapter 01 - Introduction to Management & Different Perspectives of Management
Chapter 02 - Functions of Management Process - Planning
Chapter 02 - Functions of Management Process - Organizational Structure & Design

(a)

Planning is the process of setting goals, defining strategies, and outlining the steps required to achieve those goals. It involves anticipating future needs and determining the best course of action to reach desired outcomes. Effective planning helps in organizing resources, coordinating efforts, and making informed decisions to guide an organization or project toward success.

(02 marks)**(b) (Explaining any three of the below reasons would permit full marks)**

Stages of Decision-making	Role of Information
Identification and structuring of problem/opportunity	One needs information to identify a problem and put it in a structured manner. 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.
Performance Measurement	Information allows for the monitoring and evaluation of outcomes and performance, enabling decision-makers to assess the effectiveness of their choices and make adjustments as needed to improve results.

(06 marks)

(c) Identifying any two of the below reasons would permit full marks

1. Enhanced Focus
2. Increased Flexibility
3. Improved Accountability
4. Better Resource Allocation
5. Fast decision making
6. Expansion and growth
7. Enhanced Company's culture
8. Increase efficiency

(02 marks)
(Total 10 marks)

Suggested Answers to Question Three:

Chapter 02 - Functions of Management Process - Organizational Structure & Design
Chapter 02 - Functions of Management Process - Organizational Communication

(a)

Authority is the formal right to make decisions and command others within an organization, typically granted by a position or role. It is derived from the organizational structure and is recognized by the organization's rules and hierarchy.

(02 marks)

Power is the ability to influence or control the behavior of others, regardless of formal authority. It can come from various sources, such as expertise, relationships, or personal charisma, and is not always tied to a specific position within the organization.

(02 marks)

(Total 04 marks)

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

1. Data Analysis Skills
2. Tech-Savviness
3. Cybersecurity Awareness

- 4. Adaptability
- 5. Automation Knowledge
- 8. Presentation skills

(02 marks)

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

1. Communication encourages motivation by telling and making clear the workers about the procedure to be done, the way they are executing the procedure, and how to enhance their efficiency if it is not up to the indicated.
2. Communication is a source of information to the business associates for decision-making procedure, as it allows determining and evaluating substitute course of activities.
3. Communication also performs an important part in changing individual's behavior, i.e., a well-informed personal will have better mind-set than a less-informed personal. Organizational publications, conferences and various other types of dental and published interaction help in mounding employee's behavior.
4. Communication also allows in interacting. In today's life the only existence of another personal encourages interaction. It is also said that one cannot endure without interaction.
5. As previously mentioned, interaction also helps in managing procedure. It allows managing business member's behavior in various ways. There are various levels of structure and certain concepts and recommendations that workers must follow in a company. They must adhere to business guidelines, execute their job part effectively and connect any work problem and complaint to their superiors. Thus, interaction allows in managing operate of control
6. Feedback and Improvement: Provides a channel for feedback from users, allowing for the identification and resolution of issues early in the process, which helps in refining and improving the system.

(04 marks)

(Total 10 marks)

Suggested Answers to Question Four:

Chapter 03 - Operation Management

(a) Explaining any two of the below functions would permit full marks

- 1. Quality Management:** Focuses on maintaining and improving the quality of products and services through quality control, quality assurance, and continuous improvement practices.
- 2. Capacity Planning:** Entails determining the necessary resources, such as equipment and workforce, to meet production demands and ensure that operations can handle current and future workloads.
- 3. Production Scheduling:** Involves planning and organizing production activities to ensure that products are manufactured on time and meet demand while optimizing the use of resources.
- 4. Facility (layout) Management:** Focuses on managing the physical workspace and equipment, ensuring that facilities are maintained, safe, and conducive to efficient operations.
- 5. Forecasting demand:** The production is made for the purpose of making the sale in the market. Hence, the production volume needs to reflect the market demand. Hence it is required to finalize the production plan in order to be accurate about how many volumes/ units to be produced.

(04 marks)

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

- 1. Cost Reduction:** Efficient supply chain management helps minimize costs related to procurement, production, and logistics by optimizing processes and negotiating better terms with suppliers.

2. Improved Customer Satisfaction: Ensures timely delivery of products and services by effectively managing inventory and coordinating with suppliers, leading to higher customer satisfaction and loyalty.

3. Enhanced Efficiency: Streamlines operations by improving coordination between suppliers, manufacturers, and distributors, resulting in faster production cycles and reduced lead times.

4. Risk Management: Identifies and mitigates risks associated with supply disruptions, such as supplier failures or logistical issues, by developing contingency plans and building strong relationships with reliable partners.

5. Gain better visibility and insights: One of biggest benefits of effective supply chain management is that it gives greater visibility and control the business. It improves flow of information along the supply chain and it helps to mitigate risks exactly when goods are coming in and out of business and react quickly to unexpected disruptions.

6. Make Smarter Purchasing decisions: It facilitates better decision on purchasing of raw materials and finished goods. It improves flow of information along the supply chain and it helps to mitigate risks exactly when goods are coming in and out of business and react quickly to unexpected disruptions.

7. Increase sales and Profitability – If there is a customers' satisfaction it results to increase sales. Further effective supply chain management ensures reduction of costs. Ultimately profit of the business increase.

(04 marks)

(c)

Aspect	Goods	Services
Tangibility	Physical products that can be touched and stored for later consumption	Intangible and cannot be touched or stored for later consumption
Production and Consumption	Produced, stored, and consumed separately	Produced and consumed simultaneously

Standardization	Can be standardized and mass-produced	Often customized, leading to variability
Ownership	Ownership is transferred upon purchase	No ownership is transferred; access or experience is provided

(02 marks)

(Total 10 marks)

Suggested Answers to Question Five:

Chapter 05 - Human Resource Management

(a) Explaining any three of the below importances would permit full marks

1. Most important resource to accomplish organizational goals: There are various kinds of resources in the organization. Availability of all other resources has ability to accomplish the goals of the organization only resource accomplishes goals.

2. Talent Acquisition and Retention: HRM helps attract, recruit, and retain skilled employees, ensuring that the organization has the talent needed to achieve its goals and remain competitive.

2. Employee Development and Performance: HRM facilitates training and development programs, performance evaluations, and career advancement opportunities, which enhance employee skills, productivity, and job satisfaction.

3. Compliance and Risk Management: HRM ensures adherence to labor laws and regulations, reducing the risk of legal issues and promoting a safe, fair, and compliant work environment.

4. Organizational Culture and Employee Engagement: HRM plays a key role in shaping and maintaining organizational culture, fostering a positive work environment, and increasing employee engagement and motivation.

5. Compensation and Benefits Management: HRM manages compensation structures, benefits programs, and rewards systems, ensuring that employees are fairly compensated and motivated, which can improve retention and job satisfaction.

6. Important Responsibility of every Manager: All functional managers should have sufficient degree of competence in HRM due to they have to work with people and get things done by people in an organization. It directly depends on success of their functional fields.

(06 marks)

(b) Identifying any four of the below importances would permit full marks

1. Boost employee productivity through effective motivation and reward systems.
2. Foster better communication, collaboration and reduces misunderstandings.
3. Help develop effective management and leadership practices.
4. Improve employee satisfaction and retention.
5. Identify and resolves conflicts more effectively.
6. Build better relationship by achieving people's, organizational, and social objectives.
7. Cover a wide array of human resource like behavior, training and development, change management, leadership, teams etc.
8. Improve coordination which is the essence of management.
9. Improve goodwill of the organization.
10. Help to achieve objectives quickly.
11. Make optimum utilization of resources.
12. Facilitate motivation.
13. Lead to higher efficiency.
14. Improve relations in the organization.



(04 marks)

(Total 10 marks)

Suggested Answers to Question Six:

<p><i>Chapter 04 - Marketing Management</i> <i>Chapter 07 - Introduction to Strategic Management</i></p>
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(a)

Market Segmentation: The process of dividing a broad market into smaller, distinct groups of consumers who have similar needs, characteristics, or behaviors. This allows businesses to target specific groups more effectively.

(1.5 marks)

Positioning: The process of designing and implementing a strategy to create a distinct image or perception of a product or brand in the minds of the target market segments. It focuses on how a product is perceived relative to competitors.

(1.5 marks)

(Total 03 marks)

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

1. **Cost-Effectiveness:** Digital marketing methods, such as social media and email campaigns, are often more affordable than traditional advertising, offering a higher return on investment.
2. **Targeted Reach:** Enables precise targeting of specific audiences based on demographics, interests, and behaviors, ensuring that marketing efforts reach the most relevant potential customers.
3. **Measurable Results:** Provides detailed analytics and performance metrics, allowing businesses to track campaign effectiveness, make data-driven decisions, and optimize strategies in real-time.
4. **Enhanced Engagement:** Facilitates direct interaction with customers through various channels like social media, blogs, and email, fostering stronger relationships and increased brand loyalty.
5. **Personalization** – if the customer database is linked to the business website, then whenever someone visits the site, the business can greet them with targeted offers. The more they buy from the business, the more the business can refine their customer profile and market effectively to them.
6. **Openness** - by getting involved with social media and managing it carefully, the business can build customer loyalty and create a reputation for being easy to engage with.
7. **Social currency** - digital marketing lets the business to create engaging campaigns using content marketing tactics. This content (images, videos, articles) can gain social currency - being passed from user to user and becoming viral.

8. **Improved conversion rates** - if the business has a website, then its customers are only ever a few clicks away from making a purchase. Unlike other media which require people to get up and make a phone call, or go to a shop, digital marketing can be seamless and immediate.

(04 marks)

(c)

Differentiation strategy is a business approach where a company seeks to distinguish its products or services from those of competitors by offering unique attributes or superior value. This can be achieved through innovations, high-quality features, exceptional customer service, or distinctive branding. The goal is to create a competitive advantage that allows the company to charge premium prices and attract a specific segment of customers who value those unique features.



(03 marks)
(Total 10 marks)

End of Section B

Suggested Answers to Question Seven:

Chapter 02 - Functions of Management Process - Leadership

(a) Explaining any three of the below importances would permit full marks

1. **Restoring Trust and Morale:** Effective leadership helps regain trust among employees and stakeholders, especially crucial during a leadership transition and financial turbulence. It boosts morale and aligns the workforce towards a common goal.
2. **Driving Transformation:** With the airline facing operational inefficiencies and declining performance, strong leadership is essential for guiding the organization through a transformational journey, implementing strategic changes, and improving overall performance.
3. **Enhancing Accountability:** Ethical leadership ensures accountability, fostering a culture of transparency and integrity. This is vital for addressing past issues and building a positive reputation.
4. **Implementing Strategic Changes:** Effective leaders can successfully drive and manage strategic changes, such as redefined marketing strategies and improved operational practices, ensuring that these changes are executed smoothly and effectively.
5. **Fostering Innovation and Competency:** Leadership plays a key role in revamping training and development programs to enhance employee competencies. This encourages innovation and helps the airline adapt to the competitive aviation industry.
6. **Ensure the business maintains its vision:** The human forces in the business need to work towards this direction. In order to make this effective, a right leadership in place will ensure the employees are guided to the right path.

7. **Guide an organization towards embracing diversity:** A good leader will guide his team towards the diversity and hence make sure the organization moves via the correct path among the diversity.
8. **Communicate new strategic directions:** The long terms aspirations, market challenges and alternative actions are essential in a situation of environmental uncertainty and less predictability. In such situations, a leader can keep himself and his team confident and concentrate on the goals.
9. **Ensure the employees are motivated:** A leader can keep his team motivated and get the goals accomplished, via continuous communication, teamwork and other motives.
10. **Avail necessary resources and support:** A leader shall ensure the team has the correct resource at the correct time. This is possible through the correct communication strategy with the senior management. Further, a leader is a resourceful person in terms of intellectual and conceptual skills.
11. **Encourage continuous learning:** A leader shall keep his team engaged in continuous learning so that they are not outdated from the work practices, statutory and business requirements and the competitive advantage.
12. **Inspire a collective identity:** A leader does not work for himself, but for the team. Making the team effort success, the leader shares the credit with the team. This will encourage the team spirit and the unique identity for teamwork.

(06 marks)

Chapter 05 - Human Resource Management

(b) Explaining any three of the below importances would permit full marks

1. Improves morale of employees- Training helps the employee to get job security and job satisfaction. The more satisfied the employee is, and the greater is his morale, the more he will contribute to organizational success, and the lesser will be employee absenteeism and turnover.
2. Less supervision- A well trained employee will be well acquainted with the job and will need less supervision. Thus, there will be less wastage of time and efforts.
3. Fewer accidents- Errors are likely to occur if the employees lack knowledge and skills required for doing a particular job. The more trained an employee is, the less chances of committing accidents in job.
4. Chances of promotion- Employees acquire skills and efficiency during training. They become more eligible for promotion. They become an asset for the organization.
5. Increased productivity- Training improves efficiency and productivity of employees. Well trained employees show both quantity and quality performance. There is less wastage of time, money and resources if employees are properly trained.
6. Encouraging Continuous Learning: By offering ongoing development opportunities, employees are motivated to stay updated with industry trends and best practices, which fosters a culture of continuous improvement and innovation.

(06 marks)

Chapter 04 - Marketing Management

(c) Explaining any three of the below importances would permit full marks

1. **Broadened Market Reach:** By appealing to various demographic segments, including different age groups, cultures, and regions, the airline can expand its market reach and attract a larger, more varied customer base.

2. **Increased Brand Loyalty:** A brand that resonates with a diverse audience can build stronger customer loyalty across different segments. Tailoring the brand message to meet diverse needs and preferences helps in creating lasting relationships with customers.
3. **Enhanced Competitive Advantage:** Differentiating the airline through a repositioned brand that caters to a wide range of customers can provide a significant competitive edge in the crowded aviation market, making Peacock Airlines stand out from competitors.
4. **Revenue Growth:** A diverse customer base can lead to increased ticket sales and higher revenue. By catering to different needs and preferences, the airline can capitalize on new revenue streams and optimize pricing strategies for various market segments.
5. **Improved Brand Perception:** Successfully repositioning the brand to be seen as inclusive and premium enhances the overall brand perception. This positive image can attract higher-value customers and improve the airline's reputation in the global market.
6. **Face competition efficiency & Effectively:** By repositioning it helps to understand its competitors and strategies can be developed to face competition in the market.

(06 marks)

Chapter 07 - Introduction to Strategic Management

(d) Explaining any two of the below importances would permit full marks

1. **Identifying Opportunities and Threats:** Environmental analysis helps in identifying external opportunities, such as emerging markets or technological advancements, and threats, such as economic downturns or increased competition. This knowledge allows Peacock Airlines to capitalize on opportunities and develop strategies to mitigate threats.
2. **Understanding Market Trends:** By analyzing environmental factors, the airline can stay informed about market trends, customer preferences, and industry developments. This

enables the company to adjust its strategies and offerings to align with current and future market demands.

3. **Informed Decision-Making:** Analyzing the external environment provides critical data and insights that support informed decision-making. It helps in setting realistic goals, allocating resources effectively, and choosing the best strategic options based on a comprehensive understanding of the external landscape.
4. **Adapting to Changes:** The airline industry is dynamic, with frequent changes in regulations, technology, and competitive conditions. Environmental analysis helps Peacock Airlines stay agile and responsive to these changes, ensuring that its strategic plan remains relevant and effective.
5. **Enhancing Competitive Advantage:** Understanding the external environment allows Peacock Airlines to benchmark itself against competitors and identify areas where it can gain a competitive advantage. This helps in crafting strategies that leverage the airline's strengths and address weaknesses in relation to its competitors.

(04 marks)

Chapter 07 - Introduction to Strategic Management

(e)

1. Corporate Strategy (Top Management):
2. Business Unit Strategy (Middle Management):
3. Operational/Functional Strategy (Operational Management):

(03 marks)

(Total 25 marks)

End of Section C

Notice:

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These should be understood as Suggested Answers to question set at AAT Examinations and should not be construed as the “Only” answers, or, for that matter even as “Model Answers”. The fundamental objective of this publication is to add completeness to its series of study texts, designs especially for the benefit of those students who are engaged in self-studies. These are intended to assist them with the exploration of the relevant subject matter and further enhance their understanding as well as stay relevant in the art of answering questions at examination level.



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