



Association of Accounting Technicians of Sri Lanka

Level II Examination – July 2025

Suggested Answers

(204) BUSINESS MANAGEMENT (BMA)

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THE ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

Level II Examination –July 2025

(204) BUSINESS MANAGEMENT

SUGGESTED ANSWERS

(Total 25 marks)

SECTION - A

Suggested Answers to Question One:

1.1 (2)

1.2 (4)

1.3 (4)

1.4 (3)

1.5 (2)

1.6 Power

1.7 Specialization

1.8 Recruitment

1.9 Selling

1.10 Integrated System



(02 marks each, 10 marks)

1.11

- Better targeting and communication – match products to the right customer groups.
- Increased Market Efficiency - Reduces waste by directing marketing efforts and resources toward the most responsive audiences.
- Higher Customer Retention - By addressing the specific needs and wants of a segment, businesses can increase customer loyalty and retention.
- The business is able reduce market risk.
- It increases profitability.
- Increase in competitiveness.
- Ability to expand the business. (Using geographical segments.)

(02 marks)

1.12

- **Market Penetration:** Grow in existing markets with existing products (e.g., price deals, promotions, more distribution, increase usage, steal share).
- **Market Development:** Take existing products into new markets (e.g., new customer segments, new geographies, new channels).

(02 marks)

1.13

- Planned Change
- Emergent Change
- Incremental Change
- Step Change
- Transformational Change
- Strategic Change
- Operational Change

(02 marks)

1.14

- Cost leadership means competing by being the lowest-cost producer in a broad market while keeping quality acceptable. Firms achieve it through economies of scale, lean processes, standardization, tight cost controls, and efficient supply chains. This lets them price below rivals (or keep prices similar and earn higher margins) to win price-sensitive customers.

(02 marks)

1.15

- Lower cost & faster to fill vacancies than external hiring.
- Retains appropriate staff by showing clear career progression.
- Known performance & cultural fit.
- Help to maintain a sound labor management relationship.
- Motivate and enhance moral of current employees.

(02 marks)

(02 marks each, 10 marks)

(Total 25 marks)

End of Section A

Suggested Answers to Question Two:

Chapter 01 – Introduction to Management and Different Perspectives of Management
Chapter 02 – Functions of Management Process

(a)

Technical Skills:

Technical skills refer to the ability to apply specialized knowledge, techniques, and tools required for specific tasks within a particular field. These skills are essential for understanding and performing job-specific functions, such as using software, operating machinery, or handling data systems.

Interpersonal Skills:

Interpersonal skills involve the ability to effectively interact, communicate, and work with others. These skills include teamwork, leadership, empathy, and conflict resolution, which help managers build strong relationships and maintain a positive work environment.

Conceptual Skills:

Conceptual skills are the ability to think abstractly, understand complex situations, and develop strategic plans. These skills help managers view the organization, analyze problems, and make decisions that align with long-term goals and overall business strategy.

(Expect only two skills)

(04 marks)

(b)

- Entrepreneur
- Negotiator
- Resource Allocator
- Disturbance Handler

(Expect only two decision roales)

(02 marks)

(c)

- Time pressure in a fast-growth environment.
- Incomplete/ambiguous information (uncertain demand, tech shifts).
- Cognitive biases (confirmation/anchoring).
- Siloed communication/politics limiting objective evaluation.

- The decision cannot be fully independent.
- Bounded rationality.
- Taking decisions only for satisfaction.
- Limited capacity of decision maker.
- Stereotyping
- Halo effect
- Heuristic principle

(Expect only four barriers)

(04 marks)

(Total 10 marks)

Suggested Answers to Question Three:

Chapter 02 – Functions of Management Process

(a)

Steps of the planning process

- Setting objectives
- Identifying alternatives
- Evaluating alternatives
- Selecting from alternatives
- Implementation
- Follow-up action



(04 marks)

(b)

- Strategic planning
- Operational planning
- Tactical planning

(Expect only two types of planning)

(02 marks)

(c)

- Goal setting & alignment – Set clear/SMART targets and link them to rewards and feedback.
- Recognition & empowerment – Praise good performance, provide fair rewards, and delegate authority to build ownership.
- Fostering a positive work environment - Building a workplace where people trust, respect, and openly talk to each other can really boost motivation.
- Offering opportunities for growth and development. – Providing training, mentorship and opportunities for career advancement can help employees feel valued invested in their future with the company.

- Encouraging teamwork and collaboration - Building strong connections and team spirit can make the workplace more uplifting and drive people to do their best.
- Allowing autonomy and flexibility – Giving employees some control over their work, such as flexible work arrangements, can increase their sense of ownership and motivation.
- Encouraging teamwork and collaboration – Fostering a sense of belonging and camaraderie can make more enjoyable and motivating.
- Being a role model – Managers who demonstrate enthusiasm, commitment and integrity set a positive example for their team.
- Providing regular feedback and coaching – constructing feedback and coaching can help employees improve and feel supported in their development.
- Connecting individual work to the large purpose – Helping employees see how their work contributes to the company’s mission and vision can increase their sense of purpose and motivation.

(Expect only two roles)

(04 marks)

(Total 10 marks)

Suggested Answers to Question Four:

Chapter 03– Operations Management

Chapter 05– Human Resource Management

Chapter 02- Functions of Management Process

(a)

- To improve morale and engagement.
- To retention & employer brand - reduced turnover, attract talent.
- To increase productivity & well-being – fewer grievances, safer/healthier workforce.
- To enhance employees’ loyalty to the organization.
- To make recruitment function more successful.
- To reduce employee’s absenteeism.

(Expect only three benefits)

(03 marks)

(b)

(i) Supply Chain Management

- Management of supplier relations and related aspects to ensure business acquires the required materials for its purpose.
- Select & develop suppliers, clear SLAs, collaborative forecasting.
- Plan inventory smartly (EOQ/JIT); balance cost vs. service level.
- Integrate flows (materials/info/cash) with ERP; track OTIF, lead time, stockouts.
- Risk management: dual sourcing, safety stock for critical items.

(ii) Quality Management

- Monitor each process at work and their outputs to ensure the products are released at required quality levels.
- Set standards & SOPs; train staff; embed QC/QA across processes.
- Measure with SPC & audits; use PDCA/root-cause (5 Whys/Fishbone) to fix issues.
- Customer feedback loops drive continuous improvement (Kaizen) by preventing defects, not just detecting them.

(05 marks)

(c)

Leader	Manager
Focus on people and vision	Focus on processes and tasks
Follow inspiring and collaborative approach	Follow organizing and controlling approach
Risk-taking and innovative decision making	Make decisions practical and procedural
Influence employees through motivational style	Mostly use authoritarian style in order to get things done.
Creates followership	Creates subordinates
Develop power with people	Exercise power over people
Implement good ideas and show others to follow	Have good ideas and ask others to follow.
Show what and how to do	Tell what to do
Create change in the life of followers	React to change in the work situation
Make heroes of everyone around them in their lives	Try to be heroes in their offices

(Expect only two differences)

(02 marks)

(Total 10 marks)

Suggested Answers to Question Five:

Chapter 02 – Functions of Management Process

Chapter 05– Human Resource Management

(a)

Physiological needs: These are the needs that naturally emerge into humans as a fundamental tendency to be satisfied with their livelihood. (Hunger, thirst, shelter, sex and other bodily needs)

Safety needs: The needs of humans to be protected from the factors which may create harm to their physical and mental wellness. (Job security, clear policies, safe/ergonomic workplace, benefits.)

Social (Belonging) needs: The need to feel as members of a society where multiple people share their recognition, emotion and lifestyles. (Collaborative teams, supportive culture, team events.)

Esteem needs: To have a uniqueness among others in terms of who they are, what they do and their specializations. (Recognition/awards for campaigns, promotions, meaningful autonomy.)

Self-actualization: Accomplishing long-term personal aspirations such as intended lifestyle, completing long term goals and lifetime ambitions. (Creative freedom, challenging briefs, learning & career growth.)

(Expect only two needs)

(03 marks)

(b)

1. Helps in Achieving Organizational Goals

Controlling ensures activities align with plans, correcting deviations to stay on track and achieve goals effectively.

2. Judging Accuracy of Standards

Control systems help assess whether set standards are accurate and allow for timely revisions based on environmental changes.

3. Making Efficient Use of Resources

By guiding activities according to set standards, control ensures optimal and effective use of organizational resources.

4. Improving Employees' Motivation

Clear communication of goals and support systems under control increase employee motivation and performance.

5. Ensures Order and Discipline

Control maintains discipline by keeping employees accountable and detecting any dishonesty, fraud or inefficiency.

6. Facilitates Coordination in Action

Control aligns departmental activities with overall goals, ensuring smooth coordination and unity of direction.

7. Improves Employee Performance

Control clarifies duties and performance standards, helping employees work efficiently through regular inspections and feedback.

8. Minimizes Errors

Continuous monitoring through control helps to detect and correct errors early, preventing serious consequences.

(Expect only three reasons)

(05 marks)

(c)

- Fewer errors & faster decisions.
- Better coordination & morale.
- To maintain effective stakeholder relationship.
- Enhance professional image.
- Reduce conflicts.
- Improve organizational culture
- For effective problem solving
- Efficient decision making
- Increase productivity via motivation
- Enhance organizational transparency, trust and confidence
- Smooth functioning of a company

(Expect only two benefits)

(02 marks)

(Total 10 marks)

Suggested Answers to Question Six:

Chapter 02 – Functions of Management Process

Chapter 03– Operations Management

Chapter 06 – Change Management

Chapter 07– Introduction to Strategic Management

(a)

- Increase efficiency, productivity & quality consistency
- Increase profit
- Reduce cost
- Increase market coverage
- Automation of the process
- Enhanced collaboration
- Data driven insights
- Greater flexibility in customer demand

(Expect only two impacts)

(02 marks)

(b)

- Communicate clearly & early - purpose, benefits, impact on roles.
- Involve staff in pilots/feedback to build ownership
- Train & support - hands-on workshops, coaching, helpdesk.
- Recognise & reward adopters - quick wins, public praise, incentives.
- Allowing accountability
- Participation and investment
- Keep communication lines open
- Have clear idea of the need to accept change
- Be realistic

(Expect only four ways)

(04 marks)

(c)

Transformational leaders are the leaders capable of seeing a need for transformational change in their followers which will benefit them in the long term. There are elements / aspects of transformational leadership.

- Vision & inspiration: CEO/Managers explain a compelling AI future and link to strategy.
- Intellectual stimulation: encourage teams to experiment/problem-solve with new workflows.
- Individualised consideration: coach and mentor resisters; tailor training to needs.
- Role modelling (idealised influence): leaders use the tools first, demonstrate ethics, build trust—reduces fear and boosts buy-in.
- Individual and team development: Transformational leaders focus on the personal and profession growth of their followers.
- Organizational change and transformation: Transformational leadership is critical in navigating organizational change initiatives helping to reduce resistance and build commitment among employees.
- Employees' engagement and motivation: By inspiring a sense of purpose and history a positive work environment transformational leaders increase employees' engagement and satisfaction.
- Positive workplace culture: By building trust open communication and a sense of shared purpose, transformational leadership contributes to positive and supportive workplace culture.

Since the **MMC Ltd** can gain a lot of benefits transformational leadership is more accessible to **MMC Ltd**

(04 marks)

(Total 10 marks)

End of Section B

Suggested Answers to Question Seven:

(a)

Chapter 04– Marketing Management

- **Search engine marketing (SEO + Google Ads):** Search Engine Optimization is the process of improving a website, so it ranks higher in search results, helping top-ranked products or pages appear first and attract more organic (non-paid) traffic. (Capture high-intent shoppers; optimise keywords, run PPC for priority SKUs, use remarketing to recover carts.)
- **Social media marketing (paid + organic + influencers):** Social Media Marketing is the use of social media platforms to promote products or services, engage with customers, and build brand awareness through posts, ads, and interactions. (Target segments on FB/IG/TikTok/YouTube; run conversion ads, UGC/influencers, and social shop features.)
- **Email/SMS/WhatsApp CRM:** use personalized messages sent through these channels to engage customers, promote products, and build stronger relationships by delivering timely and relevant communication. (Personalised offers, lifecycle flows (welcome, cart-abandon, win-back), promos timed to salary cycles/festivals.)
- **Content marketing:** Content marketing is a strategic approach focused on creating and sharing valuable, relevant, and consistent content to attract and engage a target audience with the goal of driving profitable customer action.
- **Marketing Automation:** Marketing Automation uses software to automate repetitive marketing tasks like sending emails, posting on social media, and managing campaigns, helping businesses engage customers more efficiently.
- **Online PR:** Online PR is the practice of securing earned online coverage with digital publications, blogs and other content-based websites. It's much like traditional PR, but in the online space.

(Expect only three methods)
(06 marks)

(b)

Chapter 04– Marketing Management

- **Customer Loyalty**

When a company is honest and transparent in its marketing, customers trust it more. Ethical practices- such as showing real products and delivering as promised, build long-term customer loyalty.

- **Long-Term Gains**

Following ethical marketing doesn't merely meet goals, It brings lasting benefits such as loyal customers, strong market reputation, increased sales, and higher revenues. It helps the company grow both in the short and long term.

- **Builds Credibility**

Consistent ethical behavior in marketing helps the company to stand out as a genuine and reliable brand. Over the time, this builds trust and credibility within industry and among consumers.

- **Satisfies Basic Human Needs**

Ethical marketing fulfills customers' emotional needs. Eg; Trust, honesty, and integrity. When these needs are met, customers are more likely to stay loyal and recommend the brand to others.

- **Attracts Talent**

Ethical companies are more attractive to skilled professionals, vendors, and consultants. People want to be associated with trustworthy brands, which helps the business to build a stronger, more committed team.

- **Attains Financial Goals**

Investors and financial partners prefer to support ethical companies. By maintaining honest marketing practices, businesses are more likely to receive funding to expand operations and try new initiatives.

- **Enhanced Brand Value**

Ethical marketing improves the company's reputation, making it a respected and trusted name in the market. This increased brand value by creating competitive advantages.

(Expect only three reasons)

(06 marks)

(c)

Chapter 05– Human Resource Management

- Adjust compensation/benefits for inflation, targeted retention bonuses.
- Career development/internal mobility with clear progression and training.
- Recognition & fair performance management (clear goals, feedback).
- Flexible/hybrid work & well-being support (health, EAP, work–life balance).
- Work life balance.
- Creative good / positive work environment.
- Open communication.
- Invest in professional development.
- Training and development.

(Expect only four ways)
(04 marks)

(d)

Chapter 05– Human Resource Management

- To attract and select the right talent.
- Develop competencies via training and learning.
- Motivate and retain through rewards and engagement.
- Ensure compliance & good relations (labour law, safety).
- To help the organization to achieve its objectives.
- To increase the employee's job satisfaction.
- To identify and satisfy the needs of individuals.
- To achieve and maintain high moral among employees.
- To ensure due respect for human beings.
- To ensure reconciliation of individual goals with those of the organization.
- To develop and maintain a quality of work life.
- To be ethically and socially responsive to the needs of society.
- To develop overall personality of each employee in its multidimensional aspect.
- To enhance employee's capabilities to perform the present job.
- To equip the employees with precision and clarity in transaction of business.
- To inculcate the sense of team spirit, teamwork, and intern-team collaboration.

(Expect only four objectives)
(04 marks)

(e)

Chapter 07– Introduction to Strategic Management

1. Organizational Culture:

It is said that the relationship between the organization and its functional operations are basically through organizational culture. Organizational culture is the collection of behavioral patterns that have been developed by an organization which will help to think, see and understand as a correct path by new members to solve the external environmental issues and gather internally.

2. Management

The following are the main concerns under this.

- Whether the organization uses strategic management concepts?
- Whether the organizational objective/s can be measured?
- Is it communicated?
- Is the organizational structure suitable?
- Are the employees' attendances desirable?

3. Marketing

It is texted customer analysis, product planning, pricing, distributions, market researches, and cost benefit analysis under this.

- Is the market binding success?
- Is the market quality improving?
- Are the distributional channels useful and efficient?
- Is the quality of product sufficient?
- Have the marketing staff sufficient experience?

4. Financial and Accounting Factors

The financial position is texted under this. Especially, working capital, profitability, usage of assets, financial flow, and the capital are considered. Following information can be obtained under this.

- Is the organizational financial position strong?
- Can the short-term capital need fulfilled?
- Is there sufficient working capital?
- Are there relationships with investors?

5. Production and Operations

It is considered inputs, process and the outputs under this. Following information is gathered.

- Are the suppliers trustable?
- Are inputs, machines and facilities in good quality?
- Are the quality control policies productive?
- Are there technical abilities?

6. Research and Development

Research and Development is another internal factor which is considered in developing organizational strategies. Following details are gathered.

- Does the organization possess the R&D unit?
- Are the employees of this unit talented?
- Are there sufficient resources in that unit?
- Is it communicated with that unit?

7. Information System Management

Following are the main concerns under this.

- Do all the managers use the information system in making decisions?
- Is there any manager for managing information?
- Is the use the information system updated?
- Is the continuous training provided?
- Can the information be easily obtained?

(Expect only three factors)

(05 marks)

(Total 25 marks)

End of Section C

Notice:

These answers compiled and issued by the Education and Training Division of AAT Sri Lanka constitute part and parcel of study material for AAT students.

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