

Examiner's Report

AA2 Examination - July 2017

(AA26) BUSINESS MANAGEEMNT & STRATEGY

This question paper comprised of 4 parts – A, B, C and D with 10 compulsory questions.

SECTION A

Objective Test Questions (OTQs)

Question No. 01

This question was set to cover the whole syllabus and consisted of 10 sub questions for a total of 20 marks with 2 marks each.

It was required to select the most appropriate answer and to write only the number assigned to it in the answer booklet for questions **1.1** to **1.5**. Most of the candidates had followed the instructions and written the answer nevertheless some candidates had instead of writing the number assigned to the answer had written the full answers, which were seen as common mistakes. It was observed that most of the candidates had failed to correctly answer the question **1.3** which was on, categorizing the managers based on the nature of authority.

For questions **1.6** to **1.10** it was required to state in the answer booklet whether the given statements were “True and False”. Here too some candidates did not appear to have followed the instructions. Instance of making “V” sign for True and “X” sign for False, in the answer booklet could be seen. It was observed that most of the candidates had failed to correctly answer the question 1.8 which was on, Porter’s five forces model.

The reason for such occurrences appeared to be the failure of candidates to understand the instruction properly.

As a whole candidates had been able to score more marks out of what was allocated to this section, and the performance level of candidates had been very satisfactory.

SECTION B

This section comprised of 05 questions for 25 marks with 5 marks each.

Question No. 02

The question was on Bureaucracy and it explained as; “Bureaucracy is a superior way of practicing authority over a person through the power vested by laws and written rules”. It was expected to test the knowledge of the candidates regarding 03 advantages and 02 disadvantages of Bureaucracy. Even though this was an easy question to score marks, most of the candidates did not understand the requirements well. However, it was observed that only some candidates had answered and scored high marks.

It must be noted that, the candidates are expected to provide clear and focused answers for these types of questions. It was observed that some of the candidates had provided unnecessary explanations and details when stating the disadvantages of Bureaucracy.

Nevertheless, the overall performance level of answers was on average.

Question No. 03

It was expected to state 05 challenges faced by managers in today's context. This was a practical question; where it gave the opportunity for candidates to think and write the answers. Majority of the candidates had answered well for this part and got full marks. Nevertheless, some candidates had scored lower marks due to the lack of knowledge and poor understanding on the question requirements.

Question No. 04

It was expected to test the knowledge of the candidates regarding 05 actions that could be recommended to overcome communication barriers. Majority of the candidates had answered well for this part of the question. However, it was observed that some candidates had scored lower marks due to providing irrelevant answers. They had basically defined the term communication, discussed about the advantages, disadvantages, modes of communication, factors to be considered both by the sender and the receiver within an effective communication process.

However, the majority of the candidates had answered well for this part and obtained high marks.

Question No. 05

The scenario was explained as; "**ABC Ltd.** uses a manual accounting system in order to keep records on their accounting transactions. The management of **ABC Ltd.** has decided to use a computerized accounting system from next month". It was expected to explain 3 ways of encouragement available to the employees of **ABC Ltd.** to embrace the change.

The candidates could have identified and explained the 03 ways of encouragement available to the employees and gain full marks for this question. Some of the candidates had answered well for this part and obtained full marks. However, it was observed that certain candidates had provided irrelevant answers such as discussion on the advantages of shifting towards a computerized accounting system. The other candidates had analyzed the decision taken by the management of the **ABC Ltd;** which was irrelevant and not acceptable.

It must be noted that, the candidates are expected to read and understand the given scenario well. Thereafter, the candidates need to provide clear and focused answers by applying theory into practice.

Nevertheless, the overall performance level of answers was good.

Question No. 06

It was expected to test the candidates' knowledge on the importance of corporate governance. The answer was expected in a concise manner. It was observed that majority of the candidates had not answered well. Some of the candidates had not even attempted to answer this part of the question.

Additionally, it was observed that some of the candidates had discussed about the "Articles of Association" instead of corporate governance. In some instances, it was observed that some of the candidates had discussed about the fundamentals of corporate governance. Furthermore, certain candidates had discussed about how corporate governance impacts general public in the whole answer. Nevertheless, only a few candidates had successfully answered and got full marks.

SECTION C

Question No. 07

This question was set to test the knowledge on one of the importance function of management; that was planning. It comprised of 2 parts covering knowledge, understanding and application.

Part **(a)** required explaining 03 types of planning based on the levels of management. Part **(b)** of the question required explaining 02 reasons as to why decision making was important for an organization.

It was expected to identify the relevant levels of management and explain the types of planning (strategic planning, tactical planning and operational planning) respectively. Even though the majority of the candidates answered well; it was observed that, some of the candidates had mentioned the levels of management instead of types of planning. Certain candidates were failed to identify the relevant levels of management and explain the types of planning respectively. Additionally, some of the candidates had explained about the management skills. Further, it was observed that some of the candidates did not score marks since they had provided irrelevant answers.

When answering to the “Part **(b)**” of the question; even though the candidates had mentioned the reasons as to why decision making is important for an organization; certain candidates had not explained those reasons. Hence, they had not scored full marks.

Nevertheless, the overall performance level of answers was very high.

Question No. 08

This was a question set to test the knowledge on organizational structure and its functions. It comprised of 2 parts covering knowledge understanding and application. Part **(a)** required explaining the steps involved in the process of organizing. Part **(b)** of the question required stating 2 advantages and two 2 disadvantages of a functional organizational structure.

It was observed that majority of the candidates did not properly understand the given question requirements. Hence, they scored low marks for this question. Additionally, it was further observed that, some candidates had provided irrelevant answers and certain candidates had provided incomplete answers. The process of organizing includes steps such as; “Identification and division of work, Grouping the jobs and Decentralization, Assigning work and Coordination”.

Part **(b)**; it was expected to state 02 advantages and two 02 disadvantages of a functional organizational structure. Certain candidates had mentioned advantages of a functional organizational structure instead of disadvantages of a functional organizational structure and vice versa. Some of the candidates had identified the advantages and disadvantages of divisional and matrix organizational structure instead of the functional organizational structure. However, majority of the candidates had answered this section well than the Part **(a)**.

Question No. 09

It was expected to test the knowledge of the candidates regarding the organizational culture and its impact on organizations.

In part (a); it was expected to explain the elements of the cultural web: symbols and control systems. It was observed that most of the candidates had poor knowledge on the elements of the cultural web. Only a few candidates had answered this question successfully.

In part (b); it was expected to explain the impact of organizational culture on strategy implementation. It was observed that the candidates had demonstrated a poor knowledge on explaining the impact of organizational culture on strategy implementation. This was mainly because of poor understanding on the organizational culture. Hence, the majority of the candidates scored low marks for this question. Additionally, most of the candidates had provided very ambiguous answers due to the poor understanding on organizational culture.

SECTION D

Question No. 10

This was a compulsory question of 25 marks, to be answered based on the given scenario. In comparison to previous years' questions, it was observed that candidates had scored high marks for this question.

Based on the given scenario the “**Seasons Airlines**” is the national airline of country HH and it has been carried out its operations successfully with the monopolistic power in the industry. However, the performance of the company has begun to decrease from the last two years”.

The candidates' ability to apply the management theories to practical situations were expected to test through this type of structured question. Accordingly, it was necessary to read the problem with proper understanding and applying the theoretical knowledge; practically, to the given questions.

In part (a); it was expected to explain three (03) signs of demotivation of the sales and marketing staff of **Seasons Airlines**. Majority of the candidates were successful in earning full marks. However, it was observed that some of the candidates had faced difficulties in identifying signs of demotivation.

There were instances where, instead of demonstrating the knowledge on signs of demotivation the methods of motivating the sales and marketing staff were explained. Hence, writing unnecessary explanations and details should be avoided.

In part (b); it was required to identify the steps in designing an effective motivational programme for the sales and marketing staff at **Seasons Airlines**. Even though the candidates had attempted to answer this part of the question; less than fifty percent had answered in a satisfactory manner. Some of the candidates forwarded a list on things to be done in order to motivate the employees. It was observed that some of the candidates had used theories such as ERG and hierarchy of needs in order to provide the answers. However, they had not contextualized the answers. Additionally, it was further observed that some of the candidates had identified the irrelevant answers such as steps involved in making a rational decision.

In part **(c)**; it was expected to discuss the relevant leadership styles of **Mr. Nadeeshan** and **Mr. Silva** based on the appropriate leadership models. This was one of the easiest questions to score marks. Most of the candidates had correctly identified the leadership styles and obtained full marks. Even though some of the candidates had identified the relevant style of leadership; the answers had not been justified with relevant facts from the given scenario. Hence, they had scored low marks. Those candidates could have easily gained high marks; if they read the scenario properly.

In part **(d)**; it was expected to explain four (04) characteristics of a good strategy. A few candidates answered well. Majority of the candidates had provided irrelevant answers. Hence, they did not score marks for this question. The candidates could have mentioned the characteristics of a good strategy based on their theoretical knowledge in order to gain some marks; even without contextualizing the answers.

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Common factors to consider in order to improve the competency level of the exam candidates:

1. Study the syllabus well.
2. When you receive the question paper read the instructions carefully (Extra time allocated for this purpose).
3. Candidates should carefully read the question several times and understand what is required. When a direct reply is expected writing unnecessary explanations and details should be avoided.
4. Manage the time efficiently at the examination.
5. Before handing over the answer booklet check twice that question numbers and your Index Number are written correctly.
6. The “Action Verb Check List” is included at the end of the question paper. Each question other than OTQs; begin with an Action Verb. Candidates should write the answers based on the definition given in that list.
7. Ensure that the handwriting is at a legible level and question numbers are properly stated for the answers.
8. Reading of Self-Study Text, Articles and Magazines, etc. is desirable.
9. Study and practice answering past question papers in order to improve your knowledge.
10. Face the examination well prepared with a firm determination of passing.

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