(AA15) BUSINESS OPERATIONS AND 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 begins 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)

Twenty (20) compulsory questions

(Total 40 marks)

Question 01

Select the most correct answer for question No. 1.1 to 1.15. Write the number of the selected answer in your answer booklet with the number assigned to the question.

1.1 Which one of the following is correct with respect to a partnership?

   (1) It is compulsory to have a written agreement.
   (2) Minimum number of partners is 2.
   (3) It is compulsory to publish financial statements.
   (4) It should be registered under the Companies Act No. 07 of 2007.

1.2 Which one of the following is a “Main Business Function” of an organization?

   (1) Production / operations.  
   (2) Finance and Accounting.
   (3) Sales and marketing.  
   (4) All of the above.
1.3 Which one of the following is not a document required for registering a company under the Companies Act No. 07 of 2007?

(1) Company registration form.
(2) Statement of consent from the initial secretary.
(3) Articles of Association.
(4) Bank statement of the company.

1.4 Which one of the following is considered as a success factor in e-commerce?

(1) Selection and value.
(2) Performance and service.
(3) Security and reliability.
(4) All of the above.

1.5 Which one of the following is a unique feature of the internet?

(1) It connects only with customers and suppliers.
(2) It can be used only for information sharing.
(3) Nobody owns it.
(4) It can be used only by the business organizations.

1.6 Which one of the following is not a characteristic of services?

(1) Services are tangible.
(2) Service output is variable.
(3) Services are perishable.
(4) Services have higher customer contacts.

1.7 Which one of the following is not a role of a manager according to Henry Mintzberg?

(1) Decisional role.
(2) Informational role.
(3) Conceptual role.
(4) Interpersonal role.

1.8 Which one of the following is an example for data?

(1) Employees turnover ratio.
(2) Selling price of an item in an invoice.
(3) Total sales for the month.
(4) Profit for the month.

1.9 Which one of the following is not an element included in the Job Description (JD)?

(1) Purpose of the job.
(2) Job title.
(3) Main tasks to be performed.
(4) Working experience.
1.10 Which one of the following is not an objective of manpower (Human Resources) planning?

(1) To forecast the future human resource requirements.
(2) To ensure availability of flexible workforce.
(3) To attract and retain the number of people required with skills and competence.
(4) To reduce reward expenditure.

1.11 Which one of the following is a feature of a business organization?

(1) It is a group of people working towards a common goal.
(2) It has a vision and a mission.
(3) It has a culture followed by organizational values.
(4) All of the above.

1.12 Which one of the following is correct with reference to the final objective of Marketing Concept included in evolution of marketing philosophy?

(1) Higher profits through higher production.
(2) Higher profits through high quality products.
(3) Higher profits through customer satisfaction.
(4) Higher profits through higher sales.

1.13 According to the marketing mix (4ps), credit terms are included in:

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

1.14 Which one of the following is a characteristic of a successful brand?

(1) Benefits.  (2) Culture.
(3) Values.  (4) All of the above.

1.15 Which one of the following describes value based pricing?

(1) Pricing based on how much customers are willing to pay for the goods or services.
(2) Pricing by adopting a constant percentage to the cost price of goods or services.
(3) Pricing based on the prevailing market price of goods or services.
(4) Pricing based on the perceived worth of goods or services to its intended customers.
Select the correct word/words from those given within brackets to fill in the blanks of question No. 1.16 to 1.20. Write the selected word/words in your answer booklet with the number assigned to the question.

1.16 .......................... (Job design / Job analysis) is the procedure for determining the duties and skills requirement of a job.

1.17 .......................... (Positioning / Market segment) refers to the place that a brand occupies in the minds of customers and how it is distinguished from products of competitors.

1.18 .......................... (Intranet / Extranet) is an organizational network based on internet technology that can provide access to data across the enterprise.

1.19 .......................... (Decision support system / Executive support system) is a strategic level information system.

1.20 .......................... (ISO 9001 : 2008 / ISO 9000 : 2005) sets out the requirements of a quality management system. (02 marks each, Total 40 marks)

End of Section A

SECTION B

Four (04) compulsory questions
(Total 40 marks)

Question 02

Different types of enterprises that are designed to provide the broad range of goods and services required by people are known as business organizations. Business organizations can be categorized as sole proprietorships, partnerships, companies, co-operatives and Franchises based on the ownership. Regardless of the type of the business organization, every organization uses support services such as, transportation, insurance, communication, banking, etc. for the smooth operation of their business activities.

(a) Explain three(03) characteristics of a sole proprietorship. (06 marks)

(b) Explain the importance of insurance for a business organization. (04 marks)

(Total 10 marks)
A successful business organization needs to identify the changes in business environment. Business environment can be divided as internal environment and external environment. There are different models used to identify environmental factors. Porter’s Five Forces model is one of the models used to identify the external environmental factors.

(a) (i) **State** three(03) elements of the internal environment.  
(ii) **Identify** three(03) differences between Macro Environment and Micro Environment.

(b) **Explain** any two(02) forces of Porter’s Five Forces model.

Due to the inherent complexity of human behaviour, Human Resource Management (HRM) plays a vital role in any organization. Major functions of HRM are job design, job analysis, manpower planning, recruitment, selection, induction, performance evaluation, training and development, etc.

(a) (i) **Explain** the difference between recruitment and selection.  
(ii) **Identify** the steps involved in the selection process.

(b) **State** three(03) advantages of external recruitment over internal recruitment.

Marketing is the process of supplying goods and services necessary for the fulfillment of consumers’ needs and wants. Market segmentation is one of the core concepts in marketing.

(a) **State** the difference between needs and wants with two(02) examples for each.

(b) **Explain** three(03) characteristics of effective market segmentation.
SECTION C
A compulsory question.
(Total 20 marks)

Question 06

Agro Product PLC (APP) is a reputed company in Sri Lanka engaged in the manufacture of machineries relating to agriculture. Recently, APP had developed a machinery aimed at improving the productivity of paddy harvest. A market survey was not conducted before introducing the new product to the market. Moreover, the Product Development Department (PDD) of APP had not communicated with other related Departments of APP, regarding the suppliers of raw materials and potential customers until the new machinery was launched. APP manufactured new machineries without having proper orders. At the moment, a large stock of new machineries was maintained. After a few months of the launch, there were several complaints regarding the technical issues of the new machinery. Project Manager of PDD had already resigned from the company. The exit interview evidenced that the resignation was mainly due to the workload, failure of the new product and unsatisfactory rewards. Further, marketing department of APP was not able to clearly answer the concerns raised by the customers. Some issues were answered after long delays because those concerns related to highly technological aspects and there was no competent person to resolve those issues. These long lasting unresolved issues related to the new machinery are causing reputational damage to the other products of the company, and there is a declining trend in revenue from existing products. Finally, APP management decided to recall the new machinery.

You are required to:

(a) Explain reasons for the main issues faced by APP regarding the launching of newly developed machinery. (06 marks)

(b) Identify the steps involved in a new product design process. (06 marks)

(c) State four (04) objectives of an effective rewards system. (04 marks)

The company had decided to conduct a market survey to observe the perception of the market about the new machinery. It was decided to outsource the conducting part of the market survey.

(d) List four (04) benefits that could be gained through outsourcing conducting of the market survey. (04 marks)

(Total 20 marks)

End of Section C
# ACTION VERB CHECK LIST

<table>
<thead>
<tr>
<th>Knowledge Process</th>
<th>Verb List</th>
<th>Verb Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Level 01</strong></td>
<td>Define</td>
<td>Describe exactly the nature, scope, or meaning.</td>
</tr>
<tr>
<td>Comprehension</td>
<td>Draw</td>
<td>Produce (a picture or diagram).</td>
</tr>
<tr>
<td></td>
<td>Identify</td>
<td>Recognize, establish or select after consideration.</td>
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<tr>
<td></td>
<td>List</td>
<td>Write the connected items one below the other.</td>
</tr>
<tr>
<td></td>
<td>Relate</td>
<td>To establish logical or causal connections.</td>
</tr>
<tr>
<td></td>
<td>State</td>
<td>Express something definitely or clearly.</td>
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<tr>
<td></td>
<td>Calculate/Compute</td>
<td>Make a mathematical computation</td>
</tr>
<tr>
<td></td>
<td>Discuss</td>
<td>Examine in detail by argument showing different aspects, for the purpose of arriving at a conclusion.</td>
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<tr>
<td></td>
<td>Explain</td>
<td>Make a clear description in detail revealing relevant facts.</td>
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<td></td>
<td>Interpret</td>
<td>Present in an understandable terms.</td>
</tr>
<tr>
<td></td>
<td>Recognize</td>
<td>To show validity or otherwise, using knowledge or contextual experience.</td>
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<tr>
<td></td>
<td>Record</td>
<td>Enter relevant entries in detail.</td>
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<tr>
<td></td>
<td>Summarize</td>
<td>Give a brief statement of the main points (in facts or figures).</td>
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<tr>
<td><strong>Level 02</strong></td>
<td>Apply</td>
<td>Put to practical use.</td>
</tr>
<tr>
<td>Application</td>
<td>Assess</td>
<td>Determine the value, nature, ability, or quality.</td>
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<tr>
<td></td>
<td>Demonstrate</td>
<td>Prove, especially with examples.</td>
</tr>
<tr>
<td></td>
<td>Graph</td>
<td>Represent by means of a graph.</td>
</tr>
<tr>
<td></td>
<td>Prepare</td>
<td>Make ready for a particular purpose.</td>
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<td></td>
<td>Prioritize</td>
<td>Arrange or do in order of importance.</td>
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<tr>
<td></td>
<td>Reconcile</td>
<td>Make consistent with another.</td>
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<tr>
<td></td>
<td>Solve</td>
<td>To find a solution through calculations and/or explanation.</td>
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<tr>
<td><strong>Level 03</strong></td>
<td>Analyze</td>
<td>Examine in detail in order to determine the solution or outcome.</td>
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<tr>
<td>Analysis</td>
<td>Compare</td>
<td>Examine for the purpose of discovering similarities.</td>
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<tr>
<td></td>
<td>Contrast</td>
<td>Examine in order to show unlikeness or differences.</td>
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<td></td>
<td>Differentiate</td>
<td>Constitute a difference that distinguishes something.</td>
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<td></td>
<td>Outline</td>
<td>Make a summary of significant features.</td>
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