

ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

LEVEL II EXAMINATION - JULY 2021

**(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.

24-10-2021

Afternoon

[01.45 – 05.00]

No. of Pages : 06

No. of Questions : 07

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**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** The “efficiency” is:

- (1) The relationship between input and output.
- (2) Doing things right.
- (3) Doing the right thing.
- (4) The ability to produce desired output.

**1.2** Which one of the following group consists of the interpersonal roles of the management?

- (1) Entrepreneur, Resource allocator, Negotiator.
- (2) Monitor, Disseminator, Spokesperson.
- (3) Figurehead, leader, liaison.
- (4) Leader, Disturbance handler, Monitor.

**1.3** Consider the following statements:

- (a)** Decision-making occurs prior to planning stage in the management process.
- (b)** All managers at all levels of the hierarchy require to make decisions regarding the responsibilities assigned to them.
- (c)** Decision making is important when carrying out other functions of the management process such as organizing, coordinating, and communicating.

Of the above, the correct statement/s in relation to decision making is/are:

- (1) **(b)** only.
- (2) **(c)** only.
- (3) **(a)** and **(c)** only.
- (4) **(b)** and **(c)** only.

**1.4** The management theories which cover the human dimensions of work are known as:

- (1) Bureaucracy theories.
- (2) Behavioral theories.
- (3) Qualitative theories.
- (4) Scientific Management theories.

**1.5** Which one of the following is **not** a function of Human Resource Management?

- (1) Performance evaluation.
- (2) Discipline management.
- (3) Process layout.
- (4) Hiring and induction.

(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** ..... (*Planning / Organizing*) function begins with division of work into smaller units.

**1.7** Shifting towards ..... (*poor / service*) economies have become an important challenge faced by managers in modern business world.

**1.8** ..... (*Two factor theory / Hierarchy of needs theory*) explains the relationship between human needs and motivation.

**1.9** ..... (*Product Concept / Production Concept*) concerns about higher profit from high quality.

**1.10** ..... (*Transformational change / Strategic change*) can be defined as a big, radical activity that the organization works outside of the existing paradigm.

(01 mark each, 05 marks)

Write 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) characteristics of Bureaucracy according to Max Weber.
- 1.12** List two(02) principles of planning.
- 1.13** State two(02) barriers for Communication.
- 1.14** List two(02) differences between a Manager and a Leader.
- 1.15** Explain briefly, what is meant by “Change Management”. (02 marks each, 10 marks)  
(Total 25marks)
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*End of Section A*

## **SECTION B**

(Total 50 marks)

### **Question 02**

The structure of the organization outlines how the operations are directed in order to achieve its objectives. It helps the business to plan, organize and control its business operations. It also defines how information flows in decision making process. In an organizational structure, managers should delegate the authority and responsibility.

**You are required to:**

- (a) **State** two(02) differences between authority and responsibility. (02 marks)
- (b) **State** the main steps involved in the process of organizing. (04 marks)
- (c) **Explain** two(02) reasons why decision making is important for a manager. (04 marks)  
(Total 10 marks)

### **Question 03**

COVID-19 pandemic has created a huge impact on the global economy and businesses. The new normal situation has forced employees to Work From Home (WFH). Sometimes employees are reluctant to adjust to these new challenges. Due to these new challenges, functions of Human Resource Management (HRM) of an organization have become more prominent.

**You are required to:**

- (a) **State** two(02) strategies to be adopted for Human Resource (HR) shortage. (02 marks)
- (b) **Explain** how functions of Human Resource Management (HRM) support in achieving organizational objectives during COVID-19 pandemic situation. (06 marks)
- (c) **Identify** two(02) ways by which an organization can overcome resistance to change. (02 marks)  
(Total 10 marks)

## Question 04

A strategy drives organization to be more proactive than reactive in shaping its own future. The organizations adopt different course of actions to secure their business in the future and the strategy directs the organization to align the internal environment with the external environment, while achieving its vision during the life span of the organization. The planning and controlling are key to be effective and efficient in its operations.

**You are required to:**

- (a) **State** three(03) different types of strategies in the organizations. (03 marks)
  - (b) **Explain** the difference between cost leadership and differentiation. (03 marks)
  - (c) **Explain** two(02) limitations of controlling. (04 marks)
- (Total 10 marks)

## Question 05

The Operations Management within an organization plays a major role in planning, organizing and supervising in the contexts of production and delivering of services. It aims to create the highest possible level of efficiency within an organization.

**You are required to:**

- (a) **Identify** two(02) support activities in the Porter's Value Chain. (02 marks)
  - (b) **Explain** two(02) roles of the Operations Management for the success of a business organization. (04 marks)
  - (c) **Explain** two(02) key production methods. (04 marks)
- (Total 10 marks)

## Question 06

Organizations use marketing as a tool to attract customers as well as to provide information for the customers. Due to the high competition in the current market, sometimes the methods used by the organizations to attract and retain customers may not be ethical. Further, the organizations have to use different marketing strategies with COVID-19 pandemic.

**You are required to:**

- (a) **Identify** two(02) unethical practices in advertising. (02 marks)
  - (b) **Explain** two(02) reasons why ethics are important in marketing. (04 marks)
  - (c) **Explain** two(02) impacts to the marketing function of an organization due to COVID-19 pandemic. (04 marks)
- (Total 10 marks)

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*End of Section B*

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## **SECTION C**

(Total 25 marks)

### **Question 07**

**GAG Ltd.** is a major player in the beverages industry in Sri Lanka. It has a strong centralized “Research and Development” department which contributes for success of the company. Recently, it has found that people would like to drink fruit juice being more health conscious than drinking soft drinks. After conducting feasibility studies, the Board of Directors has decided to produce a fruit juice for the target market. “Nectarzz” is the brand name for the new fruit juice of **GAG Ltd.** In February 2021, “Nectarzz” has been introduced to the domestic market in four different flavours of mango, orange, apple and mixed fruit. The farms (1,000 farmers) and the factory (2500 employees) are located in the same geographical area in order to reduce miles.

It has been presented in 120ml packets and 500 ml bottles. The bottles have been designed in an attractive manner to capture the market. The product has been distributed by the logistic department of **GAG Ltd.** around the country. Customers can buy the product at any given point of sale at a reasonable price. Attractive discounts are entitled for bulk purchasing from the vendors. The marketing campaign has successfully communicated about the new product. **GAG** has mainly target the health conscious customers of the country. Customers can contact the nutritionist to clarify their doubts on **GAG Ltd.’s** products. Further, customers can visit the factory upon permission and the company organizes workshops and training programs continuously for their employees. However, due to COVID-19 pandemic situation, the company has restricted the field visits. The management is studying of alternative methods to share their experience with their customers.

**You are required to:**

- (a) **Explain** four(04) reasons why the role of leadership of **GAG Ltd.** is important in order to ensure the organizational success. (08 marks)
  - (b) **Explain** three(03) importances of employees’ motivation of **GAG Ltd.** during COVID-19 pandemic. (06 marks)
  - (c) **State** four(04) methods of promotion to be used by **GAG Ltd.** for “Nectarzz” products during this pandemic situation. (04 marks)
  - (d) **State** four(04) benefits of employees’ health and safety management as a function of human resource management to **GAG Ltd.** (04 marks)
  - (e) **State** three(03) reasons why strategic planning is important for **GAG Ltd.** (03 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.