



ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

LEVEL II EXAMINATION - JULY 2025

(204) BUSINESS MANAGEMENT

• **Instructions to candidates** (Please Read Carefully):

- (1) **Time Allowed:** Reading : 15 minutes.
Writing : 03 hours.

27-07-2025
Afternoon
[01.45 – 05.00]

No. of Pages : 06
No. of Questions : 07

- (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.**

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 Effectiveness means:

- (1) Relationship between input and output. (2) Doing the right things.
(3) Doing things right. (4) Getting things done through others.

1.2 Which one of the following group is a characteristic of the Traditional (Western) Management Style?

- (1) Human Oriented. (2) Customers' Satisfaction.
(3) Process Oriented. (4) Results Oriented.

1.3 Which one of the following is an advantage of delegation of authority?

- (1) Effective Management. (2) Better Coordination.
(3) Development of Employees. (4) All of the above.

1.4 Which one of the following is **not** a requirement for a successful brand?

- | | |
|-----------------|----------------|
| (1) Relevance. | (2) Clarity. |
| (3) Complexity. | (4) Coherence. |

1.5 Which one of the following is **not** a support activity of Porter's Value Chain?

- | | |
|-----------------------------|--------------------------------|
| (1) Technology Development. | (2) Marketing and Sales. |
| (3) Procurement. | (4) Human Resource Management. |

(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 (*Accountability / Power*) is the ability of the person to influence others.

1.7 (*Specialization / Flexibility*) is a characteristic of bureaucracy.

1.8 (*Recruitment / Human Resource Planning*) is a process of generating a pool of qualified applicants towards organizational vacancies.

1.9 In (*selling / marketing*) concept, products are sold aggressively regardless of quality of products.

1.10 (*Focus on Producers / Integrated System*) is a principle of Total Quality Management (TQM). (01 mark each, 05 marks)

Write short answers for question Nos. 1.11 to 1.15 in your answer booklet with the number assigned to the question.

1.11 List two(02) benefits of Market Segmentation.

1.12 State the difference between "Market Penetration" and "Market Development".

1.13 State two(02) types of change.

1.14 Explain briefly cost leadership as a strategy in Porter's Generic Strategies.

1.15 State two(02) advantages of an internal recruitment policy (02 marks each, 10 marks)
(Total 25marks)

End of Section A

SECTION B

(Total 50 marks)

Question 02

Zenith Tech Solutions, a rapidly growing software firm, is focusing to take a critical decision regarding its expansion strategy. The company's management team is planning to divide into different levels based on the skills of managers with the objective of achieving organizational goals.

You are required to:

- (a) **Explain** two(02) types of skills considered by **Zenith Tech Solutions** when classification of managers based on hierarchy. (04 marks)
 - (b) **List** two(02) decisional roles required by a manager as per Henry Mintzberg. (02 marks)
 - (c) **State** four(04) barriers to be faced by **Zenith Tech Solutions** when making rational decisions. (04 marks)
- (Total 10 marks)

Question 03

Tech Innovators Ltd., is engaged in AI-powered solutions. **Emma**, is the CEO of **Tech Innovators Ltd.** and she has realized that the company needs a solid plan to expand its market reach. She follows the planning process, to avoid risks and believes that the managers' role in motivation is crucial when achieving organizational goals.

You are required to:

- (a) **State** the steps of planning process. (04 marks)
 - (b) **State** two(02) types of plans of a business organization. (02 marks)
 - (c) **Explain** two(02) roles of a manager in motivating employees of an organization. (04 marks)
- (Total 10 marks)

Question 04

The Human Resource Division of **PQR Techno Ltd.** is planning to introduce an employees' welfare management system. Furthermore, the operations manager ensures efficient day-to-day processes, overseeing production schedules and resource management in the production process. While the functional managers focus on implementing policies and maintaining order, the Managing Director of the company inspires and motivates the entire managerial and non-managerial employees as a leader by fostering innovation and long-term vision.

You are required to:

- (a) **State** three(03) benefits of having a good employees' welfare management system in **PQR Techno Ltd.** (03 marks)
 - (b) **Explain** how the following operations management functions should execute to gain higher benefits for **PQR Techno Ltd.:**
 - (i) Supply Chain Management.
 - (ii) Quality Management. (05 marks)
 - (c) **State** two(02) differences between "a Leader" and "a Manager". (02 marks)
- (Total 10 marks)

Question 05

Global Solutions which is an advertising agency operates in Colombo. In a team meeting at **Global Solutions**, CEO explained the importance of using Abraham Maslow's Hierarchy of Needs theory to motivate employees by addressing needs of employees. Further, he highlighted the importance of effective communication for success of **Global Solutions**. Effective controlling used at **Global Solutions** was a main factor to achieve current targets of its business.

You are required to:

- (a) **Explain** two(02) types of needs in Hierarchy of Needs Theory used to motivate employees at **Global Solutions**. (03 marks)
 - (b) **Explain** three(03) reasons why controlling is important for **Global Solutions**. (05 marks)
 - (c) **State** two(02) benefits of effective communication for **Global Solutions**. (02 marks)
- (Total 10 marks)

Question 06

MMC Ltd. is planning to use an AI-driven automation in production process and its designing. Transformation leadership plays a crucial role in guiding employees through the changes. The management adopts a transformational leadership approach, focusing on clear communication, motivation, and training programs to ease employees' transition into the new work environment. However, some employees have resisted the change.

You are required to:

- (a) **Identify** two(02) impacts of new technology on the operations of **MMC Ltd.** (02 marks)
 - (b) **State** four(04) ways to encourage employees to accept the change. (04 marks)
 - (c) **Explain** the applicability of transformation leadership theory at **MMC Ltd.** (04 marks)
- (Total 10 marks)

End of Section B

SECTION C

(Total 25 marks)

Question 07

XYZ (Pvt) Ltd. is a Sri Lankan company that has been operating in the fast-moving consumer goods (FMCG) sector for over two decades. Despite being a market leader in certain product categories, the company is currently facing multiple challenges due to economic instability, changing consumers' preferences, and rapid technological advancements.

The recent economic crisis has significantly impacted purchasing power of customers. Inflation and exchange rate fluctuations have increased the cost of raw materials, forcing **XYZ (Pvt) Ltd.** to either raise prices of goods or reduce profit margins. The Sri Lankan government has implemented new tax policies and import restrictions and those affect the company's supply chain.

In addition, consumers' behaviour has shifted towards digital platforms. With the rise of e-commerce and social media marketing, **XYZ (Pvt) Ltd.** must adapt its marketing strategies to remain competitive. However, the company has been slowed to integrate digital transformation into its operations.

From HR perspective, the company is experiencing challenges in talent retention, employees' motivation, and adapting to remote work. Many skilled employees are seeking better opportunities in abroad, leading to a talent drain. Employees' dissatisfaction is increasing due to stagnant wages and lack of career progression.

In response to these challenges, **XYZ (Pvt) Ltd.** is considering a strategic shift, including digital marketing integration, diversification of product lines, and restructuring its workforce to improve efficiency. The management is also focusing on change management strategies to create a more adaptable and innovative organizational culture.

You are required to:

- (a) **Explain** three(03) methods of digital marketing that **XYZ (Pvt) Ltd.** could use to boost its sales. (06 marks)
 - (b) **Explain** three(03) reasons why ethical marketing is important for **XYZ (Pvt) Ltd.** (06 marks)
 - (c) **State** four(04) ways that can be used by **XYZ (Pvt) Ltd.** to retain employees of the organization. (04 marks)
 - (d) **State** four(04) objectives of Human Recourse Management. (04 marks)
 - (e) **Explain** three(03) internal factors which influence the strategies of **XYZ (Pvt) Ltd.** (05 marks)
- (Total 25 marks)

End of Section C

ACTION VERBS CHECK LIST

Level of Competency	Description	Action Verbs	Verb Definitions
Knowledge (1)	Recall Facts and Basic Concepts.	Draw	Produce a picture or diagram.
		Relate	Establish logical or causal connections.
		State	Express details definitely or clearly.
		Identify	Recognize, establish or select after consideration.
		List	Write the connected items.

Level of Competency	Description	Action Verbs	Verb Definitions
Comprehension (2)	Explain & Elucidates Ideas and Information.	Recognize	Show validity or otherwise, using knowledge or contextual experience.
		Interpret	Translate into understandable or familiar terms.
		Describe	Write and communicate the key features.
		Explain	Make a clear description in detail using relevant facts.
		Define	Give the exact nature, scope or meaning.

Level of Competency	Description	Action Verbs	Verb Definitions
Application (3)	Use and Adapt Knowledge in New Situations.	Reconcile	Make consistent / compatible with another.
		Graph	Represent by graphs.
		Assess	Determine the value, nature, ability or quality.
		Solve	Find solutions through calculations and/or explanation.
		Prepare	Make or get ready for a particular purpose.
		Demonstrate	Prove or exhibit with examples.
		Calculate	Ascertain or reckon with mathematical computation.
		Apply	Put to practical use.

Level of Competency	Description	Action Verbs	Verb Definitions
Analysis (4)	Draw Connections Among Ideas and Solve Problems.	Communicate	Share or exchange information.
		Outline	Make a summary of significant features.
		Contrast	Examine to show differences.
		Compare	Examine to discover similarities.
		Discuss	Examine in detail by arguments.
		Differentiate	Constitute a difference that distinguishes something.
		Analyze	Examine in details to find the solution or outcome.