SRI LANKA

Association of Accounting Technicians of Sri Lanka

Level II Examination – July 2026

Question Paper and Suggested Answers

(204) BUSINESS MANAGEMENT (BMA)

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THE ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

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(204) BUSINESS MANAGEMENT

SUGGESTED ANSWERS

SECTION - A

(Total 25 marks)

Suggested Answers to Question One:

1.1 (2)

1.2 (1)

1.3 (3)

1.4 (3)

1.5 (2)

(02 marks each, 10 marks)

1.6 False

1.7 True

1.8 True

1.9 correct

1.10 internal

(01 mark each, 05 marks)

1.11 (Identifying any two of the below would permit full marks)

- Continuous delays or absentees
- Lack of willingness to obey the instructions
- Creating problems and spreading rumors
- Lack of interest for personal or business growth
- Loss of productivity and efficiency
- Lack of commitment of work
- Lack of visible signs of enjoyment and passion of work.

(02 marks)

1.12 Branding is the process of creating a unique name, symbol, design, or overall identity for a
product, service, or business that sets it apart from competitors in the market
(Any other similar explanations must include the underlined terms)

(02 marks)

1.13 Authority is the legitimate right or power given to a manager to make decisions, give orders, and
allocate resources to achieve organizational goals.
Responsibility is the **<u>obligation</u>** or duty of a subordinate to **<u>perform the assigned tasks</u>** or functions effectively
(Any other similar explanations must include the underlined terms)

(02 marks)

1.14 (Identifying any two of the below would permit full marks)

- Novelty
- Secretly devised
- Intelligent
- Deceptive
- Cost effective
- Clarity
- Focus
- Flexibility
- Actionability

(02 marks)

1.15 (Identifying any two of the below would permit full marks)

- To help organization to achieve its goals
- To ensure effective utilization and maximum development of human resources
- To ensure due respect for human beings
- To identify and satisfy the needs of individuals
- To achieve and maintain high morale among employees
- To develop and maintain a quality of work life
- To ensure reconciliation of individual goals with organizational goals
- To be ethically and socially responsive to the needs of society
- To provide the organization with well-trained and well-motivated employees.
- To increase for the employee's job satisfaction and self-actualization.

(02 marks)
(02 marks each, 10 marks)
(Total 25 marks)

End of Section A

(Total 50 Marks) **SECTION - B**

Suggested Answers to Question Two:

Chapter 06 – Types of Change
Chapter 02- Functions of Management Process- Part II – Planning
Chapter 02 - Functions of Management Process – Part III – Organizational Structure & Design

(a)

- The need of the change
- Confirmation (adoption)
- Resources

(02 marks)

(b)

- **Planning provides direction**
  Planning clearly defines the company's goals in simple terms so that all employees understand the overall destination. As a result, every department aligns its individual efforts to work toward achieving those specific organizational targets.
- **Planning decreases threats of uncertainty**
  Because the future is unpredictable, planning helps management anticipate potential changes and market risks ahead of time. By organizing proactive steps based on market facts, organizations can minimize unexpected difficulties and losses.
- **Planning decreases overlapping and inefficient activities**
  By deciding when, where, what, and why actions will be taken, planning eliminates doubt and confusion across divisions. This coordinates different activities smoothly and puts an end to redundant, wasteful efforts.
- **Planning encourages innovative ideas**
  Selecting the best course of action requires managers to actively search for and evaluate multiple alternative solutions. This process stimulates creative thinking, bringing new concepts to light for detailed analysis.
- **Planning helps decision making**
  Decision making involves evaluating various options and selecting the best available solution. Planning provides the necessary requirements and framework to analyze these alternatives systematically.

- **Planning determines requirements for controlling**
  Planning sets performance standards—such as target output, time, and cost—for employees and departments. These standards allow management to compare actual work against expectations, identify deviations, and hold personnel accountable.

(Award marks if any above 2 points or any other similar points are mentioned and explained separately)

(04 marks)

(c)

- **Benefits of Specialization**
  In organizing, work is divided into smaller jobs, and an individual is assigned a specific job according to their qualifications. This division of labor leads to specialization.
- **Clarity in Working Relationships**
  Everyone knows to whom they can give orders and from whom they must receive orders, which helps create a clear managerial hierarchy.
- **Optimum Utilization of Resources**
  Organizing ensures the proper usage of human resources, materials, and financial capital. Because jobs are properly assigned, confusion and duplication are eliminated, which minimizes the wastage of resources.
- **Adaptation to Change**
  Organizing helps establish different departments and managerial hierarchies. This structured organizational setup allows the company to adapt and adjust its activities effectively in response to changes in the external environment.
- **Effective Administration**
  Organizing provides a clear description of jobs, ensuring there is no confusion or overlap. Because every individual understands their role and position clearly, overall management becomes easier and administration becomes more effective.
- **Development of Personnel**
  Managers reduce their workload by delegating routine tasks to subordinates. This gives managers the opportunity and time to innovate, develop new methods, and strengthen the company's competitive position, while delegation helps subordinates develop their full potential and handle new challenges.
- **Expansion and Growth**
  Through optimum resource utilization, proper division of work, and departmentalization, companies can easily expand their activities in a planned manner. Organizations can readily add new job positions, departments, product lines, or enter new geographical markets to increase sales and profits.

(Award marks if any above 2 points or any other similar points are mentioned and explained separately)

(04 marks)

(Total 10 marks)

Suggested Answers to Question Three:

Chapter : Functions of Management Process

(a)

"Structure follows strategy." Organizational strategy sets the goals and direction, while structure provides the operational framework (teams, hierarchy, and roles) needed to execute that strategy effectively.

Application to ABC Finance Ltd.:

- Strategy: ABC Finance Ltd. adopted a strategy focused on growth, digital transformation, and faster loan processing.
- Structure: To support this strategic shift, management altered its structure by creating three specialized units—Customer Relationships, Risk Analysis, and Digital Operations.

While ABC Finance restructured its divisions to match its new digital strategy, initial execution suffered because **unclear reporting lines** and **supervisor resistance** disrupted communication. A strategy can only succeed when both departmental division and clear authority chains align.

(For stating the definitions of both award 2 marks / for application award 2 marks)

(04 marks)

(b)

- **Inspire and motivate others**
  Leaders create a clear vision for the future to motivate employees toward organizational success. They actively guide and support team members to reach these shared goals.
- **Display high integrity and honesty**
  Successful leaders remain truthful and transparent even when facing difficult situations. By displaying high integrity, they set a positive moral example for others to follow.
- **Analyze issues and solve problem**
  Leaders possess strong analytical and problem-solving skills to navigate complex business challenges. They are recognized for finding novel, effective solutions to unique organizational problems.
- **Drive for results**
  A successful leader stays focused on the final outcome and ultimate team success. They encourage staff to work independently and explore new ways to accomplish targets.

- **Communicate powerfully and prolifically**
  Leaders master the art of delivering the right message in a clear and effective manner. They excel in public speaking, business writing, and engaging audiences across various platforms**.**
- **Build relationships**
  Leaders proactively connect with people both face-to-face and in virtual environments. They respect cultural and global differences to build strong trust among team members.
- **Display technical or professional expertise**
  A strong leader possesses deep professional knowledge and practical know-how in their field. They understand how processes work and leverage modern technology to improve execution.
- **Display a strategic perspective**
  Leaders keep a long-term focus, ensuring every action aligns with the organization's future vision. They are willing to make short-term sacrifices to empower their team and achieve long-term goals.
- **Develop others**
  Great leaders prioritize the growth and personal advancement of their followers. They create clear paths for staff to perform well and share success across the team**.**
- **Innovate and lead change**
  Leaders foster creativity by encouraging their teams to view challenges from new perspectives. They act as captains for change, setting a personal example for continuous innovation.

(04 marks)

(c)

- Systematic Barriers
- Psychological Barriers
- Language Barriers
- Physical Barriers
- Attitudinal Barriers
- Demographic Barriers

(02 marks)
(Total 10 marks)

Suggested Answers to Question Four:

Chapter 03 : Supply Chain Management & Operations Management

(a)

Supply Chain Management

Managing processes and systems to ensure smooth material flow and inventory readiness. Trans Move Logistics introduced automated warehouse systems to handle its inventory and receiving processes, alongside systematic steps like receiving orders and packaging goods.

Production Scheduling

Organizing operational tasks in a logical sequence to prevent time overlaps and delays.

The company introduced online delivery scheduling and follows a structured sequential workflow receiving orders, packaging goods, loading vehicles, transportation, and final delivery to customers specifically to reduce delivery delays.

Quality Management

Monitoring processes, outputs, and performance throughout the operational cycle to ensure standards are met.

Managers regularly monitor fuel usage, vehicle maintenance, employees' performance, and customer complaints to maintain control over daily operations and maintain service quality across Sri Lanka.

(Award marks if only any above 2 points are mentioned and explained separately)

Forecasting Demand

The production is made for the purpose of making the sale in the market. Hence, the production volume needs to reflect the market demand. Hence it is required to finalize the production plan in order to be accurate about how many volumes / units to be produced. Produced materials cannot be held in warehouses for long term due to limited durability and demand uncertainties.

Capacity Planning

The production facilities which are limited in supply needs to be used in an optimum way in order to ensure profitability is maintained.

Layout Designing

The production plant structure needs to be organized in order to manage the facilities at the best use. Hence the required production plan needs to be decided according to the production schedule.

(04 marks)

(b)

- **Operational Efficiency and Cost Reduction**
  Automation reduces labor overhead and speeds up order handling inside the warehouse. Additionally, route optimization and scheduling minimize unnecessary vehicle idle time and mileage, helping the company achieve its goal of lowering operating costs and reducing fuel consumption.

- **Improved Service Delivery Speed and Customer Experience**
  GPS tracking enables the company to overcome island-wide transit bottlenecks across Sri Lanka by identifying traffic delays early and rerouting vehicles. This significantly reduces delivery delays, ensures on-time final deliveries, and addresses customer complaints proactively to increase customer satisfaction.

- **Enhanced Operational Monitoring and Control**
  With GPS tracking and integrated software, management can closely monitor fuel usage, vehicle maintenance, and driver performance in real time. This prevents unauthorized vehicle usage, reduces maintenance downtime, and keeps overall operating expenses low.

- **Higher Order Accuracy and Reduced Inventory Handling Errors**
  The implementation of automated warehouse systems ensures accurate order selection during the packaging and loading phases. This directly reduces misplacements or damaged shipments, minimizing customer complaints and protecting the firm's reputation.

- **Better Capacity Utilization and Route Optimization**
  Operating across Sri Lanka requires navigating varied regional terrain and traffic bottlenecks. Online delivery scheduling allows Trans Move Logistics to organize order dispatch timing effectively, avoiding empty trips, maximizing truck loading capacity, and ensuring seamless island-wide distribution.

- **Access to Global Markets**
  It enables businesses to sell products internationally, reaching new customer bases and expanding their market share.

- **Innovation and Collaboration**
  Global operations foster partnerships with diverse sup pliers and stakeholders, driving innovation and access to cutting- edge technologies.

- **Sustainability**
  Modern supply chains can adopt eco-friendly practices, such as optimizing transportation routes and reducing carbon footprints

(Award marks if any above 2 points are mentioned and explained separately)

(04 marks)

(c)

- Artificial Intelligence
- Blockchain
- Cloud Computing
- Internet of Things (IoT)
- Big Data Analytics
- Dones
- Robotic Automation
- Machine Learning
- Computer Aided Designing
- Computer Aided Manufacturing
- Computer Integrated Manufacturing

(Award marks only if any above 2 points are mentioned)

(02 Marks)
(Total 10 marks)

Suggested Answers to Question Five:

Chapter 05 – Human Resource Management & Fundamental of Organizational Behavior

(a)

- **Achieving organizational goals**
  Human resources are essential because other resources (like machines, money, and time) cannot accomplish goals on their own. Only the human workforce has the ability to actively utilize these resources to achieve overall organizational objectives.

- **Aids Improving cross functional Performance**
  Success of Other Functional Fields Depends on HRM Functional areas like marketing and finance rely entirely on competent and motivated managers to operate effectively. Therefore, the success of every other department directly depends on effective HRM to recruit, build, and retain a skilled workforce.

- **HRM being a mandatory management capability**
  HRM is an Important Responsibility of Every Manager all functional managers must possess a high degree of HRM competence because they rely on people to complete tasks. The overall performance of any department directly links to how well its managers direct and support their staff.

- **Facilitate learning and development**
  HRM Helps for Learning and Development. HRM provides continuous learning, orientation, and induction to boost overall employee productivity. It helps identify training needs so that existing workers can develop professionally and perform tasks with higher precision.

- **Improve employee satisfaction**
  HRM Improves Employees' Satisfaction. By strengthening employer-employee relationships, HRM creates higher morale and job satisfaction across the workforce. This positive work environment motivates staff, enhances team spirit, and boosts overall performance.

- **Drives overall organizational and societal sucess**
  HRM is Important to Organizational and Societal Success. Effective HRM meets the core needs and wants of employees, allowing the business to accomplish its organizational goals. In doing so, it ensures long-term business growth and contributes positively to broader societal development.
  (Award marks if any above 3 points or any other similar points are mentioned and explained separately)

(06 marks)

(b)

- Technology based learning
- Simulators
- On the Job Training
- Coaching/Mentoring
- Lectures
- Group Discussion & Tutorials
- Role Playing
- Outdoor Training
- Films & Videos

(Award marks only if any above 2 points are mentioned)

(02 marks)

(c)

- Employer branding
- Employees' outsourcing
- Promote the work life balance of employees
- Telecommunicating
- Flexible working models
- Employee self-service portal
- DI driven recruitment
- Continuous performance management
- Learning and development platform
- Work from home concept

(Award marks only if any above 2 points are mentioned)

(02 marks) (Total 10 marks)

Suggested Answers to Question Six:

Chapter 03 : Operations Management   ***Chapter 04 : Marketing Management***

(a)

- Demand recognition
- Total cost of ownership
- Understand the value and risks of technology
- Optimize product designs and product management
- Integrate supply chain with business goals’
- Customization strategy

(Award marks only if any above 2 points are mentioned) (02 marks)

(b)

Access to Global Markets: Effective supply chain management enables businesses to sell products internationally, reaching new customer bases and expanding their market share.

Cost Optimization: Companies can reduce production costs by sourcing raw materials or manufacturing in regions with lower labor or production costs.

Risk Management: By diversifying suppliers and production sites, businesses can mitigate risks such as natural disasters, political instability, or supply chain disruptions.

Faster Time-to-Market: Effective supply chain management ensures quick delivery of products, meeting customer demands and enhancing satisfaction.

Innovation and Collaboration: Global operations foster partnerships with diverse suppliers and stakeholders, driving innovation and access to cutting-edge technologies.

Sustainability: Modern supply chains can adopt eco-friendly practices, such as optimizing transportation routes and reducing carbon footprints.

Adaptability to Market Trends: Effective supply chain management helps businesses adapt to changing consumer preferences and trends in different regions, enhancing relevance and competitiveness.

Better Efficiency
Speed up work and stops delays so products move smoothly from factories to other locations.
(Award marks if any above 2 points are mentioned and explained separately) (04 marks)

(c)

- **Cost plus pricing:** The method where the business considers the production cost first and adds a certain margin over the cost in order to determine the sales price. The margin added may represent the profit expectation of the business as well as market situations.
- **Mark up pricing:** A variation of cost pricing where mark-ups are calculated as a percentage of the selling price, rather than as a percentage of the cost price. Firms that use cost-oriented methods use mark-up pricing.
- **Demand-based pricing:** Refers to a pricing method in which the price of a product is finalized according to its demand. If demand is higher, an organization prefers to set high prices to gain profit; whereas, if demand is lower, low prices are charged to attract customers.
- **Competition Based pricing:** Means the business analyzes the price ranges offered by competitors in the market and sets its price according to competitor price policies. When the business feels its product is unique, the price may be set above competitor prices. On the other hand, the business may decide to price products equal to competitors' products.
- **Value pricing method:**
  Used by organizations to win loyal customers by charging low prices for their quality products.

(Award marks only if any above 2 points are mentioned and explained separately)

(04 marks)
(Total 10 marks)

End of Section B

(Total 25 Marks) **SECTION - C**

Suggested Answers to Question Seven:

(a)

Chapter 01 : Introduction to Management and Different Perspective of Management

- **Conceptual Skills**
  Conceptual skills represent the ability to coordinate and integrate all organizational interests and activities, seeing the organization as a whole and understanding how it functions within its environment.
  Top-level managers require more conceptual skills than middle-level and lower-level managers.

- **Technical Skills**
  Technical skills are the practical abilities and knowledge required to perform specific tasks, often related to mechanical, information technology, mathematical, or scientific areas.
  First-line (lower-level) managers need more technical skills because they directly interact with and oversee the duties of employees.

- **Interpersonal Skills (Human Skills)**
  These involve the ability to motivate organizational people and groups, as well as understanding and communicating effectively with both internal and external parties.
  Managers at each level require interpersonal skills because they spend considerable time working interactively with others

(Award marks if any above 2 points are mentioned and explained separately)

(04 marks)

(b)

Chapter 04 – Marketing Management

Price

The company introduced flexible pricing strategies to adapt to the ongoing crisis while maintaining client trust and loyalty.

Promotion

The marketing team adjusted its campaigns to emphasize the reliability and safety of the company's services, and focused on communicating changes promptly to clients in order to build and maintain trust.

Product

The company focused on maintaining the quality, reliability and safety of its shipping and logistics services during the crisis. This helped the company to deliver goods securely and on time, ensuring customer confidence and reducing the impact of operation disruption.

Place

The company maintained its distribution network across several countries in the Middle East, allowing customers to continue receiving its services even during the crisis. This helped the company to ensure smooth operations, minimize disruptions and maintain customer satisfaction.

(04 marks)

(c)

Chapter 04 – Marketing Management

- Global reach
- Lower cost
- Ability to track and measure the results
- Personalization
- Openness
- Social currency
- Improved conversion rates

(Award marks if any above 4 points are mentioned or any other similar points are mentioned***)***

(04 marks)

(d)

Chapter 06 – Change Management

- Open to employees
- Keep communication lines open
- Have a clear idea of the need to accept change
- Allowing accountability
- Be realistic
- Education and communication
- Participation and involvement
- Facilitation and support
- Negotiation and agreement

(03 marks)

(e)

Chapter 07 – Strategic Management

Political, Governmental, and Legal Forces - The ongoing regional conflict and sudden regulatory changes / unpredictable delays at border checkpoints. Top management must continuously monitor the geopolitical situation and adapt long-term strategies in real time to reroute shipments away from conflict zones. Managers at all levels need to establish updated operational protocols to handle border delays, compliance issues, and trade route disruptions while maintaining timely deliveries and safety.

Economic Forces - Top management must track fuel price trends to make strategic cost-management decisions and safeguard profit margins. The marketing team must implement flexible pricing strategies to absorb or pass on fluctuating operational costs to clients while remaining competitive and maintaining customer trust.

Legal / Regulatory Factors - Sudden regulatory changes, customs regulations, can affect international shipping operations. Therefore, the company must update its policies ensure legal compliance and train employees to avoid delays and penalties.

Technological Factors - Advances in tracking systems, automation, and logistics technology influence competitiveness. Real time coordination and adopting strategies. The company may invest in logistics, technology, GPS tracking and digital communication to improve decision making.

Market / Competitive Factors - Competitor strategies and changing customer expectations may require strategic adjustments.

(06 marks)

(f)

Chapter 05 – Human Resource Management5

- Improve morale of employees
- Less supervision
- Fewer accidents
- Chances of promotion
- Increased productivity

(Award marks if any above 4 points are mentioned or any other similar points are mentioned)

(04 marks)
(Total 25 marks)

End of Section C

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