

## EXAMINER'S REPORT

### AA1 EXAMINATION - JULY 2017

#### (AA15) BUSINESS OPERATIONS AND MANAGEMENT

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The aim of the question paper “Business Operations Management” of AA1 Level was to check the overall knowledge and understanding of the candidates on the subject area as almost all the areas of the subject has been covered. The main purpose of the Examiners’ Report is to draw attention towards the low performed areas which will be helpful to improve candidates’ performance in the future examinations.

It appeared that majority of the candidates’ performance was satisfactory. On the other hand, it was observed that some of the candidates had failed to understand and answer the questions as expected, because of the following shortcomings:

#### Section A

#### Question No. 01

40 marks out of 100 had been allocated to this part and almost all the areas of the subject of Business Operations Management had been covered by this section. A considerable percentage of candidates have answered and obtained high marks for this section. Most of the candidates have not answered successfully for the questions **1.3, 1.7, 1.8** and **1.20**. The observations regarding those are as follows:

- 1.3** It was expected to measure the correct understanding about the “Documents required for registering a company” under the Company’s Act of No. 07 of 2007. Majority have chosen answer no.2 “*Statement of consent from the initial secretary*” instead of the correct answer No.4 “*Bank statement of the company*”. Most of them have not understood that irrelevant answer has to be chosen because the question has been asked as document which is **not** required for registering a company.
- 1.7** It was required to select the irrelevant role of a manager from the given answers according to Henry Mintzberg. But most of the candidates have marked incorrect answers instead of the correct answer No.03 conceptual role without noticing the word **not** in the question. Therefore, it is important to read and understand the question properly before answering
- 1.8** Majority of the candidates have not understood the difference between data and information. Therefore, they were unable to select the correct answer from the given examples.
- 1.20** Most of the candidates did not have an idea of the requirements of Quality Management System. It is vital to develop clear and conclusive knowledge regarding the quality certifications and other new trends in commercial context.

Although it has been clearly stated that the number of the selected answer should be written in the answer booklet for question No. 1.1 to 1.15, it was observed that some candidates have written the full answers instead of the number assigned to the question. This is a waste of time allocated to answer for the rest of the questions.

Candidates should improve their knowledge on fundamental concepts of Business Operations and Management. Except above questions most of the candidates have answered well. Overall performance to the question number 01 was satisfactory.

### **Section B**

This section consisted 4 compulsory questions to answer and each question carried 10 marks.

#### **Question No. 02**

The question was based on the area of **Business Organizations** and **supportive services**.

- (a) It was required to explain three characteristics of sole proprietorship by this part. Most of the candidates have attempted this question and obtained satisfactory marks. It was observed that several candidates have not understood the requirements of this question. Some of them have explained advantages of a sole proprietorship over other types of business organizations instead of characteristics.
- (b) It appeared that a considerable number of candidates among those attempted, have not understood the requirements of this question. Some candidates defined the term “Insurance” and explained the type of insurance policies instead of explaining the importance of insurance for a Business Organization. Those who understood the question have earned high marks.

#### **Question No. 03**

It was expected to test the candidates’ knowledge about the **Business Environment**.

- (a) (i) Very few candidates have earned full marks which has been allocated to this question. It was observed that some of the candidates didn’t have a clear understanding about what is expected by the question. Some candidates have mixed up the internal environment with the external environment and have provided incorrect answers such as micro environment and macro environment. Some candidates have incorrectly stated stakeholders such as suppliers, customers, competitors as the elements of internal environment.
- (ii) Among those attempted for this part, some candidates have not understood and answered the difference between Micro and Macro Environment. They have defined Micro Environment and Macro environment separately instead of identifying the differences between Micro Environment and Macro Environment. Some have mixed up the macro environment and micro environment and as a result provided incorrect answers.

- (b) Many candidates have correctly stated 2 forces of Porter's five forces model as threat of new entrants, bargaining power of suppliers, bargaining power of buyers, rivalry among existing competitors and threat of substitute products of services. But a considerable number of candidates have failed to explain the stated forces of Porter's five forces model correctly. It is important to develop a sound knowledge regarding models relating to business operations management by referring study packs and other relevant reading materials.

A very few students were able to earn high marks for this entire question.

## Question No. 04

The knowledge about Recruitment and Selection under **Human Resource Management** was tested by this question.

- (a) (i) Most of the candidates have not written answers to this question as expected. It means that they have not exactly identified the difference between Recruitment and Selection. Instead of explaining the difference, they have explained about the characteristics of both functions. But a few candidates have answered to the point and gained high marks out of the allocated marks to this part.
- (ii) 4 marks out of 10 have been allocated to this part and majority of the candidates who attempted this question have answered successfully. Several candidates have mixed up the selection process with the process of production and provided irrelevant answers.
- (b) Out of those who attempted for this part, majority of the candidates have successfully answered and have gained full marks. Few candidates have mentioned the advantages of external recruitment but have not compared the advantages over internal recruitment. Some candidates have erroneously mentioned the characteristics of both internal and external recruitment but have not stated advantages of external recruitment over internal recruitment. Therefore it is extremely important to read and understand the question thoroughly before answering to the question.

If the candidates have paid proper attention and studied the "Human Resource Management" chapter of the self-study text, they could have obtained high marks easily for this question.

## Question No. 05

This question was based on **Marketing Management**.

- (a) For this question it was expected to mention differences between needs and wants with two(02) examples for each and 4 marks have been allocated out of 10. Most of the candidates have successfully answered for this question with relevant examples as expected. Few candidates have not identified the difference between needs and wants although they have defined the two terms separately. Some candidates have stated the difference between needs and wants but failed to state two examples for each.

- (b) In this part, it was required to explain three characteristics of effective market segmentation. Majority of the candidates have not answered for this question successfully and as a result obtained low marks out of 6. A considerable number of candidates have not even attempted for this part. Several candidates have correctly stated the characteristics of effective market segmentation such as measurable, substantial, accessible, differentiable and actionable. But many of those have failed to explain them correctly and as a result have obtained low marks.

If the candidates have studied the content of marketing Management in the Self-Study Text, they could have easily obtained full marks for this question.

### Section C

This section consisted of 01 compulsory question for 20 marks.

#### **Question No. 06**

This was a scenario based question regarding “**Agro Products PLC**” (**APP**) and it was expected to examine the knowledge of Operations Management, Human Resources Management and outsourcing. It was observed that some candidates have not read the question well. A considerable number of candidates have obtained high marks out of 20 for this question.

- (a) Majority of the candidates have explained main issues faced by **APP** regarding the launching of newly developed machinery. But it was observed that some candidates have reproduced the theoretical facts without linking them to the given scenario on a practical ground. Majority of the candidates have scored well for this part.
- (b) It was expected to test the knowledge of the New Product Design Process from this part. Majority of the candidates have not understood the question well and have not given the expected answer. They have explained the basic concepts of management instead of the product design process. Only few candidates have answered this question properly and obtained satisfactory marks out of 6. Candidates should note that idea generation, feasibility study, form design, functional and product design, pilot run and final tests and new product launch are the steps involved in a new product design process.
- (c) It was required to state objectives of an effective reward system from this part. Majority of the candidates have failed to understand the question properly and some candidates have not attempted for this part. Most of them have written benefits of a reward system for an organization instead of objectives of effective reward system.
- (d) More than half of the candidates have not understood the question well and they have listed benefits through Conducting of Market Survey instead of benefits through Outsourcing of the Market Survey. Some of the candidates have listed sources of funds of conducting a market survey instead of benefits that could be gained through outsourcing conducting of the market survey. Candidates should focus on the theoretical and practical aspects of outsourcing and other technological applications in business operations.

If the candidates have practiced similar questions in the past papers they could have easily obtained high marks for these type of scenario based questions.

**General points to be considered in developing the level of understanding of candidates:**

1. When you get the question paper, read the instructions carefully given to candidates. Do not write answers in the question paper itself.
2. Get the maximum use of **Self-Study Text** published by AAT Sri Lanka because it is the best guideline covering the entire syllabus.
3. Read the question carefully several times and answer only what is asked in the question. Do not write unnecessary explanations and details, when a direct and an accurate answer is expected from the question.
4. When you answer, time management is very important.
5. Action verb Check List with definitions is attached to the question paper itself and each question will begin with an action verb excluding Objective Test Questions (OTQs). Candidates should answer the questions based on the definition of the verb given in the Action Verb Check List.
6. Before handing over the answer script, check whether the question numbers and your index number have been written correctly.
7. Do not write answers in the question paper itself and forward with the answer script.
8. By answering past question papers, you can improve the subject knowledge as well as the ability to write answers well.
9. Make use of recently published magazines, hand books, newspapers and text books to update the knowledge.
10. Never try to give up questions as this habit may lead to achieve low marks.
11. Face the examination with a good preparation and with the utmost hope of passing the examination.

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