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Serial No.....

Institute of Certified Management Accountants of Sri Lanka
Operational Level
May 2018 Examination

Examination Date : 19th May 2018 **Number of Pages :** 06
Examination Time: 1.30 p.m. – 4.30 p.m. **Number of Questions:** 09

Instructions to Candidates

1. Time allowed is **three (3) hours**.
2. Total: **100 Marks**.
3. Answer **all** questions in Part I, and
Part II: **two (2)** questions from Section-A, **one (1)** question from Section-B and **two (2)** questions from Section-C.
4. **Section A:** Operations Management; **Section B:** Marketing & **Section C:** People Management
5. The answers should be in **English Language**.

<u>Subject</u>	<u>Subject Code</u>
Managing Business Operations	(MBO / OL 3 - 203)

PART I

Question No. 01 (30 Marks)

Answer all parts of Question No.1. Select the most correct answer to each part of the question. Write the number of the part of the question and the selected answer by stating the relevant English letter, in your answer booklet. **E.g. (1) (relevant English letter), (2) (relevant English letter) etc...**

Section A – Operations Management

- (1) An order is received to manufacture a customer designed aircraft. What **type of process flow structure (technology)** is appropriate for this type of work?
 - (a) Job Shop
 - (b) Batch production
 - (c) Mass production
 - (d) project technology
- (2) Zuzuki- motor company manufactures semi- luxury light cars for export market. What **type of layout** is ideally suitable for this type of production?
 - (a) service layout
 - (b) cellular layout
 - (c) product layout
 - (d) process layout
- (3) At the year-end Star Apparel Company has sold its rejected garments due to non-conformity with quality standards at heavy discounted price resulting from a loss of sales income. This was considered as:
 - (a) an external failure cost
 - (b) an internal failure cost
 - (c) an appraisal cost
 - (d) a sunk cost

- (4) The inventory is built up in anticipation of predictable increase in demand that takes place at certain time of the year. This type of **inventory** is known as a:
- (a) safety inventory
 - (b) cycle inventory
 - (c) seasonal inventory
 - (d) just in time inventory
- (5) **Cost, capacity, quality, speed and reliability** factors are considered for:
- (a) selecting appropriate production system.
 - (b) determining location alternatives.
 - (c) in selecting suitable project technology.
 - (d) make or buy decision.

Section B – Marketing

- (6) **Role of marketing** is to identify, anticipate and supply satisfaction to mutually_____.
- (a) beneficial exchanges
 - (b) exclusive benefits
 - (c) agreeable purposes
 - (d) attainable purposes
- (7) H plc is engaged in manufacturing consumer durables with an objective of producing goods of maximum quality and economical cost. What type of **marketing philosophy** is followed by H Plc.
- (a) Product oriented philosophy
 - (b) Production oriented philosophy
 - (c) Sales orientation philosophy
 - (d) Marketing orientation philosophy
- (8) The concept refers to **how customers perceive a brand or product relative to other brand or product** is known as:
- (a) product positioning
 - (b) market targeting
 - (c) market positioning
 - (d) market segmentation
- (9) Demand of range of products sold by ABC Plc has been declining over past years. What type of **marketing response**, ABC Plc should address to overcome the issue?
- (a) analyse why market dislikes product and try to respond accordingly.
 - (b) build up consumer awareness and persuade consumer to buy products
 - (c) analyse causes and see if demand can be re- stimulated.
 - (d) alter current incentives in order to regularise demand.
- (10) Which one of the following cannot be considered as a sales **promotion technique**?
- (a) giving gift vouchers
 - (b) granting loyalty incentives
 - (c) organizing competitions and distributing awards to the winners
 - (d) reduction of current credit limit to the existing customers

Section C – People Management

- (11) Which one of the following statement is correct in relation to the **selection process**?
- (a) it enables to contribute overall objectives of a firm.
 - (b) it is vital to ensure the organizations obtain human resources with the qualities and skills required.
 - (c) it ensures to update the skills of employees to compete in the industry.
 - (d) it motivates organization to achieve desired objectives.
- (12) When service of a private sector employee is **terminated**, an application can be submitted to:
- (a) labour tribunal
 - (b) magistrate court
 - (c) supreme court
 - (d) human right commission
- (13) **Job description** identifies:
- (a) purpose of the job, accountabilities of job holder and main task to be carried out
 - (b) monetary benefits attached to the job holder
 - (c) How well person is linked to qualification obtained
 - (d) the task to be performed in a given job
- (14) **Analytical methods and non-analytical methods** are used in:
- (a) to measure training needs
 - (b) to analyse job contents
 - (c) to feedback target achievement by a team
 - (d) job evaluation method
- (15) Which one of the following statement does not relate to **performance evaluation**?
- (a) it is a control tool
 - (b) it aims to influence employee behaviour
 - (c) it attempts to maximise utilization of human resources
 - (d) it measures achievement of strategic objectives

(15 × 2 Marks = Total 30 Marks)

End of Part I

PART II

Section A: Operations Management

Answer **any two (2)** questions

Question No. 02 (15 Marks)

Mahavali Milk Producers Company (MMPC) was set up to provide the best dairy products and to develop local milk industry. With the beginning of 500 acres farm, demand of dairy products has been in upwards trend. Immediately after launch of Mahaveli bottled liquid milk, butter and ice cream, MMPC decided to **either to set up five large farms all over the country or to establish milk collection centres in different parts of the country by giving dairy farmers required know-how and facilities**. If milk collection option is chosen, the company has to set up collection and chilling centres in respective regions. The milk is then transported to state of art manufacturing plants in keeping with international standards.

P.T.O...

You are required to:

- (a) Briefly explain **five (5)** factors as to whether milk should be purchased from dairy farmers or setting up company owned farms in different parts of the country considering above scenario? **(05 Marks)**
- (b) The company now has decided to set up five milk producing plants in respective regions to cater different demand pattern. Recommend with reasons appropriate type of production technology for this purpose. **(05 Marks)**
- (c) Marketing Manager of MMPC has calculated forecast and actual sales information of bottled milk for last six months which is given below.

Month	Actual sales	Forecast sales
July	600	500
August	600	420
September	400	510
October	800	700
November	800	750
December	650	720

You are required to calculate Mean Absolute Deviation (MAD) to measure forecasted error for this.

(05 Marks)
(Total 15 Marks)

Question No. 03 (15 Marks)

Fair Trading Food City (FTFC) is a leading retail food city network of all over the country. The FTFC has set up E- business and supply chain integration which create a sequence of greater integration and coordination among the supply chain participants such as farmers, all service providers and customers.

- (a) Using above information, briefly explain process of supply chain management? **(03 Marks)**
- (b) There are four key dimensions of the impact of e-business on supply chain integration which create a sequence of greater integration and coordination among the supply chain participants. Explain the **four (4)** key dimensions of the impact of e-business on supply chain operation considering business of FTFC. **(08 Marks)**
- (c) Indicate **four (4)** data capture and data communication tools available to supply chain participants? **(04 Marks)**
(Total 15 Marks)

Question No. 04 (15 Marks)

Write short notes selecting any **three (3)** of the following.

- (a) Transforming inputs
- (b) Preventive cost
- (c) Control chart
- (d) Four benefits of Just-In-Time (JIT)
- (e) Information integration
- (f) Operations strategy

(3 × 5 Marks = Total 15 Marks)

Section B: Marketing**Answer any one (1) question****Question No. 05 (20 Marks)**

Lanlib Plc is a leading domestic company engaged in manufacturing electronic goods such as television and refrigerators and other fast-moving goods. Lanlib has followed product orientation in order to achieve growth in market share. The Company has observed sales growth and market share have been eroding during last few years. Top management has decided to carry out market segmentation in order to diagnose declining sales growth and other connected issues. Now management is of the view that company should aggressively launch e- marketing strategy to stimulate their sales growth.

Company has recruited you to carry out this assignment. Using above information:

- (a) Briefly define **Market Segmentation**. **(05 Marks)**
 - (b) Indicate **five (5) benefits of market segmentation** available to the above company? **(05 Marks)**
 - (c) State briefly features of direct marketing and how it helps to create and develop **direct and one- to-one relationship** between the company and customers. **(10 Marks)**
- (Total 20 Marks)**

Question No. 06 (20 Marks)

Lanka Food City (LFC) PLC which owns and maintains fifty (50) large supermarkets network in Sri Lanka. Each super market sells a wide range of food and consumable goods to end consumers. Even though LFC has become a market leader, there is a high competition exists in this trade. The company has implemented some computerization in the stock and ordering system, although there is no integrated system in the supermarket network. Stocks levels remain high being 06 days for perishable goods such as vegetable and fish and up to 30 days for tinned goods. This has resulted a high stock holding cost to the company. The company has decided to launch an advertising campaign through electronic and print media to boost sales growth.

LFC is now considering an investment of Rs 10 million in the latest electronic point of sales (EPOS) systems to maintain its competitive advantage. After system development, it will be able to store information relating to stock levels of each product line, cash and banking and even sales by individual consumer. Information on other competitors in the industry indicates that there are also considering similar systems to par with technological changes. These changes are required to achieve a growth in current market share.

You are required to:

- (a) State in your own words the **concept of advertising**? **(05 Marks)**
 - (b) Explain five **(5) range of purposes** advertising can be effectively used **to improve sales growth**? **(10 Marks)**
 - (c) Explain how **e- marketing** can be used to improve sales growth of the company. **(05 Marks)**
- (Total 20 Marks)**

End of Section B

Section C: People Management

Answer any two (2) questions

Question No. 07 (10 Marks)

Sinhaputra company has been trading since 1980. The company has a well-diversified business activity which include power generation using fuel, wind and solar and its subsidiary company is engaged in leasing, business loans, deposit mobilization, insurance brokering, vehicle hiring. Head of Human Resources of the company is planning to launch **on the job training programme** to suit different needs of staff members who deal with different roles.

You are required to explain what is **on the job training** and **various methods** of on the job training available to the company?

(Total 10 Marks)

Question No. 08 (10 Marks)

You have been recruited as **a trainee - Human Resource Executive** by a leading multinational company which has a large factory and a small office staff. After recruitment of majority of staff, no proper training needs are ascertained to improve their respective areas of works. This was highlighted by a report submitted to the management committee of the company.

You are required to write a report indicating **benefits arising from training and development programme**.

(Total 10 Marks)

Question No. 09 (10 Marks)

Write short notes on selecting any two (2) of the following.

- (a) four main purposes of job description.
- (b) purposes of incentive schemes
- (c) Human Resource planning

(2 × 5 Marks = Total 10 Marks)

End of Section C

End of Part II

End of Question Paper
