



© Copyright Reserved

Serial No.....

Institute of Certified Management Accountants of Sri Lanka

Managerial Level October 2017 Examination

Examination Date : 4th November 2017 **Number of Pages :** 04
Examination Time: 1.30 p:m. - 4.30 p:m. **Number of Questions:** 06

Instructions to candidates:

1. Time allowed is **three (3) hours**.
2. Total: **100 Marks**.
3. Answer **five (5)** questions selecting at least **two (2)** questions each from Sections A and B.
4. **Section A:** Marketing and **Section B:** People Management.
5. The answers should be given in **English Language**.

Subject	Subject Code
Marketing and People Management	(MPM – ML 3 / 303)

SECTION A: Marketing

Question No. 01 (30 Marks)

Larry was the chief technician of one of the Sri Lanka's premier shoe manufacturing organizations and retired prematurely to take an attractive appointment in the Middle East. After five year term with a company in Dubai Larry was returning to Sri Lanka and wants to start his own company manufacturing high quality shoes. With his accumulated wealth and savings in the Middle East he was confident he could import machinery and launch his venture with the aid of a bank from a development bank that he wish to be registered as Larry Quality Shoes (LQC).

As marketing was never his strength even during his working life in Sri Lanka and has contacted you to assist him as his marketing consultant.

You are required to provide guidance to Larry in regard to certain questions that he wishes to receive clarifications:

- (a) Larry is a shoe manufacturing professional who is committed to producing high quality shoes and is worried how he could be successful in this venture as he is unable to meet the prices of several products from other manufacturers, though not of the same quality.
(05 Marks)
 - (b) Larry also is aware that there are several manufacturers in the shoe industry that have opted to compete on quality and wish to be advised as to how he can proceed with the marketing of his new project. Recommend and guide to LQC as to the steps that the new business will have to follow in formulating its marketing strategy.
(15 Marks)
 - (c) Advise LQC how the above strategy can be implemented illustrating your answer with examples specific to LQC.
(10 Marks)
- (Total 30 Marks)**

Question No. 02 (20 Marks)

- (a) You are the Accountant of Pelican Enterprises importing and marketing a range of high quality imported shirts for office wear from the UK that is mostly marketed in and around Colombo and main cities in the country such as Kandy, Galle etc. The company has appointed agents for all these major towns who in turn collect the merchandise from the Pelican stores in Colombo and distributes through retailers to the ultimate consumer. Pelican's consumers are considered to be affluent white collar executives. The Chairman and owner of Pelican, Mr. Suresh Micheal who himself has been a sales manager personally involves in many important marketing decisions such as 'Pricing'. A very profit conscious entrepreneur Suresh is a firm believer that any company needs to cover all variable costs such as import duties and all expenses up to the goods in the company stores as well as all fixed costs like salaries of all personnel. He also levies a rent for the premises that is counted as a fixed cost that he owns at the market rate, that he would otherwise earn if not for being used in the business. He also adds a further fifteen percent on his capital contribution to the business that is outstanding at the beginning of each year, as a fixed costs and price his products in a manner all costs classified under Administration, Selling and Financial expenses are covered as well as the other charges that are treated by Suresh as fixed costs that are mentioned here. After ascertaining all total costs as mentioned above, such total costs as per the financial budget are then divided by the total number of shirts that pelican plans to sell in a particular year that provides the average cost of a shirt to be marketed in the coming year.

Assuming such cost is Rs. X, Pelican prices its product as follows:

$$X + 10\% \text{ of } X = \text{Selling Price} - \text{VAT}$$

You are required to:

- (i) Explain whether you agree Mr. Suresh charging a rent for the premises he is using for the business at market rate and also charging a fifteen percent on his capital contribution, as fixed costs of the business. **(05 Marks)**
- (ii) Evaluate method adopted by Pelican Enterprises to price their products and recommend any changes that you would recommend. **(10 Marks)**
- (b) Explain what you understand by the term 'augmented product'. **(05 Marks)**
- (Total 20 Marks)**

Question No. 03 (20 Marks)

Explain briefly and differentiate between the following:

- (a) 'Push' and 'Pull' strategies of communication. **(08 Marks)**
- (b) The 'macro' and the 'micro' environment of a company's marketing environment. **(06 Marks)**
- (c) 'Personal selling' and 'Public relation' as two of the components of a company's promotional mix. **(06 Marks)**

(Total 20 Marks)

End of Section A

SECTION B: People Management

Question No. 04 (20 Marks)

“Apollo One Hospital “has been growing in size as it offers quality, prompt-caring services to the patients. Dr. Chandrashekara the Administrator is a person with good medical knowledge but lacks knowledge and skills involved in human resources management. The hospital has large quantities of medicine, equipment, spare parts of important machines installed in the hospital. As usual, the Hospital has employed a “storekeeper” with no previous experience of Hospital Stores. Mr. Ramanayake the storekeeper was working earlier in an engineering firm and had sufficient knowledge of such stores. Ramanayaka reports to the purchasing Executive whose job is to order requisite materials for requirements of the entire Hospital, Dr. Chandrashekhara has been receiving various complaints from the staff and doctors of non-availability of medicines, drugs, spares of equipment and other consumables required in the Hospital having 500 beds. Since the hospital so far did not employ a qualified HR Manager, the administrators are not aware of the job analysis procedures, nor do they have job description and job specification of any of the jobs being performed.

You are required to:

- (a) Explain what does “job analysis entail and reasons why and when this should be done in an organization. **(10 Marks)**
 - (b) Explain what HR Planning is and discuss its importance. **(10 Marks)**
- (Total 20 Marks)**

Question No. 05 (20 Marks)

Nalini is a key clerical grade employee and a good worker in the accounts department. She accidentally broke her arm during company sports activity. Instead of going to the private hospital under the free medical benefit arrangement of the company which would put her arm into plaster cast and incapacitate her for 2 months, Nalini instead went to an ayurvedic physician famous for bone setting, who told her that there is no need for any casts and she would back to work in 10 days. Nalini therefore rested in her house thereafter. Unfortunately, the bone took longer to set than expected. She continued treatment under him for 25 days. She returned to work with her medical certificate for 25 days and the medical bills. The HR department rejected her medical certificate and the bills. Nalini was upset. She could have made use of the medical benefit which would have caused her employer 5 times more money and 2 months’ time off. Nalini was angry. She acted so that she could come back earlier and she did. It was cheaper too.

She might as well resign as soon as she gets another job.” Company is unappreciative “What model employer? “What model employee?” Just talk only?” She told everyone and others sympathized with her. HR department on the other hand was simply following company rules. Moreover, HR department feels that accepting the bills and medical certificate would be a bad precedent which makes it difficult for them to reject future claims without company being accused of favouritism.

You are required to:

- (a) Analyze the case and give your views about the actions of Nalini and HR department. **(05 Marks)**
 - (b) Does the company need to revise the medical benefits scheme and if so why. Give your reasons based on principles of compensation management. **(05 Marks)**
 - (c) What recommendations can you make to the company based on the facts of the case? **(10 Marks)**
- (Total 20 Marks)**

Question No. 06 (20 Marks)

Bimpath Bank has faced with some serious issues with regard to their people management practices. They were appointing A/L qualified persons for the entry level job of banking assistant. However, due to pressure from outside the bank had decided to appoint university graduates for these posts. Salary for the graduates was higher than the non-graduates although both groups perform similar work. The supervisors of these new entrants were of the opinion that the job performance of the non-graduates was on was better than the others. This situation is causing some tension within this category of staff. Bank has observed that there is very high staff turnover in this category as well. It was revealed that the selection test has been designed by taking bits and pieces of selection tests conducted by other organizations and has not been validated for the use in the bank.

You are required to:

- (a) Review the practices of the bank by reference selection methods and it's linkage to other HR functions. **(12 Marks)**
- (b) Based on your learnings of HRM, what are your recommendations for the bank with regard to the choice of selection methods, administration of such tests and interpretation of test results? **(08 Marks)**

(Total 20 Marks)

(Total 20 Marks)

End of Section B

End of Question Paper
