



# SLIATE

**SRI LANKA INSTITUTE OF ADVANCED TECHNOLOGICAL EDUCATION**

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**Higher National Diploma in Information Technology**  
**Second Year, First Semester Examination – 2019**  
**HNDIT 2303 -Principles of Management and Applied Economics/Fundamentals of**  
**Management and Economics**  
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## Model answers

Instructions for Candidates:  
Answer only **four** questions

No. of questions: 05  
No. of pages : 02  
Time : **Two hours**

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### Question 01 (Total 25 Marks)

- i. Name any four (04) functions of management. (1\*1/2) (02 Marks)
- Planning  
Organizing  
Leading  
Controlling  
Staffing
- ii. What are the types of skills that a manager needs to perform his or her duties? (03 Marks)
- *Conceptual skills*
  - *Human skills*
  - *Technical skills*
- All three skills are enhanced through formal training, reading, and practice.
- iii. Distinguish efficiency from effectiveness (04 Marks)

**Efficiency**-Doing things right or the ability to minimize the use of resources in achieving organizational objectives.

**Effectiveness**-Doing the right thing or the ability to determine appropriate objectives.

- iv. “As a manager, you probably have to play many different roles every day”. Briefly discuss the statement by considering any four (04) managerial roles. (08 Marks)

v. Category	Roles
Interpersonal	Figurehead Leader Liaison
Informational	Monitor Disseminator Spokesperson
Decisional	Entrepreneur Disturbance Handler Resource Allocator Negotiator

- vi. Briefly explain the importance of CSR activities in today’s organizations. (08 Marks)

- Businesses can practice social responsibility by donating money, products or services to social causes and nonprofits. Larger companies tend to have a lot of resources that can benefit charities and local community programs. Eg. Unilevers (Pears baby soap, Harpic, Lifeboy), Siddhalepa, DSI, ComBank provides flood relief
- By treating employees fairly and ethically, companies can demonstrate their social responsibility. Eg. BOC

- Attending volunteer events says a lot about a company's sincerity. By doing good deeds without expecting anything in return, companies can express their concern for specific issues and commitment to certain organizations. Eg Maliban, ComBank donates CRRT machine to National Hospital's
- One primary focus of corporate social responsibility is the environment. Businesses, regardless of size, have large carbon footprints. Any steps they can take to reduce those footprints are considered good for both the company and society. Eg.LG Abans,Damro

## Question 02 (Total 25 Marks)

- i. What is “Planning”? (02 Marks)

Planning is the process of establishing appropriate goals and formulating suitable strategies for achieving those goals.

- ii. Name the common features of any organization? (04 Marks)

People

Structure

Common objective/goal

- iii. What do you mean by strategy? Explain your answer with two (02) examples. (04 Marks)

The broad programme for achieving an organization's goals and its mission. (*Stoner & Freeman, 1995*) Or Deciding what is the best way to achieve the aims.

Eg: Introduce a new product to market, Product development, to expand sales to the global marketplace, Growth Strategies, Porter's three generic strategies (Cost Leadership, Differentiation, Focus)

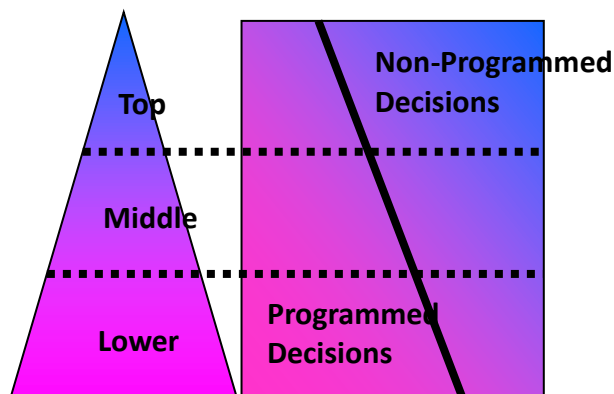
- iv. Explain the different types of decisions according to their managerial levels with a suitable example. (07 Marks)

### **Programmed Decisions**

A decision that is fairly structured solution to routine problems determined by rules, procedures and habits.

### **Non-programmed Decisions**

Specific solutions created through unstructured process to deal with non- routine problems.  
Following picture shows decisions taken by different levels of managers.



(Students should provide suitable example for each decision.)

v. List out the characteristics of an “Objective” with suitable examples. (08 Marks)

- Specific (Eg To increase **revenue** by 10% annually.)
- Measurable (Eg To increase revenue by **10%** annually.)
- Achievable (It can be done))
- Realistic (It can be achieved realistically)
- Time Bound (Eg To increase revenue by 10% **annually**.)

### Question 03 (Total 25Marks)

i. What are the basic elements of “Organizing”? (03 Marks)

Designing jobs

Grouping Jobs

Establishing reporting relationships between jobs

Distributing authority among jobs

Coordinating activities among jobs

Differentiating among positions

- ii. Mention any six (06) qualities of a successful leader. (03 Marks)

Ability to analysis, Emotional stability, Self-confidence, capacity to motivate,  
Communication skills, Sociability, positive thinking and sense of judgment.

- iii. What are three (03) directions of communication flow? (03 Marks)

Downward Communication

Upward Communication

Horizontal (Lateral) Communication

- iv. “Motivated employees are an important asset for an organization”. Briefly discuss the answer with different motivational methods of an organization. (08 Marks)

Motivation is a process that starts with a physiological and psychological deficiency or need that activates a behaviour or a drive that is aimed at a goal or incentive.

Different motivational methods are intrinsic motivational methods and extrinsic motivational methods.

Extrinsic motivation occurs when we are motivated to perform a behavior or engage in an activity to earn a reward or avoid punishment.<sup>1</sup> In this case, you engage in a behavior not because you enjoy it or because you find it satisfying, but in order to get something in return or avoid something unpleasant.

Eg: money, praise, awards, recognition, and benefits.

Intrinsic motivation involves engaging in a behavior because it is personally rewarding; essentially, performing an activity for its own sake rather than the desire for some external reward. Essentially, the behavior itself is its own reward.

This type of motivation relies on a person's internal values and the reward of feeling good to achieve a positive reaction.

- v. “Job specialization is the degree to which the tasks of the job are broken down and divided into smaller components”. Briefly explain the statement with benefits and limitations of job specialization. (08 Marks)

Explanation of statement – 02 marks

Benefits and limitations – 06 marks

### **Benefits of Specialization**

- Workers become very proficient at the task they perform
- The transfer time between tasks decrease
- Easy to develop specialized equipment to assist jobs
- Easy replacement of employees

### **Limitations of Specialization**

- Monotony and boredom
- Fatigue and job stress
- Job dissatisfaction
- Higher levels of absenteeism and turnover
- Vocational diseases

## **Question 04 (Total 25Marks)**

- i. What do you mean by “Strategic Control”? (04Marks)

Strategic control is a form of control of which purpose is to ensure that the organization effectively understands and responds to the realities of its environment

- ii. Briefly explain relationship between planning and controlling functions of management. (05 Marks)

- Without the basis of planning, controlling activities becomes baseless and without controlling, planning becomes a meaningless exercise. In absense of controlling, no purpose can be served by. Therefore, planning and controlling reinforce each other. According to Billy Goetz, " Relationship between the two can be summarized in the following points

- Planning is the basic function of every enterprise as in planning we decide what is to be done, how it is to be done, when it is to be done and by whom it must be done. Planning bridges the gap between where we are standing today and where we want to reach.
- Controlling means keeping a check that everything is in accordance with plan and if there is any deviation, taking preventive measures to stop that deviation.

iii. Name two (02) types of economics. (04 Marks)

Micro Economics

Macro Economics

iv. Define the term Production Possibility Frontier (PPF) with an example. (04 Marks)

PPF shows the different combinations of goods and services that can be produced with a given amount of resources

v. Briefly discuss the following situations in production possibility frontier by using a graph.

a) Any point inside the curve

b) Any point outside the curve (08 Marks)

Any point inside the curve – suggests resources are not being utilized efficiently. (Explanations are needed)

Any point outside the curve – not attainable with the current level of resources. (Explanations are needed)

### Question 05 (Total 25Marks)

i. Briefly define “National Income”. (03 Marks)

National income is the total value a country’s final output of all new goods and services produced in one year.

ii. Briefly explain four (04) determinants of household demand. (04 Marks)

The *price of the product* in question.

The **income** available to the household.

The household's amount of **accumulated wealth**.

The **prices of related products** available to the household.

The household's **tastes and preferences**.

The household's **expectations** about future income, wealth, and prices.

- iii. What do you mean by "Law of demand"? (04 Marks)

The **law of demand** states that there is a negative, or inverse, relationship between price and the quantity of a good demanded and its price.

- iv. Briefly explain three (03) causes of unemployment. (06 Marks)

- v. High Population growth.

Absence of employment opportunities.

Seasonal Employment.

Joint Family System.

Increasing turnout of students from Indian Universities.

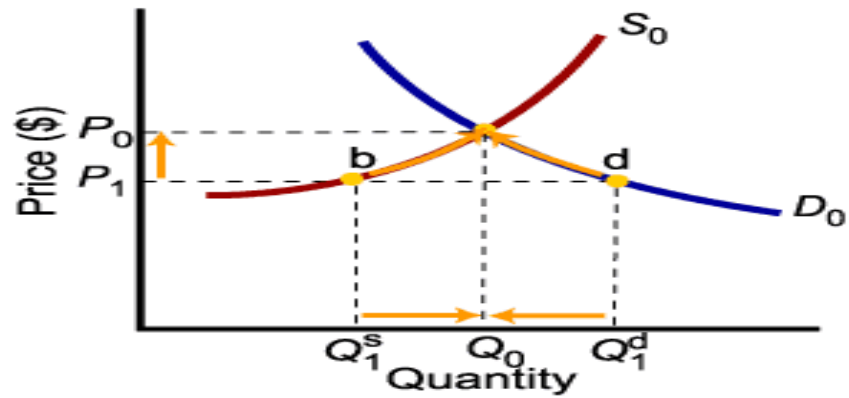
Slow Developing of Industries.

Insufficient Rate of Economic Progress

- vi. "Market disequilibrium arises due to the inequality between quantity demanded and quantity supplied". Explain two (02) conditions which lead to market disequilibrium and illustrate one (01) situation by using a graph. (08 Marks)

- **Excess demand**, or shortage, is the condition that exists when quantity demanded exceeds quantity supplied at the current price.





- **Excess supply**, or surplus, is the condition that exists when quantity supplied exceeds quantity demanded at the current price.

