



SLIATE

SRI LANKA INSTITUTE OF ADVANCED TECHNOLOGICAL EDUCATION

(Established in the Ministry of Higher Education, vide in Act No. 29 of 1995)

Higher National Diploma in Information Technology
Second Year, First Semester Examination – 2015
HNDIT2303 Fundamentals of Management and Economics
Model Answer

Question 01

- (I) Define the term “Management”. (03 Marks)

Management can be broadly defined as a process of planning, organizing, leading and controlling the limited resources efficiently and effectively to achieve predetermined goals and objectives in an ever changing business environment

Or

Management is the attainment of organizational goals in an effective and efficient manner through planning, organizing, leading and controlling organizational resources.

- (II) Briefly discuss functions of management? (06 Marks)



- (III) What are the managerial roles that can be found in an organization? (04 Marks)

- Interpersonal roles

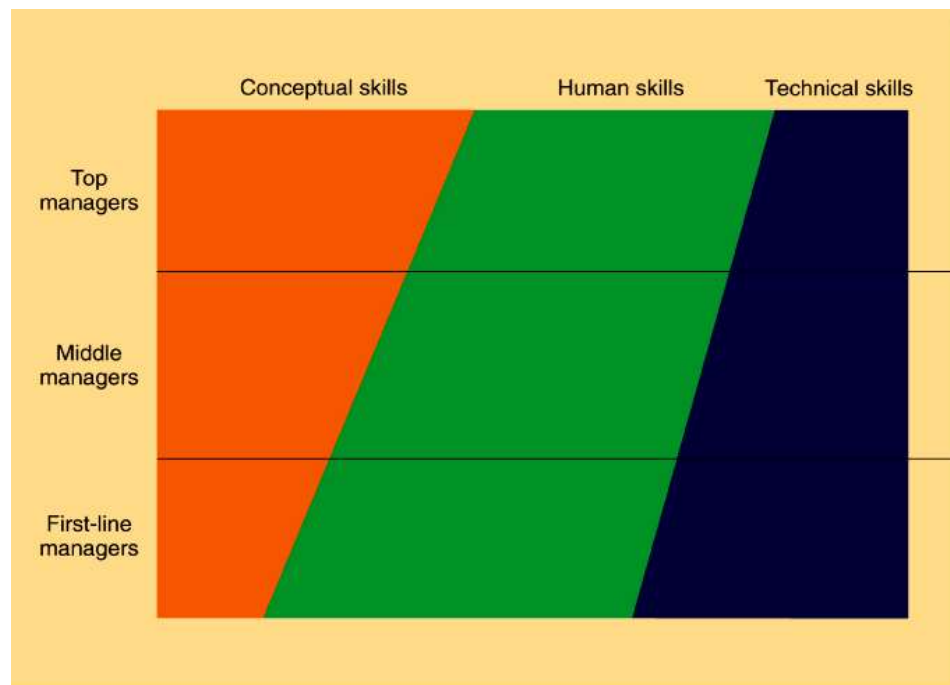
- Informational role
- Decisions role

(IV) List challenges faced by managers in an organization at present. (06 Marks)

- Managing global competition.
- Facing the competition through superior efficiency, quality, innovation, and responsiveness.
- Increasing performance while being an ethical manager.
- Balancing the interests of different stakeholders.
- Managing a diversified workforce.
- Adopting new technologies.
- Managing creativity, innovation and continuous change. (Any three points 06 marks)

(V) “Relative importance of managerial skills depends on the managerial level”. Explain.

(06 Marks)



[Total 25 Marks]

(I) What is an organization? (04 Marks)

- A group of people who work together in a structured way for a shared purpose.
- An organisation is a collection of two or more people who work together in a structured way to achieve a specific goal or set of goals.
- An organization is a deliberate arrangement of people to accomplish some specific purpose.

(II) What are the bases that can be used for classify the business organization? (04 Marks)

- | | |
|-----------------------|-------------------|
| • Objective | • Legal Structure |
| • Product | • Liability |
| • Ownership | • Technology |
| • Scale | • Market |
| • Stage of Production | |

(III) What do you mean by organizational environment? (04 Marks)

- Organizational Environment is a set of forces surrounding an organisation that have the potential to affect the way it operates and its access to scarce resources.

OR

- Organizational Environment is the sum totality of all the internal and external factors and forces affecting the organizational performance.

(IV) Who are the stakeholders in an organization? (04 Marks)

- The people or groups that supply a company with its productive resources and so have a claim on and stake in the company.

OR

- Individuals, groups or institutions directly or indirectly affected by the activities of the organisation and who have an interest over it.

Eg: Employees, Customers, Suppliers, Community, Creditors, Trade, Unions, and Owner

(V) SWOT analysis is a useful technique for understanding all sorts of situations in business and organizations. Select any industry that you prefer and explain SWOT analysis. (09 Marks)

A SWOT analysis is a structured approach to evaluating the strategic position of an organization by identifying its strengths, weaknesses, opportunities and threats. These four factors need to be explained by taking any organization.

Strength	A particular skill or distinctive competence which the company possesses
Weaknesses	Any aspect of the organization which may hinder the achievement of its objectives
Opportunities	Any external feature that creates a favorable situation to the organization
Threats	Any external feature which will present problems and may hinder the achievement of company's objectives

[Total 25 Marks]

Question 03

(I) What is “Planning”? (04 Marks)

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

OR

- Planning is determining the organisation's goals and defining the means for achieving them.

(II) Briefly discuss the steps in decision making process with a suitable example.

(08 Marks)



Students need to be explained these six steps with a suitable example.

(III) Explain the importance of the planning to a company which is operating in the current competitive business environment. (08 Marks)

- Provide a sense of direction
- Facilitate successful growth
- Set up the guidelines for action
- Reduces uncertainty by anticipating change in advance
- Helps motivate people
- Provide the basis for controlling
- Provides the basis for other managerial functions
- Provides the basis for coordination
- Facilitates efficient and effective use of resources

(IV) What are the different levels of planning and explain two (02) of them. (05 Marks)

- Corporate Level Planning
- Tactical/Functional Level Planning
- Operational Level Planning

[Total 25 Marks]

Question 04

(I) What do you mean by organizing? (03 Marks)

- Is the process of establishing orderly uses for all resources within the management system.
- The deployment of organisational resources to achieve strategic goals.
- Is the process of deciding how best to group organisational elements.

(II) What is unity of command? (04 Marks)

- Unity of Command – Each person within an organisation must have a clear reporting relationship to one superior.

(III) State three (03) differences between leader and manager. (06 Marks)

Criteria	Manager	Leader
Members known as	subordinates	Followers
Position lies at	Formal Structure	Formal Structure /Informal Structure
Sources of power	Positional	Personal
Attitude towards Change	Status-quo	Innovative
Respect	Expect	Receive
Type of decision making	Rational, Logical, Analytical	Emotional, Charismatic
Primary Goal	Company Goal	Followers Goal

(IV) What are the major steps of controlling process? (04 Marks)

- Establish Performance Criteria and Standards
- Measure Actual Performance
- Compare Actual Performance against Standards
- Evaluate and Take Corrective Actions

(V) Briefly describe characteristics of an effective control system. (08 Marks)

- Flexibility
- Accuracy
- Timeliness
- Economic
- Integration with planning
- The wholehearted support of top management
- Participation of all managers in the control process
- A complementary relationship to manager's authority

[Total 25 Marks]

Question 05

(I) Distinguish between microeconomics and macroeconomics. (04 Marks)

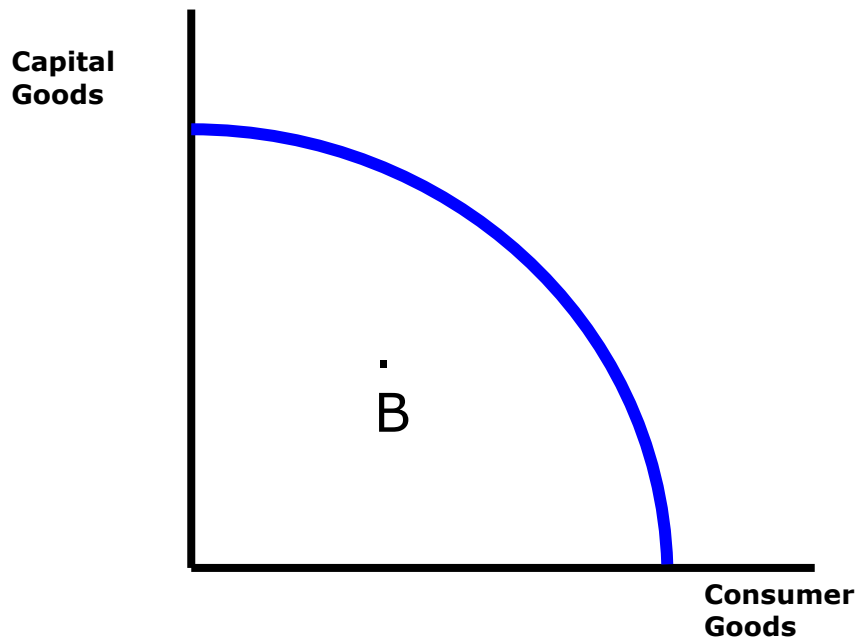
- Micro Economics studies how the individual parts of the economy make decisions to allocate limited resources
- Microeconomics studies:
 - how individuals use limited resources to meet unlimited needs
 - the consequences of their decisions
 - the behaviour of individual components like industries, firms and households.
 - how individual prices are set
 - what determines the price of land, labour and capital
 - inquire into the strengths and weaknesses of the market mechanism.
- Macroeconomics studies about the functioning of the economy as a whole
- Macroeconomics studies about
 - the total output of a nation
 - the way the nation allocates its limited resources of land, labor and capital
 - the ways to maximize production levels
 - the techniques to promote trade

- After observing the society as a whole, Adam Smith noted that there was an "invisible hand" turning the wheels of the economy: a market force that keeps the economy functioning.

(II) “Scarcity is the major problem of all economies”. Briefly Explain. (04 Marks)

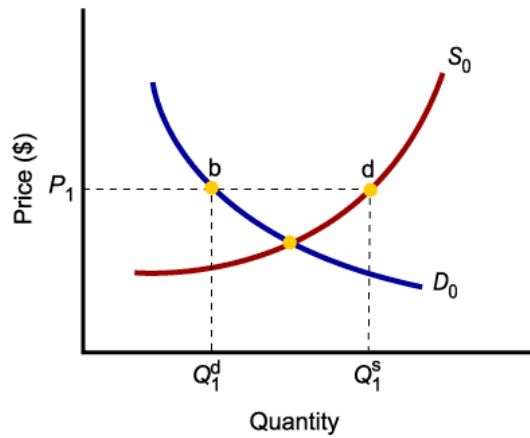
A situation in which the amount of something actually available would not be sufficient to satisfy the desire for it, if it were provided free of charge.

(III) How can you show inefficiency of resource utilization by using production possibility frontier? (04 Marks)



(IV) What is market equilibrium? (04 Marks)

An equilibrium is the condition that exists when quantity supplied and quantity demanded are equal.



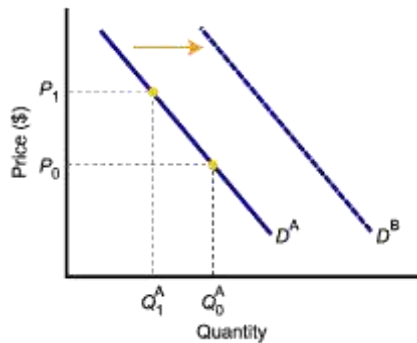
(V) What are the determinants of demand?

(04 Marks)

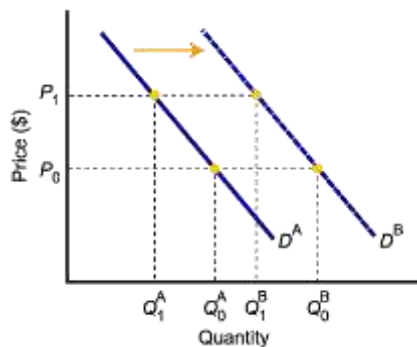
- The price of the product in question.
- The income available to the household.
- The household's amount of accumulated wealth.
- The prices of related products available to the household.
- The household's tastes and preferences.
- The household's expectations about future income, wealth, and prices.

(VI) Distinguish a change in demand from a change in quantity demanded. (05 Marks)

Change in demand



Change in quantity demanded



[Total 25 Marks]

