



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 – 2016
HNDIT2303 Principles of Management and Applied Economics/
Fundamentals of Management and Economics
Model Answers

Question 01

[Total 25 Marks]

- (I) Define the term **management**? (04 Marks)

Management is the process of planning, organizing, leading and controlling, the efforts of organization members and of using all other organizational resources to achieve organizational goals.

(Or any suitable answer 4 Marks)

- (II) Discuss types of managers based on managerial level in an organization. (06 Marks)

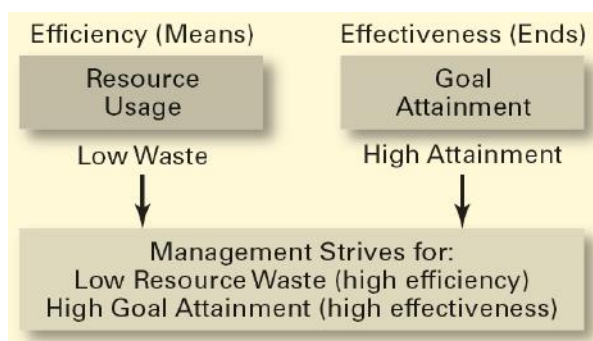
First-line managers- Supervisors responsible for directing the day-to-day activities of operative employees

Middle managers- Individuals at levels of management between the first-line manager and top management

Top managers- Individuals who are responsible for making decisions about the direction of the organization and establishing policies that affect all organizational members

(Naming types of manager (1x3), Describe (1x3))

- (III) What is the difference between **Efficiency** and **Effectiveness**? (04 Marks)



Or

Efficiency	Effectiveness
<ul style="list-style-type: none"> • “Doing things right” • The ability to minimize the use of resources in achieving organizational objectives. • Getting the most output from the least amount of inputs. • A measure of how well or how productively resources are used to achieve a goal. 	<ul style="list-style-type: none"> • “Doing the right thing” • The ability to determine appropriate objectives. • A measure of the appropriateness of the goals an organization is pursuing and of the degree to which the organization achieves those goals.

(Or any suitable answer 4 Marks)

- (IV) “Organization can defined as a group of people working together to achieve a common goal.” How can differentiate **Organization** form **Business Organization**? (05 Marks)

Organization- A group of people who work together in a structured way for a shared purpose.

Business Organization - A business organization is a collection of individuals and deliberately structured entity which produces goods and/or services utilizing limited resources to achieve its specific goals and objectives.

Differentiate – Profited oriented

Utilizing limited resources

(Or any suitable answer 5 Marks)

- (V) “Stakeholders have different kind of objectives with an organization” identify who are the stakeholders and list down their objectives towards an organization.

(06 Marks)

stakeholders	objectives
Owners	Profit
Employees	Satisfaction, Job safety
Government	Tax, Government rules and regulation
Financial Institutions	For investments
Etc.....	

(Or any suitable point 3X2)

Question 02**[Total 25 Marks]**

- (I) “**Information** is important facts for decision making”. Explain characteristics of good information? (05 Marks)

- **Accuracy**
- **Relevancy**
- **Perfection**
- **Timeliness**
- **Cost-effectiveness** (5X1 marks)

- (II) Briefly explain following terms.

- a. Problem
- b. Decision
- c. Decision making (06 Marks)

Problem - The unfavorable difference between the actual state of affairs and desired state of affairs.

Decision - Choice made from available alternatives as a solution for a problem.

Decision Making - The act of choosing an alternative from a set of alternatives. (3X2 marks)

- (III) Mention steps of corporative planning. (06 Marks)

**(6X1 marks)**

- (IV) Distinguish **Vision** from **Mission**. (02 Marks)

Vision is the ultimate aim and the desired organizational dream the founder/leaders/top executives wish to realize in the very long run.

Mission is the fundamental, unique purpose that sets a business apart from other firms of its type and identifies the scope of its operations in terms of businesses, markets products and technologies.

Mission is the tangible and operational component of the Vision. In other words it is the clearly explicit future of the Vision.

(Or any suitable answer 2 Marks)

(V) What are the benefits of planning? (06 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** (6X1 marks)

Question 03

[Total 25 Marks]

(I) What is an **organization structure** and **organization chart**? (06 Marks)

- **organization structure**

The set of elements that can be used to configure an organization.

OR

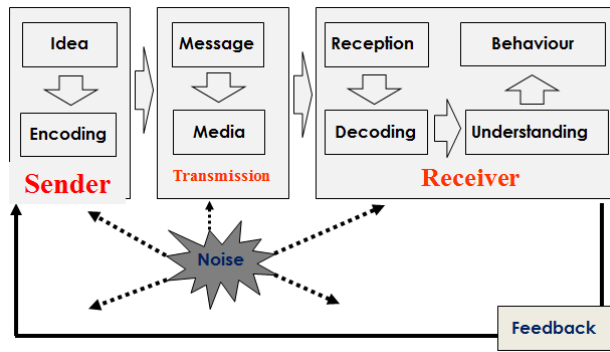
The formal framework, by which job tasks are divided, grouped and coordinated.

- **organization chart**

The graphical/visual representation of the organizational structure.

(2X3 marks)

(II) What are the major elements of communication process? (06 Marks)



Only for diagrams (4marks)

OR

- **Communication**-The transfer and understanding of a message between two or more people.
- **Sender** -Is anyone who wishes to convey an idea or concept to others, to seek information, or to express a thought or emotion.
- **Receiver** -Is the person to whom the message is sent. Decodes the message and provides feedback to the sender.
- **Encoding** -Converting a message to symbolic form.
- **Decoding** -Interpreting a sender's message.
- **Message**- What is communicated.
- **Channel** -The medium through which a message travels.

(Element with description (6X1 marks)

(III) What is meant by **Effective Communication**? (04 Marks)

The effectiveness of communication is measured by;

- the degree of understanding and
- The appropriateness of the response by the receiver as intended by the sender.

(Or any suitable answer 4 Marks)

(IV) "Power is derived from different sources of power". What are the sources of power? (05 Marks)

- **Legitimate Power**
- **Rewards Power**
- **Coercive Power**
- **Referent Power**
- **Expert Power** (5X1 Marks)

(V) What are the bases for departmentalization? (04 Marks)

- The four most common bases for departmentalization are ;
 - **Functional Base**
 - **Product Base**

- Customer Base
- Geographical Base (4X1 Marks)

Question 04

[Total 25 Marks]

- (I) Why controlling is importance for management? (06 Marks)

Organizational control is one of the most important functions in management and is closely related to other functions of the management process.

It also facilitates the managers in ensuring that limited resources are obtained and properly utilized in the process of accomplishing organization's objectives (Or any suitable answers 6 Marks)

- (II) What is the difference between **Need** and **Want**? (04 Marks)

A *need* is something you **have** to have, something you can't do without. A good example is food. If you don't eat, you won't survive for long. Many people have gone days without eating, but they eventually ate a lot of food. You might not need a whole lot of food, but you do need to eat.

A *want* is something you **would like** to have. It is not absolutely necessary, but it would be a good thing to have. A good example is music. Now, some people might argue that music is a *need* because they think they can't do without it. But you don't need music to survive. You do need to eat.

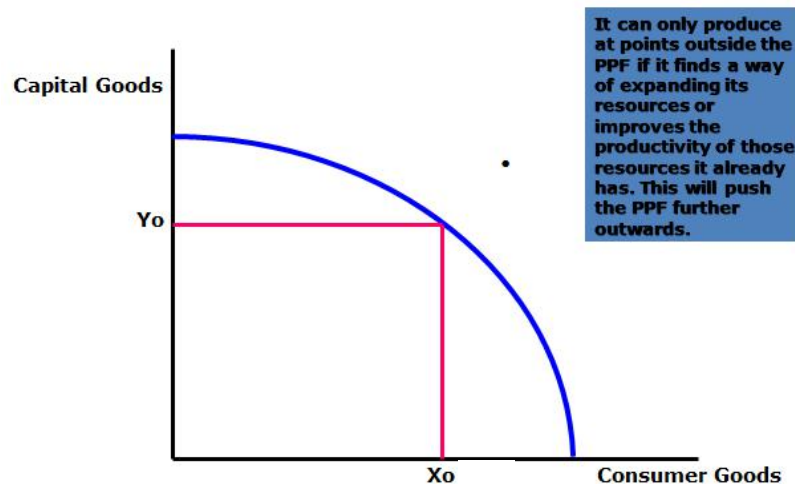
(Or any suitable answers 4 Marks)

- (III) What are the major economic problems? (05 Marks)

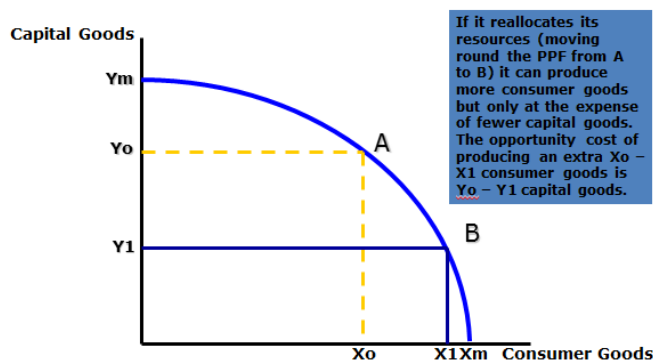
- **What goods and services should an economy produce? – should the emphasis be on agriculture, manufacturing or services, should it be on sport and leisure or housing?**
- **How should goods and services be produced? – labour intensive, capital intensive?**
- **Who should get the goods and services produced? – Even distribution? More for the rich? For those who work hard?**
- **AND/OR**
- **Unlimited Wants**
- **Scarce Resources – Land, Labour, Capital**
- **Many Uses of Resources**
- **Choices**
- **(Or any suitable answers 4 Marks)**

(IV) Show the following concepts by using production possibility curve/Production Possibility Frontiers.

a. Inefficiency of resources



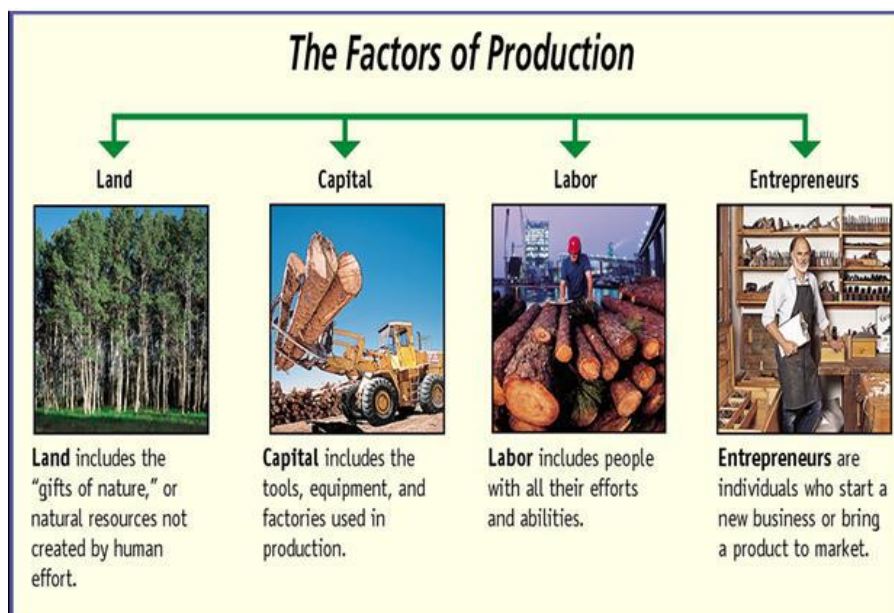
b. Opportunity cost



(06 Marks) (2X3 marks)

(V) What are the **Factors of Production**?

(04 Marks)

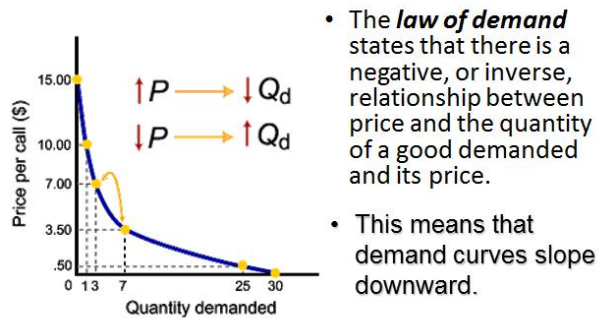


(Or any suitable answers 4 Marks)

(I) What is law of demand?

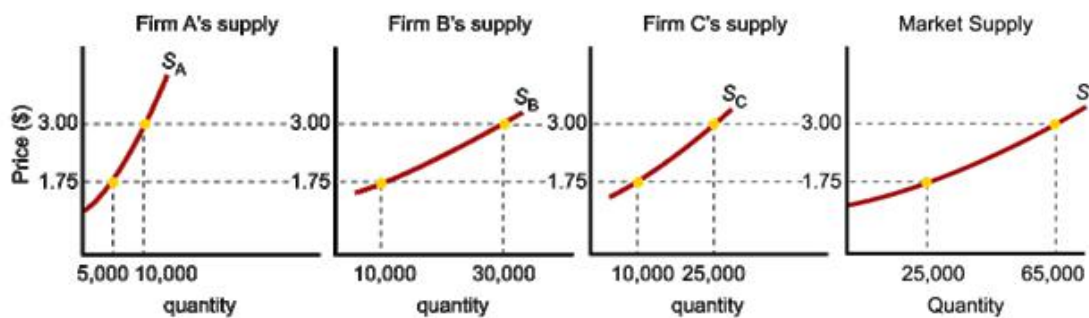
(04 Marks)

The Law of Demand



(II) “The supply of a good or service of an individual firm can be defined as an individual supply”. What is **market supply**? (04 Marks)

Market supply is the sum of all the quantities of a good or service supplied per period by all the firms selling in the market for that good or service.

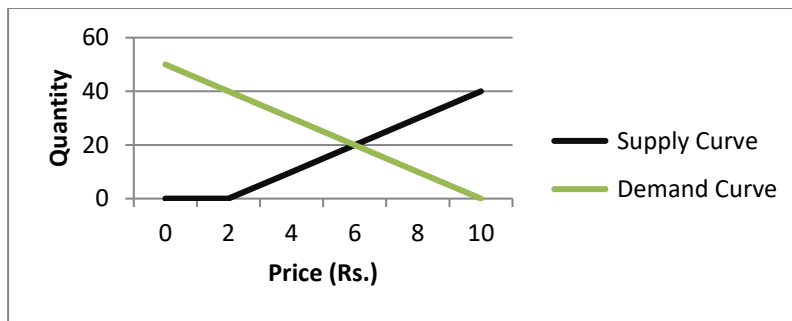


(Or any suitable answers 4 Marks)

(III) From the following data, draw the supply and demand curves and determine the equilibrium price and quantity.

Price(Rs.)	Quantity Demanded	Quantity Supplied
10	0	40
8	10	30
6	20	20
4	30	10
2	40	0
0	50	0

(08 Marks)



Showing Demand and Supply Curves 3X2 marks

Equilibrium price = 6

Equilibrium quantity = 20

For finding equilibrium price and quantity 2 marks

- (IV) What are the methods used to calculate Nation Income? (03 Marks)

There are three methods of calculating national income:

- Income Method
- output method
- expenditure method

(3X1 marks)

- (V) What is meant by unemployment and what are the types of unemployment? (06 Marks)

Unemployment refers to **a situation in which the workers who are capable of working and willing to work do not get employment.**

- Frictional unemployment
- Structural unemployment
- Cyclical or Keynesian unemployment
- Seasonal unemployment