



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 – 2017
HNDIT 2303 Principles of Management and Applied Economics/
Fundamental of Management and Economics
Model Answers

Question 01

- (i) 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.

(03 Marks)

- (ii) Planning, Organizing, Leading, Controlling

(04 Marks)

(iii)

- People
- Structure
- Common objective/goal

(03 Marks)

- (iv) Challenges faced by managers in an organization at present:-

- 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.

HNDIT 2303 Principles of Management and Applied Economics - 2017 1st semester

- Managing a diversified workforce.
- Adopting new technologies.
- Managing creativity, innovation and continuous change

(06 Marks)

(v)

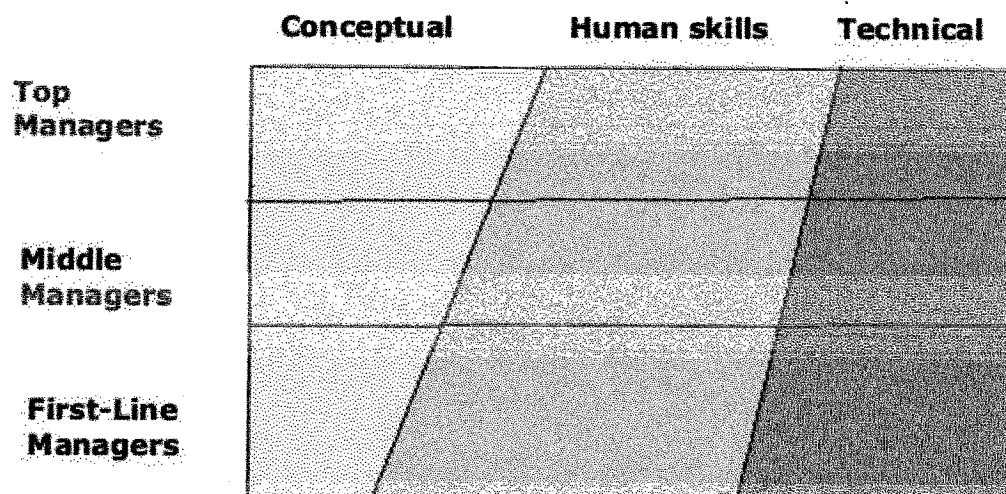
Conceptual skills: the ability to analyse and diagnose a situation and find the cause and effect.

Human skills: the ability to work well with other people individually and in a group.

Technical skills: the job-specific knowledge required to perform a task. Common examples include marketing, accounting, and manufacturing.

Following picture shows Relative Skills Needed for Effective Performance at Different Levels of Management

Conceptual, Human and Technical skills needed by the three levels of Management



(Three skills explanation 06 marks and above diagram 03 marks)

(09 Marks)

[Total 25 marks]

Question 02

(i) Classical Model

Administrative Model

(02 Marks)

(ii)

- Setting the Goals and Objectives
- Formulating Strategies

(02 Marks)

(iii)

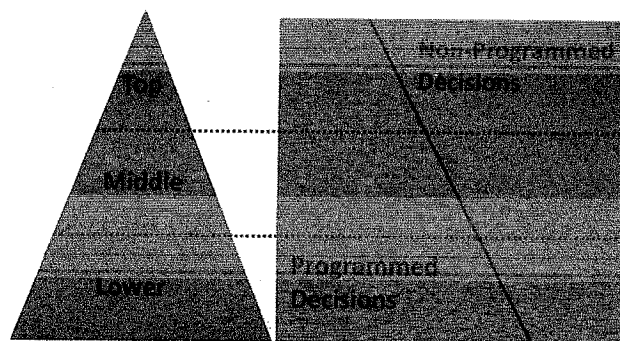
- Specific
- Measurable
- Achievable
- Realistic
- Time Bound

(05 Marks)

(iv)

- Programmed Decisions
- Non-programmed Decisions

(Two decisions 04 marks and explanation 08 marks)



(08 Marks)

(v) Strengths, weaknesses, opportunities and threats – (any relevant answers 02 Marks for each category.)

(08 Marks)

[Total 25 marks]

Question 03

- (i) Organizing is the process of establishing orderly uses for all resources within the management system. Or any other meaning. (04 Marks)
- (ii) Leadership is defined as the ability to influence people toward the attainment of goals. Or any other definition. (04 Marks)
- (iii) Unity of Command – Each person within an organisation must have a clear reporting relationship to one superior. (04 Marks)
- (iv) Motivation may be financial or non-financial –methods
Financial incentives are the monetary benefit provided to a person.
Non-financial benefits are the greater decision making authority and better designation. (05 Marks)
- (v) Span of Management / Span of Control is The number of employees who directly report to a particular manager.
- A tall structure has an overall narrow span and more hierarchical levels.
 - A flat structure has a wide span of control and is horizontally dispersed with a fewer hierarchical levels. (08 Marks)

[Total 25 Marks]

Question 04

- (i) Controlling is the process of ensuring that actual activities conform to the planned activities. Or any other definition. (03 Marks)
- (ii)
- Operational Control
 - Financial Control
 - Structural Control
 - Strategic Control (04 Marks)
- (iii) People want and need variety of goods and services. This applies equally to the poor and the rich people. It implies that human wants are unlimited but the means to fulfil them are limited. At any one time, only a limited amount of goods and services can be

produced. This is because the existing supplies of resources are extremely inadequate. These resources are land, labour, capital and entrepreneurship.

These factors of production or inputs are used in producing goods and services that are called economic goods. These facts explain scarcity as the principal problem of every society and suggest the Law of Scarcity. The law states that human wants are virtually unlimited and the resources available to satisfy these wants are limited.

(04 Marks)

(iv) Micro Economics studies how the individual parts of the economy make decisions to allocate limited resources. Microeconomics studies:

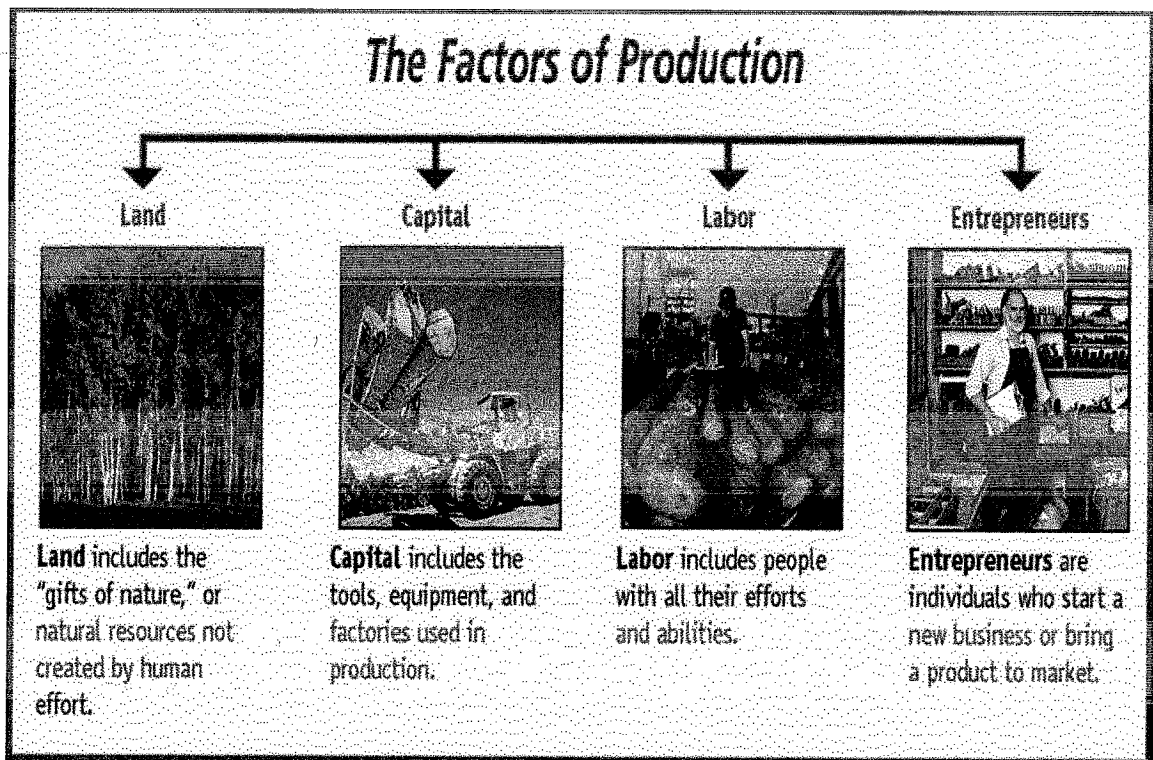
- How individuals use limited resources to meet unlimited needs
- The consequences of their decisions
- The behavior of individual components like industries, firms and households.
- How individual prices are set
- What determines the price of land, labor and capital
- Inquire into the strengths and weaknesses of the market mechanism.

Macroeconomics studies about the functioning of the economy as a whole. It examines the economy through wide-lens. 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

(06 Marks)

(v) Land, Capital, Labour, Entrepreneurs



(08 Marks)

[Total 25 Marks]

Question 05

(i) Quantity demanded is the amount (number of units) of a product that a household would buy in a given time period if it could buy all it wanted at the current market price.

(04 Marks)

(ii)

- 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.

(05 Marks)

- (iii) The law of supply states that there is a positive relationship between price and quantity of a good supplied. This means that supply curves typically have a positive slope.

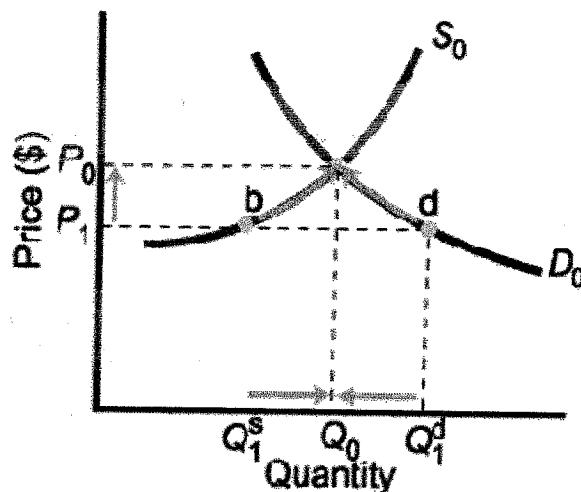
(04 Marks)

(iv)

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

(04 Marks)

(v)



- Excess demand, or shortage, is the condition that exists when quantity demanded exceeds quantity supplied at the current price. (04 marks for explanation and 04 marks for drawings)

(08 Marks)

[Total 25 Marks]