



00217

THE OPEN UNIVERSITY OF SRI LANKA
ADVANCED CERTIFICATE IN HUMAN RESOURCE MANAGEMENT
LEVEL: 02
HRC 2405: ECONOMIC TRENDS FOR HRM
FINAL EXAMINATION- 2024/2025
DURATION – TWO (03) HOURS

DATE: 30th August 2025

TIME: 9.30 am to 12.30pm

INSTRUCTIONS:

- Answer any four (04) questions. All questions carry equal marks.

Question No. 01

- A) i. With appropriate examples differentiate between “Micro” and “Macro” economics. (04 Marks)
ii. “Scarcity is the fundamental problem faced only by developing countries in the world” Do you agree? Explain with examples. (05 Marks)
- B) i. What are the assumptions used in developing a Production Possibility Curve (PPC) analysis? Explain. (04 Marks)
ii. Using PPC framework explain the following. Use illustrations to explain your answer.
a. Opportunity Cost, b. Inefficient allocation of resources. (05 Marks)
iii. “Understanding different areas of economic environment helps business managers to make effective decisions” Elaborate with examples. (07 Marks)

Question No. 02

- A) i. Define; a. Quantity Demanded, b. Demand, c. Effective Demand. (06 Marks)
ii. What are the functions of Price? Explain.. (04 Marks)
- B) Using demand and supply analysis explain how the following changes affect the given market. Use illustrations to explain your answer.
i. Medical report states that drinking powdered milk is harmful to human health, market for fresh milk.
ii. Technological advancement has reduced the post-harvest losses in paddy, market for rice.
iii. The price of ingredients used in the bakery industry has gone up, market for bakery products. (09 Marks)
- C) People expect the price of electronic items to go up in the future, how would this affect the market for electronic items? Explain using illustrations. (06 Marks)

Question No. 03

- A) i. Why demand for labor is considered as derived demand? Explain using an example. (04 Marks)
ii. How would the government regulations, eg. – introduction of minimum legal wages affect the labour market? Explain using an illustration. (06 Marks)
iii. How would the technological advancement in the garment sector affect the market for skilled machine operators? (05 Marks)
- B) i.. How would the migration of large number of IT professionals affect the job market for IT professionals? Explain using illustrations. (05 Marks)
ii. The firms in the garment sector has started offering more and more pecuniary benefits, how would this affect the labour market in the garment sector. (05 Marks)

Question No. 04

- A) i. Define, a) elasticity of demand for labor, b) elasticity of supply of labor. (06 Marks)
ii. If both demand and supply of a particular type of labor are elastic, how would the decrease in supply for labor affect the given labor market? Explain using a graph. (06 Marks)
- B) i. Compare and contrast the “Perfectly Competitive” and “Monopolistically Competitive” markets. (06 Marks)
ii. Why both the workers and firms are wage takers in perfectly competitive labour markets? Explain using illustrations. (07 Marks)

Question No. 05

- A) i. What is meant by “Business Cycles”? Explain using an illustration. (06 Marks)
ii. What is meant by cyclical unemployment? Explain. (05 Marks)
iii. Define; a. Unemployment Rate, b. Labour force participation rate. (05 Marks)
- B) i. Identify the sources of economic growth. (05 Marks)
ii. What are the costs of economic growth? Explain. (04 Marks)

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