

# **Business Studies**

## **Teachers' Instructional Manual**

### **Grade 13**



**Department of Business Studies**  
**Faculty of Science & Technology**  
**National Institute of Education**

**G. C. E. (Advanced Level)**

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## **Introduction**

Curriculum developers of the NIE were able to introduce Competency Based Learning and Teaching curricula for grades 6 and 10 in 2007 and were also able to extend it to 7, 8 and 11 progressively every year and even to GCE (A/L) classes in 2009. In the same manner, syllabi and Teachers' Instruction Manuals for grades 12 and 13 for different subjects with competencies and competency levels that should be developed in students are presented descriptively. Information given on each subject will immensely help the teachers to prepare for the Learning – Teaching situations.

I would like to mention that curriculum developers have followed a different approach when preparing Teachers' Instruction Manuals for Advanced Level subjects when compared to the approaches they followed in preparing Junior Secondary and Senior Secondary curricula (Grades 10, 11).

In grades 6, 7, 8, 9, 10 and 11 teachers were oriented to a given format as to how they should handle the subject matter in the Learning – Teaching process, but in designing AL syllabi and Teacher's Instruction Manuals, freedom is given to the teachers to work as they wish.

At this level we expect teachers to use a suitable learning method from the suggested learning methods given in the Teacher's Instruction Manuals to develop competencies and competency levels relevant to each lesson or lesson unit.

Whatever the learning approach the teacher uses, it should be done effectively and satisfactorily to realize the expected competencies and competency levels.

I would like to note that the decision to give this freedom is taken, considering the importance of GCE (A/L) examinations and the sensitivity of other stakeholders who are in the education system to the Advanced Level examination. I hope that this Teacher's Instruction Manual would be of great help to teachers.

I hope the information, methods and instructions given in this Teacher's Instructional Manual will provide proper guidance to teachers to awaken the minds of our students.

**Dr. Upali Sedere**

Director General

National Institute of Education

## Foreword

Action taken over long years of the past to retain the known and learn the predetermined has made us little able today to construct even what is. The first curriculum reform of the new millennium on secondary education that comes to being with a drastic change in the learning-teaching process at school level attempts to overcome this inability while bringing about a set of worthy citizens for the country who are capable of revising the known, exploring the undetermined and constructing what might be.

If you are a teacher teaching this subject or any other subject in grades 6 to 11, it will not be difficult for you to align yourself with the new learning-teaching approaches that are recommended in a considerable way for the GCE (A/L) as well. This reform calls the teacher to identify competency levels under each competency and plan activities to achieve them. The teachers entering the new role of transformation should understand that the procedures which emphasize the teacher in the learning-teaching process are of limited use for the present and that it is more meaningful for the children to learn co-operatively sharing their experiences. This situation, however, requires the teachers to provide a new direction for their teaching by selecting new learning-teaching methods that emphasize the student over the teacher.

If you study the Teachers' Instructional Guides (TIGs) prepared by the National Institute of Education for Mathematics, Science, Health and Physical Education, Technology and Commerce subjects of grades 6 to 11, you certainly will be able to acquire a good understanding on the student-centred, competency based and activity-oriented approaches we have recommended for learning and teaching. The activities presented in these Guides attempt to bring learning, teaching assessment and evaluation on to the same platform and to help you to adopt co-operative learning techniques on the basis of the 5E Model.

Considering the need to establish an innovative teaching force we have selected just a few activities from the relevant activity continuum incorporated in the TIGs. Yet we have given you a vast freedom to plan your own activities to suit the subject and the class requirements by studying the exemplar activities in the Guides and improving your understanding on the principles underlying the reform. The activities incorporated in the TIG, provide you with four types of information. At the beginning of each activity you come across the final outcome that the children are expected to achieve through each activity. This learning outcome named as 'Competency' is broad and long-term. The competency level stated next highlights one out of the number of abilities that the children have to develop to realize the competency.

The above explanation shows us that the competency levels are more specific and of a shorter duration when compared to the competency. The next section of the Guide presents a list of behaviours that the teacher has to observe at the end of each activity. To facilitate the task of both the teacher and the students, an attempt has been made to limit the number of such behaviours to five. These behaviours referred to as learning outcomes are more specific than the competency level. They include three abilities derived from the subject and two others derived from the learning teaching process. Out of the three subject abilities listed in an order of difficulty, the teacher has to direct the children to realize at least the first two through the exploration. The next section of the activity presents what the teacher should do to engage the children for the exploration. Although the implementation of each and every activity starts with this step of engagement, the teachers

should not forget that activity planning should begin with the exploration which is the second 'E' of the 5E Model.

Instructions for the group exploration from the next section of the exemplar activities the teacher plans these instructions in such a way to allow different groups studying different facets of the same problem to reach the expected ends through a variety of learning-teaching methods. For this, further the teacher can select either Inquiry-based Learning carried out through a series of questions or Experiential Learning where children learn by doing. It is the responsibility of the GCE (A/L) teacher to use the knowledge that the children acquire by any of the above methods to solve problems that are specific to the subject or that runs across a number of subjects of the curriculum is meaningful to plan such problem-based learning-teaching methods on the basis of real-life situations. For this you can select dilemmas, hypothetical situations, analogies or primary sources. Some techniques that can be used for the explorations are reading, information management, reflection, observation, discussion, formulation and testing of hypotheses, testing predictions, preparing questions and answers, simulation, problem solving and aesthetic activities such as drawing or composing. There is room here even for memorization although it is considered as a form of mechanical learning.

The students explore in small groups. Instead of depending on the knowledge available to the teacher, they attempt to construct their own knowledge and meaning with the support of the teacher. Moreover, they interact with others in the group to learn from others and also to improve the quality of their exploration findings. All this works successfully only if the teacher is capable of providing the students with the reading material and the other inputs they are in need of. The teacher also has to support student learning throughout the learning process by moving from one group to another. Although it is the discovery that is prominent in this type of learning you have to recognize this as a guided discovery rather than a free discovery. There is no doubt that students learning likewise with instructional scaffolding both by the teacher and the peers acquire a whole lot of worthwhile experiences that they find useful later in life.

Explanation follows the second stage of exploration. The small groups get ready to make innovative, team presentations on their findings. The special feature here is that the children have selected novel methods for their presentations. The responsibility for the presentation is also shared by all members of the group. In the next step of elaboration the children get the opportunity to clarify the unclear, correct the incorrect and fill any gaps that are left. They also can go beyond the known to present new ideas. All activities end with a brief lecture made by the teacher. This stage allows the teacher to go back to the transmission role. The teacher also has to deliver this lecture covering all the important points that the syllabus has prescribed for the relevant competency level. Step 3 of each Activity Plan guides the teachers in this compulsory final elaboration.

To overcome many problems that are associated with the general system of education today, the National Institute of Education has taken steps to move the teachers to the new transformation role recommended for them. This role that starts with a transaction gets extended to a lengthy exploration, a series of student explorations and elaborations and a summative transmission by the teacher. The students involve themselves in the exploration using reading material and other quality inputs provided to them by the teacher.

The students attend school daily to learn joyfully. They achieve a number of competencies that they need to be successful in life and the world of work. They prepare themselves for nation building by developing thinking skills, social skills and personal skills. For the success of all this, an examination system that inquires into the ability of students to face real challenges of life is very much needed in place of an examination system that focuses on the knowledge acquired by children through memorizing answers to model questions.

A number of activities have already begun at the national level to protect the real nature of school-based assessments. The written tests have been minimised to gain recognition for school-based assessments. Compulsory question has been incorporated in the term tests along with a scheme of authentic evaluation to ensure real outcomes of learning. It is the co-ordinated responsibility of all citizens of the country to open up doors for a new Sri Lanka by thriving for the success of this new programme on the basis of sound instructional leadership and quality assurance by the management.

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**Competency 12.0** : Shows the necessity and importance of management in achieving the overall goals of an organization

**Competency Level 12.1:** Examines management process to confirm the need and importance of management

**Number of Periods** : 04

**Learning Outcome** :

- States a new about management, by studying the accepted definitions
- Identifies management as a process and presents it in a diagram
- Explains the elements of management process
- Explains “efficiency” and “effectiveness”
- Points out the need and importance of management

**A Guideline to Expand the Subject Matters** :

- Some accepted definitions about ‘Management’ are given below.

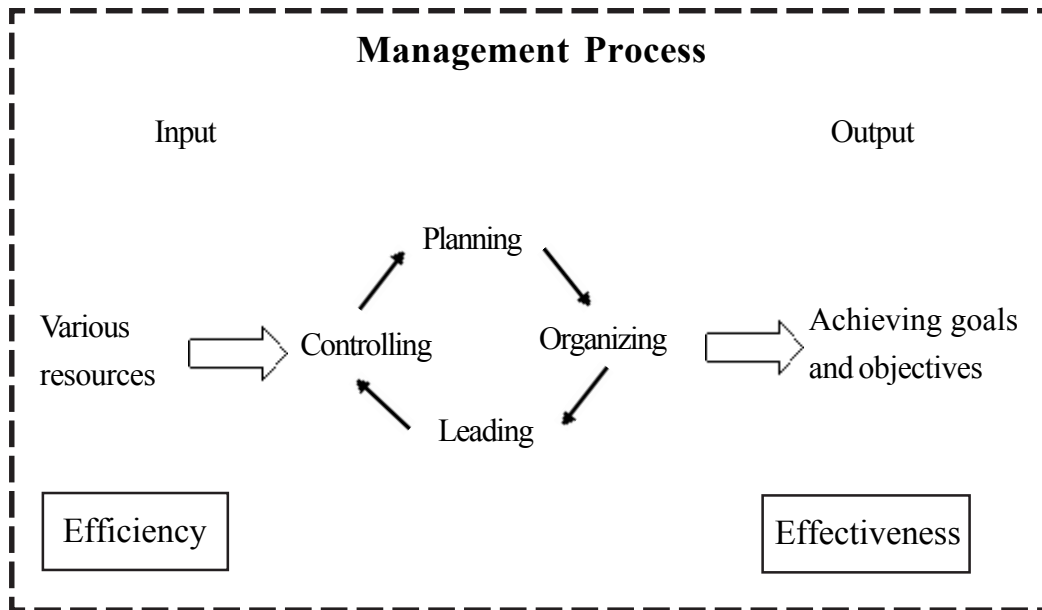
“Management is the art of getting things done through other people”

(Mary Parker Follett)

“Management is the process of planning, organizing, leading and controlling the work of organization members and of using all available organizational resources to reach stated organizational goals”

(Stoner, Freeman and Gilbert)

- Hence, management is the process of efficient utilization of limited resources available in an organization to achieve the stated goals and objectives of that organization in the dynamic business environment
- This process consists of the functions of planning, organizing, leading and controlling
- Management process can be presented in a diagram as follows.



- Planning is the process of establishing goals and objectives and suitable strategies to achieve those goals and objectives
- Organizing is the process of allocating resource, delegating authority and distribution of work in order to achieve the organization’s goals and objectives efficiently and effectively.
- Leading is the process of influencing and motivating employees in order to involve them in necessary activities to achieve organization’s goals and objectives.
- Controlling is the process of comparing the actual performance with the planned performance, identifying the variance if there are and taking steps to, correct them in order to achieve goals and objectives of the organization.
- Doing things right is known as “efficiency”
- Efficiency is also known as the use of resources without waste in achieving organizational goals and objectives
- Doing the right thing is meant by “Effectiveness”
- Effectiveness explains how far the organization is achieving its expected objectives with high quality within a certain period of time.
- The resources used in an organization are known as inputs and those inputs consist of land, labour, capital, entrepreneurship, time, information and knowledge
- Several facts which caused to increase the necessity and importance of management are mentioned below
  - To achieve the organizational goals and objectives successfully
  - To utilize the limited resources efficiently and effectively

- To respond successfully to the dynamic business environment
- To assure the long term existence of the business by facing the competition successfully
- To face successfully the the complex situations created due to expansion
- To fulfill the expectations of the interested parties of the organization at a maximum satisfactory level
- To face the problems successfully and make correct decisions.
- To act so as to fulfil the social responsibilities of business

**Competency Level 12.2:** Analyses various managerial roles to identify the functions of managers

**Number of Periods** : 04

**Learning Outcomes** :

- Explains who is a “manager”
- Explains the functions of a manager
- Explains the various roles of a manager
- Lists the duties of each managerial role
- Lists the duties of various roles of a manager in a given institution

**Learning – Teaching Process :**

**Approach :**

- Taking some organizations in the area which conduct their managerial activities in a good manner as examples, ask the following information from the students.
  - Its ownership, type of organization, type of business activity involved in, the Head of the institution and his/her role etc.
- Conduct a discussion pointing out the following facts
  - Ownership; The institution can be owned by either public sector or private sector
  - The type of the organization; It can be a sole trader; a partnership, a limited company, a co-operative or a corporation . . .
  - The type of business activity involved in; It can be either manufacturing or distributing
  - What ever the title given, the Head of the institute is known as the “Manager”.
  - There are number of specific functions performed by a manager in those institutions  
*Eg;* decision making, planning, leading etc. . . . . .
- Group the students in an appropriate manner, provide the below mentioned proposed instructions for learning and get them to engage in the activity.

### **Proposed Instructions for Learning :**

- Four functions performed by your school principal are stated below. Pay attention to the function assigned to your group
  - Planning
  - Organizing
  - Leading
  - Controlling
- Give examples for the principal's function assigned to your group
- Explain the relationship between the facts you forwarded and the topic assigned to you.
- Prepare to present your findings creatively to the whole class.

### **A Guideline to Expand the Subject Matters :**

- The Manager is the person who involves in planning, organizing, leading and controlling in order to achieve the goals and objectives of the business
- The roles of a manager can be categorized under the following headings according to Henry Mintzberg
  - Interpersonal roles
  - Informational roles
  - Decisional roles
- A table including the functions of the above roles is given below

Roles	Functions
<b>Interpersonal Roles</b> Figure Head  Leader  Liaison	Represent the organization with regard to the legal and social matters. <i>Eg;</i> When opening a new factory. welcome visitors, addressing the shareholders meeting, signing an agreement Motivating and encouraging subordinates in order to achieve the organizational goals. <i>Eg;</i> Appreciating and evaluating the work of employees, promoting and terminating the employees. Maintaining relationships with the external parties and organizations who provide information. <i>Eg;</i> Maintaining relationships with customers, suppliers, trade association and community
<b>Informational Roles</b> Monitor  Disseminator  Spokes person	Searching information of the organization and the environment in order to forecast the future correctly <i>Eg;</i> Written – Newspapers, Reports Verbal – Discussions with planners, customers and other managers Supplying information to officers, managers at same level and top managers to help make correct decisions <i>Eg;</i> Departmental meetings, reports, telephone calls Provide information to external parties representing the organization <i>Eg;</i> Share holders meeting, interviews with media
<b>Decisional Roles</b>  Entrepreneur  Disturbance Handler  Resource Allocator  Negotiator	Changing the internal environment of the organization according to changes in the environment <i>Eg;</i> Introducing new projects, changing the organizational structure <del>Reacting to unexpected situations</del> <i>Eg;</i> Facing the problems with regard to strikes, breaching the contracts, consumer complaints, shortage of raw materials Allocating the resources among various departments of the organization <i>Eg;</i> Annual budget, Allocating own time for subordinates <del>Acting as an arbitrator in the event of internal and external conflicts</del> <i>Eg;</i> Participating in getting into agreements, industrial relationships and problems



**Competency Level 12.3:** Examines the management skills needed for various management levels

**Number of periods** : 04

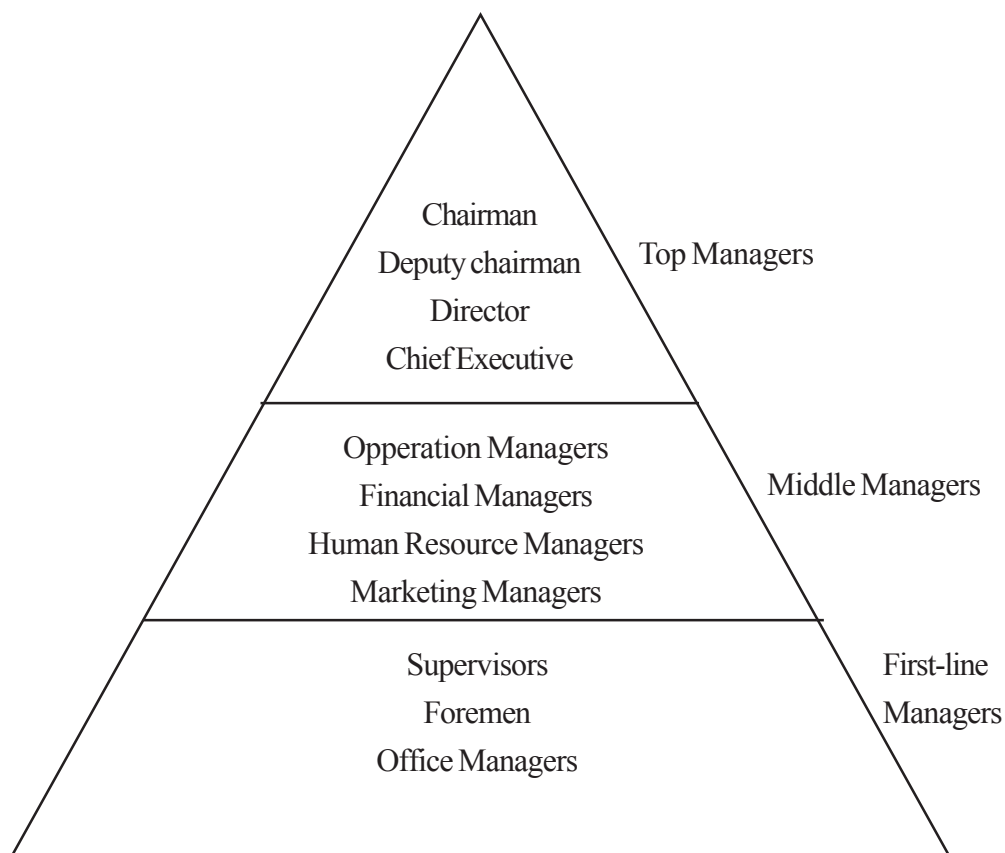
**Learning Outcomes** :

- Explains various management levels in an organization
- Provides examples for managers of each management level in various institutions
- Explains the skills required for managers at each of the above management levels
- Points out the management skills possessed by a manager in an institution

**Learning - Teaching Process :**

**Approach :**

- Present the following chart to the class and give an opportunity to student to observe it.



- Conduct a discussion pointing out the following facts
  - Individuals holding different positions in this company
  - All the position holders shown in the above chart are managers
  - Those managers can be categorized under 3 levels as shown in the diagram according to the authority
  - Number of managers are gradually increased from top to the bottom based on the levels of management
  - The skills needed for the managers varies according to each level
- Group the students appropriately, provide with the proposed instructions for learning and get them to involve in the activity

### **Proposed Instructions for Learning :**

- Pay attention to the institution assigned to your group out of the following
  - School
  - A garment factory / Tea factory
  - Multi – Purpose Co-operative Society
- List the management positions of the institution assigned to you
- Categorise those positions as top managers middle managers and first – line managers
- Highlight the skills that you may think necessary to managers at each level through your group discussion
- Prepare for a creative presentation with your findings to the entire class

### **A Guideline to Clarify the Subject Matters :**

- Managers can be categorized into 3 levels based on authority as follows
  - Top managers
  - Middle managers
  - First – line managers
- Authority means the legitimate power

- Top managers are the managers who are responsible for the overall management of the organization, establishment of goals, strategies operating policies and supervising the activities of middle managers
- Middle managers are the managers who direct and control the activities of first line managers and implement the policies, strategies and plans developed by the top managers
- First-line managers are the managers who supervise and control the activities of non managerial employees.
- Robert L. Katz has introduced three types of skills that should be possessed by managers
  - Conceptual skills
  - Human (Interpersonal) skills
  - Technical skills
- Conceptual skill is the ability to coordinate and integrate all of an organization's interests and activities
- Human skill is the ability to work with, understand, and motivate other people
- Technical skill is the ability to use the procedures, techniques and knowledge of a specialized field.
- How to acquire the above mentioned managerial skills in accordance with each management level is shown by the following diagram

	Technical Skills	Human-Skills	Conceptual Skills
Top Management	0 0 0 0 0 0 0	- - - - - -	. . . . . . . . . .
Middle Management	0 0 0 0 0 0 0 0 0 0 0 0 0	- - - - - -	. . . . . . . . . .
Firstline Management	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	- - - - - -	. . . . . . . . . .

- Human skills are equally important to all the managers.
- Top managers need the conceptual skills more than the other managers
- The first-line managers need the technical skills more than the other managers

**Competency Level 12.4** : Follows a formal method of decision making and solving problems successfully

**Number of Periods** : 04

**Learning Outcome** :

- Explains the concepts of decision making
- Analyses the steps of the process of decision making

**Learning-Teaching Process** :

**Approach** :

- Enquire the students how they made the decision of selecting the advanced level stream after getting through their G.C.E. (O/L) examination
- Lead a discussion highlighting the following facts
  - Selecting an A/L stream to follow is a problem
  - Following are some of the reasons for that problem

**Examples** : O/L qualifications, (subjects passed and grades obtained) A/L streams available at school, parents wish, streams selected by friends, future expectations

- The institutions as well as individuals face such problems at various stages and decisions should be made rationally in solving those problems
- Group the students in an appropriate manner, provide the following set of proposed instructions for learning and make them engage in the activity

**Proposed Instructions for Learning** :

- Pay your attention to the problem received by your group out of the problems given below
  - You have been selected to the university having succeeded at your A/L. In the meantime you have got through the banking exam and received an appointment in a bank. What would you select?
  - You have won a lottery at Rs. 50,000/= . Your mother proposes you to buy jewelery with that money. But your intention is to start a fixed deposit in a bank. Which option would you select at the end?
  - You have successfully involved in a self-employment for a month. In the meantime one of your friends in an overseas country invites you for a foreign employment. Which option would you select.
- Propose alternative solutions for the problem your group has received.

- Separately list out the advantages and disadvantages of each option you have proposed
- Make a suitable decision accordingly
- Prepare with your findings for a creative presentation before the entire class

### **A Guideline to Clarify the Subject Matters :**

- A problem arises when an actual state of affairs differs from a desired state of affairs. In other words when there is a gap between the expected situation and the prevailing situation that is known as a problem and decision making is needed in solving problems
- A decision means the selection of the most appropriate alternative from among many alternatives.
- Accordingly, decision making is the process of identifying an alternative course of action to solve a specific problem and selecting the most suitable alternative
- Whether a problem is simple or complicated, it is the manager's duty to solve that problem
- This shows that the most important task a manager performs is decision making
- The rational process of decision making consists of the following steps
  - Identifying the problem
  - Developing alternative solutions
  - Evaluating alternatives
  - Selecting the best alternative
  - Implementing
- Identifying the problem properly is very important
- Making a decision with regard to the best solution is facilitated by considering a number of alternatives
- After building up of various alternatives, each should be evaluated considering the merits and demerits
- At the end of the evaluation of alternatives the best solution to the problem which is possible alternative to implement which is matching with the objectives of the institute and resources are available, should be selected
- The step of implementation means not only giving commands according to the actions taken to solve the problem, but also the functions of obtaining and distributing resources among various individuals as well as tasks and preparation of budgets etc.

**Competency Level 12.5** : Prepares plans to achieve goals effectively

**Number of Periods** : 04

**Learning Outcome** :

- Interprets planning with generally accepted definitions
- Clarifies the relationship between “planning” and the “plan”
- Introduces the process of planning
- Arranges the steps of planning in order
- Explains the principles of planning
- Points out the importance of planning
- Describes the emerging problems and limitations in planning
- Prepares a plan to achieve a particular objective

**A Guideline to Clarify the Subject Matters :**

- Given below are some of the definitions of “Planning”
  - The process of establishing goals and a suitable course of action for achieving those goals (Stoner Freeman and Gilbert)
  - Deciding the objectives or goals of an organization and preparing how to meet them (G.A. Cole)
- Hence “Planning” is a process of establishing goals of an organization and deciding the ways and means to be followed to achieve those goals
- Outcome of planning is the plan
- The plan shows the course of action for the problems of what is expected to achieve in the future, how to achieve, when and by whom to achieve and also it is a group of activities prepared in written form
- Main activities of the process of planning are mentioned below
  - Deciding the goals and objectives
  - Deciding appropriate ways and means to achieve the goals and objectives
  - Presentation of those methods and strategies in writing (preparation of the plan)

- The process of planning can be presented under the following steps
  - Analysis of environment
  - Identification of the strengths, weaknesses, opportunities and threats
  - Establishment of the Vision, Mission, Goals and Objectives
  - Identification of strategies
  - Implementation of the plans
  - Measuring the success and controlling
- Identification and analyzing the environmental factors which influence in the achievement of the objectives of the institute, should be done in the step of “environmental analysis”
- After the environmental analysis is done, the problems such as, what are the strengths and weaknesses of the organization? What are the available opportunities for the organization, what threats and challenges are there before the organization, should be identified.
- There after, understanding the vision and the mission of the organization and establishment of goals and objectives required to make them a reality should be done. (Explain the concepts of vision, mission, goals and objectives with examples)
- Then, identifying strategies matching with the mission and objectives and preparation of policies, actions, rules and regulations and programmes should be done.
- The next step should be planning and implementation of the functions described in the above stages
- The performance of the implementation of plans should be previewed regularly and required changes should be done when and where necessary
- Following principles should be followed in planning
  - Based on goals and objectives
  - Practicability
  - Flexibility
  - Easy to understand
  - Specific time duration
  - Prepared prior to other managerial functions in an integrated manner

- Participation of managers at each level in planning
- The importance of planning has emerged due to following reasons
  - To face the uncertainty and dynamic environments successfully
  - To get the maximum use of the scarce resources
  - Planning facilitates controlling. Plans are supportive to determine whether the organization has fulfilled its objectives, and if not what should be done to rectify them
  - Planning gives managers an opportunity to think about the future of the organization
  - Planning is essential for other functions of management
  - Planning is required for the continuity and growth of the organization
- Some of the problems and limitations emerge when planning are stated below
  - Application of out dated and incorrect information
  - Planning based on the previous trends and data available at present
  - Planning beyond the ability and capacity
  - Insufficient interest and dedication
  - Not receiving the co-operation of the employees at each level in the organization
  - Plans not being integrated to the entire management system
  - Believing that the plan will work as expected after being implemented.



**Competency Level 12.6** : Confirms the necessity of organizing resources for successful management

**Number of Periods** : 04

**Learning Outcomes** :

- Interprets “organizing”
- Lists the steps of organizing
- Explains each step in organizing in brief
- Explains the importance of organizing towards the success of an institute

**A Guideline to Clarify the Subject Matters** :

- Organizing is the process of arranging and allocating work, authority and resources among an organizations members so as to achieve the organizations goals.
- Few reasons for the importance of organizing towards the success of an institute are mentioned below
  - Necessity of formal organizing in order to achieve the objectives of an institute
  - To implement the plans successfully
  - To get the maximum use of the resources
  - To co-ordinate the tasks among the individuals, groups and departments
- Steps of organizing can be shown in a list out as follows
  - Recognizing of the tasks
  - Division of work
  - Departmentalization
  - Delegation of authority and responsibility
  - Determining the standards of work
  - Allocation of resources
  - Co-ordination
- The first stepp in organization is identification of the tasks to be performed.

- Dividing the total workload into small and simple tasks so as to make them easy for each employee to perform is meant by division of work
  - Division of work leads toward job specialization
  - There are advantages as well as disadvantages of job specialization
- The process of grouping the jobs in a logical and efficient manner using the common features in the tasks is meant by departmentalization
- Given below are some of the bases on which departmentalization can be performed
  - Functional basis
  - Product basis
  - Consumer basis
  - Geographical basis
  - Mixed basis
- The process of formally assigning the authority and responsibility for completion of specific activities to a subordinate is meant by delegation of power
- Explanation of what, how and when to perform with regard to the procedures of work is known as standardization of work.
- Allocation of resources means the provision of required resources in required quantities and required time for the required parties to perform tasks of the organization
- The process of integrating the work and objectives of separate units in order to achieve the goals of the organization is meant by co-ordination
- An institution can achieve its targets easily, by properly performing all of the above mentioned functions included in the process of organizing

**Competency Level 12.7** : Analyses the concepts to be considered for successful organizing

**Number of Periods** : 04

**Learning Outcome** :

- Describes the chain of command
- Describes the unity of command
- Explains the span of control
- Introduces the power and authority
- Explains the concepts of centralization and decentralization
- Explains the organizational structure
- Points out the various ways through which the organizational structure can be presented
- Builds up an organizational chart for a selected institution

**A Guideline to Clarify the Subject Matters** :

- The plan that specifies who reports to whom in an organization is known as the chain of command
- The principle that a certain employee should be responsible for one and only one supervisor is known as the unity of command
- The number of subordinates directly report to a particular manager is known as the span of control/ span of management
- Span of control can be categorized as “narrow” and “wide”
- The legitimate power received by a manager is known as authority
- Hence the authority means the power entrusted upon a manager/ supervisor for operating various functions or commanding or distributing the resources
- The formal authority received by an individual in accordance with his status or the position and in addition the abilities received through other ways are also known as “power”
- There are several power sources such as;
  - Legitimate power (Authority)
  - Expert power

- Charismatic power
- Reward power
- Coercive power (power to punish)
- Personality power
- Information power
- Dominance
- Organizations can be recognized and centralized or decentralized according to the way authority is vested
- When all decision making power is centered with the top management of the institute that is known as centralization
- When the power of decision making is assigned from top management to the first line management that is known as decentralization
- An organization gains advantages and disadvantages through centralization as well as decentralization
- Organizational structure is the way how positions, tasks, authority, responsibilities, and accountability are distributed and co-ordinated
- Organizational structure can be summarized in an organizational chart
- An institute may present its organization chart in various ways
  - Circular organizational chart
  - Vertical organizational chart
  - Horizontal organizational chart
- Following elements are depicted through an organizational structure
  - Centralization or decentralization
  - Departmentalization
  - Unity of command
  - Span of control
  - Job specialization
  - Rules & regulations and procedures
  - Co-ordination
  - Hierarchy

**Competency Level 12.8** : Exhibits the characteristics of leadership needed for leading

**Number of Periods** : 04

**Learning Outcomes** :

- Names the functions of leading
- Defines “leadership” as a function of leading
- Points out the need of leadership
- Explains various leadership styles
- Lists leadership qualities
- Demonstrates the developed leadership characteristics

**A Guideline to Clarify the Subject Matters** :

- Process of leading consists of three major functions
  - Leadership
  - Motivation
  - Communication
- Several definitions for leadership are mentioned below
  - The ability to influence the behaviour of an individual or a group with the purpose to achieve goals of a particular organization is meant by leadership
  - The process of directing and influencing job related activities of group members is known as leadership
- Some of the reasons for the necessity of leadership for an organization is stated below
  - To get the contribution of all in order to reach the vision and the mission of the organization
  - To motivate employees towards higher performance
  - To co-ordinate and direct the activities of employees in various departments
  - To maintain a proper communication system with various departments in the organization
  - To control the affairs of the organization

- To assure self confidence and good mental wellbeing of subordinates
- Two bases on which leadership styles can be categorized are mentioned below
  - According to the way leaders perform
    - Autocratic leader
    - Democratic leader
    - Laissez-faire leader
  - According to the behavioural style of the leader
    - Task oriented leader
    - Employee oriented leader
- Several leadership qualities that should be possessed by a successful leader are stated below
  - Self discipline
  - Dedication
  - Personality
  - Intelligence
  - Self confidence
  - Physical and mental fitness
  - Attractiveness
  - Determination
  - Ability to influence

**Competency Level 12.9** : Proposes suitable methods of motivation for a successful process of leading

**Number of Periods** : 04

**Learning Outcomes** :

- Interprets motivation as a function of leading
- Points out the importance of motivation
- Gives examples for financial methods of motivation
- Explains non financial methods of motivation
- Examines the motivation methods followed by a selected business firm

**Learning-Teaching Process :**

**Approach :**

- Question from the students regarding the methods adopted by school administration to persuade them for learning
- Lead a discussion highlighting the following facts
  - Students are motivated for learning through various activities such as teacher instructions of teachers, exemplary characters, providing books or reading materials, organizing prize-giving ceremonies, awarding colours & medals, organizing sports meets, assigning leadership, holding term tests and academic field tours etc.
  - Objectives of the school can be achieved through this type of motivation
  - Thus, it would be very important for the business firms to adopt various employee motivation methods to achieve their goals and objectives successfully
  - Persuading employees to work willingly is meant by “motivation”
- Group the students in an appropriate manner, provide the proposed instructions for learning given below and make them engage in the activity

### Proposed Instructions for Learning :

- Pay your attention to the pair of topics assigned to your group from the following.

<b>Manager</b>	<b>Employee</b>
<ul style="list-style-type: none"><li>• Managers of a garment factory</li><li>• Managers of a tourist hotel</li></ul>	<ul style="list-style-type: none"><li>• Factory workers</li><li>• Hotel employees</li></ul>

- Reveal through a group discussion the motivation methods that may be followed by the managers mentioned in your topic in order to persuade the employees to do their tasks.
- Categorize those motivation methods as financial and non financial methods
- Propose the benefits that can be gained by the management by motivating the employees relevant to your topic
- Prepare to present your findings creatively to the entire class.

### A Guideline to Expand the Subject Matters :

- Persuading the employees of an organization to get the work done with their utmost collaboration willingly and with an entire self satisfaction can be simply known as motivation
- The process of encouraging employees to achieve specific objectives is meant by motivation
- Few reasons for the importance of motivation as a function of leading process are stated as follows
  - Ability to increase the employee productivity
  - Creating good employer employee relationship
  - Ability to get advantages from special skills of employees
  - Ability to get the maximum use of resources available
  - Ability to achieve goals and objectives of the institute
  - Generating a satisfied team of employees



- Both financial and non-financial methods can be used to motivate employees
- Few examples for each method are stated below
  - Financial methods of motivation
    - Providing loan facilities
    - Granting bonuses
    - Providing the products of the organization at convenient prices
  - Non-financial methods of motivation
    - Training employees
    - Promoting employees
    - Providing welfare facilities such as health care, housing, meals and uniforms
    - Job security
    - Establishment of an appropriate working environment
    - Getting the employee contribution in management affairs
    - Organizing picnics

**Competency Level 12.10** : Shows how effective communication helps the success of leading process

**Number of Periods** : 04

**Learning Outcomes** :

- Shows the need of communication as an element in the process of leading
- Explains the importance of communication
- Describes various ways of communication

**A Guideline to Expand the Subject Matters** :

- Re-call the subject matters learnt in the competency 10
- Exchanging information between two or more parties with clear understanding is known as communication
- Communication is important in all the other functions in management as well as in the process of leading
- Various ways through which communication takes place in business institutes are mentioned below
  - Vertical communication
    - Top to bottom communication
    - Bottom to top communication
  - Horizontal communication
  - Formal communication
  - Informal communication
- The flow of communication from top to bottom hierarchies of managers to subordinates is known as top to bottom communication
- The flow of communication from subordinates or first-line (bottom level) managers to the top management of the hierarchy of an organization is known as bottom to top communication
- Communication takes place within various departments, working groups or the similar positions in problem solving as well as in co-ordinating the affairs in an organization is known as horizontal communication

- The clear communication system accepted according to the organization structure that is systematic and organized communication which flows from top to bottom, bottom to top and horizontally is known as formal communication.
- The flow of communication is clearly shown in the organization chart
- When the communication flows unofficially beyond the organization structure, exchange information in addition to the formal communication systems it is called informal communication
- There are advantages and disadvantages in informal communication

**Competency Level 12.11** : Examines the necessity of controlling in order to confirm whether the expected goals are achieved

**Number of Periods** : 05

**Learning Outcomes** :

- Defines the concept of “Controlling”
- Lists the steps of controlling process
- Describes each step of controlling process
- Explains the techniques of controlling
- Points out the importance of controlling

**A Guideline to Expand the Subject Matters** :

- Comparing the actual performance with planned performance, identifying the variances if any and taking necessary actions to correct them can be said as controlling
- The steps of controlling process can be listed as follows
  - Establishment of standards
  - Measure the performance
  - Recognize deviations
  - Take corrective actions
- Establishment of standards means, setting criteria in order to compare actual performance in future.
- Measuring of actual performance means comparing actual performance with standards
- By comparing actual performance against the standards, the deviations can be recognized
- If actual performance tally with the standards, then the performance can be said to be satisfactory.
- If there are any deviations between actual results and standards, necessary steps should be taken to correct them

- Several techniques of controlling (types of control) are mentioned below
  - Feedforward control
  - Concurrent control
  - Feedback control
- Feedforward control is a technique used to avoid disadvantageous results and their unfavourable damages that may cause in the future on the performance of an organization.

*Eg;*

- Correct maintenance of machinery
- Training the employees
- Steps taken to prevent deviations occur during the production process can be known as concurrent control

*Eg;*

“Quality control” conducted in the process of manufacturing

- Feedback control means taking corrective actions to rectify the deviations between expected performance and actual performance

*Eg;*

- Repairing machines
- Testing the final product
- The importance of the process of controlling can be stated as follows
  - To ensure the quality of the product
  - To minimize the cost
  - To minimize the faults or bring them down to the zero level
  - To change according to the environmental changes
  - To evaluate the progress and correct the faults
  - To confirm that the performance of the organization is up to the expected level

**Competency 13** : Evaluates the contribution of operations management for the success of businesses

**Competency Level 13.1** : Exhibits readiness to prepare operational plans to achieve institutional and consumer goals

**Number of Periods** : 05

**Learning Outcomes** :

- Interprets operational management
- Lists the functions of operational management
- Presents the process of transformation in a chart
- Points out that a value is added to the resources in the process of operations
- Explains production planning
- Points out the importance of research & development as a task of operational management

**A Guideline to Expand the Subject Matters** :

- All the affairs committed to convert the inputs (resources) into outputs (goods and service) in the process of production are considered as operational affairs
- The group of managerial affairs in connection with planning, organizing, leading and controlling of operational affairs of an organization is known as operations management
- The Operations management contributes for the achievement of goals and objectives of an organization and the basic task of operations management is to produce goods and services of high quality by utilizing resources (inputs)
- The tasks of operations management can be shown as follows
  - Production engineering
  - Production planning
  - Purchasing
  - Production controlling
  - Research & development
- Production engineering is making decisions on the process of production, required plants & machinery, production schedule, required materials, required quantity and quality of materials etc.

- The programme prepared by a particular manufacturing company determining the requirements of plants & machinery, raw materials and labour etc. is known as the production plan. Preparation of such production plans as short term and long term plans is known as production planning.
- Required materials should be purchased at the minimum cost in needed quantities when they are required
- Machinery control, stock control, quality control and cost control etc belong to the production control
- Collecting and processing of data with regard to the available product, process of production, and new production plans can be considered as research and development
- Few reasons for research & development being so important are mentioned below
  - To upgrade the quality of product
  - To enhance the efficiency of the production process
  - To minimize the cost of production
  - To introduce new goods and services
  - To minimize the wastage
  - To satisfy the consumer in a better way
- Conversion of inputs into outputs is known as the transformation process and it can be shown in the following chart

<b>Inputs</b>	<b>Transformation Process</b>	<b>Outputs</b>
Land Labour Capital <b>Entrepreneurship</b> Time Information Knowledge	<b>Obtaining resources</b>  Following the production process Determining the production methods Utilizing technological knowledge	Goods and services

- The value of the finished product increases by adding value to inputs at various stages in the transformation process. That is known as the value added

***Eg;***

When manufacturing garments value is added at each stage of cutting, sewing and packing of clothes

**Competency Level 13.2** : Proposes a suitable method of production by examining various methods of production

**Number of Periods** : 05

**Learning Outcomes** :

- Categorizes production methods
- Explains each production method
- Points out merits and demerits of each method
- Proposes an appropriate production method for a particular product
- Points out the need of an operation layout plan
- Explains the operation layout planning methods
- Creates the operation layout plan for a given product and the correct production method suitable for it

**Learning-Teaching Process** :

**Approach** :

- Enquire the students how and why the classroom has been arranged in the present manner
- Lead a discussion highlighting the following facts
  - The classroom has been arranged to facilitate the learning-teaching process
  - It has been arranged so as to manage the space available and also to get the maximum use of the other resources
  - Any institute should be arranged so as to facilitate the process which takes place in that particular place.
  - In a manufacturing institute too, the place should be arranged suitably for the tasks taken place there.

**Proposed Instructions for Learning** :

- Three production activities performed by three different business firms are given below. Pay attention to the activity of production received by your group
- Making dresses for brides



- Making uniforms for pre-school children
- Producing of soft drinks
- Lead a group discussion to clarify how the product your group received is manufactured
- Discuss how the relevant product is demanded for, manufactured and purchased
- If the manner in which your item is produced differs from the other two, clarify the way it differs.
- Write down how your product is produced and also the favourable and unfavourable features in it.
- Show the events of the production process of your product sequentially.
- Develop a diagram to show that sequence
- Get ready for a creative presentation of your findings to the entire class

#### **A Guideline to Expand the Subject of Matters :**

- Production methods can be classified as follows
  - Job production
  - Batch production
  - Flow production
- In job production, only a single item is produced from the beginning to the end and it is done only on a particular order of a customer
- Some favourable features of job production are given below
  - Producing in accordance with the needs and wants of the customers
  - Ability to maintain the consumer satisfaction at a higher level
  - No risk since manufacturing is done on the order of customers
- Some unfavourable features of job production are stated below
  - High cost
  - Need of skillful trained employees frequently
  - Need of specific equipments and tools
  - Production is not done aiming at the market

- After producing once a group of similar products, another group of similar products is produced in batch production
- Some favourable features of batch production are mentioned below
  - Receiving discounts due to large scale purchases of materials
  - Finish of the product can be changed from batch to batch
  - Unit cost is less, compared to job production
- Some unfavourable features of batch production are stated below
  - Unit cost is higher compared to flow production
  - Cost increases due to re-arrangement of machines and equipments from batch to batch
  - Inability to get economics of large scale
- Manufacturing of a similar type of item continuously as a linear flow is known as flow production
- Some favourable features of flow production are given as follows
  - Unit cost is less due to economies of large scale
  - Mostly the production flow can be controlled even with a single person
  - Paying attention about the entire market
  - Ability to use modern technology easily
- Some unfavourable features of flow production can be stated as follows
  - Need to invest a large amount
  - Difficulty in making any change since the production is carried out on a pre-determined order of activities
  - Facing the market risk
- The way in which production methods change from one another is shown below

#### **Production Methods**

<b>Criteria</b>	<b>Job Production</b>	<b>Batch Production</b>	<b>Flow Production</b>
1. Volume of output	Very Low	Medium	Very high
2. Product range	Varied	Only a few	Single product
3. Flexibility of production process	Very High	Average	Very low
4. Made on order or as stocks	On Order	Both	As stocks

- Planning of job/ work centres, materials, machines, equipments and supporting services etc in order to make an efficient process of production is known as the operational layout planning
- Layout plan is important due to following reasons
  - Enhancing of efficiency in using materials and machines
  - Ability to get the maximum use of the space available
  - Ability to minimize the cost of using materials
  - Minimising the possible barriers in moving the materials and employees
  - Minimising the accidents
  - Easy to communicate, co-ordinate and supervise
  - Enhancing the moral of the employees
- There are four types of operational layout plans
  - Process layout
  - Product layout
  - Cellular layout
  - Fixed-position layout
- Preparing the layout so as to occur everything required to complete a single phase of production at a single place is known as the process layout plan
- Preparing the layout so as to flow the entire production process in a linear manner from one working station to another working station is known as the product layout plan
- Preparing the layout so as to flow the productin process through the machines fixed seperately as similiar capacity machines in one section and scalene machines in another in the process of production is known as cellular layout plan
- The layout plan prepared to assemble raw materials, labour and equipments in the factory at the place of manufacturing itself to carry out the production is known as the fixed position layout

**Competency Level 13.3** : Calculates the Break Even-Point comparing total income and total production cost

**Number of Periods** : 05

**Learning Outcomes** :

- Explains the total cost
- Describes the total revenue
- Computes the break-even-point using the equations
- Computes the break-even-point using graphical methods
- Lists out the advantages of break-even-point analysis

**A Guideline to Expand the Subject Matters :**

- Total cost can be classified as fixed cost and variable cost
- The cost that does not change per unit up to a particular production level is known as fixed cost

*Eg;* Factory rent, insurance premium, factory rates

- Fixed cost does not change within a short period whether the production is done in full capacity or do not produce at all
- The cost that changes per each unit of production is called the variable cost

*Eg;* Direct material cost, direct labour cost

- The total amount of revenue earned by a business firm through the sale of its total product is called the total revenue

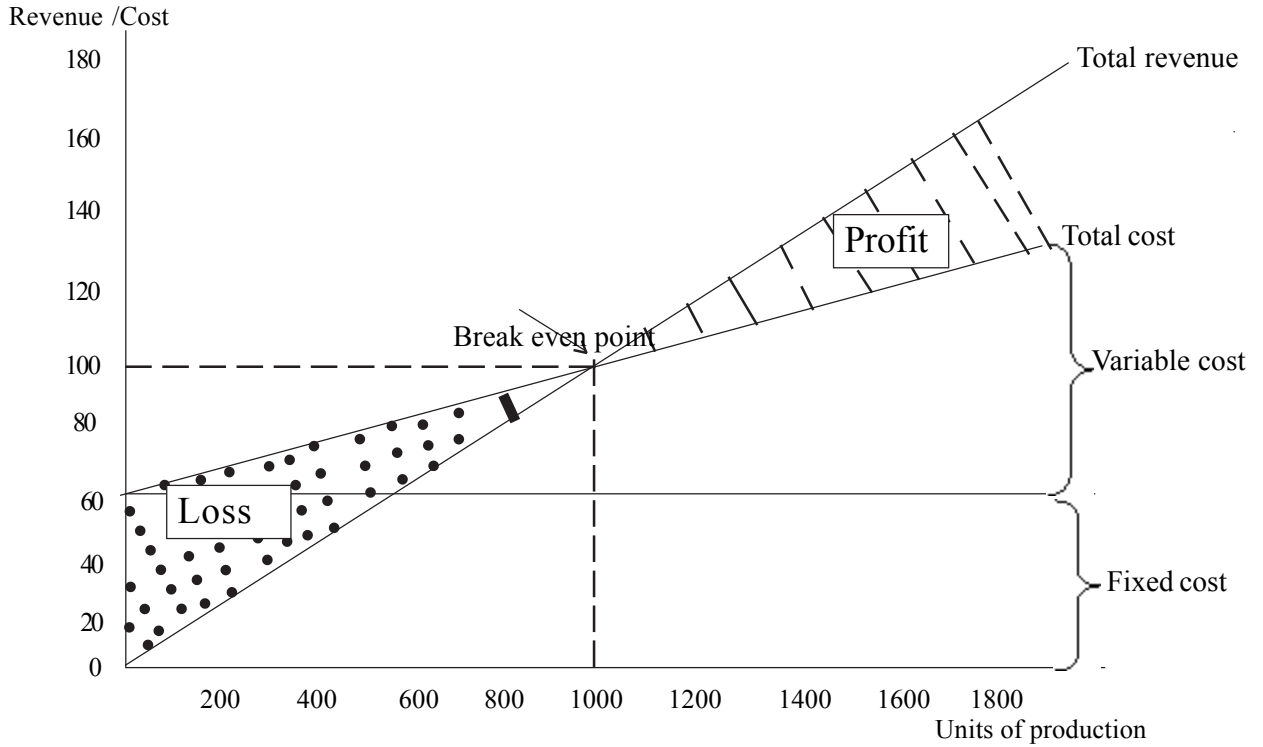
(Cost of a unit x No. of units sold = Total Revenue)

- The production or sales level at which the business neither yields a profit nor incurs a loss is known as the break-even-point. At this point the total revenue of the business is equal to the total cost
- Break-even-point can be calculated according to the equation given below

$$\text{No. of units at BEP} = \frac{\text{Total Fixed Cost (F)}}{\text{Contribution per unit (C)}}$$

Contribution per unit = Selling price per unit (S) - Variable cost per unit (V) $(C = S - V)$
--

- The break-even-point can be depicted graphically as follows



- Get the students to compute the break even point graphically and with the equation using suitable examples
- Several uses of applying the BEP analysis are stated as follows
  - Ability to use as a controlling instrument of cost, profit and volume in business

planning.

- Useful in production planning as well as in price determination
- Ability to analyze the deviations in the areas of business revenue, cost and price
- Ability to point out the profit or loss at various levels in production or the turnover

**Competency Level 13.4** : Points out the facts to be considered in the successful purchase of materials

**Number of Periods** : 05

**Learning Outcomes** :

- Explains the need of purchasing materials and services
- Describes the process of purchasing
- Lists the facts to be considered in purchasing

**A Guideline to Expand the Subject Matters :**

- Various items are required to be purchased in the process of production, and they can be categorised mainly as materials and services
- Materials purchased can be either
  - for manufacturing purposes of the business (raw materials, capital equipments, fuel, elements and tools)
  - for the consumption of the business (stationary, office equipments)
- Services purchased are such as security services, maintenance services, transport services, cleaning services, electricity and water etc
- There is a separate department or a manager to be in charge of purchases in some of the business firms
- Stages of purchasing process can be mentioned as follows ;
  - The purchasing department is notified of a particular need
  - Selecting an appropriate supplier
  - Ordering
  - Receiving goods
  - Making payments
- Given below are a few matters that has to be considered in purchasing materials
  - Product specification
  - Quality of materials
  - Price
  - Time taken to supply
  - Reliability of the supplier
  - Lead time
  - Payment conditions

**Competency Level 13.5** : Decides on suitable methods for stock control

**Number of Periods** : 05

**Learning Outcomes** :

- Interprets the stock control
- Clarifies the need for stock control
- Describes various stock control techniques separately
- Explains JIT as a technique used to control cost of stock

**A Guideline to Expand the Subject Matters :**

- Keeping stocks at an optimal level in order to maintain the continuity of the manufacturing process is known as the stock control
- Holding stocks so as not to create any insufficiency or excess of stocks is meant by optimal stocks
- Stock control is very important to minimize the cost of holding insufficient or excess stocks, to maintain the continuity of manufacturing and sales activities and to gain the maximum use of resources such as machinery and labour etc.
- A large amount of working capital of a firm is held in stocks. Therefore special attention should be paid on stock control
- Various firms follow various techniques in stock control

***Eg;***

- Stock level determining techniques
- ABC analysis
- Two bin system
- Computer programs
- Continuous stock recording system

- Making an attempt to hold stocks determining various stock levels such as maximum stock level, minimum stock level and re-order level is known as the stock level determining system
- Keeping stocks separately as the stocks with higher value but less number of units denoted by A, the stocks with average value and average number of units denoted by B and the stocks with low value, and more units denoted by C is known as ABC analysis
- In two bin system, stock control is done by keeping a certain kind of stocks in two bins, one large and the other small. First, the stocks in the large bin are used until they are finished. Then the stocks are ordered and the stocks in the small bin are used until the ordered stocks are received.
- Using the computer software, which have been manufactured for stock control, is known as controlling stock through computer program . (It is sufficient only to inform the students that at present computer programs are used in stock control.)
- In continuous stock recording system, the changes in stocks are recorded at that time itself and the records are kept so as to know the balance in the store at any time.

***Eg;*** Bin card

- JIT is a technique adopted to minimize the cost of storage by keeping the stocks of raw materials and finished goods at zero level
- This technique is named as Just-In-Time, since only the required materials are obtained at the required time and in required quantities, at each and every stage of production
- Keeping finished goods stored is not done in this system and immediately after the production the goods are released to the market on the demand



**Competency Level 13.6** : Decides on the necessary stock levels to maintain optimum stock

**Number of Periods** : 05

**Learning Outcomes** :

- Describes separately the various stock levels required to maintain an optimal stock
- Computes various stock levels
- Demonstrates the stock levels graphically

**A Guideline to Expand the Subject Matters :**

- Several facts to be considered in computing stock levels are given below
  - Consumption of materials in relation to a period
  - Re-order period
  - Re-order quantity
- Required quantity of materials for the production in a particular period such as a day or a week or a month is known as the consumption of materials in relation to a period
- This consumption can be determined as maximum quantity of consumption, minimum quantity of consumption and average quantity of consumption, according to the changes taking place in the quantity of production or sales of the firm
- Duration of time from the event of ordering to the event of stocks reaching the stores is known as the re-order period
- This period also can change on various reasons and it can be determined as maximum order period, minimum order period and average order period
- Number of units included in a single order is known as re-order quantity (Economic-Order Quantity)
- The stock level at which an order is submitted is known as the re-order level
- Re-order level can be computed as follows

$$\text{Re-order Level} = \text{Maximum Usage} \times \text{Maximum Order Period}$$
- Minimum stock level means the stock level at which the stocks are not allowed to drop further
- This is also known as the safety stock

- If the stocks in the stores drop from the minimum stock level, it can cause disadvantageous consequences
- Minimum stock level can be computed as follows

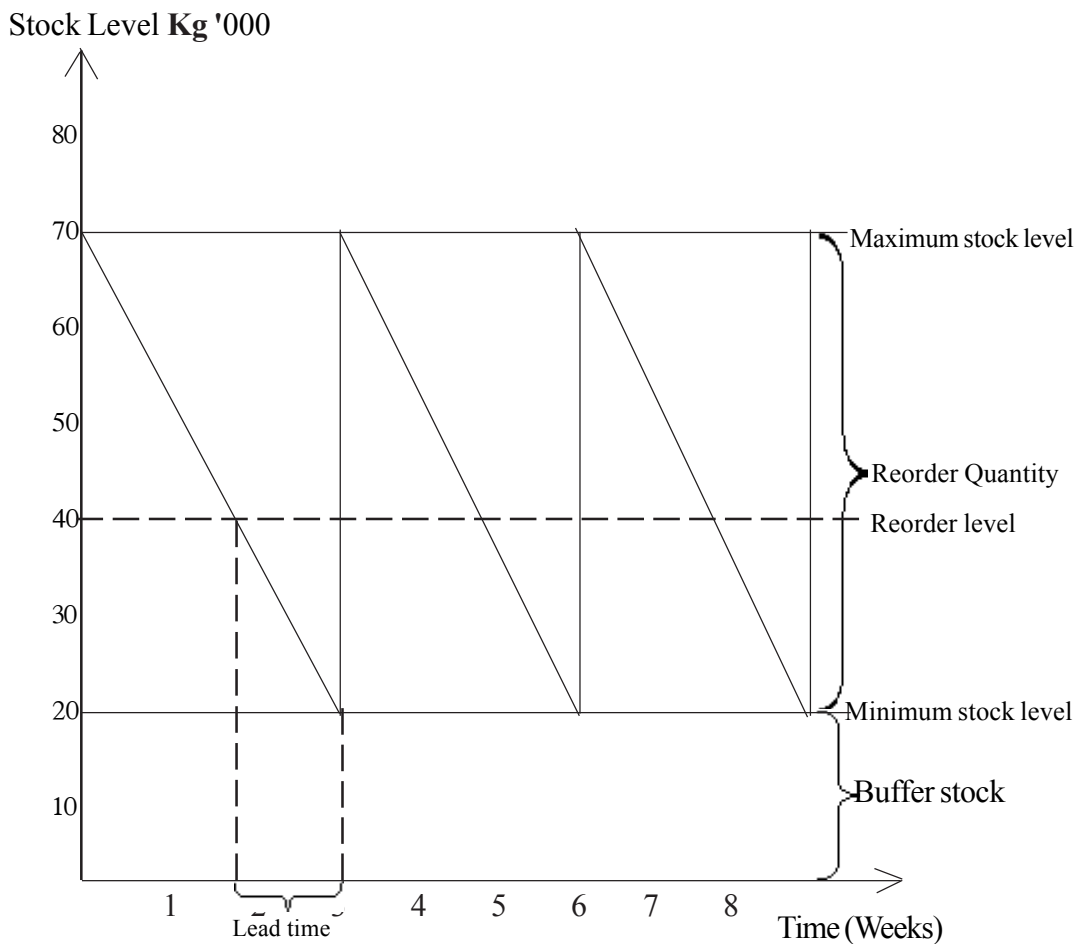
$$\text{Minimum Stock Level} = \text{Re-order Level} - (\text{Average Usage} \times \text{Average Order Period}) \text{ of stocks}$$

- Maximum stock level means the stock level at which the stocks are not allowed to increase further
- This is the highest amount of stocks that can be held in the stores and it is not suitable to exceed this level
- This stock level can be computed as follows

$$\text{Maximum Stock Level} = \text{Re-order Level} - (\text{Minimum Usage} \times \text{Minimum Order Period}) + \text{Re-order Quantity}$$

(Let the students compute the stock levels using suitable examples)

- Various stock levels can be depicted graphically as follows



**Competency Level 13.7** : Calculates Economic Order Quantity (EOQ) considering cost of stock

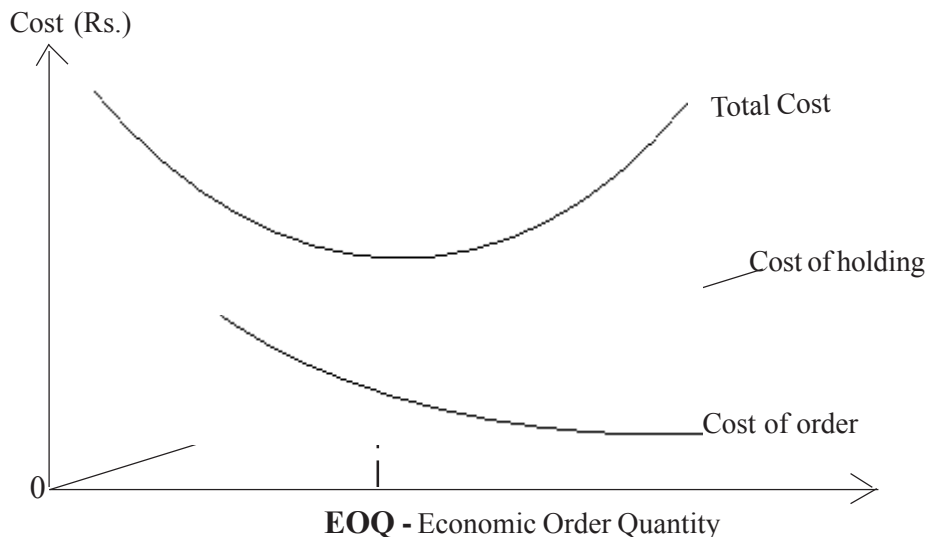
**Number of Periods** : 05

**Learning Outcomes** :

- Classifies the costs related to stocks
- Explains the categories of cost of stocks using examples
- Explains the re-order quantity
- Computes the Economics Order Quantity (EOQ) using various methods

**A Guideline to Expand the Subject Matters :**

- Total cost of stocks of a particular firm consists of two types as ordering cost and the holding cost of stocks
- Expenses of preparing the order, expenses of checking the materials and the transport expenses of materials are examples for ordering cost
- Storage expenses, electricity expenses of stores, material moving expenses, insurance premiums, record keeping expenses and damages to stock etc are examples for holding cost
- Number of units to be ordered ones so as to minimize the total cost of stocks is known as the economic order quantity (EOQ). At EOQ, the ordering cost and the holding cost of stock are equal to each other.
- EOQ can be computed through the following graph.



- EOQ can be computed using the following equation too

$$EOQ = \sqrt{\frac{2cd}{h}}$$

$c$  = Cost per order

$h$  = Cost of holding one unit for a year

$d$  = annual stocks requirement (quantity)

**Competency Level 13.8** : Examines suitable quality control methods to confirm the quality of products

**Number of Periods** : 05

**Learning Outcomes** :

- Explains quality of product
- Explains quality control
- Evaluates importance of quality control
- Describes quality control techniques

**A Guideline to Expand the Subject Matters :**

- The ability of a good or a service to satisfy the consumer needs and wants is known as “quality”
- The quality of a product is a collection of certain elements such as
  - Proper functioning
  - Durability
  - Reliability
  - Matching with standard
  - Suitability
  - Safety etc
- The features which influence the quality differ according to the nature of the good or service
- The process of confirming whether the production is done so as to meet the standards established by the entity and the minimum legal requirements is known as quality control
- Quality control is important for an institute because of the following facts
  - Ability to provide goods with expected quality
  - Ability to reduce wastage by decreasing damages and breakage
  - Facing the competition successfully and enabling to secure the market
  - Consumer loyalty is enhanced through maximizing of consumer satisfaction
  - Ability to work in accordance with the legal conditions

- Increasing the demand
- Minimizing the entire cost of the entity
- Promoting the profitability of the entity
- Some techniques used in quality control are mentioned below
  - Quality assurance
  - Zero defects
  - Quality circles
  - Quality standards
  - Total quality management
  - Statistical process control
- The procedures followed to perform every stage of the production process with a formal examination in order to confirm the quality of the product may be called quality assurance. The goal of it is to prevent problems than searching for problems.
- Assuring that every product is produced without any defect is known as zero defects technique. Accordingly, making arrangements to produce correctly at the first time itself than accepting an error is unavoidable is done by the zero defects technique
- What happens at quality circles is that the employees who perform the similar tasks present solutions by identifying and discussing the problems faced by them after getting into small groups
- Performing the manufacturing activities so as to meet the national or international standards is meant by following the quality standards. The consumer reliability could be gained by doing that
- The process of assuring the quality of all the levels of the institution is known as the total quality management. Here, it is expected to assure total quality of the institution while assuring the quality at each level
- In total quality management the quality of the whole institution is assured through the performance of each task by the employees at each level with maximum capacity and minimizing of cost and defects
- Collection of data regarding the performance of the manufacturing process and communicating those data to the relevant parties in diagrams, tables and graphs is occurred through the statistical process control. This is very expensive and impractical at certain times

**Competency Level 13.9** : Proposes procedures for the improvement of productivity

**Number of Periods** : 05

**Learning Outcomes** :

- Defines productivity
- Explains the importance of productivity
- Describes methods through which productivity could be enhanced
- Introduces modern techniques through which productivity could be enhanced
- Explains the benefits of applying modern technology
- Enquires the problems faced when using modern technology

**A Guideline to Expand the Subject Matters :**

- The ratio of the relationship between inputs and outputs is known as productivity
- Productivity is used as an important measure of evaluating the efficiency of production
- Following are some reasons for productivity being important for a business
  - To make decisions regarding allocation of resources of the business
  - To make decisions on expansion of the business
  - To compare productivity with other similar business entities
  - To know the progress of the business entity
- Productivity can be measured in the following manner

$$\text{Productivity} = \frac{\text{Output}}{\text{Input}}$$
- When the productivity is greater than 1 it is considered as a growth in productivity and if less than 1, then there is a drop in the productivity
- Some ways through which the productivity can be enhanced are mentioned below
  - To make the management efficient
  - To utilize modern technology
  - To provide financial as well as non financial incentives to employees
  - To get the employee participation in decision making
  - To use the quality circles

- Reuse and recycling of materials
- Product diversification
- Methods of modern technology can be used to enhance the productivity and some of those techniques are stated below
  - Computer technology
    - CAD (Computer Aided Design)
    - CAM (Computer Aided Manufacturing)
    - CIM (Computer Integrated Manufacturing)
    - CNC (Computerized Numerical Control)
- Several benefits of utilizing modern technology are mentioned below
  - Enhancing of efficiency and effectiveness
  - Upliftment of the quality of goods
  - Decrease of the price of goods through decreasing the cost of production
  - Increasing the capacity of manufacturing
  - Minimizing the wastage
  - Creating a friendly working environment
- Several problems in using the modern technology are as follows
  - Need of a massive investment
  - Lack of trained labourers and the high cost of training
  - Rapid and frequent changes in technology
  - Weak employee relations
  - Unexpected drops and defects in the technology
  - Emergence of environmental problems

**Competency 14** : Appreciates the contribution of marketing management for the success of business

**Competency Level 14.1:** Examines basic concepts on which marketing is based to get optimum results

**Number of Periods** : 04

**Learning Outcomes** :

- Interprets “Marketing” using the definitions
- Explains the importance of marketing
- Lists out the co-concepts of marketing
- Points out the relationship among needs, wants and demand
- Involves in a broad analysis of products
- Points out the relationship among value, satisfaction and quality
- Explains the concepts of “Exchange” “Transactions” and “Relationships”
- Explains “The Market”
- Explains the relationship among marketing core concepts

**A Guideline to Expand the Subject Matters** :

- Various definitions have been developed regarding “Marketing”
  - Marketing is the social process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with others.
  - Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders
- Hence marketing is a social and managerial process aiming to fulfill the needs and wants of individuals as well as of institutions
- The importance of marketing can be presented as follows;
  - To the businessman
    - To attract and retain the customers
    - To maintain the success of the institution



- To earn profits continuously
- To promote the satisfaction of proprietors and employees
- To face the competition successfully
- To expand the market share
- To consumers
  - To get maximum satisfaction for the amount of money spent
  - To be informed by getting information about the market
  - To make the goods and services abundant in the market
  - To purchase goods and services easily (with less effort)
  - To uplift the living condition through consumption of various goods and services
- To the economy of the country
  - Diversification of products
  - Expansion of production
  - Increasing the employment
  - Eradicating inequalities in distribution of income
  - Developing the entire economy of the country
- Core concepts of marketing can be explained as follows ;
  - Needs*** : Nature of suffering in the man to fulfil a particular basic satisfaction or else an essential condition that must be fulfilled to ensure the survival of the man
  - Wants*** : Desire or preference for a certain commodity or a service with regard to a particular need or else the various ways of fulfilling the needs are known as wants
  - Demand*** : The need to buy a particular commodity or a service with the desire and the ability can be defined as “the demand”. Thus a demand is created when need and ability to pay are combined

**Products** : Any thing presented to the market with the intention of satisfying needs and wants. Thus any thing mentioned below can be stated a product

- |                     |                 |
|---------------------|-----------------|
| (i) Goods           | (ii) Services   |
| (iii) Ideas         | (iv) Experience |
| (v) Persons         | (vi) Places     |
| (vii) Organizations | (viii) Events   |
| (ix) Properties     | (x) Information |

**Value** : Value reflects the sum of the perceived tangible and intangible benefits and costs to customer. It's primarily a combination of quality, service and price. Value increases with quality and service and decreases with price.

**Satisfaction** : Satisfaction reflects a person's judgements of a product's perceived performance in relationship to expectations. If the performance falls short of expectations, the customer is dissatisfied. If it matches expectations, the customer is satisfied.

**Quality** : This has been discussed in operations management.

**Exchange** : Transaction of a particular commodity (product) with a value between two parties with a bilateral agreement is known as the exchange. If considered broadly offering a particular valuable commodity (object) in order to obtain goods and services from another party to fulfill individual needs can be said as an exchange. That means to obtain one's needs, one has to give the resources of his/her own. There are five qualities that must be fulfilled in order to complete the exchange.

- There should be a minimum of two parties
- Each party should possess something valuable
- It should be possible to exchange and distribute values among each and every party

- Each party should be independent to accept or refuse something
- Each party should trust upon the other party / parties have to be appropriate to deal with

***Transactions*** : A transaction is created with the exchange of values between two or more parties. Trading of values between two or more parties can be interpreted as a transaction

***Relationships*** : A key goal of marketing is to develop deep, enduring relationships with people and organizations that could directly or indirectly affect the success of the firm's marketing activities. Relationship marketing aims to build mutually satisfying long-term relationships with key constituents in order to earn and retain their business. Four key constituents for relationship marketing are customers, employees, marketing partners and members of the financial community.

***Market*** : Combination of all true and potential customers with purchasing ability and willingness to involve in exchange for entire satisfaction of consumer needs and wants is known as the market

**Competency Level 14.2:** Selects the suitable Marketing concept while examining the evolution of marketing concepts.

**Number of Periods** : 04

**Learning Outcomes** :

- Points out the way in which the marketing concept expanded according to the time
- Explains the marketing concepts
- Analyses the marketing concepts comparatively
- Reviews the marketing concept followed by a particular entity

**A Guideline to Expand the Subject Matters** :

- Marketing concepts are used to achieve the business goals
- Marketing concepts have changed according to the time
- Various concepts in marketing have been created on various aspects and expectations of the various parties such as the trader, consumer and the entire society

- Production Concept

This is one of the oldest concepts in business. It holds that consumers will prefer products that are widely available and inexpensive. Managers of production-oriented business concentrate on achieving high production efficiency, low costs and mass distribution. And also use this concept when a firm wants to expand the market.

Hence the consumer needs and wants have not been considered and the preference of the producer has been given the priority.

- Product Concept

The product concept proposes that consumers favor products that offer the most quality, performance, or innovative features.

Hence the businessmen planned to enhance the quality of their products. The intention was that when high qualitative goods are produced and supplied to the market at a reasonable price, there would be a demand for them. However a new or improved product will not necessarily be successful unless it is priced, distributed, advertised and sold properly.

- Selling Concept

The selling concept holds that consumers and businesses, if left alone, will not buy enough of the products. Therefore, the organization must undertake an aggressive selling and promotion effort.

The traders had to bear a great attempt to sell their products in a competitive situation. They believe that the consumers would not come forward to buy the goods, if they are not promoted well after the production.

- Marketing Concept

The producers understood that only the sales promotion strategies are not sufficient to face the competitive market conditions and the goods and services should be created to meet the recognized needs and wants of the targeted market. This is a consumer-centered concept. A priority has been given to the consumer needs and wants more than the products. The marketing concept holds that the key to achieving organizational goals is being more effective than competitors in creating, delivering and communicating superior customer value of the target market.

- Social Marketing Concept

Even through the marketing concept aimed at consumer satisfaction and achieving the objectives of the businessmen, it was accepted that through marketing plans the needs of entire society should be fulfilled, without being restricted to the consumer satisfaction. Accordingly social marketing concept means that to satisfy the needs and wants of the targeted market so as to assure or enhance the consumer and social well-being.

- Customer Concept

Consumer concept was created as a result of the concern about the consumers that have to be satisfied by the business firms. Making attempts to satisfy each target consumer, having recognized their specific wants very carefully is meant by this concept.

- Holistic Marketing Concept

Today's best marketers recognize the need to have a more complete, cohesive approach that goes beyond traditional applications of the marketing concept. The holistic marketing concept is based on the development, design and implementation of marketing programs, processes and activities that recognizes their breadth and interdependencies.

Holistic marketing is an approach that attempts to recognize and reconcile the scope and complexities of marketing activities.

This concept consists of following four broad components

- (i) Relationship marketing
- (ii) Integrated marketing
- (iii) Internal Marketing
- (iv) Performance marketing

**Competency Level 14.3:** Decides on the segment of consumers the products should be offered to.

**Number of Periods** : 04

**Learning Outcomes** :

- Defines the market segmentation
- Describes the bases on which the consumer market is segmented
- Explains the needs to be fulfilled for a successful market segmentation
- Points out the uses of market segmentation
- Defines the target market
- Chooses the targeted market, having segmented the market of a selected product

**Learning-Teaching Process :**

**Approach:**

- Show the wrappers of various kinds of soap to the class (Wrappers of baby soap, soap used by athletes, soap used to wash clothes, soap used by elders, soap used for skin diseases)
- Ask the students to tell who uses the particular soap when showing each wrapper to the class
- Highlight the fact that there are various types of consumers in a market of a particular product
- Lead a discussion highlighting the following facts
  - Any business chooses a target market, when a particular product is introduced
  - The market should be segmented to choose the target market
  - Specific characteristics of the customers should be identified for that purpose
- Group the students appropriately, provide the following instructions for learning and make them involve in the activity

**Proposed Instructions for Learning :**

- Three products to be introduced to the market by three firms are stated below. Pay your attention the product that your group has received.
  - Footwear
  - Garments
  - Milk powder
- Recognize and list the various types of consumer groups to whom the product you received could be sold.

- Point out the consumer characteristics used in recognizing those various types of consumer groups
- Describe the advantages enjoyed by a business through grouping the consumers as mentioned above
- Imagine that the product your group received is going to be released to the market and select the consumer group you could target
- Give reasons for your choice
- Prepare to present your findings to the entire class

### **A Guideline to Expand the Subject Matters :**

- Any kind of market can be divided into sub sections using various of consumer characteristics
- Segmenting the entire market which has dissimilar features into groups of similar features is known as market segmentation
- Benefits of market segmentation are gained by the business firm as well as the consumer
- Some of those benefits are mentioned below
  - Since the entire market is analysed much awareness regarding the market can be gained.
  - Ability of recognizing the appropriate and periodic market
  - Segmented market can be specifically segmented further
  - Ability of utilizing the limited resource available in the firm efficiently and effectively
  - The firm is able to minimize the market risk
  - Ability to launch marketing programs more successfully
- Market segmentation can be performed based on the following factors
  - Geographical factors (Geographic Segmentation)
  - Demographical factors (Demographic Segmentation)
  - Psychological factors (Psychographic Segmentation)
  - Behavioral factors (Behavioral Segmentation)
- Following requirements should be fulfilled for an effective market segmentation
  - Measurability
  - Substantiality
  - Accessibility
  - Differentiability
  - Actionability
- Targeted market can be explained as follows
  - The market segmentation that may be able to work for the betterment of the entity in an attractive and lucrative manner out of the recognized customers with similarities from the multicharactered customers in the entire market is known as the target market.

**Competency Level 14.4:** Examines marketing mix and its variables from the point of view of the businessman and the customer

**Number of Periods** : 05

**Learning Outcomes** :

- Defines the marketing mix
- Introduces the variables of marketing mix for goods
- Introduces the variables of marketing mix for services
- Enquires the marketing mix from the point of view of the customer
- Highlights the importance of marketing mix for successful marketing

**Learning-Teaching Process** :

**Approach:**

- Instruct the students to recall the behaviour of a customer (buyer) at a weekly fair or any other fair. Enquire the behavioural patterns of the sellers and buyers.
- Lead a brief discussion highlighting the following facts
  - Most of the time the buyer goes to several sellers
  - The buyer doesn't go to every seller, even if many number of items have been produced for sale
  - Only the goods required are bought
  - The customer considers about the product, price, and the quality, when he buys a particular commodity
  - The seller uses various strategies to sell his products

**Instructions for the Game to the Teacher :**

- Announce that a fair is going to be held in the class room within 20 minutes of time
- Mention that the teachers would be the buyers
- Inform that all the transactions will be actual transactions and the students can sell something created at that time itself.
- Something can be submitted to the market as individuals or as small group
- Tell them that not only goods but services also can be sold. (Quality inputs can be used to provide some limited number of resources to the class for creation of items. Waste materials also can be used, but should not be sold in the same form)



- Guide them to arrange the selling places appropriately
- At the end of the scheduled time walk around the fair with the intention of buying the goods and services available in the instant fair  
(No need to buy everything except what you want)
- After the purchasing is over, separate the students into two groups as those who sold goods and those who sold services .  
(If there are too many sellers in a certain group divide them again into groups appropriately)
- Provide the groups with the following instructions for learning

### **Proposed Instructions for Learning :**

- Pay attention to the topic received by your group out of the followings
  - Sellers of goods
  - Sellers of services
- Based on the practical experiences gained at the instant fair involve in the following group activity
- If the items produced by your group were sold, explain how the nature of the product, the quality and the price influenced on that selling
- If the items produced by your group were not sold explain how the nature of the product, the quality the price and the promotion influenced on the failure
- Consider a consumer who buys the items produced by you and list the qualities he expects in your product
- Identify in a group discussion and list the facts to be considered by a seller when marketing a good or a service to a consumer
- Categorizer the facts you listed in relation to the strategies of product, price, delivery and promotion
- Prepare to present your findings creatively to the entire class

### **A Guideline to Expand the Subject Matters :**

- The marketing strategies implemented to achieve the expected objectives of a business entity is denoted by “Marketing Mix”
- The marketing mix can be divided into four components from the point of view of the Marketer

- Product
  - Product differentiation
  - Quality
  - Design
  - Features
  - Brand
  - Package
  - Quantity
  - Services
  - Warranties
  - Returns
- Price
  - Listed price
  - Discounts
  - Allowances
  - Payment period
  - Credit Conditions
- Place
  - Distribution channels
  - Coverage
  - Areas
  - Channel Mix
  - Inventory
  - Transportation
- Promotion
  - Sales Promotion
  - Advertising
  - Personal Selling
  - Public relations and Publicity
  - Direct marketing

- In addition to the above four, marketing mix of services includes the following three variables, making it comprising of seven variables.

- People
- Process
- Physical Environment/ evidence

- **Product**

Anything produced to the market for sale to satisfy the consumer needs and wants

- **Price**

The amount of money paid by the consumer to obtain a particular good or a service from the market

- **Place (Distribution)**

Distributing the product in the market in order to get them marketed successfully

- **Promotion**

The process of communicating to the interested target and potential customers regarding the product

- **People**

Specialized salesmen

- **Process**

Operational system required to provide the service

- **Physical Environment**

Creating the surrounding and the environment of the business outlet (service station) in order to give a higher value to the customers.

- The marketing mix for the goods is also shown as four variables (4C<sub>s</sub>) from the point of view of the customer

- Consumer needs & Wants
- Cost
- Convenience
- Communication

**Competency Level 14.5:** Decides on a product that can satisfy the consumer

**Number of Periods** : 04

**Learning Outcomes** :

- Defines the ‘Product’
- Compares the goods and the services
- Shows the way in which a product is submitted under various levels
- Proposes the possible changes than can be done to a particular product so as to add various values at each stage with regard to a given product

**Learning-Teaching Process** :

**Approach:**

- Show a mobile phone available in the current market and inquire the services of it and point out that the basic purpose of it is communication
- Lead a brief discussion highlighting the following facts
  - There is a basic use in each and every product
  - Steps are taken to attract the customers by developing the same product further  
(Point out the introduction of various facilities to the mobile phone such as, decreasing the weight and the size, availability of SMS, Voice mail, E-mail, Internet, Listening to songs, Camara, Watching movies etc.....)
- There is a possibility of developing any product this way
- Not only that, the businessmen should take an interest to produce their products to provide more benefits beyond this to the consumer
- Group the students in an appropriate manner, provide them with the proposed instructions for learning and make them involve in the activity

**Proposed Instructions for Learning** :

- Given below are a few products that fulfill the human needs and wants. Pay attention to the product received by your group
  - Pen
  - Hotel Service
  - Chair
  - Passenger transport bus service
- Write the preliminary use of the product received by your group
- Point out the features that can be added to develop that preliminary use

- Point out the features that can be added to the product in order to get attraction of the customer.
- Point out the features that can be added to the product to develop it beyond the level expected by the customer
- Predict how the product will be developed in future with latest utilities (utilities currently not available)
- Prepare for a creative presentation with your findings before the entire class

### **A Guideline to Expand the Subject Matters :**

- Any thing presented to the market with the purpose of fulfilling the needs and wants is known as a “Product”
- Products can be classified as goods, services and ideas
- Services mean the activities which could be provided by one party to another
- When compared the goods and the services, following features are obvious in services
  - Intangibility
  - Inseparability
  - Perishability (cannot be stored)
  - Variability
- Various levels of a product are mentioned below

- **Core benefit**

The fundamental level of a product is the core benefit. This means the preliminary benefit expected from a particular product by the consumer.

*Eg;* The preliminary benefit expected from a pen is to write.

- **Basic Product**

Here, the good is manufactured including some other recognized benefits in addition to the core benefit. This means, the product is manufactured consisting the basic requirements so as to give core benefits.

*Eg;* Adding a stem to the pen for easy writing

- **Expected Product**

Here, other features are included in the product as expected by the customer so as to attract them. Accordingly, attention is paid to the features such as components which should be included in the product, quality, design, brand and the package

- **Augmented Product**

At this level, the marketer prepares an augmented product that exceeds customer expectations. The product is developed beyond the expected level of the consumer

- **Potential Product**

This means, the level in which the product enters the future market with all the development levels and the changes. That is, a potential product is developed in the future.

**Competency Level 14.6:** Creates a suitable brand and a trademark for a product

**Number of Periods** : 04

**Learning Outcomes** :

- Introduces the ‘brand’ and the ‘trade mark’
- Points out the qualities that should be there in a brand
- Provides with the examples for various kinds of brands
- Describes the benefits gained for the success of a business
- Designs a suitable brand for a particular product

**Learning-Teaching Process** :

**Approach** :

- Inquire from the students the products which are demanded by the brand name itself.
- Enquire the reasons for demanding the goods by the brand name itself
- Lead a discussion highlighting the following facts
  - Marketers produce their goods to the market in various brand names and symbols. Those can be a name or a mark or a picture or a term etc.
  - They are commonly known as brands
- Group the students in an appropriate manner, provide with the following instructions for learning and make them involve in the activity

**Proposed Instructions for Learning** :

- Stated below are four products prepared to be sent to the market. Pay your attention to the product received by your group
  - A kind of cool drinks
  - A TV channel
  - A herbal toothpaste
  - A telephone service
- Make a list of trademarks or brand names of the competitive products available in the market similar to the one you have received

- Describe with reasons whether those trade names and trade marks are suitable or not
- Imagine that the product you have received is going to be introduced to the market and create a suitable trade mark and a trade name
- Give reasons for selecting that trade name and the trade mark
- Prepare to present your finding creatively to the entire class.

### **A Guideline to Expand the Subject Matter :**

- A brand is a name, term, sign, symbol, design or a combination of them, intended to differentiate the goods or services of one marketer or group of marketers from those of competitors
- The pronounceable part of a brand is named as the brand name
- When a particular brand is registered and received the legal status, it is known as the trade mark
- Sri Lankan business firms should register their brands in the Institute of Patent and Trade Marks under the Intellectual Property Act No. 52 of 1979
- Several features that should be there in a good brand are as follows;
  - Being short and simple
  - Easy to pronounce, recognize and remember
  - Giving a hint of basic qualities and usage of the product
  - Easy to recognize even in another language
  - Should be different from the brands used by competitive producers.
  - Representing a particular culture
- Various types of brands are used in branding

- **National Brand**

If a particular manufacturer produces his products under his own brand to the market that brand is called the National Brand

*Eg;* IBM, CocaCola

- **Private Brand**

After the producers sell their products to the traders, the brand created by those traders is called the private brand

*Eg;* Araliya Sugar



- **Family Brand**

Producing a series of goods under the same brand by a particular producer

*Eg;* Singer, Harischandra

- **Individual Brand**

Using separate brands for various products by a firm

*Eg;* Products of Lever Brothers such as, Sunlights, Lifebouy, Lux, Rexona, Signal etc.

- Several benefits received by a businessman (producer) from a brand are mentioned below
  - Ability to protect the identity by differentiating their own brand from other competitive brands.
  - Easy to get orders
  - Getting the legal protection
  - Ability of creating a brand loyalty among the consumers
  - The whole image of the firm could be enhanced by a good brand
  - Different consumer groups could be targetted by making small changes in the brand
  - Creating a value for the business
- Some of the benefits obtained by the consumers from the brands are stated below
  - Ability to choose the goods easily
  - Ability to avoid from selecting the goods which are not genuine
  - Ability to obtain the required item by naming it clearly
  - Easy to buy good quality and popular items
  - Easy to make complaints

**Competency Level 14.7:** Designs an attractive package and a lable for the product

**Number of Periods** : 05

**Learning Outcomes** :

- Defines “packaging” and “package”
- Describes various levels of package
- Analyses the benefits received by a package
- Points out the facts considered in designing a package
- Introduces labelling
- Describes the facts included in a label
- Designs a package and a lable for a product

**Learning-Teaching Process** :

**Approach:**

- Show the students a primary package made of polyurathene in which milk powder had been packed and the cardboard package in which that was contained and question about those packages and some other similar packages
- Lead a discussion highlighting the following facts
  - The first package (container) of a particular product is the primary package. The polyurathen container milk powder had been packed is a primary package
  - If there is another package outside the primary package, that is known as a secondary package. Accordingly the cardboard container in which the milk powder packets had been packed is a secondary package.
  - When the products are transported in bulk to the market, the package used to pack a number of products with such secondary packages, is known as a transportation package. The large package containing a number of cardboard boxes with packets of milk powder is the transportation package
  - Details about the product can be presented in a label
  - The label is printed in some of the packages

**Proposed Instructions for Learning** :

- Mentioned below are four products proposed to be introduced to the market by four producers. Pay your attention to the product received by your group.

- Rice
- Coconut Oil
- Mangoes
- Eggs
- Point out the need of a package for your product
- Decide a primary package for the product through a group discussion
- Draw that package
- If a secondary package is needed to present this product to the market in an attractive manner design it and draw it.
- If a transportation package is needed to distribute them in bulk, design that also and draw it.
- Present facts to confirm the eligibility of the packages you have designed
- If a label is needed for your product design and draw it too.
- Prepare to present your creations to the entire class

#### **A Guideline to Expand the Subject Matters :**

- The function of designing and producing a package or a container for a particular product is known as packaging
- The major function of a package is to give protection for a product. But, it is used at present as a marketing tool as well.
- The package can be recognized under three levels

##### 1. Primary Package

The first package of a product

**Eg;** Polyurathene package in which milk powder is contained

##### 2. Secondary package

Another package outside the primary package

**Eg;** The cardboard package in which the polyurathene package with milk powder is contained

##### 3. Transportation package

A large container used to transport a stock of products with primary and secondary packages

*Eg;* The transportation package in which 24 cardboard boxes of milk powder are contained

- Several benefits of a package are mentioned below
  - Protection to the product
  - Easy recognition of the product
  - Provision of information regarding the product
  - Ability to use as a promoting tool
  - Giving an attractive look to the product
  - Facilitates storage, display and transportation
- Several facts to be considered in designing a package are stated below
  - Nature of the product
  - Benefits to the product from the package
  - Technological eligibility
  - Features of the package (Length, Width, Shape, Weight etc...)
  - Colour and the legibility
  - Easiness to the trader
  - Easiness to the consumer
  - Environmental friendliness
  - Cost
- The label is presented as a part of the package
- Information required to use the products are provided through labelling
  - Information regarding the production (producer, country, registered number)
  - Product or the brand
  - Price
  - Contents
  - Manufactured date
  - Expiry date
  - Instructions to store and transport
  - Cautions / Warnings

**Competency Level 14.8:** Inquires ways of deciding a suitable price for the product

**Number of Periods** : 05

**Learning Outcomes** :

- Defines “Price”
- Points out the importance of pricing
- Describes the purpose of pricing
- Points out the methods of pricing
- Selects the pricing methods suitable for various products

**A Guideline to Expand the Subject Matters :**

- The amount of money charged for a particular good or a service is simply known as the “Price” in marketing
- The value agreed to exchange for the benefits and satisfaction enjoyed by the consumer through consuming or receiving of a good or a service can be broadly known as the price
- The main factor considered by the consumer in purchasing is the “Price”
- The marketing variables other than the price represent the cost of the institute and the price is the only variable generating revenue to the institute
- Several purposes of pricing are stated below
  - Survival
  - Maximize current profit
  - Maximize market share
  - Maximize market skimming
  - Product quality leadership
- There are 3 factors to be considered in pricing
  - Cost
  - Consumer’s demand
  - Competition

- Some techniques of pricing can be shown after considering the above factors
  - Cost-plus pricing/ mark up pricing
  - Target return pricing
  - Perceived value pricing
  - Value pricing
  - Going rate pricing
  - Auction pricing

**Competency Level 14.9:** Selects suitable distribution channels to distribute products to consumers

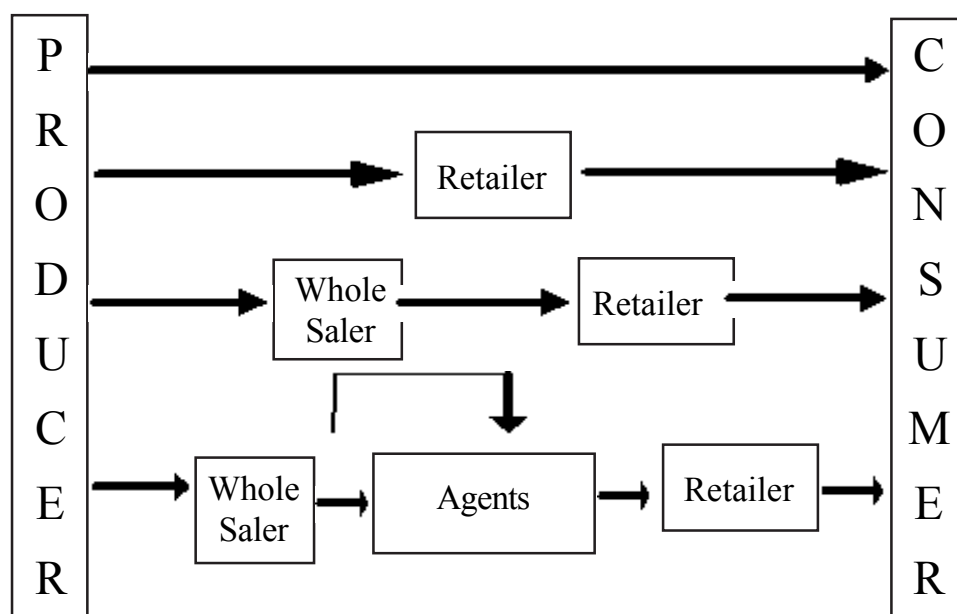
**Number of Periods** : 05

**Learning Outcomes** :

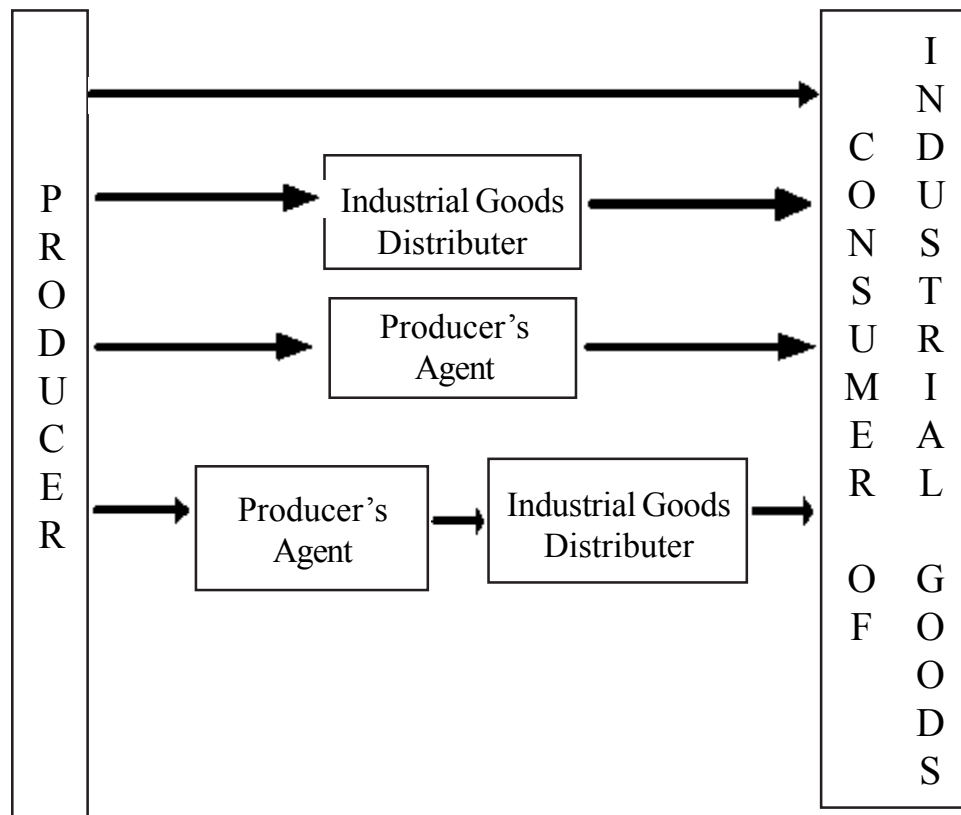
- Defines “Distribution”
- Explains the importance of distribution
- Points out the distribution channels available for consumer goods and industrial items
- Discloses the factors to be considered in deciding an appropriate distribution channel
- Selects the appropriate distribution channel for a particular product

**A Guideline to Expand the Subject Matters :**

- The process of providing with the products to the target customers successfully is meant by distribution
- The ways in which products are distributed from the producer to the customer are called the channels of distribution
- The distribution channel changes according to the nature of the product
- The distribution channels of consumer products can be learnt through the following chart



- The distribution channels of industrial goods can be learnt from the following chart



- Some factors to be considered in choosing an appropriate distribution channel are mentioned below
  - Nature of the good
    - Whether consumer goods or industrial goods
    - Whether the goods are durable or quickly perishable
  - Nature of the market
    - Whether regional, or national or international
    - Quantity that should be supplied at a time
  - Nature of the demand
    - Whether the demand is continuous or seasonal
  - Strengths of the producer
    - Financial strength
    - Storage facilities
    - Employees
  - Distribution channels of the competitors



**Competency Level 14.10** : Proposes suitable promotion strategies to market the products

**Number of Periods** : 05

**Learning Outcomes** :

- Defines “Promotion”
- Describes the need of promotion
- Explains the elements of the promotion mix
- Analyses the merits and limitations of each element of the promotion mix
- Proposes suitable promotion strategies for a particular product

**A Guideline to Expand the Subject Matters :**

- Communicating to the customers interested about the products with the purpose of motivating them to purchase is meant by “promotion”
- Therefore this is also called as the communication mix of marketing
- Following are the main promotional tools of marketing communication mix
  - Advertising
  - Sales promotion
  - Public relations and publicity
  - Events and experiences
  - Personal selling
  - Direct marketing
- Advertising is any paid form of nonpersonal presentation and promotion of ideas, goods or services by an identified sponser. Advertising can be a cost-effective way to disseminate messages, whether to build a brand preference or to educate people
- Sales promotion, a key ingredient in marketing campaigns, consists of a collection of incentive tools, moslty short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trader. Where as advertising offers a reason to buy, sales promotion offers an incentive to buy
- Public relations includes a variety of programs to promote or protect a company’s image or individual products. The old name for marketing public relations was publicity, the task of securing editorial space in print and broadcast media to promote a product, service, idea, place, person or organization.

- Implementation of daily and specific mutual response communicating programmes by creating events, activities and programme sponsored by the entity is meant by events and experiences
- Personal selling means the selling of goods or products having built up of a mutual understanding with the customers through face to face talks. Effective salespeople today however have more than instinct, they are trained in methods of analysis and customer management
- Direct marketing is the use of consumer direct channels to reach and deliver goods and services to customers without using marketing middlemen. Direct marketers can use a number of channels to reach individual prospects and customers such as direct mail, catalogue marketing, telemarketing etc.,

(Give examples for each promotion tool. Discuss about the advantages and limitations of each tool)

**Competency 15** : Examines ways of using financial management for success of businesses.

**Competency Level 15.1:** Examines the role of financial management

**Number of Periods** : 05

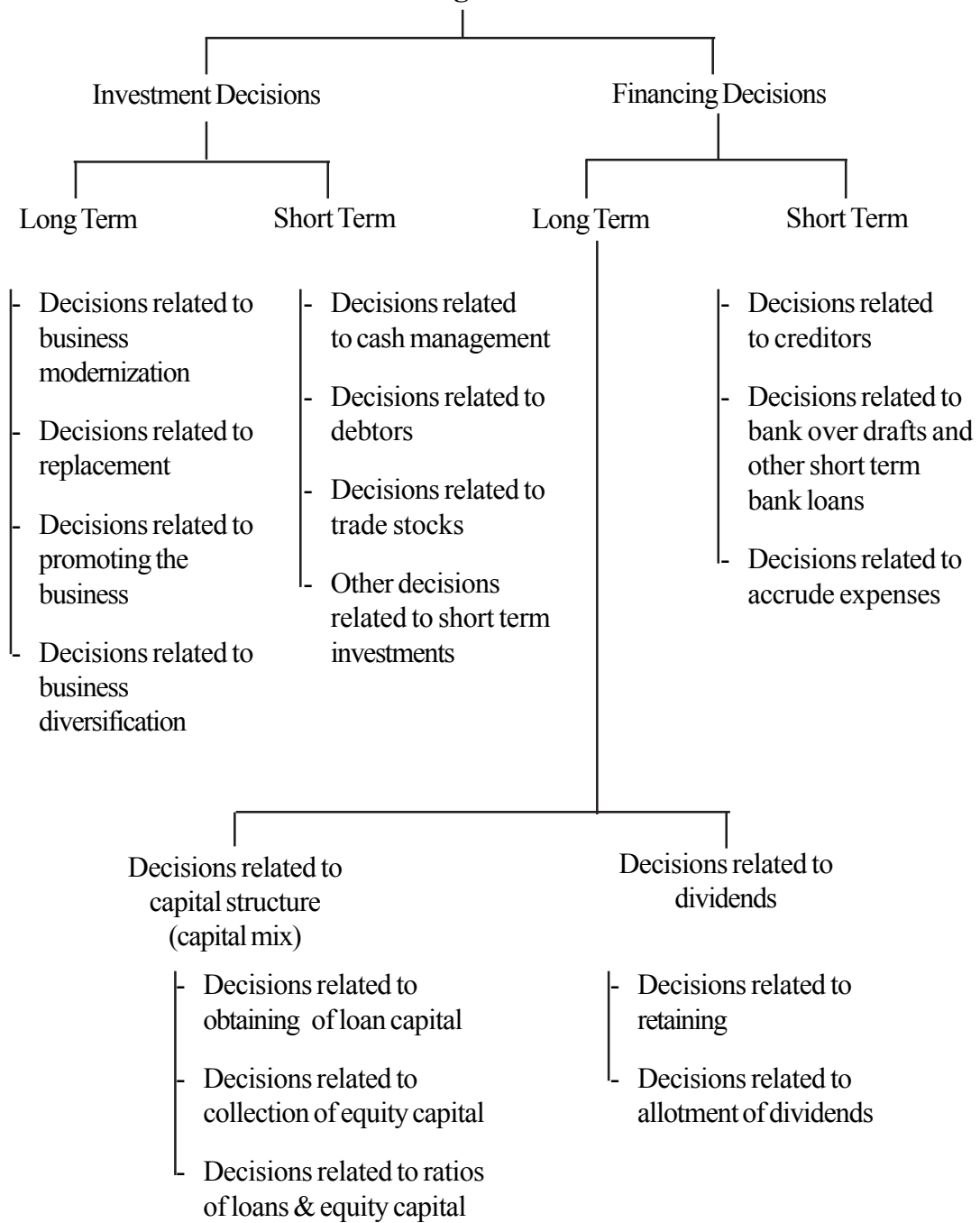
**Learning Outcomes** :

- Introduces financial management
- Explains the goals of financial management
- Analyses the financial decisions made in order to achieve the goals of financial management
- Highlights the need of financial planning and control
- Enquires about budgetting and cash flow statements as instruments used for financial planning and control

**A Guideline to Expand the Subject Matters** :

- The management functions related to planning and control of financial resources in an institute is known as financial management
- The main goal of financial management is to maximize the business related value (wealth) of the proprietors of the business
- In addition to that the major goals expected from financial management are stated below
  - Profit maximization
  - Maximizing earining per share
- Two types of vital decisions are made in financial management
  - Investment decisions
  - Financing decisions
- Decisions made to invest funds in fixed assets and current assets are investment decisions
- Decisions regarding how to provide the funds for investing in fixed and current assets are financing decisions.
- Financial management decisions are shown in the following flow chart.

## Financial Management Decisions



- Cash budget and capital budgetting are important in financial planning and control
- Cash-flow statements are used in financial control
- The cash budget is prepared considering the expected cash receipts and cash payments in a particular future period
- Cash budget can be identified as an internal financial estimate used in planning and decision making

- Examples for expected sources of cash receipts that can be seen in a cash budget are,
  - Cash sales
  - Sales of Assets
  - Receipts from debtors
- Examples for expected cash payments,
  - Purchases of stocks
  - Payments of salaries and wages
  - Purchases of non-current assets
- Some uses of preparing a cash budget are mentioned below
  - Ability to make effective cash investments, if any future cash excess can be identified in advance
  - Ability to prepare for possible cash shortages successfully in any future shortage can be identified in advance
  - Facilitating planning and control of cash by comparing with actual cash transactions
  - Planning to invest the funds currently available in a business in long term assets or long term projects with the purpose of gaining future benefits is known as capital budgetting
  - Capital budgetting decisions made by the finance manager are known as long term investment decisions

***Eg;***

- Constructing a new building with the purpose of expanding business affairs.
- Purchasing a new machine
- Long term expenses incurred for advertising programmes
- Analysing the sources of cash inflows and cash outflows of a business is done through a cash flow statement
- Sources and the usages of cash are shown in a cash flow statement  
(Preparation of cash budget, capital budgetting and cash flow statement are not necessary. Explaining them in brief is sufficient)

**Competency Level 15.2:** Assesses alternative sources of finance to fulfil financial requirements of a business

**Number of Periods** : 05

**Learning Outcomes** :

- Lists out the fund requirements of a business
- Classifies financial needs of a business
- Categorizes the fund providing sources on various bases
- Points out merits and limitations of alternative fund providing sources
- Reveals the facts to be considered in fulfilling the financial requirements
- Determines appropriate fund providing sources for a selected institute

**Learning-Teaching Process** :

**Approach** :

- Ask from the students when and how much money has to be spent for the needs and wants of a family
- Also ask how that money is provided
- Lead a discussion highlighting the following facts
  - Money is spent on food, academic matters, transportation to buy dresses, to pay electricity, telephone and water bills etc.
  - To cover those expenses earnings from the job, income received from renting buildings, interest on bank deposits, earnings from selling crops and bank loans can be used
  - Accordingly a business also needs money for various purposes and those needs can be fulfilled through various sources
- Group the students in a suitable way and get them engaged in the activity after providing the following instructions for learning

### **Proposed Instructions for Learning :**

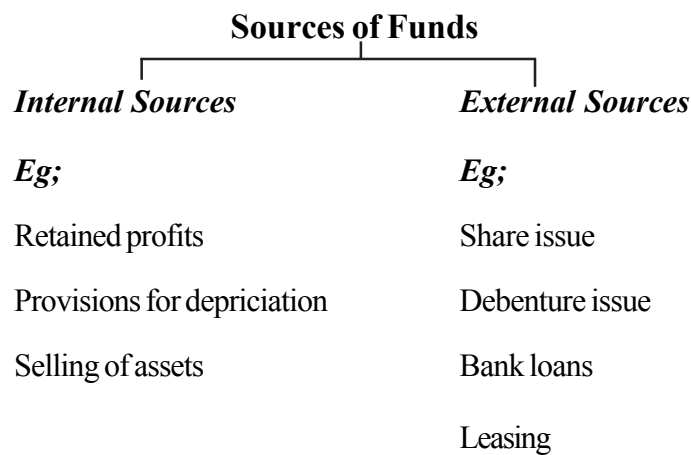
- Given below are three business firms to be started
  - A small scale bakery as a sole proprietorship
  - A building material sales outlet as a partnership business
  - A middle scale garment factory as a public limited company
- Pay your attention to the business assigned to your group from the above mentioned three business firms
- List out the fund requirements of the business received by your group
- Classify those fund requirements you have mentioned above as long term and short term requirements
- Prepare a list of the sources of funds necessary to fulfil those requirements
- Classify those sources of funds as stated below
  - Funds invested by owners and funds obtained as loans
  - Funds received through a broker and funds received without intervention of a broker
  - Funds obtained for a long term and funds obtained for a short term
- Write down the merits and limitations of each source of funds
- Point out the facts to be considered by a business firm when fulfilling its fund requirements
- Prepare as a group to present your findings to the entire class.

### **A Guideline to Expand the Subject Matters :**

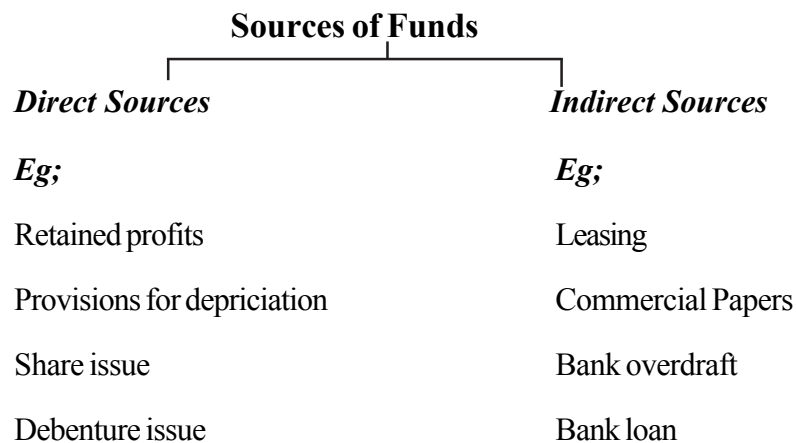
- Fund requirements of a business are classified into two categories
  - Short term financial requirements (Working capital requirements)  
The funds required in day to day business activities
  - Long term financial requirements.

The funds needed to purchase basically required assets and non-current assets at the beginning of the business as well as when carrying on the business

- As examples for long term financial requirements, purchasing of following assets can be mentioned
  - Land & building
  - Machinery
  - Motor vehicles
  - Office equipments
- Examples for short term financial requirements.
  - Purchasing stocks
  - Payments of wages
  - Payments of telephone and electricity bills
- Sources of funds vary in accordance with the type of business organization
- Sources of funds can be classified on various criteria
  - As internally and externally

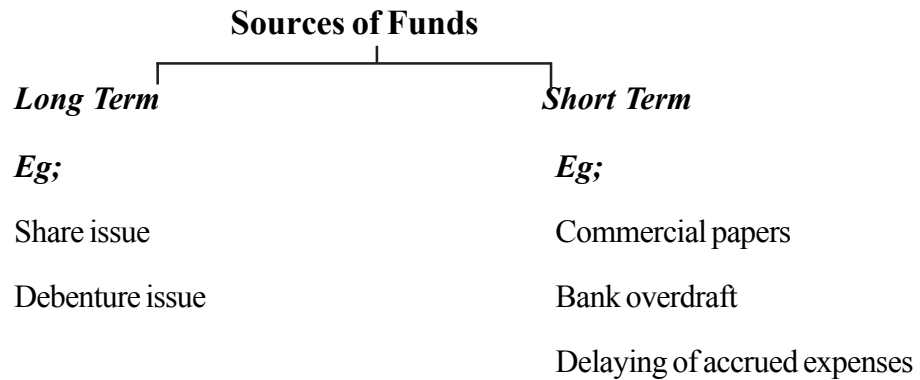


- As direct and indirect





- As long term and short term



- Several facts to be considered in fulfilling the financial needs are stated as follows;
  - The amount of funds needed
  - Period for which the funds are required (long term or short term)
  - Cost (to obtain and maintain funds)
  - Nature of the business (Sole, partnership, Companies)
  - Type of securities to be presented
  - Influence on the capital structure
  - Nature of the project for which the funds are invested and the expected benefits
  - Influence on management of the business
- Comparative advantages and limitations can be seen in alternative sources of finance

**Competency Level 15.3:** Analyses financial position of a business using financial ratios

**Number of Periods** : 04

**Learning Outcomes** :

- Describes the manner in which financial statements help financial analysis
- Explains the financial statements important for a finance manager
- Applies the financial ratio analysis as an important method for financial analysis
- Computes various financial ratios using the given data
- Uses the financial ratio analysis to make correct decisions on finance

**A Guideline to Expand the Subject Matters :**

- Following financial statements are used to derive information required in financial management
  - Balance sheet
  - Profit and Loss account / Income statement
    - Cash flow statement
- Financial ratios are used in analysing financial statements
- The income statement of Sahana Company Ltd for the year ended 31.03.2010 and the balance sheet as at the date. are mentioned below.

**Sahana Company Ltd  
Income Statement  
For the Year Ended 31.03.2010**

	Rs. '000	Rs. '000
Sales		300,000
Opening stock	20,000	
Purchases	210,000	
	230,000	
Closing stock	(30,000)	
Cost of sales		(200,000)
Gross profit		100,000
Other revenues		15,000
		115,000
Delevery expenses	13,000	
Administrative expenses	16,000	
Other expenses	10,000	
Financial expenses	6,000	(45,000)
Net profit before tax		70,000
Income tax		(20,000)
Net profit after tax		50,000

**Sahana Company Ltd**  
**Balance Sheet**  
**as at 31.03.2010**

	Rs. '000	Rs. '000	Non-current Assets	Cost Rs. '000	Cum. depre. Rs. '000	Net value Rs. '000
Share Capital						
Ordinary shares						
Declared capital	140,000		Buildings	200,000	50,000	150,000
Preference shares			Machinery	150,000	30,000	120,000
Declared capital	100,000			350,000	80,000	270,000
		240,000				
Reserves			Good will			50,000
B/F balance of P/L		60,000	Current assets			
			Stock		30,000	
Non-current liabilities			Debtors		20,000	
Bank loans	20,000		Pre paid expen.		10,000	
8% debentures	40,000	60,000	Cash-in-hand		20,000	
						80,000
Current liabilities						
Creditors	17,000					
Bills payable	6,000					
Accrued expences	4,000					
Tax payable	13,000	40,000				
		400,000				400,000

- 40% of the sales are cash sales
- Annual depreciation of non-current assets of the business is Rs. 9000.
- Using the above financial statements, following financial ratios can be calculated
- Financial ratios can be categorized as follows
  - Liquidity ratios
  - Profitability ratios
  - Activity ratios (operational ratios)
  - Leverage ratios/ Gearing ratios

- Liquidity ratios show the ability to meet the short term bonds/ liabilities of a business
  - Some of the liquidity ratios are stated below
    - Current ratio
    - Quick ratio
- Current ratio

This ratio shows the relationship between the current assets and the current liabilities

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\begin{aligned} \text{Current Ratio of} \\ \text{Sahana Company Ltd} &= \frac{\text{Current Assets}}{\text{Current Liabilities}} \\ &= \frac{\text{Rs. 80,000}}{\text{Rs. 40,000}} \\ &= \underline{\underline{02}} \end{aligned}$$

- Quick Ratio

This ratio shows the relationship between the current liabilities and the liquid assets

$$\text{Quick Ratio} = \frac{\text{Liquid Assets}}{\text{Current Liabilities}}$$

- Liquid Assets = Current Assets - (Year end stock + pre-paid expenses)

Quick Ratio of Sahana Company Ltd	=	$\frac{\text{Liquid Assets}}{\text{Current Liabilities}}$
	=	$\frac{\text{Rs. } 80,000 - (30,000 + 10,000)}{\text{Rs. } 40,000}$
	=	$\frac{40,000}{40,000}$
	=	<u>1</u>

- **Profitability ratios** show the amount of profits earned on assets, share investment and sales
- Some of the profitability ratios are mentioned below
  - Gross-profit ratio
  - Net-profit ratio
  - Return on investment ratio (ROI)
  - Return on Equity (ROE)
- Gross Profit Ratio

This ratio shows the amount of gross profit on sales as a percentage

Gross Profit Ratio =	$\frac{\text{Gross Profit}}{\text{Sales}}$	X 100%
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$$\begin{aligned}
 \text{Gross Profit Ratio of Sahana Company Ltd} &= \frac{\text{Gross Profit}}{\text{Sales}} \times 100\% \\
 &= \frac{100,000}{300,000} \times 100\% \\
 &= 33 \frac{1}{3} \%
 \end{aligned}$$

- Net Profit Ratio

The net profit of the business is shown as a percentage of sales through this ratio. Here the profit before tax is considered as the net profit.

$$\text{Net Profit Ratio} = \frac{\text{Net Profit before Tax}}{\text{Sales}} \times 100\%$$

$$\begin{aligned}
 \text{Net Profit Ratio of Sahana Company Ltd} &= \frac{\text{Net Profit before Tax}}{\text{Sales}} \times 100\% \\
 &= \frac{70,000}{300,000} \times 100\% \\
 &= 23 \frac{1}{3} \%
 \end{aligned}$$

- Return on Investment Ratio

This ratio shows the returns of the business related to the total investment as a percentage

$$\text{ROI} = \frac{\text{Net Profit after tax + Interest}}{\text{Total Assests}} \times 100\%$$

$$\begin{aligned} \text{ROI of Sahana Company Ltd} &= \frac{\text{Net Profit after tax + Interest}}{\text{Total Assests}} \times 100\% \\ &= \frac{50,000+6000}{400,000} \times 100\% \\ &= \underline{\underline{14 \%}} \end{aligned}$$

- Return on Equity Ratio

The return earned for the capital invested by ordinary share holders is declared as a percentage through this ratio.

$$\text{Return on Equity} = \frac{\text{Net Profit after Tax - Dividends on preference shares}}{\text{Equity Capital}} \times 100\%$$

Equity Capital = Declared capital of Ordinary shares + Reserves

$$\begin{aligned} \text{Return on Equity of Sahana Company Ltd} &= \frac{\text{Net Profit after Tax}}{\text{Equity Capital}} \times 100\% \\ &= \frac{50,000}{200,000} \times 100\% \\ &= \underline{\underline{25 \%}} \end{aligned}$$

- The relationship between investment in assets and earnings created by them is shown by activity/ operational ratios
  - Some of the operational ratios are stated below
    - Inventory turnover ratio
    - Debtors turnover ratio
    - Total assets turnover ratio
- Inventory turnover ratio

This ratio shows the speed of converting the inventory into sales quantitatively

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of goods sold}}{\text{Average Inventory}}$$

$$\text{Average Inventory (Stock)} = \frac{\text{Opening stock} + \text{closing stock}}{2}$$

$$\begin{aligned} \text{Inventory Turnover Ratio} &= \frac{\text{Cost of goods sold}}{\text{Average stock}} \\ \text{of Sahana Company Ltd} &= \frac{200,000}{25,000} \\ &= \underline{\underline{08 \text{ turns}}} \end{aligned}$$

- Debtors Turnover Ratio

This ratio shows how efficiently the business collects the cash from its debtors

$$\text{Debtors Turnover Ratio} = \frac{\text{Credit sales}}{\text{Average Debtors}}$$

$$\text{Average Debtors} = \frac{\text{Opening Debtors} + \text{Closing Debtors}}{2}$$



$$\begin{aligned}
 \text{Debtors Turnover Ratio} &= \frac{\text{Credit Sales}}{\text{Average Debtors}} \\
 \text{of Sahana Company Ltd} &= \frac{180,000}{20,000} \\
 &= \underline{\underline{09}}
 \end{aligned}$$

- Total Assets Turnover Ratio

This ratio shows the relationship between the total assets of the business and its sales. That means it shows how efficiently the total assets of the business have been utilized.

$$\text{Total Assets Turnover Ratio} = \frac{\text{Sales}}{\text{Total Assets}}$$

$$\begin{aligned}
 \text{Total Assests} &= \frac{\text{Sales}}{\text{Total Assets}} \\
 \text{of Sahana Company Ltd} &= \frac{300,000}{400,000} \\
 &= \underline{\underline{0.75}}
 \end{aligned}$$

- The ratio that shows the relationship between the equity capital and the loan capital of the firm is known as **leverage ratio**
  - Some of the leverage ratios are mentioned below
    - Debt Ratio
    - Debt - Equity Ratio
    - Interest Coverage Ratio

- Debt ratio

This ratio shows as a percentage how much of the total capital of the firm consists of debt capital

$$\text{Debt Ratio} = \frac{\text{Capital payable a fixed interest}}{\text{Total Capital}} \times 100\%$$

$$\begin{aligned} \text{Debt Ratio of Sahana Company Ltd} &= \frac{\text{Capital payable a fixed interest}}{\text{Total Capital}} \times 100\% \\ &= \frac{160,000}{360,000} \times 100\% \\ &= \underline{\underline{44.4\%}} \end{aligned}$$

- Debt -Equity Ratio

This ratio shows the relationship between the equity (Owner's capital) and the capital for which a fixed interest is paid (loan capital)

$$\text{Debt -Equity Ratio} = \frac{\text{Capital payable a fixed interest}}{\text{Equity Capital}}$$

- Equity capital = Ordinary share capital + Reserves
- Capital Payable a fixed interest = Preference share capital + Debentures + Long term loans

$$\begin{aligned} \text{Debt Equity Ratio of Sahana Company Ltd} &= \frac{\text{Capital payable a fixed interest}}{\text{Equity Capital}} \\ &= \frac{160,000}{200,000} \\ &= \underline{\underline{0.80}} \end{aligned}$$

- Interest coverage ratio

The number of terms that the interest can be paid using the earnings of the business is shown by this ratio.

$$\text{Interest Coverage Ratio} = \frac{\text{Profit before interest and tax}}{\text{Interest}}$$

$$\begin{aligned} \text{Interest Coverage Ratio} &= \frac{\text{Profit before interest and tax}}{\text{Interest}} \\ \text{of Sahana Company Ltd} &= \frac{76,000}{6,000} \\ &= \underline{\underline{12.6}} \end{aligned}$$

**Competency Level 15.4:** Selects suitable investment opportunities by examining alternatives.

**Number of Periods** : 04

**Learning Outcomes** :

- Explains the investment decisions
- Categorises investment decisions as short term and long term with examples
- Explains the importance of investment decisions towards the success of the business
- Explains the factors to be considered in making investment decisions

**A Guide-line to expand the Subject Matters :**

- Decisions made to invest the funds in current assets and fixed assets are known as investment decisions
- Investment decisions can be classified as short term investment decisions and long term investment decisions
- Short term investment decisions or working capital decisions are the decisions made related to
  - Cash
  - Debtors
  - Inventories (stocks)
  - Other short term investments
- Long term investment decisions or capital investment decisions are the decisions made related to
  - Business development decisions
  - Business modernization decisions
  - Business diversification decisions
- Correct investment decisions pave way for the success of business

- Following are some of the factors to be considered in investing the funds in current assets and fixed assets
  - Returns on investment
  - Risk
  - Cost of the investment
  - Investment policies of the firm
  - Uncertainty
  - Environment factors
  - Legal conditions
  - Liquidity
  - Influence on operations

**Competency Level 15.5:** Examines participation of a financial market in relation to financial management.

**Number of Periods** : 04

**Learning Outcomes** :

- Introduces the financial system of Sri Lanka
- Describes the composition of financial system in Sri Lanka.

**A Guideline to expand the Subject Matters :**

- The system consisting of financial markets, financial institutions, financial tools and infrastructure facilities which implement the financial decisions of an economy in a particular country is known as the financial system.
- An important function takes place in the financial system is the financial brokering. (Intermediation)
- Composition of a financial system
  - Financial Institutions
  - Financial tools
  - Financial infrastructure
  - Financial Market
  - Central Bank

(Recall the description made in competency level 7.2 regarding financial institutions)

- Treasury bills, Commercial papers, ordinary shares, preference shares, treasury bonds etc.... can be mentioned as financial tools used in Sri Lanka

(Each tool will be discussed in competency level 15.6)

- Payment and settlement systems which support to ensure the proper functioning and stability of the financial system are considered under financial infrastructure facilities.

***Eg;***

- Real Time Gross Settlement System (RTGS)
- Image Cheque Clearing/Cheque Truncation System (CTS)
- Scriptless Securified Settlement System (SSSS)

(The financial market will be discussed in competency level 15.6. Recall the description made in competency level 7.6 regarding the Central Bank.)

**Competency Level 15.6 :** Examines the performance of the financial market in Sri Lanka.

**Number of Periods :** 05

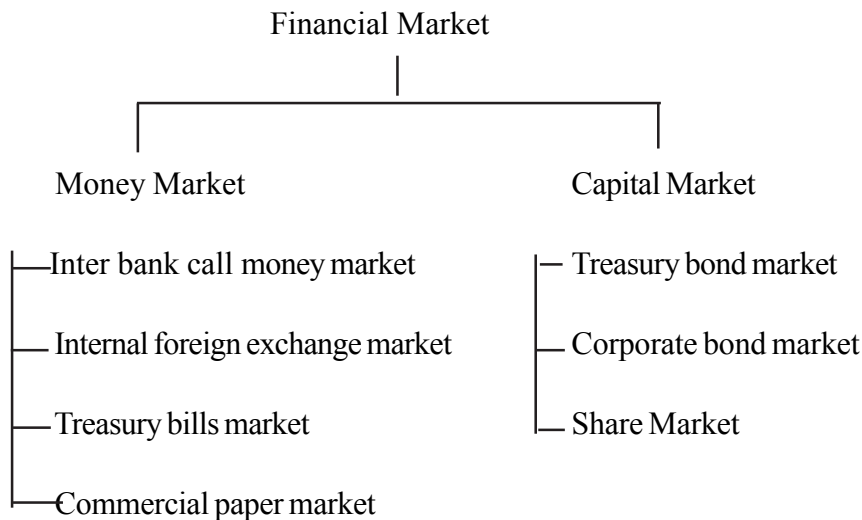
**Learning Outcomes :**

- Introduces the financial market
- Classifies the financial market based on maturity period of the financial instrument
  - Describes the composition of the financial market.

**A Guideline to Expand the Subject Matters :**

- The organization existing to meet the suppliers and buyers of funds is known as the financial market
- Buying and selling of financial assets take place in the financial market
- The composition of the financial market comprises of the following markets
  - Inter-bank call money market
  - Internal foreign exchange market
  - State securities/debenture market
    - Treasury bills market
    - Treasury bond market
  - Corporate debit securities market
    - Commercial paper market
    - Corporate bond market
  - Share Market
- Financial market can be classified as follows based on the maturity period of financial tools
  - Money market
  - Capital market

- The composition of the financial market can be shown by the following flow- chart



- Inter –Bank call money market (Quick debt market)

Banks having liquidity crisis obtain short term loans to fulfill their requirements from the banks having excess liquidity. This transaction is known as call money or inter-bank quick debt transaction. The market in which those transactions take place is known as inter bank call money market or quick debt market. These transactions are made using the reserves maintained by these banks in the Central Bank of Sri Lanka.

- Internal foreign exchange market

Functions of commercial banks in connection with the transactions of foreign currency are known as this.

- Treasury bills market

- Treasury bills are a financial tool used by the Central Bank of Sri Lanka to fulfill the short term loan requirements of the government. Selling of treasury bills to general investors through authorized agents of the Central Bank of Sri Lanka are treated as the primary market activities of treasury bills.

- Exchanging the treasury bills purchased at the primary market among the investors prior to maturity is known as the secondary market of treasury bills.

- Commercial Paper market

The market in which the exchange of commercial papers issued with the purpose of fulfilling short term fund requirements take place is known as the Commercial Paper Market.



- Treasury Bonds Market

Treasury bonds are issued as a financial tool to obtain medium term and long term loans for the government. The treasury bond market also is functioning as primary market and secondary market.

- Corporate Bond Market

This is the market in which the transactions related to marketing of the bonds/debentures issued by state corporations and companies to fulfil their medium term and long term fund requirements take place

- Share Market

The market in which the securities such as shares and debentures issued by the listed companies are bought and sold is known as the share market.

- Some of the instruments exchanged in the financial market are described in brief as follows.

- Treasury Bills

A non document security issued by the Central Bank of Sri Lanka on behalf of the state in order to provide short term loans required by the government. These are issued for periods of 91 days, 182 days and 364 days.

- Commercial Papers

This is a financial instrument used by Limited Companies to obtain short term funds. These are issued relatively with larger values and the refundable ability of these instruments is assured by the financial institute issued them.

- Treasury Bonds

A specific nondocumental securities issued by the Central Bank of Sri Lanka on behalf of the state in order to provide medium term and long term loans required by the state. These are matured during different time periods within 2 to 20 years.

- Rupee Loan securities

A financial instrument used to obtain medium term and long term loans required by the state. Amount of the loan is equal to the face value of the instrument. Due date for the repayment of the loan and the rate of interest are mentioned on the certificate. Rupee loan securities are issued as documentary certificates.

- Deposit Certificates

Deposit certificates are issued by commercial banks to obtain medium term funds. Depositor's name and other details are not mentioned on the certificate and the bearer at the end of the due period is refunded by the bank, with the due interest.

**Competency Level 15.7** : Examines the activities of the Colombo Stock Exchange

**Number of Periods** : 04

**Learning Outcomes** :

- Defines the Colombo Stock Exchange
- Explains the importance of Colombo Stock Exchange to the Sri Lankan economy
- Points out the ways in which the limited companies can register in Colombo Stock Exchange
- Differentiates the primary and secondary share markets

**A Guideline to Expand the Subject Matters :**

- The establishment administering the buying and selling of the shares of Listed companies is known as the Colombo Stock Exchange
- Colombo Stock Exchange (CSE) is a company Limited by Guarantee
- The authority of functioning as the share market in Sri Lanka has been granted to the Colombo Stock Exchange by Sri Lanka Securities and Exchange Commission
- Some reasons for the Colombo Share Market to be important are mentioned below.
  - Encouraging individuals and institutions for investments
  - Investors can enjoy various benefits by investing through Colombo Share Market
  - Companies get the opportunity to collect a large capital
  - The government can collect required funds by selling government securities
  - Ability to attract foreign investors to the country
  - Creating a value for company shares
  - Increasing the goodwill and the image of companies
  - Creating a secondary market for company shares

- Direct purchasing of shares by investors from a company that involves in issuing shares is the primary market.
- Purchasing of shares by investors from Colombo Share Market is the secondary market
- A company has two options to register in the share market by issuing shares through the primary market
  - Through an Initial Public Offer
 

Registering through an Initial Public Offer is a company getting listed in the share market after inviting the public to invest by issuing shares for the first time.
  - Through an Offer For Sale
 

A company that has already issued shares can get listed by offering for sale the shares which are with the public through the share market and that is known as registering through an Offer for Sale.
- In addition to the above two methods a company can get listed in the share market as “an introduction” without issuing shares to the public. This is known as registering through introduction
- When registering of companies in the share market all the companies are listed under two boards.
  - Main board
  - Dirisavi board
- There are some conditions to be fulfilled by a company to be listed in the Main board
  - The stated capital of the company should be at least 100 million Rupees
  - Profits should have been earned before tax continuously for at least three (03) previous years
  - At least 25% of the shares to be listed should have been issued to the public
- There are some conditions to be fulfilled by a company to be listed in Dirisavi Board
  - The stated capital of the company should not be less than 35 million rupees
  - At least 10% of the shares to be listed should have been issued to the public
- The board in which the companies those violate or do not follow the conditions of listing, are entered is known as the Default Board.

**Competency Level 15.8** : Examines the securities traded in the Share Market and their benefits.

**Number of Periods** : 05

**Learning Outcomes** :

- Describes the securities exchanged in the Colombo Stock Exchange
- Points out the benefits of investing in securities

**A Guideline to Expand the Subject Matters :**

- Some securities exchanged in Colombo stock exchange are mentioned below
  - Ordinary shares
  - Preference shares
  - Share warrants
  - Corporate Debentures
  - Government Debt Securities

- Ordinary Shares

The investor becomes an owner of the company through buying of these shares and gets the chance to participate in the Annual General meeting. Ordinary share holders are not entitled for a specific percentage of dividends. There are two kinds of ordinary shares.

- Voting shares
- Non- Voting shares

Although these share holders are not entitled for voting, they enjoy all the other priviledges entitled for ordinary shares

- Preference Shares

The shares entitled for a specific dividend and a priority in refunding the capital at an occasion of dissolving the company are known as preference shares. These share holders do not gain the ownership of the company.

- Share Warrants

A document issued by a company assuring the right to purchase the shares at a specific price in future is known as a share warrant. Until this share warrant is converted in to shares benefits other than capital gains cannot be enjoyed

- Corporate Debentures

These are special securities issued by a company to obtain the long capital. Listed debentures issued by listed companies can be exchanged in the share market. The investors in debentures are entitled for a specific rate of interest.

- Government Debt Securities

The treasury bills and treasury bonds issued by the Central Bank of Sri Lanka on behalf of the government are known as Government Debt Securities. These are considered as investments with minimum risk.

- Some benefits gained by investing in securities exchanged in the share market are mentioned below.

- Dividends

- Interests

- Capitalizing of reserves through issue of Bonus Shares

- Rights Issue

- Capital gains

- Splitting

- Dividends

The amount distributed among the share holders from the net profits earned by a company through its business operations is known as dividends. Dividends are declared as a financial value or in shares. Ordinary share holders and preference share holders are entitled for dividends.

- Interest

Corporate debentures and government securities are entitled for interest. Government securities are issued at various rates of interest.

- Capitalizing of Reserves

Here, the reserves of the company are converted into share capital. The existing ordinary share holders receive these new shares according to a certain ratio. When capitalizing the reserves the declared capital of the company is increased.

- Rights Issue

The existing ordinary share holders of the company are offered the shares at a particular proportion. These share holders should pay the company for these shares

- Capital Gains

If the selling price of a share exceeds its buying price, an investor in those shares receives capital gains through the transaction

- Splitting

The investors are given some benefits by reallocating the amount of shares issued by a company at a determined proportion. Here, the declared capital does not increase, but the number of issued shares are increased

- An investor gains the following benefits in addition to those mentioned above through investing in securities.

- An ordinary share holder is entitled to be appointed as a director of the company and also for the voting rights.
- Securities can be used as guarantees when obtaining a loan.
- The risk of investing in government securities is low and liquidity is high
- Capital gains are free from taxes

**Competency Level 15.9** : Examines the related institutions and their functions in the Colombo Stock exchange

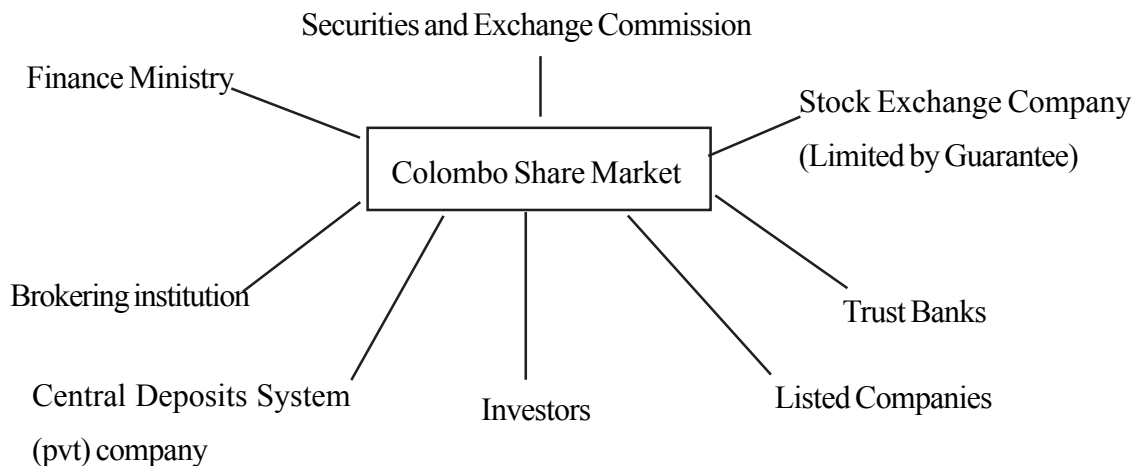
**Number of Periods** : 05

**Learning Outcomes** :

- Introduces the Colombo Stock Exchange and describes its composition.
- Explains the function of Central Deposits System
- Enquires the role of brokers
- Introduces the Securities and Exchange Commission of Sri Lanka and describes its functions
- Describes the methods of exchanging the securities in Colombo Stock Exchange

**A Guide Line to Expand the Subject Matters :**

- The membership of Colombo Stock Exchange is possessed by the Share Brokering Companies
- Colombo Stock Exchange is controlled by nine (09) directors
  - 05 directors are representing the Brokering Companies
  - 04 directors are nominated by the minister of finance of the Sri Lankan government
- The parties involved in the Colombo Stock Exchange can be shown as follows in a diagram



- Realization and settlement of the transactions related to the shares exchanged in Colombo Stock Exchange are done by the Central Deposits System
- This is a company limited by guarantees and it is fully possessed by the Colombo Stock Exchange
- Discuss the functions and the operations of Central Deposits System
- The Brokering Companies function as intermediators in buying and selling of securities
- Some services rendered by share brokering companies are mentioned below.
  - Opening accounts on behalf of the investors in the Central Deposits System
  - Undertaking the buying and selling orders of investors and implementing them
  - Providing the investors with instructions
- Securities and Exchange Commission of Sri Lanka has been established under a parliamentary act in order to supervise and formalize the activities of Colombo Stock Exchange
- Discuss the objectives and the functions of Securities and Exchange Commission of Sri Lanka
- Trust Banks

Foreigners deal with the share market transactions through SIERA account. (Share Investment External Rupee Account) The banks maintaining these accounts are known as trust banks.

- There are two methods of exchanging securities in Colombo Stock Exchange
  - The Automated Trading System – (ATS)
  - The Debt Securities Trading System – (DEX)
- Automated Trading System – ATS

An electronic system computerized through the internet in which the transactions related to ordinary shares take place. This system which activates at the time of the transaction taking place, is functioning for the secondary market transactions of the ordinary shares without any errors and with efficiency and transparency.



- Functions and information provided by ATS are mentioned below.
  - Quick settlement of transactions
  - Making arrangements to meet orders on price with priority given to time
  - Providing of information related to the number of shares sold and the price
  - Presentation of price indices through the Internet
  - Statements of the companies
  - Details on waiting orders
  - Details about the customers

- The Debt Securities Trading System (DEX)

An automated system created in order to sell the securities of the government and the incorporated companies. DEX also facilitates all debenture transactions of the listed companies and the secondary transactions of government treasury bills and treasury bonds.

- Debt Securities Trading System also renders the following services
  - Settlement of payments against handing over
  - Management of current liquidity through Internet
  - Facilitating repurchasing and resale
  - Providing market information and the details in connection with the post market transactions
  - Collecting government securities after being matured

**Competency Level 15.10** : Evaluates performance of the stock exchange

**Number of Periods** : 04

**Learning Outcomes** :

- Explains the price indices used to measure the performance of the share market.
- Evaluates the importance of the indices of the share market

**A Guideline to Expand the Subject Matters :**

- Uses the price indices of the share market for evaluating performance of the Colombo Stock Exchange
- Following are the major ones among these indices
  - All Share Price Index (ASPI)
  - Milanka Price Index (MPI)
  - Total Return Index (TRI)
- The index that shows the fluctuations of prices of ordinary shares of all the listed companies in Colombo Stock Exchange is known as the All Share Price Index
- The year 1985 is regarded as the base year in preparing this price index
- A S P I is calculated as follows

$$\begin{array}{l} \text{All Share Price} \\ \text{Index} \\ \text{(ASPI)} \end{array} = \frac{\text{Current market capitalization}}{\text{Market capitalization of base year}} \times 100$$

- The index that shows the fluctuation of the price level of 25 companies selected out of all the listed companies in the share market based on the size and the liquidity is known as the Milanka Price Index
- The base date of Milanka price index is regarded as 31.12.1998 and the base value as 1000
- Milanka Price Index is calculated as follows

Milanka Price Index	=	$\frac{\text{Current Market Capitalization of selected 25 companies}}{\text{Market Capitalization on base date of selected 25 companies}} \times 100$
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- Total Revenue Index (TRI) has been introduced since the year 2004. This index shows the both factors of changes in share prices and income from dividends.
- When all share prize index is computed based on total returns that is named as All Share Total Return Index (ASTRI)
- When Milanka Price Index is computed based on total returns that is named as Milanka Total Return Index (MTRI)
- The importance of share market indices can be shown as follows
  - Ability to gain some knowledge about the performance of the economy
  - Ability to gain a rough awareness about the functions of companies
  - Ability to compare with share market conditions in other countries
  - Ability to get support in investment decisions

**Competency 16.0** : Investigates the way of using human resources efficiently to achieve business goals effectively.

**Competency Level 16.1:** Examines the importance of Human Resource Management

**Number of Periods** : 05

**Learning Outcomes** :

- Introduces Human Resource Management
- Lists the specific features of the Human Resource when compared to the other resources.
- Explains the objectives of Human Resource Management
- Points out the importance of Human Resource Management
- Lists out the functions of Human Resource Management
- Proposes the actions that can be taken to achieve the objectives of Human Resource Management

**A Guide-line to Expand the Subject Matters :**

- All the activities related to utilization of Human Resources efficiently and effectively so as to ensure the employee satisfaction and development in order to achieve the objectives of an organization is known as Human Resource Management.
- Human Resource has following specific features in relation to other resources
  - Vitality of human resource
  - Ability to react
  - Ability to control all other resources
  - Ability to be trained
  - Ability to work in teams
- The common purpose of Human Resource Management is to form and maintain a satisfied and appropriate labour force that could dedicate their maximum contribution towards the success of the organization.
- Some of the specific objectives of Human Resource Management are mentioned below
  - Improving the employee effectiveness

- Controlling the cost of employees
- Employee development
- Fulfilling the legal conditions related to employees
- Employee welfare
- Recruiting employees for the jobs at the right time
- Motivation of employees
- Retention of suitable employees in the institute
- The success of the other management functions such as production, finance, marketing etc., depends on the success of Human Resource Management
- The functions of HRM are mentioned below
  - Job designing
  - Job analysis
  - Human Resource planning
  - Recruitment
  - Selection
  - Hiring (Appointment)
  - Induction
  - Training and development
  - Employee movements
  - Performance appraisal
  - Management of payments
  - Employee welfare
  - Labour relations

**Competency Level 16.2** : Evaluates the necessity of job designing and job analysis as a function of Human Resource Management

**Number of Periods** : 04

**Learning Outcomes** :

- Introduces job designing
- Explains job analysis
- Lists the information contained in job description and job specification
- Prepares a job description and a job specification for a selected job

**Learning – Teaching Process :**

**Approach:**

- Inquire from the students about the objectives they expect to achieve from the school
- Conduct a discussion inquiring about the positions of the personnel who work to achieve these objectives
  - The positions existing in a school are principal, vice principal, teachers, administrative assistants, lab assistants and the school labourers etc.,
  - Functions related to each job and the qualities that should be possessed by those individuals who do the job can be analyzed separately
- Group the students in an appropriate manner and get them to involve in the activity after giving them the proposed instructions for learning

**Proposed Instructions for Learning :**

- Pay attention to the business firm given to your group from the following business firms
  - A private hospital
  - A private school
  - A ready-made garment business

- Imagine that your group is going to start the business you have received
- List the functions expected to perform by that particular business
- Propose the names of the positions needed for those functions listed by you
- Provide the following details related to one of those positions selected by you
  - Functions and duties related to the position
  - The Head to whom he/she is responsible
  - Salary scale
  - Working hours
  - Equipments used
  - Assistants
- List the qualifications that should be possessed by the candidate to be appointed
- Prepare to present your findings creatively to the class

**A Guide-line to Expand the Subject Matters :**

- Arrangement of functions, duties and responsibilities assigned for a work unit of the institution in order to achieve a particular objective is known as the job designing
- Job analysis is a systematic review of the features and related behaviours of a job and the qualities and qualifications that should be possessed by the employee
- The details revealed from the job analysis are used to prepare the job description and the job specification
- The statement describing the tasks, duties, responsibilities and the working conditions of a particular job is the job description
- The document prepared containing the qualifications that should be possessed by the individuals, who would be considered for recruitment is known as the job specification

**Competency Level 16.3** : Prepares the human power plan necessary for the existence of an organization

**Number of Periods** : 05

**Learning Outcomes** :

- Introduces the Human Resource Planning
- Lists the steps of Human Resource Planning
- Points out the importance of Human Resource Planning
- Examines the facts to be considered in Human Resource Planning
- Examines the actions taken for Human Resource Planning in a selected establishment

**Learning – Teaching Process :**

**Approach:**

- Inquire from the students about the changes took place recently in the staff of school
- Conduct a discussion highlighting the following facts
  - Number of teachers in the staff decreases due to retirement promotions and transfers etc.,
  - More teachers will be needed with the increase in the number of students and the number of classes
  - Therefore, a planned programme should be prepared by the principal in order to fill the future vacancies of teachers
  - Hence, any organization needs to prepare a Human Resources Plan
- Group the students in an appropriate manner, give the following instructions for learning and engage them in the activity



### **Proposed Instructions for Learning :**

- Following are two cases related to two production departments of two establishments.  
Pay your attention to the case received by your group

#### **Case No. – 1**

##### **Anura Garments Company Ltd**

There are two departments known as 'X' and 'Y' in Anura Garments Company Ltd. The company hopes to produce 10 000 units and 12 000 units respectively in these departments annually. Already there are 40 employees in X department and 30 in Y . An employee in X and Y departments produces 200 units and 300 units respectively. An employee in X department was dismissed by the management and another two have been selected for foreign scholarships in the coming year. The policy of the establishment is to recruitment 50% of the employees internally.

#### **Case No. – 2**

##### **Araliya Company Ltd**

Araliya Company Ltd. consists of two departments known as A and B. 120 and 80 employees are working in these departments respectively. Both departments expect to increase their productions by 50% next year. Accordingly the number of employees is also scheduled to be increased. Four employees in A department are entitled to be promoted to the B department. Further 3 employees in A department and 2 in B are expected to retire. 50% of the employees are expected to recruit externally.

- Conduct a discussion paying attention to the relevant case
- Forecast the Human Resource requirement for the next year in the department given to you
- List the facts considered by you in forecasting the Human Resource requirement
- How many employees should be recruited internally and externally by the establishment related to your case
- Prepare for a creative presentation of your findings to the entire class

## **A Guide-line to Expand the Subject Matters :**

- The process of determining the future employee requirements and making decisions regarding the activities to be implemented to fulfill those requirements in order to achieve the goals and objectives of an establishment is called Human Resource Planning.
- The steps of a process of Human Resource planning are mentioned below
  - Forecasting the future Human Resource requirements
  - Assessing the Human Resource supply
  - Comparing the demand and supply of Human Resources
  - Developing the strategies to be implemented to recruit the Human Resources
  - Evaluating the efforts taken for Human Resource Planning
- Several facts to be considered in forecasting the future Human Resources requirements are mentioned below
  - Demand for the particular goods or services
  - Objectives of the establishment
  - Production method
  - Future retirements of the employees
  - Number of employees to be resigned
  - Number of employees getting promotions
  - Future projects
  - Termination of service
- Forecasting the demand for human resources means, deciding the number of employees required by the firm for the relevant period after estimating accurately the future effects of the factors affecting the demand for the human resources
- Some benefits that an institute may enjoy through human resource planning are stated below
  - Deciding the future employee requirements
  - Utilizing the human resources more efficiently and effectively
  - Reducing the cost of employees
  - Developing the employees
  - Strategic planning and implementation

**Competency Level 16.4** : Examines ways of recruiting suitable people for employment in an organization.

**Number of Periods** : 04

**Learning Outcomes** :

- Introduces the recruitment of employees
- Explains the ways in which personnel could be recruited
- Gives examples for internal ways of recruiting and external ways of recruiting
- Lists the advantages and disadvantages of internal and external ways of recruiting
- Proposes the actions that can be taken for recruitment of employees in a selected institute

**A Guide-line to Expand the Subject Matters :**

- The process of attracting the job seekers with positive attitudes and capabilities supporting the achievement of organizational goals is known as recruitment
- A list of job seekers is prepared as a result of that process
- The functions of recruitment can be mentioned as follows
  - Recognizing vacancies for jobs
  - Studying the job specifications in relation to the job analysis
  - Recognizing the factors affecting the recruitment
  - Preparing the application form
  - Selecting the internal and external ways of recruiting
  - Implementation
  - Evaluation
- The hiring policy of the institute is the most important factor when the personnel required by the institute are recruited
- Recruiting employees from the institute itself is the internal recruitment of employees
- Following are some methods of internal recruitment of employees
  - Publishing the jobs (Notification of the jobs by publishing notices in the notice board)

- Skill inventory (Information document) (Maintenance of documents for the relevant position regarding the qualifications and abilities of the employees)
- Introductions by internal workers
- Substitution plans
- There are advantages and disadvantages of internal recruitment of the workers
- Several advantages are mentioned below
  - Workers are motivated
  - Creating good labour relations
  - Ability of retaining the most suitable workers
  - Reduction in the cost of recruitment and hiring
  - Increasing the loyalty and dedication of the employees towards the firm
- Several disadvantages are mentioned below
  - Modern knowledge does not flow into the firm
  - Incurring high cost for training
  - Creating an unnecessary competition among the workers
- External recruitment is attracting applicants from outside the institute
- Several external recruitment methods are mentioned below
  - Media advertisements
  - Through former employees
  - Through academic and vocational institutions
  - Through job agencies
  - Through the internet
- There are advantages and disadvantages of external recruitment  
Some advantages are mentioned below
  - Ability to recruit individuals with latest knowledge
  - Ability to recruit a large number

Some disadvantages are given below

  - Obstructing motivation of existing employees
  - Incurring high cost for recruitment
  - Consuming more time for recruitment

**Competency Level 16.5** : Prepares a job advertisement to recruit of the employees

**Number of Periods** : 04

**Learning Outcomes** :

- Lists out the media to be advertised
- Lists out the details to be included in the advertisement
- Prepares an employment advertisement

**Learning – Teaching Process :**

**Approach:**

- Demonstrate an employment advertisement to the students
- Conduct a discussion highlighting the following facts
  - Various organizations publish job advertisements to recruit employees
  - Particulars about the job are contained in an advertisement
- Group the students in an appropriate manner and get them to involve in the activity based on the proposed instructions for learning mentioned below

**Proposed Instructions for Learning :**

- Out of the following jobs pay your attention to the job given to your group
  - Computer programmer
  - Accountant
  - Sub Inspector of Police (SI)
- Lead a group discussion related to the job received by your group
- Through a group discussion determine the particulars that should be contained in the advertisement preparing to recruit employees for that job
- List out the media available through which advertisements like this can be published
- Prepare an advertisement to be published in a selected medium
- Prepare for a creative presentation of your findings to the entire class

### **A Guideline to Expand the Subject Matters :**

- Job advertisements are published to recruit personnel for employments
- Few information contained in an advertisement are mentioned below
  - Title of the post
  - Age limit
  - Working conditions
  - Educational and professional qualifications
  - Previous experience
  - Salary scale
- Some pictures and exemplary statements etc., can be included in an advertisement in order to persuade individuals to apply.
- Following are some examples for media through which advertisements could be published
  - News paper
  - Internet
  - Television
  - Radio
  - Government Gazette
  - Posters
  - Notice boards

**Competency Level 16.6 :** Proposes suitable methods of selection of suitable applicants from the applicants recruited

**Number of Periods :** 04

**Learning Outcomes :**

- Introduces the selection of applicants
- Explains the various methods of selecting

**A Guide-line to Expand the Subject Matters :**

- Recognizing the best applicants to fill the vacancies from those who were recruited is known as selection
- Few methods used generally to select the most correct person for the vacancy are stated below
  - Evaluation of the applications
  - Interviews
  - Intelligence Quotient Testing (IQ-test)
  - Personality tests
  - Practical tests
  - Background tests
  - Medical tests
- Very often any body who wishes to apply for a job vacancy, has to prepare an application form and submit it
- Collecting information in writing about the academic background, training and experience about the applicant is done through the application
- Some advantages of evaluating applications as a method of selection are mentioned below
  - Easy to compare the applicants
  - A guidance for interviews

- When it is necessary to get information about hand writing, and accuracy of spelling this an appropriate method fo that
- Supportive in preparing the personal files of the selected candidates
- Having higher validity
- Several disadvantages of evaluating applications as a selection method are stated below
  - Inability to assess the personality factors such as the appearance, behavior, language styles etc., as the applicant is not seen personally
  - It takes a long time to study the applications
  - Possibility of presenting inaccurate details
- The interview method can be introduced as a face to face verbal communicating technique through which the eligibility of the applicant for a particular job could be assessed.
- Several advantages of interview method are stated below
  - The candidate can be assessed based on the characteristics such as communication skills, sociability, customs & behavior etc .,
  - Ability to disclose important particulars which were not included in the application
  - It is possible for the applicant to be aware about the job and the institute
- Several disadvantages of interview method are mentioned below
  - The interviewer can purposely distort the responses provided by the applicant
  - A high cost and time consuming method
  - The applicant may not show his/ her real behaviour
  - Possibility of being biased by the interviewers
  - Interview method is not suitable for some jobs
  - Possibility of creating unnecessary fear in the candidate
- IQ-test is also important for selecting employees for certain jobs
- Ability of facing challenges can be examined through I.Q. test



- Personality test is also important to select employees for higher level professions.
- Practical tests are important to select employees for the jobs that practical skills are needed
- Special investigations conducted to disclose the background of the applicants are known as background tests
- The tests conducted to verify the physical fitness of the applicants required to perform the functions and bear the responsibilities in connection with the job successfully are known as medical tests

**Competency Level 16.7** : Prepares format appointment

**Number of Periods** : 04

**Learning Outcomes** :

- Explains the letter of appointment and the contract of employment in connection with the hiring of employees
- Explains the need of an appointment letter
- Lists the content of an appointment letter
- Prepares a format of an appointment letter

**A Guideline to Expand the Subject Matters :**

- The process of appointing the most eligible individuals to the job is known as hiring
- Preparing the letter of appointment is necessary in the process of hiring
- The legal document issued by the management after the employee is being appointed stating the details of job specifications, conditions, tasks, duties and responsibilities is known as the letter of appointment
- The letter of appointment is considered as a proof to say that a job contract is created
- Since the letter of appointment is a legal document it is very important for the employee as well as the employer
- In the case of some positions, a job contract also should signed in addition to the letter of appointment
- Some of the important facts contained in an appointment letter are stated below
  - Title of the position
  - Name of the employer and name of the employee
  - Effective date of appointment
  - Job conditions
  - Salary scale
  - Probationar period
  - Number of working hours/days

- Benefits
- Disciplinary procedure
- Rights and privileges of the employee(Leave,EPF,ETF etc.)
- Termination of the service
- Way to forward grievances
- Confirmation and promotions
- Signature of the employer and the signature of the employee

**Competency Level 16.8** : Proposes steps to be taken to develop and retain human resources for the organization.

**Noumbe of Periods** : 05

**Learning Outcomes** :

- Explains the induction
- Explains the probationary period
- Describes the performance appraisal
- Differentiates training and development
- Describes the methods of training and developing
- Points out separately the benefits enjoyed by the employer and the employee through training and development
- Introduces employee movements

**A Guide-line to Expand the Subject Matters :**

- Introducing a newly enrolled employee to the organization and aware him/her about the job, work team, work environment and the entire organization is known as induction.
- Various techniques such as employee brochures, leaflets, getting senior to speak employees, video films, tours inside the institute and lectures etc. are used for induction
- The period of service that should be completed by a newly enrolled employee prior to be confirmed in the job is the probationary period
- The management can take following actions in the absence of proper performance of duties and responsibilities by an employee during the probationary period
  - Termination of service
  - Warning verbally and in writing
  - Extending the probationary period
  - Giving other punishments (With-holding of salaries, deducting the salary)

- The performance appraisal is the process of supervising and reporting to what extent the relevant duties are performed successfully by the employee
- Several benefits gained by the employee through the performance appraisal are mentioned below
  - To recognize the training needs
  - To make decisions on promotions and transfers
  - To take disciplinary actions
- Several benefits gained by the employer through performance appraisal are mentioned below
  - Enhancing the employee productivity
  - Increasing the employee motivation
  - Recognizing the training needs
- The systematic process for upliftment of knowledge, skills and attitudes of the employees towards a specific performance of work is known as “training”
- The set of actions taken to promote the future performance of the employees than the performance level at present is regarded as development
- The differences between training and development are mentioned below

<b>Training</b>	<b>Development</b>
<ul style="list-style-type: none"> <li>• Providing job related knowledge, skills and attitudes to the employees at non-management level</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of knowledge skills and attitudes to the employees at management level</li> </ul>
<ul style="list-style-type: none"> <li>• Preparing the employee to perform the duties and responsibilities of the current job</li> </ul>	<ul style="list-style-type: none"> <li>• A process of showing pre-prepared ness to perform prospective job requirements</li> </ul>
<ul style="list-style-type: none"> <li>• These are short term programmes</li> </ul>	<ul style="list-style-type: none"> <li>• These are continuing long term programmes</li> </ul>
<ul style="list-style-type: none"> <li>• Providing knowledge and skills required for operations</li> </ul>	<ul style="list-style-type: none"> <li>• Conceptual skills are provided mostly</li> </ul>

- Several benefits enjoyed by the employer through training and development are motioned below
  - Raising the quality of the product
  - Minimizing the errors committed by the employees
  - Enhancing the employee performance
- Several benefits gained by the employee through training and development are mentioned below.
  - Enhancing the job satisfaction
  - More chances of getting promotions
  - Improving the employee performance
  - Improving the professional value of the employee
- Several methods used for training and development of the employees and some of them are stated below
  - Apprenticeship training
  - On the job training
  - Changes between jobs
  - Role-play
  - Local or international training and development programmes
  - Simulation
- Changing the job/position of the employee is known as employee movements
- Several methods that can be used to move employees are motioned below
  - Promotion
  - Transfers
  - Dismissal
  - Demotion
  - Termination (Redundancy)

**Competency Level 16.9** : Examines evaluation criteria for human resource management Functions

**Number of Periods** : 05

**Learning Outcomes** :

- Lists out performance evaluating criteria of HRM
- Explains each of those criteria

**A Guideline to Expand the Subject Matters:**

- Few criteria that can be used to evaluate performance of HRM are mentioned below
  - Labour turnover
  - Absenteeism of employees
  - Labour productivity
  - Industrial Relations
- The rate at which employees leave the firm during a particular period is known as labor turnover/employee turnover
- Labour turn over can be computed as follows

$$\text{Labour Turnover} = \frac{\text{No: of employees left during a period}}{\text{Average No: of employees employed in that period}} \times 100$$

- Employees getting absent from work is known as employee absenteeism
- Labour productivity is the relationship between the employee inputs and the outputs
- Labour productivity can be computed as follows

$$\text{Labour Productivity} = \frac{\text{Out put}}{\text{No: of employees}}$$

- Good labour relations help employees to work with an interest and satisfaction

**Competency Level 16.10** : Evaluates importance of good employer-employee relations

**Number of Periods** : 05

**Learning Outcome** :

- Introduces industrial relations/labour relations
- Lists out the benefits of good labour relations
- Examines the consequences of bad labour relations
- Lists out the rights of employers and employees
- Explains the responsibilities of employers and employees
- Introduces Industrial disputes
- Introduces Trade Unions
- Introduces Trade Unions of employers and employees
- Lists out the aims of employee trade unions
- Describes the trade union actions

**A Guideline to Expand the Subject Matters:**

- Any type of professional relations between the two parties of employees and employers (good or bad) are known as industrial (labour) relations
- Several benefits of good labour relations are stated below
  - Enhancing the employee productivity of the institute
  - Due to lack of industrial disputes the affairs of the firm flow smoothly
  - Minimizing the wastage of resources
  - Decreasing the absenteeism of employees
  - Creating a motivated team of workers
  - Decreasing the labour turnover
- Consequences of bad labour relations are mentioned below
  - Weakens the business process due to strikes, and labour crisis
  - Declining the employee productivity



- Diminishing the morale of the employees
- Wasting of resources
- Dropping the efficiency and effectiveness of the entire firm
- Rights of employees can be treated as entitlements and privileges received by the employees from service agreements, ordinances, acts etc., to perform their tasks properly
- Examples for employee-rights are mentioned below
  - To receiving salaries sufficient for the service and a sound work environment
  - Getting leave entitlements
  - Ensuring safety from work related health problems and accidents
  - To establishment of trade unions
- Few responsibilities of employees are mentioned below
  - Working towards the achievement of organizational goals.
  - Behaving well at the work place
  - Performing the duties in accordance with the service agreement
- Few rights of the employers are mentioned below
  - Ability to function in accordance with the prevailing regulations
  - Getting the work done in accordance with the service agreement
  - Organizing as trade unions
- Few responsibilities of employers are stated as follows
  - Clear comprehending of the business goals
  - Maintenance of a strong disciplinary procedure
  - Maintenance of reasonable salary scales and a pleasant work environment
  - Providing of training, development and employee welfare facilities
- Job-related disputes arisen between employers and employees are known as industrial disputes
- An organization voluntarily established by the employers or employees of a particular industrial field in order to gain and protect their professional rights is known as a trade union

- Few aims of a trade union are stated as follows
  - To gain a reasonable salary and a pleasant working environment
  - To get the working hours reduced
  - To get protection from job related accidents and health problems
  - To participate in management decisions made in the firm
  - To assure job security
  - To get education and training
  - To gain relief for sick, retired or employees on strike
- Some of the trade union actions are mentioned below
  - Collective bargaining
  - Work- to- rule
  - Go – slow
  - Abstain from working over time
  - Strikes
    - Token strikes
    - Continuous strikes
- The negotiating process between the management and the trade union in order to achieve the aims of employees is called collective bargaining
- The agreed settlement between employers and employees in connection with a particular dispute is known as the collective agreement
- Following every single rule and regulation and doing a small quantity of work is known as work-to-rule. This slows down work and adds costs to the firm
- Go – slow occurs when workers deliberately work slowly
- Abstain from working overtime means workers refusing to work more than their normal working hours.
- Being away from duties during a particular period such as a day or a half-day, after informing the management is considered as a token strike
- Employees completely stop working due to failure of gaining their demands through negotiations or any other protesting campaigns is known as a continuous strike

**Competency 17.0** : Examines the contribution of information systems for the efficiency and effectiveness of businesses.

**Competency Level 17.1** : Shows the necessity of information, examining the evolution of communication technology through various eras

**Number of Periods** : 05

**Learning Outcomes** :

- Points out the need and importance of information
- Explains the evolution of communication technology through various eras of socio-economic development

**A Guide-line to Expand the Subject Matters :**

- Everybody need information in decision making
- The more the information are accurate, the more the decisions made based on them are accurate
- Therefore information are very important as a resource in achieving the goals and objectives of the institution as well as to gain competitive advantages
- The evolution of communication technology can be explained in accordance with the eras of economic and social development
  - Normadic Era
  - Agricultural Era
  - Industrial Era
  - Information Era
- Normadic Era

The ancient man who lived in the stone age and the normadic era behaved as a normadic being. The social unit was the small groups. Their needs were very simple and fulfilled from their own surrounding. Communication was verbal and the major communication media was the speech.

- Agricultural Era  
The man who survived with hunting having fulfilled the needs from the environment prompted for permanent dwellings. The agriculture (farming) became the main mean of living. The agro-resources became an essential factor in social development. The social institutions called cities and states were originated. Usage of letters (alphabet) and symbols became popular in communication. Hand written scripts were used at the begining and later printed materials contributed considerably in communication.

- Industrial Era

With the industrial revolution industrial knowledge, machinery and equipment became essential factors in social development. The printing technology gained the prime place in communication affairs and later the electronic communication methods emerged. As a result communication was progressed remarkably. In this era many large scale businesses were started and then information became very important for those entities

- Information Era

The modern man is living in an information era. The integrated expansion of communication and information technology is specifically remarkable in this era. The size of businesses was widened gradually and the business activities began to expand globally. Due to this broad expansion in business affairs proper handling of the information resource has become essential for the social development

As a result of the advancement in information & communication technology (ICT), it has become possible to operate worldwide business matters from one place. The process of information & communication became accelerated and the cost was minimized relatively. Thus a knowledge based economy is being created. Information has become the major resource of that economy

**Competency Level 17.2** : Classifies information through the examination of data processing

**Number of Periods** : 05

**Learning Outcomes** :

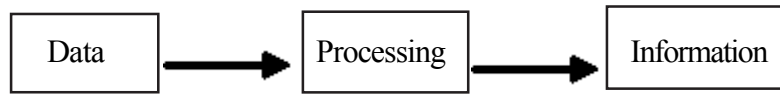
- Defines ‘data’ and ‘information’
- Differentiates data and information
- Explains the process of data processing
- Classifies information
- Points out the qualities of information
- Creates information using the data given

**A Guideline to Expand the Subject Matters :**

- Some definitions for data are mentioned below
  - Basic facts or interpretations which describe physical events or business transactions are known as data
  - Basic facts and figures collected with regard to a particular event are known as data
- Some definitions for ‘information’ are stated below
  - The data processed so as to be able to understand and used by an end user are called information
  - The meaning assigned for data is “information”
- Several differences between data and information are stated below

<b>Data</b>	<b>Information</b>
<ul style="list-style-type: none"><li>• The basic materials used as inputs in data processing are ‘data’</li><li>• Cannot be directly used in decision making</li><li>• Data are of no value until they are in the form of ‘data’</li><li>• A raw material</li></ul>	<ul style="list-style-type: none"><li>• Outcome of data processing is “information”</li><li>• Can be used in decision making</li><li>• A value contains in information</li><li>• A finished product</li></ul>

- Data are converted into information through processing of data



- The functions of data processing are mentioned below
  - Classifying  
Data are separated based on their features
  - Sorting  
Arranging data in a specific order
  - Calculating  
Here the data are subjected to mathematical or rational processes
  - Summarizing  
Here the data are presented briefly in order to get some idea.
- Data processing technology can be classified as follows
  - Manual system  
Arranging of data using stationery such as a pen, a pencil and papers
  - Semi - manual system  
Processing of data using primary level data processing machines like the type writer
  - Electro mechanical system  
Semi-automated data processing machines like electronic type- writers were used in this method
  - Electronic data processing  
Automated data processing is done using the computers. Data processing can be done very easily and more accurately in this manner
    - The characteristics of a good information can be stated as follows
      - Relevancy
      - Accuracy
      - Complete
      - Reliable
      - Readily available
      - Descriptive
      - Ability to present through various media

- Ability to access at a lower cost
- protected
- Current and updated
- Ability to understand by the user
- Flexible
- Information can be classified as follows

### Classification of Information

Classification Criteria	Information Classification
<ul style="list-style-type: none"> <li>• According to the source</li> <li>• According to the nature</li> <li>• According to the level of management</li> <li>• In accordance with time</li> <li>• Based on probability</li> <li>• In accordance with the production function</li> <li>• According to collectiveness and separatedness</li> </ul>	<ul style="list-style-type: none"> <li>• External, internal, primary, secondary</li> <li>• Quantitative, qualitative</li> <li>• Tactical, strategic, operational</li> <li>• Past, Present, Future</li> <li>• Definite, Probable</li> <li>• Financial, production, marketing, human resources</li> <li>• Collective information, separated information</li> </ul>

**Competency Level 17.3** : Shows readiness to use computer information systems by examining functions and components of an information system

**Number of Periods** : 05

**Learning Outcomes** :

- Describes the “system”
- Introduces the information systems
- Presents the functions of an information system
- Points out the components of an information system

**A Guideline to Expand the Subject Matters :**

- A definition regarding the system is given below
  - An intergration of number of segments (groups) working together with a mutual relationship to achieve a certain goal or an objective is known as a system
- An information system can be defined as follows
  - An information system is an intergration of human activities and resources involved in collecting, converting and delivering of information required by an organization
  - A set of components with interrelations engaged in collecting or reading, processing, storing and delevering of information that would be supportive in decision making and controlling is known as an information system.
- Functions of an information system are mentioned below
  - Input  
Collecting of data required for an information system is meant by input
  - Processing  
The process of converting the collected data into an information is known as processing
  - Output  
Presentation of processed information to the relevant parties is meant by output



- Storing
 

Storing the information created by the system in order to use later when necessary
- Computer based information systems are explained here (Information systems those are using electronic techniques)
- Following components are included in such an electronic information system
  - Hardware
 

All physical (material) components in an information system are known as hardware

**Eg;** Key board, monitor, printer, central processing unit (CPU) etc.
  - Software
 

Computer programmes used for data processing

**Eg;** Word, Excel, etc....
  - Liveware
 

Users or consumers of the information system are known as liveware

**Eg;** Computer staff, users of ATM services
  - Data
 

What is entered into the information system (inputs) are known as data
  - Procedures
 

The agreements, regulations and policies used to control the functions and components of the information system are meant by “procedures”. Possible errors, disorders and frauds are minimized through this.

**Competency Level 17.4** : Classifies information systems according to levels of their usage while examining methods of classification of information systems.

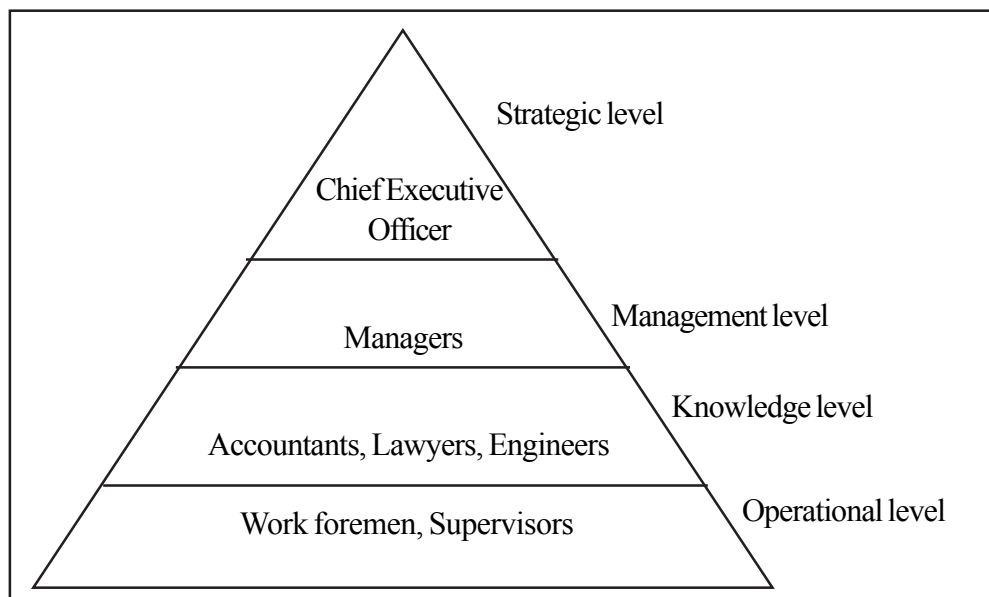
**Number of Periods** : 05

**Learning Outcomes** :

- Points out the criteria used for classification of information systems
- Classifies the information systems according to their levels of usage

**A Guideline to Expand the Subject Matters :**

- Various criteria used for classification of information systems are stated below
  - According to the level of usage (employees used)
  - According to the usage (according to tasks)
  - According to the functions
- There are 4 types of information systems according to the level of usage
  - Strategic level
  - Management level
  - Knowledge level
  - Operational level
- Users of the information systems according to various levels are shown in the following diagram



- Usage of various levels of information systems can be stated briefly as follows.

- **Strategic level information systems**

The level that represents the top management of an organization

*Eg;* Chairman, General Manager, Director Board

Managers at this level make decisions that would decide the future path and affect the entire organization and long term existence. The external information as well as the internal information are needed by the managers at this level. They should be provided with summerized information.

- **Management level information systems**

According to the decisions of the strategic level managers, directing and controlling of the affairs are done by the managers at this level. Marketing manager, production manager and human resource manager are the managers who use information systems of this level. They mainly involve in administrative affairs.

- **Knowledge level information systems.**

There are two types of employees at this level known as knowledge and data. The information systems that they use are knowledge level information systems.

Knowledge level employees are the educationally qualified professionals such as lawyers, accountants, auditors and engineers. They are the ones who create information.

Data employees are engaged in vocations as clerks and computer operators etc. They involve in copying, distributing and using information

- **Operational level information systems**

The information systems used by the employees directly involved in production and rendering of services are known as operational level information systems. The operational level managerial workers such as work foremen and storekeepers use these information systems.

**Competency Level 17.5** : Classifies information systems according to usage

**Number of Periods** : 05

**Learning Outcomes** :

- Categorises information systems on usage
- Explains the characteristics of information systems categorized on usage

**A Guideline to Expand the Subject Matters :**

- Classification of information systems on usage is mentioned below
  - Transaction Processing Systems (TPS)
  - Knowledge Work Systems (KWS)
  - Office Automation Systems (OAS)
  - Management Information Systems (MIS)
  - Decision Support System (DSS)
  - Executive Support Systems (ESS)
- Distinct characteristics of information systems categorized on usage are stated below
- **Transaction processing systems**

The information systems used to process the data generated from daily operations are known as the transaction processing systems (TPS). This is the system used to process data generated through frequently occurring functions like purchasing or selling of goods and attendance of employees etc. Reporting and updating the data in connection with daily operations are done by using these systems

- There can be a number of transaction processing systems (TPS) created for various functions at operational levels in a particular institution

*Eg;*

**Division** - **Transaction Processing System**

Production division - To order material

- To purchase materials

Marketing division - To receive selling orders

- To use for pricing

- Financial/Accounting Division - To prepare the budgets
  - To prepare the general ledger
  - To make cash payments
- Human Resource Division - To record employee attendance
  - To prepare paysheets
  - For training and development

- **Knowledge - work systems**

This is a system implemented at knowledge level. Information needed by the employees at knowledge level are provided at this level. Information for professionals like engineers and researchers are produced by these information systems. These systems are not uniform since they are for the individuals who generate knowledge.

- **Office automation systems**

This is also a system implementing at knowledge level. This is used by the clerks, accounts assistants, secretaries etc., who involve in the affairs related to data processing. Since they engage in distribution as well as in consumption of data, these systems comprise of the techniques for posting and communicating the data. Word processing facilities for preparation of documents and E-mail facilities for communicating the information are some examples for these. Hence the objective of the office automation systems is to facilitate E-posting of data and information as well as communicating them in the same form.

- **Management information systems**

This is an information system implemented at management level. The information required by the middle management to assist in planning and controlling activities are provided by these systems. They provide information in the form of reports when information are required specially or periodically same way as daily, weekly, monthly or annually.

- Example:

- Periodicals
  - Daily sales records
  - Monthly records on receipts from the debtors

Special reports - Providing a special report on a specific debtor when requested by the management

- **Decision support systems**

This is also an information system used at the management level. These systems can be introduced as a type of system with an analytical ability that would support the middle management to make structured and semi-structured decisions.

*Eg;*

- Structured decisions - Computing the economic order quantity according to an equation
- Semi structured decisions - Investment evaluation decisions

These systems are used specially in various management functions such as planning, constructing models, evaluation of alternatives and decision making etc.,.

- **Executive support systems**

These systems are used by the top management. The strategic level managers often have to make nonstructured decisions which do not match with the pre-determined problem solving methods. The information systems prepared to provide information which are necessary to make such decisions are called executive support systems. They need external information mostly.

**Competency Level 17.6** : Classifies information systems according to functions.

**Number of Periods** : 05

**Learning Outcomes** :

- Classifies information systems according to the management functions
- Explains the relationship among various information systems

**A Guideline to Expand the Subject Matters :**

- Information systems can be classified as follows by considering the fact that to which management function information is provided.
- Marketing information systems

These are the information systems established to process data related to marketing management

*Eg;*

- Market research
- Marketing research
- Advertising
- Sales
- Sales forecasting
- Financial and Accounting information systems

These are the information systems established for financial and accounting affairs.

*Eg;*

- Cash management
- Capital budgeting
- Financial planning
- Financial forecasting
- Accounts payable
- Accounts receivable
- General ledger

- Operation information systems

The information systems used to process information needed for daily operational affairs

*Eg;*

- Planning and controlling of purchases
- Computer intergrated manufacturing (CIM)
- Operation process and machine control

- Human resource information systems

The information systems used for human resource management

*Eg;*

- Human resource planning
- Employee records
- Pay sheets
- Training and development
- Performance evaluation

- Research and Development information systems

The information needed for research and development field are processed by these systems

*Eg;*

- Product research
- Product development

- Even though the information systems in a firm are classified according to the usage level or usage activity or management functions, there are inter-relations among them
- The information processed by a knowledge level or operational level information system in a firm support for the strategic level or management level information systems as well. Thus the usage of these information systems may be required by any of the managers at any level.



**Competency Level 17.7** : Reveals benefits through examining information technology

**Number of Periods** : 05

**Learning Outcomes** :

- Introduces “information technology”
- Describes technologies connected with the information technology
- Points out the importance of information technology
- Lists the benefits of information technology

**A Guideline to Expand the Subject Matters :**

- Acquisition, processing, storing and delivering of verbal, pictorial , alphabetical and numerical information through telecommunication and computer technology can be stated as information technology
- The information technology is an integration of various technological fields
  - Computer technology
  - Communication technology
  - Information management technology
- Computer technology

Calculations in information systems are performed through the computer. Therefore, it is known as computer technology. For this reasons, one who studies information technology, should study computer technology as well.

- Communication technology

Communication technology is used to deliver the processed data to the relevant party. Eventhough the information processed manually were handed over by carrying physically under traditional systems, today the information processed by computers can be sent in a few seconds to any where in the world using internet systems through modern communication technology.

- Information Management Technology

The process of using information resources efficiently and effectively by managing the computer and communication technology available in a particular institute is known as information management technology.

Eventhough an institute possesses what ever advanced computer and communication facilities, they are useless in the absence of a formal procedure to process and transmit the information effectively and also to extract the optimal use of them.

Therefore information management technology (IMT) is essential for an institute

- Business matters and personal affairs previously performed manually can be done today with high quality and low cost using information technology
- Several benefits of information technology enjoyed by individuals as well as business institutes are mentioned below
  - Ability to make more accurate decisions easily
  - Minimizing the errors in performance (increasing reliability)
  - Ability to perform the tasks very efficiently and effectively
  - Raising the quality of the products
  - Availability of a massive storage capacity for information
  - Decreasing the cost of processes
  - Ability to face the competitiveness successfully
  - Making the process of communication easy
  - Easy access to consumers or the beneficiaries of services
  - Diminishing the distance between nations and individuals
  - People and consumers get a chance to receive a more efficient and effective service
  - Widening of the awareness of people with the rapid generation and transmission of new knowledge
  - Expansion of the international trade

**Competency Level 17.8** : Studies computer networks

**Number of Periods** : 05

**Learning Outcomes** :

- Introduces computer net works
- Classifies computer networks according to the way computers are connected
- Classifies computer net works according to geographical distribution
- Classifies computer networks based on the objectives of using

**A Guideline to Expand the Subject Matters :**

- When several computers are connected to each other with a common purpose that computer system is known as a computer network
- Several computer networks can be identified based on the way the computers are connected in a particular network

*Eg;*

- Bus network

The net work in which all the computers are located connecting directly to a common line is called a bus network. Information flows are activated through this common line. Even though one computer connected to the network is out of order the other computers are not affected

- Ring network

A net work that has been arranged so as to connect with two other computers in the same network is called a ring net work. There is no central computer.

- Star network

A net work in which other computers are connected to a central computer is known as a star network. Other computers can be connected through this central computer. If the central computer is out of order, then it cannot exchange information with other computers.

- Tree network

A network in which other computers are connected to the central computer like branches of a tree stretch out. If the central computer or another one is out of order, information cannot be conveyed to the other computers beyond that particular one

- There are several categories of computer networks according to the geographical dispersion

- Local Area Network (LAN)

This network is arranged with a mutual connection of computers and workshops located in the same department or same building or same workshop

- Wide Area Network (WAN)

A network built up connecting the computers located in several cities or several countries is known as WAN.

- There are several computer networks based on the party used or objectives of using

- Intranet

This is a network which is under the control of a particular individual or an institute. This service can be consumed only by authorised parties

- Extranet

This is a network system through which an intranet user can receive a lot of mutual benefits. Extranets are built up through intranets.

- Internet

Internet is an abbreviation for the inter connected network. Internet is an integrated network of computers, computer network programs, information and users of them. This network which is a world wide network, can be accessed from anywhere in the world.

**Competency Level 17.9** : Exhibits readiness to use internet.

**Number of Periods** : 05

**Learning Outcomes** :

- Introduces “Internet”
- Describes the services provided by internet
- Explains how internet facilitates daily activities of individuals
- Points out how internet facilitates office activities

**A Guideline to Expand the Subject Matters :**

- Some definitions for internet are stated below
  - Internet can be stated as the network of networks
  - Internet is an integration of computers, computer network, programmes, information and users of them
- An individual or an institute can obtain internet facilities through an internet service provider (ISP)
- A few services provided by internet are mentioned below
  - World Wide Web (WWW)

The system under globally accepted standards available for classification, retrieving, preparation and demonstrating of information in a network environment is known as World wide web . It is also a collection of millions of electronic documents or articles stored in internet to be referred or viewed by the others The Web Browser software is needed to access the World Wide Web. The Internet Explorer, Netscape and Mosaic are some of such famous softwares. Search engines support to search web sites in World Wide Web. Some of such famous search engines are mentioned below.

- Google
- Yahoo
- MSN
- Altavista
- Lycos
- E-mail

Exchanging of information from a computer to a computer through a communication link is known as e-mail. The sender should have internet facilities as well as an e-mail address in order to send an electronically processed message. Also, he should

know the e-mail address of the receiver. File attachments also can be sent along with the e-mail message

**Eg;** Photos, documents, pictures, voice, live movies etc....

E-mail is important to send messages more rapidly and with a lower cost when compared to the normal post.

- File Transfer Protocol

The technique used to exchange the files mutually among the computers connected with internet. This method allows to copy and exchange the files including documents consisting knowledge gathered from various fields, songs, cinemas, computer games etc.. Sometimes it is necessary to pay cash for copying the files.

- Chatting facilities

People who live all over the world can call and chat with each other staying at their homes itself. Several techniques used to provide these facilities are mentioned below.

- Text chatting

One's ideas are typed and sent to the other party

- Voice chatting

Exchanging views verbally using microphones

- Video chatting

Exchanging scenes in addition to voice using web cameras

- News group

A facility provided for receiving information and exchanging views among the groups with same desires (games, emotions, terror, natural beauty, forestry, politics etc...) When the membership is taken in a news group preferred by one self, new trends, knowledge and information of that field will be received automatically through the internet.

- Tele Computing

Facilitating the use of another computer through the internet using a computer located at a particular place is known as tele computing. For this purpose both computers should be connected to the internet. Hence one can approach the internet through his home computer and work using his office computer.

**Competency 18.0** : Prepares business plans to set up businesses

**Competency Level 18.1:** Exhibits readiness to prepare a business plan suitable for the business idea by examining the components of a business plan

**Number of periods** : 04

**Learning Outcomes** :

- Explains the business idea
- Analyses business ideas by doing a macro analysis in order to select a suitable business opportunity
- Analyses business ideas by doing a micro analysis in order to select a suitable business opportunity
- Introduces the business plan
- Explains the importance of a business plan
- Points out the elements that should be included in a business plan

**A Guideline to Expand the Subject Matters** :

- The intention originated in an entrepreneur about a product which could satisfy a need or a want of an individual or an organization is known as a business idea.
- A decision should be taken about a business opportunity through macro and micro analyses of those business ideas
- Evaluating all the business ideas to identify suitable business ideas is known as macro analysis. This evaluation should be done based on the external environmental factors
- In order to select the most rewarding business idea out of the ideas selected from macro analysis, they are subjected to a micro analysis.
- This micro analysis should be done on internal and task environmental factors
- A business plan should be prepared for that finally selected business opportunity
- A business plan is prepared for a new business opportunity and also in following occasions
  - When expanding a prevailing business

- When amalgamating businesses
- When modifying a business
- When purchasing a business
- A business plan is a document which describes the goals and objectives of a business and the strategies that should be followed to achieve them
- A business plan is important for many reasons

*Eg;*

- To guide the business operations
- To give an awareness about the business to the interested parties
- To get financial facilities required by the business
- Following components are generally include in a business plan
  - Executive summary
  - Business description
  - Marketing plan
  - Operations plan
  - Human resources plan
  - Financial plan

(Discuss competency level 18.10 after this competency level 18.1)



**Competency Level 18.2:** Prepares executive summary and business description

**Number of periods** : 05

**Learning Outcomes** :

- Introduces the executive summary
- Points out the importance of an executive summary
- Describes the facts contained in an executive summary
- Introduces the business description
- Describes the facts contained in a business description

**A Guideline to Expand the Subject Matters** :

- The executive summary is the section in which the basic facts in a business plan are briefly stated
- The executive summary is not merely a list of topics in a business plan, but is a schedule which gives a rough idea to the reader about the entire business plan
- The most important part of a business plan aimed at external parties is the executive summary
- The basic purpose of an executive summary is to persuade the external parties to search about the business affairs further
- Following are some reasons for an executive summary to be important
  - Executive summary creates a foreview about the entire business plan
  - It gives a guideline about the business plan
  - It builds up confidence about the business plan
- The executive summary should be always brief and attractive
- Business description - This should reveal what the business is, what type of a good or a service is manufactured or sold, the benefits enjoyed by customers and also its speciality
- The following details also should be there;
  - Name and address of the business
  - Goals/ objectives
  - Pioneers/ Promoters
  - Organization structure
  - The type of organization
  - Director board

**Competency Level 18.3:** Prepares marketing plan suitable for the business idea.

**Number of Periods** : 04

**Learning Outcomes** :

- Defines the marketing plan
- Points out the importance of a marketing plan
- Describes the content of a marketing plan
- Prepares a marketing plan for a selected business opportunity

**A Guideline to Expand the Subject Matters** :

- The section which describes the facts such as the market, competition, marketing strategies, sales forecasting etc. is known as the marketing plan
- Following are some reasons for a marketing plan to be important
  - It points out that there is an adequate and expanding market for the product
  - It points out that there is a possibility to face the market competition
- Following elements are included in a marketing plan
  - Analysis of industry and the market
  - Expected good or service to be sold
  - Target market
  - Analysis of competition
  - Expected sales
  - Marketing strategies of competitors
  - Proposed marketing strategies of the entrepreneur
  - Sales forecast
  - Marketing expenses
- In the industry and market analysis a complete description about the industry is produced. That means the current position of the industry, sales, profits, growth rates and other trends are analysed
  - It points out who are the buyers and whether the market is local, national or international

- Some details of the expected product to be sold are mentioned below
  - Product
  - Product mix (details about the length, width, depth)
  - Usage of products
  - Design, quantity and type of each product
- Some of the information about the target market are mentioned below
  - Specific features of the target market and the segments of it
  - Basic trends and expected changes of target market
  - Strategies to enter the target market
- Some of the information about the competition analysis are stated as follows
  - Prevailing competition
  - Competitors and their strengths
  - Entrepreneur's strengths and weaknesses to face the competition
  - Barriers to access the market such as cost, time, technology, patent rights available and trade marks etc....
- Some information about expected sales are mentioned below
  - Size of the target market, that is the number and the purchasing power of the expected customers and the expected market expansion
- Some of the facts about the strategies of competitors are stated below
  - Pricing strategies, distribution strategies and promotion strategies of competitors
- Several facts about proposed marketing strategies are mentioned below
  - Product strategies
  - Pricing strategies
  - Distribution strategies
  - Promotional strategies
- Type of the product, sales volume, unit price and the annual income should be included in the sales forecast
- Some of the marketing expenses are mentioned below
  - Distribution expenses, discounts, promoting expenses, sales commissions, marketing fixed assets depreciation etc.

**Competency Level 18.4:** Prepares operational plan according to the marketing plan

**Number of Periods** : 03

**Learning Outcomes** :

- Introduces the operational plan
- Explains the importance of an operational plan
- Points out the facts that should be included in an operational plan

**A Guideline to Expand the Subject Matters** :

- The section consisting the details about production procedure, production machines & equipments, required quantity of products, locating the factory, national and international standards followed is known as the operation plan
- Some of the reasons for an operation plan to be important are mentioned below
  - Ability to have a clear awareness about the future operations early
  - Ability to minimize the possible wastages and delays in the process of manufacturing
  - Ability to improve the quality of the product
  - Ability to maintain the continuity of the manufacturing process
- Following components are included in an operational plan
  - Production plan
  - Machines & equipments requirements
  - Raw material requirements
  - Employee requirement
  - Manufacturing overheads
  - Total manufacturing cost and the unit cost
  - Factory layout plan
  - Disposal of wastage and environmental influence
- Production plan
  - Transformation process of inputs into outputs from the beginning to the end of the production process is stated descriptively in the production plan

- Requirement of machines and equipments

Details about the machines and equipments required according to the nature of the goods or services produced are stated here. Hence the machines and equipments needed, the cost to be incurred for them and annual depreciation are included in it.

- Raw material requirement

Information with regard to the nature of the goods or services produced, quantity of production and the quantity of raw materials needed accordingly, the cost to be incurred for those materials, should be stated in this section.

- Employee Requirement

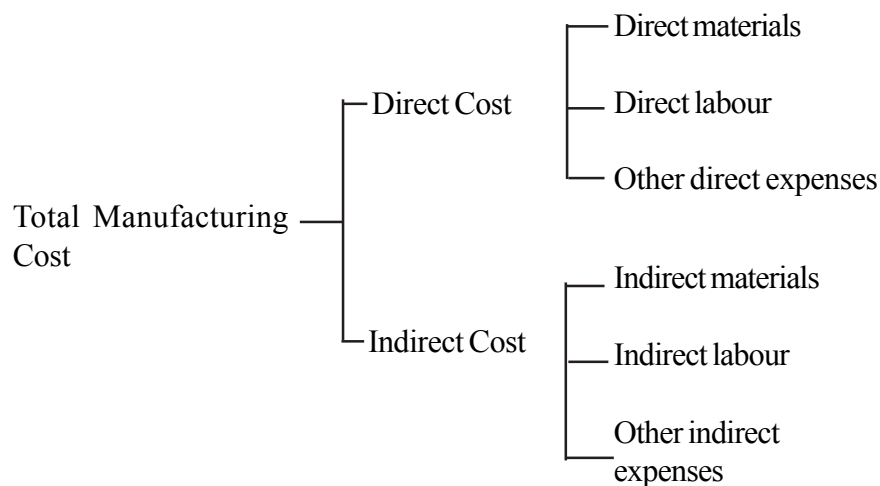
This section consists of details about the nature of the employees needed for the production, number of employees, the wages payable etc....

- Manufacturing overheads

The cost incurred in the process of manufacturing but cannot recognize directly with the unit produced, are known as manufacturing overheads. Hence the indirect material cost, indirect labour cost and other indirect expenses are recognized and included in this section.

- Total manufacturing cost and unit cost

Total manufacturing cost is the sum of all expenses expected to be incurred for the stock of goods or services to be produced during a particular period.



- Cost of a unit produced can be computed by deviding the total manufacturing cost by the number of units.

- Factory layout plan

Explaining in details or graphycally, the way in which the machines & equipments are expected to be fixed or located is done in this factory layout plan

- Disposal of wastage and environmental influences

It should be considered that the environment is influenced unfavourably by the disposals from business affairs. Hence it is important to act in accordance with the international standards of environmental conservation

**Competency Level 18.5:** Prepares human resource plan of the business

**Number of Periods** : 03

**Learning Outcomes** :

- Introduces the human resource plan
- Explains the importance of preparing a human resource plan
- Describes the facts to be included in a human resource plan

**A Guideline to Expand the Subject Matters** :

- The schedule of future human resources requirements for the achievement of goals and objectives of a particular institute is known as the human resource plan. It also shows how those requirements are fulfilled.
- Some of the benefits of preparing a human resource plan are mentioned as follows
  - Ability to forecast the future employee requirements and the cost
  - Ability to utilize the human resource more efficiently
  - Ability to prevent breakdowns of business activities due to pre recognition and preparation for the future human resource requirements
  - Ability to minimize the recruitment cost that may occur due to unplanned recruitments
  - Ability to recognize the training and development needs of the employees
  - Getting the opportunity to recruit highly competent employees
- Details included in a human resource plan are stated as follows
  - Organization structure and organization chart
  - Positions and responsibilities
  - Annual expenditure for the human resource
- Organization structure and organization chart  
The inter-relationship of various departments and positions in a business organization is named as “Organization Structure” and when it is presented in a diagram it is known as an Organization Chart

- Basic positions and responsibilities in an organization

In human resource planning positions related to various functions of the business firm should be created. The responsibilities of those positions should also be clearly mentioned.

- Annual Expenditure

Salaries and wages paid for various officers differ according to the nature of the business. The total annual labour expenditure is comprised of direct labour expenditure and indirect labour expenditure. In addition to these the entire management expenditure of the firm should also be included in the human resource plan.



**Competency Level 18.6:** Estimates project cost by examining the content of the financial plan

**Number of Periods** : 04

**Learning Outcomes** :

- Introduces the financial plan
- Explains the importance of preparing a financial plan
- Lists the facts to be included in a financial plan

**A Guideline to Expand the Subject Matters** :

- The section in which all the estimated financial information are included is known as the financial plan
- The importance of preparing a financial plan can be confirmed by following facts
  - To determine and provide the amounts of funds required for business affairs
  - To make investment decisions on the funds available in the business
  - To identify the periods when financial shortcomings may arise and to decide possible solutions
  - To identify the periods when there can be excess funds in the business and make effective investment decisions
- The facts to be included in a financial plan can be categorised as follows
  - Estimated project cost (Capital requirement)
  - Estimated profit & loss (income) statement
  - Estimated cash flow statement
  - Loan repayment chart
  - Estimated balance sheet
- The estimated project cost consists of the following
  - Total cost of fixed assets
    - Cost of the assets with a long term existence required for the continuity of business affairs

*Eg;*

- Land and buildings
- Machines and equipments
- Motor vehicles, furniture
- Other assets with a long life span
- Pre-operational expenses

The expenses needed before starting the operations

*Eg;*

- To develop the land
- To get infrastructure facilities like electricity and water
- To get licences
- Total working capital

Funds required for daily business operations

*Eg;*

- To purchase raw materials
- To incur production overhead cost
- To incur administrative overhead cost
- To incur marketing overhead cost
- Estimated profit & Loss (income) statement is discussed in competency level 18.7
- Estimated cash flow statement is discussed in competency level 18.8
- Loan repayment chart

A chart including the details of the loans obtained by the business, repayment method of the loan and the interest and the loan balance at the beginning and the end of the period etc..

- Estimated balance sheet is discussed in competency level 18.9
- Summary of the project

This is a document in which the information given in the estimated project cost, income statement, cash flow statement, loan repayment chart and estimated balance sheet etc...are shown in summarized form.

**Competency Level 18.7:** Estimates the outcome of operations included in the financial plan

**Number of Periods** : 04

**Learning Outcomes** :

- Introduces the estimated profit & loss (income) statement
- Explains the facts to be included in the income statement

**A Guideline to Expand the Subject Matters** :

- The document containing expected income, expected cost of goods sold and expected operational expenses is known as the income statement
- Following facts should be included in an estimated income statement
  - Gross sales revenue  
The amount available after deducting the value of returns inwards from the value of cash sales and credit sales
  - Net sales revenue  
The amount available after deducting the taxes on sales from the gross sales revenue
  - Gross profit  
The amount available after deducting the cost of sales or the cost of goods manufactured from the net sales revenue
  - Non-production cost  
Amount of administrative expenses, marketing expenses, financial expenses and other expenses
  - Net profit before tax  
The amount available after deducting the expenditure in relation to administration, marketing, finance and other expenditure
  - Net profit after tax  
The amount available after deducting income tax from the net profit before tax

- A model of an estimated profit & loss (income) statement is given below;

**Estimated Income Statement**  
**of ..... business**  
**for the year ended .....**

	<b>Rs.</b>	<b>Rs.</b>
Sales	XXX	
<i>Less:</i> Sales returns (Returns in wards)	(XX)	
Gross sales revenue	XXX	
<i>Less:</i> BTT (Business Turnover Tax)	(XX)	
Net sales revenue		XXX
<b><i>Less: Production (Manufacturing) Cost</i></b>		
• Raw material cost	XX	
• Labour cost	XX	
• Other cost	XX	
• Production overhead cost	XX	
Total production cost		(XXX)
Gross profit		XX
<b><i>Less : Non production cost</i></b>		
Marketing expenses	XX	
Administrative expenses	XX	
Financial expenses	XX	
Other expenses	XX	(XX)
Net profit before tax		XX
<i>Less:</i> Income tax		(XX)
Net profit after tax		XX

**Competency Level 18.8:** Prepares estimated cash flow statement included in the financial plan

**Number of Periods** : 03

**Learning Outcomes** :

- Introduces the projected cash flow statement
- Explains the facts included in a projected cash flow statement

**A Guideline to Expand the Subject Matters** :

- The schedule prepared containing the estimated cash inflows and outflows during a particular future period of a business is known as the projected/ estimated cash flow statement
- A cash flow statement contains the total cash inflows and total cash out flows of a particular period and the cash balance at the end of that period
- Examples for cash inflows
  - Owners' capital
  - Obtaining of loans
  - Cash Sales
  - Receipt of income
  - Receipts from debtors
- Examples for cash outflows
  - Purchasing non current assets
  - Purchasing raw material and goods for sale
  - Payments for insurance, electricity bills, telephone bills, transport, rates, wages and salaries etc...
  - Payment of loan instalments
  - Payment of taxes

- The model of a cash flow statement is shown below

**Cash Flow Statement**  
**of ..... business**  
**for the year ended .....**

	<b>Rs.</b>
Cash balance brought forward from the previous period	XX
Cash in-flows	
Cash invested by proprietors/ owners	XX
Bank loans received	XX
Receipts from selling goods and services	XX
Receipts from debtors	XX
Total cash in-flows (A)	XXX
Cash outflows	
Purchases of land and buildings	XX
Purchases of machinery & equipments	XX
Purchases of raw materials	XX
Marketing expenses	XX
Administrative expenses	XX
Loan instalments payments	XX
Loan interest payments	XX
Income tax payments	XX
Total cash outflows (B)	XXX
Cash balance at the end of the period (A) - (B)	XXX

**Competency Level 18.9:** Prepares estimated balance sheet included in the financial plan

**Number of Periods** : 03

**Learning Outcomes** :

- Introduces the projected balance sheet
- Lists the facts included in a projected balance sheet

**A Guideline to Expand the Subject Matters** :

- The schedule that shows the financial situation of a business firm as at the last date of a particular future period is known as the projected balance sheet
- A model of a projected balance sheet is shown below

**Balance Sheet**  
of ..... business  
as at .....

	Rs.	Rs.
<b>Non-current Assets</b>		
Land & Buildings	XX	
Machinery & Equipment	XX	
Delevery vans	XX	XX
<b>Current Assets</b>		
Stock	XX	
Debtors	XX	
Accounts receivable	XX	
Cash	XX	XX
<b>Total Assets</b>		XX
Capital		XX
<b>Non - current liabilities</b>		
Bank loan		XX
<b>Current liabilities</b>	XX	
Creditors	XX	
Accounts payable	XX	
Accrued expences		XX
<b>Total inputs</b>		XX

**Competency Level 18.10** : Analyses financial statements in relation to financial plan

**Number of Periods** : 03

**Learning Outcomes** :

- Introduces the analysis of financial statements
- Explains the break-even-point (BEP)
- Computes the break-even-point using information available
- Arrives at conclusions about the business using ratio analysis

**A Guideline to Expand the Subject Matters** :

- A financial analysis should be done in order to decide the following
  - Whether it is feasible to start the proposed business according to the business plan?
  - Are the returns on investment adequate?
  - If not what actions should be taken?
- Here an evaluation is done using the financial information in the balance sheet, income statement, cash flow statement etc., which are the estimated financial statements in the business plan.
- Ratio analysis is used to analyse financial statements
- A break-even point is where the business earns neither profits nor losses.
- Break-even-point can be calculated as follows

$$\text{B-E-P} = \frac{\text{Fixed assets}}{\text{Contribution per unit}}$$

$$\text{Contribution per unit} = \text{Selling price of a unit} - \text{Variable cost of a unit}$$



- Ratios are important as an index reflecting the relationship of business activities.
- Following ratios are important to come in to conclusions about the business.
  - Liquidity ratios
    - Eg;* Current ratio
    - Quick ratio
  - Activity ratios
    - Eg;* Stock - turnover ratio
    - Debtors -turnover ratio
    - Total assets turnover ratio
  - Leverage ratios
    - Eg;*. Debt-equity ratio
    - Interest coverage ratio
  - Profitability ratios
    - Eg;* Gross profit ratio
    - Net profit ratio
    - Return on Investment
    - Return on equity

**Competency Level 18.11** : Submits the business plan

**Number of Periods** : 04

**Learning Outcomes** :

- Names the components to be included in presenting the business plan
- Points out the facts to be considered in presenting the business plan
- Prepares a model business plan for a given business opportunity

**A Guideline to Expand the Subject Matters** :

- Following components should be included when presenting a business plan
  - First page (cover page)
  - Content
  - Executive summary
  - Description about the business
  - Marketing plan
  - Operation plan (production plan)
  - Human resources plan
  - Financial plan
  - Annexes
- Special attention should be given to following facts when presenting a business plan
  - The cover page should be prepared attractively - Name of the institute, address, telephone numbers and e-mail address etc.. should be included in the cover page.
  - Content page should be prepared well with accurate page numbers.
  - This should be produced having printed on good quality papers
  - If there are any additional facts to be produced further, those should be presented as annexes
  - Highlight the important facts

- Start every main topic in a new page.
- Tables should be prepared completely without keeping blank spaces.
- All table numbers, headings and sources of data should be clearly stated.
- Numbers should be used in orderly manner

*Eg;* 1.0

1.1

1.2

1.2.1

1.2.2

- Should prepare it as a fascinating booklet

**Important :**

- Guide the students to prepare a complete business plan for a selected business opportunity using the theoretical facts discussed above regarding the business plan
- This can be implemented as a group activity

# **SCHOOL BASED ASSESSMENT**

## **Introduction- School Based Assessment**

Learning –Teaching and Evaluation are three major components of the process of Education. It is a fact that teachers should know that evaluation is used to assess the progress of learning – teaching process. Moreover, teachers should know that these components influence mutually and develop each other .According to formative assessment (continuous assessment) fundamentals; it should be done while teaching or it is an ongoing process. Formative assessment can be done at the beginning, in the middle, at the end and at any instance of the learning teaching process.

Teachers who expect to assess the progress of learning of the students should use an organized plan. School Based Assessment (SBA) process is not a mere examination method or a testing method. This programme is known as the method of intervening to develop learning in students and teaching of teachers. Furthermore, this process can be used to maximize the student’s capacities by identifying their strengths and weaknesses closely.

When implementing SBA programmes, students are directed to exploratory process through Learning Teaching activities and it is expected that teachers should be with the students facilitating, directing and observing the task they are engaged in.

At this juncture students should be assessed continuously and the teacher should confirm whether the skills of the students get developed up to expected level by assessing continuously. Learning teaching process should not only provide proper experiences to the students but also check whether the students have acquired them properly. For this, to happen proper guiding should be given.

Teachers who are engaged in evaluation (assessment) would be able to supply guidance in two ways. They are commonly known as feed-back and feed- forward. Teacher’s role should be providing Feedback to avoid learning difficulties when the students’ weaknesses and inabilities are revealed and provide feed-forward when the abilities and the strengths are identified, to develop such strong skills of the students.

Student should be able to identify what objectives have achieved to which level, leads to Success of the Learning Teaching process. Teachers are expected to judge the competency levels students have reached through evaluation and they should communicate information about student progress to parents and other relevant sectors. The best method that can be used to assess is the SBA that provides the opportunity to assess student continuously.

Teachers who have got the above objective in mind will use effective learning, Teaching, evaluation methods to make the Teaching process and learning process effective. Following are the types of evaluation tools student and, teachers can use. These types were introduced to teachers by the Department of Examination and National Institute of Education with the new reforms. Therefore, we expect that the teachers in the system know about them well

**Types of assessment tools:**

- |                              |                          |
|------------------------------|--------------------------|
| 01. Assignments              | 02. Projects             |
| 03. Survey                   | 04. Exploration          |
| 05. Observation              | 06. Exhibitions          |
| 07. Field trips              | 08. Short written        |
| 09. Structured essays        | 10. Open book test       |
| 11. Creative activities      | 12. Listening Tests      |
| 13. Practical work           | 14. Speech               |
| 15. Self creation            | 16. Group work           |
| 17. Concept maps             | 18. Double entry journal |
| 19. Wall papers              | 20. Quizzes              |
| 21. Question and answer book | 22. Debates              |
| 23. Panel discussions        | 24. Seminars             |
| 25. Impromptus speeches      | 26. Role-plays           |

Teachers are not expected to use above mentioned activities for all the units and for all the subjects. Teachers should be able to pick and choose the suitable type for the relevant units and for the relevant subjects to assess the progress of the students appropriately. The types of assessment tools are mentioned in Teacher's Instructional Manuals.

If the teachers try to avoid administering the relevant assessment tools in their classes there will be lapses in exhibiting the growth of academic abilities, affective factors and psycho- motor skills in the students

## Learning-Teaching Assessment Plans

- 1.0 Assessing Stage : Term 1 - Evaluation Plan No.1
- 2.0 Competency levels covered : 12.2, 12.3, 12.5, 12.6, 12.7, 12.8, 12.9, 12.10
- 3.0 Subject matters related to the plan :
  - Role of the manager
  - Various management levels
  - Process of planning
  - Process of organizing
  - Process of leading
- 4.0 Nature of the plan :
  - Group activities
- 5.0 Objectives of the plan :
  - To let the students to check the practical usage of theories learnt
  - To prompt the students to keep proper relations with external personnel and institutes
  - To let the students to present data collected in an organized manner
  - To prompt the students to work with co-operation as a group
- 6.0 Instructions to the teacher to implement the plan :
  - Inform the students at the beginning of 12.2 competency level that the group activities should have been done at the end of the competency level 12.10
  - Separate the students to three groups
  - Instruct those groups to choose a proper organization in the area

*Eg;* Divisional secretariat  
Bank, Co-operative shop etc....

- Direct them to collect the following information related to that chosen organization in the area
- The vision and mission of that organization
- Long term and short term objectives of the organization
- The officer-In-Charge (Boss) of the institute and his role
- Various sections/ departments of the institute and the office titles of the heads of those sections
- The organizational structure of the institute
- The way of communication inside the institute
- The employee motivation techniques adopted by the institute
- Supervise how the students collect data, while engaging in that process.
- Direct them to process the collected data as a formal report. Provide pre-scheduled two periods of time for that task.
- Announce a due date on or before which the final report to be submitted.
- Offer marks according to the criteria of assessing.

**Instructions to students :**

- Choose a formal organization in the area with the agreement of all the members in your group
- Engage in the group activity following the teacher's instructions
- Collect accurate data regarding the institute with relevant to the fields named by the teacher
- Compare the collected information with the theoretical subject matters you have learnt



- Participate every member of the group in the process of data collection and preparing the report
- Work always with full co-operation in the group
- Submit the report to the teacher on the due date he has announced

7.0 Assessment Criteria :

- Perfect fullness (Including all the relevant information to the report)
- Co-operation (Working as a group in full co-operation)
- Comparing the information collected with the theories
- Following teacher instructions and finalizing during the scheduled time
- Creativity of the report

8.0 Range of Score :

- Very good                    4
- Good                            3
- Intermediate                2
- Should be developed      1

## Learning-Teaching Assessment Plans

- 1.0 Assessing Stage : Term 1 - Evaluation Plan No.2
- 2.0 Competency levels covered : 13.1, 13.2, 13.3, 13.4, 13.5, 13.6, 13.7, 13.8, 13.9
- 3.0 Subject matters related to the plan :
  - Operational Management
  - Transformation process
  - Production methods
  - Purchasing of the material
  - Stock control and stock control techniques
  - Quality control
  - Effectiveness and effectiveness enhancing techniques
- 4.0 Nature of the Plan : Quiz programme
- 5.0 Objectives of the Plan :
  - To make the students prepare questions aimed at brief and specific answers
  - To improve the skills of presenting questions and getting the responses
  - To provide skills to work competitively as a group
- 6.0 Instructions to the teacher to implement the plan :
  - Inform the students at the beginning of the competency level 13.1, that they should prepare for a quiz programme at the end of the competency level 13.9
  - Inform the students about the assessing criteria
  - Separate the students in the class to two groups
  - Direct every group to prepare questions aimed at brief and definite responses from the relevant competency levels

- Inform that at least one question should be prepared by each and every student in the group
- Check the questions and answers prepared by the students on a suitable day and guide for necessary corrections
- Direct to prepare the set of questions and answers of each group separately
- Conduct the quiz program in the classroom on a pre-scheduled date with the agreement of students
- Let one team to present their questions to the other team on their request and vice versa (This can be done in the form of a competition)
- Offer the marks to the team presenting the questions, while the quiz program is being conducted according to the relevant criteria

**Instructions for the Students :**

- Work following the teacher's instructions
- Each and every student must prepare at least one question from the relevant subject matters
- Show those questions to the teacher on his request and make the corrections on his instructions
- Write the reformed questions on a separate paper
- Write the question numbers on small same size papers and roll them
- Let the members of the other team to select the question numbers in random
- Hence the each member of both teams should select the questions from the opposite team and answer
- Every student should get ready to present questions and answer
- Work with collaboration in the team

### 7.0 Assessing Criteria

:

- Relevancy (Questions should have been prepared related to the prescribed subject matters)
- Participation of all
- Presentation skills
- Contribution to answer
- Working with team minded

### 8.0 Range of Score

:

- Very good 4
- Good 3
- Intermediate 2
- Should be developed 1

## Learning-Teaching Assessment Plans

- 1.0 Assessing Stage : Term 2 - Evaluation Plan No.3
- 2.0 Competency levels covered : 14.1, 14.2, 14.3, 14.4, 14.5, 14.6, 14.7, 14.8, 14.9, 14.10
- 3.0 Subject matters related to the plan :
  - The product and level of production
  - Brand and trade mark
  - Packaging
  - Determining of price
  - Delivery of product
  - Sales promotion
- 4.0 Nature of the Plan : Double entry journal
- 5.0 Objectives of the Plan :
  - To prompt the students for broad minded thinking about the subject matters learnt
  - To create the ability of collecting meaningful information rationally
  - To create the ability of approaching at a fair judgment
- 6.0 Instructions to the teacher to implement the plan :
  - Inform the students at the beginning of the competency level 14.1, that a double entry journal should have been prepared at the end of the competency level 14.10
  - Inform that this is an individual activity
  - Inform the students about the assessing criteria
  - Direct the students to note down the important ideas and statements related to the competency levels 14.1 to 14.10
  - Direct to note down them on the left side of the double entry journal

- Lead to write the idea / attitude/ response of the student about those ideas or statements on the right hand side of the double entry journal

**Instance :** An extraction from a double entry journal prepared by a student is as follows

### **Double Entry Journal**

Ideas or statement selected from the text	Response of the student
<ul style="list-style-type: none"> <li>• Advertising is essential for the sale of commodities</li> </ul>	<ul style="list-style-type: none"> <li>• Advertising is not necessary at every time for every commodity goods can be sold even without advertising. But, the consumer cannot be informed regarding certain commodities without advertising</li> </ul>

- Instruct the student to write down important ideas/ statements related to every competency level and write his own responses against them
- Check the double entry journal prepared by students frequently. Separate two periods of time for this task necessary
- Announce a deadline to finalize the journal and submit to the teacher
- Offer the marks following the assessing criteria

Instructions for the Students :

- Note down the important ideas and statements separately from the subject matters given by the teacher
- Enter those ideas or statements in left hand side of the journal
- State your own responses in right hand side of the journal against which you have entered in left side
- Submit the completed double entry journal on the due date announced by the teacher

## 7.0 Assessing Criteria

:

- Sufficiency of ideas and statements selected
- Relevancy of the responses presented
- Rationality and meaningfulness of the responses
- Proportions of selected information and presented responses to the entire subject matters
- Punctuality

## 8.0 Range of Score

:

- Very good 4
- Good 3
- Intermediate 2
- Should be developed 1

## Learning-Teaching Assessment Plans

- 1.0 Assessing Stage : Term 2 - Evaluation Plan No.4
- 2.0 Competency levels covered : 15.1, 15.2, 15.3, 15.4, 15.5, 15.6, 15.7, 15.8, 15.9, 15.10
- 3.0 Subject matters related to the plan :
  - Decisions of financial management
  - Sources of finance
  - Composition of financial system
  - Financial market
  - Financial instruments
  - Share market (Colombo stock exchange)
- 4.0 Nature of the Plan : Concept Maps
- 5.0 Objectives of the Plan :
  - Directing the student to identify the mutual relationship of variables
  - Prompting the students to scrutinize the details on a logical base
  - Making the student to present the expanded details in brief and organized manner
- 6.0 Instructions to the teacher to implement the plan :
  - Inform the students at the beginning of the competency level 15.1, that they have to prepare a concept map at the end of the competency level 15.10
  - Let them know that the inter-relationship of the concepts learnt under the financial management should have been presented using a concept map
  - Let the students know about the assessing criteria
  - Separate the students of the class into 4 groups



- Let those groups receive the following core-concepts
  - Money market
  - Capital market
  - Investment decisions
  - Financing decisions
- Give instructions that a list of concepts directly or indirectly related with the core-concept received by each group with co-operation of all the members should have been prepared
- Explain that showing diagrammatically how the listed out concepts are related with the core-concept is the concept map
- Inform that the relationship between every two concepts should be written clearly on the line connecting those concepts
- Check the core-concept received by each group and the list of concepts in connection with that core-concept on a scheduled date
- Inform that this is an individual activity of each student
- Prompt the each group to build up the final concept map on the board considering the individual reports with the collaboration of all the students on a scheduled date. (Separate 2 periods)
- Offer the marks following the assessing criteria

**Instructions for the Students :**

- Separate in to groups following the teacher's instructions
- Prepare a list of concepts directly or indirectly related with the core-concept received by your group with the co-assistance of all the members
- Show that list of concepts to the teacher on the due date and make necessary corrections

- Build up the concept map showing the relationship between those concepts in the list with the core-concept individually
- Build up the final concept map with the co-operation of all the menters in group studying the individual products on a date scheduled by the teacher
- Be keep on punctuality

7.0 Assessing Criteria :

- Relevency of the information presented witle the core-concept
- Having connected the concepts meaningfully
- The standard of expansion of the information to explain the concepts
- Formality and clarity of the concept map
- Being punctual following the teacher’s instructions

8.0 Range of Score :

- Very good 4
- Good 3
- Intermediate 2
- Should be developed 1

## Learning-Teaching Assessment Plans

- 1.0 Assessing Stage : Term 2 - Evaluation Plan No.05
- 2.0 Competency levels covered : 16.1, 16.2, 16.3, 16.4, 16.5, 16.6, 16.7
- 3.0 Subject matters related to the plan :
  - Importance of human resource management
  - Functions of human resource management
  - Employer-employee relations
- 4.0 Nature of the Plan : Construction of Puzzles
- 5.0 Objectives of the Plan :
  - Builds up the questions aimed at brief and definite answers
  - Prepare a plan independently
  - Engages in construction based on experiences
- 6.0 Instructions to the teacher to implement the plan :
  - Inform the students at the beginning of the competency level 16.1, that a puzzle should have been constructed at the end of the competency level 16.7
  - Separate the students in to three groups
  - Inform that every group should construct a puzzle under the following conditions covering all the competency levels
  - There should be five terms down and five terms cross
  - The grid can be arranged as desired
  - The terms of the puzzle should be directly connected with the subject matters covered in the relevant competency levels
  - Every member of the group must construct at least per one term for the puzzle
  - Check the puzzle terms every group before a week to the deadline and guide for necessary corrections

- Make each group involve in constructing the puzzle on a scheduled date (Use 2 periods)
- Let them another period for presentations of their puzzles before the entire class
- Let the other groups to complete the puzzle in a competitive manner
- Offer the marks to each group following the assessing criteria

**Instructions for the Students :**

- Engage in the activity following the instructions and guidance of the teacher
- Construct at least one puzzle term by each and every member of the group
- Show those puzzle terms to the teacher on a date declared by the teacher and make necessary corrections following his/ her instructions
- Construct the puzzle creatively with the full co-operation of all the members of the group during the two periods allocated by the teacher

**7.0 Assessing Criteria :**

- Having constructed at least one puzzle term by every member of the group
- Containing the sufficient number of terms
- Relevancy of the terms for the subject matters
- Creativity and utmost collaboration of all the group members

**8.0 Range of Score :**

- Very good                      4
- Good                              3
- Intermediate                  2
- Should be developed        1